

Global Cities and Developmentalist States: How to Derail What Could Be an Interesting Debate: A Response to Hill and Kim

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There is a substantive analysis in this article showing the key role of the developmentalist state in Japan and South Korea. I agree with this. But Hill and Kim (2000) position this issue in a manner that would lead one to infer that I do not. In much of my work, especially on the global city, I have focused in enormous detail on how Japan is different from the US and have emphasised the importance of capturing this specificity rather than falling in the trap of conventional comparative social science and its need to standardise across countries. Hill and Kim have chosen to overlook this. Perhaps this results from the fact that the authors never seem to go past p. 10 in their referencing of *The Global City*. Not a single reference in the 19 times they cite something from my work goes past p. 10 in that book—indeed, a third of all these references never go past p. 5. Admittedly, the almost 400 pages that follow are very tedious—all that detailed differentiation of the three cities and their institutional and historical settings, all that unpacking of data-sets and of specialised literatures, who needs it!

The framing of an argument matters. Hill and Kim set up their critique in a manner that derails the possibility for a substantive debate: whether the modes through which a leading international business and financial

centre such as Tokyo or Seoul articulates with the global economic system are shaped in significant ways by the presence of a developmental state to the point that these cities cannot be thought of as global cities. I think this is an interesting question. But this is not what the authors want to discuss. They simply assert that the developmentalist state and the global city are two mutually exclusive categories and that hence, insofar as Japan and South Korea have a developmentalist state, the global city model is not applicable to Tokyo and Seoul.

This framing also allows for a particular distortion which is to produce the impression that the global city model is incompatible with a critical analysis of the power of global finance. This then leads them to assert, among other somewhat surprising statements, that I have written a “breathless *paean* to global high finance” (note 3). Admittedly, I have been and remain impressed with the power of global finance to destroy significant sectors of national economies, distort other markets and subvert state policy. I rather thought that, if anything, this was a breathless *paean against* global finance and, apparently, so have the hundreds of commentaries and critiques I have received from all quarters on my treatment of global finance. In

their article, Hill and Kim succeed in creating an impression (since they cannot document it), mostly through inference rather than reference (I guess they could not find any), that I am pro global finance, have written out the role of the state, have argued that Tokyo is like New York, and have explained away Tokyo's uniqueness (no matter the 100 pages of detail specifying the differences); they go so far even as to misrepresent what is my ironic stance that Japan's 'problem' is to have stayed too Japanese (pp. 2186–2187).

Anyone who has read *The Global City* (1991, revised 2001) or my *Losing Control? Sovereignty in an Age of Globalization* (1996), or any of my other publications over the 15 years that I have researched globalisation, knows that I do not say any of these. But I am compelled to respond because those who do not know my work may well—with 19 references—assume that it is an accurate portrayal of my work. They may be unable to detect the extent to which Hill and Kim argue by implication rather than by direct referencing.

This peculiar framing of the argument continues even where there is an accurate representation. The description of the main theses in the global city model are basically correct (although their Theses 4 and 6 contain assertions that I do not use) and so is the portrayal of New York City's sharp and growing inequality. But the authors use this to show that insofar as Tokyo and Seoul are not like New York, the global city model does not apply to these two cities. The implication is that I asserted that Tokyo is like New York. I have never said this and have spent a considerable amount of effort showing the opposite. Hill and Kim's Table 1 comparing market-centred versus developmentalist state-centred features is fine as far as it goes, although I find such comparisons problematic. The implication is that I argue that Tokyo as a global city is market-centred and that this excludes a strong role for the developmentalist state. I have never asserted this and have indeed shown the extent to which the state is a crucial player in the development of Tokyo into a global city.

These and other similar statements completely miss some of the crucial aspects of the global city model. First, the global city is an analytical construct that seeks to capture what is a partial reality in these cities. I spent much time measuring the actual core of activities, always a minor share in terms of jobs and firms, notwithstanding large shadow effects. Secondly, the development of global city functions is filtered partly through thick local institutional environments and legal/administrative frameworks, so it is not simply a standardised implant that looks the same everywhere. Much of the five chapters that make up Parts 2 and 3 of the book (which Hill and Kim never got to referencing) develop the specificity of each city and the specificity of how each accommodates these global city functions. Thirdly, I made a case that globalisation required a different type of methodology from classical comparative study and its emphasis on standardising across countries in order to make comparisons. Such an approach, I argued, would not only prevent one from capturing the specific ways in which global city functions develop in these thick institutional environments, but would also keep out of the analysis the division of highly specialised functions among these cities. I very clearly differentiated the functions of each of the three cities—London and New York are not the same either, and it helps little simply to say, as Hill and Kim do, that they are market-centred. That is far too broad a characterisation; one needs much finer grain—which is why it took me 400 pages. Fourthly, by implication, the authors suggest that the global city model fails to see that Tokyo's relationship to the world economy was not primarily driven by market efficiency, but by a strategic concern to preserve their autonomy. If the authors would have gone past p. 10, they would have found plenty of discussion of this particular issue as well as related ones.

As for Tokyo's place in the hierarchy being determined by its capacity to attract investments, I have never framed the issue this way. On the contrary, in my reading, simply put, the main function of Tokyo in the inter-

national division of specialised functions emerging in the 1980s and 1990s was and remains the export of capital, and its global city functions consist of the global control capacity to manage, co-ordinate, design and service the export of capital as well as the export of goods and services. Table 2 is interesting to me, because it illustrates precisely this difference; it is also incomplete because it leaves out Tokyo's crucial function as the leading exporter of capital in the world (Sassen, 2001). But Hill and Kim use the table to show that, insofar as Tokyo is different from New York, it cannot be a global city.

The excessive level of generalisation present in the authors' tables submerges the very specialised and particular changes instituted deep inside the political economy of Japan and Tokyo. The authors again fail to use a fine-grained analysis to understand, for example, the fact that Japan's major firms often adopted international accounting and financial reporting standards long before the Japanese government decided to institute these in 1997. It is not an 'either, or' as implied in Hill and Kim's article.

The manner in which the authors use the case of immigration to show how different Tokyo is from New York is, again, peculiar in that they merely compare percentages and then assert that, given the low share in Tokyo, the latter cannot be a global city. The key issue in my analysis of the new immigration into Japan is the fact that it happened in the context of a country that lacked an immigration tradition and considered itself against immigration. I conceptualise the new immigration as the outcome of a systemic change related to key aspects of globalisation which have the effect of opening societies, cultures and economies. Indeed, Japan's leading immigration experts now assert that the immigrant labour supply has become a structural feature in Japan as of the late 1980s. The table falls into the simple empiricism of saying that, insofar as there are so few immigrants compared to New York, Tokyo must not be the global city New York is. Indeed it is not, but not because of the

differences in percentage, but rather because of the specific institutional environment through which economic and labour market dynamics function. There is a similarly mechanical use of immigration in the discussion of Seoul. As someone who has worked on immigration for 20 years, I find this a dangerously elementary understanding, clearly not grounded in knowledge about the empirical and theoretical issues.

Similarly disturbing is the discussion about the absence of much inequality in Seoul, referring to data that show that household income of poor wards is 97 per cent of that of rich wards—not even under socialism could we expect this much equality. I frankly do not know what to say to this type of empiricism. It would be beautiful if it truly captured the situation. This is not what some of the experts I know from Seoul find to be the case. At the same time, I have been fairly clear in saying that New York, and the US generally, can be shown to have one of the highest levels of inequality in the world. I certainly agree that there is much less inequality in Tokyo and in Seoul, but that is not the point in the global city analysis. The key question is whether economic growth is raising the level of earnings inequality. The weight of the sources of this added inequality may vary, as may the time of their onset: they may just be at the beginning in some cities and still be submerged under the large middle classes. These are all issues I developed in great detail in *The Global City*, but not, I am afraid, in the first 5 pages of the book, but rather in the 100 pages of chapters 8 and 9.

There are also genuine disagreements of interpretation of the facts. In my reading, there are tendencies towards inequality in Tokyo that are far sharper than Hill and Kim see. I am quite persuaded that inequality is growing, especially—as I argued already for the 1980s—in terms of the growth of a highly paid professional class and the growth of low-wage workers. Part-time employment has increased by over 80 per cent in the 1990s and most new jobs created in the decade were part-time (Sassen, 2001). I just

visited several encampments of homeless in Tokyo (April 2001) and heard from them and from researchers that their numbers are growing and that most are daily workers who, although working, cannot make enough to afford housing. This is clearly an extreme condition, but it signals a trend. Relative declines in income became evident among an expanding sector of the working class in the 1980s and have not subsided in the 1990s.

Another such genuine disagreement of interpretation concerns manufacturing. Hill and Kim are right in saying that it is a far more significant factor in Japan's and Tokyo's economy (and then, regrettably, proceed once more to the spurious conclusion that hence Tokyo is not a global city). Yet, there have been severe losses and much hollowing-out of manufacturing in Japan and Tokyo. The fact that these have not been as severe as in the US or the UK is not the crucial issue for me, but the fact of the systemic trend, again acknowledged by most experts in Japan today. That does not mean the end of manufacturing, nor does it in the US, but it does signal restructuring of the sector.

As for assertions such as my modifying my analysis of Tokyo, Hill and Kim miss the point: my analytical tools to interpret where Tokyo stands are the same; it is Tokyo that has changed. Tokyo's economy went into crisis in the early 1990s but, interestingly, its actual position (as distinct from its clout) in the international division of specialised functions changed little (Sassen, 2001). Its economy is changing again now in 2001, partly through denationalisation (Sassen, 2002). My statement that Tokyo is being partly denationalised through foreign investors buying

up firms and reopening affiliates is presented by Hill and Kim as me saying there is hope for Tokyo. Anyone who knows my work will know that this is a fundamental misrepresentation of my position on these matters. The ensuing critical analysis of global finance is presented as a critique of my position, when I have developed these issues at length in *The Global City* and in many other works (see, for example, Sassen, 2000; 2001, ch. 4).

This misrepresentation of the global city model then proceeds till the end of the article and includes the notion that the model becomes an ideology for neo-liberalism. Again, any reader of my work, actually even in those first 10 pages that the authors keep confining themselves to in their referencing, would know that *The Global City* is a critique of neo-liberalism and of many of the crucial aspects of economic globalisation. Nothing that I have ever written is a "breathless *paean* to global high finance".

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