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## CHAPTER 5 CRACKED CASINGS: NOTES TOWARDS AN ANALYTICS FOR STUDYING TRANSNATIONAL PROCESSES

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Transnational processes such as economic globalization confront the social sciences with a series of theoretical and methodological challenges. In the case of today's global economy, such a challenge comes out of the fact that it simultaneously transcends the exclusive territoriality of the national state, yet is implanted in national territories and institutions. As a result, economic globalization directly engages two marking features of much social science: the explicit or implicit assumption about the nation-state as the container of social processes; and the implied correspondence of national territory and nationally-exclusive territoriality (the institutional encasement of that territory). Both these assumptions describe conditions that have held for a long time -- throughout much of the history of the modern state since World War I and in some cases even earlier. But these conditions are now being partly unbundled.

These assumptions about the nation-state as container and territoriality as synonymous with territory work well for many of the subjects studied in the social sciences. But they are not helpful in elucidating a growing number of situations when it comes to globalization and to a whole variety of transnational processes now being studied by anthropologists and other social scientists. Nor are those assumptions helpful for developing the requisite research techniques.

One of the features of the current phase of globalization is that the fact that a process happens within the territory of a sovereign state does not necessarily mean it is a national process. This localization of the global, or of the non-national, in national territories does violence to many of the methods and conceptual frameworks prevalent in the social sciences. Developing the theoretical and empirical specifications that allow us to accommodate this is a difficult and collective effort. The new literature on transnationalism represents the beginning of one such effort. For instance, anthropologists and sociologists working on immigration have provided us with particularly fruitful studies in this regard, cross-border migration flows being a subject that lends itself to such an approach. (See, e.g. Basch et al., 1994, Mahler 1995, Smith 1995; Pessar and Grasmuck 1995.)

The distinction between the global and the local needs to be rethought, as do established notions of membership, or of the necessity of proximity in the constitution of the "local". Both the new international professional class and the immigrant workforce operate in contexts which are both local and global; they are members of a cross-border culture that is in many ways "local": the international financial centers of London, New York, Zurich, Amsterdam, and Frankfurt all are part of an international, yet very localized, work sub-culture. We see here both proximity and deterritorialization. And immigrant communities in these cities also have their international linkages with their home countries and local cultures of origin. In a different manner they nonetheless also have the experience of deterritorialized local cultures, not predicated on proximity.

These are partial accounts of the full experience of these two groups. But the experience of globalization and its impact on localities is partial; it is not an all-encompassing umbrella. It installs itself in very specific structures. And it is this specificity that we need to study, along with the macro processes, and for which we need to develop particular categories of analysis.

In the next two sections I try to illustrate this by focusing on two distinct processes: one concerned with the relation between the global economy and the nation-state; and the second the relation of the global economy and place. This choice of focus is inevitably conditioned by my own past research. Both of these contain research sites that call for detailed empirical work, including ethnographic work, and for an understanding of social and cultural dynamics. Herein lies, indeed, one of the important methodological and theoretical implications of such an alternative approach. A study of the global economy is not confined to the macro-level cross-border processes studied by economists; it also requires macro- and micro-level sociological studies.

My concern here is with understanding how we study specific localities, structures and formations in a context of globalization and transnationalization. I think we need to develop new categories that do not presuppose the customary dualities of global/local or national/global. Further, the sociological study of some familiar subjects -- gendered economic organization and dynamics, race relations, cities, labor markets and the like -- needs to incorporate, in addition to the typical variables applied to them, some of the variables coming out of the new theorization and analytics of globalization.

### **The Unbundling of National Territoriality**

Two notions underlie much of the current discussion about globalization. One is the zero-sum game: whatever the global economy gains, the national state loses, and vice versa. The other is that if an event takes place in a national territory it is a national event, whether a business transaction or a judiciary decision. These assumptions about zero-sums and geography influence

experts on the global economy as well as the general public. For experts it has meant that they have typically confined themselves to cross-border processes, notably international trade and investment. The analysis has produced a rather empirically and theoretically thin account that begs more questions than it answers.

An emerging body of scholarship has constructed the spatiality of the global economy along different lines, showing that to a large extent global processes materialize in national territories (e.g. Mittelman 1996, Knox and Taylor 1995, Drache and Gertler 1991, Sassen 1991). Many transactions that are a key part of the global economy do not cross borders, or do not do so in the ways that investment and trade do. Even the most digitalized global financial market is grounded in a set of very material resources and spaces largely embedded in national territories.

Further, precisely because, to a considerable extent, global processes materialize within national territories, a large number of national states have had to become deeply involved in the implementation of the global economic system. One of the key features of the role of the state *vis à vis* today's global economy (unlike earlier forms of the world economy) has been to negotiate the intersection of national law and foreign actors -- whether firms, markets, or supranational organizations. We generally use the term "deregulation" to describe the outcome of this negotiation. The problem with this term is that it only captures the withdrawal of the state from regulating its economy. It does not register all the ways in which the state participates in setting up the new frameworks through which globalization is furthered, nor does it capture the associated transformations inside the state. (See Cox 1987, Panitch 1996, Sassen 1996). A much older doctrine captures certain aspects of this negotiation through the concept of extra-territoriality, but only as it pertains to other governmental actors. (Elsewhere I have examined whether the impact of economic globalization on national territory can also be subsumed under the doctrine of extra-territoriality; my conclusion is that they engage the state in such different ways and represent such different modes of articulation of the foreign actor and national law that it is not useful to subsume both under the same concept.)

Multiple negotiations were and are necessary for the implementation of the particular type of global economic system we now live with. These include familiar mechanisms such as lifting interest ceilings and new legislative measures allowing privatization of public sector firms, the latter a key condition in many countries for the entry of foreign investors. But they also include the formation of new subcultures in international finance and accounting. These are necessary to ensure the cross-border circulation of new financial instruments and new accounting principles, mostly Anglo-American in origin, and this even in such traditionally-resistant countries such as France or China.

Global cities are one of the major instantiations of some of these processes. They are one form of the embeddedness of global processes in national territories and in national institutional arrangements. Insofar as this embeddedness is mediated through deregulation, we can posit that globalization entails a partial de-nationalizing of national territory. These cities concentrate many of the institutions that are the object of deregulatory measures, notably financial markets and the institutions through which direct foreign investment is handled. (See Sassen 1991: Parts One and Two).

This incipient de-nationalizing of national territory is one of the distinctive features of this current phase, as compared with the three decades after WWII, and generally the period after WWI. It is a process whose presence is signaled, but not fully captured, by a variety of new developments: a "global" transaction (for example, a deal between a French and an Indonesian firm) can take place inside another particular territory (e.g. Manhattan); China's government could launch a 100-year bond, to be sold mostly in New York, for which it did not have to engage the US government, but rather J.P. Morgan and Bankers Trust. Further, the privatization of public-sector firms, now largely owned by international investors, is not simply a change in property regime but also a shift of "governance" functions from the public to the (in this case largely foreign) private sector. Other important developments in this direction are the rise of international commercial arbitration as the main mode for settling cross-border business disputes. The main purpose of this type of arbitration is to avoid national courts. Further, credit-rating agencies, which are private firms, fulfill some of the most important governing functions for the global capital market.

All of these developments can be seen as signaling, among other outcomes, this incipient de-nationalizing of national territory through a chipping away at the exclusive territoriality of national states. I want to emphasize again that the impacts of these various developments and the deep meanings of them all vary rather markedly for different types of states.

In brief, what is generally called deregulation actually refers to an extremely complex set of intersections and negotiations which, while they may preserve the integrity of national territory as a geographic condition, do transform *exclusive* territoriality, i.e. the national and international frameworks through which national territory has assumed an institutional form. In my examination of various components of deregulation I bring to the fore the distinction between national territory and national territoriality (Sassen 1996). Territory and territoriality have corresponded tightly for much of the recent history of mostly so-called protected economies, especially in most of the highly developed countries. Today, globalization and deregulation may be contributing to an incipient slippage in that correspondence. Much deregulation has had the effect of promoting that slippage and giving it a legitimate form in national legal frameworks.

Many of the negotiations necessary for the implementation of a global economy have to do with the creation of new business cultures and new consumer cultures. And they have to do with distinct ways of representing what is the "economy" and what is "culture." In my reading of the evidence, economic globalization is encased in a broad range of cultural forms, typically not recognized in general commentaries (by the media) or in expert accounts as cultural, but rather seen as belonging to the world of techne and expertise.

For instance, international finance became an immensely creative practice in the 1980s, with many new, often daring instruments invented and the creation of several new markets. For this to succeed required not only "state of the art" technological infrastructure and new types of expertise. It also required a very specific transnational subculture within which these innovations could circulate, be acceptable and be successful — that is, actually sold. We simply cannot take for granted the vast increase in the orders of magnitude of the financial markets and the variety of mechanisms through which forms of capital hitherto considered fixed (such as real estate) were made liquid (and hence could circulate globally). These massive innovations entailed a very significant set of negotiations in view of what had been the dominant banking culture. And it entailed a rather dramatic increase in the number of very young and very smart professionals who had command over both the math and the computer/software knowledge required, and who at a far younger age than had been the norm in the industry gained significant control over vast amounts of capital. There is a bundle of sociological issues here: insider communities, trust, generational shifts, networks, the social construction of such conditions as expertise and technical outputs. These are part of the explanation, beyond narrowly economic and technical factors.

Another important instantiation is the ascendance of a certain type of legal and accounting model as the "correct" one in global business transactions, basically Anglo-American in origin. This also entails a series of negotiations, some conceptual, some operational, e.g. locating Anglo-American firms in Paris or in Beijing, as is now happening, to handle cross-border business into and out of countries with very different legal and accounting systems. Again, there is a need here for detailed research on such operations — the need to recover the anthropology and the sociology of these aspects of economic globalization.

In view of these transformations in the territoriality and sovereignty of the nation-state resulting from economic globalization, we can posit that there may also be an impact on citizenship. The history of the institution shows the importance of the underlying conditions in the shaping of modern citizenship. Insofar as the global economy has created new conditions, we might see another phase in the evolution of the institution of citizenship (1). Once we accept the cultural and historical specificity of concepts of civil society and citizenship in Western social and political theory, we need to reckon, at least

theoretically, with the impact of global forces that challenge the authority of the nation-state. In a world where the sovereignty of the nation-state and civil solidarity are possibly challenged by globalization, what is the analytic terrain within which we need to examine the question of citizen rights in the social sciences? Do we need to expand this terrain? Said differently, do we need to introduce new elements in the discourse on rights in the social sciences? (See Jacobson 1995, Soysal 1995, Sassen 1996).

### Places and Cross-border Networks

One particular line of inquiry that can be derived from the preceding discussion on the distinction between territory and territoriality concerns the question of specific types of territory. Few categories contain as sharp a contrast as the global economy, with its association of macro-level processes, and place, with its associations of micro-level processes. Yet, as I have tried to show in detail elsewhere (Sassen 1991), place is central to the multiple circuits through which economic globalization is constituted (2).

I think of the mainstream account of economic globalization as a narrative of eviction. Key concepts in that account — globalization, information economy, and telematics — all suggest that place no longer matters and that the only type of worker that matters is the highly educated professional. It is an account that privileges the capability for global transmission over the material infrastructure that makes such transmission possible; information outputs over the workers producing those outputs, from specialists to secretaries; and the new transnational corporate culture over the multiplicity of work cultures, including immigrant cultures, within which many of the "other" jobs of the global information economy take place. In brief, the dominant narrative concerns itself with the upper circuits of capital, and particularly, with the hypermobility of capital rather than with that which is place-bound.

One strategic type of place for these developments, and the one focused on here, is the city. Including cities in the analysis of economic globalization is not without conceptual consequences. Economic globalization has mostly been conceptualized in terms of the duality between national/global, where the latter gains at the expense of the former. And it has largely been conceptualized in terms of the internationalization of capital and then only the upper circuits of capital. Introducing cities into an analysis of economic globalization allows us to reconceptualize processes of economic globalization as concrete economic complexes situated in specific places. A focus on cities decomposes the nation state into a variety of sub-national components, some profoundly articulated with the global economy and others not. It also signals the declining significance of the national economy as a unitary category in the global economy. And even if, to a large extent, this was a unitary category

constructed in political discourse and policy, it has become even less of a fact in the last fifteen years.

Why does it matter to recover place in analyses of the global economy, particularly place as constituted in major cities? Because it allows us to see the multiplicity of economies and work cultures in which the global information economy is embedded. It also allows us to recover the concrete, localized processes through which globalization exists, and to argue that much of the multi-culturalism in large cities is as much a part of globalization as is international finance. Finally, focusing on cities allows us to specify a geography of strategic places at the global scale, places bound to each other by the dynamics of economic globalization (3).

I refer to this as a new geography of centrality. It is a geography which cuts across the old North-South divide: it includes not only the major centers of economic power in the highly developed countries but also the corporate world of places such as Sao Paulo and Buenos Aires or Bombay and Bangalore. Alongside this new geography of centrality there is also a new geography of marginality. It also cuts across the North-South divide: it includes the disadvantaged of New York City and Paris as well as those of Sao Paulo and Bombay. The notion of such geographies engenders research agendas that can focus on questions of power and poverty in ways that combine the specificity of the local with broader cross-border dynamics. And that allow us to do so without losing some version of a "container," only now a container that is not "the nation" or "the city," but one which encompasses fragments of each in a cross-border space that has systemic properties which specify it.

One of the questions raised by such new cross-border geographies of centrality and marginality is whether they are also the space for a new transnational politics. For instance, insofar as an analysis of the global city recovers the broad array of jobs and work cultures that are part of the global economy (although typically not marked as such), it allows one to examine the possibility of a new politics of traditionally-disadvantaged actors operating in this new transnational economic geography. This is a politics that arises out of the condition of economic participation in the global economy, albeit as low-wage earners, from factory workers in export processing zones to cleaners on Wall Street. This is a condition shared by workers in many different places around the world — places integrated into the global system. Immigrant workers and women are among the strategic actors in this new transnational geography.

The centrality of place in a context of global processes engenders a transnational economic and political opening in the formation of new claims and hence in the constitution of entitlements, notably rights to place, and, at the limit, in the constitution of notions of membership and "citizenship" (Holston 1996). The city has indeed emerged as a site for new claims: by global capital which uses the city as an "organizational commodity", but also by

disadvantaged sectors of the urban population, frequently as internationalized a presence in large cities as is capital. The de-nationalizing of urban space and the formation of new claims centered in transnational actors and involving contestation raise the question: "Whose city is it?" (4)

The space constituted by the worldwide grid of global cities, a space with new economic and political potentialities, is perhaps one of the most strategic spaces for the formation of transnational identities and communities. This is a space that is both place-centered, in that it is embedded in particular and strategic sites, and also transterritorial, because it connects sites that are not geographically proximate yet intensely connected to each other. As I argued earlier, it is not only the transmigration of capital that takes place in this global grid, but also that of people, both rich, i.e. the new transnational professional workforce, and poor, i.e. most migrant workers. And it is a space for the transmigration of cultural forms, for the reterritorialization of "local" subcultures. An important question is whether it is also a space for a new politics, one going beyond the politics of culture and identity, though at least partly likely to be embedded in these.

I see this as a type of political opening that contains unifying capacities across national boundaries and sharpening conflicts within such boundaries. Global capital and the new immigrant workforce are two major instances of transnationalized categories that have unifying properties internally and find themselves in contestation with each other inside global cities. These cities are the sites for the valorization of corporate capital and the devalorization of disadvantaged workers. The leading sectors of corporate capital are now global in their organization and operations. And many of the disadvantaged workers in global cities are women, immigrants, people of color (signaling a demographic embeddedness in the formation of this disadvantage). Both find in the global city a strategic site for their economic and political operations.

Immigration, for instance, is one major process through which a new transnational political economy is being constituted, one which is largely embedded in major cities insofar as most immigrants, whether in the US, Japan or Western Europe, are concentrated in major cities. It is, in my reading, one of the constitutive processes of globalization today, even though not recognized or represented as such in mainstream accounts of the global economy.

Typically the analysis about the globalization of the economy privileges the reconstitution of capital as an internationalized presence; it emphasizes the vanguard character of this reconstitution. At the same time it remains absolutely silent about another crucial element of this transnationalization, one that some, like myself, see as the counterpart of that of capital: this is the transnationalization of labor. Secondly, that analysis overlooks the transnationalization in the formation of identities and loyalties among various population segments that explicitly reject the imagined community of the nation

(5). With this come new solidarities and notions of membership. Major cities have emerged as a strategic site for both the transnationalization of labor and the formation of transnational identities. In this regard they are a site for new types of political operations.

We see here an interesting correspondence between great concentrations of corporate power and large concentrations of "others." Large cities in the highly developed world are the terrain where a multiplicity of globalization processes assume concrete, localized forms. These localized forms are, in good part, what globalization is about.

### Notes

(1) Immigrants and refugees have frequently been invoked lately in efforts to restrict the conditions for membership; they have also been the subjects in a majority of human rights decisions entitling them to various rights associated with citizenship, thereby de-nationalizing membership. The question of membership can also be extended to firms and economic actors: deregulation and globalization have contributed to a de-nationalizing of membership in the business community.

(2) Massive trends towards the spatial dispersal of economic activities at the metropolitan, national and global level are indeed all taking place, but they represent only half of what is happening. Alongside the well-documented spatial dispersal of economic activities, new forms of territorial centralization of top-level management and control operations have appeared. National and global markets as well as globally integrated operations require central places where the work of globalization gets done. Further, information industries require a vast physical infrastructure containing strategic nodes with hyperconcentrations of facilities. Finally, even the most advanced information industries have a work process — that is, a complex of workers, machines and buildings that are more place-bound than the imagery of information outputs suggests.

(3) One of the central concerns in my work has been to look at cities as production sites for the leading service industries of our time, and hence to recover the infrastructure of activities, firms and jobs, that is necessary to run the advanced corporate economy. I want to focus on the *practice* of global control: the work of producing and reproducing the organization and management of a global production system and a global marketplace for finance, both under conditions of economic concentration. This allows me to focus on the infrastructure of jobs involved in this production, including low-wage, unskilled manual jobs typically not thought of as being part of advanced globalized sectors.

(4) There are two aspects in this formation of new claims that have implications for the new transnational politics. One is the sharp and perhaps sharpening differences in the representation of these claims by different sectors, notably international business and the vast population of low income "others" — African-Americans, immigrants, women. The second aspect is the increasingly transnational element in both types of claims and claimants. It signals a politics of contestation embedded in specific places but transnational in character.

(5) Insofar as sovereignty is being unbundled the state is no longer the exclusive subject for international law. Other actors, from NGOs and minority populations to supranational organizations, are increasingly emerging as subjects of international law and actors in international relations. Women and immigrants have emerged as one such subject in fora involving international human rights disputes (Sassen 1997). The growth of instruments and the growth in their use by judges in national courts over the last ten years, the growing influence of the European Court, and the spread of the concept of human rights through the global mass media — all of these have contributed to a normativity that is not centered in the national state even though it requires national states for its implementation.

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