SIXTEEN

'MAKING THE WORLD GO ROUND'

Advanced Business Services

APPLIED CASE STUDY

'Global cities' are recognized by many as the hubs of the networks developed by transnational businesses, migrants, activists and others, and are the focus of global social and economic activity. We will here consider the role of global cities in GPNs, with a particular focus on London, England, as an example.

Global cities are defined by Sassen (1991) as cities which have as many ties to locations around the world as to their host countries, if not more. The best-known, and arguably most global, examples are London, New York and Tokyo, each being the socio-economic foci of their particular economic region, although many other cities can be seen as being somewhat global or having global aspects, such as San Francisco, Vancouver, Frankfurt or Hong Kong. The 'global' nature of these cities is very visible: London, for instance, is strongly multi-ethnic, hosts the European headquarters of many businesses, principally in the financial, media and service sectors, and has a number of secondary economic sectors catering to the interests of a global elite in terms of their artistic and consumer activities. As well as a centre for global business, London is also a centre for global activism, charity work, academia, crime and terrorism (it is worth noting that since the turn of the millennium, cities targeted for major terrorist attacks are almost inevitably those with a strong global element).

Global cities form through particular complex combinations of political, social and economic forces. The book *Liar's Poker*, a memoir of an American trader's ca-

reer in the City of London during the 1980s, attributes the popularity of London as a location site for US banks to 'its time zone [halfway between New York and Tokyo, enabling financial institutions to operate in three markets simultaneously], its history, its language, its relative political stability, its large pool of dollar–hungry capital and Harrods (don't underestimate the power of shopping opportunities in all this)'. To which one can add London's position as the former centre of a global colonial empire, the relaxation of taxation and regulatory systems under the Thatcher government of the 1980s, its linguistic and ethnic diversity, and the 'snowball effect' produced when a number of large global companies move to a particular location, requiring other potential collaborators and/or competitors to follow suit. Similar situations can be seen in the cases of New York and Tokyo.

As such, global cities have complex relationships with the areas in which they are embedded. While they are inherently globalizing, their physical embeddedness is part of the attraction; most businesspeople in London cite as part of the reason for being there that they can easily hold face-to-face meetings with other key players in their industry, and to keep up on (and take advantage of!) news and gossip as they happen. Connections to the global creative and academic sectors are also valued, but so are local connections, with innovation emerging from local creative centres and institutions and aspects of local culture achieving global status. Many people interviewed in the City of London described London as being '*in* England, but not *of* England', emphasizing that it is paradoxically both global and embedded.

To complicate the picture further, global cities often are embedded in other local cultures around the world (most ethnic communities in London, for instance, having their own schools, markets, restaurants and cultural hubs) as well as to the other global cities: it was often frequently said that London had more in common with New York and Tokyo than with other British or European cities, and in the 2000s the expression 'NY-LON' was often used to illustrate the close social and economic ties between London and New York. The mayors of both cities often make diplomatic exchange visits, and frequently borrow urban planning ideas from each other, with London importing Bob Kiley, the man credited with reforming New York's subway system, to update the iconic London Underground in 2000. Embeddedness can also sometimes not involve physical embeddedness: in the 1990s one German bank closed its physical New York office to save on costs, and compensated by opening up a virtual New York office in Frankfurt, with a full staff working on New York time, and even featuring a New York phone number which routed through to Frankfurt, so many of their US clients were not even aware that the office had relocated. However, despite this, many writers note the paradoxical fact that the development of rapid communications and transportation technology has not meant, as was originally predicted, the demise of the

global city (as companies locate in cheaper regions and use technology to engage in global networking), but an increase in their status, as they become increasingly the local foci of global production networks.

Like any other aspect of GPNs, also, global cities are subject to unevenness and change. Changes in the relative status of China and Japan within the Asian socio-economic sphere mean that we can see Hong Kong rising in status relative to Tokyo, and similar competition can be seen between London and Frankfurt. The existence of 'less global' cities, mentioned above, suggests that there is a perpetual cycle of globalization and de-globalization among cities as global networks shift focus over time.

Global cities are thus complex social formations within GPNs, which incorporate both globalizing and embedded aspects, and which can exist only in globalized circumstances. Their existence and structure strongly indicate the complexity of the social forms which connect and further GPNs.

QUESTIONS

1. How can London be 'in England, but not of England'?
2. Evaluate the necessity of different kinds of local embeddedness for the development of global networks.
3. Consider reasons why global cities are the focus, not only of global production and economic activities, but also of global artistic, political, philanthropic and criminal activities as well. Could any one of these exist without the others?
4. How important, in your opinion, are political and historical factors compared with economic factors in a city's 'global' status? Justify your answer with examples.

FURTHER READING

Beaverstock, Jonathan V. (2002) Transnational elites in global cities: British expatriates in Singapore's financial district. *Geoforum*, 33, 525–538.

Lewis, Michael (1989) *Liar's Poker: Two Cities, True Greed.* London: Hodder and Stoughton.

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