

Five minutes with Saskia Sassen: “The issue right now is not the lack of discipline in Eurozone economies; it’s the financialisation of everything”

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Has the Eurozone crisis undermined Europe’s place in the world? In an interview with EUROPP’s editors Stuart A Brown and Chris Gilson, [Saskia Sassen](#) discusses the role of finance in the crisis, the threat posed by transnational systems of surveillance, and the potential for public disorder to give a political voice to the powerless.



In your view, what is the root cause of the Eurozone crisis?

I have great respect and great admiration for the project that is European integration. That respect comes not from the notion that we should all get together and create some sort of ‘super-state’, but from the foundational elements that drove the project: the belief in law and the belief in non-military solutions. But there is one big qualifier to that respect, which is that when the push to accelerate the adoption of the euro was taking place it was driven by corporations. The big winners from the euro were the big corporations who could become bigger and who could enter the global economic space more effectively. The ones that suffered were the smaller firms connected to subnational and regional markets.

Now, I’m not against having an integrated currency – certainly for me, as someone who travels all over Europe, it’s fantastic – but the problem was the *rush*. I remember the debates that there was supposedly no way we could do it. Well, we got it done. Why? Because enormously powerful corporate interests were behind it and when they want to get something done, by God they get it done. The fact that most of these national economies are constituted by small enterprises, regional markets, and localised production – that was simply overlooked. And now I think we’re paying the price for that.

There are, of course, other issues that come into the picture. One is that by integrating on the continental scale, and by having a single currency, it became much more worthwhile for finance – which is very different from *banking* – to do its thing. If we still had separate national currencies then central banks sitting on top of the situation tightly would have prevented the scale-up that makes it worthwhile for global finance. When you have that level of integration, finance moves in and finance ‘financialises’.

Finance is not about money: if you take outstanding derivatives, which are the basic measure of the value of finance, then it’s several times larger than global GDP. Finance is extraordinarily disruptive and part of the issue right now is not the lack of discipline in Eurozone economies. It’s not even the lack of responsibility displayed by national



Credit: Ash Violette (CC BY 2.0)

governments. It's the financialisation of everything. The situation in Greece, where we suddenly had financial markets betting against the country is, to me, criminal conduct.

Given the economic problems in the Eurozone, is the European Union's relevance for the rest of the world diminishing?

I've always thought that if the European Union had been wise it would have incorporated Turkey. Turkey no longer wants to join – it's arguably a far more dynamic economy than the European Union at this point – but it would have been wise to bring them into the project. It would have brought in a Muslim population which is incredibly enlightened. Turkish academics, for instance, are in my opinion among the best. I think that was a missed opportunity to create a bridge into the part of the Muslim world that is closest to Europe.

However I still believe that European integration matters. It matters for the world as one powerful zone that stands for solving problems with negotiation and diplomacy. Europeans know about diplomacy; the only diplomacy the United States recognises is having the biggest guns. So losing the European Union would be a real pity for world geopolitics, much more so than from an economic perspective.

In the last decade European cities, such as Paris and London, have experienced rioting. How should we understand these acts of public disorder?

When I see this happen my first move is to step out of the current language about 'riots', or the descriptions of the [Occupy movement](#), which is mostly seen as slightly useless or even destructive because it doesn't have a party or a programme attached to it. I think we need to step back from these types of descriptions in order to understand whether something is happening that actually matters. The [key question](#) for me, as an academic and a theorist, is: do the powerless make history? And if the answer is yes, then do they make history without becoming empowered?

If you look at how we've usually handled the question of powerlessness, we've typically viewed it as if we are powerless by default, but if something positive happens then we become empowered. I argue that in between these two conditions there are a vast number of invisible histories involving people who were powerless, but nevertheless made a history which has remained invisible because they did not become empowered. Becoming empowered makes it visible. But I find that under certain conditions powerlessness can become complex and in that complexity lies the possibility of making history, or achieving political aims in a different way, even if one does not become empowered. These moments may be points in a trajectory that is multi-generational. Think of the civil rights movement in the US, which took a century or more, or women's struggle for the vote. I do not want to lose these moments that are perhaps a stepping stone towards something that makes a difference.

So when I look at these riots and uprisings, I ask whether this is the politics of those without power. They know that if they try and engage with parliaments directly to get a law changed they won't get anywhere, so these movements are other ways in which the powerless can acquire a political voice. In Paris, in the [Banlieues](#), it's been recognised for a while that the only language in which you can become visible to the media and the rest of society is if you go burn a few cars. So that's what happens. It's a kind of urban violence which acts as a form of communication.

However I think the riots in London were a bit different from the Occupy movements. The riots in London were also connected to middle class disappointment with the failure of the liberal state, as are the Occupy movements. To elaborate on this, the liberal state's social contract has always been with the middle class and what we've seen is that the social contract with this particular generation has been broken by the neo-liberal politics of privatisation, spending cuts and austerity.

So I see in the riots in London an inarticulate version that does not function as a form of communication as it does in the Occupy movements, but rather uses its body: it's the [somatising](#) of politics. They want material objects, they want to become consumers, their bodies become the instrument and they enter shops to take what they want/need.

This is really more like looting than a political movement, but that is one extreme end of the scale and at the other

end you have occupying with its far more substantive social agenda. That agenda is about the traditional middle class being confronted with a situation in which the state is failing them: they played by the rules of the game, they took education seriously, they perhaps gained a university degree, and yet there are no jobs. Now I don't deny that the London riots in particular were an ambiguous situation – they did many things which were reprehensible – but there is that other dimension where they are actually part of this history in the making. And my main point here is that even though they are not empowered, they can still make history.



Tottenham during the London riots (Credit: Nico Hogg, CC BY 2.0)

You've developed the concept of 'global cities': places that act as bridges between vast emerging global markets and national economies. How should we view global cities in Europe and their links with the rest of the world?

The global city is a kind of structural hole in the tissue of national economies, national societies, and national territories. Each global city is highly individual and highly specialised, but that's largely gone under the radar of commentators because when you look at the consumer side of these economies, which is more easy to understand and see, there is an enormous amount of standardisation. Further, when you look at the visual order of the renovated city centers you find that state of the art financial centres, state of the art airports, and luxurious residential and commercial districts all have a high degree of standardisation... yes, on the luxury vector! No matter how imaginative the architects are, no matter the details they incorporate into the buildings to make them look different, you can smell that standardised, state of the art environment.

That has then led to the assumption that the economies of these cities are also becoming more homogeneous. However in my [research](#) I find that what globalisation has pushed is an increased specialisation of different capacities across cities. Take Europe: London is a very different type of financial centre from Paris and Frankfurt, and further, from New York and Shanghai, and so on. And yet all of these cities are *radically* different. If you look at the United States, there are two major global financial centres, Chicago and New York, and they are radically different – even though the state of the art environments which have been built in both cities have the same technical elements. This holds for all top-level financial centres. China has four major financial centres that are all radically different. And this involves not only finance but also the specialised services – everything that involves the firm-to firm economy at the top corporate level. Specialised lawyering and creative accounting also tends to specialise around diverse sectors – it can handle heavy manufacturing and global logistics in Chicago and in Shanghai, in New York and Beijing. So when it comes to the global city function – separate from the larger social and cultural milieu of a city – you can't really generalise at the continental level and draw a distinction between European global cities and those in the United States or Asia. Each of these cities has a specialised, unique function that they provide to global markets which no other city can provide.

Now the global function of these cities is only one part of the city. London is many cities, and within it exists that global function: a completely specialised function that operates in multiple global circuits, where most of the consumer markets – the art world, the insurance market and so on – don't participate. So if we're talking about cities overall, then of course there are similarities, but we can't generalise about these cities in terms of what they mean for the global economy. What matters to the global economy is the intermediate sector: not the consumer end of the economy, but the 'firm to firm' economy where businesses do business with each other. It is in this world of 'firm to firm' where you pick up on the extraordinary importance that the specialised differences of these cities have for global markets, global firms, and governments – who also use those capabilities.

You've recently written on the issue of surveillance. Do you think that the rights of citizens, both inside and outside of Europe, are potentially threatened by security measures aimed at dealing with terrorism?

Surveillance is one of the issues I've been [working on](#) recently, but this is not small-scale surveillance such as CCTV cameras or traffic cameras – which, to me, is relatively fine if it helps prevent crime or killing cyclists. I am concerned about something very different: a transnational system of surveillance which spans several countries.

The United States is the most extreme of these countries and is setting the norm for this system. Over the last ten years, as part of the war on terror, the United States has developed a surveillance system that consists of over 10,000 massive buildings that store a vast technical apparatus for surveillance and gathering data about people and organisations. It employs almost a million people with top level secret clearance, including at least 260,000 private firms. These firms hire foreign talent, which is one part of this that I find particularly interesting because it completely transnationalises and denationalises this world of top secret clearance.

Now what is the logic behind this? The logic is that for our security – and by this we really mean to prevent terrorist attacks – every citizen has to be considered, by the logic of that system, a suspect. And all of this surveillance exists simply to get at the handful of individuals within a given year who could actually be terrorists. This raises two issues. First, in this kind of system, who are we the citizens? Are we the new colonials? Do we have to be monitored and taught how to be civilised? Second, we have this huge surveillance superstructure to get at a few individuals who are real threats, and then we still have what happened in [Boston](#). They now have a massive amount of data that they've collected on everybody; yet at the same time they're not doing intelligence in the old fashioned way. So the key issue is who really benefits from this? The answer is the corporations who are involved in making and upgrading this technological apparatus.

So the surveillance issue is not this obsession that exists in the UK about small-scale surveillance and the retention of personal details – we are already so mapped by online technology like Facebook, Twitter and Google that this hardly matters. Rather as one person put it, it's that we are a 'turn key' state: we haven't yet turned the key, but all the elements are in place.

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Deutsche Bank, Frankfurt (Credit: Gizmo23, CC BY 2.0)

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