

Globalization and Its Discontents, by Saskia Sassen

reviewed by [John Langmore](#) in the [March 17, 1999](#) issue

*By Saskia Sassen, Globalization and Its Discontents: Essays on the New Mobility of People and Money. (New Press, 288 pp.)*

Saskia Sassen's book explores several major but neglected aspects of the forces of globalization. The centrality of liberalized financial markets to increased global interdependence is widely recognized, as is their power to discipline states. Sassen elaborates the theme by pointing to the forces that keep financial and other transnational enterprises located in a few cities.

For example, many financial and other global firms are highly specialized and therefore locate close to others that provide interrelated services. The top-of-the-line accounting firm can service its clients at a distance, but the nature of its service depends on proximity to other specialists, from lawyers to programmers.

Sassen extensively analyzes migration, including the forces behind recent immigration, and the interaction of this flow of people with the superprofitable finance and hi-tech industries. During the past couple of decades migrants have tended to come from countries in which rich nations have invested or with which they have had other military or colonial involvements. These immigrants, legal or undocumented, have commonly entered casual, low-skilled jobs in the U.S., Europe and Japan, keeping wages low and providing services to the global cities. They are important factors in the increasing polarization of income.

Two chapters explore the gender dimension of these trends. Women predominate in the low value-added services and urban-based manufacturing. The process of high-income "gentrification" has been made possible by the ready supply of low-wage female workers, not only the immigrant woman serving the white middle-class professional woman but also the shop assistants, waitresses, typists, data processors, machine operators and office cleaners.

Another chapter investigates the growth of the informal economy in developed countries. The informal economy consists of those activities occurring outside the state's regulatory framework that mirror comparable activities in the regulated

sector. Substantial proportions of Americans use informal home repair people and lawn and garden services, buy from informal sidewalk vendors, and eat some informally grown food.

Given the importance of these informal activities to survival for many people, Sassen argues that it is a mistake to criminalize them. Instead, she recommends zoning certain areas for small low-profit businesses and encouraging these businesses to upgrade through advice, training and the availability of credit.

The erosion of the power of national governments as a result of globalization is widely recognized but too passively accepted. Sassen suggests that because major industries and firms receive such significant benefits from locating together in cities, governments may have a greater capacity to regulate them than has been recognized. She does not give examples, so it is worth mentioning one which would be of great value: a tax on international financial transactions.

Such a small tax, set at, say, 0.1 per cent of the value of such transactions, would certainly reduce the volatility of short-term financial flows and perhaps the instability of exchange rates. The strong imperative for financial firms to cluster in major financial centres would make such a tax easy to administer. Avoidance could also be discouraged by setting the tax at a penalty rate for countries that did not participate in an international agreement to introduce the levy (which is commonly called the Tobin tax, after the original proposer). The revenue would all be collected by the administering governments and could be used for domestic and for cooperative international activities.

Despite its strengths, this is an uneven book. Two of the chapters were written in the '80s and have not been updated. Some other statistics are not up to date. Sassen tends to concentrate on abstract description rather than on analysis of causes. The book is repetitious and offers few operational proposals. However, *Globalization and Its Discontents* is valuable not only because it discusses several important but neglected or even concealed issues, but also because it is written with compassion and a concern for equity.