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The growing importance of specialized differences

Saskia Sassen

Professor of Sociology
Co-chair of Committee on Global Thought
Columbia University

Abstract

Rankings of global cities tell us only so much about the actual importance of a city. The basic fact is that there is no perfect global city. What characterizes the current global economic system is a growing importance of the specialized differences of each city and of each financial center. This is what is new. In the pre-1980s era, each major international financial center duplicated a set of basic, mostly banking rather than financial, functions. We can think of this as a generic capability. Today such generic capabilities are a sort of infrastructure –necessary but not enough. What marks today’s particular distinctiveness is the specialized differences: China’s four major financial centers are very different, so are New York and Chicago in the US, so are Tokyo and Nagoya. On a regional scale, Hong Kong and Singapore are different, and Tokyo is different from both. On a global scale, multiple small but specialized stock markets are part of the global network, and they matter even if on the rankings they may be number 42. Buenos Aires is the key commodity market for sunflower seeds, though this is not the only item they trade in, but this is where it fulfills a critical distinctive function. In the case of Tokyo, there is enormous complexity in its critical global functions – it is at the center of a broad range of major financial circuits that function at diverse scales, from national to regional to global.