World Cities and Global Commodity Chains: an introduction

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Given the remarkable success of *Global Networks*, it seems fair to state that transnational spatial relations have become a key analytical lens through which the geographies of contemporary globalization are being studied. The purpose of this book is to assess the possible cross-fertilization between two of the most notable analytical frameworks, namely (i) the World City Network (WCN) framework, in which researchers have studied the emergence of a globalized urban system for the provision of a host of advanced corporate services (for example finance, insurance, accountancy, advertising, law); and (ii) the Global Commodity Chain (GCC) framework, in which researchers have scrutinized the interconnected functions, operations and transactions through which specific commodities are produced, distributed and consumed in a globalized economy. We should hereby immediately emphasize that our adoption of the WCN/GCC terminology does not imply an explicit favouring of the specific concepts advanced by Taylor (2004) and Gereffi and Korzeniewicz (1994) over other, related concepts. Rather, this choice is more reflective of the need for a useful shorthand when addressing the research literatures dealing with the rise of transnational central place systems (the WCN approach) and transnational production systems (the GCC approach) respectively.

Both literatures have emerged as critiques of conventional, state-centric social science interpretations of their subject matters, and they both propose what might be called ‘global network alternatives’: both WCN and GCC scholars stress that, to understand the dynamics of ‘development’ in a given place, research should focus on how places are being transformed by their insertion in networks of commodities, knowledge, capital, labour, power and how, at the same time, places and their institutional and social fabrics are transforming those networks as they locate in place-specific domains.

WCN research has emerged as a critique of mainstream social science interpretations of urban systems. The established way of researching urban
systems has long been through analyses of so-called ‘national urban hierarchies’. Usually using data on population sizes or economic specialization, cities from a particular state were assumed to constitute an autonomous city-system as if the rest of the world did not exist. This approach obviously had some analytical purchase so long as a fair degree of economic and societal cohesion was maintained at the state level. However, it is equally clear that this framework has increasingly worked to the detriment of properly understanding major cities such as London and New York, which derive ever-larger portions of their centrality from their function in the global economy at large. Despite a number of earlier attempts to devise alternative frameworks, it was only when such cities came to be interpreted, first as international financial centres (Cohen 1981), then as world cities (Friedmann 1986), and further as global cities (Sassen 1991), that a literature emerged in which the study of cities, or some at least, gradually broke free of state-centric interpretations (for example, Rozenblat and Puimain 1993). Taylor’s (2004) theoretical and empirical research in the context of the Globalization and World Cities (GaWC) research group and network has especially brought the relevance of a ‘global network approach’ to centre stage. Drawing on the work of Sassen (2001, 2002), Taylor maintains that one of the most powerful examples of the new geographies of contemporary globalization relates to the fact that major international financial and business centres across the world are interlinked in a single urban network. The intensity of transnational transactions among these cities – particularly through financial markets and transactions in advanced corporate services – has augmented sharply throughout the last two decades. Taylor’s basic contention, therefore, is that major cities increasingly draw their functional centrality from their connections with other cities across the world. As a consequence, in recent years, cities have increasingly been studied as nodes in \textit{Global Networks}.

GCC research, in turn, has emerged as part of a more encompassing critique of conventional conceptions of large-scale economic flows. In mainstream economics, the usual way of analysing large-scale commodity flows has been through international trade theories. In general, these theories assert that, in an international economy, economic development emerges from whatever absolute, comparative or competitive advantages a country or region may have. It has, however, become increasingly obvious that the basic assumptions underpinning these classical trade theories are fatally flawed by their state-centric
spatiality: ever-rising shares of intra-firm trade reveal that the geographies of trade are far more complex than only ‘one step’-trade between producers in one country and consumers in another. Rather, production and trade patterns are increasingly guided by the strategic behaviour of firms, and (fixed) factor endowments of countries have therefore become less and less important in explaining commodity flows (Yeung 1994). In spite of a number of earlier attempts to devise alternative frameworks, it was only with the specification of the ‘Global Commodity Chain’ (GCC) paradigm by Gereffi and Korzeniewicz (1994) that relatively coherent alternatives for conventional trade theories have been worked out. In the last decade and a half or so, this GCC paradigm has been elaborated, respecified and further developed, whereby some authors have used different terminologies to stress the analytical specificity of their approach. In this context, the analytical frameworks focusing on ‘Global Value Chains’ (GVCs) (Gereffi et al. 2005) and ‘Global Production Networks’ (GPNs) (Coe et al. 2004; Henderson et al. 2002) have come to dominate this literature. However, notwithstanding a fair number of – sometimes profound – conceptual differences between these frameworks (see Bair 2005; Coe et al. 2008a; Hanssens et al. 2008), it seems fair to state that they converge in their emphasis on the relevance of value creation and its distribution and control within transnational and localized networks. Or, as Henderson et al. (2002: 442) suggest with respect to the study of globalized production in a GPN framework: ‘Such processes are better conceptualized as being highly complex network structures in which there are intricate links – horizontal, diagonal, as well as vertical – forming multi-dimensional, multi-layered lattices of economic activity. For that reason, an explicitly relational, network-focused approach promises to offer a better understanding of production systems.’ Rather than conceptualizing the global economy through a series of economic containers, these new analytical lenses allow social scientists to study the worldwide map of production, consumption, investment and trade from the perspective of global networks.

Given this metaphorical and formative usage of a ‘global networks’ perspective, it is no surprise that the original Global Networks journal has published a number of articles from both literatures. However, although sharing a common meta-geographical outlook and a loose world-systems analysis progeny, both literatures have developed independently with little or
no cross-referencing. This book aims to take advantage of these parallels to investigate how both models may benefit from each other or even be integrated to provide a basic spatial skeleton for understanding the networked processes underpinning contemporary globalization. To this end, we have brought together researchers from different backgrounds (human geography, economics, sociology) and different parts of the world to tease out some key aspects of such cross-fertilization.

It is at this point perhaps useful to point to three important caveats. First, the lack of intersections between both literatures is perhaps less clear-cut than we have suggested up to this point. For instance, part of the world cities literature explicitly deals with the urban geography of control within transnational and localized networks of firms. Thus the empirical research presented in Alderson and Beckfield (2004) and Taylor et al. (2009) can be read as an analysis of the localization of control in Global Commodity Chains through a world cities lens. A second qualification relates to the fact that the chapters in this book only cover a limited number of topics, sectors and regional settings. Much more – and perhaps very different – work remains to be done. Or, as Brown et al. (this book) point out: bringing two such wide-ranging literatures together is a very large task whatever their degree of synergy, and there are therefore inevitably aspects that are underplayed or perhaps even outright neglected. Third, the degree of synergy between both approaches is in itself a function of the actual or perceived coherence within both literatures. It is obvious that the consistency within GCC and WCN research only exists at a rather general level. The widely adopted GPN framework of Dicken et al. (2001), for instance, is the latest specification in the broad GCC literature that has evolved over the last two decades or so to explain how globalized industries are organized and governed (alongside the GCC and GVC frameworks, see Coe et al. 2008a). Similar observations can be made with respect to WCN research, where terms such as ‘world cities’, ‘global cities’ and ‘global city-regions’ are used alongside each other as different approaches for understanding globalized urbanization (see Derudder 2006; Scott 2001). The major implication for the present discussion is that different specifications of the GCC and WCN frameworks are not a trivial matter of semantics. However, for reasons of clarity, in the remainder of this introduction we shall continue to use the WCN/GCC terminology, even if authors use a different concept in their chapters. Readers should, however, bear in mind that any attempt to combine insights from both literatures will need to come to terms with this ‘internal’ multiplicity.
Steps towards cross-fertilization

Brown et al. (this book) explore the possible cross-fertilization between both literatures by returning to their common origins in world-systems analysis. They argue that some critics of Wallerstein’s theoretical framework misinterpret the subtleties of the ‘core’ and ‘periphery’ concepts: they re-emphasize that these concepts should be conceived as bundles of complex mechanisms that create contrary outcomes rather than as their spatial outcomes per se. They take this observation as a starting point for exploring the possible linkages between both analytical frameworks in world-systems terms, and illustrate their approach through WCN process additions to understanding the coffee commodity chain and GCC additions to understanding Mexico City and Santiago de Chile’s position in the WCN.

Although somewhat less explicit about the adoption of a world-systems framework, it is clear that Parnreiter (this book) continues his own research on WCN/GCC-linkages along the lines set out in Brown et al. (this book). His chapter examines functional connections between WCNs and GCCs by exploring the linkages between business services firms located in Mexico City and the globalization of the ‘Mexican’ economy. In his earlier work, Parnreiter (2003) already emphasized that a WCN-interpretation of Mexico City only made sense when functional linkages could be made with the country’s increasing export production. In this chapter in this book, he provides some preliminary evidence of these functional connections by showing that there are indeed significant flows from business service firms in Mexico City to the companies responsible for the globalization of the ‘Mexican’ economy. The explanation for this spatial correlation is based on the need for access to ‘localized’ knowledge and the desire to maintain close contacts with clients.

Vind and Fold (this book) agree with our position that a combined GCC/WCN approach may improve our understanding of globalization processes, but they are far more sceptical about the added value of world-systems analysis in this context. They approvingly cite Jennifer Bair (2005: 158), who noted that recent research has moved ‘away from the type of long-range historical and holistic analysis characteristic of the world-systems school’, and has rather ‘evolved as a network-based, organizational approach to studying the dynamics of global industries’. Vind and Fold therefore stress that – in line with recent GCC/GVC/GPN research – far more weight should be given to the role of firms as the organizing agents of capitalism. The more specific starting point of their own chapter is their contention that WCN research should pay more attention to the spectacular growth of many so-called
'Third World' cities such as Ho Chi Minh City. Like many booming cities in coastal China, this growth is primarily due to rising export-oriented industrialization and the concomitant immigration from rural hinterlands as these cities are integrated in GCCs. They illustrate this claim through a GCC analysis of the electronics industry located in Ho Chi Minh City and the agricultural sector in its rural hinterland, the Mekong Delta.

The explicit rebuttal of world-systems analysis in Vind and Fold’s chapter leads to the question of other possible meta-narratives. However, in line with recent evolutions within the social sciences in general and human geography in particular, most other authors seem to shy away from adopting totalizing meta-narratives. The theoretical frameworks in most of the other chapters often consist of more eclectic narratives. The most obvious example here is Castells’s (2000) wide-ranging argument that the world is being transformed from a ‘space of places’ into a ‘space of flows’. Both literatures can be seen as exemplary for Castells-like approaches of the geographies of contemporary globalization; it is therefore no surprise that most of the chapters in this book explicitly invoke Castells’s work to structure their own research (for example Jacobs et al. this book; Lüthi et al. this book). However, despite Castells’s prominent position in this literature, we sense that it is warranted to describe the many references to his work as ‘eclectic’ in that it seems to provide a number of useful metaphors more than anything else.

Hesse (in this book) explores the relevance of more recent theorizations of contemporary globalization by drawing on Sheppard’s (2002) topical work on ‘the times and spaces of globalization’. In this publication, Sheppard urges social scientists to consider the ‘positionality’ concept alongside more traditional approaches emphasizing the relevance of place, scale and networks. ‘Positionality’ is hereby advanced as a concept that captures the shifting, asymmetric and path-dependent ways in which the future of places depend on their interdependencies with others, so that the early understanding of spatial interaction is moving forward to a more relative notion of places in networks. Hesse uses this analytical lens to revisit the role of urban places in terms of their capability to attract, manage and redirect flows in such networks. This leads him to consider the role of seaports and port cities. He approvingly quotes Coe et al. (2008b: 276) who argue that, because of the vastly increased complexity and geographical extensiveness of GPNs, and the need to coordinate and integrate extraordinarily intricate operations as rapidly and efficiently as possible, the consideration of the logistics problem is absolutely central in this research domain.
Port cities and seaports are thus obvious settings for examining the intersections between advanced corporate services and commodity flows. Jacobs et al. (this book) also draw on this insight, and further sustain their choice for this particular geographical setting through the observation that ports are logistical nodes and sites of production in GCCs, while the port-city is potentially a centre for maritime and port-related advanced business producer services. They assess to what degree business services firms (as critical nodes in WCNs) co-locate near firms active in port-industrial complexes (as key logistical nodes in GCCs), as it can be assumed that physical proximity will foster the exchange of ideas and the building of trust (see also Parnreiter this book). To this end, they present a systematic comparison of the location of maritime producer services and port throughput figures, which is then used to identify different types of port cities.

Jacobs et al. suggest some appealing interrelations between WCNs and GCCs. However, because their study simply assesses the degree of co-location of logistics/production and maritime-related servicing, it remains somewhat difficult to identify the functional and spatial linkages between both. In this respect, the chapter falls short of the work of Rossi et al. (2007), who analyse the interrelations between the location of advanced corporate services firms and their clients in Brazil. The latter approach allows for an actual mapping of the functional and spatial linkages between production and its servicing, and this is taken up in great detail in the empirical analysis of Lüthi et al. (this book). Drawing on an extensive study of the linkages between service firms and their clients in the greater Munich area, Lüthi et al. put significant empirical flesh on the bones of conceptual research emphasizing the relation between WCNs and GCCs. They begin by looking at the ways in which multi-location firms from the so-called ‘knowledge economy’ develop their intra-firm networks internationally, after which they establish the (spatial location of the) partners with whom these firms have working relationships along individual GCCs. Their findings point to the existence of a multi-polar megacity-region (MCR), in which connectivity decreases as distance to Munich and the surrounding secondary nodes in the MCR increases.

Avenues for future research

Notwithstanding the many different approaches, topics and regional settings that can be discerned in the different articles, we believe they collectively
point to the possible relevance of cross-fertilization between both literatures. One example of a potential benefit for WCN research relates to the possibility of a more de-centred approach to the study of globalized urbanization. The empirical focus in the chapters by Brown et al., Parnreiter, and Vind and Fold is on cities from the erstwhile ‘Third World’ (Mexico City, Santiago de Chile and Ho Chi Minh City). This is encouraging given the commonly voiced critique that WCN research has disproportionately concentrated on relatively few large metropolitan centres in the Western world. Perhaps the most sharp critique along these lines has been formulated by Robinson (2002, 2005), who complains that restricting analyses of globalized urbanization to the presence of ‘Western’ business services firms implies that millions of people and hundreds of cities are dropped off the map in urban studies. Because of the focus on a narrow range of economic processes (namely ‘advanced’ servicing of globalized production), myriad other connections between cities are being ignored in this literature. Through the consideration of a GCC framework with its more generic approach to flows of value and commodities, research on WCNs may identify other, more suitable ways of understanding cities from the ‘Global South’.

An example of a potential benefit for GCC research relates to a more refined conceptual and spatial analysis of the relevance of crucial service inputs. Indeed, one of the main critiques of previous GCC research has been that it has lacked a comprehensive treatment of the role of financial capital and key service inputs. Coe et al. (2008b: 268), for instance, recently admitted that although this is ‘an area worth reflecting on’, the impact of financial capital and the spatialities of the global financial system have not yet been widely debated in GCC research (despite an early call by Rabach and Kim (1994) to explore the ‘service sector nexus’). Analyses such as those by Luthi et al. (this book), who explore the financial and service inputs in individual GCCs, may therefore assist in helping to fill this hole in GCC research.

As pointed out in the introduction of this editorial, much more – and perhaps very different – work remains to be done. In that respect, the commentaries in this book by Coe et al. and by Sassen provide a number of perceptive suggestions on possible ways forward. However, we hope that the different chapters in this book will prove to be useful first steps towards cross-fertilization between the ideas advanced in both literatures separately. We look forward to reading critiques, embellishments and further ideas.
Notes

1. Previous GCC-papers in *Global Networks* include Dicken et al. (2001); Hassler (2003); Morgan (2001); Palpacuer and Parisotto (2003); Rothenberg-Aalami (2004); and Tokatli (2007). Papers contributing to the WCN literature include Beaverstock et al. (2002); Choi et al. (2006); Derudder and Taylor (2005); Faulconbridge and Muzio (2007); and Neal (2008).

2. Two notable exceptions are the research by Parnreiter et al. (2004) and Rossi et al. (2007). Parnreiter et al. examine what they aptly term the ‘missing link’ between Global Commodity Chains and global city-formation in Mexico City and Santiago de Chile. Rossi et al., in turn, analyse the interrelations between the location of advanced corporate services firms and their clients in Brazil.

3. The original idea for bringing together research dealing with the cross-fertilization between both perspectives emerged from a number of exchanges in the context of a possible EU-funded research consortium in the course of 2003. The idea was later specified in Parnreiter (2003) and Parnreiter et al. (2004), after which we took the initiative to organize two sessions followed by a discussion panel on ‘World City Networks and Global Commodity Chains’ at the annual meeting of the Association of American Geographers (AAG) in Boston in 2008.

4. Castells’s work has been widely used in both literatures. WCN researchers, for instance, often refer to Castells’s (1996: 415) observation that Saskia Sassen’s work provides perhaps ‘the most direct illustration’ of the logic of hubs and nodes as anchor points in a ‘Network Society’ (for example Derudder and Witlox 2005, 2008); Taylor 2004. Meanwhile, Coe et al. (2004) and Henderson et al. (2002) also refer to Castells’s writings when positing the GPN framework as a means to understand the ‘territorial embeddedness’ of myriad transnational flows.

5. This problem can, for instance, be observed in some of the empirical GaWC research that explicitly draws on Sassen’s conceptual framework. A large number of GaWC’s empirical analyses after the seminal Beaverstock et al. (1999) article have been based on the corporate geographies of ‘leading’ business service firms (for example Derudder et al. 2003; Taylor et al. 2002). One of the criteria for firms to be included in the analyses is that they should have a presence in what Derudder et al. (2003) dub the ‘three prime globalization arenas’ – northern America (the USA and Canada), Western Europe and Pacific Asia. This criterion has clearly resulted in a dataset with a very large presence of APS firms with Euro-American origins, so that some of the main conclusions in the GaWC studies regarding the perceived dominance of Western and Pacific Asian cities may well have been a self-fulfilling prophecy.

6. Perhaps more substantively, some researchers take issue with the fact that cities outside the West are assessed in terms of pre-given standards of (Western) world city-ness (for example Robinson 2002: 531–2). Massey (2007) has recently taken up this critique, and thereby urges us to consider additional implications of this neglect of an array of economic processes and a number of regions in the Sassen/GaWC research. She suggests that use of the term ‘advanced’ when studying the urban geography of these largely Western business services firms
implicitly grants these services (and the firms and the cities that provide them) a normative status. She therefore calls for approaches that ‘expose the hegemonic geographical imaginations’ and even ‘take the further political step of proposing alternatives’ (Massey 2007: 24).

7. To an extent, this is because GPN analysis has tended to treat services as separate networks within which knowledge is the product traded (see Clancy 1998).

References


