

Expanding the Analytical Domain: American Democracy and Its Predatory Economies

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Existing governmental policies and international agreements have generally deregulated and freed the movement of capital, goods, and information. And they have done so in order to extract greater profits. This has perhaps especially been the case in low-wage countries. The U.S.-American polity is no exception to this tendency, however; in fact, it is one of its most central political drivers. At the same time, we have increasingly limited and restricted the movement of migrants and refugees, rendering them vulnerable to greater exploitation enabled by neoliberal economic policies, with high finance also a key actor in these domains. One effect has been a massive expelling of older economies and societies. Many modest-level households and enterprises have also been displaced and expelled in the Global North given the development of new types of economies. The instability of American democracy—the dissatisfaction with the status quo so prevalent also on both sides of the Atlantic—needs to be understood in light of that larger backdrop.

Trumpism, among other things, reflects deepening urban-rural divides. A major challenge we confront in today's urban economies is the sharp rise of complex types of knowledge that may have started as admirable innovations but increasingly have also enabled predatory operations. These types of knowledge include algorithmic mathematics, some of the more complex forms of law and accounting, high-level logistics, and more. The complexity of these formations tends to camouflage the predatory character of many of them. Further, such formations are systemic in nature: specifically, they are not produced by a straightforward and highly visible seizure of power, such as land grabs or the invasions of the First and Second World Wars.

In brief, today's emergent predatory formations are often invisible to the average citizen as well as functioning (to variable extents) beyond

the reach of ordinary policy responses. This is in good part because they tend to assemble into novel configurations with greater capacities to access what are, still, mostly separate domains. This type of financialized economy is quite different from the traditional economy most people still adhere to, and it tends to be radically decoupled from democratic processes and national hinterlands (Sassen, “Global”).

High Finance as Capability?

Among these new types of formations we find high finance. Easily confused with or seen as an extension of banking, today’s high finance is radically different from those familiar, long-standing formats.

My particular focus here is on high finance as a capability, both admirable in its complexity and flexibility, and also functioning as one of the more powerful predatory formations of the current period. My effort here is to make visible how even the most sophisticated financial instruments require certain elementary and brutal steps, often resulting in highly degraded socio-economic and environmental outcomes.

One example is that of the subprime mortgage developed in the early 2000s: this was a brilliant innovation, quite different from the original 1970s concept of mortgages in that it was centered on an extractive mode. Its aim was not to enable access to housing, but to use the actual physical goods (houses, buildings) to develop asset-backed securities for the financial system itself. The usual way of understanding finance is through a particular set of high-end components, including some of the most advanced uses of digital technologies, the Mathematics of Physics rather than the more familiar math of standard Economics, and other powerful instruments. And it includes some of the best minds in our current period.

Prefiguring today’s globalization studies, a major area of research known as “the new international division of labor theory” rose to attention in the 1970s and 1980s. Key elements were the spread of foreign direct investment in developing countries, the shift in manufacturing from North to South, the growth of export processing zones, and the increasing international fragmentation and decentralization of production. The penetration of foreign capital into Third World countries, often in the form of commercial agriculture, disrupted local communities and induced internal migration from rural areas to cities, producing a cheap labor force—disproportionately young women—that could be exploited in the new export-processing zones. Thus, since the 1980s, these types of studies have been fundamental to explain the asymmetries in the U.S.-Mexico border region, and often beyond, including Central America and other border regions in the world.

I take these observations a step further by linking (a) this expansion of global investment with (b) the pushing out of local communities as (c) a factor leading to the upsurge in international migration. These

two processes, traditionally studied as separate phenomena, or at best as connected at their margins, are, in fact, mutually constitutive as globalization unfolds. Out of this comes the rise of a transnational space within which the circulation of workers can be regarded as one of several flows, including capital, goods, services, and information.

Soaring income inequality and unemployment, expanding populations of the displaced and imprisoned, accelerating destruction of land and water bodies—these and more have led me to argue that we need added elements besides the familiar poverty and injustice. Today's socio-economic and environmental dislocations cannot be fully understood in these usual terms.

Predatory Economies

These innovations have changed our understanding of Economics for the twenty-first century, exposing a system with devastating consequences even for those who think they are not vulnerable. The current condition includes various types of expulsions—expulsions from professional livelihood, from living space, even from the very biosphere that makes life possible. From finance to mining, the complex types of knowledge and technology we have come to admire are used too often in ways that produce elementary brutalities. These have evolved into predatory formations—assemblages of knowledge, interests, and outcomes that go beyond a firm's or an individual's or a government's project, but that exert pressures on existing democratic systems, often undercutting direct national control and thereby undoing mechanisms to ensure responsiveness and accountability.

In my book *Expulsions* (2014), I sought to lay bare the extent to which the sheer complexity of the global economy makes it hard to understand who the major actors are. I traced the lines of responsibility for the displacements, evictions, and eradications it produces. One clear finding was that this complexity means, for instance, that members of Congress have a hard time following the presentations of the financiers and other authorities in charge of regulating complex economic sectors. The legislators give up at some point and basically surrender to the analysis of the experts—that is, the major financiers! This is not the way to handle an inquiry into high finance. Further, under such conditions it becomes equally hard for those who benefit from the system to feel responsible for its depredations.

Migrations, wars, economic crashes, ecological crises, and other phenomena of massive scale have become usual in recent years, especially in certain areas of the world. In this regard, Central America is generally considered one of the most insecure regions in the world. And while these crises concern us because of their extensiveness and recurrence, we tend to understand them as isolated effects. However, these are only different aspects of the same problem: the “predatory forma-

tions” of contemporary capitalism that generate unprecedented levels of inequality.

What is still generally understood in the language of more inequality, more poverty, more imprisonment, more environmental destruction, and so on, is insufficient to mark the proliferation of extreme versions of these well-known conditions. We are seeing the making of a context where many people end up being expelled from the economy and expelled from access to clean water. The key element shaping the expulsions that concern me here is the notion of a “systemic edge”—an edge that exists inside a country, a system, a city. Such systemic edges are proliferating across diverse domains.

Further, I conceive of these systemic edges as the point in sometimes long trajectories when condition “x” becomes invisible, no matter how material it might be, and we cannot “see it” conceptually speaking. Let me illustrate briefly with a familiar case: at some point the long-term unemployed fall off the standard categories for measuring unemployment in the United States; that is, they become statistically invisible. Another example is our standard measure for economic growth, gross domestic product (GDP) per capita: increasingly, the space it measures leaves out significant numbers of people, places, and activities. Thus, it measures a shrunken economic space, and in so doing can come up with some positive growth measure, even as significant numbers of people, small businesses, and places have been expelled from “the” economy. I think of this as a kind of economic “cleansing.”

The specific, tightest meaning I develop in the book *Expulsions* is that we entered a new phase of advanced capitalism beginning already, albeit slowly, in the 1980s. What marked this emergent condition was the reinventing of mechanisms for primitive accumulation. In contrast to earlier modes of primitive accumulation, today’s is a form of primitive accumulation executed through complex operations and much specialized innovation—ranging from the logistics of outsourcing to the algorithms of finance.

And this is a *modus operandi* that has led to an increase in the concentration of wealth. It has little to do with the preceding period—after the Second World War and up to the 1970s—when the modest middle classes and the working classes gained recognition and saw their wages rise, facilitating approximations of (never-quite-attained) nationally embedded liberal democracies. Predatory economies challenge democratic systems of the Westphalian tradition, as they destabilize territories, authorities, and rights traditionally articulated in the national form.

In Brief

Left-wing idealization of the post-World War II order is correct as far as it goes, but it is, I argue, an incomplete account. We can also link finance with extreme degradation. For instance, corporations that outsource

manual work because it lowers production costs. There is a tendency to de-link abusive practices in the actual workplace from the often admirable features of the final outcome. In the case of financial scholarship the trend is to emphasize digital capabilities and profits, and to overlook the diverse work functions that are involved. There is rarely, if ever, inclusion of all the kinds of low-paid jobs which directly and indirectly also enable the financial sector. It is simply not considered as part of the general scholarship about finance, nor is finance generally linked to degraded manual labor. Finance is also a contrast to many advanced economic sectors where we can make such links easily, notably the degraded and unhealthy moments in the actual production of electronic components.

To incorporate physical degradation into the case of the financial sector requires expanding the understanding of finance. That is to say, I consider “high finance” as a far more expansive domain than is usually done. Seeing finance through the lens of such an expanded domain allows us to get at a far more inclusive assemblage of elements than is usual in studies of finance: it is not only the work of developing complex instruments, it is also the work of its high-end as well as low-wage workers. Further, such an expanded assemblage of elements can include some very simple or familiar components rarely associated with high finance. Constructing such an expanded domain for finance makes visible that even extremely complex and sophisticated financial instruments can actually include some very elementary and brutal steps in the production chain, as well as highly degraded socio-economic conditions we never associate with high finance.

We must recognize that finance engages a far more encompassing operational field than is commonly understood. Yes, finance is an assemblage of algorithmic math and advanced technologies. But it needs grist for its mill and often does so by incorporating very modest elements at the other extreme of its knowledge and technical operations. Finance is an abstract domain that depends on massive material capabilities and also on low-wage workers—from cleaners and miners to truckers. Its logics and logistics transcend the national containers in which we have usually articulated political claims for more democracy. But if we want to democratize the highly unequal social relations that predatory formations produce, we need to begin by extending our analytical domain from the institutions and actors of the American polity to the systemic edges of often brutal, but unacknowledged, realities.

Works Cited

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