

# Mediating a Global Network in Crisis



The New York Stock Exchange in Manhattan.  
(Kate Glicksberg / NYT, Feb 22, 2009)





## NEW YORK AND GLOBAL NETWORKS



**New York is an alpha++ global city (GaWC 2009) and enjoys a central position in the network of global cities.**

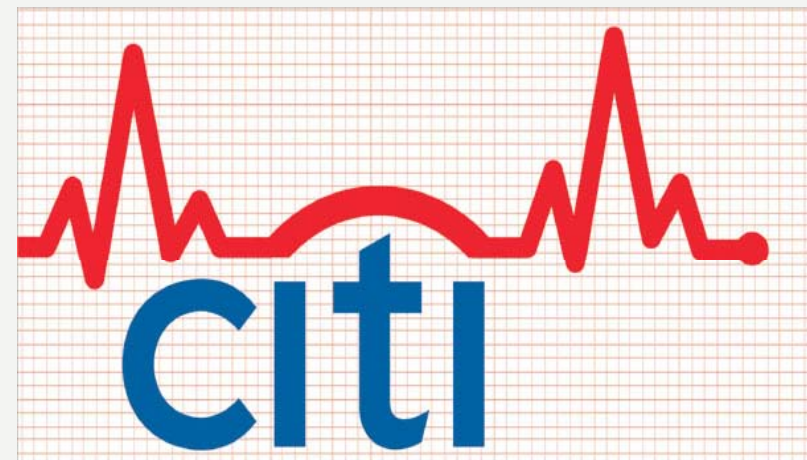
**The World According to GaWC in 2008**  
<http://www.lboro.qc.uk/gawc/>

## NEW YORK & GLOBAL NETWORKS

**But the global cities networks, the flows between cities, and New York's centrality in financial networks are all being transformed by the global financial crisis.**

Screens in China showed markets in Europe and Asia lower on Monday. (Reuters / NYT Feb 16, 2009)

The Citigroup logo, modified. (NYT Feb 25, 2009)





## ***The NYT AND NEW YORK***

***The NYT* maps the economic world for New Yorkers.**

### **Readership**

- ordinary New Yorkers
- cosmopolitan residents
- workers (Wall Street, United Nations, Fortune 500 company head offices)
- *The International Herald Tribune* and online versions for travelers

### **Iconic Landmark**

**Times Square**



## AN ALTERNATIVE NEWS GEOGRAPHY

- **Imagined Communities** (Anderson)
- **Geographical Imaginaries** (Harvey, Gregory)
- **New Sense of Place in 19th C News** (Rantanen)
- **Mediatized Rituals** (Cottle)
- **Mediascapes** (Appadurai)

**Newspapers form imagined communities and geographies through their pages.**

**What are New York's imagined networks?**



## APPROACH AND METHODOLOGY

**Source** *The NYT* online database

**Search** – global finance crisis

**Period** – the last 12 months, but today the focus is on the 2 weeks Feb 12 to 28, 2009: a total of 21,289 words

### Analysis

- City, country and region names, landmarks
- Actors and firms
- Sources quoted
- Economic & business terms & theories
- Narratives & interpretations

**Aim** – to identify the imagined positionality of New York in global networks as told in *The NYT*

**WALL STREET:**

To confound doomsayers

Is hemorrhaging jobs

Will have a smaller role  
in the city economy

**WALL STREETERS ARE:**

Guilty and being sentenced

Losers in the casinos of  
capitalism

Defrocked wizards

Retrained

**WALL STREET'S:**

Reversal of fortunes

Next chapter is written

Future jobs are not on...

Our changed thinking about...

A cultural and intellectual  
shift in thinking on...

Talented people coming out  
of...

**WALL STREET**

**Altogether, there were 19 NYT references to Wall Street**



Problem	No.
Bubble	1
Crisis	40
Recession	18
Other	17
<b>Total</b>	<b>76</b>

Global	No.
Global crisis	6
International crisis	1
World recession	1
Worldwide job cuts	1
Global downturn	1
Global economic slowdown	1
Global recession	2
<b>Total</b>	<b>13</b>

## NAMING THE PROBLEM

Generally, *The NYT* calls this a problem of **crisis**, rather than a bubble, recession or downturn.

Usage is often specific – the credit, financial, banking or housing crisis – but less technical terms are used.

*The NYT* refers to the **globality** of the crisis only **13** times. Usually, it is an **American crisis** that is referred to.

Source: NYT Feb 2009.

## AN AMERICAN CRISIS



City	No.
New York	87
Bangkok	8
London	7
Washington	5
Baghdad	5
Singapore	5
Paris	4
Detroit	4
Berlin	4
Tokyo	2
Hong Kong	2
Chicago	2
Beijing	1
Orlando	1
Las Vegas	1
Jakarta	1
Frankfurt	1
Kiev	1
Bucharest	1
Vienna	1
<b>Total</b>	<b>143</b>

## NAMED CITIES

Only 20 cities were referred.'

6 US Cities accounted for 70% of all references, and New York City alone for 60%.

Some leading global cities, notably Shanghai and Sydney, and all those in the Americas outside the USA, were not referred to at all.

Source: NYT Feb 2009.

## A NETWORK OF US, EUROPEAN AND PACIFIC ASIAN CITIES



Country	No.	Country	No.
USA	26	Austria	1
Argentina	2	Britain	3
Brazil	3	France	5
Chile	2	Germany	8
Mexico	1	Greece	1
Afghanistan	1	Iceland	5
Iraq	23	Italy	1
Saudi Arabia	1	Netherlands	1
India	3	Paris	4
China	7	Spain	3
Japan	32	Sweden	1
South Korea	4	Switzerland	1
Taiwan	2	Czech Republic	3
Cambodia	1	Belarus	1
Hong Kong	2	Hungary	7
Indonesia	3	Latvia	5
Laos	1	Poland	6
Malaysia	2	Romania	3
Philippines	2	Serbia	1
Singapore	5	Ukraine	3
Thailand	13	Russia	2
Australia	2		
New Zealand	1	<b>Total</b>	<b>139</b>

## COUNTRIES

There were about the same number (139) of references to specific countries (44).

Together, just 4 countries – **Japan**, the **USA**, **Iraq** and **Thailand** – accounted for **2/3** of all country references.

**IRAQ & USA ARE INTERTWINED**

**THAILAND IS THE WORST-HIT IN  
SOUTHEAST ASIA**

**JAPAN NOW MOST DAMAGED**

Source: NYT Feb 2009.



Region	No.
North America	3
Latin America	1
Asia	7
Southeast Asia	8
Euro zone	5
Europe	18
European bloc	1
European countries	2
European Union	7
Western Europe	1
Baltic countries	2
Central & Eastern Europe	8
Eastern Europe	11
G7	3
G20	1
<b>Total</b>	<b>78</b>

## NAMED REGIONS

Most of these regional names were for parts of **Europe**.

Together they comprised over **70%** of all of these references.

Source: NYT Feb 2009.

**HOW MANY NAMES DO WE NEED FOR EUROPE?**



## VAGUELY SPECIFIED REGIONS

**GLOBAL** – refer to the integration of parts or all of the global economy (27).

**DIVISIONAL** – refer to emerging, more or less developed, or industrial economies (19).

**OPPOSITIONAL** – refer to the opposing entity (the rest) (22).

Critical allies in the region (1)  
Trans-Atlantic money market (1)  
World trading system (1)  
Global economy (2) Globalization (1)  
Tax havens (1)  
Collapsed governments (3)  
Emerging markets (2)  
Other former Soviet satellites (1)  
Any other city than NY (1)  
The local economy (1)



## NEW RISKS AS EASTERN EUROPE FALTERS

- Currencies fall
- Demand falls
- Job layoffs
- Protests in Ukraine
- Big debts to Europe's banks
- Latvia is Europe's 2<sup>nd</sup> collapsed government
- Bailouts required

These are '**critical allies in the region embracing American-style capitalism and borrowing heavily from Western European banks.**'



Chinese workers at a camp near the Chinese Embassy Monday in Bucharest, Romania. Some want the embassy to help them return home because they say construction jobs are drying up. (Daniel Mihailescu, Agence France-Presse, Getty Images / NYT Feb 23, 2009)



Location	No.
Boston	1
Chicago	1
Detroit	7
Las Vegas	1
New York	20
Washington	11
<b>USA</b>	<b>41</b>
Baghdad	4
Bangkok	4
Berlin	1
Brussels	1
Geneva	1
Hong Kong	2
London	3
Luxembourg	1
Paris	4
Thailand	3
Tokyo	7
<b>Foreign</b>	<b>31</b>
unspecified	7
<b>Total</b>	<b>79</b>

## AUTHORITIES CITED

*The NYT* cited politicians, government officials, bankers, brokers, CEOs, analysts, economists, and other experts in these reports.

Government sources were important and included **President Obama, Ben Bernanke, Nicholas Sarkozy, Mayor Bloomberg**, and Iraqi ministers.

Although it reported on trade data from **Brazil, Russia, India and China**, *The NYT* cited no authorities from these countries.



## NEW YORK CITY AND WALL STREET

- **New York is the financial capital of the world**, set apart from its **rivals** (London, Beijing ... and MIT).
- We need to change NY's **global image**: a center that welcomes entrepreneurs.
- NY's main **asset**: smart, ambitious, innovative people.

(NYT, Feb 18 and 22, 2009)



Mayor Michael R. Bloomberg outlining initiatives to retrain financial services workers. (Librado Ronero / NYT, Feb 18, 2009)

## PRESIDENT OBAMA AND THE NATION

- **State of the nation address.**
- **Obama treated the crisis as an American problem with American solutions.**
- **His only reference to other nations was to call for full assessment of the costs of the US's wars in Afghanistan and Iraq.**

(NYT Feb 26, 2009)



President Obama, with Vice President Joseph R. Biden Jr. and Treasury Secretary Timothy F. Geithner, spoke about the budget on Thursday at the Eisenhower Executive Office Building in Washington. (Doug Mills / NYT, Feb 26, 2009)



## BERNANKE AND THE SENATE

- Bernanke focuses on the work of **US Federal agencies** dealing with **'the financial crisis enveloping the country.'**
- He acknowledges the **'global nature of the economic slowdown.'**
- **New risks** are emerging.
- There is no need to **nationalize banks.**

(NYT Feb 25, 2009)



Ben S. Bernanke, the Fed chairman, spoke to the Senate banking committee (Ruth Fremson / NYT Feb 24, 2009)



Headquarters	Firms	No.
Chicago	1	1
Detroit	3	44
Englewood Cliffs, NJ	1	1
Mountain View, Ca	1	2
New York	26	83
Tyson's Corner, Va	1	4
Washington DC	3	12
<b>USA</b>	<b>36</b>	<b>147</b>
Baghdad	1	1
Bangkok	2	2
Edinburgh	2	2
Geneva	1	3
London	6	9
Luxembourg	1	2
Paris	6	16
Tokyo	3	5
Turin	1	2
Zurich	1	1
<b>Foreign</b>	<b>24</b>	<b>43</b>
<b>Total</b>	<b>60</b>	<b>190</b>

## FIRMS

**63%** of all these *NYT* references were to failed, failing or bailed out corporations.

**Citigroup (26%), GM (4%) & Chrysler (7%),** together accounted for ½ of all these *NYT* references.

Bailouts came from **state-run banks (13%** of references) including the **World Bank, IMF and European Investment Bank.**

Source: *NYT* Feb 2009



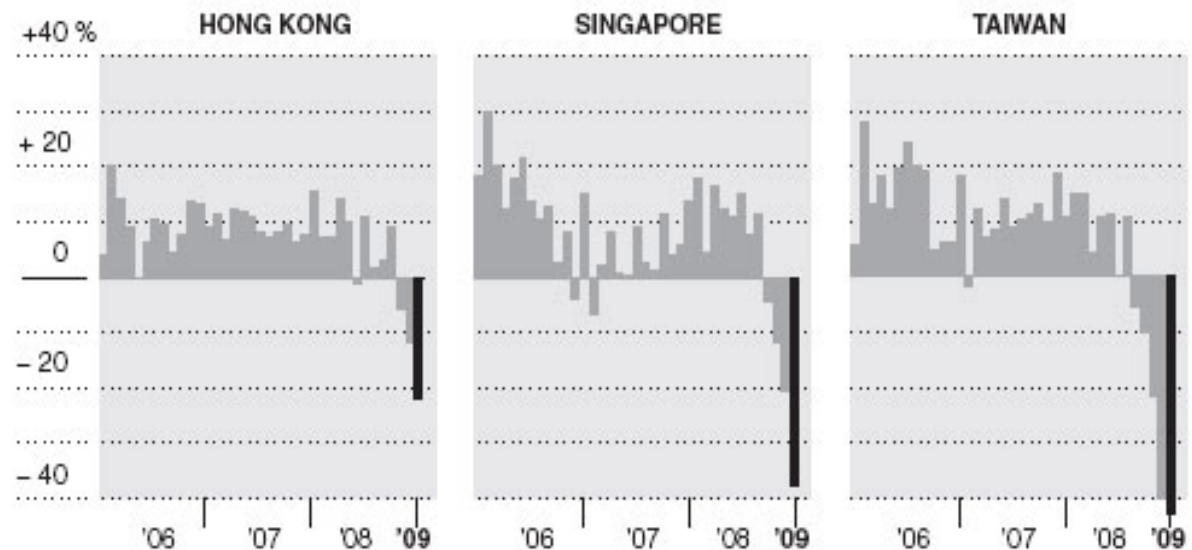
## TRADE SHRINKS

**National trade data for January 2009 show a dramatic fall in trade.**

**But data are not available for the USA or many other countries until March.**

Highly globalized small economies in East Asia are struggling as exports plunge, and they are finding it hard to stimulate domestic demand.

**Change in total exports** *Year-over-year percentage change*



*Sources: Hong Kong Census and Statistics Department; International Enterprise Singapore; Ministry of Finance, Taiwan, via CEIC Data*

## INTERCONNECTION

***The NYT reports job losses, curbs on corporate spending and reduced trade show participation.***

**The reports relate to Las Vegas and to experts based in New York.**

**No national, international or New York visitor numbers are cited.**



The registration area for a trade show in Las Vegas. Job losses and curbs to spending have hurt turnouts. (Isaac Brekka / NYT Feb 16, 2009)



## 3rd RESCUE: NATIONALIZE?

- The US government **raises its stake** in Citigroup, which is 'one of the nation's largest and most troubled financial institutions' and '**systematically critical.**'
- Citigroup reports a **\$27.7 bn loss.**
- Citi shares continue to fall.
- Preferred stockholders, including '**several foreign government investment funds**' are invited to increase their stakes.



Washington is preparing to tighten its grip on Citigroup, but it's already calling many of the shots for the company. (J. B. Reed / NYT Feb 23, 2009)



## CONCLUSION – THE STATE OF ECONOMIES

### US and NYC Economies

will be restructured by the US administration and NYC.

### Emerging Global Economic Crisis.

World trade is down. Eastern Europe, Japan and Southeast Asia have trade and currency problems:

*'Eastern Europe has become Europe's version of a subprime market.'*

Other governments are active.

*'Paying for other countries' mistakes is a European dilemma.'*



## CONCLUSION – NY'S INTERCONNECTION?

**The City will pay a price in terms of reduced employment.**

*'Banks will be smaller and less profitable.'*

*'Wall Street will be less important in the New York City economy.'*

**London is a rival financial center but:**

*'It's one big trans-Atlantic money market and these banks lend money to each other all the time.'* (Simon Johnson)

**'Iraq and the USA are intertwined' so lower oil prices will impact on US reconstruction there.**

*'The biggest US export is treasury bills.'*

*'Foreigners are wary of long-term US securities.'*



## MORAL GEOGRAPHY?

**An American problem requires an American solution.**

**Other governments must also be active:**

***'We set off the dynamite, but a lot of people had tinderboxes under their houses.'*** (Simon Johnson)

**There is little news of inter-government co-operation but Gordon Brown will arrive in Washington in March to prepare for the G20 meeting.**