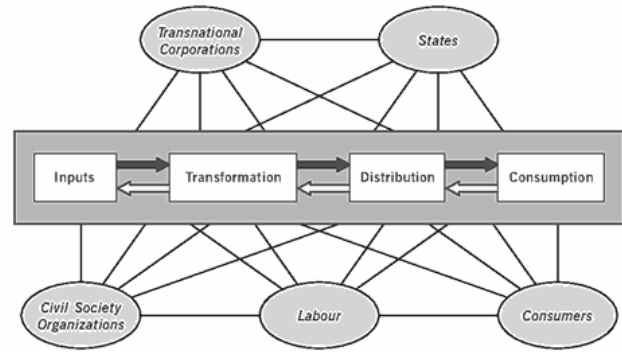
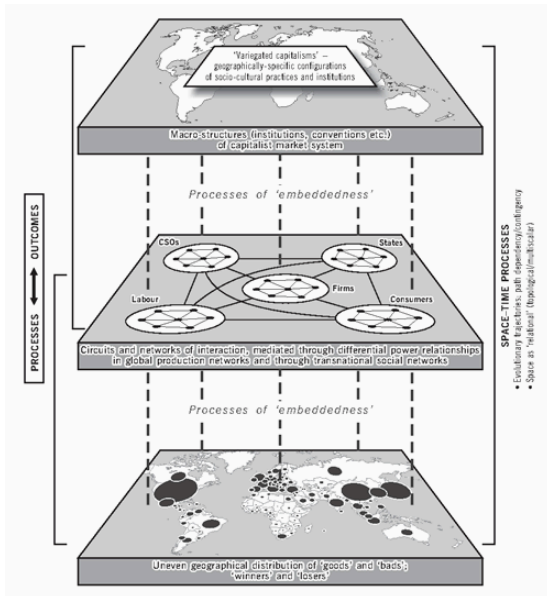


## **To what extent has globalisation reshaped the map of the world economy in the last 40 years?**

Capitalism fundamentally engages in the reproduction and reconstruction of space, its long history of accumulation by dispossession predating to the mercantilist and colonial endeavours of antiquity. Globalisation as such can be observed as the 'contemporary version of [this] capitalism's long-standing and never-ending search for a spatial fix to its crisis tendencies (Harvey, 2000). Since the demise of the Bretton Woods system four decades ago, the world has seen a geographical restructuring of capitalist activity with deindustrialisation in its historical Anglo-American core and (re)industrialisation in the Asian-Latin American peripheries. For the purpose of this paper, such restructuring specifically relates to financial globalisation as 'the process [or processes] which embody a transformation in the spatial organisation of financial relations and transactions - assessed in terms of the extensity, intensity, velocity and impact - generating transcontinental or inter-regional flows and networks of activity, interaction and power' (Wojcik, adapted from Held, 2005). These concepts of extensity and intensity are the underlying parameters of a 'time-space compression' that creates anew the patterns of production, distribution and consumption observed today.

Primarily, I explore contemporary globalisation as synonymous with the disorganised capitalism that arose in the 1970's, shaped by flexible and fragmentary post-Fordist regimes of accumulation. I suggest that the persistent peripheries of the South and of cities, slumped in 'twilight struggles', (Davis, 2004) exemplify this disorganised and fractious capitalism. Several occurrences reify the 'spatially dispersed yet unevenly concentrated' tropes of modern capitalism: the shareholder's value revolution of the 1980's and subsequent financialisation; the proliferation of offshore financial markets and globalised pensions; the rise of TNC's in a global production network and a new global division of labour. The crux of this paper thus proposes that globalisation, in terms of the actual and material economic map, has reshaped relations extensively precisely because it intensively reproduces, reconstitutes and exacerbates spaces of historical wealth/poverty. Furthermore, such reconstitution of space significantly intensifies in moments of political transition such as the dissipation of the Bretton Woods system (1971), the open-door emergence of China (1979) and the demise of Communism (1989).

The latter part of this paper further stresses how globalisation has reshaped the map in less apparent, often positive ways. Drawing from Said's concept of 'imaginative geographies' and thus the map as an internalised and performative construct, I suggest that globalisation and its inherent chaos/disorganisation serves to reconstitute modes of thinking away from the conservative Occident-Orient binary (Murphy, 2008). As such I refer to a theoretical collision of capitalisms that defined much of the IMF's Washington Consensus in South-East Asia. There, throughout the 1990's, traditional/unorthodox ways of interpreting finance collided, coalesced and confronted one



Above - a simplified model of the Global Production Network (Dicken, 2011)

Left - a conceptual model of the world economy (Dicken, 2011)

another - the austere shock tactics of the IMF v. an Asian ‘gradualist’ model. Such collisions, I argue, provides the opportunity for new post-colonial/post-development discourses and growth frameworks. The emergence of an inclusive, stable and sustainable model of growth befits the prognosis of capitalist perils: financial (and Eurozone) crisis, thawing US-China relations, climate change stasis and the raw yet unharnessed Growth markets of the (Brandt) South. Globalisation as reproduction and reshaping of the map has never erred from controversy (Stiglitz’s *Globalisation & Its Discontents* contra Ohmae’s *Borderless World* for instance). It is, as Dicken (2011) posits, a ‘supercomplex series of multi-centric, multi-scalar, multi-temporal, multiform and multicausal processes’, the chameleon whose skins confound.

The transition from organised post-war capitalism to a disorganised, post-Bretton capitalism emerged progressively in the 1980’s as the exhausted, ‘profit squeezed’ Fordist regime of accumulation faltered (Glyn et. al., 1990: 88). This formal demise of the Bretton Woods system - the ‘Nixon shock’ of 1971 - precipitated out of the difficulties of maintaining the value and circulation of the US dollar as the Vietnam War sapped fiscal spending and domestic inflation worsened trade deficits. The subsequent shift of major currencies to floating exchange rates coincided with major financial deregulation - the US stock market (1970s) and the Big Bang in the UK (1986) - and subsequent expansive neo-liberal economic policies of privatisation. The Washington Consensus was one such policy, wherein Anglo-American governments - buoyed by the European markets saturated in petrodollars (recycled by the post-Yom Kippur OPEC members) - pooled conditional ‘loans’ through the IMF towards peripheral economies. As Harvey (2002) posits however, this ‘[core-peripheral] exchange’ in a ‘neoliberal phase of capitalist development’ often reproduced spaces of wealth/poverty. According to Stiglitz, the recurring financial crises of Mexico (1994), Asia (1997), Russia (1998) and Argentina (2001) exemplified the primacies of mal-governance and Malthusianism, inherent in the IMF’s ‘one size fits all’, Eurocentric ideology

(Stiglitz, 2002). Nevertheless, the freeing up of capital, embedded in such expansionism, facilitated eventual deeper integration and a stretching and intensification of economic relationships beyond the traditional North-South, core-peripheral regions. Harvey places globalisation in its present guise to the ‘pursuit of a whole series of spatial fixes to these crises that erupted around 1973.’ He writes, ‘capital has since become much more global in all of its forms of production, commerce, merchanting and finance. It has shifted rapidly and often with considerable volatility from one location to another’ (Harvey, 2004).

The global economy is inherently volatile (Dicken, 2011), a capitalism ‘addicted to geographical expansion much as it is addicted to technological change and endless expansion through economic growth’ (Harvey, 2004). The prerequisite of capitalism - to seek exotic markets for the accumulation of wealth/sale of surplus capital - underlie much of the erratic, behaviour of capital flows today. As such, the relatively simple global geographical division of labour prior to 1973 has morphed asunder into a far more complex, multi-scalar structure - a ‘mosaic of unevenness in a continuous state of flux’ (Daniels et. al, 2008). Dicken (2011) places the network as the key analytic in understanding contemporary globalisation because it ‘forces us to theorise socioeconomic processes [and economic relations] as intertwined and mutually constitutive.’

A globalising world might thus be observed as organisational (production circuits and networks) and geographical (localised clusters/ cities) in composition. The reshaping and ‘globalising’ of the world map since the 1970’s is here conceptualised as a shift from a solidified/state-regulated Fordism towards a fluid/(de)regulated Post-Fordism. As such, the spatial division of labour prior to the dissolution of Bretton Woods was conditioned by national/industrial specialisation and agglomeration within Fordist, production sites - Britain and the ship docks for instance. However, under the new conditions of a post-Fordist, disorganised capitalism, such regional specialisation dissolved into more fluid, fragmentary spaces of production.

Table 1  
Trends in twenty-first century globalization

TRADE	
Pattern 1990s	Pattern 2000s
North-South trade dominates US-led trade pacts dominate Trend to regional/global trade pacts	Growing East-South trade FTAA, APEC, WTO, Doha: passé or impasse Shift to bilateral FTAs in North-South trade
<b>Finance</b> Finance capital leads, crisis prone IMF & WB discipline developing economies US dollar leads US first destination FDI IMF blocks Asian monetary fund Western financial markets dominate Investment banks	NIEs hold dollar surpluses IMF warns US its policies threaten economic stability Decline of dollar as world reserve currency China first destination FDI Thai Asian Bond Fund New financial sources outside West Hedge funds, new financial instruments
<b>Institutions</b> Convergence IMF-WB-WTO Social liberalism, poverty reduction ‘Wall Street-Treasury-IMF complex’ Washington consensus	IMF lending down (\$70 bn 2003, \$20 bn 2006) World Bank lost points Weak Treasury (Post)Washington no consensus
<b>Hegemony</b> US hegemony dynamic and solvent ‘Clash of civilizations’ US led security	US cornered in new wars and in deficit Muslim backlash New security axes and poles
<b>Inequality</b> Growth & increasing inequality (except East Asia) Deepening rural and urban poverty	Inequality between North and NIEs decreases while inequality in NIEs increases Deepening rural and urban poverty International migration as flashpoint of global inequality

Table 2  
Relations between American and East Asian economies

United States
Decline manufacturing import oriented deindustrialization Rising productivity, stagnant wages Reduction in R&D and education No national economic strategy Trade and external deficits Shrinking middle class High concentration of income
East Asia
Rise manufacturing export-oriented industrialization Rising productivity, rising wages Technological upgrading, innovation National economic strategies Trade and financial surplus Growing middle class Relatively egalitarian but rising inequality

Specifically, a global production network (GPN) has emerged as a geographically extensive and locationally intensive regime of production, distribution and consumption. As Scott (1996) proposes, this new spatial division of labour was highly 'contrast[ive] with the more dependent branch plants of the older, centralised corporations of a high Fordism'. Modern capital, as a territorially embedded (Money flows like Mercury, Clark, 2012) yet viscous flowing finance is relatively independent of a command structure and functional organisation. This, as Knox (2008) suggests, is due to the 'time-space compressed' knowledges and technologies that enable firms today to decentralise manufacturing and primary production activities yet maintain central control. Such behaviour is apparent in the American car industry and its reliance on the global commodity chains that stretch and weave the globe - from Thailand to Japan.

The production of a local, American motorized space thus draws its breath from the multiply, fragmented and global 'places' of production. As Scott (1996) writes, 'globalisation redefines this traditional global-local dichotomy. In his paper *Regional Motors of the Global Economy*, he proposes that 'world capitalism is moving into a phase of development marked by an intensified regionalisation of production overlaid by - and rooted in - a [New International] global division of labour.' The renaissance of the city as such, underlies the reshaping of the world map, wherein 'investment and production are no longer organised primarily around national economies' (Cloke et. al., 2005) This reconstructed importance of the capitalist city as the space/place of production, distribution and consumption in the 21st Century gains empirical support from the NICs (Newly Industrialising Countries) experience of growth in the late 1990's-2000's. The south-east Asian tigers - South Korea, Taiwan, Hong Kong and Singapore grew somewhat 'miraculously' at this time, buoyed by their stable modes of governance and an Asian, export-oriented model (contra. IMF consensus) performed at the city cluster. A collision of capitalisms is enshrined in the interactions between governments/ideologies. Pieterse (2008) frames the global network as consistent of various capitalisms, 'intertwined through technology, knowledge, finance, investments, trade and international institutions.' As opposed to the capitalism singular, this accounts for the fluid and fractious relations underlying uneven economic development. The pluralistic capitalism(s) further dissolves the idea that American capitalism is the hegemonic norm. Rather, US reliance on cheap Asian imports and debt-finance proposes the existence/creation of a new global economic, and moreover, political space.

The emergence of these Growth Markets in the once deep Orient thus reveals a shifting eastern bulge in the world map. As Spence (2011) posits these 'growth markets' in the periphery - a 'great convergence' upon the traditional core - are continually characterised by the media along the Oriental tropes of exotic/perilous otherness. Such portrayal seems discordant with the capitalist prerequisites of expansion and chance encounter in the hinterlands. One such is the opportunity for Western financial institutions to expand their services in the eastern growth markets where pension

fund industries hardly exist.' As Sassen (2001) writes, cities are 'not only nodal points for the coordination of processes; they are also particular sites of production.' Cities as such (i) develop the ideas/technologies on how to organise spatially dispersed networks of production/distribution and (ii) produce the financial innovations and markets, 'central to the internationalisation and expansion of the financial industry.' Casting an Apollonian eye upon the city lights thus often observes the changing map at its most primal - of lit cores (North America, S.E Asia, Europe) and dark peripheries (Africa, Latin America) - the actualities of economic bulge and wane, rendered starkly between the developed and undeveloped.

The new disorganised capitalism, as Knox postulates, saw the erosion of state control over national markets, the spread of production to the global and the rise of service industries, outpacing that of manufacture (Knox et. al., 2003). The fall of Communism and emergence of a trading China were definitive moments in this capitalistic production of space anew. Both political transitions served to dissolve the conservative east-west, communist-capitalist binary, the prerequisites of a more fragmented, fluid European, transnational space. A reshaping of the world map as such was fostered in the 1990's, as capital expanded within and between financial centres. Structural imbalances have however emerged since, created by the fact that 'countries with trade trade surpluses (China) accumulated capital beyond their capacity to absorb it, whilst others ran increasing deficits (US) attempting to fuel domestic consumption on debt and equity. As Pieterse (2008) writes: 'The US is deeply in the red to Asian central banks and relies on inflows of Asian capital and recycled oil dollars, and 'what flows in could just as easily flow out.' The dollar is now upheld fear of turbulence rather than appeal...poorer nations sustain American overconsumption and the overvalued dollar... a 'giant Ponzi scheme' with massive debt that is sustained by vendor financing and dollar surpluses in China, Japan and East Asia.'

Contrastively, between 1980 and 2003, China's growth rate was the highest in the world (average 10%) buoyed by a labour-intensive manufacture and export industry. The emergence of the BRIC economies - Brazil (agricultural-base), Russia (energy/commodity), India (IT/services) and China (manufactural base) has reconstituted the capitalist Anglo-American space, both materially in terms of political relations and figuratively in relation to cultural identities. This reconstruction of the 'Bretton' capitalist space at the global is thus both quantitative and qualitative phenomena. Murphy's polemic *Economic Geographies of the Global South* (2008) speaks of the missed opportunities and promising intersections that the current phenomena of globalisation poses. Murphy explores how there remains a 'significant gap in our understanding of the spatial dynamics of the diverse economies in the Global South - of Africa, Latin America and the Middle East.' Specifically, he criticises the neoliberal/globalisation discourse of the 1990s that saw the World Bank and IMF essentialise an Anglo-American model of Rostovian development (fiscal infrastructure, technologies and communications as key) upon the peripheral economies of Asia and

Latin America. It was unquestioned at the time whether these 'initiatives simply increased the penetration of foreign capital, firms and imports and thus further marginalised developing regions. 'Murphy proposes a shift away from such biased intellectual developmentalism, suggesting that the changing map of today offers opportunities for the emergence of a post-Washington discourse, an 'emancipatory politics' of post-colonialism that places the locational, cultural, and transnational identities of its inhabitants at the fore.

The reshaping of the global map emerges as both material and immaterial construct, a capitalist expansionism bounded both territorially in space and metaphysically in ideas. The circulation of capital, particularly in the post-Bretton , deregulatory decades, reifies the significance of financial globalisation as a means of producing space. Specifically, the city might be observed as the quintessential changeable, capitalist space, embedded within a constantly morphing and fractious network. Reiterating Harvey (2004), globalisation reconstructs, indeed it constitutes, capitalism and its 'long-standing and never-ending search for a spatial fix to its crisis tendencies (Harvey, 2000). As such, the constancy of this search continually produces and reproduces the global, economic map anew.

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