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Publication Details

This web page was last revised on 29th November 2003; the paper was previously published at http://comp.lancs.ac.uk/sociology/soc013rj.html in 1999

Reflections on Globalization and Its (Il)logic(s)

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Keywords

globalization; chaotic concepts; relativization of scale; contradiction; spatio-temporal fix; Atlantic Fordism; nation-state; post-Fordism; Asian crisis; money form; wage form; knowledge; intellectual property right; social embeddedness; enterprise form; state form

This chapter critically addresses globalization in four ways: (a) contesting the often unstated assumption that globalization comprises a coherent causal mechanism -- or set of causal mechanisms -- rather than a complex, chaotic, and overdetermined outcome of a multi-scalar, multi-temporal, and multi-centric series of processes operating in specific structural contexts; (b) questioning the intellectual and practical search for the primary scale -- whether global, triadic, national, regional, or urban -- around which the world economy is currently organized as if this would somehow be directly analogous to the primacy of the national scale in the thirty years of postwar growth in the circuits of Atlantic Fordism; (c) relating the resulting 'relativization of scale', i.e., the absence of a dominant nodal point in managing interscalar relations, to some basic contradictions and dilemmas of capitalism, the changing bases of accumulation, the changing relation between the economic and political, and the increased competitive importance of the social embeddedness of economic activities; and (d) noting how these problems are being addressed through economic and political projects oriented to different scales -- with little consensus as yet on how these projects and scales might be reconciled.

Globalization: a 'Chaotic Concept'

Globalization is generally better interpreted as the complex resultant of many different processes than as a distinctive causal process in its own right. It is misleading to explain specific events and phenomena in terms of the process of 'globalization', pointless to subsume anything or everything under the umbrella of 'globalization', and unhelpful to seek to link anything and everything to 'globalization' as if this somehow conveys more insight than alternative rubrics could. Indeed many phenomena subsumed thereunder would be more adequately and clearly analyzed in terms of other notions, such as internationalization or liberalization (cf. Scholte 1997). To introduce some order into this chaos requires careful conceptual analysis as well as concern with real causal mechanisms and how they are actualized in given circumstances.

Before presenting my own solution, I address two other approaches. The first cites statistics allegedly showing that the current level of globalization (or internationalization) is similar to 1913 (or thereabouts) and/or that no economic trends over the last two decades justify claims about a major break in capitalist development. The second argues that, even today, few, if any, genuinely global companies exist. Even large firms usually have a clearly defined national home base, especially for core activities; and, when they are active abroad, firms (especially smaller transnationals) operate mostly in one triad region. Such data are said to indicate, at best, a further step in the internationalization of firms' activities, rather than a shift to a qualitatively different stage which could justifiably be termed globalization.

Whilst these approaches certainly help to decompose and demystify the concept of globalization, some problems still remain. Thus, as compared to the 1913-1990s comparison: (a) many more activities in the global economy having been commodified since 1913, similar formal statistics probably involve quite different proportions of the formal and informal economies combined; (b) as international labour mobility before 1913 was greater than today, there was less asymmetry between 'immobile' labour power and 'mobile' capital (Rodrik 1997: 35); (c) as pre-1913 states did not provide universal social welfare and collective consumption, there was little pressure on the 'social wage' qua international cost of production; (d) dynastic empires in Europe before 1913 and European colonial empires overseas up to and beyond 1945 are quite different forms of pluri-national space from today's triadic and cross-border regions; (e) the rise of East Asian trading economies and, even more, their increasing intra-regional integration, make capitalism more multi-centric compared to 1913; (f) the main forms of internationalization in trade, finance, indirect and direct investment, services, and R&D have been changing as has the relative weight of these different domains in overall global flows; (g) the impact of increasing internationalization for firms and states depends on whether it occurs during upswing phases in hegemonic cycles, associated with increased openness, or downswing phases (when protectionism gains support) and on whether it is associated with economic expansion or contraction in specific economic or political spaces within the world economy -- the period up to 1913 saw economic expansion under English hegemony, the 1980s and early 1990s have seen mixed fortunes during a period of crisis in US hegemony (Altvater and Mahnkopf 1996: 27); (h) the dominant forms of corporate organization differ due to technological, organizational, and other changes; (i) forms of competition, the dynamic of competitiveness, the degree of reflexiveness of competitive strategies, and their spatial and temporal horizons, are also different; (j) economic and political actors do not generally compare the 1990s with 1913 but with periods they have actually experienced -- thus the level of internationalization is novel insofar as it feels novel and, at least as compared to the heyday of Atlantic Fordism, they are not wholly mistaken.

Regarding the more ideal-typical comparisons of full globalization and the more limited nature of internationalization, one must distinguish between firms' actual place-boundedness and the possible extension of their spatial and temporal horizons of action. Firms may well be rooted largely in one place for material production and social reproduction but still take account of far broader 'market conditions'. The rhythm of many economic activities has also accelerated so that, to be competitive, firms must often react over far shorter time horizons. In some cases, the faster a firm's reactions, the more rooted it might become (see below). Similarly, the capacity of finance houses to operate globally often depends significantly on some core activities being rooted locally (Sassen 1996; Storper 1997).

These arguments already move us some way from mystificatory or confused analyses of globalization. The following comments are meant as another step. For, if adequately re-specified, trends towards globalization can certainly help situate and interpret current changes in the spatial scale of economic (and other) institutions, organizations, and strategies. Nonetheless, while outlining a general framework to study globalization, my focus below is on tendencies towards economic globalization.

Structurally, globalization would exist in so far as covariation of relevant activities becomes more global in extent and/or the speed of that covariation on a global scale increases. Thus defined, global interdependence typically results from processes on various spatial scales, operates differently in each functional subsystem, involves complex and tangled causal hierarchies rather than a simple, unilinear, bottom-up or top-down movement, and often displays an eccentric 'nesting' or interpenetration of different scales of social organization. As an emergent property deriving from these diverse processes, however, and as one reacting back on their subsequent development, globalization is both a structural and structuring phenomenon. Conversely, to the extent that global co-variation is weakened (perhaps due to the emergence -- or resurgence -- of coherent regions with their own relatively autonomous accumulation regimes) and/or its speed slackens (perhaps due to structural contradictions or forms of resistance which brake or reverse the effects of global integration), one could talk about counter-tendencies to globalization.

This approach clearly implies that globalization develops unevenly across space and time. Indeed it can be said to involve both 'time-space distantiation' and 'time-space compression'. Time-space distantiation stretches social relations over time and space so that they can be controlled or coordinated over longer periods of time (including into the ever more distant future) and over longer distances, greater areas, or more scales of activity. In this regard, then, globalization results from increasing spatial distantiation reflected in the growing spatial reach of divisions of labour in different fields and is enabled by new material and social technologies of transportation, communication, command, control, and intelligence. Conversely, time-space compression involves the intensification of 'discrete' events in real time and/or increased velocity of material and immaterial flows over a given distance. This is linked to changing material and social technologies enabling more precise control over ever shorter periods of action as well as 'the conquest of space by time'. Differential abilities to stretch and/or compress time and space help to shape power and resistance in the emerging global order. Thus the power of hypermobile forms of finance capital depends on their unique capacity to compress their own decision-making time (e.g., through split-second computerized trading) whilst continuing to extend and consolidate their global reach. The proposed 'Tobin tax' on short-term financial transactions might be one way to reduce this power by encouraging hypermobile financial capital to adopt longer-term horizons of action. This might also encourage greater consonance between financial and productive capital flows. This brings us to the strategic dimension of globalization.

Strategically, globalization refers to actors' attempts to promote the global coordination of activities on a continuing basis within (but not necessarily across) different institutional orders or functional systems. Such attempts can be pursued through different material and social technologies on the interpersonal, inter-organizational, inter-institutional, or inter-systemic levels. Examples could include: interpersonal networking (e.g., the Chinese diaspora); strategic alliances orchestrated by transnational enterprises (alliances which may include more local or regionally-based firms as well as not-for-profit organizations); the institutional design of 'international regimes' to govern particular fields of action; and projects for world government or global governance. The forms of coordination proposed for globalization vary widely and none are guaranteed to succeed -- witness the market-led globalization favoured by the World Bank, the horizontal 'global governance' favoured by proponents (especially NGOs) of international regimes, and plans for more top-down inter-statal (or even world) government.

Thus viewed, what is generally labelled nowadays as 'economic globalization' rarely, if ever, involves full structural integration and strategic coordination across the globe. Processes included under this rubric actually include: (a) internationalization of national economic spaces through growing penetration (inward flows) and extraversion (outward flows); (b) formation of regional economic blocs embracing several national economies -- including, most notably, the formation of various formally organized blocs in the triadic regions of North America, Europe, and East Asia -- and the development of formal links between these blocs -- notably through the Asia-Pacific Economic Cooperation forum, the New Transatlantic Agenda, and the Asia-Europe Meetings; (c) growth of more 'local internationalization' or 'virtual regions' through the development of economic ties between contiguous or non-contiguous local and regional authorities in different national economies -- ties which often by-pass the level of the national state but may also be sponsored by the latter; (d) extension and deepening of multinationalization as multinational companies and transnational banks move from limited economic activities abroad to more comprehensive and worldwide strategies, sometimes extending to 'global localization' whereby firms pursue a global strategy based on exploiting and/or adjusting to local differences; (e) widening and deepening of international regimes covering economic and economically relevant issues; and (f) emergence of globalization proper through the introduction and acceptance of global norms and standards, the development of globally integrated markets together with globally oriented strategies, and 'deracinated' firms with no evident national operational base. In each case these processes could be said to promote the structural integration and/or strategic coordination of the economy on a global scale. But their dispersed, fragmented, highly mediated, and partial dynamic means that they are far from producing an homogenized, evenly developing world economy. On the contrary, the various processes involved in globalization actually re-order -- across economic spaces on different spatial scales -- place-based differences and complementarities as the basis for dynamic competitive advantages.

In this context I conclude that globalization is better interpreted as the most inclusive structural context in which processes on other economic scales can be identified and interrelated and/or as the broadest horizon of action to which accumulation strategies and economic projects can be directed. Interpreted as structural context, globalization should be seen as an emergent, evolutionary phenomenon resulting from economic processes on many scales rather than as a distinctive causal mechanism in its own right. Thus its nature depends critically on sub-global processes. This is seen in the continuing (if often transformed) significance of the local, urban, cross-border, national, and macro-regional as substantive sites of real economic activities. And it is also seen in new place-based competitive strategies to articulate other scales with the global to maximize relatively local advantages -- strategies such as glocalization, 'glurbanization', or international localization. Smaller scales are also key sites of counter-tendencies and resistance to globalization. Likewise, regarded as an horizon of action, globalization means thinking globally, even if acting locally, on an urban scale, regionally, or triadically. For one need not be omnipresent to insert oneself favourably into the global division of labour. Nonetheless one must increasingly reflect strategically on the spatial and scalar implications of global processes. This is why such convinced globalizers as Porter (1990) or Ohmae (1995) stress the need to promote the competitive advantage of nations or regions respectively in order to maximize the benefits of globalization. Nonetheless, while globalizing trends certainly exist both in the structural and strategic senses, they will not -- indeed, I would argue, cannot -- culminate in a fully global world. This is due to the illogic(s) of globalization (its internal contradictions), to various external structural limits to globalization (including its relation to other scales of action), and to various forms of resistance. Before considering these limits, however, let me first address some aspects of the relation between globalization and the 'relativization of scale'.

The Relativization of Scale

In the 'thirty glorious years' of postwar economic expansion, the dominant scale of organization in growing capitalist economies was the national. Thus national economies were the taken-for-granted objects of economic management in Atlantic Fordism, the 'trading nations' of East Asia, and Latin American import-substitution strategies. This taken-for-grantedness actually depended on quite specific material and ideological foundations which could not themselves be taken-for-granted. Thus the 'naturalization' of the structural congruence (or spatio-temporal coincidence) of national economies, national states, and national societies was grounded in postwar reconstruction in Europe, in the national security state in East Asia, and in critiques of dependency in Latin America; and, in each case, the national framework was also supported by various (typically asymmetrical) international regimes and alliances which had to be put in place. Continued reproduction of these different forms of structured complementarity depended in turn on the discovery of forms of economic management, regularization, and governance which could provide a 'spatio-temporal' fix (or a 'time-space envelope', Sum, this volume) within which to at least partially resolve the contradictions and dilemmas of the capital relation. Nonetheless, because the contradictory dynamic of accumulation and its resulting struggles always escape attempts to fix them within any given spatio-temporally anchored institutional framework, any and all such solutions are bound to be unstable and provisional. This is particularly evident in the case of the national scale that predominated in the organization of postwar economic expansion. For this has since been undermined in many different ways, including the various multi-scalar, multi-temporal processes that contribute to 'globalization'.

In response to these changes, views of 'naturalness' seem to have bifurcated from the 'national' towards the global economy and different types of sub-national economy. This is clear in the discovery of the 'always-already-there' local, urban, and regional economies as well as new discourses about the emerging significance of the 'global' as the 'natural' scale of economic organization. Arguments about 'triads' are also sometimes presented as if they are a 'natural' development and extension of the regional scale. In this context, then, we are witnessing a proliferation of spatial scales (whether terrestrial, territorial, or telematic), their relative dissociation in complex tangled hierarchies (rather than a simple nesting of scales), and an increasingly convoluted mix of interscalar strategies as various economic and political forces seek the most favourable conditions for their insertion into the changing international order. At least in comparison with the boom years of Atlantic Fordism, this phenomenon can usefully be described as the 'relativization of scale'. For, although the national scale has lost the taken-for-granted primacy it held in the economic and political organization of Atlantic Fordism, no other scale of economic and political organization (whether the 'global' or the 'local', the 'urban' or the 'triadic') has acquired a similar primacy in the current 'after-Fordist' period. There is no new privileged scale around which other levels are now being organized to ensure structured coherence within and across scales. Instead we find growing unstructured complexity as different scales of economic organization are consolidated structurally and/or approached strategically as so many competing objects of economic management, regularization, or governance. This is also reflected in the former heartlands of Atlantic Fordism, its semi-peripheries in Southern Europe, and the more peripheral regions that became its production platforms. The leading East Asian economies also now emphasize the role of technopoles, megalopolises, growth triangles or polygons, and other scales of action alongside national plans or, in Hong Kong's case, the apparent simplicities of 'positive non-intervention' in a semi-sovereign city-state. There are also regionalization trends in Latin America as well as moves towards hemispheric integration.

Some theorists explain newly emerging regions as based on 'natural economic territories' which have been allowed to re-emerge or develop with the decline of the national state as an economic as well as political 'power container'. It is certainly remarkable how older, cross-border trading blocs re-emerged after the Cold War. One might also interpret the rise of 'Greater China' or attempts to build a 'Greater Shanghai' in this context. But 'natural economic territories' are discursively 'naturalized' as well as being economically and politically constructed. Whether any given space is seen as natural or not depends, for example, on views about the dominant modes of economic competition and the factors which promote structural competitiveness. A Ricardian interpretation (based on factor-driven growth in open economies) would lead one to identify different 'NETs' and economic strategies from those implied in a 'Listian' account (based on protectionist 'catch-up' investment dynamics promoted by a national state concerned with its economic and politico-military security). Likewise, a Keynesian interpretation (based on securing the interdependent conditions for mass production economies of scale and mass consumption) would imply different 'NETs' and economic strategies from a Schumpeterian account (based on securing the conditions for systemic competitiveness and permanent innovation).

This affects how one analyses the re-articulation of different spatial scales. There is no pre-given set of places, spaces, or scales that are merely being re-ordered. Instead, new places are emerging, new spaces are being created, new scales of organization are being developed, and new horizons of action are being imagined -- all in the light of new forms of (understanding) competition. This situation is complicated by the eccentricity or 'debordering' of spatial scales relative to the early and boom years of Atlantic Fordism. Thus larger territorial units have come to contain a decreasing proportion of the activities of smaller units in their borders so that the latter can no longer be seen as 'nested' within the former in the manner of so many Russian dolls. This is particularly clear in the emerging network of global cities which, qua network, is not contained within any given national territory. Another example is the growth of cross-border regions. In short, past scalar fixes, as well as past spatial fixes, are becoming unstable.

The present 'relativization of scale' clearly involves very different opportunities and threats for economic, political, and social forces compared to the period when the national scale could be taken for granted as primary. It is associated with actions both to exploit and resist the processes producing globalization. Thus economic actors may engage in strategic alliances to extend their global reach or seek protection from global competition behind various protective barriers. Likewise, as these complex and contradictory processes unfold, states on various levels tackle the domestic repercussions of global restructuring through their involvement in identifying and managing the many different processes contributing to what currently passes as 'globalization'. In the absence of a new primary scale which can serve as a nodal point for the management of inter-scalar relations, however, the predominant trend is a continuing 'global-local' disorder rather than the re-regularization of capital accumulation in and across different spatial scales (cf. Peck and Tickell 1990).

The Contradictions of Capital Accumulation

Capital accumulation depends essentially on the market-mediated exploitation of wage-labour. For, while markets mediate the search for added value, they cannot themselves produce it. Moreover, the very process of commodification rooted in the spread of the market mechanism generates contradictions which cannot be resolved by that mechanism itself. For example, the commodity is both an exchange-value and a use-value; the worker is both an abstract unit of labour power substitutable by other such units (or, indeed, other factors of production) and a concrete individual with specific skills, knowledge, and creativity; the wage is both a cost of production and a source of demand; money functions both as an international currency and as national money; productive capital is both abstract value in motion (notably in the form of realized profits available for re-investment) and a concrete stock of time- and place-specific assets in the course of being valorized; and so forth. These structural contradictions are always present in the capital relation but they can assume different forms in different contexts. They can also prove more or less manageable depending on the specific 'spatio-temporal fixes' and the nature of the institutionalized class compromises with which they are from time to time associated. It is in disrupting past fixes and compromises without providing a new structured coherence for continued capital accumulation that neo-liberal forms of globalization appear to be so threatening to many capitalist -- let alone other -- interests.

In contrast, it was in managing, at least for a while, such contradictions that the Keynesian welfare national state (or KWNS) made its distinctive contribution to the Atlantic Fordist regime. This benefitted from a spatio-territorial matrix based on the congruence between national economy, national state, national citizenship, and national society; and from institutions relatively well adapted to combining the tasks of securing full employment and economic growth and managing national electoral cycles. This spatio-temporal fix enabled a specific resolution of the contradictions of capital accumulation as they were expressed under Fordism. Thus, within relatively closed national economies which had been institutionally-discursively constituted as the primary objects of economic management, national states aimed to achieve full employment by treating wages primarily as a source of (domestic) demand and managed their budgets on the assumption that money circulated primarily as national money. The diffusion of mass production (and its economies of scale) through expanding Fordist firms as well as the development of collective bargaining indexed to productivity and prices were the primary means through which wages as a cost of production were brought under control. And the combination of the Bretton Woods monetary regime and the GATT trade regime meant that the (still limited) circulation of free-floating international currencies need not seriously disturb Keynesian economic management through state control over the national money. Welfare rights based on national citizenship helped to generalize norms of mass consumption and thereby contributed to full employment levels of demand; and they were sustained in turn by an institutionalized compromise involving Fordist unions and Fordist firms. Securing full employment and extending welfare rights were in turn important axes of party political competition. Finally, we should note that some costs of the Fordist compromise and the KWNS were borne within Fordist societies themselves by the relative decline of small and medium firms, by workers employed in disadvantaged parts of segmented labour markets, and by women subject to the dual burden of paid and domestic labour. Other costs were borne beyond Fordist societies by economic and political spaces that were integrated into international regimes (such as those for cheap oil or migrant labour) necessary to Atlantic Fordism's continued growth.

As capitalist development undermined the national economy as an object of state management (especially through internationalization of trade, investment, and finance), some familiar expressions of the underlying contradictions of capitalism emerged with renewed force. Thus the wage (both individual and social) came increasingly to be seen as an international cost of production rather than as a source of domestic demand; and money has increasingly come to circulate as an international currency and has thereby weakened Keynesian economic demand management on a national level. This shift in the primary aspect of the contradiction in the money form is related to the tendency for the dynamic of industrial capital to be subordinated to the hypermobile logic of financial capital and the tendency for returns on money capital to exceed those on productive capital. At the same time the relative exhaustion of the Atlantic Fordist growth dynamic posed problems of productivity growth and market saturation (which combine to intensify an emerging fiscal crisis of the state) and problems of how best to manage the transition to the next long wave of economic expansion (which entails changes in the temporal horizons of state economic intervention and thus in the forms and mechanisms of such intervention). The crisis of US hegemony is also reflected in struggles over the shaping of new international regimes and the extent to which they should serve particular American interests rather than the interests of capitalism more generally. In addition new conflicts and/or forms of struggle have emerged which escape stabilization within existing structural forms: two major examples are the crisis of corporatism and the rise of new social movements. New problems have also emerged, such as pollution and new categories of risk, which are not easily managed, regularized, or governed within the old forms. Finally we should note that, relative to the growth phase of Atlantic Fordism, some contradictions have increased in importance and/or acquired new forms.

The Illogic(s) of Globalization

Viewed in terms of the overall dynamic of capitalism, there is both a logic and an illogic to globalization. Thus Marx and Engels noted 150 years ago in The Manifesto of the Communist Party (1848) that the logic of capitalism points to the formation of a single world market. But their own work also indicated that the fundamental contradictions of capitalism might prevent the full realization of globalization and thereby ensure that any attempts to move in this direction are inherently unstable. This is especially clear in the impact of the neo-liberal form of globalization on the forms of appearance of the structural contradictions and strategic dilemmas inherent in capital accumulation. Neo-liberalism could well be described as the hegemonic strategy for economic globalization due to its support by leading international economic bodies (such as the OECD, IMF, and World Bank), its primacy in the United States (the still undisputed capitalist hegemon) and in other anglophone countries (notably Britain, Australia, New Zealand, and Canada), the significance of neo-liberal policy adjustments (even in the absence of a more radical neo-liberal regime change) in most other advanced capitalist economies, and its paradigmatic status for restructuring the post-socialist economies and integrating them into the global economy. But even a hegemonic strategy can prove irrational and, despite its pretensions to represent the general interest, serve to promote only particular and one-sided interests in a blinkered and short-termist manner.

This point can be elaborated by considering how current neo-liberal trends in globalization increase the importance of the first side of each of the contradictions mentioned in the preceding section. These trends reinforce the abstract-formal moment of exchange value in these structural forms at the expense of the substantive-material moment of use value. For it is capital in these abstract moments that is most easily disembedded from specific places and thereby freed to 'flow' freely through space and time. However, in each of its more concrete moments, capital has its own particular productive and reproductive requirements. These can often be materialized only in specific types of spatio-temporal location. This leads to a general tension between neo-liberal demands to accelerate the flow of abstract (money) capital through an increasingly disembedded space and the need for the more concrete forms of capital to be 'fixed' in time and place as well as embedded in specific social relations as a condition for their valorization. Brenner has expressed this well:

> 'No matter how rapidly turnover times are accelerated, the moment of territorialization remains endemic to capital, a basic structural feature of its circulation process. Capital remains as dependent as ever upon relatively fixed, place-bound technological-institutional ensembles in which technology, the means of production, forms of industrial organization and labor-power are productively combined to create and extract surplus-value. The processes of apparent deterritorialization associated with economic globalization and the massive growth of finance capital since the early 1980s are therefore only one dimension of a more complex, unevenly articulated process of global sociospatial restructuring in which the reterritorialization of both cities and states has played a constitutive role' (Brenner 1997: 11-12).

Indeed, even where the two forms are relatively de-coupled as distinct fractions of capital, a concrete 'spatio-temporal fix' is still needed to enable disembedded capital to flow more easily (Harvey 1982). In the case of global finance capital, of course, the grid of global cities (Sassen 1996) provides this 'fix'. Moreover, since abstract capital or 'capital in general' cannot be valorized without the continuing valorization of at least some particular capitals (as well as, perhaps, through competition, uneven development, and 'gales of creative destruction', the devalorization of others), this general tension inevitably creates a whole series of contradictions and dilemmas.

I have already considered some of these contradictions in the context of the crisis of Atlantic Fordism and the KWNS and will shortly comment briefly on their manifestation in the so-called 'Asian crisis'. But now I want to consider two specific new forms of contradiction and dilemmas that have emerged in the present period of 'after-Fordist' accumulation. The first problem is evident in the paradox noted by Veltz (1996: 12) that '(t)he most advanced economies function more and more in terms of the extra-economic'. The paradox rests on the increasing interdependence between the economic and extra-economic factors making for structural or systemic competitiveness. For this generates major new contradictions that affect the spatial and temporal organization of accumulation. Thus, temporally, there is a major contradiction between short-term economic calculation (especially in financial flows) and the long-term dynamic of 'real competition' rooted in resources (skills, trust, collective mastery of techniques, economies of agglomeration and size) which take years to create, stabilize, and reproduce. And, spatially, there is a fundamental contradiction between the economy considered as a pure space of flows and the economy as a territorially and/or socially embedded system of extra-economic as well as economic resources and competencies. This poses new dilemmas for stabilizing the capital relation over an expanding range of scales and over increasingly compressed as well as extended temporal horizons of action.

Another emerging major contradiction in the after-Fordist (or, at least, the post-industrial) accumulation regime is that between the information economy and the information society. Whereas the former is concerned with the private appropriation of knowledge in the form of 'intellectual property rights' so that it can become the basis for monopoly rents and national competitiveness (and is thereby subject to many of the tendencies towards market failure long recognized in studies of the 'economics of information'), the latter is concerned with broadening public access to knowledge as a source of personal empowerment and the expansion of the public sphere.

The re-emergence and transformation of the basic contradictions inherent in the capital relation generate fundamental problems of collective action as well as more or less acute dilemmas for individual economic or political actors. One such dilemma concerns the balance between de-skilling, hire-and-fire, and de-localizing strategies and re-skilling, investment in human capital, and mobilizing the tacit social knowledge found in particular localities. For many firms, these and the other dilemmas generated by the contradictory nature of the capital relation are relatively easy to resolve at the individual firm level because of the nature of their inputs, products, or markets (e.g., Storper 1997). But, despite claims for the superiority of the market mechanism, the pursuit of individual solutions need not produce a coherent collective solution even in the long run.

Likewise, as the crisis of the KWNS developed, political actors initally faced the false dilemma of mounting a one-sided attack on wages as a cost of production or providing one-sided support for wages as a source of national economic demand. An analogous dilemma in this context was that between abandoning demand management in favour of monetarism (national or international) and an equally one-sided resort to 'Keynesianism in one country' and subsidies for crisis-hit industries. This in turn was linked to the choice between a one-sided liberalization of economies (especially financial markets) that would reinforce the dissociation of financial and industrial capital and the pursuit of neo-mercantilist or protectionist strategies that might force greater cooperation onto these two fractions of capital. A related dilemma within the KWNS framework was between retrenching the welfare state and attacking the social wage as a cost of international production and defending welfare employment, public services, and transfers without regard to their impact on international competitiveness. What unified these opposed but equally false solutions to the crisis of Atlantic Fordism and the KWNS was their one-sided emphasis on tackling one or other moment of the contradictions in different structural forms. They differed in opting for unilateral commitment to reinvigorating the national scale of economic and political organization or else in unconditionally supporting (or surrendering to) the illogic of abstract capital in unrestricted global motion. The policy debate has since gone beyond this global-national framework as the search intensifies for some other scale on which the structural contradictions and strategic dilemmas might again be reconciled through an appropriate spatio-temporal fix and institutionalized compromise for an extended period.

This is where more general collective action problems become significant in both the economic and political domains. Economically, they are reflected in conflicts between the requirements of 'capital in general' and the interests of particular capitals. This conflict is always subject to hegemonic struggles over specific accumulation strategies, always depends on particular spatio-temporal fixes which cannot be guaranteed, and is often secured in practice only through trial-and-error experimentation which reveals the requirements of capital in general more through continued failure than sustained success (see Jessop 1990). Politically, collective action problems occur in the conflict between the state's economic functions (especially for securing certain conditions for the valorization of capital and the social reproduction of labour power) and its overall political responsibility for maintaining social cohesion in a socially divided, pluralistic social formation. Together these problems create formidable meta-governance problems in securing a 'requisite variety' in the forms of economic management, regularization, and governance and modulating these different forms with 'requisite irony' in the recognition that most attempts at economic management, regularization, and governance fail but that non-intervention is itself a form of intervention which has its own limitations and its own forms of failure.

An Excursus on the Asian Crisis

Given this volume's concern with the impact of globalization on East Asia, it may be worth relating my analysis to the 'Asia Crisis'. This notion needs just as much deconstruction and de-mystification as the concept of globalization but, rather than undertake that task here, I will simply note some aspects that can be illuminated by my earlier comments.

Important aspects of the so-called 'crisis' have been produced by the 'illogic(s) of globalization'. In particular, the neo-liberal emphasis on encouraging global flows of disembedded capital has contributed significantly to the form and dynamic of the crisis -- especially by helping to undermine the relative 'structured coherence' that existed between the East Asian export-oriented economies, their national security developmental states, and the regional geo-politics of the Cold War period. Export-oriented growth prioritizes the wage as an international cost of production at the expense of its role in generating domestic demand; this is reinforced where the wage relation can be subordinated to an exportist and workfarist (rather than welfare) logic through a strong national security state that also restricts opportunities for organization in favour of workers' economic, political, and social rights. The catch-up dynamic of most East Asian economies also privileges the allocation of credit according to long-term growth priorities and hence the subordination of the national money (and international aid or loans) to investment rather than consumption. This also requires a strong developmental state and/or close coordination between banking and industrial capitals that are mobilized behind the national accumulation strategy. In this sense we can characterize the initial mode of regulation in most East Asian newly industrializing economies in ideal-typical terms as a 'Listian Workfare National State' (or LWNS) -- the exception being what one might, by analogy, describe as a more 'Ricardian Workfare Colonial Regime' in Hong Kong.

As export-led growth continued in the LWNS, however, it became harder to maintain the initial economic, political, and social institutional fix with its relative 'structured coherence' around the national scale. Pressures developed to move towards more Schumpeterian (innovation and competitiveness-oriented) forms of economic intervention and workfare as well as to address problems of domestic demand and social welfare. Satisfying these pressures would require major institutional changes in the economy and state that would inevitably threaten certain sectors of the dominant economic and political elites. This has contributed in turn to an emerging crisis in state forms and political domination. Such problems have been particularly acute in the second-tier East Asian NICs, which have experienced a much faster catch-up process, more rapid integration into the emerging regional as well as global division of labour, and greater economic, social, and political stresses due to uneven development.

This brief account helps us interpret the differential impact of 'globalization' on the East Asian economies. Two aspects are worth noting: first, the increasing cost pressures in the East Asian economies as they compete with each other and even newer NICs in the region (such as China and Vietnam) for market share, seek to cover the costs of new rounds of investment and technological innovation, cope with the appreciation of the dollar to which their national monies are pegged, and address workers' demands for higher wages and social welfare benefits; and, second, the de-stabilization of national systems of credit allocation through the attempted global imposition of liberalization and deregulation, the use of short-term dollar-denominated foreign credits to finance long-term investment, the additional inflow of short-term speculative 'hot money', and the search for easier profits in land, property, and stock market speculation (not to mention intensified political corruption) as compared to industrial production. These two sets of factors -- both more closely linked to the private than public sector -- made the East Asian economies (especially second-tier NICs) increasingly vulnerable to currency speculation despite their having what orthodox economists are usually pleased to call strong underlying 'fundamentals', namely, high domestic savings, budget surpluses, low inflation, and good growth prospects. Unsurprisingly, then, the crisis itself was triggered by the collapse of financial bubbles previously generated by hypermobile speculative capital (aided and abetted, of course, by some local economic and political forces) rather than by long-term balance of trade problems.

Hong Kong, Singapore, and Taiwan, the three first-tier East Asian economies with the strongest trading accounts and foreign exchange reserves, were less affected than their brother-dragon South Korea, with its deeper-rooted institutional crisis as well as short-term debt problems. Second-tier NICs (notably Thailand, Indonesia, Malaysia, and the Philippines) have suffered even more due to their more acute combination of foreign debt and domestic institutional crises. Of those East Asian economies affected, the so-called 'IMF-3' (South Korea, Thailand, and Indonesia) will be drawn furthest into the 'illogic' of globalization as a result of the IMF and World Bank's 'neo-liberal' conditionalities and structural adjustment programmes -- unless a different escape route from the crisis can be constructed on a regional scale, beginning with a 'dollar-free' regional currency regime and the deepening of the intra-regional division of labour and associated intra-regional trade. Such a solution is, of course, unacceptable to the IMF and the United States. But it is surely worth noting here the increasing worries among western economic and political elites about the possible adverse impacts of the IMF's neo-liberal debt regime on global demand and hence on growth in western economies themselves.

The Illogic(s) of Globalization and the Political Economy of Scale

This excursus serves to illustrate some of the problems involved in the political economy of scale. This concept refers to the strategic selectivity of the inter-scalar division of labour and to struggles to shape this selectivity. For present purposes the relations between capital and the state are most significant -- relations which involve far more than a simple opposition between capital's search to reduce its place-dependency and the state's search to fix capital inside its own territory. For increasingly open economies mean that national states can no longer act as if their main task is to manage and defend their respective 'national economies'. Instead they must increasingly manage the re-articulation of scales in a period marked by the 'relativization of scale'. The respective needs of capital and the state are reflected in a variable mix of institutional forms and governance mechanisms involved in stabilizing specific economic spaces in however provisional, partial, and temporary a manner in the face of continuing volatility, market failures, and economic (and other) conflicts. Moreover, for various reasons, a key role in economic governance in this regard still falls to the state system. Indeed, in the absence of supranational states in the triads (let alone within the global economy as a whole) with powers equivalent to those of the national state, we find constantly renewed attempts by the latter to re-claim power for themselves by managing the relationship among different scales of economic and political organization. This is evident not only in the formation of the triads but on all other scales too.

As the global economic hierarchy is redefined we find increased emphasis on three supra-national growth poles that exclude significant areas of the globe. These are based on the regional hegemonies of the USA, Japan, and Germany and reflected in attempts to create the North American Free Trade Area, European Economic Space, and some form of Asian Pacific Economic Cooperation. Each of these in turn has its own spatial and scalar divisions of labour and associated tangled hierarchies of space and place. There is already a material basis to these triadic developments, of course, with a growing intensity of intra-bloc trade (most marked in the European Union but also seen in the other two triads) and/or further deepening of the inter-regional division of labour within each bloc. This development may eventually come to provide a new privileged scale on which to begin the re-regularization of capital accumulation and thereby limit the illogic of the neo-liberal forms of globalization. For this to happen, however, the dominance of neo-liberalism in two of the three triads (America and Europe) must first be reversed and new forms of spatio-temporal governance be developed.

Recent celebration of 'triad power' should not, however, blind us to three other important tendencies: (a) the growing interpenetration of the so-called triad powers themselves as they seek to develop and to deepen specific complementarities and as multinationals headquartered in each triad form strategic alliances with partners in others; (b) shifts in the spatial hierarchies within each triad due to uneven development -- reflected not only in shifts among 'national economies' but also in the rise and fall of regions, new forms of 'north-south' divide, and so forth; and (c) the re-emergence of regional and local economies within some national economies or, in some cases, cross-cutting national borders -- whether such resurgence is part of the overall globalization process and/or develops in reaction to it. All of these changes have their own material and/or strategic bases and thus contribute to the complex ongoing re-articulation of global-regional-national-local economies.

These complexities point in turn to the potential for alliance strategies among states on similar or different regional scales (e.g., the European Union, whether as an intergovernmental organization of nation-states or a 'Europe of the regions') to secure the basis for economic and political survival as the imperatives of structural competitiveness on a global scale make themselves felt. Others may call for protectionism on different scales as past regional and local modes of growth are disrupted (ranging from 'Fortress Europe' to 'new localisms', from the Sao Paulo Forum or the People's Plan for the Twenty-First Century to the informal economic self-organization of shanty towns). Nonetheless, in general terms, as noted by Mittelman, '(r)egionalism in the 1990s is not to be considered as a movement toward territorially based autarkies as it was during the 1930s. Rather, it represents concentration of political and economic power competing in the global economy, with multiple interregional and intraregional flows' (Mittelman 1996: 190).

These alliances will vary with the position of the economies concerned in the global hierarchy. Thus, whilst a small open economy (whether capitalist, post-socialist, or socialist) might seek closer integration with the dominant economic power in its immediate triadic growth pole, the dominant power might seek not only selectively to bind neighbouring economies into its strategic economic orbit but also to enter alliances with other dominant triad powers. An alternative strategy for a small open economy is to seek niche markets in the global economy (perhaps through encouraging strategic alliances with key firms in each triad region) or to form regional alliances with other small economies (whether they share borders or not) as a basis of increasing their economic capacities and leverage.

A further scale of action that is emerging (or re-emerging) also seems to cut across conventional geo-economic and geo-political hierarchies. This is the urban scale. There are three significant changes occurring here: (a) the vast expansion of the size and scale of leading cities within urban hierarchies so that they become larger metropolitan or regional entities with several centres (on extended metropolitan regions and urban corridors in Pacific Asia, see also Forbes, this volume); (b) an increasing structural integration and strategic orientation of cities' activities beyond national space -- an orientation which creates potential conflicts with the national state as some cities become potential 'regional states' less oriented to their respective national hinterlands than to their ties with cities and economic spaces abroad (witness the increasing use of the 'hub' and 'network' metaphors), and, paradoxically, (c) the growing role of some leading cities (rather than, as hitherto, specific firms or sectors) as state-sponsored and state-protected 'national champions' in the face of intensifying international competition.

It is in this last context that we can speak of 'glurbanization' as a trend analogous to 'glocalization'. Whereas the latter refers to individual firms' strategies to build global advantage by exploiting local differences, the former would refer to a local or national state's strategies to build global advantage by restructuring urban spaces to enhance their international competitiveness. Moreover, with the increasing interest in dynamic competitive advantages and the bases of structural and/or systemic competitiveness, the extra-economic dimensions of cities have also come to be increasingly significant in urban entrepreneurial strategies. So-called 'natural' economic factor endowments become less important (despite the continuing path-dependent aspects of the positioning of places in urban hierarchies); and socially constructed, socially regularized, and socially embedded factors have become more important for inter-urban competitiveness. Thus 'entrepreneurial cities' must not only position themselves in the economic sphere but also in the extra-economic spheres that are so important nowadays to effective structural or systemic competition. In doing so, moreover, they continue to reproduce local differences that enable transnational firms to pursue their own 'glocalization' strategies. An analogous process can be found on the regional and cross-border levels.

An important aspect of each of these different spatial scale strategies is their concern to limit competition within the region (structured coherence) through market-oriented cooperation as the basis of more effective competition beyond the relevant spatial scale. The spatial scale on which these compromises will be struck is shaped in part by the nature of commodity chains and economic clusters, by associated spatial externalities (including district, proximity, and synergy aspects of agglomeration economies), and by the existing forms of social embeddedness of economic relations and learning processes (cf. Porter 1990; Camagni 1995; Messner 1996; Smith 1988).

The existence of regional projects is no guarantee, of course, that real economic spaces with a 'structured coherence' and sustainable competitive advantages will emerge. Apart from any doubts one might have about current projects in particular cases, skepticism is also prompted by the failure of various interwar proposals for regional federations in Europe (in the Balkan, Baltic, or Danubian regions) due to divergent economic and/or political interests; by the checkered record of regional cooperation agreements among developing countries (ranging from free trade areas to economic communities); and by the problems involved in the development of bodies such as ASEAN and APEC. These difficulties in launching and consolidating new regional blocs reflect the complex cooperative-competitive-conflictual relations that are involved in any regional bloc and the 'geo-governance' tensions to which they give rise. In short they raise problems of economic coordination within economic spaces identified as manageable from the viewpoint of a given spatio-temporal accumulation strategy and between the relevant economic actors and the extra-economic forces whose cooperation is needed to support that strategy. There is no reason to expect that all the factors needed for a successful regional or local strategy will be found within the borders of the economic space that provides its primary location.

Conclusions

I have argued that globalization is not a single causal mechanism but a complex and even contradictory trend resulting from many causal processes. I am not denying the evidence for increasing structural interdependence on a global scale in many different fields nor for the increasing importance of the global as the most extensive strategic horizon of action for ever more actors. But we must decompose globalization into its various constitutive processes and also consider the counter-tendencies that hinder its complete realization. There are objective limits to economic globalization due to capital's need not only to disembed economic relations from their old social integument but also to re-embed them into new supportive social relations. Indeed, as Veltz has recently argued, hard economic calculation increasingly rests on mobilizing soft social resources, which are irreducible to the economic and resistant to such calculation (1996: 16).

Economic globalization is a contradictory phenomenon that necessarily produces, as its support, a space of flows and, as its nemesis, the importance of place, a source of objective and subjective resistance. The neo-liberal form of globalization which is currently dominant (but has by no means become hegemonic in all quarters) finds it particularly difficult to manage this balance between the abstract-formal moments of global accumulation and its concrete-material moments. It is this inability to reconcile these moments on a global scale that generates the continued search for a 'spatio-temporal fix' and institutionalized compromise on less inclusive scales which can provide the basis for a favourable insertion into the changing global economic hierarchy and for social cohesion within the relevant economic, political, and social space. While many believe that this 'fix' and its associated compromise will eventually be found at a triadic level, the discursive and institutional conditions for this have not yet been established. Nor are they likely to be as long as the neo-liberal strategy predominates globally and within two of the triad regions. In this context national states remain key players despite the challenge to the taken-for-grantedness of the national scale that has been introduced by the various processes contributing to globalization. Thus national states seek in different, competing, and often conflictual ways to organize the continuing development of globalization-regionalization and deal with its repercussions at the national level. In this context regions, sub-regions, and cross-border regions can have both positive and negative effects. They provide important means for national economies to be favourably inserted into the emerging global economy (hence their emerging role as 'national champions'); but their very insertion into that economy can also further fragment national economies and societies and create alternative foci of identity and political legitimacy. It is the paradoxes, dilemmas, contradictions, and identity conflicts thereby engendered that make analysis of the logic(s) and illogic(s) of globalization such a rich topic for research.

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