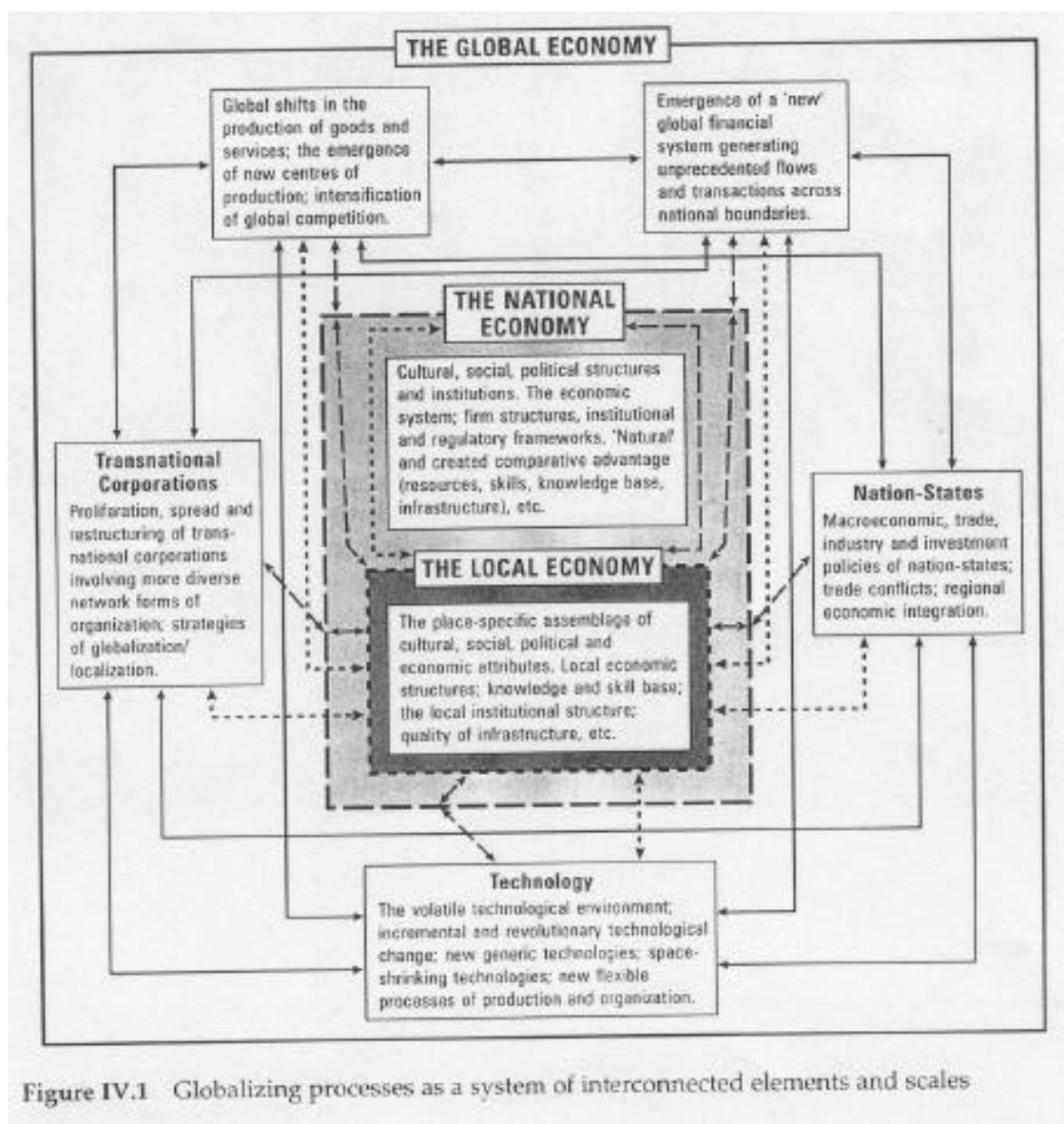


A summary perspective

Putting the pieces together

The focus throughout the preceding twelve chapters has been on the patterns and processes of global shift; on the *forms* being produced by the increasing globalization of economic activities and on the *forces* producing those forms. By necessity, the approach has been that of concentrating on each individual element. However, when we try to understand the *impact* of globalizing processes on particular places and on the businesses, governments and people in such places we need to have some understanding of *how the individual parts fit together*. Figure IV .1 attempts to make these connections in a simplified, diagrammatic manner.



The upper section of the diagram identifies the two major sets of developments which constitute the contemporary globalizing world economy:

- The substantial global shifts in the *sphere of production* of goods and services which we examined in detail in Chapter 2 and in the industry case studies of Chapters 9-12. These are

manifested in the emergence of new centres of production outside the formerly dominant core areas of the industrial world: notably (though not exclusively) the so-called newly industrializing economies of east and southeast Asia. The global economic map has increased vastly in complexity and is now a multipolar, multiscale structure; a 'mosaic of unevenness in a continuous of flux'. The geographical centre of gravity of the global production system has undoubtedly shifted from its long-established position 'in' the North Atlantic (focused on northwest Europe and the eastern seaboard of the United States) towards the Pacific Basin (focused on Japan and the newly industrializing economies of that region).

- The emergence of a new global *financial* system which is not only far more volatile than the one put in place at Bretton Woods immediately after the Second World War but which is now, in the opinion of many, disarticulated from the sphere of production of 'real' goods and services. The volume of flows in this new international financial system are not only of unprecedented -and mind-boggling - magnitude but also they are increasingly diversified. As we saw in Chapter 12, there has been a spectacular proliferation of new 'financial instruments' -the so-called 'derivatives'.

These two developments are the outcome of an immensely complex set of interconnected processes. The position taken in this book, and reinforced in the three other outer boxes in Figure IV.1, is that three forces are especially relevant:

- The highly differentiated and dynamic activities and forms of transnational corporate activity, as revealed in Chapters 6 and 7. TNCs are, undoubtedly, the primary movers and shapers of the global economy because of their potential ability to control or co-ordinate production chains across more than one country; to take advantage of geographical differences in factor distributions; and through their geographical flexibility to switch and reswitch resources internationally and perhaps globally. TNCs are both intricate organizational networks in their own right and also deeply embedded within dynamic networks of interfirm relationships and alliances. The empirical evidence suggests increasing organizational flexibility as TNCs restructure their operations. However, it is by no means the case that TNCs are converging to a single 'global' organizational form.
- The continuing significance of the *nation-state* as a major influence in the global economy, as demonstrated in Chapters 3 and 4, through its continuing attempts to regulate economic transactions within and across its territorial boundaries. All states are involved in such regulatory activity, although to greatly varying degrees and in very different ways according to their specific ideological stance. Some states are overtly and self-consciously 'developmental' in that they make explicit attempts to influence the shape and direction of economic activity within and across their borders. Without question, all the successful newly industrializing economies of the post-1945 period -from Japan onwards -can be regarded as developmental states although, as we showed in Chapter 4, this does not mean that they have all operated in the same way. More broadly, two sets of political forces have been especially significant in the last few years. One is the spread of 'deregulatory' forces as access to national markets has been opened up, initially to trade flows but, more recently, to foreign investment flows. The other is the proliferation of regional trade agreements which, in effect, shift the regulatory processes to a different scale.
- The role of *technology* as a fundamental enabling force in the internationalization and globalization of economic activities. As we demonstrated in Chapter 5, technological change is at the dynamic heart of all economic growth and development. It is, essentially, an evolutionary, learning process which occurs very unevenly through time and through space. The cumulative influence of small, incremental changes tends to be overshadowed by the massive radical changes involved in the periodic creation of entirely new technoeconomic paradigms which drastically shape and reshape both economy and society. The consensus view is that the current

transformation is based upon the convergent streams of communications and computer technologies into a single stream of information technology. There is less consensus over the broader organizational effects of such technologies in an 'after-Fordist' world other than that various forms of flexibility are increasingly apparent. But the underlying message of Chapter 5 is the *social* nature of technological change.

Figure IV.1 'maps' the major *interconnections* between the broad patterns of change within the global economy, the major processes creating such changing patterns and, most importantly, the dynamic interaction between different geographical scales -notably the global, the national and the local -as indicated by the double-headed arrows connecting the individual boxes. The central message of Figure IV.1 is that the processes of globalization are not simply Unidirectional, for example from the global to the local, but that all globalization processes are deeply embedded, produced and reproduced in particular contexts.¹ As Thrift (1990a, p. 181) argues, the global is not some *deus ex machina*. Rather, the 'local and the global intermesh, running into one another in all manner of ways'.

Hence, the specific assemblage of characteristics of individual nations and of local communities will not only influence *how* globalizing processes are experienced but also will influence the *nature* of those processes themselves. We must never forget that all 'global' processes originate in specific places. This is a theme which has been woven through each of the chapters in this book. We have repeatedly emphasized the strongly localized nature of economic activity, including that of technological change and the continuing significance of 'place' to the nature and behaviour of transnational corporations. Both nation-states and local communities are 'containers' of distinctive cultural, social, and political institutions and practices.

In both developed and developing countries, of course, the real effects of globalizing processes are felt not at the aggregate level of the national economy but at the local scale: the communities within which real people live out their daily lives. It is at this scale that the physical investments in economic activities are actually put in place, restructured or closed down. It is at this scale that most people make their living and create their own family or household communities. But, as Figure IV.1 shows, although the effects of globalizing processes on local communities may be direct they are, more commonly, 'refracted' through the medium of the national context within which the particular local community is embedded. The process is analogous to the way in which light rays become refracted or bent as they pass from one medium to another (just as a stick partly immersed in water appears bent rather than straight).