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CARFAX

National development and the globalisation discourse: confronting 'imperative' and 'convergence' notions

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This article examines the theoretical scope and space for national development within the debates on the nature of contemporary capitalism. Some useful insights have been furnished by various authors seeking to explain the opportunities and/or constraints facing all countries.[1] Changing technology, the global sway of neoliberal ideology, increasing interdependence and heightened competition are seen as the distinctive forces that are intensifying within the contemporary international political economy. In a word, 'globalisation' looms and countries both at the core and especially at the periphery must prepare themselves accordingly. However, too many of the ambitious claims made by globalisation proponents go untested. Furthermore, national development concerns tend to be sidelined. In the literature, state-management tends to be shifted away from issues surrounding the pursuit of ascent, towards concerns with accommodation and adaptation to the 'new era' of international business. The currently prevailing view is that governments must pursue new and dynamic alternatives to their traditional institutions and forms of governance because the horizons of companies and customers are stretching 'beyond national borders'. If states and industries fail to follow this imperative, the argument goes, they will slip behind in the competition race. This logic is not particularly amenable to aspirant countries at the periphery, for it applies itself mainly to the speculative task of providing a route guide achievable by all towards a putatively arriving supranational order. Robert Reich, for instance, is prepared to argue that it is becoming 'impossible to pursue an industrial policy at a national level'.[2] He explains that this is so because in the coming century 'there will be no national products or technologies, no national corporations, no national industries. There will no longer be national economies' (p 3). Here, the game of national ascent seems to be replaced by an ultimate diffusion game (ie of finance, industry, institutions, etc). Such viewpoints must be re-evaluated if we are to make sense of what 21st century capitalism has in store for countries that make up the modern periphery.

Reading Raghavan, Pantin, Gill, Mittleman and others who use the meta-narrative of globalisation to explain Third World developmental options at this

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juncture, the impression created is that the world is homogenising along a continuum with the Third World at risk of being 'left behind'.[3] The point of possible marginalisation for most peripheral countries may be true in certain respects, but the world they caricature is not empirically observable. There is little evidence to suggest that there is a single secular wave sweeping us into the 21st century. The international political economy instead seems empirically to resemble a multi-layered set of diverse domains of activity. I would argue that this activity occurs mostly at the local and regional level, moreso than at the global level. This is the point that Chris Edwards emphasises when he speaks of a 'fragmented world' in the areas of trade and finance.[4] Recently, Barry Jones reinforced this viewpoint by not only demonstrating how highly variable today's patterns of interconnectedness are, but how firmly *national* most economic variables remain.[5] Such interpretations constitute a major challenge to the view that suggests that the present conjuncture represents a distinct phase of capitalism. As Chase-Dunn insinuates, structural features of the world system, such as the manoeuvrability of capital, interstate competition, and spatially uneven development, have not been displaced.[6] The above points are of crucial importance, for they pave the way for a recapitulation of the argument which suggests that national development depends on state elites seizing *fortuna* if and whenever structural opportunities arise.[7] Accordingly, this article is informed by Chase-Dunn's reminder and the scepticism underlying the work of both Edwards and Jones. I emphasise that, although there have been some significant changes in the techno- and ideological spheres, the world systemic logic has not been fundamentally altered. Accordingly, the ambitious version of globalisation is refuted in favour of an argument emphasising 'global restructuring' with continuity.

Globalisation reconsidered

Scholars generally agree that, at base, 'globalisation' encompasses a broad range of material and non-material aspects of production, distribution, management, finance, currency and stock markets, information and communications technologies, and capital accumulation. The most visible effects of 'globalisation' being 1) the increase in the speed and flow/flight of capital in money form; 2) the expansion of offshore financial markets; 3) the transition to computerised technology; and 4) the renewed moves towards regionalisation.

However, the above variables have to be disentangled from two predominant positions evident in the globalisation literature, ie a unilinear perspective and what Jones calls a 'positivist-based holistic' conception. The unilinear approach proclaims that we are witnessing the replacement of a supposed world order dominated by competing 'national capitalisms' for one ushering in a transnational capitalism, global in its sway and logic and, by its nature, posing a threat to the viability of the nation-state. As the logic goes, for many millennia we have had disparate 'feudalisms'; then with the rise of the 'West' the world came to know 'capitalism'; and late twentieth-century capitalism presages a 'transnational capitalist' stage that responds not to the logic of national expressions but to a global impulse.[8] Critical to this approach is the method of commencing with a closed economy and then introducing 'openness' through liberalisation, financial mobility, international price effects and resource movements. Even in some cases where there is an acknowledgement that international commodity and money flows operated under the Bretton Woods model of accumulation, the discrete national economy is constructed as ontologically prior to the international economy.[9] The ongoing restructuring of global capitalism since the 1970s is held to be the primary driving force breaking down national barriers, eg to trade, industry, finance, etc. Perhaps it may be useful to avoid such an evolutionary approach and instead situate the unfolding quantitative changes against the backdrop of how states and firms are seeking to improve or retain their place in the world system. This was the task that John Stopford and Susan Strange pursued when they sought to analyse how TNCs work, how they interact with each other and how they interact with states.[10]

The positivist-based holistic model that Kenichi Ohmae presents is typical of the approach that seeks to model interdependence and globalisation based on the minutiae of observable international interactions.[11] Social science theorists like Roland Robertson have proceeded accordingly to establish globalisation as epistemology.[12] Together, such approaches identify a self-sustaining pattern of complexity among observable actors. The argument advanced is that interdependence has dramatically increased. The view is that the whole of the set of interrelationships has become more than the mere sum of the individual parts. While the texture of interlinked relations are neatly mapped out, we are nonetheless presented with a self-justifying and self-sustaining analytical construct. To prove the case that contemporary capitalism is marked by a unique holism, the significance of any empirical interaction, agglomeration, business merger or interdependence is established and modelled as evidence of the theoretical construct (ie globalisation) itself. What is revealed is a failure to address first-order questions about the state of the world system, ie the status of centre–periphery relations, A/B phases, interstate competition and hegemonic rivalry. Not surprisingly, the omission of such questions lead the results towards affirmation of the positive benefits of international trade, liberalisation and open regionalism. Indeed, the seductive power of this approach can be noted in the way that critics find themselves unwittingly debating the appropriateness of X or Y interpretation of globalisation.[13] Regulationists, structuralists and neo-Schumpeterians, for example, take globalisation as manifestly obvious, and consequently direct their efforts at deconstructing the central role that liberal mythology plays in explaining the ordering of international economic relations. Alternative explanations and interpretations of globalisation are now increasingly on offer. It is not surprising then that the neoliberal version of globalisation triumphs in the current intellectual firmament because its proponents have learnt to incorporate some of the ideas of its rivals. Massumi indeed notes that neoliberals have come to realise that their ideas are 'far more attuned to the imagistic potential of the postmodern body than the established left, and has exploited that advantage for the last decade and a half'.[14] It is my argument therefore that globalisation as a concept should be subjected to scrutiny in order that we may differentiate one thing ('pre-globalisation') from the other (globalisation'). This becomes clear if we take the passage below as typical of the predominant narrative of our times—and this is drawn from the more radical interpretation camp:

> Simply put, globalisation affects regions of the world in different ways. In part, this is due to the unevenness of increased flows and interconnectedness, the spread of technology, trade, and communications which is most heavily concentrated among OECD countries. However, the impact of globalisation is also conditioned by political inequalities, at both the international and domestic levels.[15]

Here, the content of this label (ie globalisation) rings familar. It appears to be little more than the relabelling of a phenomenon that has already been and continues to be addressed—ie the dynamics associated with capital accumulation on a world scale. The processes by which one hermeneutic (globalisation) replaces another (capitalism) are not clearly spelt out. Indeed, it seems that the interposition of one with the other can be carried out wherever the word 'globalisation' appears in the literature.

To be sure, technological change and the resulting new standards of competition are at the heart of the development dilemma confronting many countries, especially those in the Third World. But the process of ascent has always demanded of lesser players that they keep pace with knowledge/ideas; security systems; new production techniques; and shifting finance structures. This was necessary if they were to emulate their 'betters'. As Strange correctly puts it, core states are distinguished by their advances in these four spheres relative to others in the international system.[16] 'High cultures' in pre-1500 world history were similarly distinguished in the areas of technology (knowledge), production, security and wealth relative to their lesser contemporaries.[17] Improvements in these spheres boosted the wealth-creation capacities of former empires or high-accumulation states. It still remains that the ability to create wealth is central to the process of ascent. In today's international system, virtually all states seek to boost export-trade and attract investment in order to accumulate surpluses. And as Gilpin once noted, technological upgrading and greater efficiency usually occurs as the competition between states intensifies.[18] In short, while the competitive dynamics of the world system constantly change, what remains constant is the rivalry between states regions and the uneven spread of the system's gains. This feature of the international political economy is not peculiar to the last decade, two hundred or even five hundred years, but one that extends backwards for many millennia,[19] at least in its essential characteristics.

In the areas of production and finance, the transnational corporation (TNC) has grown in size and important since 1945. A recent UNCTAD Report stated that TNCs have become the 'central organizers of economic activities in an increasingly integrated world economy'.[20] Such perceptions have led some scholars like Froebel *et al.* and Watson to assert that contemporary TNCs are controlled by a 'global bourgeoisie'.[21] Robert Reich and Ohmae accordingly claim that TNCs are in fact 'global' corporations. Dunning agrees by pointing to the growth of cross-national production networks of goods and services of some 35 000 TNCs.[22] He went on to suggest that this process has given rise to an international production system, organised and managed by TNCs. These points are supported by Stopford and Strange who argue that there is a new kind of diplomacy in today's world—a so-called 'trilateral diplomacy' pattern between firms and firms, firms and governments and governments and governments. But the claim that TNCs have become 'globalised' remains an open empirical question.

Mandel, Bornschier and Chase-Dunn remind us that if one examines the ownership of stock it becomes clear that TNCs are normally owned and controlled by capitalists from a single core state.[23] Ruigrok and Van Tulder recently extended this argument.[24] They conducted a case study of the top 100 core firms in order to test major globalisation claims.[25] The authors looked at five functional areas of management—sales, production, finance, R&D and personnel management—in order to discover if any of these functional areas were being fully internationalised. Ruigrok and Van Tulder subsequently concluded that:

> Of the largest one hundred core firms in the world, not one is truly "global", "footloose", or "borderless". There is however a hierarchy in the internationalisation of functional areas of management: around forty firms generate at least half of their sales abroad; less than twenty maintain half of their production facilities abroad; with very few exceptions, executive boards and management styles remain solidly national in their outlook; with even fewer exceptions, R&D remains firmly under domestic control; and most companies appear to think of a globalisation of corporate finances as too uncertain.[26]

Some of these points dovetail with Razeen Sally's findings.[27] Indeed, her key discovery has been that most firms still concentrate their basic R&D in their national bases. It would appear therefore that claims of a changing world motored by a globalising impulse of TNCs are at best ambitious and empirically suggestive. These findings indeed raise a fundamental question: what constitutes system-formation change? If the constants in the world system are held to be interstate competition, capital mobility, core–periphery relations and phases of economic expansion/contraction, then for there to be a qualitative change, something must be occurring that fundamentally affects the deep structure. Unless this is clearly pointed out, globalisation then becomes ideology (ie a sort of new business mantra). This, in fact, may explain why there is the problem of disparate meanings of the concept.

Jones points out that contemporary conceptions of 'globalisation' straddle definitional and empirical problems encountered by earlier ideas of interdependence. Human interdependence,[28] international interdependence,[29] global interdependence,[30] and Robert Keohane's and Joseph Nye, Jr's 'complex interdependence'[31] have been controversially proffered to highlight features of, and processes within, the contemporary world system that are of clear potential importance. But like their interdependence forebears, globalisation enthusiasts tend to assume that the issue of conceptual clarity is clear once they insist that the density and complexity of today's interrelationships represent a quantum leap beyond previous internationalisation strategies. The rise of new technologies and heightened export-competition are linked to claims of disappearing borders, of new limits to state authorities and of a 'new international division of labour'. Contemporary capitalism is heralded as unique in its expression and in its unfolding. James Mittleman for example remarks: 'By globalisation, I mean the compression of the time and space aspects of social relations, a phenomenon that allows the economy, politics and culture of one country to penetrate another'.[32] But accelerated time–space compression in this Information Age does not imply a fundamental change in the logic of capital accumulation anymore than increased marine travel did under the Steam Age. The name of the game is still profit maximisation—overlain and facilitated by interstate competition and rivalry. And whole areas of the economy within countries, like the provision of health services or of education, remain removed from global competition.

Globalisation as epoch

The (post-1966) world economic downswing and the response of core countries and firms thereafter, have been the subject of extensive research. The world is at the threshold of a new radical breach with the old order, globalisation proponents contend. Mandel, for example, points to coordination of production and profit-making on a global scale after 1970, as marking a 'new stage of capitalism'. Froebel *et al* date the beginning of this 'new capitalism' to the late 1960s. They argue that this timeframe marks the beginning of the restructuring process in core economies following the end of the postwar boom. Daniel Bell accordingly proclaims the beginning of a 'post-industrial' order.[33] Alvin Toffler speaks in terms of an emerging 'Third Wave' of change in the global economy, marked by high-automation, shrinking time and space and a consequent swelling of cosmopolitan citizenries.[34] And Clegg examines the unfolding impact of time–space compression on culture and nationalism and forecasts the start of a new 'postmodern' era.[35] But some of the most influential analyses emanate largely from the Fordism/post-Fordism of the French regulation school, the 'Amsterdam school' and the views of neo-Schumpeterians.[36] The analytical scope of these approaches go beyond that of the Froebelian conception. French scholars like Aglietta and Lipietz, for example, argue that the changes in the world economy are much more fundamental than a transfer of manufacturing processes from the core to the periphery.[37] Their view is that 'something important {since 1966} has happened to the capitalist organization of production, consumption and accumulation'.[38] Appearances, however, can be deceiving. Approaches that causally link an outcome (globalisation) to its own defining characteristics (competition, innovation, greater time–space compression) borders on the tautological.

To be sure, the downturn in the world economy was a direct result of a structural crisis facing the Bretton Woods model of accumulation. Piore & Sabel interpret this as a crisis of the 'mass production paradigm' or Fordism.[39] The problem of overproduction of standardised commodities in available global markets coincided with the rise in productive capacity of East Asian newly industrialised countries (NICs) and a growing strain on raw materials supplies. A series of other conjunctural factors deepened the world economic crisis and these included the growth of social unrest, the uncertainties induced by flexible exchange rates, the two oil shocks in 1973–74 and 1978–79 and the growth of global debt exacerbated by high interest rates. For core or advanced countries, the post-1966 political–economic crisis[40] is/was to be alleviated through a policy of restructuring. The secular decline of world commodity prices, together with increased prices for manufactured imports, registered in the core's deteriorating terms of trade and rate of profit. These economic circumstances consequently fed through into the political arena in Japan, the UK, Australia, the USA, Canada and other advanced countries, thus placing structural economic reform on the political agenda.[41] But it is still an open question whether the restructuring exercises undertaken by a few core firms and countries should be translated, as they have been, into persuasive claims of real, abiding, global systemic significance.

Post-Fordist analysts believe that the present conjuncture reveals a solid transformation—or at least an irreversible process towards systemic change. The Fordist narrative is built on explaining the rise and global influence of US mass-production and standardisation processes. It is drawn from the practices of the Ford Motor Company and is in part informed by Gramscian thought.[42] Fordist writers accordingly identify four key practices of the Ford operation that later transformed US—or as they see se it global—capitalism. These include: 1) mass production of consumer durables; 2) use of the most advanced techniques; 3) payment of premium wages; and 4) attempts to control the workers' off-work life through techniques of social manipulation and social amelioration. Post-Fordism comes in to explain the perceived crisis of Fordism (ie overproduction of standardised goods). Nielsen points to the following contributory factors: decreasing productivity gains as a result of the social and technical limitations to Fordism; the contradictory expansion of economic flows internationally with continued nationally-based economic management; ballooning social expenditures; and a shift away from mass consumption products to specialised niche-market goods.[43] The relevant literature suggests recovery is possible once firms and governments facilitate management reforms, flexible production methods and techniques, and the spatial reorganisation of manufacturing processes. The overall post-Fordist meta-narrative reads as follows: mass production always carried a high price in wastefulness of human lives and energies, of raw materials and of harm to the social and natural environment. Having reached the productive limits of those techniques, having piled up important worker, environmental, cultural and other opposition, and having effectively glutted its own product markets, Fordism has run its course and must be replaced by a different mode of regulation based on different technologies and investment strategies, themselves supplemented by a new social, cultural, and institutional regime of accumulation.

In the hands of the regulation school and those influenced by it, this narrative is broken down roughly into an analysis of its strictly capitalist, productivist and technological elements—what David Kotz refers to as the 'mode of regulation' (MOR).[44] Others look at the broader social, institutional, cultural and political relations necessary to complement that mode. This is referred to as the 'regime of accumulation' (ROA). A 'regime of accumulation' requires a 'mode of regulation', ie a set of institutions that codifies the main social relationships, bringing about its legitimation and reproduction. This is effective through the law, state policies, ideologies, culture and social expectations.[45] While the regulation approach hardly constitutes one coherent school of thought, most authors share the idea that structural crises in capitalism are the result of a profound disjuncture between the ROA and the MOR. The post-1966 crisis in the world economy is usually seen as the starting-point of post-Fordism—understood in terms of a breakdown in the postwar growth compromise between capital and labour. By the mid-1980s, some suggested that the post-Fordist transition was not only irreversible, but desirable as well. They averted that for flexibility and automation to coexist at the workplace, a 'new compromise' between capital and labour would have to emerge. As the logic goes, 'harmonic complementarity' between the emerging technology and the social environment is now becoming necessary for profit maximisation.[46]

Unlike the regulationists, the neo-Schumpeterians depict a post-Fordist world on the brink of another techno-economic paradigm shift. The microelectronics revolution is accorded a meta-paradigm status for it is argued that it not only replaces old technologies, but requires fundamental changes in the production process. The central point emphasised by neo-Schumpeterians is that the pervasiveness of microelectronics will largely determine the restructuring trajectory of firms, of industries and of global capitalism as a whole. This approach is exemplified by the contributions of Hoffman & Kaplinsky and Watson.[47] These scholars proclaim a crystallising 'Second Industrial Revolution'. This Revolution is based on 'systemo-facture', replacing 'machino-facture' of the First Industrial Revolution. Central to it is the revolution in communications, engineering/biotechnology, time management and industrial manufacturing. Systemo-facture is expressed in techniques of production applied to all areas of the economy. These techniques of production include computer-assisted design (CAD), computer-assisted engineering (CAE), and computer-integrated manufacturing (CIM). In the Schumpeterian concept of long economic waves, this shift in the techno-economic paradigm will produce an upswing in economic development. Watson, in a later work, explained that with systemofacture the labour process is flexible and based on 'multi-tasking' and 'multi-skilling'; output is flexible; the locus of production is near the market; the incorporation of capital-intensive technologies and international sourcing are jointly encouraged; plant-scale economies tend to fall; and firm-scale economies become uncertain.[48] Although these scholars avoid using the term post-Fordism, their ideas do not stray far from the referent of post-Fordism because technology is placed at the centre of their analysis.

The 'Amsterdam post-Fordist School', to use Ruigrok's & Van Tulder's term, speaks instead of the emergence of a true political paradigm shift. For scholars like Henk Overbeek, neoliberalism expresses the relative decline of Fordism.[49] The world is moving towards a neoliberal transition, they contend. As Ruigrok & Van Tulder explain, a shift in political orientations and 'hegemonic concepts' of thinking is noted. This reflects as well as legitimates the struggle occurring between two spheres of capital, money-capital and productive-capital. Since the 1980s, the argument goes, capitalist restructuring has been undergirded by two inexorable forces. One involves the increased circulation of money-capital around the globe and the pressures it generates for liberalisation of national financial markets. The other involves efforts led by core industries and their governments to secure unencumbered access to global (consumer) markets. The final destination after the deconstruction of corporatism and the Keynesian welfare state is held to be the attainment of a post-Fordist accumulation regime. The question of the internationalisation of money and the rise of neoliberal ideology are subjects that will be addressed below. But what is important here is the deterministic edge the Amsterdam school brings to bear upon the study of contemporary interdependence. The impression created is that irresistible forces within an 'objective' political–economic realm are inexorably driving global economic interdependence and integration forward. Hence much emphasis is placed on the role and influence of 'epistemic communities' at the intergovernmental, TNC and international financial institutional level.[50]

These macro-level approaches to the concept of post-Fordism (ie the French regulationist, the neo-Schumpeterian and the 'Amsterdam' approaches) have influenced other contributors to point to the decline of traditional manufacturing employment and expanding service sectors in major core economies. Manufacturing is following agriculture into a productivity revolution in which half or fewer of those employed in the past can produce twice as much output or more. The 'industrial working class' is consequently shrinking in size and importance, some contend.[51] Indeed, points like these are central to post-Fordist analysis since, if true, they quite literally dissolves the Fordist world.

This logic inspires management consultants like Boyet & Conn, among others, to introduce a 'post-Fordist' model of production organisation that acts as the 'solution' to Fordism's problems.[52] 'Flexible specialisation' is replacing large-factory bureaucratic corporations, they argue. Having gone from the world of small family-owned businesses operating for local or national markets to that of 'vertically-integrated, multi-divisional, often multinational' corporations, we are now arriving in a brave new world of 'lean and mean' core firms linked in flexible networks to other organisations around the world, including other firms and governments. Best-practice restructuring models employed by a handful of firms are deemed emulable by all once they discard organisational forms of the past and pursue inter-firm production and networking strategies. They consequently conclude that the emerging types of cooperation within and between firms and governments will lead to a 'new kind of interdependence'. On this view, Philip Cerny outlines a number of restructuring trends central to this 'age of flexibility'.[53] He points to the following elements:

1) the development of 'flexible manufacturing systems' and their (assumed) spread to new as well as older industries;
2) 'lean management' structures in firms and bureaucracies;
3) the impact of new information technologies on decision-making structures of the firm.

However, as Ruigrok & Van Tulder note, the very post-Fordist concepts associated with restructuring, like 'flexible specialisation' and 'lean production', have been based on a 'remarkably limited empirical domain'. The flexible specialisation thesis that Piore & Sabel present, for example, is supported by evidence from only a few regions, ie within Italy, Germany and Japan. Furthermore, the concept of lean production is ultimately derived from the Toyota production example. Thus Ruigrok & Van Tulder were to remark that the 'globalisation thesis has been illustrated by commercially successful and rapidly expanding firms like Ford, Sony and IBM—some of which have fallen into deep problems only a few years later'.[54] Moreover, a technologically deterministic approach to restructuring seems to be at the heart of the Fordist/regulationist literature. Accordingly, one either posits a post-Fordist order or the jig is up. This elementary logic of choices comes about because most scholars make far too much of the physical character of the things that are produced, of the specific techniques used to produce them, of the sort of workers and work involved, and of the internal contradictions of accumulation regimes. Ephemeral organisational modes tend therefore to be treated as if they affect the deep structure of the world system. In line with this, it is not surprising that many authors look to Japanese firms for the shape of post-Fordism to come. Hoffman & Kaplinsky, for example, see Japanese organisation of production as a stage 'beyond mass production', and proof of the emerging transition from Fordism to post-Fordism. Here analysis is limited to the confines of the firm and does not take into account global and regional factors as well as the economic, political and social context of the production system.

These criticisms seemingly escape the concept of a 'post-Fordist mode of regulation'. The problem with this expression of course is that it is intrinsically linked to a state-centred concept of 'Fordist society', ie to an analysis in which certain productive techniques and certain products were and are seen as much more fundamental than the world capitalist system itself. We are thus presented with little more than a *post hoc* rationalisation of the internal dynamism of a few individual firms and the role played by their host governments. Once these cases are generalised into emulable 'best-practice' examples, analysis turns into ideology. The road to Toyotism (post-Fordism's best-practice example) is presented as the final stage in an inevitable restructuring process. What is missed, however, is how global capitalist competition between firms and governments, and different historically constituted socio-institutional factors, militate against the adoption of a 'best-practice' restructuring model.

I suggest that understanding contemporary capitalism requires, instead, a return to the issue of interstate competition and how the challenge of restructuring articulates differently from country to country. Globalisation enthusiasts, on the other hand, focus only on global macro-structural trends when they discuss the imperatives of growth and competitiveness.[55] Unequal state capacities, different industrial cultures and institutions, and consequent response-variations are ignored in arguments that extoll the benefits of 'transiting' towards a 'competition', 'post-Fordist', or 'flexible' state-model as the best option for increasing export-competitiveness. All at once previous debates on 'national distinctiveness' have been marginalised by neoliberals in favour of a political discourse on 'learning'. And this resonates with the prevailing view among many scholars that dirigisme as an instrument of economic management must be reformulated to reflect a new policy matrix based on the following:

i) labour market flexibility reflecting efforts to implement teamwork systems, flexi-time and flexi-wage contracts—all compatible with 'just-in-time' production networks;[56]

ii) 'private' as opposed to 'public' enterprise in areas ranging from pensions to health care;
iii) an overall ideational shift away from communitarian principles towards notions of individual 'responsibility'.[57]

In short, a case is being made for convergence in contemporary capitalism around a specific state-model. Nevertheless, policy implementation of social/structural adjustment measures (eg privatisation schemes, curtailment of welfare measures) have threatened to undermine social cohesiveness to varying degrees in different countries. Governments today continue to tailor patterns of adjustment creatively to suit local configurations of (class) power and influence. The divergent and complex responses thus far throw into question the view of an expected convergence around a specific state-model by all countries. This flawed expectation arises out of the simple assumptions made regarding the political economy of *dirigisme*. The overwhelming view of globalisation enthusiasts has been that Keynesian welfarism served as a relatively stable mechanism for governing the national economy, and that it complemented a model of accumulation based on mass employment and mass production. But that this reached its limits as overproduction of standardised goods became apparent. As the logic now goes, economic liberalisation must replace Keynesianism as the force that redirects the governing of the national economy. This simple account underestimates the extent to which Keynesian welfarism upheld domestic social and political coalitions.

Under the new mantra of 'greater flexibility', economic liberalisation is deemed to be best realised under specific state-models such as those described earlier. In simple terms, flexibility has come to mean the readiness of all to accept technological changes and respond to them quickly. It expresses itself in four interrelated ways. One involves the removal of rigidities. This translates into less government interference, deregulation of national financial markets and lighter tax burdens on companies and individuals. Flexibility, secondly, has increasingly come to signify the loosening of the constraints of the labour market. Workers must be expected to see job insecurity, part-time job options and wage-fluctuations as part of the new labour climate. This leads to the third dimension of flexibility—the transformation of the socialisation of risk towards a privatisation and individualisation of risk assessment and insurance provision. Burdens of risk associated with old age, sickness, pensions and insurance are to be re-routed away from the public (state) realm towards the private (market) sphere. And fourth, in marketing terms, flexibility refers to the ability of firms to get in and out of markets as quickly and as cost-effectively as possible. Once 'flexibilised', unending increases of productivity are in store, some predict. But there is a negative side to this new mantra: 'flexibility' can imply the reversal of stability and security. As Galbraith has been pointing out, core governments are finding themselves grappling with trying to square the circle of wealth creation, social cohesion and political freedom.[58] And in the former Second World and much of the Third World, flexibility, under its accompanying language of structural adjustment and efficiency gains, threatens to undo the coalitions that undergirded the *étatiste* construct in the first place.[59]

The competition game continues

Higher systemic integration has not replaced core/periphery structures or core rivalry. It also does not preclude the possibility of movement in the political economy of the world system. It seems, however, that the 'rules of the game' for upward mobility as well as for the achievement of hegemony have been altered. In order to survive, firms in advanced countries are incessantly compelled to organise production on a regional or cross-regional scale.[60] Efforts are made to coordinate parts, components, systems, products and services across many countries and regions. In these trajectories, various sub-trajectories can be forged that could lead core firms to aim at a regional division of labour or assembly production abroad. In sum, this makes the web spun by transborder linkages of products and processes more intricate.

Core governments have replaced old-style protectionism with a 'new interventionism' in order to help industry restructure and fan out operations on a wider geographic scale. The positive assistance measures include R&D policies, export programmes, industry extension services and new social contracts with labour. Indeed, the most important development in the 1980s has been the rapid increase and concentration of foreign direct investments in the core and rising countries. These investments originated from and went to other industrialised countries. A strong investment relationship now exists between the USA the European Union and Japan. According to a recent UNCTAD report, outflows of foreign direct investment by TNCs grew by 28.9% a year between 1983 and 1989.[61] It also indicated that between 1983 and 1988 foreign direct investments rose by more than 20% annually. This quite accurately leads Ruigrok & Van Tulder to suggest that what is often referred to as 'globalisation', is really better understood as increasing economic 'Triadisation'. This is because the so-called internationalisation of trade and investment 'was largely limited to the United States, the European Community and Japan as well as East and South East Asia'. At the very least, it appears that TNC market intensification and technological change present new options for the fuller exploitation of site advantages, especially in the modern core and semi-periphery.

In order to avoid marginalisation, countries in the Third World are left to grapple with two 'animals'. First, they have to implement the neoliberal measures that ideologically follow from the changes in the (core's) technosphere. This ensures the ultimate desire of TNCs, that is, the unfettered circulation of commodities and services. Second, they have to restructure given that previous comparative advantages based on land, labour and raw materials appear uncertain in light of the recent technological changes.

In my view, early in the next century, high-technology platforms or at least semi-automation will matter most in the race to attract global sources of capital. One scholar sees the changes in more immediate terms and surmises that in today's world economy: 'There is nothing magical about … factors such as national character, geographical location, natural resources, market size, government policy, and management styles.'[62] These do matter; but whereas before these and other variables (eg low wages, basic literacy) provided the magnetic pull for global capital and investment in peripheral and rising states, changing technology forces Third World state managers to reinvent and refine their comparative advantage function within the restructuring world economy. Natural resource endowment and cheap abundant labour supplies are no longer safe pillars for economic viability. As Peter Drucker explains, the restructuring taking place is more than a technical process, it is a social process that involves the shift from extensive resource-driven technologies to intensive, brain power-driven, high-innovation technologies.[63]

Indeed, a key insight made by the neo-Schumpeterians relates to how the implementation of CIM technologies acts to reduce the turnover time of constant and variable capital, and leads to the shortening of product development and product cycles. When the full force of this point is registered we can glean that it is the scale, complexity and scope of technological change that is undermining national economies dependent on the sale of one or two products—and not necessarily a distinctive 'globalisation process' that is marginalising certain economies. Certainly, world history is replete with many examples of how changing technologies undermined the economies of states/regions.

Twenty-first century capitalism will continue to reflect certain highs and lows: high variety, speed, data content, fixed costs and responsiveness; the lows are in inventory, labour content, cost per unit of operation and lead-time. At its industrial nerve-centre, CIM will make possible 'one-of-a-kind, made-to-order, high speed-short cycle, distributed capacity, close-coupled sequences, and complex and augmented production processes'.[64] Economies of scope will take increasing precedence over economies of scale. The mechanics of ascent therefore demand that an aspirant state/region restructure its labour-intensive platform for at least a semi-automated one; upgrade the skills of its work force; restructure its primary commodity export sector, given the shortening of product cycles and advances in biotechnology; and pursue joint ventures and deeper forms of regional collaboration.

Neoliberalism: ideological ascension of dominant private accumulation

The changes in the techno-industrial base of the world economy would have been ineffectual without the rise of neoliberalism and financial liberalisation. The reification of the 'market' as a neutral and natural institution, apolitical and ahistorical has now become common in academic and policy circles.[65] Together with the internationalisation of capital flows, these two developments are seen by some scholars as substantive proof of a changing 'globalising' world—one in which the development aspirations of the Third World are further circumscribed.[66]

The paradigm that gained currency in the mid-1980s diverged radically from the debates that had been central to the political economy of development. Longstanding questions about how to reconcile the twin goals of growth and equity were replaced with the spartan certainties of monetarist economics.[67] Trickle-down theories again became fashionable and were held out as to the answer to distributional dilemmas. The perceived uncertainties of the international order of the 1970s[68] consequently gave way to the age-old familiar international relations of subordination and domination *vis-à-vis* the periphery.

Today, governments in the periphery must not only internalise, they are also compelled to mediate the untramelled (neoliberal) logic of all-out privatisation, deregulation and divestiture.

It is reasonable to mark the post-1989 collapse of *étatisme* in the Soviet Union and the Eastern bloc as confirmation of the global ascendancy of neoliberal ideology. Neoliberalism is a political–economic doctrine. It is the ideological complement to global restructuring (CIM). Brohman notes that neoliberalism emanates from the seedbed of neoclassical theory—itself linked to the *homo economicus* postulate.[69] Social relations and historical dynamism are largely ignored within this conception and this leads to 'empirical ignorance, a misunderstanding of socioeconomic processes, and, as a result, the advocacy of unrealistic … policy recommendations'. This can be seen if one looks closely at the neoliberal–liberal construct. This rests on an abstract, stylised view of what market economies are and where they come from. The central role of the state in creating markets is discounted. In addition, the neoliberal account of why economic liberalism has gained a near universal following in peripheral countries has strong evolutionary undertones emphasising the pivotal role of the demonstration effect, economic stagnation, 'learning', and the need for the release of 'entrepreneurial energy'.[70]

While most Third World countries have been directly involved in distribution and production, Douglas North reminds us that their capacities to regulate, define and enforce property rights, dispense law, tax, and collect information are strictly circumscribed or non-existent.[71] These capacities are absolutely critical if a successful transition to a market economy is to be realised. There is a body of literature that stresses that political authorities played a key role in constructing markets in continental Europe on the eve of the Industrial Revolution.[72] This literature discounts the view that there was something natural or automatic about the rise of the market mechanism in modern core countries. The overwhelming assumption underlying the neoliberal perspective is that a functioning market exists as a ready alternative to state-directed or state-owned industrialisation programmes in parts of the Third World. This explains why the neoliberal version of 'globalisation' treats privatisation and increased capital mobility as in themselves a desirable thing from a broad social viewpoint. Kenichi Ohmae, for example, believes that the assumed free competition and free exchange that will come from global capital mobility will serve to create economic efficiency and unlimited growth.

Stephen Gill emphasises that neoliberal ideology is largely consistent with the political priorities of internationally-mobile forms of capital.[73] He sees it as part of the groundswell of 'globalisation forces' that seek to restructure the state and civil society, and the political economy and culture of modern countries. A form of 'market civilisation' is being constructed on a global scale, he continues. As he puts it: 'The current phase of economic globalisation has come to be characterised increasingly not by free competition as idealised in neoclassical theory, but by *oligopolistic neoliberalism*: oligopoly and protection for the strong and a socialisation of their risks, market discipline for the weak.'[74] This position is derived from the widespread policy emphasis placed on open markets, low or reduced tariffs, foreign exchange liberalisation and state divestment in much of the Third World. Basically, the neoliberal campaign is for the erection of private accumulation economies maximally compatible with an open world economy. This 'openness' serves as the functional handmaiden of the new 'crusade' of the post-cold war order. That is, the putative 'liberation of civil society' from the alleged 'suffocating grip' of the state. This is otherwise understood as the 'fight for democracy' and individual liberty.[75] The view within neoliberalism is that economically speaking this will serve to free civil society's entrepreneurial potential. But the task of neoliberalism is far from complete and it is not an inevitable one. Indeed, the road to full liberalisation has been a conflict-ridden one given that workers in various countries have been forced to tackle labour market changes and the threat it poses to their security and solidarity.[76] This is not the unilinear and automatic driving force suggested by Gill's 'market civilisation' construct.

To be sure, while it is true to say that countries in the Third World have to grapple with the state-shrinking strategies of the neoliberal project, this does not mean that seizing opportunities presented to increase advantage and market share in the world economy is precluded. Ostensibly, private-sector led economies call for a dynamic interrelationship between foreign investors, private sector chieftains and state elites. Nevertheless, it is worth noting that the current redefinition of the role of the state in the global accumulation process reduces developmental options previously exploited by modern core and upwardly mobile states. Import-substitution policies, the erection of tariffs to protect domestic industry, the use of subsidies, manipulating interest rates and other neo-autarkic measures, are under increasing ideological attack. In any case most of these practices are being virtually outlawed by various treaties and international regulation.[77] Cox and Gill are not therefore entirely mistaken when they suggest that interdependent policy making by transnational organisations tends to narrow the range of manoeuvre for state managers. Nevertheless, they have overstated the hypothesis, and by doing so, they tend to obscure a whole range of 'state-level' responses to presumed inexorable global structural forces of restructuring.

Global finance

Even more than the pervasiveness of neoliberal ideology, some scholars contend that it is the rapid international mobility of finance that is undermining 'national economies'.

The argument of the centrality of (global) finance in today's world is an important one. The proliferation of banks, tax havens, financial markets and credit-creation mechanisms[78] have agreeably deepened the interdependency of countries to the point that world finance structurally interlocks all countries. Indeed, the most notable casualty in this flow of finance capital was the idea of fixed exchange rates. The Eurodollar market and the build-up of petrodollars in the 1970s turned the flow of capital figuratively into a fast-moving torrent sweeping away notions of fixed exchange rates. The competition between states to attract and retain finance-capital has intensified, with peripheral countries seeking to make their sites more and more attractive to investment. New financial product designs and improvements in telecommunications have led to a leap in the turnover time of money-capital with uncertain management implications for regulators and state managers.

Perhaps global finance does represent the most visible element of change in the world system. Nevertheless, it has not fundamentally altered world system logic, but it ostensibly presents to a few modern-peripheral states an opportunity to provide offshore financial services and thus make gains in the radical restructuring of the geography of global finance. Because capital moves in and out of domestic banking systems around the globe, a view has emerged which suggests that 'finance' has become as important an element in the world system as commodity trade and productive capital. This leads some scholars to exaggerate the scope of financial globalisation and argue that it has eroded much of the authority of the contemporary sovereign state.[79] Recent econometric studies, however, discount this view of a seamless web of a single world financial market, highlighting instead inherent country and currency risks to capital mobility. Eichengreen *et al.* highlight episodes of turbulence in foreign exchange markets.[80] Feige looks at the growth of 'underground economies' and argues that it is premature to speak of financial globalisation when, in the USA alone, 'the whereabouts of perhaps as much as 80% of the nation's currency supply is presently unknown'.[81] Yaniv concurs that efforts should be made towards 'raising revenue out of the underground economy' through tax amnesties.[82] Merton makes a slightly different point.[83] He suggests that, while it may be useful to speak of 'global financial markets', this should not obscure the fact that debt instruments are less transferable than cash, and that market segmentation persists both within states and between them.

Controversy also seems to abound on the question of state management in domestic financial sectors today. A sensationalist conclusion reached by some is that governments have irreversibly lost the vestiges of unchecked economic sovereignty.[84] Others are cautious, but they come down on the side which suggests powerlessness on the part of state actors to control their respective domestic financial markets. For example, in the inaugural issue of the *Review of International Political Economy*, the editors stated:

> {T}he emergence of a truly global financial market created by the growth of the Euro-currency markets … has meant that national authorities are losing power over their "domestic" financial sectors as the global financial market subsumes domestic markets.[85]

An alternative, more sanguine view is proposed by Bernard Cohen.[86] He argues that while increased capital mobility imposes constraints on sovereign states, governments are not wholly deprived of macroeconomic authority. Despite the 'capital mobility characteristic of the 1990s' the option still exists, albeit at a price, Cohen argues, for countries to pursue independent policy objectives. Certainly, while national sovereignty is undoubtedly challenged by the increased mobility of capital, it remains an exaggeration to assert that all power is being drained off in favour of transnational capital. As the studies of Feige, Yaniv, and Cohen reveal, the scenario is rather more mundane—'a world of incomplete discipline and constant tension on both sides of the state-market divide'.[87] This view, however, is not meant to underplay the fact that the growing magnitude and complexity of trade and financial investment make capital controls increasingly difficult, especially given the existing opportunities for evasion and arbitrage. What is worth considering is Cohen's view that, under dire circumstances (eg a foreign exchange or security crisis), it remains possible—albeit at high costs—for a state to reverse the process of financial integration for its own economy. This is not the simple, irreversible process of a leakage of state power from national governments to 'stateless' markets as many globalisation scholars claim.

Hegemonic rivalry and renewed regionalisation

While some useful insights have been raised by globalisation proponents on the impact of new technologies, I suggest that it is the intensity of the hegemonic rivalry that remains crucial to understanding the restructuring of world order. A hegemonic deconsolidation phase (circa 1971) has been noted by various scholars despite the raging controversy over the nature and decline of US economic power relative to Germany and Japan. There are essentially two debates. One involves the declinists versus the revivalists. This is largely a question of whether or not the USA constitutes a declining power, or one on the verge of renewal. The second debate is over the definition and nature of hegemony. It is one that engages neo-Gramscian scholars, neo-realists and others like Strange, Gills, Levy and Payne.[88] Notwithstanding what Payne calls the 'efflorescence of approaches' to the question of hegemony, there is a growing consensus that economic powerhouses like Germany and Japan, do not yet meet the systemic military, political and ideological criteria for achieving and exercising hegemony. It is worth adding that caution is required in speaking of a US decline relative to some of its rivals. The very deepening of the international socialisation of production can produce errors in conceptualisation. It is not so much that the USA has suffered a slippage as that a tightly integrating capitalism alters the way hegemony is constructed. Taylor and others argue that hegemony is usually associated with 'a location on a world political map'—ie a state.[89] Others speak of 'interlinking hegemonies' or the 'transnational constitution of hegemony'.[90] Overbeek insists that the new 'global reach of capital {and} capitalist class relations' have transnationalised the character of hegemony.[91]

Whether seen as location-specific, or interlinked, there is little disputing that the current race for hegemony is reflected in the emerging forms of regionalisation. Germany-led Europe, Japan in the Pacific Rim, and the USA in the Americas are using their regional bases to fortify efforts at cheapening export production costs and increasing market shares. Mega-bloc strategies are thus emerging. The challenge of global competitiveness in a tightly integrating capitalist world system, it can be argued, is shifting hegemonic rivalry more squarely away from core-state versus core- state dimensions, to a core-led region versus core-led region dynamic.

Of course the configuration sketched of inter-core/region rivalry is not to downplay the levels of cooperation between some core powers. Indeed, in the last couple of years there has been a trend towards greater cooperation among core powers, and between core powers and their 'lesser' geographical neighbours. For example, the Asia–Pacific Economic Cooperation (APEC) leaders and US President Clinton recently expressed a commitment to deepen levels of cooperation by establishing a wider APEC bloc not later than 2020.[92] In the winter of 1995, some exploratory talks also took place between the Clinton Administration and European Union (EU) officials on the question of the a free trade pact. The North American Free Trade Agreement (NAFTA), the Association of South East Asian States (ASEAN) (since-1985),[93] the East Asian Economic Caucus (EAEC) and the EU, represent new or deepening regional arrangements. To be sure, these strategies do not represent attempts to construct fortresses. Each of these is GATT-consistent for they seek to bring about time-tabled phases of trade liberalisation and greater levels of cooperation. It is likely that these regional arrangements will continue to be key features of the international economic system and will coexist with global multilateral arrangements.

It will be accurate to suggest that efforts at Asia–Pacific cooperation, transatlantic regionalism and continental free trade have been partly driven by market-led conceptions of open regionalism and international economic cooperation. In these arrangements the spread of the neoliberal economic creed across smaller, less developed states is encouraged. Indeed, conformity to the orthodoxy of market liberalisation seems to be an essential element of the atmospherics for attracting corporate interest. Apart from trade-creation reasons, this renewed regionalisation may have been equally spurred by the dynamics associated with the political economy of capital mobility. The deregulation of the international financial system since the 1980s has meant that the competition to attract foreign direct investment and offshore financial business has become more intense. Moreover, firms have endeavoured to consolidate sourcing networks within regions rather than globally because of exchange rate volatility among key currencies.[94]

Bernard & Ravenhill explain that the restructuring of the industrial base of the world economy has led to a set of ' {regional} arrangements that link a multitude of production units in different countries so as to provide all components, materials and management for the assembly of a particular product'.[95] Thus regional production and distribution is becoming an increasingly important dimension of the overall strategy of core (and aspirant) countries and firms. Take the recent expansion into China and Southeast Asia by Japanese and East Asian firms for instance. China entered the regional economy (circa 1979) at a time when Japanese capital was no longer generating sufficient profits from Taiwan and South Korea, and was searching for low cost production centres. The Plaza Agreement in 1985 (that resulted in an agreed appreciation of the Japanese yen), and the appreciation of the Taiwanese and Korean currencies against the dollar between 1985 and 1988, led to increased investment in China and other parts of Southeast Asia. Breslin notes that as much as 80% of all foreign direct investment (FDI) in China, in the period 1984 to 1995 originated from Japan and East Asia.[96] China is now the 'single biggest recipient of Japanese overseas development aid'; 10 of the 14 foreign banks now permitted to operate in China are Japanese; and the structure of Japanese FDI there is taking on a more export-based agenda.[97] In addition, by 1993 China became Japan's second largest destination for exports—increasing by 45% over 1992. Indeed, East Asia's informal integration in recent years makes Hollerman's depiction of the region as Japan's 'Headquarters Economy' more relevant today.[98] This is clearer if one notes the ways in which Japanese 'parent' companies sit like spiders on webs of Taiwanese, Korean and Hong Kong subsidiaries, corporate planning centres and alliances, that are expanding outwards, regionally.[99]

Perhaps it is plausible to suggest that as automation technologies and increased capital mobility shrink time and space, it is at the level of the region—and not of the globe—that things become more politically manageable for firms and states. Put another way, proximity makes regionalisation more amenable to political/identificational construction and 'imaginings'. Governing elites in the Americas, Asia and Europe at various regional and sub-regional levels recognise that policy coordination and the harmonisation of certain activities can provide the magnetic pull for foreign capital and technology. This has underpinned discussions on economic policy coordination at a range of regional levels (eg the Manning Initiative in the British Caribbean,[100] growth triangles in Southeast Asia, the EAEC, APEC, etc).

But this should not imply that state sovereignty has been diminishing as the cause of economic liberalisation is advanced. Indeed, within the emerging mega-blocs there have been efforts to construct sub-regional responses to combat the political power of the regional hegemon as much as to secure a reasonable timetable for liberalisation and deregulation reforms. The Association of Caribbean States (ACS) represents an effort by countries in the Americas to form the widest negotiating unit with which to approach the USA (or NAFTA). The EAEC in East Asia is another arrangement that aims to provide a potential counter-weight to US domination of APEC, especially in the light of Japan's unwillingness to play a stronger role within it. It is clear then that, even as neoliberalism is ascendant, sovereignty can still serve as an important check to notions of the benefits of all-out privatisation and liberalisation. Take for instance, how ASEAN states categorically rejected the possibility of APEC impinging on the sovereignty of member states as the EU does on its members' sovereignty. This occurred at the first APEC summit where the developing countries rejected the longer-term vision of an 'APEC community'. As Richard Higgott explains,[101] the fear was that as a 'community',the USA would have had the leeway to raise 'social dumping' issues such as human rights, labour standards and environmental standards to force a brake on successful domestic economic practices.[102]

Incidentally, some states (eg in the Middle East and Africa) fall outside these mega-bloc configurations. This leads some to forecast an increasing divide between a homogenising, enmeshed bloc of liberal states and chaos in the rest of the world. Singer & Wildasky, for example, speak of a world that will in the future feature 'zones of peace' versus 'zones of turmoil'.[103] As Samir Amin sees it, we are living in a world that corresponds to the 'last stage of polarisation', that is, the peripheral industrialisation of one part (East Asian NICs) and the 'fourth worldisation' of another part.[104] This apocalyptic vision of an international system marked by a prosperous core and a subordinate, desolate periphery underplays the complexity of today's interdependence. At the very least, interdependence scholars, through descriptive aggregation, have informed us of this complexity by referring to interstate commercial flows, cross-border sensitivities and patterns of transactions and interconnectedness. The regionalisation trends that reflect costs associated with relative geographical proximity (eg lower transport, communications and allied transaction costs) suggest an even more multicentric core and a variegated periphery in the future. This is because the persisting influence of spatial as well as structural influences on regional dynamics promises to further intensify movement in the political economy of the world system. The prism of a 'North–South' divide or a single core–periphery cleavage is far too simplistic for determining the potential winners and losers in the foreseeable future. This is what Breslin for instance implied when he said that the informal integration of the East Asian political economy is leading to a 'complex cross-cutting {of} relationships between cores and … peripheries …'[105]

Conclusion

Globalisation is one of the more over-glib concepts of recent years. The term is meant to suggest a number of analytically distinct phenomena and developments within the international system. Much is made about the recent application of new technologies to the production process, and parallel improvements in management operations, transport and biotechnology. As neo-Schumpeterians would argue, integration under CIM has meant that the production process has been optimised by linking inputs, process and output into a single system. Post-Fordists, more than Froebelians, emphasise that this has fanned out globally in a far more intricate way than was previously the case. The result is that commodity production now links firms, industries and cities in unprecedented ways—made smoother by telecommunications technology. Other scholars speak to the transnational policy influence of an epistemic-like community of neoliberalists involved at senior levels in government, regional and multilateral institutions. Their efforts within international regulating organisations and institutions (eg GATT, IMF, the G7, BIS, the World Bank, the World Trade Organisation, etc), and regional free trade arrangements, have set the world of states and domestic financial systems on an irreversible path to liberalisation. In this sense, as the argument goes, the contemporary international political economy is unique given the multiplicity of linkages and interconnections between states and societies.

To be sure, some of what has been described above is fairly accurate as a description of certain trends up to now. The capitalist system has evidently become more structurally interlocked in largely three ways. One: by the increasingly 'casino' quality of sections of international finance. Two: by strategic flows of funds through offshore financial centres. And three: by the deepening forms of interdependence in the form of regional industrial networks and free trade areas and agreements. It is because of these developments that notions of state sovereignty and 'national economic space' have become 'fuzzier' (though not irrelevant nor obsolete). But this is not sufficient evidence to argue that global capitalism is undergoing an epochal shift. Capital accumulation was globalist in its expression long before the changeover from machinoto systemo-facturing. This is why my argument has been that ongoing global restructuring since 1966 has not thus far altered the fundamental systemic logic of world capitalism. We are still faced with interstate rivalry, core–periphery relations and uneven development within states and regions. What the restructuring of global capitalism has led to, however, is a series of quantitative changes in the techno-, socio-, and ideological spheres. Technological revolutions in information, manufacturing and transportation are serving to compress time and space. But this should not be interpreted, as it has been, as a sign that the a-spatial nature of capital is now in conflict with the territoriality of the state. Capital has never been anything but a-spatial. It is simply that the new technologies present capital with greater options for investment and profit making.

A considerable amount of emphasis in the globalisation literature is placed on growing interdependence. But while evidence of this may be clearly in view, especially with regard to the availability of universal cultural goods and in financial transactions, I have argued that there is little to suggest that a fully transnational capitalism has come to replace supposedly moribund national economic formations. The much heralded convergence that we witness today represents the move from dominant state accumulation to dominant private accumulation—that is, from a situation where the state centralised accumulation to one where the private sector is the central actor. But I have been careful to point out the difficulties associated with assuming that all governments can homogenise towards a specific neoliberal state model. Recall that the point was made that global capitalism impacts differently on various states/regions, especially given their historical trajectories, cultures and political economies. The overwhelming turn towards financial and market liberalisation in the Third World was not wholly the result of inexorable pressure from epistemic communities, and core governments, as some would contend. The circumstances of this policy shift relate directly to the balance of payments difficulties most peripheral countries experienced in the early 1980s.

Far less ambitious claims ought therefore to be made when we seek to understand the contemporary international political economy. Indeed, it is ironic that much of the evidence marshalled by globalisation scholars points to increasing regionalisation rather than to genuine globalisation. This, I have argued, becomes clear if one looks at how growing interdependence alters the way states/regions compete with each other. I suggested that the core–core race for hegemony and the question of ascent from the periphery, given the restructuring of the industrial production process and changing technologies, are logically being contested on a regionalised terrain. This is to take advantage of transportation advances and telecommunications improvements, and to create economies of both scope and scale. Thus it was pointed out that the trend of rising economic and continental linkages among ASEAN countries and between ASEAN and Asian–Pacific economies, between the USA and the rest of the Americas (via an expanding NAFTA or other hemispheric FTAS), and within Europe, based on a web of production, banking, sourcing and distribution, is likely to accelerate. As Bernard & Ravenhill neatly put it, the emerging regionalisms seem to be based on a whole inner structure bearing the mark of an international (interstate) economic complex.

Third World countries and firms therein are expected to face up to the cold wind of international competition. Many globalisation proponents believe that, even though these countries begin from divergent starting points and different institutional bases, history will come eventually to reflect a convergence. But this is a dire misconception. It is precisely because historically constitutive factors such as culture, tradition, institutions and class formations are different for each country that we should not expect a convergence to occur. Indeed, the global competition imperative that forms part of the new business mantra assumes that there is a clear path for developing nations to follow if they are to realise the necessary reorganisation of production and labour processes suitable for the next century. As the logic goes, firms have to 'go global' and this will lead to a shift from the industrial to the post-industrial, best achievable once the 'rigidities' of embedded traditions and institutions are replaced by new forms of 'flexibility'. Here, an essentially optimistic view of the containment of conflict and the reconciliation of society is revealed. Also, the self-interests of state managers are not properly accounted for. Would state managers in all developing countries opt for and then stick to a development strategy based on economic liberalisation if significant sections of the population reveal the signs of 'adjustment fatigue'? This raises another point. The importance of the state as a historical animator in developmentalist catch-ups has not been given adequate coverage in this discourse. State managers in the Third World ought to be aware that politics has to be about more than strategic crisis management, intelligent regulation and facilitating the interests of capital. Those countries from the Third World that have achieved some economic successes in the contemporary international system, like Singapore and South Korea, are not successful because they conformed to liberal global criteria. On the contrary, the pursuit of their national interests has been paramount, reflected in strategies to pursue deeper regional linkages; to 'discipline' capital both local and foreign;[106] and to mediate relations between economic activities and the general society, such as supporting domestic industrial entrepreneurs and promoting social equity.

Notes

1 See for example, C R Goddard, J T Passe-Smith & J G Conklin, *International Political Economy: State–Market Relations in the Changing Global Order*, Boulder, CO: Lynne Rienner, 1995; M Waters, *Globalisation*, London: Routledge, 1995; P Kennedy, *Preparing for the 21st Century*, London: Harper Collins, 1993; and R Kaplinsky, 'Technological revolution and the international division of labour in manufacturing: a place for the Third World?', *The European Journal of Development Research*, Vol 1, No 1, 1989, pp 5–37.

2 See R B Reich, *The Work of Nations: Preparing Ourselves for Twenty-first-Century Capitalism*, New York: Knopf, 1991.

3 See C Raghavan, *Recolonisation: Multilateral Institutions and International Trade*, New York: Zed Books, 1991; D Pantin, 'Techno-industrial policy in the restructuring of the Caribbean', in H A Watson (ed), *The Caribbean in the Global Political Economy*, Boulder, CO: Lynne Rienner, 1994; S Gill, 'Globalisation, market civilisation, and disciplinary neoliberalism', *Millennium*, Vol 24, No 3, 1995, pp 399–423; and J H Mittleman, 'Rethinking the international division of labour in the context of globalisation', *Third World Quarterly*, Vol 16, No 2, 1995, pp 273–295.

[4] See C Edwards, *The Fragmented World: Competing Perspectives on Trade, Money and Crisis*, London: Methuen, 1985.

[5] R J B Jones, *Globalisation and Interdependence in the International Political Economy: Rhetoric and Reality*, London: Pinter Publishers, 1995.

[6] See C Chase-Dunn, *Global Formations: Structures of the World-Economy*, Oxford: Basil Blackwell, 1989.

[7] For a statement of this viewpoint, see B K Gills, 'The international origins of South Korea's export orientation', in R P Palan & B K Gills (eds), *Transcending the State–Global Divide: A Neostructuralist Agenda in International Relations*, Boulder, CO: Lynne Rienner, 1994, pp 221. For an elaboration of this framework, see D D Marshall, 'From the Triangular Trade to NAFTA. a neostructuralist insight into missed Caribbean opportunities', *Third World Quarterly*, Vol 17, No 3, 1996.

[8] See for example, K Ohmae, *The Borderless World: Power and Strategy in the Interlinked Economy*, London: Harper Collins, 1990; K Ohmae, *The End of the Nation State: The Rise of Regional Economies*, London: Harper Collins, 1995; and Reich *The Work of Nations*. Indeed, one scholar using such a trajectory was prepared to argue that ' "globalization" will not allow for substantially different strategies in different regions for any sustained period … distinctions have been reduced, and economic life as well as culture is increasingly homogenised'. See A MacEwan, 'Technological options and free trade agreements', *Science & Society*, Vol 59, No 1, 1995, pp 35–36.

[9] For an example of this, see MacEwan, 'Technological options and free trade agreements'.

[10] See J Stopford and S Strange (with J S Henley), *Rival States, Rival Firms: Competition for World Market Shares*, Cambridge: Cambridge University Press, 1991.

[11] See the work of K Ohmae cited in note 8.

[12] See R Robertson, *Globalisation: Social Theory and Global Culture*, London: Sage Publications, 1992. Also see Waters, *Globalisation*.

[13] I discuss the rival claims of globalisation later in this article. But for a recent example of work aimed at countering the neoclassical interpretation of globalisation—while leaving the term itself ill-defined, see R Ghorashi, 'Marx on free trade', *Science & Society*, Vol 59, No 1, 1995, pp 38–51.

[14] See B Massumi, 'The autonomy of affect', *Cultural Critique*, No 31, 1995, pp 105–106.

[15] A Hurrell & N Woods, 'Globalisation and inequality', *Millennium Special Issue: The Globalisation of Liberalism*, Vol 24, No 3, 1995, pp 456. Others offer a sociological definition of globalisation referring to the homogenisation of culture and products; the standardisation of habits and business norms. See Robertson, *Globalisation*. However, it is not pointed out how this process differs from the nature of *capitalism* defined by and understood in the Marxist, Smithian, Weberian, and/or Wallersteinian sense.

[16] See S Strange, *States and Markets*, London: Frances Pinter, 1988.

[17] Select examples of 'high cultures' include (Pharaonic) Egypt, the Sumerian civilisation (Mesopotamia), Harappa (north India), Greece (Alexandria), Rome and Song China. For more on this, see C A Diop, *Civilization or Barbarism: An Authentic Anthropology*, New York: Lawrence Hill, 1990; R Cameron, *A Concise Economic History of the World: From Paleolithic Times to the Present*, New York: Oxford University Press, 1993; and K N Chaudhuri, *Asia Before Europe: Economy and Civilisation of the Indian Ocean from the Rise of Islam to 1750*, New York: Cambridge University Press, 1990.

[18] R Gilpin, *The Political Economy of International Relations*, Princeton, NJ: Princeton University Press, 1987.

[19] For a recent work that extends analysis of capital accumulation processes before 1500 AD, see A G Frank & B K Gills (eds), *The World System: Five Hundred Years or Five Thousand?*, London: Routledge, 1993.

[20] See U N Centre on Transnational Corporations, *World Investment Report 1992: Transnational Corporations as Engines of Growth*, 1992, p 1.

[21] For a reading of this view, see F Froebel, J Heinrichs & O Kreye, *The New International Division of Labour*, Cambridge: Cambridge University Press, 1980; and F Froebel & H Watson, *The Future of the Caribbean in the World System. Two Contributions*, Kingston: Friedrich Ebert Stiftung, 1988.

[22] See J Dunning, *Multinational Enterprises and the World Economy*, Reading: Addison Wesley, 1992.

[23] See E Mandel, *Late Capitalism*, Princeton NJ: Humanities Press, 1975; and V Bornschier & C Chase-Dunn, *Transnational Corporations and Underdevelopment*, New York: Praeger, 1985.

[24] See W Ruigrok & R Van Tulder, *The Logic of International Restructuring*, London: Routledge, 1995.

[25] *Ibid*, ch 7. These top 100 firms were drawn from *Fortune's* Global 500 published in 1993 and the 1993 *Business Week* Global 1000.

[26] *Ibid*, p 159.

[27] For ideas on the 'domestic embeddedness' of TNCs, see R Sally, 'Multinational enterprises, political economy and institutional theory', in *Review of International Political Economy*, Vol 1, No 1, 1994, pp 161–192.

[28] As Jones (1995) explains, human interdependence is used to emphasise that human beings do not and cannot live in isolation from their fellows. A commitment to sociability and solidarity is often inherent in doctrines of human interdependence. See Jones, *Globalisation and Interdependence in the International Political Economy*.

29 *Ibid.* International interdependence embraces those forms of interdependence that arise among properly constituted nation-states, ie economic, political and social exchanges within countries.

30 *Ibid.* Global interdependence moves beyond interstate relations and conjures up the image of a world village, a global community. At a minimum, such global conceptions invoke a recognition of a common fate all face on planet earth; at a maximum, they embrace far-reaching notions of moral commonality and mutual impact.

31 See R O Keohane & J S Nye, Jr, *Power and Interdependence: World Politics in Transition*, Boston, MA: Little, Brown, 1977. 'Complex interdependence' as *per* Keohane and Nye speaks of a growth and deepening of associations among sovereign states.

32 See J H Mittleman, 'Rethinking the international division of labour', p 273.

33 See D Bell, *The Coming of Post-Industrial Society*, New York: Basic Books, 1973.

34 The 'First Wave', he argues was based on agriculture-led economies; the 'Second Wave' represented the rise of industrial mass production. See his trilogy, all published in New York by Bantam Books: A Toffler, *Future Shock*, 1971, *The Third Wave*, 1981; and *Powershift*, 1991.

35 See S Clegg, *Frameworks of Power*, London: Sage Publications, 1989.

36 Here, I use Ruigrok & Van Tulder's useful typology. See Ruigrok & Van Tulder, *The Logic of International Restructuring*.

37 See M Aglietta, *A Theory of Capitalist Regulation: The US Experience*, London: Verso, 1979; and A Lipietz, *Mirages and Miracles: The Crisis in Global Fordism*, London: Verso, 1987.

38 Harvey states this when discussing the views of the Regulation School. See D Harvey, 'Flexibility: threat or opportunity?', *Socialist Review*, Vol 21, No 1, 1991, p 70.

39 See M J Piore & C F Sabel, *The Second Industrial Divide: Possibilities for Prosperity*, New York: Basic Books, 1984.

40 I use this timeframe based on the complementary viewpoints of select scholars. The scholars cited here speak of a 'post-1966' structural crisis in the world economy. See M Kalecki (ed), *Selected Essays on the Dynamics of Capitalist Economy 1933–1970*, London: Cambridge University Press, 1971 (especially this chapter, 'Political aspects of full employment', pp 138–145); R Boddy & J Crotty, 'Class conflict and macro-policy: the political business cycle', *Review of Radical Political Economics*, Vol 7, No 1, 1975, pp 26–37; J B Foster, 'Sources of instability in the US political economy and empire', *Science & Society*, No 49, 1985, pp 167–193; and H Sherman, 'Theories of economic crisis', *Science & Society*, No 53, 1989, pp 62–70.

41 For evidence of this, see R J Samuels, *The Business of the Japanese State*, Ithaca, NY: Cornell University Press, 1987; K Dyson & S Wilks (eds), *Industrial Crisis: A Comparative Study of the State and Industry*, Oxford: Basil Blackwell, 1985; M Dixon, 'The world capitalist crisis and the rise of the right', *Contemporary Marxism*, No 3, 1982, pp 46–59; and S Bell, 'The politics of economic adjustment: explaining the transformation of industry–state relationships in Australia', *Political Studies*, Vol 43, No 1, 1995, pp 22–47.

42 For a reading and analysis of this, see M Davis, *Prisoners of the American Dream: Politics and Economy in the History of the US Working Class*, London: Verso, 1986.

43 I summarise some of the points made in Nielsen's introductory chapter in Jessop *et al.* See K Nielsen, 'Towards a flexible future: theories and politics', in B Jessop, K Nielsen, H Kastendiek & Ove K Pedersen (eds), *The Politics of Flexibility: Restructuring State and Industry in Britain, Germany and Scandinavia*, 1991, pp 3–30.

44 See D Kotz, 'A comparative analysis of the theory of regulation and the social structure of accumulation theory', *Science & Society*, Vol 54, No 1, 1990, pp 5–28.

45 For a concise reading of this, see H Braverman, *Labour and Monopoly Capital: The Degradation of Work in the 20th Century*, New York: Monthly Review Press, 1984; and Sherman, 'Theories of economic crisis'.

46 Two key proponents of this view are A Bayat, *Work, Politics and Power: An International Perspective on Workers' Control and Self-Management*, New York: Monthly Review Press, 1991; and B Harrison, *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*, New York: Basic Books, 1994.

47 See K Hoffmann & R Kaplinsky, *Driving Force: The Global Restructuring of Technology, Labor, and Investment in the Automobile and Components Industries*, a UNCTC Study, Boulder, CO: Westview Press, 1988; and H Watson, 'Recent attempts at industrial restructuring in Barbados', *Latin American Perspectives*, Vol 17, No 64, 1990, pp 10–32. See also Kaplinsky, 'Technological revolution and the international division of labour in manufacturing'.

48 See H Watson, 'Global restructuring and the prospects for Caribbean competitiveness: with a case study from Jamaica', in Watson, *The Caribbean in the Global Political Economy*.

49 See H Overbeek, *Global Capitalism and National Decline: The Thatcher Decade in Perspective*, London: Unwin Hyman, 1990.

50 For a discussion of international epistemic communities and policy coordination, see P M Haas, 'Introduction: epistemic communities and international policy coordination', *International Organization*, Vol 46, No 1, 1992, pp 1–35.

[51] See A Touraine, *The Post-Industrial Society*, New York: Random House, 1971; Bell, *The Coming of Post-Industrial Society*; and J Rifkin, *The End of Work: The Decline of the Global Labour Force and the Dawn of the Post-Market Era*, New York: G P Putman's Sons, 1995.

[52] See H J Boyet & H P Conn, *Workplace 2000: The Revolution Shaping American Business*, London: Penguin Books, 1991; and Piore & Sabel, *The Second Industrial Divide*.

[53] See P G Cerny, 'Globalization and the changing logic of collective action', *International Organization*, Vol 49, No 4, 1995, pp 595–625.

[54] See Ruigrok & Van Tulder, *The Logic of International Restructuring*, p 6.

[55] For another recent example of this, see P Hirst, *Globalization in Question: The International Economy and the Possibilities of Governance*, Cambridge, MA: Blackwell, 1996.

[56] For elaboration on teamwork systems, quality-circles and other such human resource management strategies, see especially Boyet & Conn, *Workplace 2000*, On just-in-time production networks, see Hoffman & Kaplinsky, *Driving Force*, and C Freeman, 'The factory of the future: the productivity paradox, Japanese just-in-time, and information technology', London: Economic and Social Research Council, Research Paper No 3, 1988.

[57] In the suggested new state-model, solidaristic or collectivist values are deemed incompatible with the new flexibility imperatives of contemporary capitalism. See Reich, *The Work of Nations*.

[58] See J K Galbraith, *The Culture of Contentment*, London: Penguin, 1993.

[59] For more on this, see W Graf, 'The state in the Third World', in L Panitch, E M Wood & J Saville (eds), *Socialist Register 1995: Why Not Capitalism?*, London: Merlin Press, 1995.

[60] For more on this, see Ohmae, *The End of the Nation-State*. See especially his chapter discussing the concept of a regionalised economy.

[61] See U N Centre on Transnational Corporations, *World Investment Report: 1991: The Triad in Foreign Direct Investment*, 1992.

[62] See Watson, *The Caribbean in the Global Political Economy*, pp 72, and 73.

[63] See P F Drucker, 'The age of social transformation', *Atlantic Monthly*, November 1994, pp 53–80. For more on how modern technology presents new challenges to governments, see M Blumenthal, 'The world economy and technological change', *Foreign Affairs*, Vol 66, No 3, 1988, pp 529–550.

[64] As neatly summarised by Watson, *The Caribbean in the Global Political Economy*.

[65] This is a point made by J Brohman, 'Economism and critical silences in development studies: a theoretical critique of neoliberalism', *Third World Quarterly*, Vol 16, No 2, 1995, pp 297–318.

[66] For a recent reading of this pessimistic view, see Goddard *et al*., *International Political Economy*.

[67] To be sure, this was encouraged under the Thatcher–Reagan–Kohl triad and in some academic and policy circles.

[68] The Third World, via the Non-Aligned Movement and the Group of 77, acted on the idea of a 'democratisation of international relations'. As Piore & Sabel put it, the campaign for a New Information Order and a New International Economic Order 'created an uncertain world'. Piore & Sabel, *The Second Industrial Divide*, p 10.

[69] *Homo economicus* according to J Brohman is rooted in the (Eurocentric) belief that economic behaviour in all places at all times follows the strictures of economic rationality. Brohman, 'Economism and critical silences in development studies', p 298.

[70] For a comprehensive summary of neoliberal arguments, see R Vernon, 'Introduction', in Vernon (ed), *The Promise of Privatization: A Challenge for US Policy*, New York: Council on Foreign Relations, 1989, pp 1–22.

[71] See D North, *Institutions, Institutional Change and Economic Performance*, New York: Cambridge University Press, 1990.

[72] See, for example, D McNally, *Political Economy and the Rise of Capitalism*, Berkeley, CA: University of California Press, 1988. He speaks of the rise of market society in chs 4 and 5. See also E L Jones, *The European Miracle: Environments, Economies, and Geopolitics in the History of Europe and Asia*, Cambridge: Cambridge University Press, 1981; and for an elaboration see J Lie, 'Embedding Polanyi's market society', *Sociological Perspectives*, No 34, 1991, pp 219–235.

[73] See Gill, 'Globalisation, market civilisation, and disciplinary neoliberalism'.

[74] *Ibid*, p 405. (*Gill's emphasis*).

[75] See B K Gills & J Rocamora, 'Low intensity democracy', *Third World Quarterly*, Vol 13, No 3, 1991, pp 501–523. They note that the US Secretary of State (1990) James Baker had declared that the 'promotion and consolidation of democracy' was the new post-cold war mission (p 30). For a broader philosophical discussion on the idea of 'liberating civil society', see K R Popper, *The Open Society and its Enemies*, London: Routledge and Kegan Paul, 1966.

[76] For an elaboration of this argument, see R Hyman, 'Plus ça change? The theory of production and the production of theory', in A Pollert (ed), *Farewell to Flexibility?*, Oxford: Blackwell, 1991.

[77] See for example, the recently signed (1994) Generalised Agreement on Trade and Tariffs; the (1989) Canadian–United States Free Trade Agreement (CUSFTA) which became the (1994) North Atlantic Free

Trade Agreement (inclusive of Mexico) and is to be expanded into a wider (2005) Americas Free Trade Area (AFTA); the various G7 summits; and current IMF/ World Bank stipulations.

78 For more on credit-creation capacities as an important component in the measurement of financial power, see S Strange, *States and Markets*, p 30.

79 See for example the arguments made by M Wachtel, *The Money Mandarins: The Making of a New Supranational Economic Order*, Armonk, NY M E Sharpe, 1990; and S Strange, 'The defective state', *Daedalus: Journal of the American Academy of Arts and Sciences*, Vol 124, No 2, pp 55–74.

80 See B Eichengreen, A K Rose & C Wyplosz, 'Exchange market mayhem: the antecedents and aftermath of speculative attacks', *Economic Policy*, No 21, October, 1995, pp 294–307.

81 See E L Feige, 'The underground economy and the currency enigma', *Public Finance*, (Supplement), Vol 49, 1995, pp 119–136, p 119.

82 See G Yaniv, 'Taxation and dirty money laundering', *Public Finance*, Vol 49, (Supplement), 1995, pp 40–51, p 40.

83 See R C Merton, 'A functional perspective of financial intermediation', *Financial Management*, Vol 24, No 2, 1995, pp 23–41.

84 See the arguments put forward by W Wriston, *The Twilight of Sovereignty: How the Information Revolution is Transforming Our World*, New York: Scribner's, 1992; and P Cerny, 'Money and finance in the international political economy: structural change and paradigmatic muddle', *Review of International Political Economy*, Vol 1, 1994, pp 587–592.

85 See A Amin, B Gills, R Palan & P Taylor, 'Editorial: forum for heterodox international political economy', *Review of International Political Economy*, Vol 1, No 1, 1994, p 3.

86 For a concise account of the various schools of thought on financial globalisation, see B J Cohen, 'Phoenix risen: the resurrection of global finance', in *World Politics*, Vol 48, No 2, 1996, pp 268–296.

87 Quoted from *ibid*, p 294.

88 For the decline vs revival debate, see the various articles in *Dialogue*, Vol 86, No 4, 1989; and for a critical review of the relevant issues, see S Strange, 'An eclectic approach', in C N Murphy & R Tooze (eds), *The New International Political Economy*, Boulder, CO: Lynne Rienner, 1988, pp 33–50; B K Gills, 'International relations theory and the processes of world history: three approaches', in H C Dyer & L Mangasarian (eds), *The Study of International Relations: The State of the Art*, Basingstoke: Macmillan and Millennium, 1989; J S Levy, 'Long cycles, hegemonic transitions, and the long peace', in C Kegley (ed), *The Long Postwar Peace*, New York: Harper Collins, 1991; and A Payne, 'US hegemony and the reconfiguration of the Caribbean', *Review of International Studies*, Vol 20, No 2, 1994, pp 149–168.

89 See the contributions of P Taylor (pp 363–364), G Arrighi (pp 365–366), R Cox (pp 366–367) and G Modelski (pp 372–374) to 'The Forum: hegemony and social change', *Mershon International Studies Review*, Vol 38, 1994, pp 361–376.

90 *Ibid.* I refer to B K Gills (p 370), A G Frank (p 372), and to a lesser extent, H Overbeek (p 368).

91 *Ibid.* See the contribution of H Overbeek, p 368.

92 See the *APEC Economic Leaders' Declaration of Common Resolve*, Bogor, Indonesia. Signed 15 November 1994 by the ASEAN countries.

93 Bernard & Ravenhill make the point that the years after the Plaza Agreement (1985) marked a deepening of the regionalisation of production in East Asia. See M Bernard & J Ravenhill, 'Beyond product cycles and flying geese: regionalization, hierarchy and the industrialization of East Asia', *World Politics*, Vol 47, No 2, 1995, pp 171–209.

94 This idea was drawn from the article by B Eichengreen, A K Rose & C Wyplosz, 'Exchange market mayhem'.

95 See Bernard & Ravenhill, 'Beyond product cycles and flying geese'.

96 See S Breslin, 'China in East Asia: regionalisation, regionalism and regional hegemons', a Research Paper presented at the University of Sheffield symposium on 'The Future of Regionalism: Theoretical and Empirical Issues', 15–16 February 1996.

97 *Ibid*, pp 13–16.

98 See L Hollerman, *Japan's Economic Strategy in Brazil*, New York: Lexington, 1988.

99 Nester speaks of Japan's 'structural power' in Asia by making reference to its central position in an import–export web that includes many countries in Asia. See W Nester, *Japan's Growing Power Over East Asia: Ends and Means*, Basingstoke: Macmillan, 1990.

100 This refers to the 1992 initiative proposed by former Prime Minister of Trinidad and Tobago Patrick Manning of a triangular bloc between Barbados, Trinidad and Guyana.

101 See R A Higgott, 'Economic cooperation in the Asia Pacific: a theoretical comparison with the European Union', *Journal of European Public Policy*, Vol 2, No 3, 1995, pp 361–383.

102 The example below indicates how state sovereignty could be enhanced by sub-regional responses. Recently, an article in the *International Herald Tribune* (22 April 1996) reviewed the soon-to-be published memoirs of President François Mitterrand. What was revealed was that President Mitterrand wanted Franco-German unity completed and to include Russia precisely to drive US influence out of the EU and to get rid of NATO.

103 See M Singer & A Wildavsky, *The Real World Order: Zones of Peace, Zones of Turmoil*, New Jersey: Chatham House Publishers, 1993.
104 See S Amin, 'A brief biography of Samir Amin', *Monthly Review*, Vol 44, 1992, p 54.
105 See Breslin, 'China in East Asia', p 23.
106 That is, in terms of industrial targetting and promotion; regulation of TNCs; and discouraging speculative investment in the real estate sector. For more on this see A Amsden, *Asia's Next Giant: South Korea and Late Industrialization*, New York: Oxford University Press, 1989.