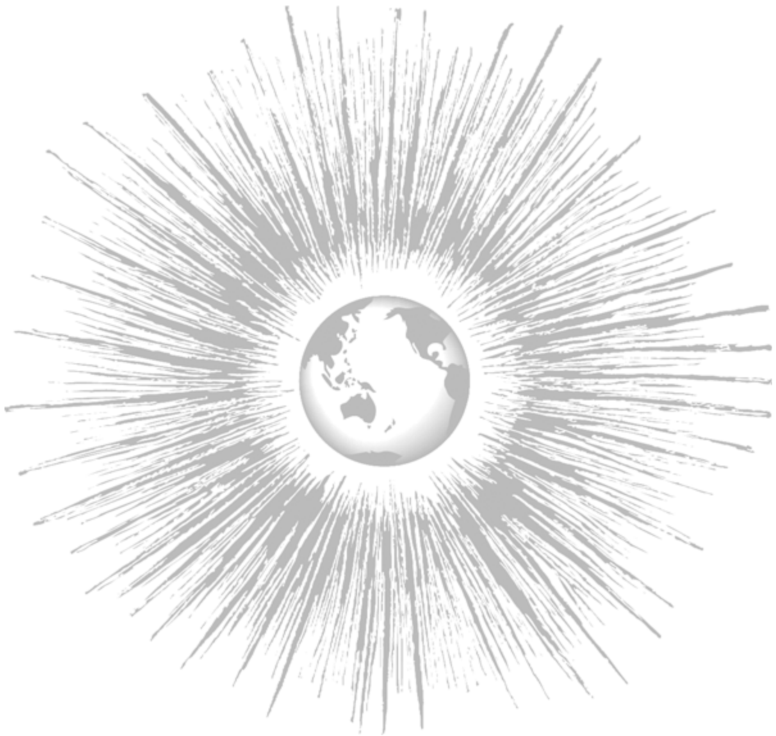

The New Global Economy: Time-Space Compression, Geopolitics, and Global Uneven Development

John Agnew

Two ideas have dominated discussion in recent studies of the social and political impacts of globalization by those who think that globalization has had real effects and is not simply a synonym for the neo-liberal policies instituted by many national governments beginning in the 1980s.[1] The first is the idea that everywhere in the world is becoming alike economically and culturally as a *consequence* of globalization. This is a scaling up from the national to a global scale of the old idea of "modernization." From this perspective, common global norms about conduct, consumption standards, and cultural practices are spreading everywhere (John Meyer at Stanford University [e.g. Meyer 1996] and his students are perhaps representative of this thrust). This global modernization is often seen as brought about by *causes* implicit in a second idea, although proponents of the second idea may well not endorse the first or vice versa. This is that current globalization is about the shrinking of the world because of revolutionary changes in communication and transportation technologies. In the long-term this process of "time-space compression" will produce greater economic similarities across places but immediately this need not be the case. Rather, differences between places may in fact intensify as involvement in a world of flows makes the characteristics of this or that place make the place more competitive globally. In the end, however, different places will establish niches for themselves within the global economy, even if there is dislocation in the short-term. This seems to be the *logical* implication of the argument of David Harvey (1989), and others

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1. A thorough survey of recent ideas about globalization is provided in Chase-Dunn (1999).

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discussed later, about declining transportation costs, notwithstanding Harvey's observations about short-term uneven development.

In this paper I want to challenge the adequacy of both of these two ideas for understanding globalization, the new uneven development that it is producing, and the political reactions to this. In their place I argue for the importance of the geopolitical role of the United States and the vision of world economic order, or *transnational liberalism*, that post-World War II US governments have actively sponsored, both unilaterally and multilaterally (through global institutions they created, such as the IMF and World Trade Organization) in the emergence of the new global economy and its geographical structure. In this perspective, technological changes and the values associated with them have been enabling and encouraging, rather than determining in and of themselves, and common outcomes with respect to global norms, etc., are far from likely in a world still exhibiting large geographical differences in levels of economic development. In other words, the new global economy did not simply spring out of technological changes powered by business imperatives and justified by a logic of neoliberal economics that have subsequently produced an increasingly homogenized world.

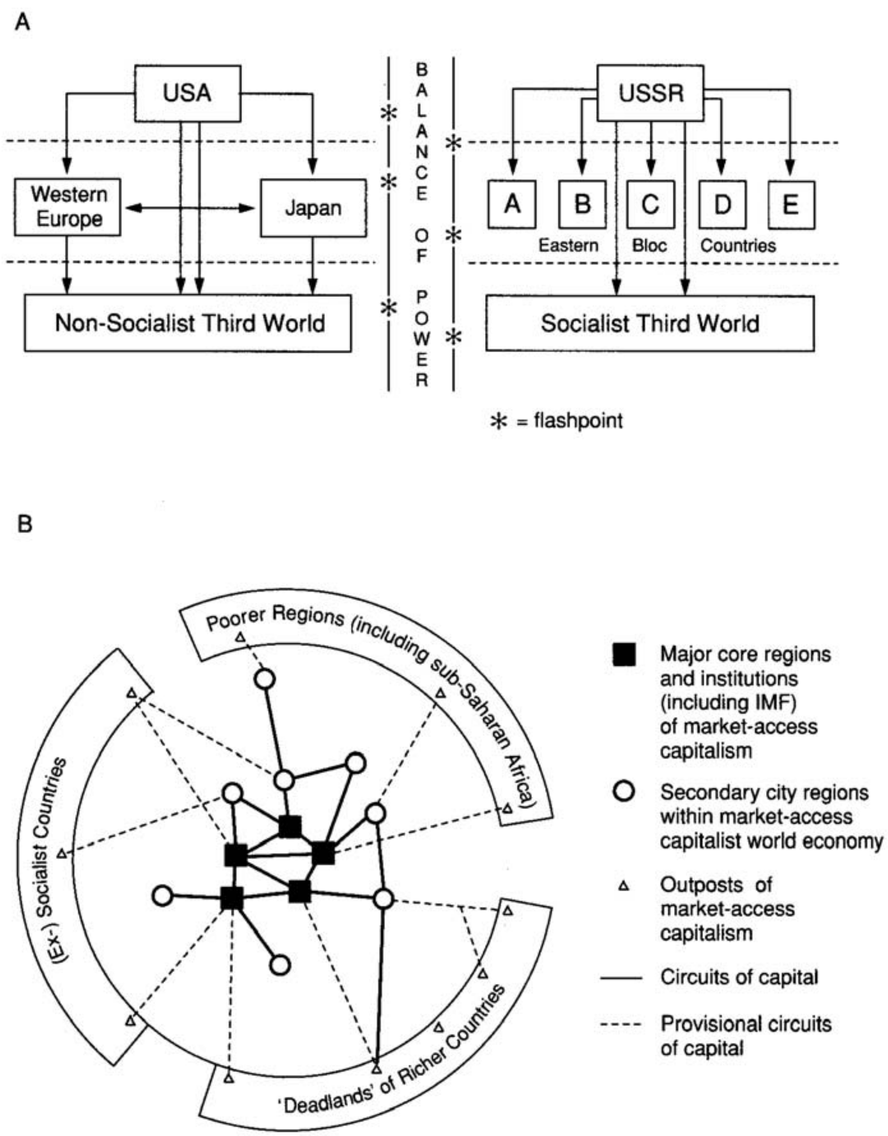
I start with the evidence for a deepening pattern of global uneven development in recent years. This suggests that envisaging a world increasingly alike everywhere rests on a large element of imagination or wishful thinking without empirical substance. Even if people everywhere may be subject to many of the same cultural stimuli, this is no guarantee that they will react to them the same way or be able to express their preferences for them without the resources needed to command them. It also suggests the need for a certain skepticism about hyperbolic claims such as the "death of distance" or the "end of geography" as time presumably wipes out space as a meaningful dimension of human experience, whether in the short or the long-term. A second section offers a critical survey of the emerging literature that sees time-space compression as leading the transformation of the world economy from a set of national-state economies into a global economy. One strand is distinguished that focuses on the singularity of the present, suggesting that contemporary "time-space compression" augurs a postmodern world in which the fixed territorial spaces of modernity no longer match a new world of kaleidoscopic and jumbled spaces either because of "flexible accumulation" or because speed conquers established geopolitical representations and the material conditions they rely upon. A second strand, however, sees greater continuity between present and past in the configuration of global space. In this perspective, new local spaces inter-linked with existing territorial ones produce a mosaic pattern to global development with local as much as global forces leading the process.

Sympathetic to the second strand, I endeavor in a third section to offer an alternative account of the origins and geographical structure of the current global economy to that of time-space compression, even if some sort of time-space compression is implicated. This views powerful states, above all the United States, as sponsoring a new global "market access" regime that is producing a new geopolitics of power in which control over flows of goods, capital, and innovations increasingly substitutes for the fixed or static control over the resources of bounded territories. Thus, the businesses of different states (and regions and localities within them) vie for access to the world's resources not through classic empire-building or territorial expansion but through command over world markets using the new technologies of time-space compression. In response to this, I propose in the fourth section, that a "politics of globalization" is now in formation involving businesses, social groups and governments around the world (1) left out of the benefits of the new global economy (as they see them), (2) mobilizing against its depredations, and (3) struggling to establish regulatory measures that allow for a "geographical re-matching" between economic organization, on the one hand, and political oversight, on the other. This seems to augur, for some parts of the world at least, the emergence of new political spaces beyond those of the territorial state.

GLOBAL UNEVEN DEVELOPMENT

Much of the sociological hype about globalization sees it as synonymous with homogenization, as if the whole world is becoming alike culturally and economically. The literature on time-space compression might also suggest such a prospect, if only on the distant horizon. In fact, there is considerable evidence that globalization is polarizing the world as a whole between geographical haves and have-nots: between regions and localities tied into the globalizing world economy and those outside it (Internet and all) and between those who have received a "leg up" into this economy, on the one hand, and those who may have to remain outside it, on the other. I want to say something illustrative about each of these points with respect to trends between and within groups of countries. Of course, the globalizing world economy is not an economy of national territories that trade with one another, notwithstanding the tendency of the World Bank and other organizations to portray it this way. Rather, it is a complex mosaic of inter-linked global city-regions, prosperous rural areas, resource sites, and "dead lands" increasingly cut off from time-space compression. All of these are widely scattered across the globe, even if there is a basic global north-south structure to the world economy as a whole. Some of the prosperous areas, for example, can be found within even the poorest countries, so it is important to bear the mosaic

Figure 1: Schematic Representations of the Cold War and Post-Cold War World Economies.



In this figure, (A) represents the world during the pre-1970 Cold War with national economies bonded together in blocs whereas (B) represents the new global economy with its more geographically fragmented, mosaic-like structure.

Source: Agnew and Corbridge (1975:206)

Table 1: Average Yearly Growth Rates in GDP Per Capita

	1870–1960	1960–79	1980–94
17 Advanced Capitalist Countries	1.5	3.2	1.5
(s.d.)	(0.33)	(1.1)	(0.51)
28 Poorer Countries	1.2	2.5	0.34
(s.d.)	(0.88)	(1.7)	(3.0)

Source: Pritchett (1997:13), based on Maddison (1995).

nature of the emerging world economy in mind throughout the following discussion (Agnew and Corbridge 1995:167–8) (see Figure 1).

Global Income Divergence Between Rich and Poor Countries

Among the richest countries in the world today per capita incomes have converged over the past one hundred and thirty years, with the poorer among them growing faster and catching up with the richer (Pritchett 1997). This increased homogeneity among the rich countries is what makes the idea of cultural globalization such a persuasive one. People in France and Japan are now more and more "like" Americans because they can afford to follow many of the same consumption patterns and have many of the same social attitudes. Of course, there is something tautological here, in that countries that were relatively rich and became poorer (such as Argentina) and ones that were poor but became poorer (such as India) are not included in such a rendering of growth trajectories. Only those countries that are today rich as defined by the World Bank and the OECD are included. But, for these countries there is more and more clustering around the group average: from a standard deviation of 0.33 in the years 1870–1960 to 1.1 for 1960–1980, and 0.51 for 1980–1994 (Pritchett 1997:5) (Table 1). In other words, there is as much convergence among rich countries in the thirty-four years from 1960 to 1994 as in the ninety years from 1870 to 1960. What is important for present purposes, however, is that the globalization era of 1980 to 1994 shows sustained convergence after a short period of increased divergence between 1960 and 1980. Convergence temporarily stopped as the old Bretton Woods/Cold War system frayed and the globalizing world economy came into being.

What also seems clear, however, is that as today's rich countries have been converging with one another the rest of the world has been largely left in the dust. Assuming a lower bound of P$250 for the poorest country in 1870, Pritchett (1997:11) shows that as the US per capita income went from P$2063 in 1870 to P$9895 in 1960 and P$18054 in 1990, that of the average poor country went from

P$740 to P$1579 and P$3296. What is more, in examining growth rates for per capita incomes in 28 poorer countries that assume rather lower initial starting incomes than were probably the case for many of them (Table 1), the unmistakable conclusion is of increasing divergence between them and the rich countries, with the lowest growth rates between 1980 and 1994 after some degree of acceleration between 1960 and 1979. If higher incomes and growth rates for now-poor countries are assumed to have been the case in the nineteenth century (as claimed by Bairoch 1993), then even greater long-term divergence has probably been the case.

What we do know for sure is that divergence between rich and poor countries has increased significantly during the globalization era (1970–present) compared to previous periods. At least at the geographical scale of groups of relatively rich and poor countries and with respect to those included in these data, therefore, the world has been splitting into two parts: an increasingly rich world with lessened inequality in income growth among countries and an increasingly poor world with increased divergence among its members. As a result, with only 15 per cent of the world's population the rich countries now account for around 60 per cent of world GDP. Putting this in a historical time frame, if in 1960 the world's twenty richest countries had thirty times more income than the poorest twenty per cent, by 1995 that gap had grown to seventy-four times.

The rich versus poor country income figures seem to account in large part for the increasing worldwide income inequality among individuals. This is important because some research suggests that increased individual income inequality lowers economic growth in general (Aghion et al. 1999). As income inequality *within* countries has tended to move in a number of different directions the net trend in income inequality has still been upward, paralleling the growing divergence in incomes between rich and poor countries and suggesting that this is what is responsible for increased global income inequality among individuals (World Bank 2001:51). The rate of worldwide individual income inequality has gone up since the 1970s after flattening between 1920 and the 1960s.

Growing Divergence Among the Poor Countries

Just as convergence among the rich countries has increased since the 1970s, therefore, so has divergence among the poorer ones. The standard deviations reported in Table 1 show increasingly variance among poorer countries in their income growth rates over time, with a significant spike after 1980. Poorer countries are becoming less and less alike with respect to economic growth rates and this has happened at an increasing rate since 1980. Between 1970 and 1995 the poorest countries had no increase whatsoever in average real incomes and the better-off ones had only a 0.7 per cent average annual increase compared to 1.9 per cent for the world's rich countries. (World Bank 2001). Of the 108 countries for which reasonably reliable data are available in the Penn World Tables (Summers and Heston 1991), 11 grew faster than 4.2 per cent (the rate at which a country would have to grow to go from the lower bound in 1870 (P$250) to match the US level in 1960: P$9895) in the 1960–1990 period. Almost all of these are East and Southeast Asian economies such as South Korea, Taiwan, and Indonesia (Acharya and Stubbs 1999). Most countries fared much more poorly than these 11: 40 (over a third) had annual GDP growth rates between 0 and 1 per cent; 28 (more than quarter) had rates of 0 to 0.5 (e.g. Peru with 0.1 per cent); and 16 countries had negative growth over the period 1960–1990: for example, Mozambique at –2.2 per annum, and Guyana at –0.7 per cent per annum. The range of annual rates of GDP growth across the poor countries during 1960–1990 is from –2.7 per cent to +6.9 per cent (Pritchett 1997:14).

What seems to have been happening during the globalization era since the 1970s is that three groups of poorer countries have sharpened their differences: a fortunate few largely in East and Southeast Asia have successfully made themselves export platforms for goods sold largely in the advanced capitalist world but have also built domestic markets for themselves; some larger countries (such as Brazil) and oil-rich countries (such as Iran and Saudi Arabia) that have, respectively, either large domestic markets (and had reasonably strong import-substitution sectors) or crucial commodities that underwrite at least a modicum of growth: and "the others," countries that have few commodities in world trade and little in the way of labor-market, consumer-market or resource advantages to offer the rich countries and their investors (presciently David Gordon (1988:57) offered a similar set of categories).

TIME-SPACE COMPRESSION

Early in the 20th century Hegel seemed to have got it right a hundred years earlier. History seemed to have culminated with the advent of the European nation-state and the nation-state seemed to be the highest form of governance, accepted as representing the fundamental essence of Western civilization. Now a new end of history has appeared. This time, however, it is one in which the globe substitutes for the state. The ease with which space is now overcome, militarily, economically, and culturally, is seen as creating a world in which 'all that is solid melts into air,' to borrow a phrase from Karl Marx. Capital now moves around the world at the press of a button, goods can be shipped over great distances at relatively low cost because of containerization and other innovations, cultural icons represented by such products as blue jeans and Coke bottles are recognizable the world over, and Stealth technology undermines the ability of territorial military power to police its air space. A new postmodern world is emerging in which old rules of spatial organization based on linear distance-decay of transportation costs and territorial containing of external effects by states have broken down (e.g. Langhorne 2001).

Under the new 'flexible accumulation,' associated by scholars such as David Harvey with globalization, the unique attributes of particular places in fact can take on greater value for what they can offer to increasingly mobile capital, from specific types of labor market to fiscal incentives. The need for rapid access to information has privileged those 'world cities' that have good connectivity to other places. The local availability of entrepreneurship, venture capital, technical know-how, and design capabilities differentiate 'attractive' from 'unattractive' sites for investment. At the same time, tastes are increasingly volatile, subject to manipulation through advertising and the decline of status-markers other than those of consumption. Niche markets associated with different social groups increasingly cross national boundaries, giving rise to cross-national markets that can be served by factories located in any one of them or, for labor-intensive goods, produced wherever labor costs are lower.

To David Harvey (1989), for example, one of the main advocates of this point of view, the "condition of postmodernity" does not therefore signify the decreasing importance of space, at least for now. Rather, it represents the latest round in capitalism's long-term annihilation of space by time in which capitalists must now pay 'much closer attention to relative locational advantages, precisely because diminishing spatial barriers give [them] the power to exploit minute spatial differentiations to good effect. Small differences in what space contains in the way of labour supplies, resources, infrastructures, and the like become of increased significance' (Harvey 1989:294). Politically, this gives local populations and elites the incentive to organize to represent themselves as best as possible in the struggle for mobile assets. They can be expected to turn 'homewards' and away from relying on national states to represent their interests. Political fragmentation, therefore, is a likely outcome of the increased place differentiation of the current era.

Yet, logically the long-term expected world is one in which where you are will no longer matter, materially or culturally. Surely, is this not what time-space compression must lead to? Implicit in the perspective is an imminent decline in the significance of place as first technological conditions and then social relations produce an increasingly homogenized global space, within which local difference will be purely the result of human volition (Dodgshon 1999). Only in the here-and-now is there increased differentiation as new technologies conjoined to the unchanging imperative of capital accumulation work unevenly across the face of the postmodern world.

The historical record, however, seems to offer little comfort to this teleology. Wealth and power always seem to pool up in some places and not in others. Distance is still overcome only partially and to a limited extent. For example, little support can be found in world automobile trade for a significant decrease in transaction and transportation costs (Krempel and Plümper 1999:492). The main difference today seems to be that the global pattern of economic development is a much more localized one, linking production sites across national boundaries as well as within them, than that associated with the era of national-industrial capitalism and its welfare states.

A rather different approach to time-space compression emphasizes more the role of speed in postmodernity than the enhanced importance of local places or lived space on the long-term technological road to One World, however bumpy it might prove. Indeed, in this understanding, 'the power of pace is outstripping the power of place' (Luke and Ó Tuathail 1998:72). Accepting the rhetoric of the gurus of the Internet world and the 'Third Wave,' this perspective sees the world as on a technological trajectory in which global space is being 're-mastered' by a totally new geopolitical imagination in which accelerating flows of information and identities undermine modernist territorial formations. Drawing on such writers as Paul Virilio (1986), 'Places are conceptualized in terms of their ability to accelerate or hinder the exchanges of global flowmations' (Luke and Ó Tuathail 1998:76). Space is reimagined not as 'fixed masses of territory, but rather as velocidromes, with high traffic speedways, big band-width connectivities, or dynamic web configurations in a worldwide network of massively parallel kineformations' (Luke and Ó Tuathail 1998:76). The main danger here, as McKenzie Wark (1994: 93) notes, is that of mistaking a trend towards massively accelerated information flow with a deterritorialized world in which where you are no longer matters. It still matters immensely. Some places are well-connected, others are not; media and advertising companies work out of some locations and cultures and not out of others. The simulations of the media are still distinguishable (for some people) from the perils and dilemmas of everyday life. Pace is itself problematic when the images and information conveyed lead to information overload and fatigue more than accurate and real-time decision-making. The much hyped televisual world must still engage with an actual world in which most people still have very limited daily itineraries that root them to very particular places. To think that geopolitics is being replaced by chronopolitics is to project the desire for a boundaryless world characteristic of an older utopianism onto an actual world in which the old geopolitical imagination is still very much alive and well. History has not yet ended in instant electronic simulation. History is not the same as the History Channel.

A second strand of thinking about time-space compression is less melodramatic about recent change in the nature of economic space than either the flexible accumulation or power-of-speed perspectives. This sees recent shifts from more to less territorialized modes of social and political organization as growing out of previous features of global political-economic organization. In particular, it emphasizes that the spatial organization or spatiality of development is increasingly 'constructed through interactions between flow economies and territorial economies' (Storper 1997:31). It is not a question of either/or but of how one relates to the other.

In this strand, a number of different territorial-organizational dynamics are distinguished so as to better monitor the trend towards globalization and its challenge to established modes of regulation and governance. In this understanding, local sources of advantage maintain a role that cannot produce complete locational substitutability for businesses moving investments from place to place. Michael Storper (1997:35), for example, distinguishes four dynamics that work differentially across economic sectors and world regions:

> In some cases, the opening up of interterritorial relations places previously existing locationally specific assets into a new position of global dominance. In a second set of cases, those assets are devalued via substitution by other products that now penetrate local markets; this is not a straightforward economic process, however; it is culturally intermediated. In a third set of cases, territorial integration permits the fabled attainment of massive economies of scale and organization, devalues locationally specific assets and leads to deterritorialization and widespread market penetration. In a fourth set of cases, territorial integration is met by differentiation and destandardization of at least some crucial elements of the commodity chain, necessitating the reinvention of territory-specific relational assets.

Globalization of trade, foreign direct investment, and production, therefore, are not just about an emerging geography of flows but how flows fit into and adapt to existing territorial or place-based patterns of economic development.

The point is that 'globalization does not entrain some single, unidirectional, sociospatial logic' (Cox 1997:16). Rather, place-specific conditions still mediate many production and trade relationships. For example, most multinational businesses still betray strong national biases in investment activity and the intersection of various external economies and 'relational assets' (to use Storper's term) give different places different competitive advantages in expanding their economic base. Various modes of local regulation and governance evolve to handle the development process.

It is often not quite clear, however, what is that new about all of this. The world's economic geography has long been a product of a mix of localizing and globalizing pressures, as world-systems theorists have long maintained (see, e.g. Arrighi and Silver 1999). A genuine skepticism about the empirical basis to globalization as a pervasive process is also conjoined with a fairly economistic rendering of what is happening (e.g. Cox 1997).

THE GEOPOLITICS OF GLOBALIZATION

This is where greater attention to geopolitics is needed, not in denying the scale-complexity of the spatial impact of globalization (as in Storper's approach) so much as offering a different account of its origins, novelty, and geographical impact. From this point of view, contemporary globalization has its origins in the ideological geopolitics of the Cold War with US government attempts at both reviving Western Europe and challenging Soviet-style economic planning by stimulating a 'free-world economy' committed to lowering barriers to world trade and international capital flows (Agnew and Corbridge 1995).

Globalization, therefore, did not just *happen* and it is not synonymous with the neo-liberal policies instituted by many national governments in the 1980s. It required considerable political stimulation without which technological and economic stimuli to increased international economic interdependence could not have taken place. From the standard American viewpoint, all states ideally would be internationalized; open to the free flow of investment and trade. This not only contrasted with the closed, autarkic character of the Soviet economy, it also had as a major stimulus the idea that the depression of the 1930s had been exacerbated by the closing down of international trade.

In the five decades after 1945 American dominion was at the center of a remarkable explosion in what I have called 'interactional' capitalism (Agnew 1993). Based initially on the expansion of mass consumption within the most industrialized countries, it later involved the systematic reorganization of the world economy around massive increases in the volume of trade in manufactured goods and foreign direct investment. This was definitely not a recapitulation of the previous world economy that Lenin had labeled 'imperialist.' Abandoning territorial imperialism, 'Western capitalism... resolved the old problem of overproduction, thus removing what Lenin believed was the major incentive for imperialism and war' (Calleo 1987:147). The driving force now was not export of capital to colonies but the growth of mass consumption in North America, Western Europe, and Japan. If before the Second World War the prosperity of the industrialized countries had depended on favorable terms of trade with the underdeveloped world, now demand was stimulated mainly at home. The products of such industries as real estate, household and electrical goods, automobiles, food processing, and mass entertainment were all consumed within, and progressively between, the producing countries. The welfare state helped to sustain demand through the redistribution of incomes and increased purchasing power for basic goods.

Globally, interactional capitalism was underwritten by a massive security apparatus and set of bilateral and multilateral economic packages (most famously, the Marshall Plan aid directed to Europe between 1948 and 1954) deployed by United States governments around the world as part of the containment of communist regimes. This was peculiar, however, in that it did not rely on territorial control as had European and Japanese imperialism but depended upon negotiating the right to station US forces on the territories of independent countries. The infrastructure investments, trading privileges, and diplomatic advantages that accrued to countries making deals with US governments were part-and-parcel of the US Cold War system. This strange "leasehold empire," as Christopher Sandars (2000) has named it, has been difficult for scholars to recognize as such, given the tendency to see empires as both territorial and exploitative. The fact that the US enterprise was neither, at least from the perspective of immediate economic advantage to the US, has meant that the US role in creating an open world economy has been widely ignored, not least in recent discussions of globalization.

Beginning in the late 1960s this *international* system started to change in profound ways that augured the onset of globalization. First came increased levels of international trade, particularly between the major industrialized regions of the world, following the revolutionary effects of the Kennedy Round of the General Agreement on Tariffs and Trade in the mid-1960s. This was followed in 1971 by the US abrogation of the Bretton Woods Agreement of 1944, liberating currencies from a fixed exchange rate to the US dollar so as to improve the deteriorating trade position of the US economy. This set currencies free to float against one another and created the globalized financial system now in place around the world. Third came the globalization of production associated with dramatic increases in the level of foreign direct investment. Initially led by large American firms, by the 1970s and 1980s European, Japanese, and other firms had also discovered the benefits of production in local markets (above all, those of their main competitors in the industrial core countries) to take advantage of macroeconomic conditions (exchange rates, interest rates, etc.), avoid tariff and other barriers to direct trade, and gain knowledge of local tastes and preferences. Foreign direct investment has soared sevenfold since the 1970s, to about $400 billion per year.

With the collapse of the alternative Soviet system since 1989, largely because of its failure to deliver the promise of increased material affluence, the 'American' model has emerged into prominence at a world scale. An approach set in train in the 1940s to counter the perceived threat to the American model at home by exporting it overseas has given rise to a globalized world economy that is quite beyond what its architects could have foreseen at the outset of the Cold War. Yet, that is where its roots lie, not in recent technological changes or purely in the recent machinations of American or global big business. Globalization has geopolitical more than simply technological or economic origins.

The globalization entrained by the evolution of the American economy's impact on the rest of the world has also had dramatic effects on global political geography, affecting the political autonomy of even the most powerful states (Agnew 1999). One is the internationalization of a range of hitherto domestic policies to conform to global norms of performance. Thus, not only trade policy but also industrial, product liability, environmental, and social welfare policies are subject to definition and oversight in terms of their impacts on market access between countries. A second is the increased global trade in services, once produced and consumed largely within state boundaries. In part this reflects the fact that many manufactured goods now contain a large share of service inputs—from R&D to marketing and advertising. But it is also because the revolution in telecommunications since the 1980s means that many services, from banking to design and packaging, can now be provided to global markets. Finally, the spreading geographical reach of multinational firms and the growth of international corporate alliances have had profound influences on the nature of trade and investment, undermining the identity between national territories and economic processes. Symptomatic of the integration of trade and investment are concerns such as rules on unitary taxation, rules governing local content to assess where value was added in production, and rules governing unfair competition and monopoly trading practices (Cowhey and Aronson 1993).

None of these policy areas is any longer within the singular control of individual sovereign states. They all must live in an increasingly common institutional environment; including the United States. Unfortunately, as demonstrations at the November 1999, World Trade Organization (formerly GATT) meeting in Seattle made clear, the global institutional environment is not one currently very open to democratic demands. Indeed, the globalizing world is marked by a crisis of governance as existing national-state scale institutions cannot offer the spatial reach needed to regulate increasingly worldwide and world-regional transactions but existing global-scale institutions are still creatures of the most powerful states and dominant business-interest groups from them.

The globalizing world economy emerging since the collapse of the Bretton Woods years of the early Cold War (i.e. after 1970) is also marked by a substantially different geography of economic growth from that characteristic of either the territorialized capitalism of the colonial era or the national development strategies of the Cold War 1950s and 1960s. Contemporary global uneven development has three fairly distinctive features. First, as noted earlier, is the major divergence in per capita incomes between relatively rich and relatively poor countries since the 1960s, with the former increasing their share of the global total. The positive fruits of globalization are overwhelmingly concentrated in North America, Europe, and Japan, whatever the income and employment worries of the First-World protesters in Seattle. For example, of the $400 billion per year in foreign direct investment today, 80 per cent goes to only ten countries, with 100 countries averaging only $100 million apiece per year. Second, is improved economic performance by some formerly poor countries, predominantly in East and Southeast Asia, reflecting in part the origins of their improved growth as a result of geopolitical privilege during the Cold War years when they received massive amounts of US investment in infrastructure and industry. Third, and finally, is the emergence of regions on the edge of or actually falling out of the world economy because they are not attractive to outside investors and, having borrowed heavily in international financial markets to finance national development projects (and elite lifestyles), have become subject to internationally mandated programs of economic restructuring that reflect a dominant neo-liberal ideology more than appropriateness to local circumstances. Large parts of Africa are exemplary.

The second and third features are of particular interest for the geopolitical hypothesis. Focusing initially on the first, of course there are all kinds of explanation for the so-called NIC (Newly Industrializing Countries) phenomenon usually associated with the first category, from their relatively high education levels, to good infrastructure, strong governments, ethnic homogeneity, Confucian cultural traditions, and high savings rates. Early in the twentieth century they had many of these characteristics but were as poor relative to the advanced capitalist countries as African countries are to them today.

Bruce Cumings (1984) was perhaps the first to suggest what was of most importance in priming the "pump" of economic growth in East Asia and setting this region apart from elsewhere in the poor world of the 1960s and 1970s. Of course, once primed the pump has had to work with local resources and capacities. To Cumings, the priming came from the combination of the US geopolitical devotion to the region during the Cold War and from previous investment in infrastructure (railways, ports, etc.) under the Japanese Empire. US governments certainly poured capital into such free world outposts as Taiwan and South Korea in the form of military aid and infrastructure investment, building on what was already there. The immediate purpose was the containment of Communist China but to this was allied the goal of anchoring the Asia-Pacific region, above all Japan, into the US-based world economy. Initial investment in the region from outside was premised on the "stability" that US linkages brought

to the region. The later incorporation of other countries of the region into the globalizing world economy, ironically including China itself, owes much to the earlier geopolitical sponsorship undertaken by US governments. Obviously, other factors such as labor skills, political organization, national social policies, and connections into growing global markets have been of subsequent importance in lifting these few out of the ranks of the poorest countries in the world. As is well known, the vulnerability of many of these economies to global financial pressures has limited their growth since the monetary shocks visited on the region in the late 1990s. Indeed, eight out of the 27 poorer countries that receive more than 90% of all the private capital flows to the poorer countries are in East/Southeast Asia and suffered deep financial crises between 1997 and 1999 (Business Week 2000:98).

Without the Cold War to attract even minimal attention from US governments and other powerful global actors, many other countries now face the possibility of actually dropping out of the world economy altogether, retreating into more localized economic zones with only limited connections to the globalizing world. Many countries in Africa and not a few elsewhere no longer have well-established niches within the world division of labor, having lost the positions they occupied as important primary producers within the territorial capitalism of the early twentieth century. For example, the African share of world coffee exports dropped from 29 per cent to 15 per cent between 1974 and 1994 (Economist 1994:76). The following four factors seem of primary importance in relation to Africa's lost role in the world economy, suggesting that no single one offers a complete explanation: the loss of comparative advantage and declining terms of trade for many primary commodities, particularly since 1970; vulnerability to world markets with the collapse of colonial ties; political cronyism and corruption; and the over-valuation of currencies for political ends (see Grant and Agnew 1996; Somerville 1999). The US geopolitical imagination during the Cold War had only a limited place for Africa and other regions at some remove from the primary conflict of the day. But at least the countries of these regions had potential leverage in the omnipresent threat posed by the former Soviet Union and its political-economic ideology. This has now passed and with it has gone the incentive to stimulate investment in large areas that are consequently the most extensive "dead lands" of the current world: without either economic or geopolitical advantage within the globalizing world economy.

THE POLITICS OF REGULATING GLOBALIZATION

Karl Marx always held that at a certain level of maturation of the forces of production there would be a corresponding set of "relations of production."

Emerging social classes, those with a dominant economic role in the new mode of production, would recognize themselves as agents of history and institutionalize their new importance. The existing political and legal regimes—superstructures with respect to the economic structure—would not be suitable for consolidating and fixing the new power relations. The contradiction between new forces of production and the old relations of production still embodied in political regimes, however, could not last long. No social power—according to this doctrine—can resist for very long in the absence of a real economic base.

This vision of social and political transformation based on an economic base-political superstructure opposition now fails to satisfy most of those who study and engage in politics. Unfortunately, the intellectual discrediting of this aspect of Marxism has led to an enduring and deliberate neglect of the analysis of great transformations, an undervaluing of the impact of economic changes on power relations. There is little wonder, therefore, if, of course subversively and often over-schematically, neo-Marxist analyses have been the first to signal the fact that something important is happening.

In Marx's day and for a long time after capitalists drew political strength from the states that had grown up alongside them. In turn democratic movements directed their political energies at redressing the imbalance of power implicit in early liberal states. Extending citizenship rights, such as the right to vote, to an increasing number of social categories and to all eligibles in a given category (first skilled artisans, then adult white males and, later, to other groups such as racial minorities and women) and organizing political parties to push states to pursue policies advantageous to the newly enfranchised were the essential components of democratic struggles. As competitive capitalism shifted towards monopoly forms in the late nineteenth century the state became the joint arena for political combat between organized factions of both capital and labour. The territorial form of the state provided the geographical frame of reference for both economic organization and political citizenship rights.

Karl Polanyi (1944) viewed the competitive market as a utopian ideal that drove and legitimized capitalism as it was backed up by states in competition with one another. As a national society acted to preserve itself from the depredations of the unplanned market, however, he saw the growth of a second phase in which under the guise of political regulation and the welfare state society set about "taming and civilizing the market" (Cox 1992). This double movement identified by Polanyi can be seen at work again today, but at a different geographical scale (Inayatullah and Blaney 1999). Now a dynamic of globalization is prying open national economies and in many countries the welfare state is under threat from privatization and "back-to-work" programs. Slowly, and by no means as an automatic reaction as in Marx's formulation, new definitions and understandings of political organization, citizenship and political rights are emerging to regulate, challenge and channel the tide of globalization but in the context of globalization itself rather than in terms of retreat into the state as a political weapon against it.

The pressures for political forms more appropriate for the times come first of all, and not surprisingly given past experience, from the businesses and other agencies most active in economic globalization. Many supranational organizations receive much of their impetus and crucial support from international banks and multinational companies seeking a degree of certainty for their operations in a world without central authority (Roberts 1998). At the same time many of their operations are concentrated at certain points in global networks, particularly city-regions, that also require political institutions to serve and legitimize their economic interests. Powerful economic actors (Hollingsworth 1998; Scott 1998), therefore, increasingly demand multiple spatial levels of coordination. In counterpoint, however, new social forces are emerging among environmentalists, women, indigenous peoples, peace activists, churches, labour unions, and other groups, to protest and organize against the less beneficial aspects of globalization. Consciousness of the global and local scales at which they must organize and the increasing irrelevance of purely national forms of citizenship and political rights mark these contemporary movements as parallel phenomena to the economic globalization that receives the lion's share of attention from most scholars. In other words, spaces of political regulation are starting to emerge that match the global-local geographical form increasingly taken by economic accumulation as growing consciousness of globalization stimulates political action at scales other than the national. This is the political phase of a new Great Transformation obscured by the singular attention devoted to economic globalization.

In the short-term there is, however, a considerable mismatch between the effects of economic globalization and political regulation and responsiveness, which remain largely trapped at the level of individual states (Hirsch 1995). Two major barriers stand in the way of making political organization fully in conformity with recent economic changes: the persisting importance of national identities to political mobilization and the increased alliance between states and the agents of economic globalization. Struggles for extending political rights during the nineteenth century were closely bound up with struggles for national independence and national sovereignty. So it is very difficult to dissociate the idea of belonging to a national "kinship" community from the idea of citizenship. An important difficulty facing the creation of supranational citizenship or extending citizenship rights easily to new residents from elsewhere is the fusion between the ideas of citizenship and nationality (e.g. Zincone 1992; Agnew 1995;

Gamberale 1997). Only a model of citizenship based on political association or functional performance could transcend the deeply rooted national model currently in place. At the same time, states, particularly powerful ones such as the United States, have been major sponsors and supporters of both financial and production globalization by liberalizing stock exchanges and money markets, opening up world trade by negotiating multilateral reductions in tariffs, using international organizations to limit financial crises, and choosing not to rigidly regulate emergent forms of global finance such as credit swaps and derivatives (Helleiner 1995; Cohen 1998). More than the "enemies" of economic globalization, therefore, powerful states have been its best friends, so to speak, partly because of the capture of governments by advocates of an ideology of economic globalization, in which globe-spanning market forces are seen as both growth-generating and resistant to bureaucratic inertia, but also as a result of territorial competition between states for the increasingly footloose capital they helped liberate in the first place. Once the genie of global capital is out of the lamp, so to speak, it pays to use his services rather than return him to the lamp where he long languished.

So, there is a long-term/short-term dimension to the politics of globalization. In the short-term there are distinct incentives to remain attached to political regulation at the level of states, particularly those states, such as Germany, for example, that remain somewhat less exposed to global pressures then others, such as Britain or Italy, that now rely for much of their economic growth on their "outside" connections. In the longer-term, however, "taming" globalization can be expected to lead to redefinition of the geography of political organization, political rights and citizenship at local, supranational and global scales. There are signs that this is now under way.

CONCLUSION

We don't have a word to adequately describe the contemporary global economy. In one sense it is an "empire," because it is a global structure of power. But it is not organized territorially as were the old European empires, the Soviet Union, or the United States as it "made itself" in the nineteenth century. So it is probably best not to see it as just the same old imperialism (as in British, French, Russian, or Japanese) plus new technologies, as do many post-colonialists (see, e.g., Jameson and Miyoshi 1998). Nor does it make much sense to see American imperialism (associated with American military occupation and policies) as a totally separate realm from globalization (associated with business and telecommunications). The former has always had much to do with making the world safe for the latter, notwithstanding its own military-industrial imperatives. The order

upon which it is based, therefore, is a hegemonic one complete with a hegemonic leader: the United States. But it is also a transnational liberal order based on the relatively untrammeled access of business everywhere to opportunities wherever they can find them. This is not to say that all of the governments of countries operating under this transnational liberal hegemony are or have been liberal or democratic ones. They need only allow relatively free access to capital and oppose entirely state-based economic development to qualify for entry and potential US government patronage. They must also feed into the post-colonial calculus of a world economy that is no longer driven as it once was by the export of capital to poor but resource-rich regions. As Bruce Cumings (1999:287) has noted, one of liberalism's strengths is the "accretion of norms" as practice is compared to ideals and practices are thereby adjusted. Contemporary liberalism is all about stimulating consumption in already developed regions, with selected poorer regions largely servicing their manufacturing needs and others literally dropping back off the world-economic map.

Along with transnational liberalism, however, have come coercion and a vast global militarization that brought a US military presence, vast investments in infrastructure, and the inculcation of liberal norms. The regions that experienced this combination of treatment became integrated politically, economically, and, to a degree, culturally by this—the countries of Western Europe beginning with the Marshall Plan, Japan, and the countries of East Asia, such as Taiwan and South Korea beginning during the Cold War—but others have been left out. The entire fabric of global economic institutions, such as the IMF, World Bank, World Trade Organization, etc., if not without their own internal conflicts, exists to realize the ideals and practices sponsored by successive US governments since the late 1940s. This has undoubtedly led to some degree of cultural homogenization in those parts of the world in which economic globalization has developed strong roots. But much of the world has been left out of both. As a result:

> A deepening spatial segregation between rich and poor both within countries and in the world as a whole defines our era, and enhances central power just as it peripheralizes those left behind, creating new polarizations of wealth and poverty that have only increased in the past two decades (Cumings 1999:294).

This is America's geopolitical gift to the world. Yet, this shift towards a global economy in at least some parts of the world is generating a political response from a diverse array of groups concerned with its impacts and the need to regulate them at the appropriate geographical scale. In the long run this trend may be one of the most important and positive fruits of the new global economy. A geopolitical process is thus generating a geopolitical response.

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