

Globalization, uneven development and capital: reflections on reading Thomas Friedman's *The World Is Flat*

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In his book 'The World Is Flat', Thomas Friedman postulates notions of 'flatness' that combine to suggest, on the one hand, tendencies towards an equalization of chances of economic development; and on the other, a displacement of vertical forms of organization by more horizontal ones, notably of states by markets. Drawing on historical geographical materialism, it is shown that geographically uneven development is a necessary outcome of the accumulation process; and equally, states are inevitably implicated in this outcome.

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Prologue

The theme of this issue of the *Cambridge Journal of Regions, Economy and Society* is Thomas Friedman's (2007) *The World Is Flat*. But in virtue of the origins and function of that book, it also makes problematic something quite different: this is the relationship between social science and what, for want of a better term I'll call 'lay' writers. I am thinking of journalists, like Friedman, politicians and sometimes popular historians or political writers whose relation to the academic world is somewhat distanced.

Seemingly 'lay' and academic writers are driven by quite different logics. The lay writer's concern tends to be the immediate. To the extent that there are interests in the universal, they typically get collapsed into the particular. A common form is a simple thesis that is used as a central organizing point from which to understand the social world in toto,

or at least quite large chunks of it: instead of the universal being particularized, here the particular gets universalized. Friedman's book is a case in point in the emphasis he gives, in effect, to the IT revolution in understanding recent change both economic and political. The materials drawn on in books like his are typically anecdotal, sometimes second hand. In addition, the ideological character of any such book, the way it not only expresses but also presses particular values will usually be very evident. These sorts of books make the academic uneasy. This is for reasons good and bad. A bad reason is that they challenge the academic's self-construction as the guardian of all serious knowledge of the social world. The word 'serious' is an important qualifier, of course. The professional social scientist will be quick to identify weaknesses in the evidence. She will attack the overgeneralization

to which this genre seems so subject. The lay writer stands accused of opportunism, as if there were not already plenty of it in universities. All too often it seems to be an easy target.¹

But at a certain level, much of social science, particularly in its mainstream incarnations, draws on very similar constructions of the world. This should not be surprising. The criticisms of the logical positivism that at one time had social science in its thrall are well known. It is now widely recognized that our understandings of the world are conceptually mediated and that facts cannot be separated from values. But just how deeply those critical roots have struck is questionable.

Academics share much of the same world as lay writers. They are exposed to the same media stories, the same TV programmes and talk shows, the same everyday life. All these come with assumptions about the social world; an interpretive framework. In consequence, there is a danger that the concepts drawn on in serious social science analysis will in some way reflect the taken-for-granted ways in which we all interpret the social world; taken for granted ways that are embedded in everyday practice.² This is questionable since the taken-for-granted is, by definition, unexamined. One result is that social science all too often has a status quo character. Whether academics realize it or not, their categories reflect the world they live in. They may not be exactly the same categories as those drawn on by the lay person but they will be uncomfortably close. As a result, their critical penetration is, by definition, quite limited; and limited in the same way as Friedman's analysis. In this regard, Marxist understanding of what is called bourgeois ideology has something to offer.

It focuses in particular on a binary that is referred to in different ways but what is being said is essentially the same: form versus content, appearance versus inner connection and, perhaps most controversially of all, illusion versus reality. Marx's point was that capital's power at the level of beliefs about the world was owing to the deceptive way it presented itself to the world. There was nothing contrived about this; that was the way things were, and so they remain. Among other things we experi-

enced it as a set of contingently interacting, self-sufficient forces or 'things': 'society', 'the individual', 'technology', 'the economy', 'the lower class', 'great ideas' and so on. This was the idea of 'thingification': tearing practices, beliefs and interactions from their necessary conditions in the form of an underlying structure of relations. That underlying structure of relations referred in turn to the world of production: a set of social relations into which people necessarily entered in order to produce. To the contingencies of everyday thought, Marx opposed a set of necessary relations: these were the 'reality' he referred to in opposition to the 'illusion' that was read off from everyday experience. And to pluralist visions, he offered a totalizing conception of the social world; one that prioritized human development, the motor of which is always the relations of production into which people necessarily enter.

I use this example of Marx's critique of ideology deliberately. It is in its pluralistic nature that mainstream social science most clearly reveals both its status quo character and its affinities to the world as it presents itself to us, without investigating the conditions that necessarily have to be in place for it to manifest itself as such. So when the orthodoxy in social science assumes its air of superiority to any knowledge coming from outside the walls of the university, one might well paraphrase Marx and retort *De te fabula narratur* (Marx, *Capital Volume 1*, 90) or 'The tale is told of you'. So it seems to me as reasonable to take Thomas Friedman seriously as it does to accord the same respect to mainstream social science. Both can and should be subject to critique and at a certain level of abstraction the criticisms to be made are of a strikingly similar nature. Thomas Friedman may be an ideologue but those who would criticize him are often no less so.

Thomas Friedman's 'The World Is Flat'

This paper is particularly interested in what Thomas Friedman refers to as 'flatness'. This is the central idea in his book. Drawing on it, he has put together a provocative read that captures much that is happening today, particularly in terms of the

transformation of economic geographies. Nevertheless, his argument is in my view, as flawed as it is stimulating. The flaws start with a certain looseness as to what flatness means. There seem to be two distinct meanings in play, one technical and the other social. The first is a flattening of the world in the sense of levelling the so-called playing field for economic development; making places more substitutable for one another, for investments. The emphasis here is on the IT revolution and its implications for outsourcing, supply chain management and innovation, bringing development to new centres on the world development map: places like the much touted Bangalore. Here Friedman gives pride of place to a platform for entrepreneurial activity consisting of interacting elements of the IT revolution. These include broadband, email, satellite communication, the Internet, and the World Wide Web.

The second understanding of the term is more social in character. This is a flattening not so much in terms of levelling the playing field in the technical sense as in the sense of organizational form: horizontality versus verticality. It is not entirely clear as to what is intended here. Several themes are evident. There are discussions of the democratizing role of the Web; the way it facilitates organization to mount protest movements against state policy, so IT once more enters the picture. The most persistent theme, though, is the idea of markets versus the state and the shift to what is referred to disparagingly in other quarters as neo-liberalism—a return to the verities of the market, therefore. Just as the IT revolution marks a watershed in world history, so too does the end of communism and the discovery of the power of the market, not just in the former Soviet bloc but in China and India too.

Whether he intended it or not, the two meanings of flatness can be combined into something that is more than the sum of its parts. Accordingly, we might see Friedman's flat world as the serendipitous product of the convergence and interaction of two major changes in the world. So while at one point in the book he admits to being a technological determinist, his references to entrepreneurial zeal in taking up the profit making opportunities represented by his IT platform make little sense outside of the

incentive framework provided by the market as he describes it in his book. And of course, these two developments come together in China and India, as his emphasis on those two cases implies. In short, he has a position, not as clearly set forth as it might be, on what has often been referred to as the problem of geographically uneven development; bring markets and IT together and it will dissolve away. This is also a position on globalization. This is because it is this particular combination that has recently allowed a quantum leap in the forging of connections across space. Challenging globalization is therefore not a good idea since it is essentially a challenge to this powerful combination which through its 'flattening' effects is on its way to bringing prosperity to parts of the world, like China and India, which have long toiled in the shadows.

However, the recognition of two separate, independent forces coming together points to another feature of his interpretive framework. This is its pluralist nature. He understands the world in terms of a set of interacting, seemingly autonomous forces. These include the ones already referred to, but others are worked into the argument. If the happy convergence of technology and markets is to occur, then states have to get it right: they have to provide the right physical infrastructure, the right educational system, the rule of law and so on. Culture is another condition as Friedman tries to address just why it is that the Islamic world has, by and large, remained impervious to these currents. And then of course the emergence of China and India seem thoroughly *sui generis*. As emphasized above, this sort of approach, recognizing the explanatory power of a multiplicity of factors or 'independent' variables, is common not just among journalists but in serious social science as well; in fact it is the dominant approach. But it is not the only one. Appearances can be—*are* in Marx's view—deceiving. They can also help sustain a world that, *pace* Friedman's claims, will continue to exhibit sharp variations in development regardless of the combination of the IT revolution and the neo-liberal turn.

In what follows I want to examine Friedman's arguments in light of other claims about globalization and the geography of uneven development.

The position from which I start is the historical materialist one. According to this, if we are to understand the contemporary world, its tendencies and shed light on its concrete trajectories, then we have to start with the accumulation process and not, *nota bene*, technology like IT. This is a material process but it is conditional upon particular social conditions. It involves what it says: accumulation, but accumulation in the sense of an ever growing stock of real assets in the form of factories, office buildings, machinery and other physical plant, patents, inventories of raw materials. This ever growing stock is in turn purchased with the continually growing streams of revenue that result from taking profits along with the money originally laid out for production and investing in still more means of production. It is, therefore, capitalists who accumulate and they do so out of money originating in the extraction of a surplus from those who have nothing to sell but their capacity to labour. This is where the necessary social conditions enter into the argument.

Accumulation is a process of a seemingly purely temporal character; it can be plotted crudely on a graph with the value of capital stock on the vertical axis and time on the horizontal one. So what has to be done, assuming that I am correct in assigning to the accumulation process the centrality that I have, is bring it into a relation with the fact of the geographical unevenness of development. And it is, of course, a fact. Thomas Friedman thinks that it is disappearing as a result of the combined forces of the market and the IT revolution. A subsequent globalization is working its wonders. I want to show that uneven development cannot and will not disappear where those social conditions that we define as capitalist continue to prevail; that it is a necessary tendency of those conditions to produce geographically uneven development. Furthermore, there is no contradiction between it and globalization. Globalization is an inherently uneven process and in virtue of the way it intensifies competition, magnifies the tendency to unevenness.

There is another critical point that I want to take up in this paper. The importance of the market in his analysis, the displacement of 'vertical' by 'horizontal' relations clearly invokes the role of the state.

Only to the degree that the state concedes its power to market agents can globalization work its beneficent effects. Friedman claims that China and India have given up on socialism and that is a major part of their secret. Workers and firms in the more developed world may seek the help of the state to turn back the tide but they should not. Rather the market can work its wonders for them too, allowing them to shift into new roles in the global economy that take advantage of their skills and knowledge and allow them to maintain their standard of living. This conflicts with the idea of flattening of course, but this is not a contradiction that Friedman takes up. The fact of this contradiction in Friedman's analysis is presumably a sop thrown in the direction of more left-leaning readings of globalization. For them, the flattening that Friedman celebrates is a bad thing since it threatens welfare states and even democracy in the more developed countries. This is not just flattening; it is a 'race to the bottom' from which only capital can benefit. What is more interesting here, though, is how both sides of the argument commit to the same fundamental assumptions about the world, in particular the opposition of states and markets: part of the 'thingification' referred to earlier. So what about that separation? And what difference does it make to the conclusions one arrives at in talking about globalization and geographically uneven development?

The paper is therefore divided into two major sections. In the first, I address the question of geographically uneven development and show why, despite the processes adduced by Friedman, geographically uneven development will continue to be a feature of the world as we know it. In a second and shorter section, I re-examine the role of the state in globalization and its implications for geographically uneven development.

Why the world cannot be flat: the necessity for geographically uneven development

The debate about geographically uneven development goes back to the immediate post-war period. In a context of decolonization, there was an air of

national optimism among the newly independent. The view was that getting rid of foreign interests and domination would release indigenous energies, allow the elimination of obstructive institutional forms and open the way for a dramatic change in economic fortunes. A narrowing of the gap with development levels in North America and Western Europe seemed a real possibility. But by the late 60s and early 70s, this mood was changing. Despite the postcolonial surge of interest in development, the drawing up of ambitious plans and the like, the world's development map seemed to have an obdurate quality about it. There were exceptions like the Newly Industrializing Countries of the Far East that were to attract increasing attention during the 70s but by and large Central and South America, Africa and South and Southeast Asia were much as they had always been. One result of this was a series of interventions into the topic by people claiming the marxist label. They talked of the limiting effects of dependency, the repatriation of profits from what investments Western corporations had in the less developed world and how that hindered further development.³ There were attempts to theorize unequal exchange. Significantly, these arguments were not that far removed from ones coming out of more orthodox lines of economic thinking. An example would be Singer's claims about the adverse terms of trade effects that were built into the relation between the manufacture exporting countries of the developed world and raw material producers of the less developed. The work of the development economist W. Arthur Lewis was also influential. His argument was that given a seemingly infinite supply of labour in less developed countries any benefits from technological change would accrue to consumers in the developed world rather than to workers in the less developed.

These arguments are still around. Among left-leaning academics, they retain considerable power.⁴ But at least there is now a strong critical counterweight. This is one of some subtlety that is rooted in more classically marxist argument. Three particular contributions stand out: those of Robert Brenner, David Harvey and John Weeks. They are considered in turn.

This is followed by a discussion that tries to synthesize and critically review their different, but complementary, approaches. They *are* complementary and they add up to important insights on the geography of uneven development. There are, nevertheless, senses in which their treatment of capitalist development as an historical process, as one that has its own temporal rhythms falls short. Among other things, this leaves them somewhat disabled in confronting that recent globalization that has seized the academic and lay imagination alike and tended to marginalize the underlying and enduring significance of geographically uneven development. As I will demonstrate, doing this requires much closer attention to the role of the state.

Robert Brenner: Brenner's (1977) contribution was a critical interpretation of the process of development and why some countries were more developed than others. His takeoff point was a body of marxist literature that had tried to come to terms with the persistence of geographically uneven development in the world; the fact that despite the prognostications of Marx in the *Communist Manifesto*, relative differences between Western Europe, North America, Japan and the Antipodes on the one hand, and most of the rest of the world were persisting and resistant to any undoing, despite the postcolonial development push in much of Africa and South and East Asia, and a wave of import substitution in Latin America.

Exemplary of this literature and constituting what Brenner defined as a neo-smithian Marxist approach, was the work of people like Frank (1972) and Wallerstein (1974). The neo-smithian designation derived from the emphasis that they placed on the division of labour and its progressive intensification in growth and development. According to this view, capitalist development had originated in the expansion of trade and the creation of a division of labour on a global scale. Development, however, had been one sided. It had occurred in some parts of the world but it had been at the expense of other parts which, according to some accounts, had actually experienced underdevelopment or retrogression. The reason for this were processes of surplus transfer towards those areas of the

world characterized by roles in the division of labour that were more capital intensive and required more skilled labour. These transfers were an inevitable result of the division of labour. In addition, to the extent that less developed countries tried to break out of this subordinate role into more industrial ones, the more developed countries would use their greater political power to prevent it. In this, they might have allies in the less developed countries in the form of what was called a comprador bourgeoisie; a local capitalist class that benefited from a role as raw material producer and would be marginalized by the rise of an industrial bourgeoisie.

Brenner's critical point was that this understanding assigned a role to exchange and trade—allowing the expansion of the market and of the division of labour on a global scale—that it could not possibly have. Market exchange on its own, and indeed of the sort emphasized by Thomas Friedman, would not be enough. What was crucial to capitalist development was not exchange but what Marx had defined as the double freedom of labour power. This meant that class relations were fundamental and anterior to capitalist development rather than, as Wallerstein argued, a result of it.⁵ The double freedom of labour power was, according to Marx, an historic condition. What it amounted to in terms of its dual character was a more transparent 'freedom' and an ironic one. The transparent one, in which freedom seemed to be exactly what it was, was the freedom of immediate producers to alienate their labour power, their ability to work, as they saw fit. The ironic freedom, which would mean that they could not avoid alienating it to *someone*, was freedom from the means of production, or more accurately, a separation. What Marx assumed here was some previous condition in which this double freedom did not apply: a condition, that is, in which immediate producers enjoyed rights of possession, particularly in the land, but were attached in some way to a feudal lord or a chief, to whom they owed a portion of their product or labour services. Separation of immediate producers from the means of production and their emancipation from other claims on their labour power, such as those of feu-

dal lords was the essential historical transformation if capitalism was to come about.

Its significance was as follows: On the one hand, it allowed for the creation of a market in means of production, since they were 'liberated' from the immediate producers who hitherto had enjoyed rights of possession in them; on the other hand, it made possible the formation of a labour market since workers were now free to exchange their labour power as they saw fit. Henceforth they would be reunited with the means of production through those who had the necessary sums of money; money that, Marx explained, could have been put together through mercantile or money lending activities, both of which developed within the context of pre-capitalist modes of production. But, and in contrast to the positions that Brenner was attacking, the accumulation of sums of money was not enough if capitalism was to develop; the double freedom of labour power had to be in place if money was to do its creative work.

That it would be creative in those conditions, that it would summon forth, to paraphrase Marx in the *Manifesto*, the unimaginable 'productive forces (that) slumbered in the lap of social labour' depended in the first place on the new set of class relations so inaugurated: the owners of money on the one hand, able to purchase both means of production and labour power, and on the other, the immediate producers stripped of those same means of production but free to sell their labour power. The monetization of the conditions of production was, and continues to be, rich in its implications. We should be clear on why this is. The money owner, the embryonic capitalist, lays out money for labour power and means of production. That money must then be retrieved, along with sufficient to maintain the money owner in the circumstances to which she is accustomed. It is by no means certain, however, that the products will find a purchaser so that the money laid out can be so retrieved along with a surplus from which the capitalist can maintain herself. If the product is cheaper, however, then it is clearly more likely that the buyer can be tempted, assuming, that is, that there is some interest in its use values. Accordingly the cost of production must be depressed, for lowering prices below cost is

clearly the road to ruin. Historically, this has been achieved in many ways—lengthening the workday, speeding up the labour process or increasing the productivity of the worker through equipping him with improved instruments of labour—but always the goal is to decrease labour cost per unit product: to make the worker give forth more product, in other words, while holding wages constant. Exploitation at the point of production is therefore an essential aspect of the capitalist mode of production; and the dominant way of doing this has always been through technological innovation—another chronic feature of modes of production dominated by the wage labour relation. But this requires a further intensification of exploitation if the capital sums necessary for purchasing new, more efficient instruments of labour, are to be put together.

Note that hitherto, nothing has been said about competition. Interestingly the first volume of *Capital* is written for the most part in abstraction from it. Regardless of competition, there is always uncertainty as to whether one can get back the money laid out along with a surplus. And can one get the workers to work? But the fact of competition, the fact of many capitals, greatly intensifies that uncertainty. Capitals compete not just in final product markets by lowering their prices but in labour markets. The freedom of contract of the worker means that she can move around in search of the highest wage and best conditions. At times of labour shortage, wages will accordingly increase and this forces innovation in order to reduce labour needs. To the extent that this strategy is generalized, labour supply will increase but only for as long as it takes for the pace of surplus appropriation and reinvestment to once more outstrip it. The surplus appropriated in the form of profit along with the money laid out at the beginning of production but now retrieved from sales has to be laid out for new production, which means production on an increasing scale. As labour shortage starts to bite again, there will be new rounds of technical innovation. This will again increase production, money laid out for new production and so forth, and still greater masses of wealth as the amount of labour power required to produce something goes down, further feats of accumulation

and so on.⁶ In this way, the development of the productive forces—the ability of people to produce—is promoted to an astounding degree producing what we now know as ‘development’. It is on that basis, of course, that wages and consumption can increase, but the necessary conditions—both material and social—should not be forgotten. Development is about the productive forces, the ability to produce and not a given level of material prosperity in the form of personal consumption.

In the less developed countries whose relative lack of development the neo-smithian Marxists tried to explain by resort to ideas of the transfer of surplus to the more developed countries, it is otherwise. The double freedom of labour power does not exist or it occurs only in qualified forms. The examples he provides are of an historic character, but it is easy to see how his arguments continue to apply. So to the extent, for example, that immediate producers retain rights of possession in the land, labour supply will be limited, often existing only as migrant labour, and responding to the need for money to pay taxes. As whatever capitalist enterprise there is expands and wages start to creep up, workers find that they need to work less in order to pay their taxes and can spend more time on their land. Alternatively, it may be the other part of the double freedom of labour that is missing in virtue, say, of relations of debt peonage or labour tenancy that attach them to a particular landowner–farmer and who are therefore vulnerable to arbitrary exactions. Landowners are not susceptible to the same disciplines as a capitalist firm that has to cope with a fluid labour market in which workers can play one employer off against another. They are not tenants who have to meet rental payments, and if their costs go up, they can always intensify the exploitation of their workers by lengthening the workday, increasing the prices in the farm or company store and so on. Accordingly, they are not subject to the same incentives to rationalize production, provide workers with improved instruments of labour and embark on a continuing increase in labour productivity.

On the other hand, this does not exclude any increase in production. The desire for the myriad

consumer delights coming out of capitalist factories can stimulate an increased exploitation of the immediate producer.⁷ The intensity of labour may be increased, labour service extended, towards the goal of increasing the surplus product. But given the fact that the double freedom of labour power does not apply, there cannot be that upward pressure on labour's share of the product that typically results in mechanization and the growth of worker productivity.

Nevertheless, this critical understanding on the part of Brenner is useful only as far as it goes. The danger is that in its zeal to cast out neo-smithian approaches in favour of an explanation of uneven development in terms of respective class structures, it risks ignoring the significance of connections between countries and hence, among other things, shedding light on that process of capitalist expansion throughout the world, outlined by Marx and Engels in the *Manifesto*, and celebrated more recently in talk about 'globalization'. Certainly, Brenner is correct in rejecting the idea that the development of North America and Western Europe depended on the transfer of the surplus from the rest of the world and in emphasizing the centrality of capitalist production relations. But Frank, Wallerstein and the others can be critiqued without throwing out the facts of unequal exchange and of some redistribution of the surplus between more and less developed countries. Similarly, the role of differential state power in reproducing the geography of development, imperialism and the clearly established fact of neo-colonialist practices have to be recognized, even if they do not enjoy the superordinate status that they do in the hands of the neo-smithian Marxists.

Capitalist development in its early heartlands in Western Europe and later in North America created an international division of labour appropriate to its own purposes. It did this through empire and settler colonies and continues to do so through multinational corporations, international lending and control of international organizations like the International Monetary Fund (IMF) and the World Trade Organization (WTO). Resultant patterns of development are always in flux. New growth areas have emerged, first in the Far East and now in South Asia, as Friedman points out. There are still, however, large areas that

remain 'off the map' as far as development is concerned. *Pace* Brenner, without their connections to the rest of the world it seems unlikely that India and China would have taken off in the way that they have. Yet, and consistent with Brenner's point, with a different set of production relations, Africa might also have shown a more vigorous development of the capitalist form.

John Weeks: Weeks' (2001) contribution is largely empirical; an inquiry into the geography of uneven development. It can be regarded as a complement to Brenner, though it also shows some of the latter's weaknesses. It has, however, a strong conceptual basis that adds to our discussion here. In particular, and most significantly, he distinguishes between two distinct types of uneven development: what he calls 'primary' and 'secondary'. Primary uneven development separates countries according to the degree to which fully developed capitalist production relations and hence a self-perpetuating accumulation process prevails. This is to distinguish, therefore, between Western Europe and North America on the one hand and much of Africa and Latin America on the other, according to their different class structures. To take a concrete instance: Over much of Africa the legacy of indirect rule has been tribal forms of land tenure in which all married males are assured of access to land courtesy of the chief. As Saul and Leys (1999) have argued, Africa's problem is insufficient capitalist development, and the reason for that insufficiency lies precisely in the way in which immediate producers continue to be confirmed in their possession of the land.⁸ This is not to say that production relations are pre-capitalist or non-capitalist since commodities are produced: either the surplus sold by peasants or the generations of migrant workers for the mines and cities. But without the complete development of the double freedom of labour power, the long-term effect is to produce divergence in levels of development of the productive forces. In the case of the more advanced capitalist societies, the impetus is there; in that of much of the developing world, it is quite limited. This is the sense, of course, in which Robert Brenner talks about geographically uneven development.

Secondary uneven development is confined to the advanced capitalist countries. This is a world of dynamic expansion but one where there are, nevertheless, growth regions and lagging regions. In this instance, uneven development is a result of variability in the adoption of new, productivity-raising technologies. In discussing secondary uneven development, Weeks underlines the centrality of the capitalist class relation as described by Brenner and, as we will see, also deployed by Harvey. Once labour power is commodified, then all inputs to the labour process assume the money form. The capitalist lays out money values but is then committed to getting them back, along with a surplus; a prospect whose uncertainty can only be mitigated by taking steps to cheapen the product or to develop new ones, which then experience the same cheapening through the (necessary) development of worker productivity. This is in sharp contrast to, say, the African case where the preponderance of tribal tenure excludes the possibility of taking over the land of others, commodifying all inputs to the labour process, and so creating that proletariat that will exercise upward pressure on wages and hence precipitate a process of capitalist development through the adoption of new technologies that will enhance the productivity of workers.

This is a useful contribution but, despite its conception of what one might call a geography of production relations, if defined very broadly, his conception of secondary uneven development is remarkably aspatial. Rather, the emphasis is placed on the uneven development of the productive forces in different places. In an intellectual context that has discovered commodity chains and new spatial divisions of labour, as in the New International Division of Labour, this has to be a bit surprising. Can one reasonably argue, for example, that the relatively high levels of productivity in Western Europe owe nothing to the creation of more far-flung geographic divisions of labour? This might be through an enhanced ability to exploit economies of scale as the incorporation of cheaper labour into certain parts of the labour process facilitates increasing market share. It might also work through the importation of components that, in virtue of their

reliability, allow enhanced productivity in the assembly process; or through the importation of raw materials that enjoy advantages of purity or appropriateness to the production of particular products. As it is, it is only through competition on a world market that spatial considerations enter into determining the map of geographically uneven development. In this regard, he shows some of the same weaknesses as Brenner; weaknesses that Harvey's contribution addresses.

David Harvey: Unlike Brenner, Harvey (1982, 1985, 2006) recognizes the significance of the spatial expansion of capital through imperialism, colonialism and neo-colonialism and how development in the capitalist heartland is, in fact, connected with development trajectories in the developing world; and how in conceiving that relationship one has to avoid the reliance of Brenner's neo-smithian marxists on ideas of unequal exchange and transfer of surplus; or on ideas of a simple external stimulus to production in developing societies resulting in a heightening of surplus extraction from unfree workers. His account is therefore a more nuanced one. It is also distinctive in the way it situates expansion elsewhere with respect to the contradictions of capitalism and how it theorizes it as what he calls a 'spatial fix' designed to suspend those contradictions.

Harvey's point of departure is the accumulation process conceived purely in temporal terms and how it inevitably generates crises of overaccumulation: a situation in which there is too much money seeking profitable investments relative to their availability. He adheres here to a theory of crisis rooted in Marx's claim of a tendency to a decline in the rate of profit but that is not a necessary part of the argument. Rather the theory of crisis adopted could be the one proposed by Clarke (1992, 2001) that emphasizes capital's tendencies to overproduction. In both cases, the ultimate dénouement of widespread retrenchment, abandonment of productive capital and unemployment, a financial crisis of the state, can be postponed but they cannot be postponed forever. Ultimately debts fall due and workers resist. There have been and will be crises of overaccumulation.

Their resolution is inevitably painful. The overall rate of profit across all capitals is profit divided by the money laid out for means of production and labour power. So if means of production and labour power can be devalued, then the rate of profit can increase once more and accumulation can resume its former pace. Crisis forces these devaluations. Firms using outdated equipment or using the most modern but inefficiently go to the wall, their machinery is sold at fire sale prices, or they are taken over by more competitive firms and their factories are closed. Workers' demands are savagely tempered by unemployment. But the impact of devaluation is inevitably uneven. Some firms are more subject to it than others for any number of reasons. The same applies to workers in some branches of the economy where demand is lagging: the so-called 'sunset' industries. Quite who will be affected will be contested.

This is to view the problem in exclusively temporal terms. Harvey's genius was to apply it to a geographically differentiated and variably interconnected world. So now there is also a spatial 'postponement' of crisis tendencies and a struggle over who in which places will bear the brunt of devaluation once the crisis can no longer be put off. This in turn gives capitalism a distinctive geopolitics at the centre of which is development.

Capitalist development is always located. It occurs within spatially defined and delimited spheres: particular countries, regions or urban regions. It comprises a unity of fixed or relatively fixed social and physical infrastructures and circulating capital. Emergent powers within a particular, geographically defined complex enhance profitability: the development of relations of trust among firms in a particular place, the build-up of a workforce skilled in the industries that comprise a locality's economic base, the intensification of the division of labour and interdependence of the various elements that comprise an area's physical infrastructure. Increased profitability encourages more investment that, given its long time horizons, is inevitably of a speculative sort.

But the process of progressive accumulation will inevitably bring about the prospect of overaccumu-

lation and attempts to suspend the underlying contradiction. Some of these attempts can assume a spatial form: a search for what Harvey called 'a spatial fix' emphasizing their geographic character, even though they too may have some obvious temporal dimension in the form of (e.g.) long-term debt. So overaccumulated capital can result in a search for outlets elsewhere: capital export for investment in the physical infrastructure that will lay a basis for a process of capitalist accumulation in new locations, the creation of new markets to stave off the intensifying competition that inevitably accompanies the threat of declining profitability or the exploitation of cheaper raw materials, ones that are also cheaper to process, or indeed, of labour power whose expectations with regard to a standard of living are lower. In turn, this is an expansion facilitated by the application of capital's technological and organizational dynamism to stretching relations over space: new modes of transportation and communication, like those highlighted by Friedman, the internationalization of the money form, the creation of new organizational forms, like the multinational corporation, among other things. To this list, we can also add the various forms of unequal exchange that work through the division of labour, whether conceived technically or socially.⁹

But as Harvey points out, this amounts to no more than a postponement of the crisis since eventually shifts in the spatial division of production and in the geography of investment open up new competing centres of capitalist development elsewhere: production using the latest technologies or investment in new, growing branches of the economy—something that will be familiar from stories about globalization and the threat from the Far East and South Asia. So there will be pressures for the devaluation of plant, of supporting infrastructure and of labour power; something that is again familiar from news stories about factory closures and worker givebacks in North America and Western Europe in a context of intense cost competition from elsewhere in the world.

Ultimately, therefore, geography is no answer. Investments of long life, social infrastructures built up over the years and with seemingly productive

advantages are threatened by shifts in capital's geography: its 'inconstant geography' as Storper and Walker (1989) called it. Both capital and labour and agencies of the state are threatened. Firms can face bankruptcy as they struggle to find the money to pay off the loans taken out to purchase equipment that is now socially—though not necessarily physically—obsolescent. Workers who had invested in homeownership are faced with falling home values. Local and state governments experience a declining tax base out of which to repay bonds whose value now assumes physical form in highways, bridges, airports and the like. And, of course, the whole process can assume a highly localized character as a contagion of falling values ensues. Capitalist development requires infrastructural investments of long life that are necessarily fixed but the mobility of capital in the money form, responding to the ever present threat of overaccumulation threatens those values in place.

Firms, workers and state agencies will have their own coping strategies. Firms may reorganize their geographic divisions of labour, shifting production to cheaper locations elsewhere so that all that remains are the headquarters and research and development functions; or they may buy out firms elsewhere in order to achieve some market power. Historically workers have drawn on labour unions to try to slowdown the continual transformation of the space economy by organizing across space and taking wages out of the competitive calculi of firms. State agencies may economize in their own way, running down their workforces, contracting out work to a supposedly more competitive private sector and so on.

Alternatively, one can expect the formation of coalitions, often cross-class in character and typically mobilizing the fiscal, regulatory and ideological powers of the state to intervene in the dynamics of the space economy and so defend values in place, but as a result, entering into competition and contestation with cross-class alliances elsewhere. Yet this can also give way to some form of cooperation: a trans-regional—or national—coalition of more locally based cross-class alliances contesting with still other coalitions of a similar form.¹⁰ This terri-

torial logic applies at all scales of the global polity. States, supported by particular fractions of business, work to protect and enhance economic bases through trade restrictions, subsidies and regulatory favours. Choices are made precipitating conflicts within the country so that a particular class alliance has to become hegemonic if it is to be successful. Working on behalf of particular fractions of capital and perhaps of labour, states, like local growth coalitions, may enter into alliance with one another to freeze the international division of labour to their advantage, to control the pace of accumulation elsewhere and so push back the competitive threat or to visit savage bouts of devaluation on each other, as in the case of structural adjustment programmes.

Just how the balance between a class politics of space and a more territorial politics breaks out is difficult to foresee. As contradictions intensify geographically uneven development is likely to increase, as it has since the early 70s: what Brenner called the long downturn. This in turn can increase the divisive pressures on labour opening it up to appeals of a more territorial sort. But in any case, in a context of contradiction of the sort that Harvey outlines, the search to colonize for class purposes what one might call 'power centres', institutional forms that can aggregate resources, arrogate to themselves regulatory powers, will be on, which is why Harvey, in the context of the problem of geographically uneven development is able to give so much attention to what he calls its geopolitics.

Harvey subscribes to the same classical marxist understanding of the capital accumulation process and the centrality of class relations as Brenner, albeit with a heightened sense of the significance of contradiction and crisis. What he particularly brings to the understanding of geographically uneven development, though, is an interweaving of the role of capitalist class structure with a necessary production and transformation of space. The expansionary geography of accumulation results in new nodes of capital accumulation elsewhere, or at least bridgeheads, as in the sort of enclave capitalism found in Africa. But these then become a threat to be reined in. Harvey does not detail how they might be controlled, though he makes reference to empire and

colonialism. So the strong state/weak state distinction that Wallerstein drew upon and which Brenner critiqued as irrelevant to the geography of capitalist development might not be so insignificant after all. In this regard, the financial crisis of the late 1990s led to interesting analyses of the role played by what the economist Bhagwati called the IMF–Wall Street–Treasury nexus in its resolution; a resolution that was aimed at a dismantling of developmental states seen as counter to interests not only in the USA but also in the UK. The same goes for the various mechanisms of unequal exchange and transfer of surplus that were part of the neo-smithian marxist analysis. One can accept that they are not the foundation of capitalist development, while still recognizing nevertheless that they are mechanisms through which firms attempt to maintain profitability and ensure that value continues to flow through a home base that includes a social and possibly a physical infrastructure.

Harvey addresses the geography of the accumulation process, therefore, and how the development of that geography needs to be set in the context of capitalist crises of overaccumulation and subsequent struggles to contain devaluation. In this regard, he is an improvement on Brenner. However, it is emphatically a geopolitics of capitalism. Accordingly, what he does not address, and what Brenner was clearly concerned about, is the presence or absence of the necessary social conditions for capitalist development: the double freedom of labour power. In this regard, there is some complementarity with Brenner and Weeks.

One area where there is agreement among them is the primacy of capitalist production relations in explaining development. It is the double freedom of labour power that sets in train a particular genre of market relations: ones where exchange extends to labour power and means of production. Out of this soil rises a world of technical and organizational dynamism; a world that in turn generates huge advances in the ability of people to take naturally occurring forces and substances and turn them into useful objects. Capital develops as a result of attempts to overcome its own contradictions. La-

bour poses obstacles to accumulation so economies are made in its use. But this takes out of the labour process the very condition that allows profit to be appropriated and sets the stage for crises of overaccumulation, the pursuit of temporal fixes and as Harvey was at pains to point out, of spatial fixes as well. In short capitalism has had, alongside its other distinctive features, a remarkable propensity to geographic expansion.

Where capitalist production relations have been transplanted, as in the case of the USA (Post 1982) and Australia, and nascent proletariats swollen by immigrants dispossessed elsewhere, new centres of capital accumulation have emerged to compete with the old. Where the transfer has been partial, where dispossession has not occurred, capitalist development has been much more limited, typically to enclaves of mineral or cash crop development and on land granted by the government or tribal chiefs. There is no agrarian revolution on which to build a home market and release producers for an expansionary process of capitalist development, and nor can there be until immediate producers are separated from the land. Accordingly, the profits from mining or plantations tend to get repatriated rather than invested, say, in local agribusinesses to feed their workers or to feed anybody for that matter.

The development of new technologies as per Thomas Friedman is indeed an essential aspect of capitalist development, but it is something that springs from the incentive structure created by capitalist production relations: the continual drive to exploit, to accumulate, on pain of being relegated to the same status as wage workers, and hence to reduce costs through harnessing science and technology to the cause. Technology is not an independent force, therefore, and nor are markets. In the limited sense in which he thinks about markets, that might indeed be the case. But as I have tried to argue above, it is specifically *capitalist* markets that are of the essence.

Yet while Brenner, Harvey and Weeks would agree on these points, there are also some striking contrasts among them. Not least is the geographical sensibility that they bring to bear on the subject of geographically uneven development. Brenner

and Weeks are strong on the capitalist basis of development and the contrast between the more capitalist areas of the world and those where pre-capitalist elements still tend to dominate production. Brenner also makes clear the dangers of an understanding of geographically uneven development rooted in an exchange relations understanding of capitalist development; through the geographic division of labour this leads to an emphasis on the exploitation of places by others and the thingified notion of a geography of centres and peripheries.

What is particularly surprising, however, is the disinterest, one hesitates to say 'failure' in the case of two contributions that are otherwise of striking significance, in the wider connections of what are taken to be relatively isolated national economies. For the most part, and in contrast to Harvey, one searches in vain for discussions of the role of trade, international investment and subsequent shifts in the international division of labour. Weeks recognizes the significance of the world market in the production of what he calls geographically uneven development of the secondary sort, but only in terms of competition within the same space.

Even so, and quite crucially, even in the case of Harvey, the connection between the accumulation process and a necessarily geographically uneven development could be more convincing than it is.¹¹ I would, for example, make the following observations. The accumulation process is inevitably contradiction ridden and it is this which promotes the ceaseless search for the new; the new, that is, which can facilitate a suspension of the contradictions. It is expressed in all manner of forms, cultural, institutional, technological and so on. None of these are neutral with respect to capital's space economy. They can all be conditions for change and hence a geographic unevenness. Every new technology, every new product has locational implications that can be revolutionary. The same applies to new competitive strategies whether it be in terms of organizational forms¹² or tapping new sources of wage labour, less unionized, younger and so requiring lower health insurance premia, etc.¹³

This has two consequences. The first is that other firms adopt the same strategies and technologies so

that the super-profits accruing to the pioneers are competed away. This in turn sets the stage for further innovation and further change. The second consequence applies to those firms who have difficulty adapting to the new circumstances in virtue of their geographic embeddedness. They too search for ways to revive their profitability, new ways of reinventing themselves and so countering the new geographic tendencies unleashed by earlier rounds of capital mobility. Not all will be successful. In virtue of their more complex divisions of labour, it is much easier for New York or London to reinvent themselves than it is for Detroit or Sheffield. Accordingly, as competition between firms in different places intensifies, and this has certainly been the tendency as spatial barriers have diminished,¹⁴ so an intensified uneven development will be the result.

A second area of contrast concerns the state. Today, it is hard to talk about geographically uneven development without reference to the state, but for Brenner the state only enters in as an aspect of the neo-smithian Marxism he wants to critique. For Weeks the state is nowhere. The silence in the case of Brenner is not so surprising and almost certainly comes from his objective of critiquing the neo-smithian marxists. For them, the role of the state in enforcing the international division of labour—something crucial to their argument—was indeed important in understanding unequal exchange. The case of Weeks is different. His disinterest in the state may reflect a desire not so much to avoid a particular interpretation of its role in imposing a particular geographic division of labour and therefore in the production of geographically uneven development and more one of abstracting away from them in order to underline the importance of the geographically uneven development of the productive forces in what he calls geographically uneven development of the secondary sort; and then to emphasize the significance of capitalist production relations in his geographically uneven development of the primary sort. He overlaps with Brenner in the latter instance but does not cite him, suggesting once more that his motivation is not to downplay the importance of the state but simply to abstract away from it.

To talk about space and the state in these terms, however, risks falling into the pluralistic trap that is so apparent in Friedman's book and in mainstream social science. As I remarked earlier, Friedman's pluralizing tendencies are not just a feature of media representations of the world but of academic social science as well, and sometimes of those which claim some sort of Marxist affiliation. The particular forces highlighted in an analysis will vary—'the state', 'the economy', 'culture', 'technology', 'geography', 'capitalists' possibly—but the common tendency is to view them as independent forces that interact with one another in order to produce some empirical outcome. Exactly where they come from, what their necessary preconditions are is typically, though not always opaque.¹⁵ But always, just what drives the whole social process and gives coherence to it remains outside or peripheral to the analysis.

The Marxist view, of course, is quite antithetical to this vision. The central driving force in understanding the world that people have made is—has to be—production, though always *social* production: a relation to nature that is always socially mediated through socialized forms of labour and socially enforced rights of possession. Under capitalism, production becomes production for production's sake. It is the drive to accumulate, necessarily entailed by capital's production relations, that propels the expansion of production.

Production, though, is not something that can occur without conditions that lie outside capital's immediate control. Capital has the power to organize the labour process, to hire and to fire, to buy and to sell, but it also requires, among other things, an appropriate cultural formation of labour, a sympathetic state which will not only enforce property rights but which will get Friedman's 'fundamentals' right and which will facilitate provision of the collective physical infrastructure; something that capital cannot possibly do. The same applies to a geographical arrangement of conditions and forces which while significant to accumulation is by no means under capital's control; which accounts, among other things, for the development of land use planning institutions and so on. These are all conditions of accumulation the precise char-

acter and form of which capital must accordingly rework and subordinate to its own needs. Emphatically, though, this is not to argue for a deterministic view of capital. This is not what a totalizing view implies.

For a start, capital and therefore accumulation is a class relation. Accumulation is conditional upon and reproduces a relation between capitalist and working classes. Exploitation is central to accumulation along with material insecurity and material want. So the conditions necessary to continued accumulation are always contested. The struggle for capital is to ensure that they are contested on its terms: terms that will allow it to defuse, co-opt and channel resistance in ways that will allow continued accumulation.

In the second place, and in addition to the working class, institutions, the state, discourse, family forms, technology, the division of labour, geography, all have their own histories and since these are beyond the immediate control of capital there is no reason why they should correspond to what might be defined as its logics of accumulation. Rather new structures and practices get selected in—or out—according to the degree to which they facilitate class goals: either that of capital to accumulate or that of labour to resist or at the very least, fashion the accumulation process in a way corresponding more to its needs, or which in hindsight serve to suspend the contradictions. This means that the concrete trajectory of capital is indeed, in its very concreteness, undetermined. But since it is a capitalist trajectory, it has to facilitate the suspension of capital's contradictions.

In the final section of this paper, I want to examine from the standpoint of this discussion the role of the state. This means omitting a direct consideration of space, a topic on which Brenner and Weeks are conspicuously lacking. Yet to a degree, these aspects of the social process are internally related, as they have to be. The state, through its territorial character and its spatial reach cannot be conceptualized apart from space and this is as true with respect to the production of geographically uneven development as with respect to anything. Accordingly, in my consideration of the state and its significance for the geography of

uneven development, I want to treat it in a way that will highlight what Marx would have called ‘their inner connection’.

The state and geographically uneven development

The state looms large in recent writings on globalization and geographically uneven development. From a historical materialist standpoint, one of the more interesting features of this literature has been the way in which it has secreted a particular version of the relation between the political and the economic and also a particular understanding of the world’s changing political geography. This view, however, has assumed a number of different forms.

The most common of these and probably the oldest has been that globalization is resulting in a weakening of the state. This view itself has come in various guises but what they all share is the idea that it is capital’s mobility across international borders that is crucial. It does not matter whether one is talking about short-term movements of money with no productive purpose in mind but merely moving up international interest rate gradients, or direct investment, the state’s powers are in some way challenged. It is argued that short-term movements have limited the number of instruments of macroeconomic policy the state can call on and imposed a regime of macroeconomic austerity that makes the achievement of full employment goals precarious. The growth of direct foreign investment likewise challenges national economic bases and so threatens the state’s fiscal capacities. It is forced to engage in a fiscal competition in order to attract in new investments and so reduce unemployment. A variant on this is that the creation of a new international division of labour was the condition for the collapse of the virtuous circles of fordism; this was because the rise of the newly industrializing countries was on the back of exports of consumer goods that undercut production in the fordist heartlands and so reduced demand there.¹⁶

A common retort to this line of argument has been that if states have been impacted in terms of fiscal resources, unemployment and policy options,

it is a world of their own making. States themselves made policy choices that created the necessary conditions for, for example, the torrid movements of ‘hot’ money from one country to another and the rise of export platforms in developing countries. It was, for example, the USA that decided to dismantle the Bretton Woods agreement by cutting the link between the dollar and gold in 1971 and subsequently dismantling capital controls. The latter then paved the way for the liberation of finance capital from central bank control and for the boom in direct foreign investment from the mid-70s on. Other countries followed the American example but did not have to. So while the global economy now imposes its own disciplines on states, it is an economy in whose construction they played an essential role.

A final set of claims about globalization and the state take off from the latter point. This is that states have more discretion than they admit to. Rather the notion of state helplessness is part of a narrative put together and propagated by the state for its own self-serving reasons. It draws on a contrast with a mythic past when states had greater latitude and orchestrated the fordist compromise of capitalism’s ‘golden years’ that is an exaggeration. Equally exaggerated are current claims of incapacity brought about by globalization. As Weiss (1997), one of the more prominent advocates of this view has argued: ‘... globalists tend to exaggerate state powers in the past in order to claim feebleness in the present. Whilst financial globalization is commonly identified as the factor undermining governments’ ability to practice effective macroeconomic management—of the Keynesian reflationary variety—some commentators have recently questioned just how effective Keynesian demand management ever was’ (13).

There is some truth in all these claims, but they are partial truths, the significance of which can only be gauged by altering the angle of vision. The angle which they all share is that defined by a particular understanding of the relation between the state and the economy. This is informed by a dichotomy between the state and ‘markets’; not state and capital, therefore, but states and the sphere of commodity exchange in all its varied expressions, suggesting in

the more radical statements of these claims distant echoes of Brenner's neo-smithian Marxism. The discourse is one of markets and states as self-sufficient and entirely separate entities that interact not in any necessary fashion but contingently. States have let the genie out of the box, but if they want, they can put it back in, for example. Or: The movement of capital around the world has had consequences for states and this is because they are informed by different logics; markets operate according to a revenue maximizing logic, while states are governed by a mix of fiscal and electoral concerns. In other words, they are separate, different sorts of things.

What is interesting here is how close the overall conception is to Friedman's. The conclusions are different. Much of the globalization literature is concerned with the implications of the liberalization of markets for the welfare state and for democracy in the developed world while Friedman sees it as genuinely liberatory in its economic effects, allowing development in parts of the world hitherto neglected by capital. But the sense of markets and states as two different sorts of things, subject to their own logics, the state constraining so as to achieve certain welfare ends or, in Friedman's terms, to crush entrepreneurial initiative is apparent in both of them.

The second and third variants of the critique of globalization are a little more interesting. Could it be, for example, that the state is indeed complicit in globalization; and, furthermore, that its claims of helplessness as argued by Weiss, are simply a way of disclaiming responsibility for acts which it purposely brought about for its own ends but which now threaten its legitimacy? But if that is the case, why was the state complicit in globalization? Was it a marriage of convenience with certain fractions of capital, for example? Or does it suggest something more profound about the relation between the two? The understanding of the state as unavoidably a capitalist state, and what exactly that means, suggests the latter.

What I want to suggest here is that the state should be seen as a necessary aspect of capital as a class relation; an institutional complex and set of practices necessarily entailed by the logic of the

accumulation process. In a sense the state can be regarded as a part of capital's division of labour. The way in which different functions have shifted historically between capital and the state suggests that this is not a far-fetched idea. But whatever else it does, the state's fundamental role is in mediating a class settlement that will facilitate accumulation. Labour law, the formation of a working class appropriate to capital's shifting employment demands, managing the industrial reserve army through programs of compensation that do not challenge the labour supply, filtering and redefining labour's demands, managing the money supply so as to curb labour's pretensions are central to what it is about. As Jessop (2002) has pointed out, it provides necessary conditions of the accumulation process that capital cannot itself provide. From the standpoint of this understanding of the state, its seeming retreat since the 70s—and it is important to recognize the limited nature of this (for example, Navarro et al. 2004)—is not so much a retreat as a way of responding to a particular conjuncture of class forces that allows it to achieve its ends.

The state cannot avoid acting as a capitalist state: this is not simply because of its dependence on the accumulation of capital for its own revenues; it is also because state functionaries share the same modes of understanding the world, ones that are rooted in the categories of capitalist society to such a degree that they can only inform policies that reproduce the status quo. It might seem that the democratization of capitalist societies might have made a significant difference. To some degree it has. Without it there might not have been a welfare state or indeed improvements in labour's standard of living. But the resultant pressures have also provided an added incentive to capital to develop the productive forces further and so not only to accommodate labour's demands but also to do so without affecting its own rate of profitability. This is the logic that Marx outlines in *Capital Volume 1* in his discussions of the struggles around the limits to the length of the workday and the circumstances that lead to intervention in the labour process and the creation of the industrial reserve army. Given its embeddedness in the practices and beliefs of

a capitalist society—beliefs that are necessarily entailed by those practices—it cannot help but accede to the status quo policy formulations of the state, willingly bowing before rhetorics of ‘no alternatives’ and the need to pay the mortgage.

However, and to bring the capitalist state back into a relation with globalization: Treating it without reference to a context of other states limits the light it can shed on the problem of geographically uneven development. Introducing the international system, the set of interacting capitalist states makes a huge difference though, as we will see, it raises still other questions that need to be addressed. I would suggest here that in its relation to geographically uneven development states participate in two distinct moments; there is a moment of competition and one of cooperation and they are impossible to interpret without the other.

The competitive moment is something of which it has been difficult not to be aware over the last three decades. We should be careful, though, in our understanding of what that competition means. In effect, in the struggle over the division of surplus value, every state represents and works on behalf of its national capitals, or at least those capitals that have chosen to attach themselves to the fortunes of a particular national economy. The surface expression of this is a competition with other states to facilitate accumulation on behalf of national capitals: a competition to provide an appropriate ‘business climate’, for access to cheaper raw materials, markets elsewhere or to attract in new investments that will widen the domestic market or provide new means of penetrating markets elsewhere and further stimulate the national accumulation process. But emphatically, this is the surface expression.

Rather to the extent that all capitalist states act in this way, so, to paraphrase Marx, they force the determinants of capital on each other: ‘Competition merely expresses as real, posits as an external necessity, that which lies within the nature of capital; competition is nothing more than the way in which the many capitals force the inherent determinants of capital upon one another and upon themselves’.¹⁷ Marx is referring to the competition between capitals here but the same applies to the capitalist state.

Each state is compelled to facilitate a class relation, through the means of law and its control of money, to the advantage of capital on pain of seeing ‘their’ firms go bankrupt or decamp elsewhere. They are compelled because their own revenues and electoral fortunes depend on it. And as I remarked above, this is a compulsion they can accept quite easily since their discursive understandings allow them no alternatives. However, this is quite definitely not to claim that competition structures the class relation. The class relation precedes it. It is what makes capital possible. A surplus can be extracted but selling it and retrieving the money laid out is clouded with uncertainty and the competition of other firms, aided and abetted by their respective states, makes that retrieval all the more uncertain.

In his paper, John Weeks abstracts from the role of the state and emphasizes the uneven development of the productive forces. Yet since the accumulation process, and therefore the technical development of capital depend in part on the state, this is an abstraction with clear limits. States get it wrong as much as capitals do, making strategic blunders in the firms or sectors that they decide to back or in terms of managing the more general conditions of the national class settlement. States also bring very different ‘weights’ to the competition one with another so that there is a tendency for patterns of geographically uneven development to get reproduced over time.¹⁸

On the other hand, there is also a cooperative moment in inter-state relations. Not least, competition for world markets, for sources of raw materials, foodstuffs and industrial components, assumes some agreement on the conditions of international exchange and investment. Among other things, this means agreement on an internationally accepted means of exchange; and accepted because it is widely believed that it will retain its value. It is generally believed that it was acceptance of the gold standard in the last third of the nineteenth century that unleashed the wave of direct foreign investment occurring during that period. The modified gold standard of the Bretton Woods agreement served a similar purpose. These régimes have now given way to something much less organized with

no clear single currency as the currency of international choice in view. The WTO, the IMF and regional organizations like the European Union (EU) are other instances.

Historically, there was always a directly coercive element behind cooperation. Large areas of the world were brought into the orbit of trade via the colonial state, its exactions and sometimes its role in primitive accumulation. This coercion continues though now it is the dull economic compulsion that Marx referred to when discussing the shift from extra-economic to economic coercion of the immediate producer. In short, cooperation is always for some states and not for others. Wade (1996) and Wade and Veneroso (1998) have written extensively on this topic in their discussions of the role of the USA in the Far Eastern financial crisis of the late 80s.

Nevertheless, this analysis begs a crucial question. This is a question that brings the state into a much closer relation with space as a product of and condition for accumulation. Quite simply the question is: Why, in fact, does the world polity under capitalism comprise many states? What are the logics that preempt the possibility of a single capitalist state? Without the fact of 'many states' the state would conceivably play a very different role in the production of geographically uneven development.

In a recent paper, Callinicos (2004) addresses the issue of the state system, the fragmentation of the global polity into many states, and poses the question as to whether it is a contingent rather than a necessary feature of capitalism: a legacy of the collapse of feudal forms into the absolutist state, for example? If it is contingent in character, then it may well have affected the way in which capitalism operates. He does not give an answer to this, but in light of the geographic necessities of capitalism I think it is possible to sketch one out. As Harvey has emphasized, accumulation necessarily has a localizing character. Particular geographic complexes of activity, assemblages of physical and social infrastructures, assume emergent powers which for purposes of accumulation then have to be defended. As a result, state goals are inevitably particularistic and could not be accommodated by anything other than a fragmented world polity: it is always accumulation

within a particular space and on behalf of particular capitals that it aims to foster. And to the extent that it is territorially contested then some territorial reorganization—new states, a divided sovereignty, perhaps—become alternative objectives.

One can accept the fact of some scalar reorganization of capital so that some firms at least become dependent on ensembles of material and social relations that are much more extensive. This can be a condition for pressures for state forms with much larger jurisdictional spaces. The EU is a notable instance. Yet that this sort of change in the structure of capital might presage a transnational state, as Robinson has argued, seems improbable. Capital continually differentiates itself as part of confronting the ongoing challenge of its own contradictions and part of the way it does this is in terms of the scale of the spaces on which it is dependent. So any attempt to shift state power to another geographic level, while it may occur, will inevitably be contested, as indeed has, and continues to be the power of the nation state. So in answer to Callinicos' question as to whether the fragmented global polity is a contingent or a necessary outcome, the way geography is a condition for the accumulation process, the way that generates place-specific needs in the form of state inputs that capital cannot provide itself suggests very strongly that it is necessary.

With these points in mind, we can now move to consider the particularly vigorous role that the state has played over the last 30 years in restructuring class relations and laying the groundwork for what we now know as globalization. In the way, it celebrates a flattening of the world in the sense of some shift in the boundary of state and capital, Friedman's argument reflects this restructuring. But Friedman's panegyrics aside, how, in a context of democratically elected governments, has the state managed to get away with it? Central to an understanding of this is what Brenner (1998), in a special issue of *New Left Review*, called 'the long downturn': that deterioration in rates of productivity growth, in the employment rate that set in in the early 70s and that still affects most of the developed world. Harvey's arguments about the place specificity of capital and how that relates to the structure of the world polity

are apropos but how that affects the challenges faced by states depends very much on the global economic circumstances to which Brenner has drawn attention. During periods of expansion in the global economy, the fact that firms are, in effect, locked in to particular spaces, that workers depend, by and large, on national labour markets and states on national tax bases, is of little moment. Virtually everyone is making money, paying the mortgage, getting employed. The underlying geography of accumulation may be shifting but it is not yet having serious localized effects in terms of challenges to the class relation, increased rates of bankruptcy, unemployment, fiscal challenges to the state or downsizing. But as business enters a long-term secular decline, such as that starting in the early 70s, this changes. The global economy undergoes a relative contraction and the struggle to push devaluation and business failure elsewhere intensifies. The search is on for new policy options.

In the context of Brenner's 'long downturn', what was eventually hit on were a set of policy initiatives, loosely referred to in retrospect as neoliberal, whose effects were to be a reordering of the central class relation, and to the advantage of capital. I am not arguing that this was deliberately thought out as grand strategy and there was certainly a good deal of fumbling prior to that, including attempts to persist with policies of Keynesian demand management. Undoubtedly though, the lifting of capital controls, initiated by the USA and then spreading to other countries, was a decisive move. Unleashing finance capital and allowing its international movements to discipline macroeconomic policy were to be the way out, but at the expense of a sharp reduction in domestic demand.

The policy mix identified was actually two-fold.¹⁹ The determination of exchange rates through an international currency market would send signals to national governments as to whether or not they were getting the so-called policy fundamentals correct: not only containing price increases but also managing the employment relation in a capital-friendly manner, and reining in state expenditure, particularly anything that had to do with the welfare state. Failure would be punished by the sale of the national cur-

rency and pressure on the balance of payments as imports became more expensive relative to exports. The complement to this was monetarism: restricting increases in the money supply in accord with increases in production. This in turn would have the effect of curbing labour's demands since it would be impossible to fund them through an increase in the money supply. The overall effect, however, and to repeat, was one of macroeconomic austerity (Albo 1994, 1996). Domestic markets were limited. One result was that international markets became much more significant in corporate calculations and along with that, direct foreign investment. The latter was seen as a way of achieving a toehold in those markets or, indeed, furnishing the home base with cheaper components. Ultimately, though this was not on the horizon at the time, this would serve to maintain wage discipline at home. This would be firstly through putting a squeeze on labour in those industries for which there were substitute sources in developing societies; and secondly through a supply of cheap, foreign consumer goods. This in turn, however, required not just making the dismantling of capital controls more universal, but also some relaxation of barriers to trade; of which, of course, North American Free Trade Area (NAFTA) and the EU, but also the negotiations carried out under the auspices of the WTO are major cases in point.

And so 'globalization' was born. It had a material reality in increasing international trade and foreign investment. It also had the discursive function of referring the disciplining of the labour movement in the developed world to forces beyond national control. As Mrs Thatcher so famously put it, 'There is no alternative'. And by and large, mainstream social science seemed to agree.

Conclusion

In other words: The technologies and the neoliberal turn that, according to Friedman, have been so revolutionary with respect to the world's geography need to be placed in a context; a context which is both social and historic and at the centre of which is a process of exploitation and the accumulation of wealth by the few. It is not the serendipitous

discovery of a new technological platform that is important; revolutionary technical change is built into the system. The IT revolution is only the most recent. Nor is it a matter of people throughout the world seeing the neo-liberal light and compelling the dismantling of state oppression in the name of liberty. Rather it is the accumulation process, a process at the centre of which is the exploitation of the masses, which we need to place at the centre of any attempt to understand the world's changing geography. And in that regard, its logics entail quite different outcomes: not a flattening of the world but one of continuing unevenness.

It is not just a matter of the division between a capitalist world with its tendencies towards development of the productive forces and one in which pre-capitalist elements continue to impede that sort of development. Brenner and Weeks are correct in pointing to this distinction as a major contributor to geographically uneven development. Rather, and as Weeks argues, even within the capitalist world, forces are unleashed which inevitably produce geographically unequal outcomes. The class relation means competition and competition results in unevenness; the winners gain at the expense of the losers. Emphatically, it is not a question of a zero-sum game. At times all can gain, if to variable degrees. But as capital's contradictions deepen and overaccumulation intensifies, some capitals will be forced to contract, to plead bankruptcy or, if they are lucky, be taken over. Given the technological change and the development of new products that, among other things, are built into the accumulation process, this will inevitably assume a geographic form. Some capitals at variable scales will, in virtue of their geographic embeddedness, have difficulty adjusting to these changes. This can result in new competitive strategies that further heighten the ongoing struggle. Competition, conditioned by the class relation, forces those developments. At the same time, competition intensifies precisely as a result of the sorts of globalizing forces, bringing all capitals into a competitive relation with one another, that Friedman emphasizes.

Capital is a class relation. Without the separation of immediate producers from the means of produc-

tion and their subsequent commodification, there would be no competition and no process of accumulation. As a class relation, it includes all aspects of the social process; all those conditions of the accumulation process that capital cannot directly control. These conditions include the state. All these different aspects are class relations, not least the state. The state is a capitalist state because it has to act in such a way as to promote the accumulation process, and above all, of those capitals which enjoy some sort of fixity within its territorial limits: a fixity which while limiting is also, in virtue of the competitive advantages that result from space relations as an emergent power, facilitating. As a result, states are forced to enter into competitive relations one with another, supporting and complementing the strategies of the national champions; and providing additional momentum to the exploration of yet new niches in the international division of labour, new products that will add a further layering to the geography of uneven development. In other words, and *pace* Friedman, the capitalist world, at least, can never be flat.

Endnotes

¹ The comments of the reviewers of a first draft of this paper are exemplary. One referred to Friedman's book as 'a journalistic book for popular readership'. The other castigated it as 'an "airport" book by a neo-liberal American op-ed journalist'. How dismissive can you get?

² Compare with Harvey's comments on 'common sense' knowledge: 'Given the fetishisms that attach to and the opacities that mask processes of capital circulation and accumulation, we cannot expect anything other than "common sense" conceptions of the world to regulate the conduct of everyday life' (2006: 84).

³ An early exemplar of these arguments is Baran (1957).

⁴ There are numerous instances in the pages of the *Review of International Political Economy* and *New Political Economy* but they are by no means alone.

⁵ The reference here is to Wallerstein. He argued that the particular forms of labour control used in the world market, how coercive or free they were, depended on the form of the labour process that in turn depended on the position of a particular area in the international division of labour.

⁶ Competition is not secondary, but it is not primary either; rather all that it accomplishes is already latent within the production relation of the double freedom of labour power.

⁷ Compare Marx: ‘... as soon as peoples whose production still moves within the lower forms of slave-labor, the *corvée*, etc. are drawn into a world market dominated by the capitalist mode of production, whereby the sale of their products for export develops into their principal interest, the civilized horrors of over-work are grafted onto the barbaric horrors of slavery, serfdom, etc’. (*Capital Volume 1*, 345).

⁸ ‘If we define sub-Saharan Africa as excluding not only North Africa but also bracket off, for the moment, the continent’s southern cone, dominated by South Africa, the key fact about the rest—the greater part of the continent—is thrown sharply into relief: after 80 years of colonial rule and almost four decades of independence, in most of it there is some capital but not a lot of capitalism. The predominant social relations are still not capitalist, nor is the prevailing logic of production. Africa south of the Sahara exists in a capitalist world, which marks and constrains the lives of its inhabitants at every turn, but is not of it’. See also Leys (1994).

⁹ For example, Heintz (2006).

¹⁰ An obviously recognizable form is the local growth coalition, so common in the USA; competing for new investment, restructuring the metropolitan area’s physical space in order to enhance its attractiveness to inward investment. But growth coalitions also contest with growth coalitions elsewhere for the favours of state and federal government and over regulatory and fiscal arrangements that advantage some but not all. They enter into alliance one with another through respective congress persons and against still other alliances for those policy changes that will ameliorate—or accelerate—the local impacts of changes in the national economic geography.

¹¹ His most recent statement (2006), however, is a little more explicit.

¹² ‘Just-in-time’ is an excellent case in point.

¹³ I’m thinking here in particular of the choices made by the Japanese auto companies in the USA and how they have targeted areas without strong union traditions and recruited a young workforce to the competitive disadvantage of the much longer established American producers.

¹⁴ Harvey (2006: 99).

¹⁵ An exception to this would be critical realist accounts.

¹⁶ These arguments were particularly common in the 80s and 90s. They have become less so recently with the rise of low-cost production in China and the subsequent retreat of fears about inflation that kept finance capital moving rapidly from one country to another.

¹⁷ *Grundrisse*, 651.

¹⁸ In this regard, it is interesting to reflect back on some of the claims made by the globalization literature. In arguments about the way the mobility of capital undermines state discretion, for example, there is a sense in which they suffer equally from globalization. They all face the same challenges. Certainly, they can all make a difference but there is no suggestion that this is more feasible for some than for others. In other words, and as Harvey has commented, geographically uneven development, its production and its implications drops out of the picture: ‘The more the left adopted this discourse as a description of the state of the world (even if it was a state to be criticized and rebelled against), the more it circumscribed its own political possibilities. That so many of us took the concept on board so uncritically in the 1980s and 1990s, allowing it to displace the far more politically charged concepts of imperialism and neo-colonialism, should give us pause’ (2000: 13).

¹⁹ The work of Notermans (1997) is particularly helpful in elucidating what happened here.

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