


# **Spatial Aspects of Globalization: Studying Economic Change in an Increasingly Borderless World**



**SPACE Workshop  
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A satellite-style image of the Earth, showing the Americas, Africa, and Europe. The image is centered on the Atlantic Ocean, with North and South America on the left, Africa in the center, and Europe on the right. The landmasses are shown in shades of green and brown, while the oceans are dark blue. The Earth is set against a black background.

**GLOBALIZATION = the processes by which the lives of all people around the planet become increasingly intertwined, along with our awareness of such interconnections**

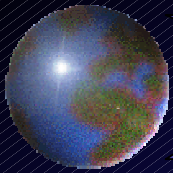


# Causes of Globalization:

## The Information Revolution.....

### time-space compression (David Harvey)



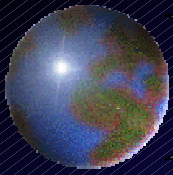


**...and a revolution in shipping.**



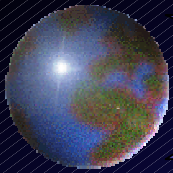
# *The Globalization of Low-Wage Production*

- return of low-wage labor to advanced industrial economies
  - sweatshops in Los Angeles
  - rise of informal economies
  - growing inequality in industrial nations
- spatial issues
  - growing global spatial homogeneity or heterogeneity between/within countries?
  - analytic units: nation-states? global commodity chains?



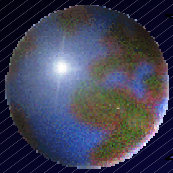
# Global Commodity Chains

- **commodity chain:** a network of labor and production processes whose end result is a finished commodity (Gereffi)
- **dynamic approach:** activities that are spread out over a global space
- **where do they touch down, why, and with what effects?**



# Should concepts such as “nation-state” be replaced with more relational ones (for example, emphasizing flows)?

- **core:** advanced industrial economies, who extract profits from other economies (e.g., Europe, North America, Japan)
- **periphery:** low-income, largely agricultural countries exploited by the core for their economic advantage (e.g., much of Africa, Asia, Latin America)
- **semiperiphery:** semi-industrialized, middle-income countries that profit from the periphery and yield profits to the core (e.g., East Asia)



# Types of Commodity Chains

- **Producer-driven: automobiles**
  - controlled by manufacturer
  - “vertical,” bureaucratic
  - capital-intensive, higher wage
  - “in-house” production and assembly
- **Buyer-driven: apparel, consumer electronics**
  - controlled by retailers
  - horizontal, “flat,” flexible
  - labor-intensive, low wage
  - “outsourcing,” subcontracting
- **producer-driven → buyer-driven**



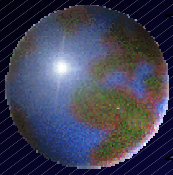


# *Industrial Upgrading: Does Globalization Help or Hinder Economic Development?*

## *I. Centrifugal Economic Forces:*

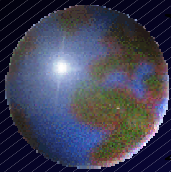
*global dispersion (“race to the bottom” dynamics?)*

- hypermobility of capital
  - relative immobility of labor
  - free trade (neoliberal consensus)
  - emergence of global commodity chains
- global “leveling out?”



# China: the black hole of the world economy?

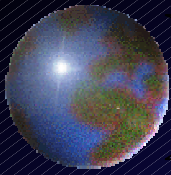




# Corporate Globalization:

The World's 50 Largest Economies Are Not All Countries  
Value of Sales of Largest Transnational Corporations (2002, 2003)  
Compared With GDP of Largest National Economies, 2001  
(in billions of dollars)

1	United States	\$10,171.4	26	<u>BP (British Petroleum)</u>	<u>\$174.2</u>
2	Japan	\$4,245.2	27	Norway	\$165.5
3	Germany	\$1,873.9	28	<u>Ford Motor</u>	<u>\$163.6</u>
4	United Kingdom	\$1,406.3	29	Denmark	\$162.8
5	France	\$1,302.8	30	Turkey	\$147.6
6	China	\$1,159.0	31	Indonesia	\$145.3
7	Italy	\$1,090.9	32	<u>Daimler Chrysler</u>	<u>\$136.9</u>
8	Canada	\$677.2	33	<u>Royal Dutch Shell Group</u>	<u>\$135.2</u>
9	Mexico	\$617.8	34	<u>General Electric</u>	<u>\$131.7</u>
10	Spain	\$577.5	35	Venezuela, RB	\$124.9
11	Brazil	\$502.5	36	Finland	\$122.0
12	India	\$477.6	37	<u>Toyota Motor</u>	<u>\$120.8</u>
13	Korea, Rep.	\$422.2	38	Iran, Islamic Rep.	\$118.9
14	Netherlands	\$375.0	39	Greece	\$116.3
15	Australia	\$368.6	40	Thailand	\$114.8
16	Russian Federation	\$310.0	41	South Africa	\$113.3
17	Argentina	\$268.8	42	<u>Citigroup</u>	<u>\$112.0</u>
18	Switzerland	\$247.4	43	Portugal	\$108.5
19	<u>Wal-Mart Stores</u>	<u>\$246.5</u>	44	<u>Mitsubishi</u>	<u>\$105.8</u>
20	Belgium	\$227.6	45	<u>Mitsui</u>	<u>\$101.2</u>
21	Sweden	\$210.1	46	Ireland	\$101.2
22	<u>General Motors</u>	<u>\$186.7</u>	47	<u>Chevron Texaco</u>	<u>\$99.7</u>
23	<u>Exxon-Mobil</u>	<u>\$182.5</u>	48	Egypt, Arab Rep.	\$97.5
24	Austria	\$188.7	49	<u>Total Fina Elf</u>	<u>\$94.3</u>
25	Poland	\$174.6	50	<u>Nippon T&amp;T</u>	<u>\$93.4</u>



# *The Growth of Giant Global Retailing and Manufacturing Transnational Corporations*

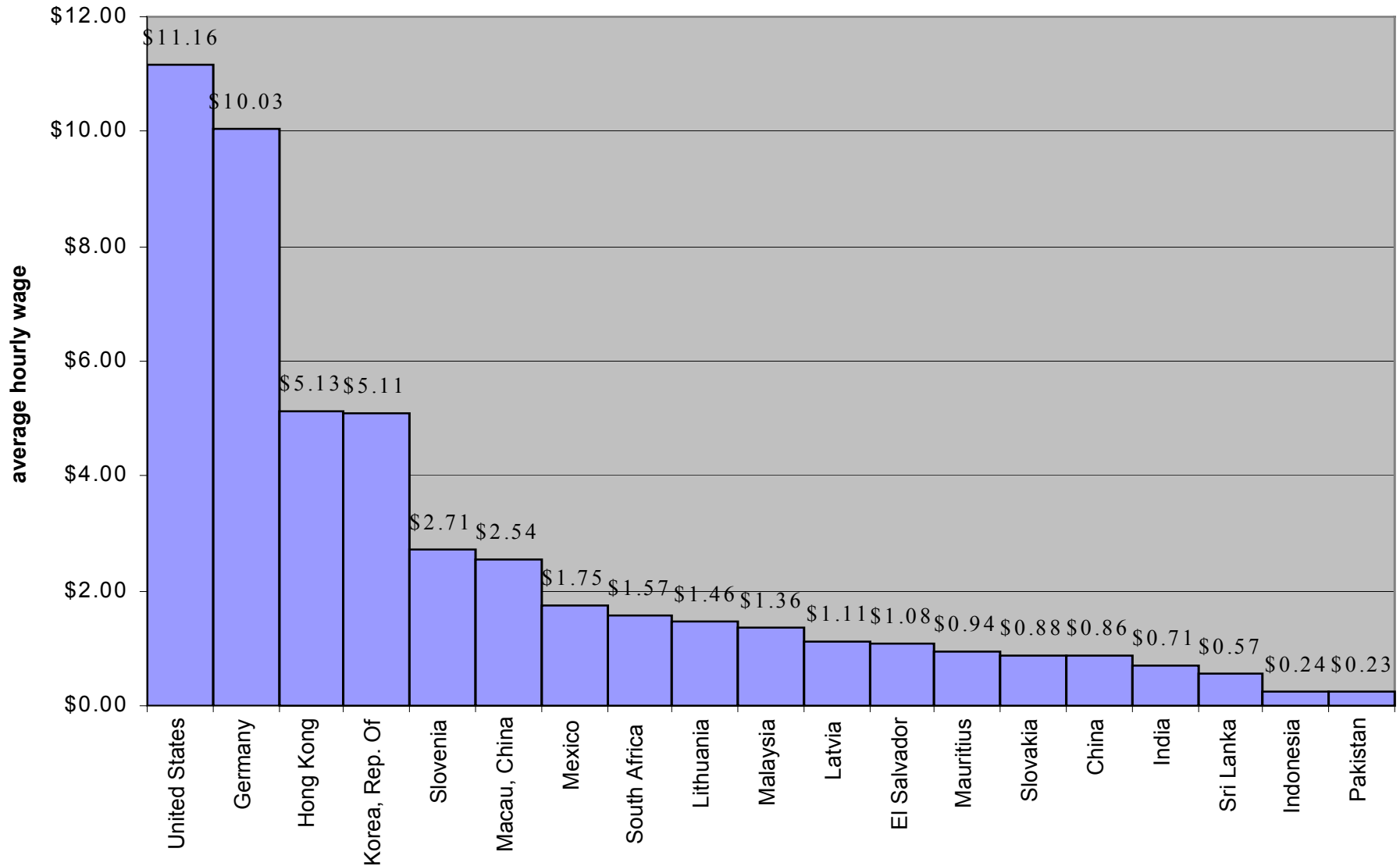
## **RETAILERS:**

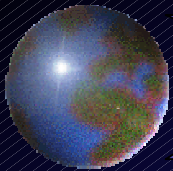
- world's 50 largest retailers = \$1.3 trillion in sales (2001)
  - 4% of world economy
- almost all are American or European
- Wal-Mart accounts for 1/5 of total (\$246 billion in 2002)

## **MANUFACTURERS:**

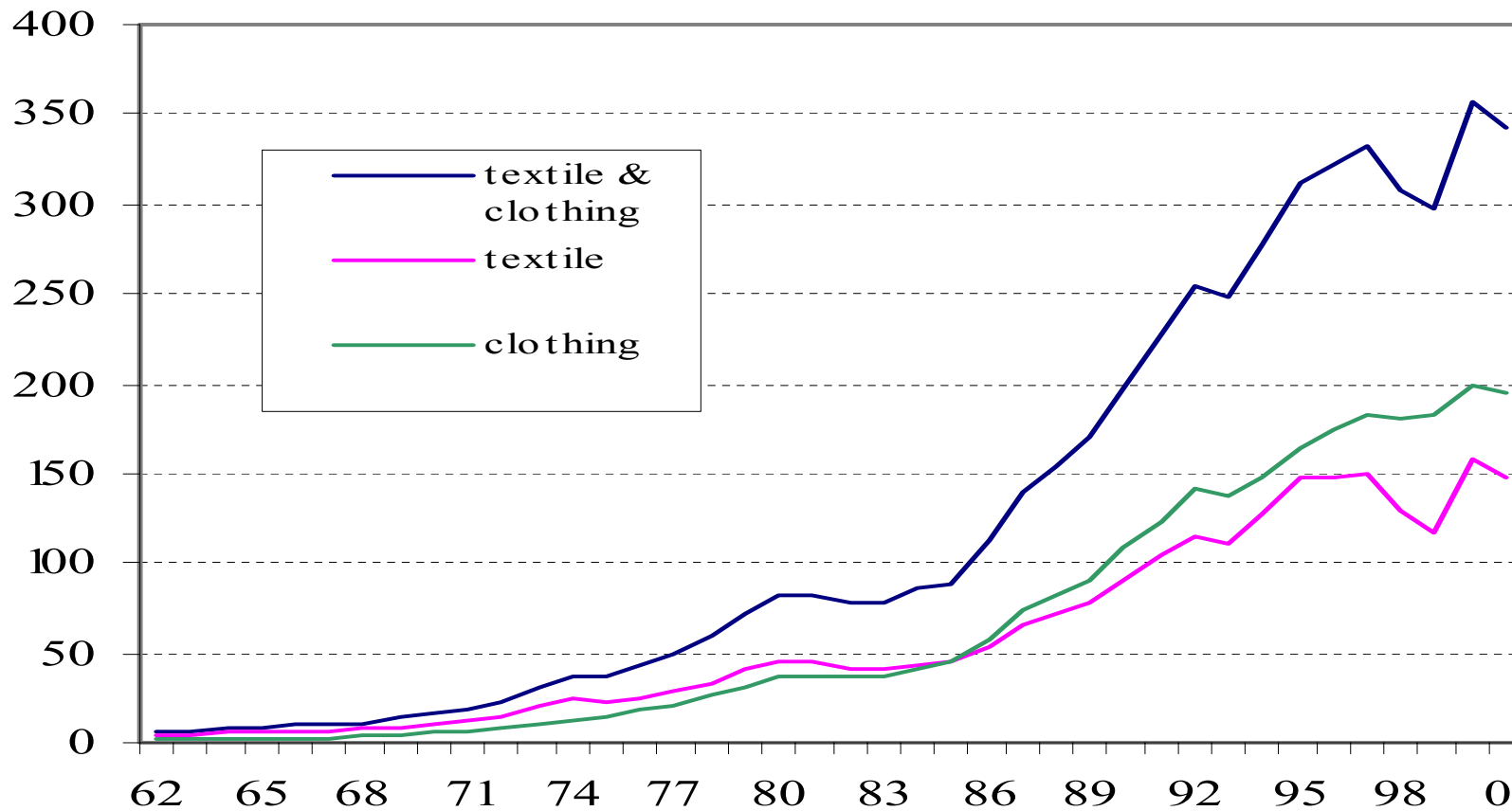
- Nien Hsing: world's largest jeans maker (Taiwanese):
  - 40 million pairs in 2000
  - makes jeans for Wal-Mart, JC-Penny, K-Mart, the Gap, Sears, Target
  - 20,000 workers in Central America, Mexico, Africa
- Yupoong: world's 2<sup>nd</sup> largest cap manufacturer (Korean):
  - "flexfit" caps: "worn by the world," exported to 60 countries
  - Factories in Dominican Republic, Bangladesh
- Pou Chen: world's largest shoe manufacturer
  - accounts for 1/6 of global total
  - employs 150,000-170,000 workers globally
  - 1/2 production is for Nike (also adidas-Saloman, Reebok, New Balance, Asics Tiger, Converse, Puma, Keds, Timberland, and Rockport)
  - Huyen Binh Chanh mega-factory in Vietnam will be the largest footwear factory on the planet, employing 65,000 workers

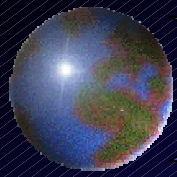
## Average Hourly Wages, Apparel Industry, Selected Countries (2000)





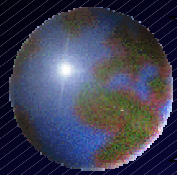
## World Textile and Clothing Exports (in Billions US Dollars)





# El Monte “Slaveshop”





# El Monte “Slaveship”





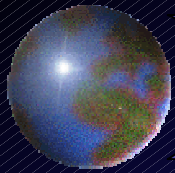
# *Industrial Upgrading: Does Globalization Help or Hinder Economic Development?*

## *II. Centripetal Economic Forces: retaining production in vital local areas*

**friction of time and space remain, even in a "borderless" world**

- ❑ **logistics**
- ❑ **"lean" production**
- ❑ **JIT delivery, etc.)**

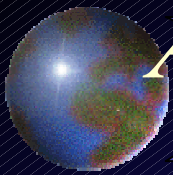




# Aldred Marshall's "industrial districts" remain important

- transaction-intensive networks permit flexibility
- trust relationships → localized spatial advantages (communication, info flow, rapid turnaround)
- personal connections (China's advantage: *guanxi*?)

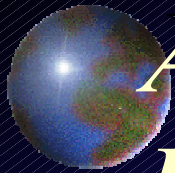




# *A New Spatial Division of Labor – Both Globalized and Localized?*

## **Flow Analysis – Apparel Trade**

- **bilateral trade for 2 global commodity chains (GCCs) in 1978 and 1987**
  - **high end: sheep's wool, wool fabric, men's wool suits**
  - **low end: synthetic fibers, synthetic fabrics, women's polyester blouses**
- **results:**
  - **high end: GCC increasingly spatially concentrated in Europe, with greatest concentration at the top (suits)**
  - **low end: GCC increasingly spatially dispersed, mainly in Asia, with some regional specialization**



# *A New Spatial Division of Labor – Both Globalized and Localized?*

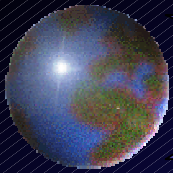
**Gravity Model – Determinants of Apparel Trade (market size, distance to market, distance from suppliers, labor costs, etc.)**

- **1987 bi-national flow data for 57 garment categories and 84 countries (~7,000 flows)**
- **results:**
  - ❑ **cheap labor matters at the bottom, not the top**
  - ❑ **geographic proximity to fabric suppliers matters, especially where quality and lead time > labor costs**
  - ❑ **geographic proximity to market matters, especially for goods that compete on quality and style rather than price**
  - ❑ **production is regionalized around large markets (US, EU, Japan)**

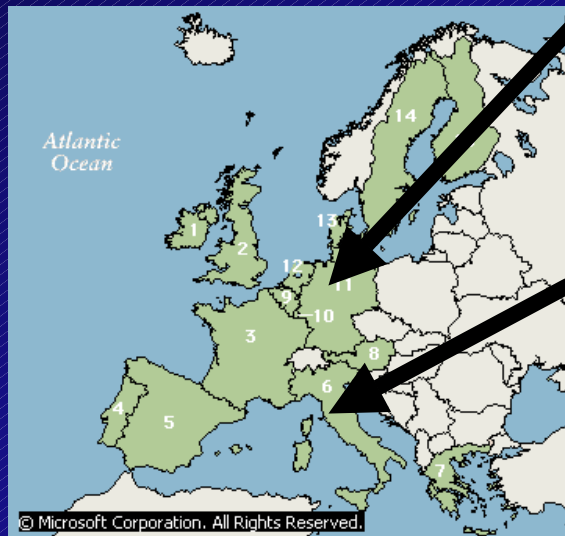
# *Industrial Upgrading: Does Globalization Help or Hinder Economic Development?*

## *III. The Case of East Asia: Can It Be Repeated? (a world-systemic approach)*

- long growth in world economy (1960s-1970s)
- Cold War: massive U.S. economic and military aid to Asia
- oil shocks drove U.S. production offshore
- developmental state:
  - mass education
  - subsidized housing (Taiwan, Singapore)
  - state ownership of key industries (South Korea, Singapore)
  - labor repression
- legacy of British and Japanese colonialism (no large landowners)
- cultural factors?" (Confucian work ethic)



# *SPACE in Teaching*



1. This country is:

- a) Germany
- b) France
- c) England
- d) Switzerland
- e) Italy

2. This country is:

- a) Germany
- b) France
- c) England
- d) Switzerland
- e) Italy

**Our 1,000 global studies majors must have basic geographic knowledge**

- ❏ maps on exams
- ❏ regional concentration
- ❏ case method role-playing around spatial issues in globalization



# *Case Method: “How Can Sweatshops Be Eliminated in the Collegiate Apparel Sector?”*

- How can wages, working conditions be improved without causing capital flight?
- How can codes of conduct be enforced?
- Should regional trade treaties contain “social clauses?”

Role-playing: write briefs, meeting in groups, reach consensus....



# ***YOU ARE A REPRESENTATIVE OF ONE OF THE FOLLOWING ORGANIZATIONS:***

## **UNITED STATES**

- 1. U.S. National Association of Apparel Manufacturers**
- 2. Association of University Business Agents**
- 3. United Students Against Sweatshops/Worker Rights Consortium**
- 4. UNITE (Union of Needletrades, Industrial, and Textile Workers)**

## **CENTRAL AMERICA**

- 5. Association of Maquiladoras (factory owners)**
- 6. Autonomous Union of Garment Workers**
- 7. Independent Association of Human Rights Organizations**