



ROUTLEDGE

an *unruly world?*

globalization, governance and geography

ANDREW HEROD, GEARÓID Ó TUATHAIL  
AND SUSAN M. ROBERTS

**Also available as a printed book  
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# AN UNRULY WORLD?

Is globalization creating an unruly world? Processes of globalization are remaking our world in a dramatic fashion. Business rules as technological networks re-wire the connectivity of places to each other. As such a brave new world asserts itself, what happens to the power of states to govern, regulate and rule? Can states keep up with the pace of change and the scale at which it is unfolding? Is the world becoming an unruly place, where there are no barriers, limits and rules?

*An Unruly World?* addresses these questions as they work themselves out in a variety of different places, domains, and sectors. It examines how fast transnational capitalism is re-making the rules of the game throughout the world of the late twentieth century. Ranging in focus from analyses of “soft capitalism” and the rhetoric of speed in US political discourse, to the post-Cold War organizational drives of international trade unions, and the efforts of citizen groups to challenge trade and financial regimes, the chapters analyse the diverse conundrums thrown up by a seemingly unruly globalization.

Whereas contemporary literature appears to argue that the process of globalization is leading to an increasingly uncontrollable world, this book suggests that this is not, however, a world bereft of rules and rulers. Indeed the rules governing the global economy are today more strictly enforced by intellectual organization and the rhetoric of neoliberalism than ever before.

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and Susan M. Roberts*



London and New York

First published 1998  
by Routledge  
11 New Fetter Lane, London EC4P 4EE

This edition published in the Taylor & Francis e-Library, 2003.

Simultaneously published in the USA and Canada  
by Routledge  
29 West 35th Street, New York, NY 10001

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*British Library Cataloguing in Publication Data*  
A catalogue record for this book is available from the  
British Library

*Library of Congress Cataloguing in Publication Data*

An unruly world?: globalization, governance and geography/  
Andrew Herod, Susan M. Roberts and Gearóid Ó Tuathail.  
p. cm.

Includes bibliographical references and index.

1. Geopolitics. 2. International economic relations. I. Herod,  
Andrew. II. Roberts, Susan M. III. Ó Tuathail, Gearóid.

JC319.U57 1998  
909.82'9-dc21 98-8550

ISBN 0-203-07194-8 Master e-book ISBN

ISBN 0-203-20998-2 (Adobe eReader Format)  
ISBN 0-415-16931-3 (hbk)  
ISBN 0-415-16932-1 (pbk)

For Jennifer, Michela, and Rich



# CONTENTS

<i>List of figures and tables</i>	ix
<i>List of contributors</i>	x
<i>Acknowledgements</i>	xii
1 NEGOTIATING UNRULY PROBLEMATICS <i>Gearóid Ó Tuathail, Andrew Herod, and Susan M.Roberts</i>	1
2 THE RISE OF SOFT CAPITALISM <i>Nigel Thrift</i>	25
3 GLOBAL FLOWMATIONS, LOCAL FUNDAMENTALISMS, AND FAST GEOPOLITICS: “AMERICA” IN AN ACCELERATING WORLD ORDER <i>Timothy W.Luke and Gearóid Ó Tuathail</i>	72
4 FROM FEDERAL WELFARE TO LOCAL WORKFARE? REMAKING CANADA’S WORK-WELFARE REGIME <i>Jamie Peck</i>	95
5 GEO-GOVERNANCE IN TRADE AND FINANCE AND POLITICAL GEOGRAPHIES OF DISSENT <i>Susan M.Roberts</i>	116
6 PRODUCING GLOBALIZATION: APPAREL AND THE AUSTRALIAN STATE <i>Michael Webber</i>	135
7 OF BLOCS, FLOWS AND NETWORKS: THE END OF THE COLD WAR, CYBERSPACE, AND THE GEO-ECONOMICS OF ORGANIZED LABOR AT THE <i>FIN DE MILLÉNAIRE</i> <i>Andrew Herod</i>	162
8 MAGHREBIN IMMIGRATION, FRANCE, AND THE POLITICAL ECONOMY OF THE “SPATIAL VENT” <i>Michael Samers</i>	196



CONTENTS

9 EXCAVATING NATURE: ENVIRONMENTAL NARRATIVES AND DISCURSIVE REGULATION IN THE MINING INDUSTRY <i>Gavin Bridge</i>	219
<i>Index</i>	245

# FIGURES AND TABLES

## FIGURES

2.1	The cultural circuit of capitalism	42
2.2	Managerial fads and fashions, 1950–88	46
2.3	The geography of business seminars	48
2.4	Remaking the managerial subject	57
6.1	Textiles, Australia: employment and effective rates of assistance, 1968–9 to 1994–5	140
6.2	Clothing and footwear, Australia: employment and effective rates of assistance, 1968–9 to 1994–5	140
8.1	Nature of “departures” from Renault, 1982–92	211
9.1	Cover illustration, Phelps Dodge Annual Report 1994	229
9.2	Cover illustration, Phelps Dodge Annual Report 1993	230
9.3	Cover illustration, Phelps Dodge Annual Report 1992	231

## TABLES

2.1	Ranking of chief business schools in the US	43
2.2	Best-selling business books in the US, 1979–88	47
6.1	Australia: exports and imports, manufactured commodities, 1979–93	153
6.2	Australia: trade in footwear, clothing and textiles, 1979–93	153

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## ACKNOWLEDGEMENTS

This book is based on the “Crises of Global Regulation and Governance” mini-conference held at the University of Georgia, Athens, GA., April 6–8, 1996 and sponsored by the Department of Geography. The editors would like to thank all those who attended the conference. In particular, we would like to thank Nigel Thrift for agreeing to be our keynote speaker and for presenting a paper which set a superb tone for the rest of the conference, and all other presenters, including: Peter Mameli, Jamie Peck, J.K.Gibson-Graham, Joseph Scarpaci, Allen Scott, Barney Warf, Altha Cravey, Carl Thor Dahlman, Robert Hanham, Shawn Banasick, Michael Samers, Edward Weisband, Martin Jones, Kevin Ward, David Corominas, Christian Zeller, Jeff Crump, Chris Merrett, Scott Salmon, Michael Webber, Sharon Corkill Cobb, Andrew Leyshon, Jane Pollard, Jonathan Pratt, Gavin Bridge, and Philip Steinberg, together with Andrew Goetz and James Sidaway who were scheduled to present but could not attend the conference due to unforeseen circumstances. All three editors would also like to thank the local eatery where the “donut theory” of the city was made perfectly clear to us.

Andy Herod would like to thank several staff members at the University of Georgia for their help with the logistics of organization, including: Jennifer Frum (Office of International Development) for her artistic and computer skills in designing the conference brochure, Audrey Hawkins and Cora Gartrell (Department of Geography) for help in managing supplies for attendees, Kim Smith (Department of Geography) for her ability to keep track of how much of his conference budget he had spent, and Loretta Scott and Emily Duggar (Department of Geography) for their help in ensuring that everyone ended up where they were supposed to be. Andy would also like to thank George Brook, Head, Department of Geography, for securing funding for the mini-conference, and to Wyatt Anderson, Dean of the Franklin College of Arts and Sciences, for agreeing to provide the funding. He would also like to thank his co-editors and the contributors for making this project go as smoothly as it has.

Gearóid Ó Tuathail (Gerard Toal) would like to thank the Department of Geography at Virginia Tech for modest financial and logistical support. Conversations with Paul Knox, Timothy Luke, and Edward Weisband

## ACKNOWLEDGEMENTS

helped germinate the idea for the mini-conference out of the 1995 “Political Geography” progress report, while ongoing debates with Tim helped when the introduction was being written. Thanks also to Michela for taking the time to come to Athens to listen to a bunch of geographers. Last, but not least, thanks to the friends who are also co-editors, who willed this book into existence on a street bench in Charlotte, and who never lost the humor we all needed to complete it.

Sue Roberts would like to thank Dick Ulack, former Chair of the Department of Geography at the University of Kentucky, for supplying the funds for printing the mini-conference Call for Papers and for his overall interest in this project. Moni Shields and Joyce Rieman, also of the University of Kentucky Geography Department, were very helpful as the tasks involved in putting this book together became more complicated when the arrival of Elizabeth Emma and William Julius necessitated Sue working from home. Rich Schein deserves thanks too for his support—more important now than ever. Thanks to Andy and Gearóid whose friendship made co-organizing the conference and working on this book more fun than hassle. They even put up with a co-editor who was somewhat preoccupied with new babies just at a time during this project when there was much to be done.

Finally, we have dedicated this book to our respective partners who make the unruliness of living in the late twentieth century a mutual adventure.



# NEGOTIATING UNRULY PROBLEMATICS

*Gearóid Ó Tuathail, Andrew Herod, and Susan M. Roberts*

**Unruly:** not amenable to rule or discipline; ungovernable; turbulent; disorderly.

*Oxford English Dictionary*

We live in unruly times and, increasingly, in unruly places and spaces. Throughout the globe at the end of the twentieth century, a series of unruly and contradictory problematics are working themselves out across states, nations, economies, environments, and bodies. From the emergence of integrated global financial systems, the globalization of production, the rise of planetary networks (Castells 1996), and the de-traditionalization of identity (Heelas *et al.* 1996), to the collapse of “actually existing socialism,” the end of the Cold War, and the creation of new transnational institutions, longstanding structural forces and processes are colliding and converging to produce a *fin de millénaire world* that is relentlessly compressed and restlessly dynamic, while also spectacularly riven and dangerously fragmented. Just as Halford Mackinder (1904) proclaimed a “post-Columbian epoch” of closed global space at the beginning of the twentieth century, so might one be tempted to proclaim at century’s end the emergence of an “unruly epoch” of ungovernable, turbulent, and disorderly global space. Caught in the maelstrom of the processes which are re-writing the rules of world order are the old masters of global space, the state formations that have historically divided territories and organized economies, ruled sovereignly over populations and corporations, disciplined subjects, and consolidated identities. Absolute rulers no more, the slipping power of states threatens the advent of an unruly world, a world no longer amenable to the state-centric ruling systems and disciplining institutions of the past.

Within numerous of the defining problematics of the late twentieth century—problematics such as globalization, governance, and geography—unruliness appears as a mantra to some and as a paradigmatic and spectral condition to others. In and of itself, the concept of “unruliness” is not a secret cipher to our contemporary global political economy. It expresses no



hidden essence nor does it offer divine revelation, a mastering concept based on a God's-eye view (the position of a Mackinder) from which to make sense of the messy complexity of our world at the end of the millennium. Like all concepts, its multiple uses are delimited contextually. Our interest in it is as a path of entry into the problematics of ungovernable globalization, turbulent governance, and disorderly geography, problematics where "unruliness" registers in ways which divulge certain lines of power and disclose ironic contradictions in the structural trends and tendencies reconfiguring the rules of the globe. In this sense, the unruly is, for us, a question and not an answer, an open line of inquiry and not a closed definitive description. So it is, too, for the chapters that make up this volume which engage the unruly problematics of globalization, governance, and geography in different places, contexts, sectors, and institutional sites. Rather than describe each essay in detail or discipline all in the name of a forced thematic singularity, we wish to use this introduction to articulate the multiple problematics they negotiate, articulating as we go along the particular sites of power addressed by the various chapters in the volume. Our goal in this volume is not to survey the global political economy we work within from some transcendent "geographical perspective" but, instead, to engage with the polymorphous unruliness of our world to gain a greater understanding of its shifting tectonics of power and the faultlines they generate.

## GLOBALIZATION

As an imperfect name for a differential and uneven process of transition from an international economy to an imaginary unified global economy, "globalization" is a flexible concept for flexible times, one that is much evoked by commentators and capable of being articulated in a variety of ways (Kofman and Youngs 1996; Mittelman 1996). As a means of approaching the concept, two useful distinctions are worth making at the outset. The first is made by Robert Cox (1996) who notes, following Marx, that capitalism has always been global. Cox usefully distinguishes between a historical materialist and an ideological understanding of the term. From a materialist perspective, globalization has its origins in the crises of the international economic order of the 1970s as the capitalist organization of production began to move beyond the Fordist mode of (national) regulation that had structured it during the immediate post-war decades. Internationally, the bargain between states and capitalist markets that characterized this era has been identified by John Ruggie as "embedded liberalism" (Ruggie 1982). As capitalist production moved to new forms and (global) scales of organization, however, the post-war national bargains established in various countries between capital, labor, and the states began to unravel. Crudely summarized, an international economy made up of discrete and strongly regulated national economies trading with and investing in each other slowly became eclipsed

by a world economy “in which production and finance were being organized in cross-border networks that could very largely escape national and international regulatory powers” (Cox 1996:22).

Numerous symbolic dates and events characterize this change: the breakup of the Bretton Woods system of fixed exchange rates; the Japanese challenge to the American automobile industry; the global effects of the OPEC oil price increases and the subsequent flooding of the international economy with petrodollars; the fall of Saigon; and the Thatcherite and Reaganite offensive against organized labor and the post-war social bargain in their respective states. In a materialist sense, then, globalization marks a crisis of the nationally constituted territorial rules and regulations governing the relationship of states to capitalism. It marks a shift towards an unruly and ungovernable form of capitalist organization at a global scale, a form of organization promoted and sought by capital itself both materially and discursively. As Cox notes, the world economy grew by taking advantage of the territorial fragmentation of the international economy. “This allowed capital to choose the most propitious site in which to locate diverse phases of a geographically disseminated production process, taking account of differences in labor costs, environmental regulations, fiscal incentives, political stability, and so on” (Cox 1996:23).

By the mid-1990s it was estimated there were 40,000 corporations in the world whose activities crossed national boundaries, with these firms having an estimated 250,000 foreign affiliates (Anderson and Cavanagh 1996). For these transnational corporations and the states within which they operate, “globalization” has become a pervasive ideology which explains, justifies, and further facilitates their material interests. Globalization is represented as an economically overdetermined necessity, a material inevitability, and a political imperative (Gibson-Graham 1996). It is the material transformation at the center of the increasingly hegemonic discourse of transnational liberalism (also known as neoliberalism), the doctrine that holds that movement towards so-called “free trade” and “open markets” at a global scale is in the interest of all the world’s peoples (Agnew and Corbridge 1995). In the discourse of neoliberalism, globalization is the unfolding of the latent potential of *laissez-faire* capitalism to revolutionize the globe. It is seen as a tsunami of transformation that will, sooner or later, wash away the staid regulations of the territorial state, uprooting old bureaucracies and protected markets, and launching them into the global flows of free market capitalism (Luke and Ó Tuathail this volume). It is transnational corporate capitalism’s manifest destiny, its vision and promise of an (b)orderless world where consumers are the ultimate sovereigns and “nothing is overseas any longer” (Ohmae 1990: viii). Globalization envisions the re-making of the globe, the transformation of “safe and sleepy markets...into fluid and complex business environments where change and uncertainty seem to be the only constants” (Smithson *et al.* 1994:3).

Such change and uncertainty is reflected in the ways in which transnational corporate capitalism is conceptualized and managed (Barnes 1996). Thrift argues in this volume that a “new managerialism” is emerging in response to a world that appears uncertain, paradoxical, unruly, complex, and chaotic. Whilst traditional managerial discourses have drawn on what Jowitt (1992) calls a “Joshua discourse” founded on the notion that there is a single, God’s-eye view of reason which suggests some underlying logic to the organization of the world, more recently what Thrift calls a “Genesis discourse” has begun to gain ascendancy in management (and academic) circles. Whereas in the Joshua discourse order is taken as the rule and disorder as the exception, the Genesis discourse sees disorder as the rule and order as the exception, such that knowledge is no longer based in eternal “truths” but is simply “an archipelago of islands of epistemic stability in a sea of disorder, fluctuations, noise, randomness and chaos.” Coincident with such discursive transitions are significant changes in the logistical ways in which global capitalism is managed as numerous corporations rip out layers of middle management and adopt looser forms of business organization which are able to respond quickly to the challenges of an evermore integrated globe. As capitalism has become increasingly globalized, it has also, Thrift suggests, become increasingly oriented around issues of discourse, knowledgeability, and access to information, such that the contemporary discourses articulated by corporations and various management gurus are serving as instruments of the regulation of capitalism through the process of new institutional and subject formation—what Thrift calls the rise of “soft capitalism.” Although knowledge has, of course, always been central to the way that capitalism works, increasingly various discursive practices appear to be playing a much more significant regulatory role as the power of the state to regulate through legislative fiat seems to be diminishing. Hence, by way of example, Bridge’s chapter in this volume both illustrates and embellishes this point through its analysis of how global mining concerns are reshaping discourses concerning environmental stewardship so that they might negotiate crises of accumulation and legitimation which emerge as a result of challenges by environmentalists.

A second useful distinction for clarifying globalization is that between a “globalization-from-above” and a “globalization-from-below,” as elaborated, albeit somewhat simplistically, by Brecher and Costello (1994). For Brecher and Costello, globalization-from-above refers to the globalization sought and promoted by powerful corporate actors and institutions in our contemporary global political economy. It is the command and control globalization being created by transnational corporations thinking globally as they shift from multidomestic to global competitive strategies. It is the US-European Union-Japan triadic management globalization sought and promoted by quasi-state and quasi-private institutions like the World Bank, the International Monetary Fund (IMF),

and the World Trade Organization (WTO). Finally, it is the commodified cultural globalization imagineered by transnational media and corporations which project consumer Utopias—Disney Worlds and Marlboro countries, Planet Hollywoods and Banana Republics—where consumption not citizenship defines identity and where brandnames like Sony and not nationalist visions of soil are meant to inspire loyalty (Barber 1995).

By contrast, globalization-from-below is Brecher and Costello's somewhat idealistic and normative interpretation of the web of transnational networks and connections between grassroots social movements, non-governmental organizations, and trade unions in many different states trying to ameliorate and democratize globalization-from-above. Like the most powerful actors in our global political economy, they suggest, grassroots activists—whether they be environmentalists and labor unions, farmers and public health activists, human rights groups and women's forums—need to “think globally and act locally,” rejecting appeals to chauvinistic nationalism and local prejudice in the name of a more equitable and just globalization (for examples of such activities, see Herod 1995; Roberts, this volume).

The notion of the “unruly” is quite different for these contrasting forms of globalization. Within the neoliberal discourses of the most active advocates and agents of globalization-from-above, a certain form of what we might call “economically correct” unruliness is a vital prerequisite for radical change and future economic success. As a *de facto* vanguard pushing a revolutionary doctrine, the polemicists and practitioners of neoliberalism mythologize the unruliness of the market and demand its emancipation from the fetters and discipline of statist regulations. The revolution they ferment is a revolution to free markets across the globe in the name of rationality, growth, and efficiency, a concerted effort to promote unruliness by abolishing all restrictions, brakes, and fetters on “the market.” The resistance of entrenched interests and territorially bound bureaucracies must be overcome. In a world where transnational corporations are “moving at the speed of business” (UPS advertising slogan) globalization is conceptualized in dromocratic terms as a mythic acceleration (“take-off”) towards the future (Thrift this volume). Dromo-globalization as an ideology celebrates visions of an “accelerated transition” to what Toffler (1980) has called “Third Wave capitalism,” “friction-free exchange,” and “superconductive” financial markets (Luke and Ó Tuathail this volume). In the technofuturism of Newt Gingrich (architect of the New Right's takeover of the US Congress in 1994), where revolution is only technological and always capitalized, the Third Wave will supposedly re-create the good old mythic days of nineteenth-century *laissez-faire* capitalism and democracy. In his infamous book *To Renew America*, for which Rupert Murdoch's HarperCollins initially paid Gingrich an exorbitant advance fee (which Gingrich was later forced to decline because of the perception of corruption), Gingrich declares that;

more and more people are going to be operating *outside* corporate structures and hierarchies in the nooks and crannies that the Informational Revolution creates. While the Industrial Revolution herded people into gigantic social institutions—big corporations, big unions, big government—the Information Revolution is breaking up these giants and leading us back to something that is—strangely enough—much more like Tocqueville’s 1830s America.

(Gingrich 1995:63; emphasis and capitalization in original)

Classic liberalism is joined to neoliberalism and neoliberalism to democracy in this determinist textbook vision wherein the Tofflers lead us right back to Tocqueville. Third Wave capitalism will supposedly set us free, erasing social barriers and hierarchies and leading, ultimately, to a “market democracy” of small entrepreneurs and innovators in perfect competition with each other.

Gingrich’s register of paradox—“strangely enough”—cannot, however, disguise or smooth over the contradictions of such discourse. First, the unruly globalization represented and promoted by neoliberal ideologues as inevitable and imperative (the “there is no alternative” and the “no turning back” slogans popularized by Thatcher) requires strong state action to realize itself. Rewriting the rules for the global economy necessitates the rule of the neoliberal right (or, in countries with nominally leftist governments such as New Zealand and France in the 1980s, at least the rule of neoliberal rites) to deregulate national markets and unleash the revolutionary potential of the global marketplace. With the bound rules of national capitalism as the Bastille to be stormed and finance capital as Robespierre (Greider 1997:25), the revolutionaries promise the freedom and democracy of a liberated market, where individuals are no longer fettered and encumbered by the repressive and restraining rules imposed by earlier generations of politicians and bureaucrats. However, the state must still be “seized” in order for the market to be liberated. Control of the organs of the national state is still required to manage the perpetual “transitions” neoliberals imagine, transitions from national capitalism to global capitalism, from socialism to capitalism, from the plan to market, from the bureaucratic past to the “opportunity society” of the future (World Bank 1996). Politics becomes infused with the discourse of the neoliberal vanguard, pushing the acceleration of transitions, polemicizing on behalf of the future Utopia of the market, and promising a new world wherein individuals can breathe freely in the fantasy lands of the global techno-consumer society. Yet the Utopian future society (which is also a simulacrum of a Utopian past) can never actually arrive, for it is a hyperreal artifact of neoliberal discourse, a model of the real that is more real than the messy materiality of actually existing capitalism. Thus, for example, whilst Gingrich and others celebrate the advent of the Age of the Information Superhighway, the most recent US Census shows that in Kentucky there are over twenty rural counties in which

more than 20 percent of households have no telephone (Pack 1995). Despite the neoliberal rhetoric, it is clear that invitations for membership in the opportunity society are only tendered to some and that large segments of the global populace will continue to be blackballed.

Second, behind the “market democracy” imagined by the neoliberal right is the dictatorial (“no alternative”) rule of the global market, transnational capital, and the network of transnational institutions fermenting economically correct revolution across the globe. The future ability of even left-leaning national governments to re-write the rules in favor of the less powerful within their own states diminishes considerably as economically correct unruliness is legislated in national law and “locked in” by transnational agreements like the NAFTA, the Maastrich Treaty, and various WTO treaties. Neoliberal unruliness at the state level is part of a larger drive to establish a transnational regime of rules at the global scale. Unruly globalization is a condition that has to be organized by transnational forums (like the Asia Pacific Economic Cooperation [APEC] group and the WTO), actively promoted by transnational organizations (like the IMF and the Bank for International Settlements [BIS]), and sold as rational expertise by neoliberal polemicists, econocrats (Strange 1996), and “eminent persons” (Roberts this volume). It is a global vision, articulated in the name of the general interest, but envisioning the globe as a mess of anachronistic statal rules that have to be re-designed in order to secure the more profound rule of “the market” (Roberts forthcoming a).

One such pusher of neoliberal unruliness is Fred Bergsten, chair of APEC’s “Eminent Persons Group” and Director of the Institute for International Economics, a Washington think-tank that exercises considerable influence over US economic foreign policy and has helped formulate the so-called Clinton Doctrine, the belief that the world should become a global market of free trading democracies, with the US economy as its linchpin and guarantor (Walker 1996). In a recent *Foreign Affairs* article titled “Globalizing Free Trade,” Bergsten (1996:105) argued that inter-state arrangements are usually necessary to implement liberalization because “domestic political opposition frequently blocks countries from abolishing their traditional barriers unilaterally.” Because “entrenched interests fight hard, and often with prolonged success, to maintain their protected positions” these positions can only be taken out, according to Bergsten, by mobilizing pro-trade interests in an international war of position against them. Until now, that war of position has been most successfully fought by regional groupings like the EU, the NAFTA area, and the APEC group. Whilst these regional and global liberalization initiatives of the GATT process (now headquartered at the WTO) have historically been mutually reinforcing, the generalized offensive against “protected markets” and “entrenched interests” requires careful future coordination. “Avoidance of conflict has required the maintenance of effective global trade rules that both define the

regional arrangements and govern relations between them, as well as an institution to enforce those rules” (Bergsten 1996:107). The institution which Bergsten believes is needed to enforce the rules and push an ambitious globalization of free trade is the WTO. Consequently, he proposes that the biennial WTO meeting scheduled to be held in Singapore in 1998 be converted into the first global trade summit and, among other things, that the Singapore meeting should appoint “a wise persons group to make recommendations for the future of the trading system” (1996:115).

In his capacity as chief eminent person to APEC, Bergsten in fact helped organize and advise the 1996 APEC leaders’ conference held at Subic Bay in the Philippines. The conference’s location—a former US navy base that was subsequently converted into a free port, tourist resort and enterprise zone—symbolized the transition from geopolitics to geo-economics that underpins the Clinton administration’s “market democracies” foreign policy. As the new regional hub for Federal Express’s operations in East Asia, it also symbolized the Philippines’ own effort to launch itself into the fast lanes of transnational commerce. Yet, for many critics it also symbolized the imagineered face of globalization-from-above. In its preparations for the conference, the Filipino government bulldozed—like the Indonesian government’s “Operation Cleansing” before the November 1994 APEC summit in Jakarta (Greider 1997:391)—hundreds of squatter shacks along the capital’s major roads leading from the international airport to the big hotels and convention sites, rendering an estimated 10,000 people homeless (Richburg 1996). As APEC delegates arrived and drove into town, they were presented with a clear view of freshly whitewashed walls, painted curbs and median lines, 2,000 new street lights, and few “eyesore” squatter camps. Such globalization-from-above did not go uncontested, however. At the same time the 18 visiting Asia-Pacific leaders met at Subic, a coalition of leftist groups organized a counter-conference, the People’s Coalition Against Imperialist Globalization, to draw attention to those victimized by globalization-from-above. APEC, they charged, is little more than a vehicle for the rich to get richer at the expense of the poor (Kirk 1996).

Third, despite the rhetoric of deregulation by freeing markets and downsizing government, economically correct unruly globalization is, in practice, not necessarily about *deregulation* at all but about *reregulation* (in the interests of certain groups). In his excellent study of regulatory reform in advanced industrial countries, Vogel (1996:2) notes that “the rhetoric of globalization, privatization and deregulation serves only to obscure what is going on.” He argues persuasively for three propositions, namely: (i) that *deregulation* is really *reregulation*, indeed that the liberalization of markets requires *reregulation*; (ii) that there is no common trend or convergence across the advanced industrialized states in the form neoliberalism actually takes institutionally; and (iii) that states, as we have already noted and as Webber in this volume demonstrates, are active drivers of the process, in

some instances more than the private interest groups which stand to gain from the process of reregulation. The “unruly” in the neoliberal imagination, therefore, is a highly qualified concept.

Indeed, the concept is very much shadowed by the fear that things just might get a little too unruly even for the new transnational ruling class-information, and that certain economically correct rules are necessary to prevent the system degenerating into anarchy. Such fears were voiced by Canada’s current Minister for Foreign Affairs and International Trade, Art Eggleton, on the occasion of the May 1996 visit of WTO chief Renato Ruggiero to Canada. Invoking an imagined community of states willing to play by the new international rules of global free market capitalism, he stated:

There is a perception that somehow increasing trade flows is harmful, that it leads to job losses, not job creation... We, in the WTO, need to respond to these concerns by showing that *increased adherence to a rules-based system*, together with further trade liberalization, leads to greater economic growth which benefits us all.

(Eggleton 1996, emphasis added)

Likewise, for John Weekes (1996), Canada’s permanent representative to the WTO, “globalization is a reality.” It has made the “well-being of ordinary people much more dependent on events outside national borders.” As a consequence, the world “needs predictable international rules and strong institutions to enforce them.” Lest Canada, a country dependent upon trade for its economic survival and with a population of only 30 million, succumbs to the “unfair” practices of unscrupulous competitor states, “there can be only one answer [to globalization]. We need the *protection and security* of a *rules-based system*, not the rough and tumble of a global jungle where only the powerful survive” (emphasis added). Evidently, for the neoliberal supporters of globalization WTO-style “deregulation of the market” is just fine, so long as everybody plays by the same set of rules and long-standing lines of power are not threatened by brash neophytes in the global marketplace. Neoliberalization, in dissolving and deregulating the old rules of national capitalism, requires that the new rules governing the transition to the mythic global economy are observed by all and enforced by institutions with real power.

## GOVERNANCE

Michel Foucault (1991:93) defined governmentality as “the right disposition of things, arranged so as to lead to a convenient end.” Until the twentieth century, the various govern-mentalities that helped define the modern world resided within powerful states (Taylor 1996). The disastrous inter-state wars



of the twentieth century helped give impetus to the establishment of a set of govern-mentalities that would transcend and regulate the behavior of states within what was then still an inter-state system. While the League of Nations largely failed as an experiment in trans-state governmentality, the United Nations has become a more successful (though unevenly so) site for the organization and consolidation of trans-state governmentalities. Founded by some 50 states in San Francisco in 1945, the organization is today perceived by many as in need of fundamental reform if it is to respond flexibly to the challenges of the late twentieth century. The Commission on Global Governance (1995), a group of international politicians and senior government officials, many of whom are closely associated with the UN, recently concluded that structural transformations and systemic changes in what is now a global system make improved arrangements for the governance of this system imperative.

The challenges facing the world today are vastly more complicated than those that confronted the delegates in San Francisco. They demand co-operative efforts to put in place a system of global governance better suited to present circumstances—a system informed by an understanding of the important transformations of the past-half century and guided by enlightened leadership.

(Commission on Global Governance 1995:39)

The global govern-mentality envisioned by the Commission—a governmental imagination that skates over the contradictions and the politically contested nature of the key concepts, ideals, and goals of global governance (Baxi 1996)—is just one of many different responses to the changing problematic of and for governance at the end of the twentieth century (for an earlier Trilateral Commission inspired reading of this problematic see Crozier *et al* 1975). Let us take a closer look at three aspects of this changing problematic.

First, economic globalization has altered the power relationship between states, corporations, and markets. For a start, the relative economic power of most states *vis-à-vis* transnational corporations has shifted considerably. Comparing corporate sales to gross domestic product, Anderson and Cavanagh (1996) note that of the 100 largest “economies” in the world, 51 are corporations but only 49 are countries. Amongst their findings are that Mitsubishi, the largest corporation, has sales greater than the gross domestic product of Indonesia, Denmark, and Thailand. Ford Motor Company is larger than Turkey, South Africa, and Saudi Arabia. Wal-Mart—the 12th largest corporation in terms of sales—is bigger than 161 countries, including Israel, Poland, and Greece. Overall, the combined sales of the top 200 corporations accounted for 28.3 percent of the world’s GDP. Likewise, global trade and international investment have also mushroomed in recent years. Currently

world transnational trade is growing at about 8 percent per year, a rate three to four times faster than the growth in global production. Whereas annual foreign direct investment inflows to all countries averaged some US\$50 billion in the first half of the 1980s, by 1993 they had risen to US\$194 and are currently over US\$200 billion (Bank for International Settlements 1996).

More dramatic still is the power of transnational financial markets. Crossborder transactions in bonds and equities among the G-7 countries (excluding the UK) jumped from 35 percent of GDP in 1985 to approximately 140 percent in 1995, whereas a survey of the global derivatives market indicated that the outstanding value (at least on paper) of derivative contracts totaled some US\$40 trillion in over-the-counter markets alone (Bank for International Settlements 1996). Private traders can now successfully undermine the ability of certain central banks to manage their own currencies, as George Soros demonstrated so spectacularly when he forced Great Britain out of the European exchange rate mechanism (Greider 1997; Millman 1995). The global financial system is itself exceedingly unruly. As the BCCI scandal, the Barings Bank, and the Nomura Securities cases demonstrate, the rules governing the global financial system depend on codes of conduct which are often ignored. Furthermore, many new global banking centers make their money from their ability to ignore or get around the conventional rules (Roberts 1995). The unruly status of these places—the Bahamas, Channel Islands, Luxemburg, Panama, the Cayman Islands—makes them attractive banking locations for both “legitimate” and “illegitimate” business, for both well-established transnational corporations and the networks of criminal enterprises from Columbia to Russia who use these offshore banking centers for laundering their illegal funds (Farah 1996).

Second, there is considerable evidence that states as public authorities charged with the welfare of their populations are failing. The phenomenon of the “failed state” has become a conceptual category all to itself in the late twentieth century. At an extreme, one has the “failed states” of Afghanistan, Rwanda, Zaire, and elsewhere whose spectacular failure is picked up by global media networks and used to generate increasingly frequent imperatives of intervention and assistance on the part of the developed world (Luke and Ó Tuathail, 1997). Less extreme, but none the less pervasive, is the state failure induced by endemic corruption within state institutions and governing bodies. Few contemporary states escape from some form of corruption or other. The most spectacular instances of official corruption—misuse of public office for private and/or illegal ends—in recent years have involved states from India to Italy and from Saudia Arabia to South Korea. Long-standing institutionalized kleptocracies include Nigeria, Zaire, and Mexico. Political leaders from Pakistan, Turkey, Japan, Mexico, the United States, and China have fought charges of official corruption in recent years. Combined with an inability of many regulators even to understand fully how

some new financial instruments operate (witness the debacle over derivatives), a new kleptomania appears to have suffused many parts of the global financial and governmental system. Add to this the growing insolvency of many states and one has a generalized, rather than a regionally specific, problematic of “state failure.”

Many of the reports of the failure of states as institutions, of course, tend to be ideologically colored by a neoliberalism which holds that states are failing when they inhibit or regulate markets. States are interpreted as nascently corrupt institutions prone to failure, while markets are read as innately liberative and democratic institutions destined to succeed. Leiken’s (1996) reading of the epidemic of corruption across the globe, for example, sees corruption as a phenomenon of states and imperfect markets under political control. He prescribes neoliberal reforms as potential solutions to corruption. Yet, despite the neoliberal rhetoric, it must be noted that some of the most spectacular cases of corruption in recent years have, in fact, been associated precisely with drives towards marketization and the privatization of state industries, such as those in Central Europe and Latin America (Oppenheimer 1996). The neoliberal-induced traumas of Mexico, with its peso crisis, international bailout, endemic political corruption, assassinations, bankruptcies, income polarization, narco-capitalism, and political rebellions may well be paradigmatic for the future of many states in our current world order (Ó Tuathail 1997).

Third, it appears to many that the post-Cold War world has not given birth to a stable New World Order but, instead, to a dangerously unruly world disorder of rogue states and nuclear outlaws (Klare 1995), proliferation threats (Sopko 1996), fanatic nationalism (Moynihan 1993), Islamic terrorist threats (Esposito 1992), rising infectious diseases (Garrett 1996), and an emergent “clash of civilizations” (Huntington 1996). With the relative decline of distance and territory as factors in strategic calculations, some geopoliticians have argued that we have moved from a world of spatially delimited “enemies” to a world of spatially diffuse and omnipresent “dangers”—global environmental destruction, drugs, terrorism. Many of these dangers are not new but have become official discourses of danger in the absence of “the Soviet threat” in order to re-legitimate national security institutions, intellectuals, and ideology. The fact that they are not necessarily new certainly does not make them any less real as threats. However, unlike the Cold War where the threat was narrowly defined and territorially isolatable, in the post-Cold War world threats are diffuse and post-territorial.

Whilst haunted by the unruly, the failure of states and crisis of governance at the end of our century can easily be overstated. Though on the defensive against a world economy it cannot control, the state, as Eric Hobsbawm (1994:576) notes, is neither a redundant nor an ineffective institution of governance. As Samers (this volume) shows in his study of the French state’s regulation of foreign migrant workers, in some arenas the power of the

national state has remained quite strong and, perhaps, even increased in recent years. Information technology has strengthened the capacity of many states to monitor and control the affairs of their citizens and corporations—though, in certain circumstances, it has also done the opposite (Gill 1995; Meiksins 1996; also, Herod this volume). Advances in military technology have given states more lethal destructive firepower than ever before in history. The end of the Cold War has arguably made Western states in general, and the United States in particular, more powerful and hegemonic than at any other time in the twentieth century.

The problematic of governance at the end of the twentieth century is best expressed, then, less as the “end of the nation-state” (Dunn 1995; Guéhenno 1995; Horsman and Marshall 1994), or the inevitable ascendancy of unruliness, than as the *globalization of the state* and the globalization of governmentality, with globalization being understood both in its materialist and also its neoliberal ideological sense. Both these processes can be conceptualized as a further stage in what Robert Cox (1987:253–67) termed “the internationalization of the state.” By this Cox was referring to the process whereby national institutions, policies, and practices become adjusted to the evolving structures and dynamics of a world economy of capitalist production. Cox identified three dimensions of this process. First, “there is a process of interstate consensus formation regarding the needs or requirements of the world economy that takes place within a common ideological framework.” Second, participation in the negotiation of this consensus is hierarchical. And third, “the internal structures of states are adjusted so that each can best transform the global consensus into national policy and practice” (1987:254). He also identified three historical stages in the process whereby the state has become increasingly internationalized. The first of these was characteristic of the 1930s when states were relatively strong *vis-à-vis* the world economy and protected their populations from it (Polanyi 1944). The second occurred after the Second World War with the establishment of the Bretton Woods system which represented a compromise between the accountability of governments to the institutions of the world economy (particularly its sources of liquidity) and the “accountability of governments to domestic opinion for their economic performance and for the maintenance of welfare.” The third stage is better described as the globalization of the state and govern-mentality, for it marks a restructuring of the state/world economy and national/international compromise in favor of the transnational institutions and networks of power which dominate the current world economy. The globalization of the state marks a further erosion of the role of the state as a buffer against the world economy, an intensification of an already existent tilt towards trans-state sources of power, authority, and decisionmaking. Following Cox’s points, we can further elaborate on the three characteristics of this restructuring of the role, power, and posture of the state and governmentality.

First, the process of inter-state consensus regarding the needs and

requirements of the world economy is forcing states to delegate many of their sovereign powers upwards to quasi-governmental and quasi-private transnational institutions and actors. States are becoming increasingly enmeshed in transnational organizations, groupings, and structural practices. As Held (1995:92) notes “the meaning of national decision-making institutions today has to be explored in the context of a complex international society, and a huge range of nascent regional and global organizations which transcend and mediate national boundaries.” The modern state, in other words, is “trapped within webs of global interconnectedness permeated by quasi-supranational, intergovernmental and transnational forces, and unable to determine its own fate.” Joining supranational institutions, like the UN, WTO, the IMF, the OECD, NATO, ASEAN, NAFTA, APEC, or the EU, requires states to submit to their criteria for membership, rules of arbitration, and lines of power. International institutions are, as Cox (1987:259) notes, “particularly important in defining the ideological basis of consensus, the principles and goals within which policies are framed, and the norms of ‘correct’ behavior.”

Second, these transnational organizations are hierarchically structured. While wealthy developed states can be active participants in the negotiation of the “needs of the world economy,” less powerful states must belong yet have very little say over the direction of these institutions or even their *de facto* participation in them (witness the forcible imposition of Structural Adjustment Policies on various African countries by the World Bank and the International Monetary Fund). States effectively become instruments facilitating the globalization-from-above determined by these organizations. They are required to adopt aggressive neoliberal growth strategies which involve the establishment of the techno-infrastructure for them to become part of the circuits of the global economy (as the Philippines and Mexico are seeking to do), the dismantling of “outdated” regulations governing the national economy, the privatization of state monopolies, and the drastic reduction of all social expenditures. In order to succeed, states must internalize the transnational consensus—what is sometimes called “the Washington consensus,” namely that open, deregulated, and free national markets are the required recipe for success in the new global economy—and become entrepreneurial. Webber (this volume) outlines how, in the case of Australia, the recipe has been followed. A growth strategy based on internationalization of the economy has been implemented as a deliberate policy by the Australian state. Rather than being merely a response to globalization, the actions of the Australian state (and many others) have been components in its own globalization.

Third, instead of serving as a buffer or negotiator between its population and the world economy, the state’s role is restructured so it becomes a conduit and transmission belt for the new rules and requirements of the global economy. States are expected to localize the prevailing transnational liberal

orthodoxy by re-inventing government as a flexibly specialized ensemble of institutions that facilitate, enable, and enhance globalization (OECD 1995; Ould-Mey 1996). The govern-mentalities of state managers become globalized as they downsize the state, deregulate its economy, and re-conceptualize citizens as human resources and clients in need of management and service. Previously Fordist Western states in particular are also forced to restructure their internal social bargain to attract global flows of capital, a process which is increasingly leaving many people behind. Paradoxically, such people have the potential to be unruly citizens of the new global society, threatening social upheaval as they are both forced out of work by the restructuring of the global division of labor and simultaneously have the old Fordist welfare safety-nets cut out from beneath them. Part of the process of the globalization of the global state, then, is managing the shift from welfare to workfare—a new “policy orthodoxy.” Thus, as Peck in this volume shows with his analysis of welfare reform in Canada—a state which itself has been a laboratory for neoliberal experimentation for some time and which, as Agnew and Corbridge (1995:201) note, has an important place in the historical development of the transnational liberalism its governmental representatives currently articulate (Merrett 1996)—the “commodification of labor reproduction, the marketization of welfare, and the associated enforcement of ‘self-sufficiency’ through low-wage employment” have, in Canada, been linked to “attempts to impose new regimes of ‘moral regulation’” to exorcize what are depicted as social pathologies associated with welfare. Likewise, in the US current efforts to repeal some of the protections offered workers under employment and labor law are part of a dual pronged attack on organized labor and low wage workers to remove “rigidities” which threaten labor market flexibility and to bring low wage workers off state welfare rolls and back into the national, and indeed global, labor force (Herod 1997a).

This generalized move towards the globalization of the state and its govern-mentalities is nevertheless deeply fraught with tensions and contradictions of many kinds, each of which is negotiated and managed (temporarily) in different ways in different locations. As a structural tendency, these processes heighten the potential unruliness of the global system for they dismantle the role states have historically played as social protection systems and expose national populations to the speed and restless vagaries of a world economy that is not ultimately controlled by any one site or disciplined by any one set of institutions. As Falk (1995), Gill (1996), Held (1995) and others demonstrate, not only are the traditional powers of the state compromised by globalization and governance from above, but so also is the very theory and practice of democracy. Held’s (1995:135) question—“can the principle of democratic legitimacy be defended when the international order is structured by agencies, organizations, associations and companies over which citizens have minimum, if any, control, and in regard to which they have little basis to signal (dis)agreement; and when both

routine and extraordinary decisions taken by representatives of nations and nationstates profoundly affect not only their citizens but also the citizens of other countries?”—is a pertinent one that anticipates profound legitimacy problems for those pushing greater and greater degrees of economically correct, politically predetermined, and econocratically concentrated forms of “governance-from-above” (see Roberts this volume). The ‘Washington consensus’ is built on the slogan “there is no alternative,” but it is a narrow elitist consensus that has little popular legitimacy. Certainly, unruly times lie ahead for the forms of global governance being pushed by the powerful and no amount of assimilation and co-optation of noble cosmopolitan ideals and democratic sentiments—such as that found in the Report of the Commission on Global Governance—appear able to prevent this.

### GEOGRAPHY

Clearly, the drive to implement a globalization-from-above and the restructuring of governance have profound implications for the geographical structures that bound and condition people’s everyday lives in our global political economy. The dark fears of the powerful have a material basis, for the world is—for the majority of its peoples—starkly oppressive, unruly, and violent. The geography of this form of unruliness is a highly uneven one. The United Nations’ *Human Development Report 1996* notes that in the past 15 years “the world has become more economically polarized—both between countries and within countries. If present trends continue,” it notes, “economic disparities between the industrial and the developing nations will move from inequitable to inhuman” (UNDP 1996: iii). The figures on global inequality are truly startling:

- Of the \$23 trillion global GDP in 1993, \$18 trillion is accounted for by the industrial countries, with only \$5 trillion generated in the countries of the developing world, even though they are home to nearly 80 per cent of the world’s people.
- The poorest 20 per cent of the world’s people saw their share of global income decline from 2.3 per cent to 1.4 per cent in the past 30 years. Meanwhile, the share of the richest 20 per cent rose from 70 per cent to 85 per cent, doubling the richest to poorest ratios from 30:1 to 61:1.
- The assets of the world’s 358 billionaires exceed the combined annual incomes of countries with 45 per cent of the world’s peoples.  
(UNDP 1996:2)

While this stark income inequality has a strong geographical basis—with 35 countries in Africa, 22 in Latin America and the Caribbean, 20 in Eastern Europe and the former Soviet Union, and 14 Arab states worse off now, on

aggregate, than decades ago—it also has a strong class basis, for income polarization has increased dramatically within states as well as across the developed/developing state divide (UNDP 1996:13–17). Reflecting on these trends, Manuel Castells (1996:145) has described the architecture of the new global economy as asymmetrically interdependent, “organized around three major economic regions [Europe, North America and Asia Pacific] and increasingly polarized along an axis of opposition between productive, information-rich, affluent areas, and impoverished areas, economically devalued and socially excluded.” Likewise, Alain Lipietz (1992:174) has suggested that the US and other developed countries are experiencing a process of “Brazilianization” wherein income polarization is becoming evermore exacerbated as market forces have been unleashed through deregulation. These evermore sharply drawn geographies of inequality, exclusion, and polarization are to be found repeated at all scales. Sweatshops employing immigrant women and children are routinely “discovered” in the hearts of world cities such as Los Angeles, New York, and London (e.g. Noble 1995; Van Natta 1995). “Gated communities” of guarded suburban affluence are built just a few miles away from often racialized and criminalized centers of extreme deprivation in most US cities (Davis 1992; Rutheiser 1996). Not just spatially close, these zones are of course interlinked through relations of asymmetric dependence. The ghettos of East Los Angeles or the South Bronx are home to the janitors and low-paid clerical workers who literally keep the wheels of global financial capitalism clean and turning through their labors in the skyscrapers and office blocks of downtown Los Angeles and Manhattan.

The relations of power demarcated by such geographies of inequality operate across scales and domains. The spatial patterning of the global economy is changing rapidly yet remains highly differentiated and uneven (Daniels and Lever 1996). In the US, for example, old manufacturing centers have become deindustrialized rust belts as new regional complexes of industry develop elsewhere at a fast pace, only to find themselves competing with yet newer industrial spaces emerging even further afield. For instance, whereas South Korea has undercut US producers in many industries, employee rights in South Korea are currently being systematically undermined by legislative changes that the government insists are vital in the face of competition from even lower-cost China (Wilbur 1997)—although this is not an uncontested process, as recent scenes of strikers and riot police in Seoul and elsewhere indicate. Likewise, despite so-called global markets in finance, there remain identifiable centers of concentrated market power (such as London, New York, Tokyo) and massive zones of exclusion (such as most of Sub-Saharan Africa). Even within locales, zones of access and zones from which (formal) financial markets have withdrawn are becoming typical (Leyshon and Thrift 1996; Pollard 1996). This geography of contrast and inequality evokes the specter of a world and its states divided into “wild” zones of unruliness and structural violence, and “tame” zones of relative order and enclaved affluence (Ó Tuathail and Luke 1994).



As populations find themselves in a world in flux, the logic of transnational liberalism purports to explain that they, as components of a globalized economy, must now organize to compete against other scattered populations to reap whatever benefits may accrue to those who host capital. Meanwhile, transnational corporations play states and localities against one another as each locale attempts to secure investment by entering into bidding wars for investment and the hope of jobs. So, paradoxically, as the scope of capital has globalized, as the annihilation of space by time has proceeded, as old market and regional boundaries have been erased, and as the whole world becomes a corporate playing field, “finely graded differences between places now make a considerable difference” for corporate investors and the varied geographies of the human condition become more significant than ever before (Harvey 1996:246–7). Even slight differences in wage rates, tax rates, or population attributes seem magnified. As capital is able to flow more quickly across the surface of the globe, corporate decision-makers, investors, and traders must be able to evermore quickly take advantage of nano-seconds—temporal units themselves created by the fast capitalist machines of our time—of opportunity for profit-making. Equally, those seeking globalization-from-below are caught up in the flows of an ever-accelerating capitalism and many are now themselves turning to high-tech telecommunications devices such as the Internet as a means of organizing within the nascent geography of globalization (Herod, this volume), although given the differential access of peoples to such technologies this new political geography of protest is itself highly spatially uneven.

Populations can also respond to the uneven spatiality of the contemporary world economy by moving. Whether it is Sri Lankan men migrating to the Persian Gulf to work in the oil business or Sri Lankan women migrating along the same routes to work in domestic service, men from Chiapas or Oaxaca in southern Mexico migrating to the United States to work in agriculture or young women and girls from northern Mexican states migrating to the Mexican—US border region to work in the maquiladora assembly plants, or indeed any number of other migrant groups, the world economy continues to rely on uprooting large numbers of people in order to supply labor needs. Despite the suggestion that globalization has reduced states’ powers to regulate, as Samers (this volume) shows they are still very much involved in attempts to regulate transnational labor flows, and indeed some (such as the Philippines) are actively promoting labor migration abroad as a development strategy to gain foreign exchange in the form of money sent home by their nationals working abroad.

In addition to the changing spatialities of the world economy, new geopolitical and political geographies are being wrought. The relatively orderly and unambiguous geography of geopolitical blocs that characterized the Cold War has splintered, leaving many actors—states, corporations, labor unions—to try to fashion a new form of governance out of the pieces (Herod, this

volume). Extreme fragmentation, such as in the former Yugoslavia, has been accompanied by massive violence and dislocation. Meanwhile other countries, such as those of the former Soviet Union and Eastern and Central Europe, have become defined under transnational liberalism as “emerging markets” in which particularly raw and unruly forms of capitalist enterprise (leading many in the region to refer to it as the “Wild East”) are taking hold (6 Tuathail 1997). Even the People’s Republic of China has, on its southern margins (including Hong Kong, Macau, and the Special Economic Zones of Guangdong Province), a region of hyper-capitalism which is largely responsible for giving China an average annual growth rate in GNP per capita that is tied with South Korea’s as the world’s highest for 1985–94 (World Bank 1996:188). The immense social disruption engendered by these sorts of rapid and far-reaching political and economic shifts is reverberating as populations struggle to evaluate, respond to, and control the forces of change.

The ways in which changing spatialities are experientially felt has forced a rethinking of many once-taken-for-granted concepts such as geographical scale. Scales (such as the global, the national, the regional, and so forth) are social “products” (Smith 1993, 1994; Herod 1991, 1997b) and the ways in which scales are produced and known alter as the spatiality of human life changes. It has become commonplace to find the global in the local (in consumption choices in the developed world, for example), and to find particular local(e)s that have globalized (Shiva 1993). However, the ways in which the global and local are mutually imbricated are not the same everywhere nor for everyone. They are not symmetrical and, of course, may not be totally new as they are overlain on old spatial interrelations (Hirst and Thompson 1996). Relations between, across, and through different scales are seen by many to be more complexly drawn in the contemporary world. The ways that scales have tended to be self-evidently defined around territorially bounded coalescences (such as the regional or the national) with identifiable differences between them are not making the same kind of sense they once did. The criss-crossing of scalar levels by inter-linked relations of power, flows of goods, services, information, money and people—“flowmations,” as Luke and Ó Tuathail (this volume) dub them—and the ways such crossings are changing what the local or the global might mean, has led some to posit new ways of conceptually grasping scale (Luke 1995), hence Swyngedouw’s “glocalisation” (1992) and Appadurai’s “scalar dynamic” (1990), for example (see also Roberts forthcoming b).

The changing and hugely varied ways distance and proximity are reconfigured and experienced as scalar restructuring proceeds are dramatically shaping processes of subject formation in the contemporary world. Together with the structural tendencies towards intensified income polarization, rapid political change, and spatial exclusion, corporeally experienced (Probyn 1990) scalar restructuring is wrapped up in changing processes of identity and subject-formation. With states increasingly impotent in the face of some global

flows, the potential for backlash against many aspects of globalization—the downward leveling of wages, increased economic insecurity, overarching global “behemoths” (corporations, bureaucracies, and banks), “locked in” transnational liberalism, illegal immigration, cultural cosmopolitanism, and hybridity—is very high. Paradoxically, as globalization has led on the one hand to the emergence of an increasingly global civil society, on the other it has produced a retrenchant territorial parochialism often manifested in the form of strident nationalisms (Marden 1997). Such a backlash, a struggle variously depicted as Jihad versus Mc World (Barber 1995), nationalism versus cosmopolitanism, or fundamentalism versus flows, is already occurring across the globe. Even in the relatively affluent quarters of the developed world the rising popularity of political movements such as the neo-Nazi Freedom party in Austria, the persistent attraction of the National Front to many in France, and the continued resonance of Buchananism for large numbers in the United States (Luke and Ó Tuathail this volume) indicate that reactionary responses to a disorientation presumed to be brought on by globalization are widespread (see Kern 1983 for an account of how similar disorientation at the end of the nineteenth century affected political and social developments).

Processes of subject-formation always occur somewhere and always occur relationally. That is, subjects are formed and exist in particular places and in particular (gendered, “racialized,” etc.) webs of relations with other subjects (Pile and Thrift 1995). Therefore, as place is reconditioned, recalibrated, and rewired by global flowmations of power, so also is the relationship of place to identity formation. The varied ways in which human subjects come to know and define themselves (and others) are implicated in what Massey describes as “an ever-shifting social geometry of power and signification” (1994:3). Certainly, the well established politics of identity revolving around essentialized links between particular identities and particular places or territories persists, though the social mechanisms and logistics of this relationship between identity and place now are different than those of earlier in the century. This fixing of identity to place—often in the face of “threats” in the shape of immigration, external control by “others,” global homogenization, or delegitimization by a state—can result in a familiar nativist xenophobia and exclusionism. As it did earlier in the century, such xenophobia and nativism can lead to violent pogroms and genocide. Yet the entwining and essentializing of identity and place today occurs through the logistics of globalization itself, by using its technologies of communication and the possibilities it opens up for re-inventing and re-designing essentialist myths of identity and place. As Barber (1995) notes, movements of exclusion and fragmentation are not simply opposed to, but paradoxically also promoted and delivered by, means of global flowmations. It is not only Jihad *versus* Mc World but also Jihad *via* McWorld.

As should be evident, then, the question mark after the title of this volume is extremely important. If one conclusion emerges from the varied chapters

collected herein it is that the “unruly world” of the late twentieth century is most certainly not bereft of structures of organization and power. Indeed, one of the paradoxes all the chapters endeavor to tackle in their varying ways is that our global political economy is both more unruly and yet also more ruled than ever before. An old statist order of rules and regulations, governmentality and discipline, production and subjectification is breaking apart. An inter-state order of “embedded liberalism” has given way to a globally “dis-embedding liberalism” (Bauman 1995). New transnational and corporate orders of power, regulation, discipline, govern-mentality, production and subject-formation are jockeying to take their place. The result is not a “clash of civilizations” but a “clash of rules” governing the global. Generated by this clash is a highly variegated, messy, and heterogeneous world of “actually existing globalization.” The chapters in this volume engage varied aspects of this actually existing globalization knowing that the question of unruliness is not the master key to this world but that it nevertheless is a significant sign of our times, and of our places, spaces, and personalized selves.

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## THE RISE OF SOFT CAPITALISM

*Nigel Thrift*

Order and disorder, the one and the multiple, systems and distributions, islands and sea, noises and harmony, are subjective as well as objective. Now I am a multiplicity of thoughts, the world is now as orderly as a diamond. What fluctuates are the order and disorder themselves, what fluctuates is their proximity, what fluctuate are their relationship to and penetration of one another.

(Serres 1995a: 131)

The irony...is that while universities become more like companies, companies are trying to become more like universities. Computer companies rechristen their headquarters campuses. Consultancies publish learned journals and organise research projects. The explosive growth of executive education means that professors have to be able to hold their own with practising managers.

(*The Economist*, April 13 1996:83)

The virtual organization is to be understood primarily as a form of rhetoric, that is, as advice spoken by managerial professionals—not to mention professors of management—in ways that are not necessarily coterminous with organizational practice itself. Although many of the dogmas attributed to the virtual organization are indeed to be found in actually existing organizations, some might contest that the vision of the virtual organization we have laid out...remains a kind of projection, a rhetorical mirage removed from the actual daily activities of organizational life. Yet we wish to reiterate that this last distinction—between organizational rhetoric and reality—strikes us as a misleading one, and our argument has been as much a defence of taking rhetoric seriously as it has been a disruption of rhetoric itself. To draw a dividing line between discourse and actuality—labelling one fake and the other worthy of study—is a mistake that has long plagued the social sciences, and organizational science in particular. Against this tradition, it is time to take mere rhetoric seriously, as only such an



inquiry will grant us true insight into the forces that are already shaping the organizational...environment of the next century.

(Heckscher and Donnellon 1994:126)

[Fourteen] members of the Ethiopian government recently graduated with MBAs from the UK's Open University, with Meles Zenawi, Ethiopia's President and former marxist guerrilla, coming fourth among more than 2500 graduates...the government of neighbouring Eritrea, which also has swapped marxism for liberal democracy and capitalism, was so impressed that 100 politicians, civil servants and other senior people have joined up for the University's two year, parttime MBA course.

(*Financial Times*, November 18 1996:21).

Late capital has investments in the ownership of, among other things, inventiveness itself.

(Strathern 1996:23)

Creativity is now seen as an asset class.

(*Financial Times*, November 22 1996:14)

I thought about calling this chapter "Heidegger is alive and living in the modern business organization." Undoubtedly, this would have been going too far but it underlines the main point I want to make: there are surprising parallels between current academic theories of knowledge and action (for example, these to be found in the body of work known as the sociology of scientific knowledge) and the discourses now making their way through modern business.<sup>1</sup> Yet, only quite recently have these parallels begun to be remarked upon (see Callon 1987; Porter 1994; Bowker 1994; Bowker and Leigh-Star 1994).

## INTRODUCTION

This chapter is concerned, then, with how we might understand "capitalism" after the cultural turn which has swept across the social sciences and humanities. That task seems urgent. After all, all around us the adverse effects of what we call "capitalism" seem to be pressing in, in ways which presage more uncertainty and insecurity for everyone.

It is not as if the proponents of the cultural turn do not acknowledge the importance of something called capitalism. They do, in one of three ways. First, capitalism can be generalized out to an all-pervasive cultural formation, usually through its migration into the symbolic realm.<sup>2</sup> Second, capitalism can be elevated into something so self-evident that it can be

trundled on whenever a connective explanation is called for.<sup>3</sup> Third, capitalism becomes a reading. It can then be made into a transcendental haunting, both everywhere and nowhere.<sup>4</sup>

In other words, the force of capitalism is acknowledged but it is turned into a necessary but empty foil for the cultural turn, included certainly, but allowed no life of its own, because it is always already accounted for (Morris 1988).

The cultural turn involves, then, acts of homage to the importance of capitalism, which, at the same time, act as a means of forgetting all about it and getting on to more interesting things. The results, at least, are clear. "Cultural" analysis has become more and more sophisticated but it is mixed in with a level of "economic" analysis which rarely rises above that of anyone who can read a newspaper (Eagleton 1995).

Why has this situation arisen and what can be done about it? I want to suggest that this act of amnesia is the result of three shocks which, together, have made it more difficult to "see" capitalism, in part because these shocks are, ironically perhaps, counterpointed in capitalism itself. But in turn these shocks also provide us with some clues as to how we might think about capitalism anew.

The three shocks which have produced the current situation are, in turn, political, technological, and theoretical. The political shock is the increasing stress on subjectivity and self, and the politics of recognition that accompanies it. We live in a world in which reflexivity is a part of the cultural background (Giddens 1991; Beck 1992). The technological shock is the rise of so-called information technologies based on telecommunications and the new possibilities of learning and knowledge they offer. The third shock is the rise of new forms of theory, based in the first two shocks, which stress decenteredness, multiple times and spaces, and the discursive realm. Together, these shocks have obscured the importance of capitalism, by switching attention to other modes of domination, by obscuring or even rendering invisible the critical importance of human skills in what we call technology (Collins 1990; Schaffer 1996), and by throwing doubt on the certainty of representation.

Yet, in turn, these shocks have also provided us with new ways with which to approach capitalism, and what I hope to do in this chapter is to point to some of these new ways in an attempt to harness the cultural turn to new understandings of capitalism. Central to the discussion will be the idea that capitalism has become *knowledgeable*. Of course, information and its conversion into knowledge have always been a central concern of capitalism, but the cultural turn allows us to see this more clearly. This is not, however, an innocent activity in which the disinterested academic can simply look down from an Olympian height on what is arising, and for two reasons. First, academics are deeply implicated in the genesis of this more knowledgeable capitalism. Second, this more knowledgeable capitalism is

increasingly impinging on what were once regarded as traditional academic preserves.

Therefore, this chapter is in four parts. In the first section, I outline the changing division of labor associated with the production and distribution of knowledge which makes the relationship between academia and capitalism more complex and more interconnected than previously, and which makes the relationship between the self of the academic and the other of business a more tense and difficult one.<sup>5</sup> In the second section, I accentuate this point by considering the ways in which the dominant discourse of what and how knowledge is has changed in both academia and business from what I call the Joshua discourse to what I call the Genesis discourse. In other words, academia and business have come to think more alike about thinking. Then, in the third section, I want to look at the process by which the international business community has come to adopt this new kind of discourse about what the world economy is like and how it has come to be an instrument of “regulation”. I argue that this process of institutional and subject formation is giving rise to what I call soft or knowledgeable capitalism. Then, in the final section, I want to point out that soft capitalism, for all the caring and sharing rhetoric, still has hard edges which cannot be wished away but which can be fought in new ways, ways which, to an unknown extent, can turn the major tenets of soft capitalism back on themselves.

### THE GROVES OF BUSINESS? THE BUSINESS OF ACADEME?

The academic study of business increasingly emphasizes the importance of information and knowledge. There are numerous examples of this statement but four will do to make the case. First, there is the growth of an information economics based on notions of transaction costs, information asymmetries, spillover effects, intangible and non-homogeneous commodities, and the like (see, for example, Stiglitz 1994). Second, there is the growth of interest in learning-by-doing—that is, in harnessing the full potential of the knowledge that is incorporated into the bodies of workers, including the potential to innovate (Nonaka and Takeuchi 1995). Third, there is the growth of interest in a business history which considers the information infrastructures that typify business organizations (Bud-Frierman 1994).<sup>6</sup> Then, fourth, there is the growth of work that is based on investigating and elaborating the conventions that underlie the success or future of particular urban and regional economies. These conventions are, in effect, particular, culturally specific, information infrastructures, which are seen as the keys to economic success.

Why this interest in information and knowledge? Five reasons seem particularly germane. The first is the massive *increase in information*, consisting of an expansion in the volume of data that can be processed and

transmitted per unit of time (Perez 1985). The second is the increasing emphasis on *innovation*. Innovation necessarily involves the generation and deployment of information and knowledge, but the production of this knowledge is highly problematic since it involves “non-convexities” (fixed, sunk costs, increasing returns to scale), the inevitable absence of a complete set of markets (since there cannot exist competitive markets for commodities that have yet to be conceived of, let alone invented), lack of homogeneity (since every piece of information produced must be different from any other piece of information produced, or it is not new knowledge), strong asymmetry (since the buyer cannot know all the information until the information is bought), and the degree to which knowledge resembles a public good (since it is difficult to appropriate all the benefits of a particular piece of information, and therefore difficult to exclude others from enjoying the benefits—indeed, it may be undesirable to do so) (Stiglitz 1994). The third reason is the renewed emphasis on *fallibility*. The transmission of information and knowledge is usually noisy and incomplete and decision-making can be organized in different ways which can amplify or diminish effects of this noise and incompleteness. Thus, one of the reasons why non-hierarchical organizations have become more popular in business is because they are more likely to give bad decisions a second chance to be rectified. The fourth reason is the increasing emphasis on *learning* in businesses, and most especially on learning-by-doing, as a means of maximizing an organization’s potential. Then there is one final reason, the reason I want to concentrate on in the rest of this section. That is the increasing interaction between business and academe (Strathern 1995; Hill and Turpin 1995; Readings 1996), for in a sense business has become more academic as academe has become more business oriented. It is no longer possible, if it ever was, to think of academia as an epistemologically privileged sphere. Similarly, it is no longer possible to write off business as though it was the haunt of the epistemologically challenged; business has become more “intelligent” in a number of ways. To begin with, much of the workforce in many countries, and especially management, has become steadily more qualified. Then, it is possible to see the evolution of an independent intelligence community, produced by the business media (including providers of business information like market researchers), by research analysts and press commentators, and by the continually expanding framework of various forms of business education, all the way from Harvard Business School to Covey “University.” Again, business has become more responsive to ideas from outside business, partly as a result of this new educational infrastructure.

There are, then, an increasing number of symmetries between academia and business, of which four are particularly striking. First, academia and business share many of the same concerns; for example, they share the need to transform information, of which there is a surfeit, into new knowledge. Similarly, they share the need to construct supple institutional structures

which can react swiftly to change. Second, in both academia and business the increasing commodification of knowledge has only pointed to the value of knowledge which cannot be commodified, and especially to the value of practical knowledge, knowledge that cannot be written down and packaged (Thrift 1985). Thus words like practice and skill have become an important part of the vocabulary of both communities. Third, both academia and business increasingly share many of the same vocabularies, of which the most prevalent is the notion of “culture.”<sup>7</sup> Fourth, the spaces of knowledge have become as critical to business as to academia. In a world in which more and more information is increasingly able to circulate and circulate rapidly, information *skills* are still highly concentrated in particular locations, in particular offices, in intra-organizational links and in firm networks.

Of course, these symmetries have disturbed the values and procedures of academia. For example, academics from both the right (Hague 1994) and the left (Plant 1996) have argued that, increasingly, the kind of static hierarchy of knowledge that was (apparently) typical of the period up until the 1960s, with academics in universities located at the top of the hierarchy as able to offer the best validated knowledge, is being replaced by a flatter, more diverse and more interconnected set of knowledge communities, which mount a real challenge to the pre-eminence of academia by concentrating on learning-by-doing, often at-a-distance. As Plant puts it:

As Foucault writes, the ‘University stands for the institutional apparatus through which society ensures its uneventful reproduction, at the least cost to itself. Today’s academy still has its sources in Platonic conceptions of knowledge, teaching and the teacher-student relationship, all of which are based on a model in which learning barely figures at all...The academy loses its control over intelligence once it is even possible to imagine a situation in which information can be accessed from nets which care for neither old boy status or exam results...Released from its relation to teaching, learning is no longer coded as study and confined to some particular zone, specialised behaviour or compartmentalised period of time. A lecturer no longer controls the process, ensuring the development of well-rounded individuals one step at a time, serial fashion: those once defined as students learn to learn for themselves.

(Plant 1996:207–8)

This situation is uncomfortable. There are four possible responses. One is to flee from it. Some of the cultural turn might be interpreted in this way, as a retreat into the attics as the rest of the house is flooded out (although, ironically, it is increasingly a retreat to the examination of consumer products which are produced by capitalism). Another response is to simply condemn it. This is easy enough but gets us nowhere. The third is to embrace it. Plant’s ideas,

thoughtful though they undoubtedly are, are closer to the designs of modern business than she might think. The fourth response, the one I want to make in this chapter, is to try to face the dilemmas produced by such thinking by realizing that theoretical developments now routinely leak across the old boundaries between academia and business and, in turn, these developments are helping to produce a new form of capitalism—what I call “soft capitalism.”

### THE JOSHUA AND GENESIS DISCOURSES

Discourses are metalanguages that instruct people how to live as people. They are best represented as great rivers of communication, performances propelled into movement by talk and text, inflamed by technologies like books, visual images, and other “media,” guided by procedures like rules and styles, and crowned by significant effects like particular subject positions or emotional states which establish the cultural importance of a discourse at gut level, and allow it to kick in (Gumbrecht and Pfeiffer 1994; Thrift 1996b).

One of the prevalent discourses in Western intellectual cultures of the last two thousand years, a discourse which has waxed and waned and which has adjusted to historical custom but which still holds to a series of central tenets, has been what Jowitt (1992) calls the “Joshua discourse.” This is a discourse that is founded on the idea of transcendental rationality, on the notion of a single, correct, God’s-eye view of reason which transcends (goes beyond) the way human beings (or indeed any other kinds of things) think, and which imparts the idea of a world that is “centrally organized, rigidly bounded, and hysterically concerned with impenetrable boundaries” (Jowitt 1992:306). This discourse usually involves a series of linked and self-supporting tenets (Lakoff 1987), tenets such as that:

- the mind is independent of the body; reason is a disembodied phenomenon;
- emotion has no conceptual content but is a pure force;
- meaning is based on truth and reference; it concerns the relationship between symbols which represent things in the real world. Symbols are meaningless in themselves and only get their meaning by virtue of their correspondence to things in the world; and
- the categories we use are independent of the world, defined only by the internal characteristics of their members and not by the nature of the people doing the categorizing.

But, beginning in the 1940s and 1950s with the work of philosophers like Austin, Merleau-Ponty and Wittgenstein, the Joshua discourse began to retreat. Further, more recent batterings by other intellectual-practical communities like cognitive scientists, feminists and social theorists have produced something close to a rout. So a new discourse has begun to take hold, a discourse which

challenges the idea that a God's-eye view of reason is possible. There are, instead, many rationalities and these rationalities are all:

- embodied, relying on our bodily natures;
- going to engage the emotions, since feeling is conceptualized and conceptualization always involves feeling;
- based on a notion of meaning as concerning symbols which are constitutive of the world and not just mirrors of it. These "symbols" are, in fact, imaginative processes which rely on our capacity to produce images, to store knowledge of particular levels of complexity, and to communicate (Putnam 1981); and
- reliant on categories that are not independent of the world but are defined by upgraded processes (like metaphor, metonymy and mental imaging), which means that there can be no objectively correct description of reality (this does not, of course, mean that there is no objective world, only that we have no privileged access to it from some external viewpoint).

These tenets (Lakoff 1987) lead to a view of the world that is very different from the purified and purifying Joshua discourse, which we might call, after Jowitt (1992) and Serres (1995a), the "Genesis discourse." It is a view of the world in which "borders are no longer of fundamental importance; territorial, ideological and issue boundaries are attenuated, unclear, and confusing" (Jowitt 1992:307). It is a view of the world in which knowledge has become an archipelago of islands of epistemic stability in a sea of disorder, fluctuations, noise, randomness and chaos. Whereas in the Joshua discourse order is the rule and disorder is the exception, in the Genesis discourse disorder is the rule and order the exception and, as a result, "what becomes more interesting are the transitions and bifurcations, the long fringes, edges, verges, rims, brims, auras, crenellates, confines...all the shores that lead from one to another, from the sea of disorder to the coral reefs of order" (Latour 1987a: 94–5).

Obviously, such a view has a number of consequences, of which two are particularly significant. First, the favored epistemological stance is, to use Wittgenstein's (1978) feline phrase, "not empiricism yet realism." That may sound like a contradiction in terms, but it is, in fact, an argument for a limited but not total form of relativism which argues that individuals understand the same domain of experience in different and inconsistent ways and that this is a necessary condition of knowledge (Diamond 1991). Since even the most disinterested of analysts is engaged in social projects any *a priori* claim to epistemological privilege is impossible. Second, knowledge is no longer seen as a form of empire-building in which "a powerful critique is one that ties, like a bicycle wheel, every point of a periphery to one of the centre through the intermediary of a proxy. At the end holding the centre is tantamount to holding the world" (Latour 1987a: 90). At best, knowledge is, in Lakoff's (1987) phrase, "radial." That is:

central truths are true by virtue of the directness of fit between the preconceptual structure of experience and the conceptual structure in terms of which the sentence is understood. But most of the sentences we speak and hear and read and write are not capable of expressing central truths; they are sentences that contain concepts that are very general or very specific or abstract or metaphorical or metonymic or display other kinds of ‘indirectness’ relative to the direct structuring of experience. Not that they need to be any less true, but they aren’t central examples.

(Lakoff 1987:297)

Discourses produce power relations. Within them, stories are spun which legitimate certain kinds of constructs, subject positions, and affective states over others. The myths and fables of the Joshua discourse were particularly powerful. Specifically, four of these myths and fables did serious work in producing a particular kind of world which is now so often called “modern” that we no longer realize the cultural specificity of the description or the strength of the investments we have placed in it. The first of these myths was an old Enlightenment “chestnut”—the myth of total knowledge. Somehow—though we don’t have this facility yet—we could get to know everything that is going on. Every movement of an ant and every rustling of a leaf could be tracked and explained. Every human culture could be laid open to inspection and documentation. Every practical skill could be analyzed down to its last detail and then transcended. This myth was supported by a second: that the world was set up in such a way as to allow this—that the world was an ordered, homogeneous, quantitatively different multiplicity. The world was defined by oneness, consistency and integrity which, in turn, acted as an ideal terrain on which purified theoretical orders could operate and permeate. The third myth was of a material world which could be separated out from the world of the imagination, from the world of symbols and semiotics. There was no sense, therefore, of a world in which materials are interactively constituted, in which “objects, entities, actors, processes—all are semiotic effects” (Law and Mol 1995:277). The fourth myth was one of individuality. This was the idea that knowledge comes from the operation of a God-like gaze which emanates from an individual focal point. Human capacities, therefore, could be framed as being the result of an innate endowment that every individual received at the point of conception. There was, in other words, no grasp of the individual as being a modulated effect (Thrift 1991), of human capacities as arising out of:

emergent properties of the total developmental system constituted by virtue of an individual’s situation, from the start, within a wider field of relations—including most importantly, relations with other persons. In short, social relations, far from being the mere resultant of the association of discrete individuals, each independently ‘wired up’ for



co-operative or enthusiastic behaviour, constitute the very ground from which human existence unfolds.

(Ingold 1995:17)

All these myths were often put together in one final myth of how we are now: the myth of the “modern.” Somehow, human life (in the West at least) had transited into a distinctive historical space where everything was different and, well, modern. Most of all, “modernity” was characterized by a condition of speed-up and transience which, in its main characteristics, happened to coincide with the four myths outlined above. First, supralunar organizations were involved in a whirl of constant information-gathering which fed into systems of control which produced an “iron cage” of surveillance and discipline. Second, these organizations were supported by myths of instrumental rationality which allowed the world to be trussed-up like a Christmas turkey, with nothing out of place. Third, and here was the lament, these organizations were able to drain sociality out of the world, leaving behind nothing but a systematized shell. Then, fourth, this world was therefore populated by anomic and hard-bitten individuals who had to develop all kinds of asocial survival skills. And there was, of course, a price to pay for this hubris. Not so slowly, but certainly surely, modernity builds towards a climax, usually involving a runaway apocalypse based upon either technology, or the arms race, or mass communications (Norris 1995) in which, in one way or another, human subjectivity is annihilated.

Now these myths and fables arising out of the Joshua discourse are being recast. Thus, the myth of total knowledge is being replaced by a new one, in which knowledge is both partial and differentiated. The myth of homogeneity is being replaced by a myth of qualitative commotion: “the best synthesis only takes place on a field of maximal differences” (Serres 1995a: 91). The third myth is being replaced by one in which learning-by-doing binds the mental and material together. And the myth of the given individual is replaced by the notion of the socially constructed “dividual,” constantly telling stories of their self. The result is a view of the world as a constantly spooling production taking place on many different time-scales and over many different spatial scales (Latour 1993). In other words, the world has to be constantly brought into being through the hard and sustained work of constructing networks of translation and affinity.

Currently, these different myths and fables co-exist. For example, contemporary accounts of the world economy after the demise of the Bretton Woods system of international economic management have broken to a greater or lesser degree from the Joshua discourse.

Thus, the first account of the world economy that is on offer is an apocalyptic one. A common reaction to change through history (Bull 1995), this account reads events like the demise of Bretton Woods and the fall of the Berlin Wall as evidence of a millenarian condition. Laced with

phrases like the “end of history” (Fukuyama 1992), and “*fin de siècle*,” such an account provides a cosy rest home for old intellectual habits like teleology and eschatology, as well as satisfying an alluring sense of the dramatic.

A second account of the world economy interprets events like the demise of Bretton Woods and the fall of the Berlin Wall as symbols of a new kind of modernity. Whether posing as “hypermodernity,” “late modernity,” “postmodernity,” “supermodernity” or what have you, such an account usually retains some of the old features of modernity, most notably a sense of transience, fragmentation and anomie, but then either exaggerates these elements still further (as in Harvey 1989), or adds in new defining elements (Beck 1992; Giddens 1991). This kind of work provides a resting place for social theorists who want to retain grand accounts of the world, but is also home to many social theorists who want to provide more nuanced accounts of the contemporary world (Alexander 1995). However, even the most nuanced of these accounts rarely provide much of an anthropological sense, any sense of the world as a continually practised place in which the human is constantly redefined, and they thereby run the very real risk of exaggerating the differences between this era and previous ones.

That leaves a third Genesis account of the world economy, one which acknowledges the importance of events like the demise of Bretton Woods and the fall of the Berlin Wall but sees them as both the distillation and illustration of three of its crucial tenets. First, there is the difficulty of achieving sustained control of human systems, which bubble with a stubborn and constant creativity, and which therefore have a tendency to sidestep established orders like the nation-state. Second, there is the complexity of what we name in order to escape complexity. Thus systems like “capitalism” and “the market” which have apparently triumphed after the two “B”s are now revealed, in the apparent absence of opposition, as made-up of institutions which are manifold, multiform and multiple. There is no one capitalism or market but only a series of different capitalisms and markets which do not converge on a mean: thus capitalism and the market are seen as powerful—but not all-powerful. Third, there is the need to understand history as an undetermined unfolding, a fullness of events, a “maximum of matter in a minimum of space” (Perniola 1995:8). We cannot know history as a clash of giant and opposing, almost natural, forces; tidal waves of economic and social change which sweep across the human shore. We can only know history as a more modest and complexly determined set of “actor-networks” (Latour 1993; Callon 1987), practical orders which allow people and things to be translated into more or less durable entities which can exert force or, alternatively, using another language, as a set of complex systems:

The development of the complex systems model that seems so salient to us in so many contexts, the model that seems to underlie the organization of our bodies, our groups, our work settings, our world—this model itself repudiates any notion of a structure built on one foundation, an explanation that rests on one principle. In turn the complexly interconnected world in which we now live seems to say that both the model and its implications fit the current nature of reality. All is in flux, order is transient, nothing is independent, everything relates to everything else, and no one system is ever necessarily continuously in charge.

(Martin 1994:250)

Although this latter constructivist account may seem to be the most credible, in part because of the looseness of its story-telling structure which gives more points of entry to those who lack communicative resources, it is not without its own ability to generate relationships of power, and it is important to realize this. Nowhere is this point made clearer than in the intensely practical realm of international business where physical and nervous energies have to be constantly expended on the concerns of the moment. In this realm, just as in the intellectual realm, the Genesis discourse has gradually displaced the Joshua discourse and, just as in that realm, in doing so it has empowered some groups (such as managers with higher educational qualifications, which increasingly include middle-class women) at the expense of others (Van der pjl 1994). There is, in other words, as Foucault pointed out so often, no knowledge that is neutral that is not a part of the power-knowledge couplet. A *cui bono* question always lies waiting to be answered.

### COPING WITH COMPLEXITY: THE RISE OF THE SOFT CAPITALISM

In this section, I want to show that the kinds of cogitations which have been the subject of the previous sections have gained a purchase outside academic communities, especially in communities concerned with the management of increasingly global business organizations. I want to show that much of the managerial literature since the demise of Bretton Woods and the fall of the Berlin Wall is influenced by the principles of the Genesis discourse and, especially, that the world economy is a messy place which we can never know entirely and that business organizations need to both acknowledge this fact and to gear themselves up to take what advantage from it they can. In other words, understanding of the world economy has shifted profoundly, and in a way which is increasingly constitutive. That is, this new managerial discourse is changing the shape of the world economy as much as the changing shape of the world economy is changing it (Daly 1993).

In presenting this new managerialist discourse, it is important to be clear about its status. First, the discourse is not just an ideology. Thus:

While it is undoubtedly true that these discourses and practices of work reform have played, and continue to play, an active part in reproducing hierarchies of power and reward at work, or that they have been consciously deployed at various times to attenuate the power of trade unions and their prerogatives for the reproduction of collective interests and the defence of collective rights, it is especially important to note that they are not simply 'ideological' distortions; in other words, that their claims to 'knowledge' are not 'false', nor do they serve a specific social function and answer to pre-formed economic needs. Certainly these discourses of work reform arise in specific political contexts, and have potential consequences, but they are not merely functional responses to, or legitimations of, already existing economic interests or needs. Rather than simply reflecting a pre-given social world, they themselves actively 'make up' a social reality and create new ways for people to be at work.

(du Gay 1996:53)

In other words, the new managerialist discourse must be "understood primarily as a form of rhetoric...spoken by managerial professionals not to mention professors of management—in ways that are not necessarily coterminous with organizational practice itself" (Nohria and Berkley 1994:125–6). It describes:

a world that, literally, does 'not exist'...According to those who have developed the term there is no organization that displays all the characteristics of a 'full' transplantation. The concept of a 'learning organization' is extremely complex; few would be confident in knowing when they have seen one. 'Network' structures dissolve the boundaries between one organization and another; with the virtual corporation the disappearing act is complete.

(Coffee and Hunt 1996:3)

It is no surprise, then, that managers and workers presented with these new discourses show some considerable ambiguity (Martin 1994).

Second, the discourse is not a hermetically sealed, unitary, and static order. It is made up of multiple strands of practice, it is contested and it constantly changes as its proponents foster new conventions. But, for all that, increasingly it forms a background to how business is practised. Third, the discourse's reach is necessarily partial, geographically and organizationally. It started out within US firms and still remains strongest there. It therefore bears the stamp of a US-style competitive individualism (Martin 1994). And it is chiefly

preponderant in the larger multinational business organizations which have the resources to institute it. “Most of the world’s working population continue to be employed in small or medium-sized (rather than ‘global’) businesses; they earn their living in an identifiable ‘place’; they have familiar work routines; someone they identify as a ‘boss,’ and so on” (Goffee and Hunt 1996:3). Even then, not all parts of the discourse are adopted equally—all kinds of combinations are possible. But the point is that it has become a part of the *background* hum of business around the world, soaking further and further into the practical order and used more and more often, both to account for decisions and to bring decisions into being (Thrift 1996a). It is the goal that becomes the means that becomes the reality.

For the new managerialist discourse, the period after the Second World War and before the demise of the Bretton Woods system and the fall of the Berlin Wall was a period in which striated spaces abounded; the buttoned-down personality of the company man (Whyte 1957; Sampson 1995) for one; the enclosed, hierarchical world of the multidivisional corporation (Chandler 1962, 1977), with its monolithic goals of achieving ever-greater size and scale by means of a single corporate strategy realized through a relatively static and formal bureaucratic inner core which passed information upwards from an “external” environment and control slowly downwards from a closed-off headquarters, for another. Then there were the rigidities that resulted from rules of nation-states, like fixed exchange rates, high tariff barriers, and so on. And, finally, orchestrating the whole was the idea of a management “science” which would be able to produce the cognitive wherewithal to predict and thereby control the world. *At least in the rhetoric of the time*, then, the world was an organized place, made up of carefully closed-off spaces which could be rationally appropriated and controlled. (We might, of course, argue about the accuracy of that rhetoric since any glance at the history of the time hardly suggests the stable, golden age of capitalism that is so often written about. Indeed, as early as 1965 management theorists like Emery and Trist were already writing about organizations that could deal with permanently turbulent environments.)

But, from the 1960s on, as the Bretton Woods system declined and then, later, the Soviet Union and Eastern Europe split asunder, so the state of permanent turbulence that Emery and Trist (1965) wrote about began to look more like a successful prophecy and less like a struggling prescription—and for a series of reasons, including the following. First, there was the floating of exchange rates, the growth of various offshore capital markets, and finally the growth of markets in financial derivatives, which has produced the merry-go-round of monetary transmission, offshore borrowing and lending, and various hedging strategies, flavored with a dollop of pure speculation, that we take for granted today. Second, there has been the exponential growth of information generated by the intersection of the financial media, information technologies and the growth of economic research, which, in turn, have

produced more complex representations of, and more ambiguity in, the business organization's environment: the expansion of information has produced new solutions *and* new problems. Third, there has been the growth of numerous new players in the international business world, these having upset the old competitive equilibrium: the Japanese and Koreans certainly, but also now overseas Chinese firms, Third World multinationals, firms from Eastern Europe, and so on. Fourth, there has been the growth of a more differentiated production—consumption nexus in which a more differentiated set of demands on mass producers produce more differentiated consumers, and so on, increasing both the range and fickleness of many markets. Fifth, there has been a general speed-up in transportation and communications. This speed-up has had numerous differentiated, multiple, and sometimes contradictory effects which mean that it cannot be bracketed within a general description like “time—space compression” (Thrift 1995), but that there have been effects which have been sufficiently extensive to allow commentators to write of a world of flows (e.g. Lash and Urry 1994) seems less open to debate. Sixth, as a result of these and other reasons, national economies have generally performed in a less coherent way which has made it even more difficult to predict economic outcomes.

For the managers of business organizations, the consequences are clear. First, almost any business organization is vulnerable:

AEG, Boeing, Degussa, Gulf Oil, Sears Roebuck and many other famous enterprises have seen their market shares seriously eroded. Pan Am and other erstwhile leaders have crashed like giant trees in the forest. Other former leaders have, like the Cheshire cat, disappeared leaving only their names behind. Dunlop is now a Japanese brand and RCA a French one.

(Stopford 1996:5)

Second, managers are expected to react much more swiftly: “whereas once we might have expected a new CEO to turn round a struggling business in five years we are now expecting that manager to do so in 12 months” (Goffee and Hunt 1996:4). Third, large business organizations are, on average, becoming smaller employers and their attraction is perhaps less than it was in the days of the “company man.” Managers are now both more likely to switch from organization to organization and be more likely to find managing or even starting up a smaller firm an appropriate challenge.

Given the scale of these kinds of change, it is perhaps not a surprise that a new discourse (or set of conventions) has been produced which both frames them and forces them. This discourse depends, first of all, on new metaphors which attempt to capture a more turbulent, uncertain and insecure world. At first, the metaphors tended to be ones of excess, overload and saturation. But many of these early metaphors can now be seen as:

the product of the first hysterical reactions to information technologies. ‘Overload’ in reference to what? Saturated in reference to whom? The relative, historically contingent nature of these terms is seldom if ever entertained within the discourse, which prefers to present them as timeless...

(Collins 1995:12)

So, very gradually, new visual and linguistic metaphors started to emerge which began to refigure (or, in the jargon, reframe) the business organization’s relationship with the world, and the role of the manager within that organization (Buck-Morss 1995; Crainer 1995; Morgan 1986, 1996; Martin 1994; Collins 1995). These metaphors were based on the notion of constant adaptive movement—“dancing,” “surfing,” and the like—and of organizational structures that could facilitate this constant adaptation, both by becoming more open to the changing world and by engaging the hearts and minds of the workforce in such a way that the organizations could exist as more open entities:

We talked of structures and their systems, of inputs and outputs, of control devices and of managing them, as if the whole was one huge factory. Today the language is not that of engineering but of politics with talk of cultures and networks of teams and coalitions, of influences and power rather than of control, of leadership not management. It is as if we had suddenly woken up to the fact that organizations were made up of people after all, not just ‘heads’ or ‘role occupations’.

(Handy 1989:71)

What each of these new metaphors has in common, then, is a concern with looser organizational forms which are more able to “go with the flow,” which are more open to a world which is now figured as complex and ambiguous, and with the production of subjects who can fit these forms (du Gay 1996).<sup>8</sup>

In particular, these new metaphors have become embedded through a new managerialism which is becoming hegemonic. The managerial form of the Genesis discourse does not have exactly the same origins as some academic versions, but I would argue that increasingly it amounts to much the same thing, especially because the degree of interchange between the academic and business communities has so greatly expanded:<sup>9</sup> as we shall see, social theory now has a direct line to capitalism.

Amongst the sources of the new international discourse of managerialism can be counted the following. First, the business organization’s “environment” is figured as multiple, complex and fast-moving, and therefore as “ambiguous,” “fuzzy” or “plastic.” Of late, most of the inspiration for such a description has come from non-linear systems theory,

and especially from the work of authors like Casti, Prigogine, and the like (see *Journal of Management Inquiry* 1994). Second, the business organization is seen as attempting to form an island of superior adaptability in this fast-moving environment. This it achieves in a number of ways, which, taken together, constitute the international business community's "linguistic turn." Most particularly, it attempts to generate suitable *metaphors* which allow it to see itself and others in a distinctive (but always partial) fashion (Morgan 1986, 1996). It tries, as well, to *embody* these metaphors in its workforce, a goal which it achieves via a number of means, including experiential learning,<sup>10</sup> learning which involves placing the workforce in situations which demand cooperative responses to the uncertain and unknown (Martin 1994). The organization also pays close attention to the resources of *tacit* (familiar but unarticulated) *knowledge* embodied in its workforce and to the generation of trust, both within its workforce and with other organizations. Work on tacit knowledge has been almost entirely generated from the writings of Michael Polanyi (Botwinick 1986) (rather than, for example, Heidegger, MerleauPonty or Bourdieu) who, in turn, drew on the ideas of gestalt psychology.<sup>11</sup> Polanyi's (1967:20) most famous saying "we can know more than we can tell" has become a vital part of business discourse, as a way into the problem of mobilizing the full resources of a workforce. In turn, Polanyi's work has underlined the need to generate *trust* or (as Polanyi often called it) confidence, since "the overwhelming proportion of our factual beliefs continue ...to be held at second hand through trusting others" (Polanyi 1958:208). Third, the business organization must therefore be framed as a flexible entity, always *in action*, "on the move, if only stumbling or blundering along" (Boden 1994:192), but stumbling or blundering along in ways which will allow it to survive and prosper, most particularly through mobilizing a culture which will produce traditions of learning (collective memories which will act both to keep the organization constantly alert and as a reservoir of innovation (Lundvall 1992)) and extensive intra-and inter-firm social networks (which will act both as conduits of knowledge and as a means of generating trust). Fourth, the business organization is seen, as has already been made clear, as a cultural entity, which is attempting to generate new traditions, new representations of itself and the world, and increasingly, an ethical stance towards the world because the link between knowledge (as a political economy of information refigured as a culture) and power has been made crystal-clear (Pfeffer and Salancik 1978; Pfeffer 1992). In other words, the business organization is increasingly built on "a refusal to accept established knowledge" (Kestelhohn 1996:7).

Fifth, the business organization must be made up of willing and willed subjects. Thus Foucault's pastoral mode of discipline makes its way into the business organization as a set of new definitions of what it is to be a person:



Breathing strange new life into the old artistic ideal of the ‘organic’—of ‘the cultivated moral personality’ and ‘life as a work of art’...—characterises work not as a painful obligation impressed upon individuals, nor as an activity only undertaken by people for instrumental purposes, but as a vital means to self-fulfilment and self-realisation. As Kanter (1991:281) comments, life in the entrepreneurial corporation has ‘a romantic quality’.

By reorganising work as simply part of that continuum along which ‘we’ all seek to realise ourselves as particular sets of person-outcomes, self-regulatory, self-fulfilling individual actors—‘enterprise’ seeks to ‘reenchant’ organised work by restoring to it that which bureaucracy is held to have crassly repressed: emotion, personal responsibility, the possibility of pleasure, etc.

(du Gay 1996:25)

As important, in some ways, as the new managerialist discourse itself has been the growth of the agents responsible for its spread across the globe. Together, they form an emergent and increasingly powerful “cultural circuit of capital” (Figure 2.1) which has only existed since the 1960s. This circuit, which is now self-organizing, is responsible for the production and distribution of managerial knowledge to managers. As it has grown, so have its appetites. It now has a constant and voracious need for new knowledge. On the left-hand side of the figure are the producers of the managerial discourse which this circuit disseminates. Chief amongst these are three institutions: business schools, management consultants and management gurus.

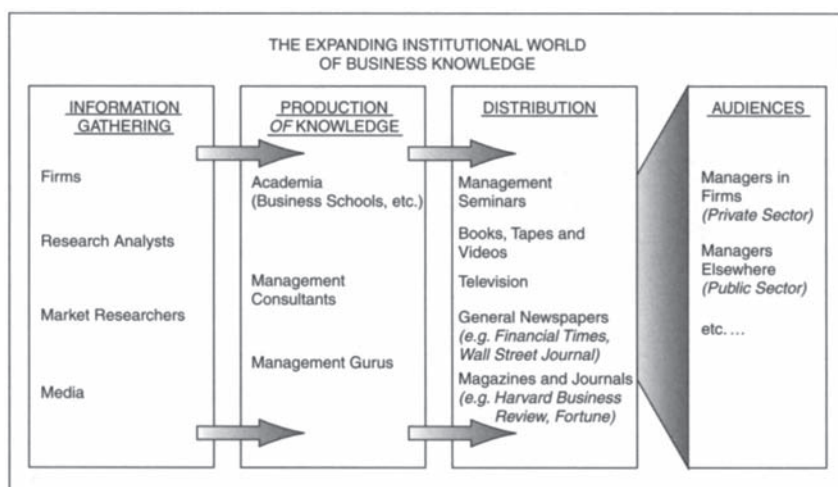


Figure 2.1 The cultural circuit of capitalism

Through the 1960s, 1970s and 1980s formal business education, and especially the MBA course, has produced a large number of academics and students who act both to generate and transmit the new knowledge (Alvarez 1996). In the United States, admittedly the most extreme example, almost one in four students in colleges and universities now majors in business, while the number of business schools has grown fivefold since 1957 (Kogut and Bowman 1996:14).<sup>12</sup> In the top business schools (Table 2.1), academics compete with one another to teach students *and* to produce new ideas. Some of these leading schools are now run as *de facto* companies. For example, at Wharton, the Dean, Thomas Gerrity, has tried to put business process re-engineering into operation:

In companies re-engineering makes a big fuss of tearing down what it calls functional chimneys and reallocating staff to teams. Mr Gerrity has divided both his students and his professors into teams of six: each student team includes at least two non-Americans; each faculty team includes professors from different academic disciplines. Both are evaluated in teams. Mr Gerrity has also torn down the barriers that divide the school from the University and from the business world. Students now offer consultancy to other parts of the University (on how to bring medical technology to market, for example) and to local businesses. They also study fluffy things like leadership, to the chagrin of many academics but the delight of businesses.

As with other re-engineering exercises, a number of things introduced in its name look like common sense dressed up in fancy language (students are now sent abroad for ‘global immersion’). Mr Gerrity has changed the system for granting tenure and awarding annual pay rises in order to shift the emphasis from publishing academic articles (once the only road to success) to teaching and ‘leadership’. He has hired a policy firm, Opinion Research, to survey opinion among his

Table 2.1 Ranking of chief business schools in the United States

	1988	1992	1994
Wharton (Pennsylvania)	4	4	1
Kellogg (Northwestern)	1	1	2
Chicago	11	2	3
Stanford	9	7	4
Harvard	2	3	5
Michigan	6	5	6
Indiana	12	8	5
Columbia	14	9	8
Anderson (UCLA)	16	16	9
Sloan (MIT)	15	13	10

Source: *Business Week*

constituencies. He has introduced a system of mentoring, so that senior professors can show their juniors how to teach, and quality circles, so that students can tell their teachers what they think of them.

(*The Economist*, 13 April 1996:83)<sup>13</sup>

Another generator and distributor of new knowledge has been management consultancy (Clark 1995). Management consultancy is, without doubt, a growth industry:

Between 1970 and 1980, the revenue of management consultants registered with the Management Consultants Association doubled; from 1980 to 1987 it increased fivefold. In the UK, over the eleven years 1980–1991 the number of consultants registered with the MCA more than quadrupled to 6963 and their fees increased almost seventeenfold. By the early 1990s there were reported to be 100,000 consultants worldwide. Growth figures in recent years for major players in the global consultancy game confirm the continuing acceleration in business from the late 1980s. Thus the largest company, Andersen Consulting, has been posting 9 per cent growth regularly (and as high as 19 per cent in the recession year of 1992). The second largest player doubled revenue to \$1.2 billion between 1987 and 1993. Coopers and Lybrand, third largest (but second in Europe), saw revenue grow 107 per cent over the five years to 1993, and by then had 66,000 staff in 125 countries.

(Ramsay 1996:166)

Using Value Added Tax (VAT) data Keeble *et al.* (1994) estimated that in 1990 the UK management consultancy industry comprised 11,777 firms with a combined turnover of a little over £2.5 billion. Management consultancies act as a vital part of the cultural circuit of capital. To begin with they provide ideas. For example, Arthur Andersen

has three research centres and a massive international database, to which all 40,000 consultants are supposed to contribute. The company spent nearly 7% of its budget, or \$290 million, on training in 1995, more than any rival. To have a chance of becoming a partner, an Andersenite needs to have put in over 1000 hours of training—some of it at the company's 150-acre campus outside Chicago.

(*The Economist*, 4 May 1996:90)

Then they are responsible for much of the packaging of management knowledge, usually producing formulas which can be applied over and over again in different situations. Using Latour's by now familiar vocabulary:

each assignment provides consultants with an opportunity to project their special and distinctive competences to clients by 'bringing home'

distant events, places and people. This is achieved by (a) rendering them *mobile* so that they can be brought back; (b) keeping them *stable* so that they can be moved back and forth without additional distortion; and (c) making them *combinable* so that they can be circulated, amalgamated and manipulated (Latour 1987[b]: 223). Legge (1994:3) writes that this is precisely what management consultants do when they make the experience of (distant) firms accessible and combinable through the development of (in Latour's terms) equations or packages—such as McKinsey's decentralisation package, Hay MSL's job evaluation package or even Peters' eight rules of excellence.

(Clark 1995:56)

In turn, to make these packages credible to existing and potential clients requires considerable international work, involving a diverse range of social skills (Clark 1995). And this work is clearly successful. For example, Ramsay (1996) cites reports that, in an eighteen-month period stretching over 1994 and 1995, 94 of the top 100 British companies had used management consultants.

Then there is one other major generator and distributor of new knowledge: the management guru (Huczynski 1993; Micklethwait and Wooldridge 1996). Gurus come in many shapes and sizes. Huczynski (1993) distinguishes between academic gurus like Michael Porter, Rosabeth Moss Kanter, Theodore Levitt, John Kay, Gareth Morgan and Peter Senge, consultant gurus like James Champy, Peter Drucker, Tom Peters, John Naisbitt, and Kenichi Ohmae, and hero-managers like Mark McCormack, Akio Morita, John Harvey-Jones, Donald Trump and Lee Iacocca. Then there are other gurus who are less easy to classify, for example Benjamin Zander, conductor of the Boston Philharmonic, who provides inspirational lectures on music as a metaphor for management (Griffith 1996).

These gurus often only run small operations. But, equally, their operations may be substantial. Most impressive of all is the leadership center run by Stephen Covey in Provo, Utah.

Having started ten years ago with a staff of two, the Covey leadership centre now employs 700 people and has annual revenues of over \$70 million, Mr Covey is building a large campus to house it on the edge of Provo, his home town. But even in its current state, scattered about the town, the centre is a sleek business machine. Its staff are surrounded by enough technology to make a journalist salivate. They have an army of unpaid helpers, thanks to Mr Covey's insistence that the best way to learn his ideas is to teach them.

The centre is divided into three core businesses. The first is management training. Throughout the year high-fliers flock to Provo to spend a week reading 'wisdom literature', climbing mountains,

discussing personal and business problems and forming into teams. The second is producing personal organisers. These are meant to help people set pri-orities—so much time for jogging, so much time for your mother-in-law—as well as organise appointments. The third is spinning out new ideas. The centre has a second best seller, ‘Principle Centred Leadership’; and a third in preparation, the ‘Seven Habits of Highly Effective Families’.

(*The Economist*, 24 February 1996:106)

There is no strong dividing line between business schools, management consultancies and management gurus. For example, Thomas Gerrity, the Dean of Wharton, was formerly a member of CSC Index, the consultancy which produced the idea of “business process re-engineering” and which is now retailing notions of “organizational agility.”

Whatever is the case, it is clear that it is these three institutions which are responsible for producing the bulk of management knowledge. That knowledge chiefly comes in the form of a succession of “business fads” (Lorenz 1989), of which there have now been a remarkable number. Between 1950 and 1988, for example, Pascale (1991) noted 26 major fads (Figure 2.2). Certainly the roll call includes quality circles, the paperless office, the factory of the future, intrapreneurship, brands, strategic alliances, globalization, business process re-engineering (including “core competences”), employability and, more recently, nascent fads and fashions like organizational agility, the

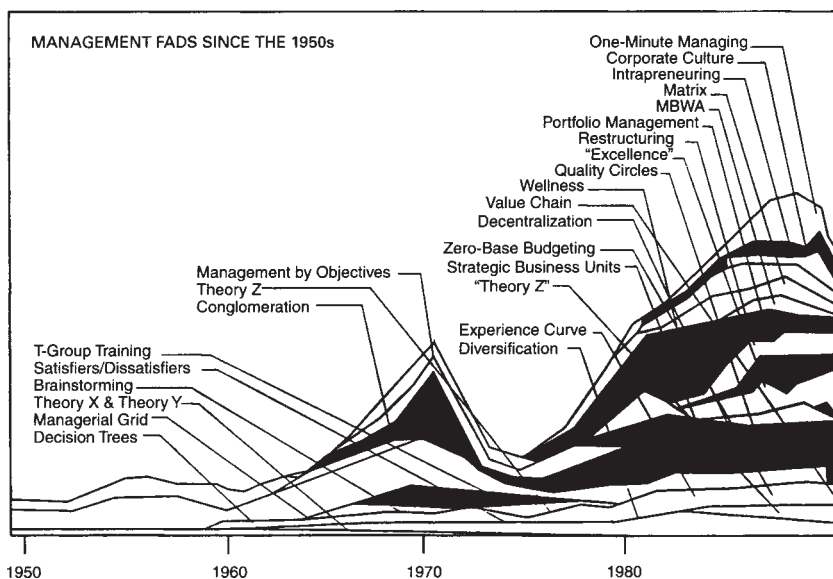


Figure 2.2 Managerial fads and fashions, 1950–88  
Source: Pascale (1991)

accelerating organization (Maira and Scott-Morgan 1996) complexity theory, and even actor-network theory (Latour 1995).

In turn, these ideas have to be distributed (Figure 2.1). The channels and means of distribution are multiple. First of all, of course, there are the business schools, which teach students the new ideas; the management consultants, constantly presenting clients with new ideas and ways of doing things; and the management gurus, taking fees and retainers to distribute their insights. Then, second, there is a rapidly growing business media industry which packages and distributes this knowledge. Management knowledge sells, most particularly since the establishment of the nonacademic management book in the early 1980s. Table 2.2 shows the bestselling business books in the United States from 1979 to 1988. Yet these kinds of figures are now being surpassed. For example, Stephen Covey's *Seven Habits of Highly Effective People* has sold more than five million copies worldwide since its publication in 1989 (*The Economist*, 24 February 1996:106) and is currently available in 28 languages in 35 countries (it is doing particularly well in China and South Korea). Hammer and Champy's *Re-engineering the Corporation*, published in 1993, had sold two million copies world-wide by September 1996, and had been translated into 17 languages. Of course, management knowledge is

Table 2.2 Best-selling business books in the United States, 1979–88

<i>Author</i>	<i>Book</i>	<i>Year of publication</i>	<i>Copies sold</i>	<i>Rating in the year</i>
Ruff	<i>How to Prosper During the Coming Bad Years</i>	1979	450,000	No. 3 among all best-sellers
Casey	<i>Crisis in Investing</i>	1980	438,640	No. 1 among all best-sellers
Cohen	<i>You Can Negotiate Anything</i>	1981	205,000	No. 9 among all best-sellers
Naisbitt	<i>Megatrends</i>	1982	210,000	No. 15 among all best-sellers
Peters and Waterman	<i>In Search of Excellence</i>	1982	1,160,491	No. 1 among all best-sellers
Iacocca	<i>Iacocca: An Autobiography</i>	1984	1,055,000	No. 1 among all best-sellers
Iacocca	<i>Iacocca: An Autobiography</i>	1985	1,510,000	No. 1 among all best-sellers
Halberstam	<i>The Reckoning</i>	1986	208,000	No. 22 among all best-sellers
Batra	<i>Surviving the Great Depression of 1990</i>	1987	549,000	No. 6 among all best-sellers
Trump	<i>Trump: The Art of the Deal</i>	1988	900,000	Ranking unavailable

Source: *Fortune*, 13 February 1989, pp. 61–3

not just diffused via books (and, increasingly, tapes and videos). Journals like *Fortune*, *Business Week*, the *Harvard Business Review* and others also dispense such knowledge, as do myriad trade journals. Most broadsheet newspapers also have management knowledge pages (for example, the *Financial Times*, which can claim to be a global business newspaper, started a “Management Brief” page in 1994 and also produced a major 26-part series on the current state of management knowledge in 1996—see Crainer 1995). There are also

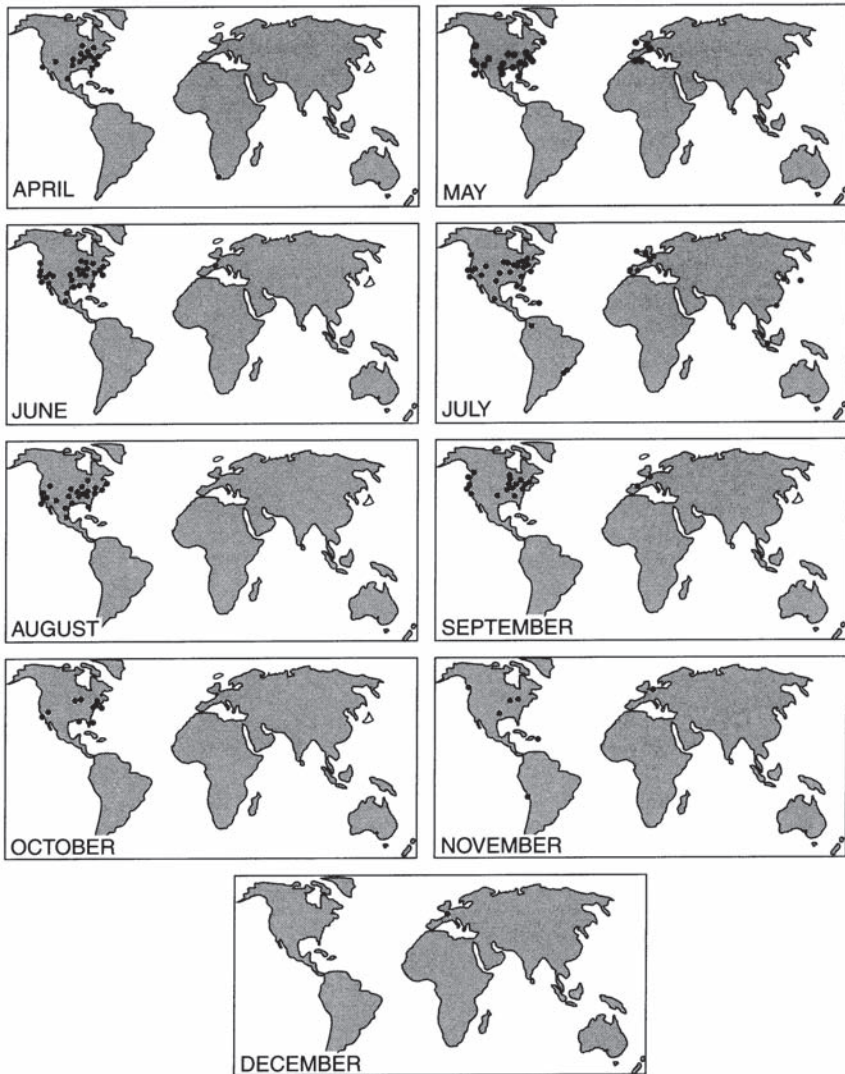


Figure 2.3 The geography of business seminars: location of KARASS seminars, 1996

now a number of specific television programs which communicate management knowledge.

Finally, there is one more means of dissemination which is particularly important in the case of management knowledge. This is the management seminar, which is a mixture of drill and, increasingly, religious revivalism. Such seminars are big business across the world (Figure 2.3). For example, in 1990 it was estimated that corporations in the United States spent \$30 billion on business training in general. There are many kinds of seminar, of course.

There are, to begin with, the modest seminars which import skills, usually offered by training companies or management consultants. Their advertising literature about short seminars and courses emphasises personal and interpersonal techniques. Such offerings include seminars such as 'Time management International', 'Liberating Leadership Team', 'Leadership Developments', 'Close that Sale', Karass's 'Effective Negotiating' [named after the management guru Dr Chester Karass] and the one day seminars from Career Track with talks such as 'Management Skills for Technical Professionals' and 'How to Set and Achieve Your Goals'. Attendance at these seminars is substantial if the firm's publicity literature is to be believed. The 'Close that Sale!' seminar claims 59,000 participants from 70 companies. Time Management International claims that 28,000 people participated in its worldwide series of seminars during 1986. Finally, Effective Negotiating claims a world-wide participation rate of 150,000. Such courses are usually of one day's duration. They are offered at a low fee and attract a high attendance, often over one hundred people. They feature a 'high energy' presenter and offer their audiences 'tested techniques' and 'proven skills'...

(Huczynski 1993:186)

But there are also high-profile series of seminars featuring management gurus, often stretching over two or three days' which communicate knowledge which is not easily standardized. Thus,

Byrne (1986) reported on a type of executive seminar called a 'skunk camp'. The similarity between his description of it and a religious retreat is instructive. The 'holy man' leading this event was Tom Peters, the co-author of one of the world's best selling business books. The cost to each participant's company was \$4000 and at this particular event the day began with a group jogging session. Following a communal breakfast, the members gathered in the conference room 'waiting for enlightenment'. Byrne reported:

In walks our rumpled leader. Head down, hands in the pockets of his brown shapeless cords, he paces relentlessly. His voice climbs to the



treble clef as he runs through the litany. ‘Dehumiliate...Get rid of your executive parking spots...Get everybody on the same team...There are two ways to get rich: superior customer satisfaction and constant innovation’.

Byrne’s description has similarities with one reported by Oliver (1990) of a Just-in-Time seminar run by Eli Goldratt (co-author of the book, *The Goal*):

Goldratt appeared punctually at 9.15am, and in contrast to all the delegates who were wearing suits, he wore neither a jacket nor a tie and was wearing a skull-cap and open-toed sandals. He began by saying he had no prepared slides or any notes. The expression ‘the cost world’ was used to denote the old order and the ‘through put world’ to denote the new one. Towards the end of the session, Goldratt threw out the question, ‘where shall we begin the improvement?’. The audience responded with a chorus of cries of ‘Us’, ‘Ourselves’ and other similar expressions.

(Huczynski 1993:44–5)

Often, seminars will include books or videos in the price, so that a seamless web of production and reinforcement of ideas is produced.

Increasingly, seminars are being produced on an extraordinary scale. For example, in September 1996 Stephen Covey, Tom Peters and Peter Senge combined forces in an interactive “supergroup” presentation on “How to make your team unstoppable,” broadcast by satellite to 30,000 people in 250 cities in 40 countries around the world (in Britain the venue was Birmingham at a cost of £199 per person).

Then, finally, there are management “audiences.” How many seminars, and of what type, do they attend? What do they get out of them? What do they read and what sense do they make of their readings? How is the knowledge they gain from seminars and readings inscribed in management practices? It is fair to say that we know remarkably little about this aspect of the capitalist circuit of cultural capital: there are only very small amounts of audience research (but see Engwall 1992). Instead, we have to infer the character and motivations of audiences from general trends, and the few studies there are. Thus, first, we know that managers are becoming better educated almost everywhere. For example, “as more managers complete MBA-type programmes, they become more sophisticated, and are able to understand and apply more complicated management ideas” (Huczynski 1993:48).<sup>14</sup> Second, it is clear that managers do read more books (and listen to tapes and watch videos) than previously. Third, at the same time, through the increased “packaging” of ideas in seminars and books, management ideas have become more accessible.<sup>15</sup> Fourth, managers clearly want and need new ideas. They need them to make their way in organizations, to solve a particular company problem, to act as an internal motivational device, to guard against their competitors’ adoption of new ideas,

and simply to provide a career enhancer. In the latter case, the new idea demonstrates to others that the manager is creative, up-to-the minute and actively seeing improvements, thereby increasing that individual's visibility in the organization. Equally, the new idea can act as a defense, can provide a quick-fix solution in a difficult period, or can even simply reduce boredom (Huczynski 1993). Fourth, the management book or seminar can act to raise or boost levels of belief. Thus, attendees at seminars by management gurus may have already read all the ideas in books—but this is not the point:

managers may attend Tom Peters' seminars to become immersed to his personality. In fact, if he was not to say what they have already read, they would come away disappointed. Lorenz (1986) wrote that "managers may still pay repeated visits in their thousand to sit at [the guru's] feet, or buy his latest book. One executive at a leading multinational talks of needing his 'Drucker fix' every two years."

(Huczynski 1993:201)

Again, seminars may retail experiences of such intensity that they change the terms of what it means to be a person, as can happen in experiential seminars. For example, Martin (1994) documents how the initial cynicism of some participants in these kinds of seminar is gradually overtaken by the experience of the seminar. Sixth, and finally, more managers are now women. Some commentators have argued that much of the change in the metaphorical framing of modern capitalism is a result of the feminization of management knowledge which, at least in part, results from the greater presence of women in management and the workforce (Clegg and Palmer 1996).

To summarize, what seems clear is that managers themselves search for four main qualities from management knowledge (Huczynski 1993). The first of these is predictability:

managers want to find ideas that make a constantly changing environment less confusing and threatening; for however brief a period. In order that they do not appear as part of the problem of constant change, management ideas are packaged so that they can be perceived as something already known but able to be reprioritised. The most popular management ideas seem to be those which successfully integrate a number of ideas into a single bite-size whole. The second quality is *empowerment*. Managers want to be told which ideas will achieve what results and which techniques are to be associated with the actions; managers want 'permission' from accredited sources to act. Third, managers want *esteem*. One way of achieving this is to be seen as the champion of a management idea or ideas.

In a number of companies, the promotion of the latest management fad by managers has been used to help them gain company-wide

visibility in the promotion stakes. Management idea championing can represent a low-risk way of signalling to those with the power to promote that managers are not averse to change, do not mind challenging established views, but that while they are prepared to look critically at the system in which they work, they will not unduly ‘rock the organizational boat’.

Further esteem can be gained if the idea is not of the black-box variety, that is it offers (and is seen to offer) the championing managers the scope to make their own contribution to it. Thus it then gives them greater ownership of the idea in the perception of others. It might be thought that this is a high-risk strategy, since the idea may fail to yield the expected benefits. [But]...assessments of success and failure tend to be very vague in this area, and all parties concerned have a vested interest in not admitting to failure.

(Huczynski 1993:212–13)

Then, managers want self-belief. Thinking about the self has a long history in management. For example, Kurt Lewin (1951) invented the so-called T-group, an early form of the encounter group which encouraged colleagues to expose their true feelings about each other, while Maslow’s (1954) “enpsychian” management, McGregor’s (1960) “Theory Y” and Herzberg’s (1965) all emphasized “the need as a human to grow spiritually” (Huczynski 1993:71). In other words, managers, like many other contemporary individuals, have, for some time, been enjoined

to live as if running a *project* of themselves: they are to *work* on their emotional world, their domestic and conjugal arrangements, their relations of employment and the techniques of sexual pleasure, to develop a style of being that will maximise the worth of their existence to themselves. Evidence from the United States, Europe and the United Kingdom suggests that the implantation of such ‘identity projects’, characteristic of advanced democracies, is constitutively linked to the rise of a breed of new spiritual directors, ‘engineers of the human soul’. Although our subjectivity might appear our most intimate sphere of experience, its contemporary intensification as a political and ethical value is intrinsically correlated with the growth of expert languages, which enable us to render our relations with our selves and others into words and into thought, and with expert techniques, which promise to allow us to transform ourselves in the direction of happiness and fulfilment.

(Rose 1996:157)

This emphasis on self-belief as a function of personal growth is perhaps best exemplified by the growth of New Age training which attempts to import New Age ideas via techniques like dancing, medicine wheels, and the use of

the I Ching (Heelas 1991a, 1991b, 1992, 1996; Huczynski 1993; Roberts 1994, Rifkin 1996; Rupert 1992). New Age thinking has become popular in management for a number of reasons. To begin with its world-view, which draws on not only Eastern and Western spiritual traditions but also on quantum physics, cybernetics, cognitive science and chaos theory, chimes with the Genesis discourse. Then, its emphasis on personal development fits with the rise of “soft skills” like leadership, intuition, vision and the like. In turn, New Age’s stress on changing people works in with attempts to change the management (and workforce) subject, particularly because changing oneself or others seems a feasible and certain task compared with many others that management faces.

Most generally, the idea is to transform the values, experiences and to some extent the practices of what it is to *be* at work. The New Age Manager is imbued with new qualities and virtues, new in the sense that they differ from those found in the unenlightened workplace. These have to do with intrinsic wisdom, authentic creativity, self-responsibility, genuine energy, love and so on. Trainings are held to effect this shift. Furthermore, work itself is typically seen to serve as a ‘growth environment’. The significance of work is transformed in that it is conceived as providing the opportunity to work on ‘oneself. It becomes a spiritual discipline.

(Heelas 1996:90)

Whatever the case, New Age training is a big business. In the United States \$4 billion per year is being spent by corporations on New Age consultants, according to Naisbitt and Aburdene (1990). For example, the New Age think-tank, Global Business Network, is underwritten by major companies like AT and T, Volvo, Nissan, and Inland Steel. Some companies like Pacific Bell, Procter and Gamble, Du Pont and IBM, offer, or have offered, their employees “personal growth experiences” in-house. Thus, IBM provides “Fit for the Future” seminars which introduce employees to the I Ching. It is claimed that this links internal intuitions with external events. IBM’s manager of employee development is quoted as saying that “it helps employees understand themselves better” (Huczynski 1993:57). The list goes on:

Other organizations include those run by Tishi (follower of one of Muktunanda’s successors, who has recently, and somewhat controversially, brought the ‘Values and Vision’ training to HarperCollins in Britain), Branton Kenton’s Human Technology Consultants, Emerge (which has worked with Virgin Retail), I and O, Transform Ltd (partly inspired by Rudolf Steiner), the Creative Learning Consultants, Potentials Unlimited, The Results Partnership Ltd, Keith Silvester’s Dialogue management training services (influenced by

Psychosynthesis), Impact Factory (running the 'Money Factor'), Dave Baun's 'Charisma Training', and Anthony Robbins' 'Unleash the Power Within' weekends. The recently opened London Personal Development Centre alone claims to provide '300 courses, workshops, seminars, and lectures', 'designed to bring new creativity and vision to business'.

(Heelas 1996:64)

In Britain, New Age training therefore also crops up, often in unlikely places.<sup>16</sup> For example, the Bank of England, British Gas, Ernst and Whinney, Mars, and Legal and General have all sent executives to be taught how to do the Whirling Dervish dance, so as to allow their top managers to find inner peace and so increase the business potential. Then again, "the Scottish Office sent thousands of its employees on 'New Age Thinking' courses run by Louis Tice of the Pacific Institute which aimed to train the minds of workers to make them 'high performance people' in their work and private lives" (Heelas 1996:56). Meanwhile Decision Development, a British New Age training company, was offering to boost the spiritual, emotional and creative powers of clients. The company uses the American Indian Medicine Wheel "to take managers on a journey to discover their spiritual, emotional and creative self. The wheel allegedly enables trainees to access their inner selves by examining their dreams and fantasies" (Huczynski 1993:56). Another company uses "an inward-focussed version of outdoor activities which involves mythical aspects of the 'Dungeon and Dragons' variety where managers dress as druids and witches to find a magic elixir to revive a dying child" (Huczynski 1993:56-57). Some companies are currently using *The Celestine Prophecy* as a focus for training (Redfield 1994), and this is to ignore the use of *Star Trek* as a managerial primer (Roberts and Ross 1995).

What, then, is the task of the reinvented manager in this newly figured world? The new managerialism depends on the notion that the world is uncertain, complex, paradoxical, even chaotic (Journal of Management Inquiry 1994). The manager must somehow find the means to steer a course in this fundamentally uncertain world, which she or he does by six main means (for a comprehensive review, see Ghoschal and Bartlett 1995). First of all there is an emphasis on the competitive advantage, in a business world that is increasingly constituted by information that is incurred by knowledge. Whereas managers:

used to think that the most precious resource was capital, and that the prime task of management was to allocate it in the most productive way, now they have become convinced that their most precious resource is knowledge and that the prime task of management is to ensure that their knowledge is generated as widely and used as efficiently as possible.

(Wooldridge 1995:4)

In Drucker's (1988:16) famous words, "Knowledge has become the key economic resource and the dominant, if not the only source of comparative advantage." Second, the task of the manager is increasingly seen as the harnessing of extant organizational knowledge and the generation of new organizational knowledge, most especially by tapping the existing tacit skills and talents of the workforce, and then enhancing these competences and by stimulating critical thinking skills which can overcome established prejudices; informally by providing greater communication between workers within the organization so that beneficial practices spread, and formally by instituting means of gaining further qualifications and the institution of strategic conversation (Badaracco 1991; Leonard-Barton 1995; Roos and van Krogh 1996). Third, the manager no longer aims to produce an overall corporate strategy which is then mechanistically instituted in and through a corporate bureaucracy. Rather, the aim is to produce an emergent "evolutionary" or "learning" strategy which is "necessarily incremental and adaptive, but that does not in any way imply that its evolution cannot be, or should not be analysed, managed, and controlled" (Kay 1993:359). Such a strategy will be based on what are seen as the particular capabilities of a business organization which are then amplified via informal methods of control which rely on a much greater grasp of the issues involved, and which also mean that whole layers of bureaucracy, most of whose time was taken up with oversight, can be shrunk or, in the jargon, "delayed" (Clarke and Newman 1993). Fourth, in order to achieve evolutionary strategies, and informal control, the manager has to become a kind of charismatic itinerant, a "cultural diplomat" (Hofstede 1991), constantly imbuing the business organization's values and goals, constantly on a mission to explain and motivate an increasingly multinational and multicultural work-force in an increasingly global firm.<sup>17</sup> Not surprisingly, such a task of producing affective effects is not easy. In earlier studies, Mintzberg (1973), Stewart (1976) and Davis and Luthans (1980) all found that managers spent between a half and three-quarters of their time simply talking to people. Stewart (1976:92) for example, found that "Management is a verbal world whose people are usually instructed by personal contact rather than on paper." More recently, Bruns (1997) found that top managers in multinational corporations spent most of their time talking to people, either via electronic means, or direct face-to-face communication. And much of the rest of the time they spent travelling, spending as much as three out of every four weeks on business trips as they personally try to weave the culture of their organization together. In other words, the example of these studies shows that the chief business of business organizations is talk, talk and then more talk in order to achieve some measure of agreement (Boden 1994);<sup>18</sup> "conversations are the backbone of business" (Roos and van Krogh 1995:3). Or to put it another way,

most of what managers do is discourse: it consists of discussion, ordering, synthesising, presenting, reporting—all activities that take place through the media of various texts and representations of

immediate co-presence. Management mostly concerns words that do things, presented in many various arenas, sometimes personally, sometimes impersonally, sometimes in role, sometimes unscripted and unwarranted by the roles that exist already, the narratives already written. Management, above all, is a performative activity: it does what it says and it says what it does: its utterances and its actions are so frequently fused, so politically meshed.

(Clegg and Palmer 1996:2)

Fifth, the manager must not only weave the organization together but must also ensure that, through dedicated networking, she or he can produce and sustain external relationships of trust with other firms, which become vital conduits of information and future business. The manager, through interpersonal skills and cultural sensitivity, not only builds an internal but also an external relational “architecture” (Kay 1993). Thus, and sixth, management is no longer seen as a science. Rather, it becomes an art form dedicated to “the proposition that a political economy of information is in fact coextensive with a theory of culture” (Boisot 1995:7). In other words, the manager sets out to re-enchant the world (du Gay 1996).

Thus, as writers as different as Sampson (1995) and Buck-Morss (1995) have noted, the rational company man of the 1950s and 1960s, skilled in the highways and byways of bureaucracy, becomes the corporate social persona of the 1990s, skilled in the arts of social presentation and “change management.”<sup>19</sup> And the giant multidivisional corporation of the 1950s and 1960s now becomes a “leaner,” “networked,” “post-bureaucratic,” “virtual” or even “post structuralist” organization, a looser form of business which can act like a net floating on an ocean, able to ride the swell and still go forward (Drucker 1988; Heckscher and Donnellon 1994; Eccles and Nohria 1990).

The managerial discourse is undoubtedly an exaggeration that, in turn, exaggerates its own importance (Chanlat 1996; Knights and Murray 1994). For a start, it reflects “cultural variations” which are not just variations but root and branch differences. The Japanese firm, with its cultural emphasis on informal reciprocity, is quite clearly a different animal from the US firm, with its emphasis on formal contract (Kay 1995). And both types of firm are different from Overseas Chinese or European firms (Thrift and Olds 1996). Then again, it overstates the degree to which it has been adopted: many business organizations remain bureaucratic, monolithic and decidedly nonconsensual.

But, what seems clear is that this “new managerialism” is becoming the hegemonic account, both of what the post-Bretton Woods business world is like, and of how best to exercise corporate power within it, across the world:

It has contributed to some changes in management practice (however unevenly) and forms of organizational transformation. It has also

provided a new and distinctive language of management which has played a significant role in legitimating claims to both organizational and social leadership.

(Clarke and Newman 1993:438)

Most importantly of all, perhaps, the new managerialist discourse has empowered its managerial subjects by presenting them with an expanded opportunity to dream “global dreams” (Barnet and Cavanagh 1995). New forms of managerial subject are being produced through the application of an odd mixture of the “psy disciplines” (Rose 1996), New Age, and the like. Most particularly, these subjects are being taught to internalize the world as theirs in which to operate with self-esteem and self-confidence (French and Grey 1996) (Figure 2.4). As Strathern puts it, appropriating actor-network theory;

How large, Latour asks, is IBM? An actor of great size, mobilising hundreds of thousands of people, it is always encountered via a small handful... We never in this sense leave the local. The local is not just the people you talk to at IBM or BP but the desks, the paperwork, the connections distributed through the system, that is, the instruments that create a global field. From this point of view it makes no sense to

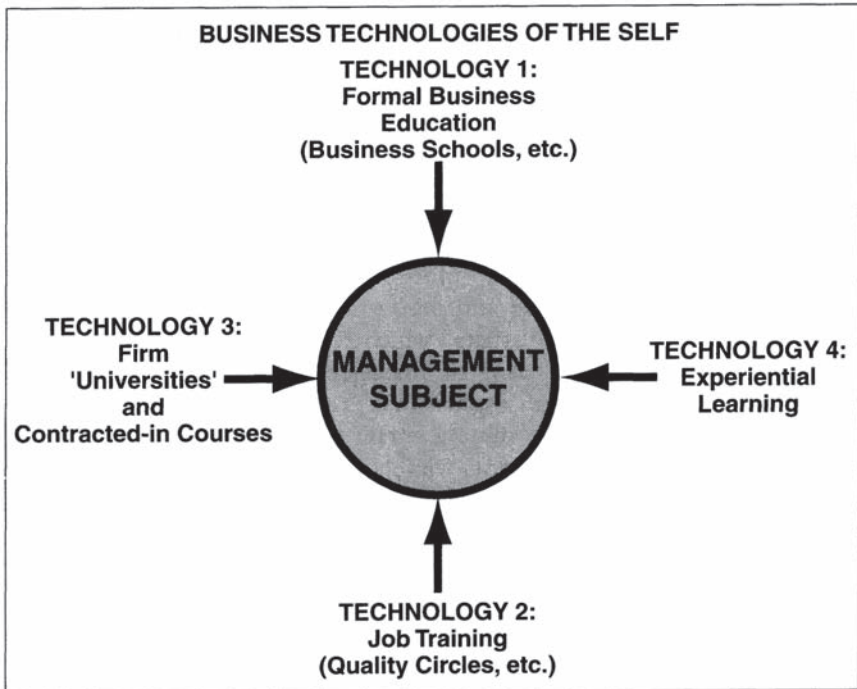


Figure 2.4 Remaking the managerial subject



go along with the literalism, that ‘global’ is bigger than ‘local’. It is simply where one is at. But if one never leaves the local where is the global? It has to be the infinitely recurring *possibility* of measurement—not the scales but *the capacity to imagine them*.

As part of their ability to act, pressed into operation as design or intention, people’s sense of scale produces a reflexive sense of context or locale. That is, it is a capacity which prompts comparisons, whether of commensurate things (along one scale) or of things not reducible to a common scale at all. Either way, we can imagine that it enlarges the world ...If so, we may take such scaling as a technique for knowing oneself to be effective...regardless of agency...Anthropologists will never understand the power of those who think the world is their market... unless they appreciate *the energising effect of such expanded horizons*. The expanded horizon, like the world view, is *how things are made effective locally*.

(Strathern 1995:179–80; emphasis added)

It follows that, as the practical background assumptions with which managers operate have changed, so have the spatial assumptions they make. But these are only just being worked out in practice.

Thus there is no easy answer to the question “What will the geographies of soft capitalism look like?” We can, of course, suggest that these geographies will operate at a range of scales in line with the increased “granularity” of soft capitalism (Bowker and Leigh-Star 1994). At the micro-scale, the impact of soft capitalism will be felt in the explicit social engineering of office buildings in order to maximize opportunities for social interaction and thereby learning and innovation. The BMW research and development headquarters is often regarded as the paradigm for this kind of design, with no room being more than 50 metres from any other. At the meso-scale, soft capitalism is clearly present in the attempts to set up intra-firm networks and alliances and thereby foster “learning regions” (Morgan 1996). These networks provide means of stimulating learning and innovation on a broader spatial scale. (There are even “industrial districts” which rely on the institutions of soft capitalism, such as the clustering of management consultants in Boston.) Finally, at the macro-scale, soft-capitalism is present in the burgeoning global information networks of the cultural circuit of capital which “manage the production and exchange of intangible objects like knowledge” (Boisot 1995:5) through the production of theories, texts, and practical protocols like seminars which stabilize them, and embody them in subjects. In practice, this means a double movement. At one level, it means the frenzy of personal contact reflected in the rise of international business travel. At another level, more and more of the organization’s “values, opinions and rhetoric are frozen into codes, electronic thresholds and computer applications. Extending Marx, then, we can say that, in many ways, software is frozen organizational discourse” (Bowker and Leigh-Star 1994:187).<sup>20</sup>

But the example of global information networks shows the rub. Too much of the information circulating in these networks is of an abstract and diffused kind which, in fact, is predicated upon both information loss and a corresponding increase in ambiguity. What seems certain, then, is that soft capitalism, though global in character, will still be strongly oriented to the local as organizations attempt to replace this information loss and diminish ambiguity. Most particularly, successful organizations will be those that are able to diffuse essentially local tacit knowledge over space through limited amounts of codification and interaction<sup>21</sup> which function as the equivalent of the collective memories of the organization. Thus the main battleground of soft capitalism may turn out to be what Boisot calls the semi-tacit domain:<sup>22</sup>

Here, people are willing to invest in the acquisition and mastery of codes and categories in so far as they offer participation in the activities of a wider community. Effective communication here depends upon a mix of words and gestures, text and example. Any loss of data entailed by complex coding messages into words, or by abstracting from a concrete situation, is now compensated by gains in communicative potential offered by an increase in structure. Transacting parties may still need to be co-present, but now no longer necessarily so. The people and things addressed might be elsewhere. Codes and concepts of the semi-tacit domain open large tracts of experience to comparatively effortless shared understanding.

(Boisot 1995:62)

### CONCLUSIONS: THE HARD EDGE OF SOFT CAPITALISM

The hegemony of this new managerialist discourse has four main consequences, each of them uncomfortable. The first is that it has what used to be called “material consequences”—effects that can be measured out in terms of pain, heartbreak, and shattered lives. Business organizations that take the managerialist discourse on board usually become involved in programs of direct “downsizing,” cutting back on the workforce with all the human misery this brings, made more of a shock, perhaps, because so many “redundant” middle management “layers” have been stripped out, as well as the jobs at the bottom of the occupational hierarchy which are always targeted and forfeited.<sup>23</sup> Business organizations have also been involved in considerable indirect “downsizing”; for example, through programs that lay off significant numbers of subcontractors so as to produce a core network of closely allied firms. Then, not to be taken lightly, organizational change has brought with it other forms of stress and strain, from the 50-year-old executive who is being shunted into a part-time consultancy to the new graduate who must downsize expectations of a corporate career. In other words, this new form of the exercise of corporate

power is not necessarily any “nicer” than what has gone before; for all the caring rhetoric, lean can just as easily be mean and learning can mean stomach-churning. The sword of management is, as always, two-edged: economic success is, now as then, brought at the cost of the workforce, as much as to its benefit. Most of the *angst* in the new managerialist discourse is produced by and for the middle class, not the working class.

There is a second consequence of this discourse. For all the commitment to an open-ended view of subjecthood, *in practice* the conception of the person (and the model of action) that is presumed is, more often than not, a narrow one which involves super-exploitation both of managers (who are expected to commit their whole being to the organization) and of workers (who are now expected to commit their embodied knowledge to the organization’s epistemological resources as well). In other words, the net effect may well be to reduce the different conceptions and comportments of the person which are to hand and, worse, to transfer these reduced conceptions and comportments to other spheres of life (du Gay 1996).<sup>24</sup>

There is a further consequence of this new managerialist discourse. It makes it even clearer (if this ever needed saying) that there is no intellectual community which can be separated off from other communities, in which the intellectual community has the power to decode the world, whilst all the other communities just slope ignorantly about. As Bauman (1987) has pointed out, the intellectual community has moved from a position as legislator of the world to simply one of a number of interpretative communities. In the case of the relationship between the international intellectual and international business community this tendency has been strengthened by increased traffic between the two communities (for example, as a result of the growth of management education, and the increasing use of intellectual ideas in management), by the growth of an independent intelligence and analytical capacity within international business, and by the growth of the media as a powerful disseminator of and trader in ideas between the two communities.

There is one more consequence of the new managerialist discourse. It exposes the problem that there is no theory that is not, or cannot be made, complicit. Just as Marx’s and Heidegger’s theories could become some of the ingredients of a totalitarian discourse, so notions of radical indeterminacy can be turned to all manner of ends, not all of which are pure or pleasant. But this is the chief point about discourses: they may contain elements of theory but they are not theoretical. They are practically oriented orders bent to the task of constructing more or less durable social networks and they are constantly redefined in order to cope with the vagaries of that task.

What is certain—what is indeed the only certainty—is that the new view of what we know, whether it is found in the intellectual or business communities, demands a change of style which is also, inevitably, a change of content. We need to move away from the comforting nostrum that we can contain the world in theories, and realize that these theories are not just about seeking out

new knowledge but also about telling stories about an uncertain world which can, however briefly, stabilize that uncertainty, and make it appear certain and centered. How else, for example, can we explain the currency of stories like “postmodernism” which often seem to be simply a means of rolling over old antinomies, thereby providing an unfamiliar landscape with some familiar landmarks? Old habits die hard and the habit of searching for centred stories that tell all (like the story in this chapter) dies hardest of all; living proof, if proof were needed, of the human need to fend off uncertainty.

The anxiety would be lessened, tensions allayed, the total situation made more comfortable were the stunning profusion of possibilities somewhat reduced, were the world a bit more singular, its occurrences more repetitive, its parts better marked and separated: in other words—were the events of the world more predictable, and the utility or uselessness of things more immediately evident. One may say that because of their ‘fundamental constitution’ human beings have inborn (hereditary) vested interests in an orderly structured world free of mysteries and surprises. They also have similar vested interests in being more clearly defined themselves, and having their inner possibilities pre-selected for them, turned into the source of orientation rather than being a cause of confusion and distress.

(Bauman 1995:141)

Now both the international intellectual and international business communities understand the ramifications of this insight. We must learn to live with some of the consequences while striving to prevent them from being turned into a new capitalist orthodoxy.

In this, we may be helped by soft capitalism itself. Soft capitalism, like other forms of capitalism, is shot full with tensions and contradictions. There are three of these that strike me immediately. First, the rise of soft capitalism brings with it the opportunity for new kinds of resistance and subversion in workforces, associated particularly with the rise of electronic telecommunications technologies and with the development of the *appearance* of consensus (see Zuboff 1988; Jernier *et al.* 1994; Heckscher and Donnellon 1994). Second, a number of the actual tenets of soft capitalism are undermined by their own consequences. For example, it is very difficult to build trust in organizations which are, at the same time, being “delayered,” “down-sized” and “re-engineered.”

Corporate America eliminated 516,000 jobs in 1994, a year in which profits rose by 11%. The most dramatic slimmers included some of the biggest money machines such as Mobil, Procter and Gamble, American Home Products and Sara Lee. Such pruning is hardly conducive to ‘trust’. Bosses at AT and T admit that re-engineering has generally undermined employees’ trust. An internal survey in British Telecom

this year discovered that only a fifth of employees thought that managers could be relied upon to do what they said.

*(The Economist, 16 December 1995:83)*<sup>25</sup>

And, third, there is the problem of the motivation of managers. Managers who are taught to be reflexive about themselves, who are increasingly schooled in the ethics of corporate responsibility, and who are expected to work extraordinarily long hours<sup>26</sup> in order to maintain an organization's culture (Massey 1995) can and do become reluctant, sceptical and even disillusioned (Pahl 1995; Jacques 1994; Scase and Coffee 1989). Thus, amongst such managers, there is an increasing move to values "involving empathy, connectedness, emotion, ease and green concerns" (Pahl 1995:180) which, in turn, are helping to provide new models of economic practice.<sup>27</sup>

Unlike previous models of alternative economic practice which were often born out of immanent critiques of capitalism, most of these models tend to be practical critiques, born out of actual attempts to produce new forms of economic institutions which are both immediately feasible and radically democratic, in that they both broaden democracy by bringing in new actors and deepen it by producing new means of giving voice (Amin and Thrift 1995). Significantly, these institutions have often included quite substantial inputs from business managers looking for new values, and they also often utilize the vocabulary of the new managerial discourses.

There is a diverse range of these new models. Here I will note just three. First, there have been moves towards dispersed corporate ownership (this having sparked ideas like "supers tock"), and to social dividends more generally (Gamble and Kelly 1996). Second, there is the social investment movement.<sup>28</sup> Beginning in the 1960s, social or ethical investment has now come of age. Even in Britain, which is hardly the most active country in this area, over £900 million of personal and institutional savings are now screened against ethical and environmental criteria. Then, third, there is the social banking initiative, which is made up of a series of different kinds of financial initiatives, including community development banks, community development loan funds, credit unions, local exchange trading systems (or LETS), and micro-loan funds (Mayo 1995). Of course, these alternative models may not always set the heart racing, yet they are in the spirit of the times in that they involve an increasingly concerted attempt to set up a counter-discourse—one which is particularism but which is also increasingly able to "go global."<sup>29</sup> In a sense, at least, they are about turning soft capitalism back on itself by using its procedures and vocabulary, but to different ends. That, surely, is a worthwhile project.

### ACKNOWLEDGEMENTS

The trenchant criticisms of Danny Miller have made this into a better paper, which I know that he will still disagree with! I also received very useful

comments from Paul Heelas, Steven Fuller, Marilyn Strathern and John Urry. Parts of the beginning of this chapter draw on Thrift (1996b). A shorter version appeared in *Cultural Values* 1,1, pp. 29–57, and is reproduced with the permission of Blackwell publishers.

## NOTES

- 1 For example, most of the tenets in Pickering's (1995) book, *The Mangle of Practice*, could easily have been subscribed to by many modern management theorists.
- 2 This is a common move in research in cultural studies, for example, stimulated by writers like Baudrillard and Debord.
- 3 As in the work of Bhabha (1995).
- 4 As in the work of Derrida (1994).
- 5 This may account for much of the renewed concern with the relationship between academics and business elites. I cannot help but think that some of this concern is in fact a means of trying to self-consciously distance academics from business elites, in a desperate bid to retain the divide, by endowing academics with the characteristics of the victim.
- 6 For example, recent work suggests that the humble filing cabinet may have been the most important technological component in the growth of corporate capitalism in the late nineteenth and early twentieth centuries (see Bud-Frierman 1994).
- 7 Yet, as Strathern has pointed out, when culture becomes such an ambiguous term, it loses much of its force:

Traditionally culture worked alongside other concepts in the analytical repertoire—gender, kinship, ritual, structure, domain, above all society—all of which problematised the relationship between different kinds of knowledge. For as long as culture was understood as referring to local forms of expressions, it was thus contextualised by other descriptions of (social) relations between people. What is likely to disappear nowadays is that relational contextualisation.

(Strathern 1995:157)

- What is striking is the degree to which the managerial discourse has tuned in to all of the latest intellectual moments, from feminism to post-structuralism, on.
- 8 "What intrigued me is not only that enterprise now means business but the fact that it can be seen as...a personal attribute in its own right. The language has colonised their interiors; if you can't speak it, you haven't got it!" (Williamson, cited in du Gay 1996:73).
  - 9 And, because, as du Gay (1996:134) points out: "current trends in management discourse are in no way the exclusive property of New Right ideologies, as some have suggested."
  - 10 Experiential learning courses started, in fact, with the founding of Outward Bound in Wales in 1941 (see Martin 1994).
  - 11 Amongst sociologists and historians of science only Shapin (1994) seems to refer to Polanyi, even though Polanyi was, in part, a historian and philosopher of science.
  - 12 This is to ignore the large number of in-house company "universities" (such as those of Motorola, Intel, and McDonalds) which have sprung up which in most cases are only offering job training, but which are also aspiring to offer something more—usually "employability."

- 13 Recently, the knowledge which business schools offer has been extended through the managerial life-cycle with the arrival of the Advanced Management Programme. Running for between 18 days and 10 weeks, these programs are aimed at updating and extending senior managers (van de Vliet 1996).
- 14 Especially when it is wrapped up in everyday referents which range from popular psychology to *Star Trek*.
- 15 There are, of course, important cultural differences. Traditionally, for example, British managers have been more resistant to management theory, probably a function of their being generally less well-educated than, say, their American counterparts.
- 16 Heelas notes that ‘the following’ mainstream companies have introduced New Age or New Age (y) training world-wide:

Barclays Bank, the Beth Israel Hospital, Boeing, British Gas, British Midland, BP, British Telecom, Campbells Soup, Canon, Cathay Pacific, Chemical Bank, Clydesdale Bank, Courtaulds, Daihatsu, Du Pont, Esso, The US Federal Aviation Administration, General Dynamics, General Motors, Guinness, IBM, Lockheed, Mars, Macro, McDonnell Douglas, NASA, Olivetti, Procter and Gamble, Scott Paper, Smith Kline Beecham, Shell, the US Social Security Administration, TV-AM, the UCLA Graduate School, the United States Navy, Virgin Retail, and Whitbread.  
(Heelas 1996:73)

- 17 These managers form, in Shapin’s (1994:414) terms, important “core sets,” “the group of people mutually judged capable of participating in specialised practices” who are nowadays spread out across the globe.
- 18 The extended skills of reflexivity needed to achieve these goals, which are increasingly taught, have a double edge as I show in the conclusion.
- 19 Symbolized by the rise of the “transition” or “change” manager as well as the more recent appearance of “knowledge officers” in consultancies like Arthur Anderson whose job is to husband human assets.
- 20 But the use of software is itself dependent upon human skills, which are culturally invisible but highly important (Schaffer 1996).
- 21 Thereby making the unfamiliar at least partially familiar.
- 22 Elsewhere (Thrift 1985) I have called this the domain of “empirical knowledge.”
- 23 Significant changes have undoubtedly occurred in the composition and character of middle management. For example, by one reckoning nearly one million managers in the US earning more than \$40,000 a year lost their jobs in 1991, a figure comparable to the three previous years. The classic example was GE which reduced the number of its management layers from nine to four, and the number of its senior executives from 700 to 400. In Britain, ICI has reduced its senior managers below board level from 112 to 90. BP now has only 600 senior managers compared with 1,000 three years ago. BT shed 6,000 middle managers in just one year in the 1990s (Jacques 1994). Of course, the process can go too far, destroying the knowledge base of the enterprise. However, Gordon (1996), in a swingeing critique, has suggested that much “delaying” is simply corporate rhetoric.
- 24 Even the example of New Age tends to show this. Output from New Age seminars often tends to be people with more poise and confidence, but who are also more opportunistic and manipulative (Heelas 1996).
- 25 This is, of course, a particular problem in the United States where it has been compounded by new management fads.

Performance-related pay means that extra effort can produce by benefits. Thanks to outsourcing, much work in America is put out to contract: who ever works fastest (ie. puts in the most hours most quickly) wins. Reengineering, another management fad, reduces the number of workers and forces survivors to be more versatile; doing a job you are not used to takes more time. Firms such as General Electric now talk about 'stretch management': setting goals just beyond a worker's previous limits.

(*The Economist*, 24 August 1996:57)

Some unusual firms, such as Hewlett Packard, are considering ways of changing these work practices. Thus Hewlett Packard

has started a campaign to persuade its 10,000 employees to adopt a more thoughtful approach to work. Before undertaking a task, employees are encouraged to ask what unique value they will bring to it, and what will happen if they do not do it. Susan Moriconi, who heads the company's Work/Life programme, argues that long hours and unnecessary business trips 'reduce creativity and wear people down emotionally and physically'.

The company also promotes schemes in which employees control their working hours. The results, it says, are equal or higher productivity, and a sharp rise in morale (even among workers not directly affected). The most powerful lever comes from the top; every two years, workers are quizzed, anonymously, on the attitudes to their jobs, including whether they feel their work and home lives are balanced. Where scores are below average, managers are expected to find remedies.

(*The Economist*, 24 August 1996:58–9)

- 26 Indeed, there is now a move to "upsizing."
- 27 However, not too much should be made of this move. For example, Badaracco and Webb (1995) found that young high-fliers, all of whom had received some ethics training, were easily sucked into anti-ethical organizational cultures.
- 28 This move has been strengthened by the increase in the number of women managers who have particular problems of coordinating work and home. Significantly, many women managers in the United States are now setting up their own firms, which are often more responsive to social values.
- 29 Thus the experience of these small-scale institutions is starting to filter into work on egalitarian economic policies which necessarily are written on a larger scale (e.g. Dymski *et al* 1993; Pollin 1995).

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# GLOBAL FLOWMATIONS, LOCAL FUNDAMENTALISMS, AND FAST GEOPOLITICS

“America” in an accelerating world order

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The optimistic future will necessitate accepting the possibilities inherent in our emerging technologies and accelerating the transition to a high technology, information based economy.

(Newt Gingrich 1984:1)

The men who stood at Lexington and at Concord Bridge, at Bunker Hill and Saratoga, they gave all they had, that the land they loved might be a free, independent, sovereign nation. Yet, today, our birthright of sovereignty, purchased with the blood of patriots, is being traded away for foreign money, handed over to faceless foreign bureaucrats at places like the IMF, the World Bank, the World Trade Organization and the UN.

(Patrick Buchanan 1995:461)

The central event of the 20th century is the overthrow of matter.

(Dyson *et al.* 1994:26)

One decisive consequence of the ever-increasing levels of globalization and informationalization of everyday life in the developed world during the last decade is the growing disorientation in many people’s sense of place. The traditional fixed statics of space are becoming eclipsed by a new fluid dynamics of pace. Whether one labels it “McWorld” (Barber 1995), “time—space compression” (Harvey 1989), or “fast capitalism” (Agger 1989), the condition of the contemporary world order, as Paul Virilio (1986) suggests, is one of “chrono-politics” in which the power of pace is outstripping the value of place. Consequently, geographies are increasingly dimensionalized by speed not territory. Speed rules over every aspect of life now being revolutionized by the acceleration of a “dromocratic revolution” (Virilio and Lotringer 1983).

Therefore, the rules set for, of, and by, speed are assuming greater potency in late twentieth-century discourse about geography, globalization and governmentality, rendering old codes grounded in the frozen fixities of realist territoriality more and more “unruly.” These effects are global in their scope and impact, even though their influence is not yet clearly understood.

In this chapter we seek to describe, using the United States as an example, an increasingly pervasive and contentious political struggle between a “discourse of pace” linked, on the one hand, to accelerating transitions, speeding flows, overcoming resistances, eliminating frictions, and engineering the kinematics of globalization, and, on the other hand, a “discourse of place” centered upon solidifying porous borders, bolstering breached containments, arresting eroded identities, and revitalizing faded essences. In outlining this dromopolitical struggle, we argue that geopolitics is undergoing a critical re-conceptualization in the late twentieth century. Coined as a concept at the beginning of the twentieth century by Rudolf Kjellen, our inherited geopolitical imaginations have usually had the fixities of territorial matter (heartlands, rimlands, sovereign states, Soviet bloc, Western bloc, etc.) at their center (Shapiro 1994). As we approach the twenty-first century, the emergent geopolitical imaginations of our globalizing culture have the speed and fluidity swirling through global flows as their register. Federal Express with its world-wide just-in-time delivery apparatus now tells all of its customers “It’s the Way the World Works.” This sort of claim underpins Paul Virilio’s (1995:23) suggestion “since movement creates the event, the real is *kinedramatic*.” This emergent imagination of pace is what we term “fast geopolitics,” and we strive to develop a critical appreciation of how it works.

Our appreciation of the kinedramatics of geopolitics holds that the current velocity, volume and density of global events is generating cohesive structures of patterned movement on a world-wide scale, or kineformations, which we want to analyze through the notion of *global flowmations* as structured events flowing in-formation under high-speed acceleration. The discourses and practices of global flows, as Fed Ex asserts, are already a pervasive part of our hyperreal commercial culture (Luke forthcoming). IBM promises solutions for a small planet while UPS, moving at the speed of business, reminds us that it delivers a package somewhere across any of 200 countries it serves every 0.008 seconds with pinpoint accuracy. Microsoft offers us the borderless world of the Internet, asking us where we want to go today, while Reebok proclaims “On Planet Reebok, there are no Boundaries.” Whether projected as Mc World or Mac World, Planet Reebok or Marlboro Country, the advertising cant of transnational corporate capital discloses the outlines of many fluid geographical imaginations that are self-consciously ecumenical and relentlessly dromological as hyperactive in-formations of people’s wants and needs. Realizing a truly global reach and ever-building pace appears to be the manifest destiny of contemporary transnational corporate capitalism’s latent velocity.



Manifest destinies, however, are fabricated, not fated. Far from being inevitable and natural, the process of globalization has a multiplicity of possible interpretations (Mittelman 1996). Within the United States in recent years, a wide range of intellectual touts for neoliberal globalization have projected an image of transnational liberalism as an unstoppable revolution that will inaugurate a borderless world of frictionless, superconductive capitalism (Agnew and Corbridge 1995). In the first part of this chapter, we provide a review of this increasingly pervasive discourse of these dromointellectuals who are championing the values of a dromo-globalism. Among the figures considered here are management gurus associated with McKinsey and Company Consultants, William Gates, CEO of Microsoft Corporation, and Newt Gingrich, Speaker of the House in the US Congress. All of them are prophets of the revolutionary acceleration that is remaking our present understandings of space and sovereignty, territory and strategic power, community and national identity.

Just how identities and populations are being remade by global consumption is the focus of the second part of the chapter. Here we explore how governmentality, an arrangement of order and a specification of population that historically became institutionalized within sovereign states, has gone global as the global flowmations of transnational corporate capitalism remaster the order of things and respecify population in terms of consumption codes, behaviors and patterns, thus placing more traditional national identity-assemblage processes in jeopardy.

In the third part of this chapter, we explore the emergent resistances to the flow motions of space effected by transnational corporate capitalism and celebrated by dromo-intellectuals. Such negative resistances provide one of the more instructive indicators of the embeddedness of global flowmations in any particular national setting. In the American context, the rhetoric of Pat Buchanan, the infamous co-host of CNN's gladiatorial soundbite politics program *Crossfire* and 1992 and 1996 candidate for US President, clearly affords a rich, and quite recent, crystallization of localized angers, regionalized animosities, and nationalized anxieties about the cross-cutting intrusiveness of global flowmations inside of a once wholly hegemonic nation-state; we cast this ideology of "Buchananism" as a much more generic global phenomenon. Indeed, it is only one of many different fundamentalist attempts to re-contain and re-essentialize a dissipating/dissolving vision of embedded nationality, like Buchanan's "America," in the flows of a high-velocity global capitalist superconductivity.

As Rifkin notes, superconductive capitalism is dividing America between "the new cosmopolitans," or the new "knowledge class" whose incomes have increased substantially since the late 1960s, and "the other America," or the growing numbers of working poor caught in dead-end, low-paying jobs, if they work at all (Rifkin 1995:172–80). Between them, Rifkin sees a declining middle class which now constitutes 63 percent of the nation's population,

down from 71 percent in 1969 (1995:172). Buchananism plays upon these divisive trends. By reexamining Buchanan's ideological critique of transnational liberalism, a critique that echoes a long-standing neoisolationism (Tucker 1972) and "paranoid style" in American political life (Hofstadter 1965), we snap a picture. This image reveals not only the brave new world of mostly corporate transnational flowmations that is recalibrating the terms of global exchange, but it also freezes a frame of the spatial vertigo with its attendant sense of depletion that rapid globalization has engendered in the United States. While Buchananism appears once again to have passed, the material circumstances that gave rise to it in 1992 and 1996 have not. Electronic populist formations like Buchananism, which were anticipated by Goldwater in the 1960s or Reagan in the 1970s and 1980s, are likely to be a persistent feature of American political life well into the next century.

### "ACCELERATING THE TRANSITION": A FLOWMATONALIZED WORLD

David Harvey has argued that "in money economies in general, and capitalist society in particular, the intersecting command of money, time and space forms a substantial nexus of social power that we cannot afford to ignore" (1989:226). The power to define classes and institutions, which will redefine "efficient spatial organization" and "socially necessary turnover time," is what establishes the fundamental norms in capitalist societies that labor and capital fiercely contest. Geographers like Harvey tend to emphasize class struggles over time management, capital valorization, and labor speed-up at the point of production. Paul Virilio, on the other hand, interprets the history and geography of modernization in general as a question of speed and politics (Virilio 1986). For him, the Industrial Revolution was a "dromocratic revolution" because what was invented was not only the possibility of mass producing commodities, but, more importantly, the means of moving at greater speeds with the steam engine and then the combustion engine. With widespread motorization, society moved from the age of the brakes to the age of the accelerator. Power came to be invested in acceleration itself (Virilio and Lotringer 1983:45).

While not frequently noted, the very idea of acceleration is deeply engrained in capitalist modernity's categories of change, progress and development (Kern 1983). Modernization implicitly has always suggested something like bringing the means of mobilization, acceleration and intensification to the ends once valued by traditional practices and paces. As imagined by Rostow, for example, using his famous flight metaphors, modernization is the aerodynamicization of flightless geostatic traditionalism; development volatilizes inert matter, channels its launch as fluidized energy, and then takes-off down the runways of global exchange. Conceptualizing the prerequisites of development as aerodynamic

imagineering, leaders must find the mobilizational, the fluidized, the flyable components of an economy and society suitable for dromological acceleration. Plotting the national take-off for sustainable development shifts agency to movement, structure to flight as economic propellers and political controls provide the thrust and guidance to lift fixed static national populations into fluid dynamic flows of global technoscientific traffic. Sustaining the flight of development after the take-off requires countries to head directly into the flows of turbo-charged global capitalism.

Over the last few decades, the dromological designs long implicit within such visions of capitalist modernization and development have become far more explicit and overt as the processes of globalization and informationalization have deepened and intensified. In the late twentieth century, the shortest runway to sustained developmental flight now is, according to the World Bank and the International Monetary Fund, to be found by dismantling traditional statist barriers and launching one's economy into the global commercial flows. Globalization is conceptualized as an inevitable leap into friction-free flows of commodities, capital, corporations, communication, and consumers all over the world. All that was once solid melts into air so that the (dis)placed particles of this engineered ectoplasm can mix and match amidst all of the other fluidized particularities speeding along in these universalized flows. Eroding away fixed in-stated places into fluid un-stated spaces now preoccupies the neoliberal managers of globalizing enterprises and their dromo-intellectual celebrants. Space should no longer be mastered by inefficient, bureaucratic, flow-resistant states; rather, space and place should be envisaged as flow-friendly ports of access and conduits of circulation through which everyone will tap into the global economy. Strictly ruled spaces come undone in the unruly rush of flow motions. Places are conceptualized in terms of their ability to accelerate or hinder the exchanges of global flowmations. The ideology of dromo-globalism, then, reimagines space not as fixed masses of territory, but rather as a velocidromes, with high traffic speedways, big band-width connectivities, or dynamic web configurations in a worldwide network of massively parallel kineformations.

This emergent ideology of dromo-globalism finds widespread expression in the work of academics, management consultants and popular intellectuals as well as in political life. Dromo-globalism represents globalization and informationalization as an inevitable and powerful fluidizing force, which now is actively rearranging the maps and meanings of modernity. Capturing these forces and putting them to use is now, as Reich (1991) claims, "the work of nations." The manifest destiny of globalization is to (un)/(re)make the world. It has a telos, an irrepressible logic that is transforming the very essence of things. One of the most popular expressions of this style of reasoning is found in the work of Alvin and Heidi Toffler who argue that humanity is caught between the crests of a profound transformation from a Second Wave

industrial civilization to a Third Wave informational civilization (Toffler 1980). Devotees of hype and hyperbole, the Tofflers argue that humanity “faces the deepest social upheaval and creative restructuring of all time,” because change is accelerating at a remarkable pace.

The First Wave of change—the agricultural revolution—took thousands of years to play itself out. The Second Wave—the rise of industrial civilization—took a mere three hundred years. Today history is ever more accelerative, and it is likely that the Third Wave will sweep across history and complete itself in a few decades.

(Toffler and Toffler 1995:19)

The Tofflerite thesis is a popular, grab-bag amalgamation of observations and arguments about technologically driven change in the late twentieth century. Still, it has become significant politically inasmuch as their expansive polyglot of ideas enters political argot as a shorthand means to reduce the heterogeneity of vast struggles over the shape of the future to a simple and inevitable macro-spatial/macro-historical shift from an old (Second Wave) to a new (Third Wave) civilization. The indeterminacy and uncertainty of change is reduced to a comprehensible “big picture” of a future that offers unlimited opportunities and possibilities as well as serious threats and dangers. The fittest and the fastest, however, will live long and prosper.

Speaker of the House in the US Congress, Representative Newt Gingrich (R-Georgia) adopted the Tofflerite story as part of his campaign to reenergize the Republican Party with a new ideological agenda after George Bush’s defeat in the 1992 presidential election. Gingrich described *The Third Wave* as “one of the seminal works of our time,” and appropriated its narratives of a coming Third Wave information age to anchor his self-described “revolutionary” agenda of aggressive deregulation in the name of reasserting and renewing American civilization (Gingrich 1995). Gingrich helped establish the Progress and Freedom Foundation as a think-tank to foster and promote neoliberal visions of the coming informational society, what it terms “a positive vision of the future founded in the historic principles of the American idea.”<sup>1</sup> Sponsoring libertarian (not radical) cyberintellectuals and conferences, the Foundation helped launch an informational qua knowledge age “magna carta” by Esther Dyson, George Gilder, Jay Keyworth and Alvin Toffler (1994). This document boldly begins by proclaiming that the “central event of the 20th century is the overthrow of matter.” Echoing the rhetoric of another think-tank, the Electronic Frontier Foundation (headed by Esther Dyson), they argue that cyberspace is the bioelectronic frontier of the future, the land of knowledge the exploration of which “can be civilization’s truest, highest calling” (Dyson *et al.* 1994:28). Turning the civilization of mass-production inside out, new information technologies are “demassifying” existent institutions and culture. “Accelerating demassification creates the potential

for vastly increased human freedom” (ibid.: 28). Caught between a dying Second Wave civilization and an emergent Third Wave civilization “thundering to take its place,” the great threat to progress is that governments (“the last great redoubt of bureaucratic power on the face of the planet”; ibid.: 28) will strive to apply “Second Wave modus operandi to the fast-moving, decentralized creatures of the Third Wave” (ibid.: 33). If there is to be an industrial policy for the knowledge age, they conclude, “it should focus on removing barriers to competition and massively deregulating the fast-growing telecommunications and computing industries” (ibid.: 33).

In 1994, the Progress and Freedom Foundation published a booklet distilling the essence of the Tofflers’ ideas: *Creating a New Civilization: The Politics of the Third Wave*. Soon, the discourses of the Third Wave found their way into the focus-group tested Republican “Contract with America” in 1994, while the book itself appeared on a “reading list” Gingrich recommended to members of Congress and the nation. What is truly striking about Gingrich’s Third Waving is that it is the antithesis of traditional conservatism. As E.J. Dionne (1996:202) notes, “Gingrich’s goal is not to avoid change, but to speed it up.” “Accelerating the transition” is Gingrich’s mantra. To him, “there will be enormous advantages for America and Americans if we lead the world in the transition to the Third Wave Information Age” (1995:63).

Just as Great Britain rode the Second Wave to world power, so America can surf the curls on the Third Wave to tremendous profits if it bravely ventures forth on the turbulent flows of change:

The rhythm of the Third Wave Information Age will be a bit like rafting down the rapids after we have learned to canoe on a quiet lake. Although rafting may be more difficult or dangerous, the skills and conventions are essentially the same. Once we get adjusted, it can even be exhilarating.

(Gingrich 1995:63)

Despite the frequently reiterated theme of inevitability in global flowmationalization, the struggle against those that would resist dromoglobalism is an ongoing one. As Dionne observes, Gingrich’s most vehement criticism of liberals focuses not upon the supposedly radical or revolutionary tendencies of their credo but rather on their entrenched resistance to change. All “leftists,” for Gingrich, are techno-phobes and neo-Luddites, labor unions are the equivalent of medieval guilds whose power to arrest change must be broken, and the welfare state is an outmoded brake on “the opportunity society” laying latent in global flows: all of them must be dismantled in order to unleash the energies of Third Wave capitalism.

More generally, Gingrich sees America at a crossroads, one path leads to a vibrant, entrepreneurial, future-oriented technological society of cybernetic opportunity, while the other leads to a stagnant, bureaucratic, and risk-

averse society of centrally planned big government. Speeding up the transition to the former by deregulating, dismantling and downsizing any and all resistances to Third Wave informational capitalism is Gingrich's goal, because national salvation lies in acceleration.

The works of former McKinsey management consultant, Kenichi Ohmae, are another example of dromo-globalist discourse. In his 1991 book, *The Borderless World*, Ohmae proclaimed that the world of discrete national economies is over. In the new borderless world of contemporary capitalism, corporations need to restructure themselves, avoiding both the "China mentality" (thinking of oneself as the center of the universe) and "headquarters mentality" (being rooted in one nation) for success in the global marketplace. Mother-country identity at fixed sites gives way to corporate identity set by flow motions. Country of origin and location of headquarters does not matter anymore. No longer rooted in national space, the genuinely global corporation is a transnational amoeba-like network whose very formlessness is its organizational strength. "Once you begin to see the world as a superstructure above and regions below," Ohmae claims, "the only troublesome part is the unit in between—this thing called the nation-state...It's also a unit that is obsolete. For economic purposes, nation-states have become unnatural, even dysfunctional" (cited in Taylor and Weber 1996:52).

(B)orderlessness, for Ohmae, is the most rational and desirable form of global order. The state apparatus should do nothing to retard global flows; it should instead serve as an accelerant, changing

so as to: allow individuals access to the best and cheapest goods and services from anywhere in the world; help corporations provide stable and rewarding jobs anywhere in the world regardless of the corporation's national identity; coordinate activities with other governments to minimize conflicts arising from narrow interest; avoid abrupt changes in economic and social fundamentals.

(Ohmae 1990:216–17)

Here, once again, speed and ease of access by people to things or things to people in "opportunity societies" is what drives the imagining of flow mobilized development.

In a subsequent book, *The End of the Nation State: The Rise of Regional Economies* (1995), Ohmae stresses the obsolescence of nation-states as "building-block concepts appropriate to a 19th century, closed-country model of the world that no longer holds" (1995: viii). Though "public debate may be still hostage to the outdated vocabulary of political borders," the nation-state is "increasingly a nostalgic fiction" (*ibid.*: 8, 12). Fixed lines on maps no longer provide any meaningful guide to the new (b)orderless world of global flows. The flowmations of industry, investment, individuals and information (the global "I's") have been eroding nation-states, and now leave the world political map

as a “cartographic illusion.” Beyond such illusions, “the real” for Ohmae can be found in kinematic “region-states”—discrete geographical units like northern Italy, Wales, Singapore, New Zealand, the Tokyo region, Hong Kong/Guangzhou. “In a borderless world, these are the natural economic zones” (ibid.: 80). What makes these regions significant is their fluid and flexible abilities to port into the flows of global commerce. They “sidestep the bunting and hoopla of sovereignty in return for the ability to harness the global I’s to their own needs” (ibid.: 81). In welcoming foreign investment and providing a deregulated environment for business, these region-states “make such effective ports of entry to the global economy because the very characteristics that define them are shaped by the demands of that economy” (ibid.: 89).

Ohmae’s region-states are more hyperreal than real, more sites of neoliberal fantasies than alternative geopolitical spaces (the only thing his region-states have in common is his and their efforts to sell them as “hot” new growth regions in the global economy). Yet, the geopolitical imagination revealed by his concept of region-states is significant. Space is best when it is un-mastered by some ruling national center, and states are best when they are small, dynamic, flexible or open, not large, bureaucratic, central and closed. Those spaces/states that succeed are those that go with the (global) flows. As Ohmae concludes, globalized corporations “will simply choose to avoid bad governments. Governments will no longer be able to decide which companies and industries to favor. Companies will decide where to locate and which government they will work with” (cited in Taylor and Weber 1996:59).

The implicit equivalence between fitness and flowness finds its most striking expression in Ohmae’s (1995) medicalization of the current geopolitical order of fixed nation-states. Nation-states, he argues, “are political organisms, and in their economic bloodstreams cholesterol steadily builds up. Over time, arteries harden and the organism’s vitality decays.” The only alternative “that central governments have to counter this remorseless buildup of economic cholesterol, the only one legitimate instrument of policy to restore sustainable and self-reinforcing vitality” is for them to “cede meaningful operational autonomy to the wealth-generating region states that lie within or across their borders, to catalyze the efforts of those region states to seek out global solutions, and to harness their distinctive ability to put global logic first and to function as ports of entry to the global economy” (ibid.: 142).

This vision of places as portals of/for global flowmations is given a more vivid expression by two McKinsey colleagues of Ohmae: Lowell Bryan and Diane Farrell (1996). They argue that the global capital revolution—the ongoing and still far from complete globalization of foreign exchange markets, bonds and equities—is creating a tidal wave of global commerce that will refashion the landscape of states and markets well into the twenty-first century. This revolution is serving as a catalyst in the rapid acceleration of all forms of globalization, from production to telecommunications to labor and education. “Economies will now be superconductors of the vast flows of

capital and transfer of techniques of production” (Bryan and Farrell 1996:7). Unlike the past when change was slow and evolutionary, the pace of future change is likely to be discontinuous (or, as Lester Thurow (1996:11) argues, one of “punctuated equilibrium” when “ideologies and technologies, old and new, do not match”). The “bound market” of the Bretton Woods system of pegged exchange rate has been unleashed by deregulation, technology and, most of all, the relentless pursuit of profits by traders and investors. The market is becoming global because it is so profitable for participants in the market to take actions that severely undermine national regulations and local barriers to globalization (Bryan and Farrell 1996:38). The transformations that are being wrought by globalizing capital markets are likened by Bryan and Farrell to transformations in states of matter. They posit a condition of “absolute zero” when the global capital market will become a fully integrated, perfect, frictionless, worldwide exchange. At this point, resistance to all flows disappears and a condition of superconductivity is realized.

What the global capital market is doing as it becomes more efficient, or as it approaches absolute zero, is facilitating the emergence of those discontinuous conditions required for economic superconductivity (ibid.: 153). Sovereign states as states of fixed territorial matter will vary in “their ability to conduct a flow of new techniques of production.” States in general are sources of resistance to flowmatization *qua* superconductivity. Nevertheless, Bryan and Farrell argue that power lies with the accelerating flows not territorial fixity:

As the global capital market grows in size and power, and as capital mobility speeds up, the resistance to the flow of techniques of production will decrease. Suddenly, the profit drive that is unleashing global capitalism will create changes so rapidly in country after country that the process will no longer be evolutionary, but instead will be discontinuous and the entire local economy will abruptly begin to work differently.

(Bryan and Farrell 1996:155)

Representing the development of global capital markets as an unfolding of a physics problem about states of physical matter not only lends the process an objective inevitability, but also creates a vivid set of policy imperatives with an apparent scientific logic. In order to succeed in a world where capital markets are working towards absolute zero, states must reduce all resistance to the global market, like “onerous labor regulations” and “entitlements,” and become superconductors. “As more and more countries become superconductors, pressure will be increased on those countries who resist” (ibid.: 165). Global capital markets are weakening government control and state sovereignty, but political authorities should simply accept this: “stop worrying and learn to love the market” (ibid.: 250–3).

Not to be outdone in the contest to imagineer “the road ahead” for those



who love markets in search of global commerce, Microsoft Corporation's Chairman and CEO, William H. Gates III, articulated (along with two associates, Nathan Myhrvold and Peter Rinearson) a vision of "friction-free capitalism" as the essence of global flowmationalization in his combination 1995 book/CD-ROM, *The Road Ahead*. Indeed, this book documents Bill Gates's uniquely entwined life-long love for markets and computers. Because the first time that he "heard the term 'Information Age,' I was tantalized" (Gates 1995:20), Gates devoted his life to building this new period of history—a time in which "the new materials men used to make their tools and weapons" (ibid.: 20) would be forged out of digitalized information. Once the transition is made to a world built out of information, "anyone with access and a personal computer [preferably connected into Microsoft Network and loaded with Microsoft applications] can instantaneously recall, compare and refashion it" (ibid.: 21) in the reproduction of these global flows.

In many ways, the global information superhighways will not lead to a Third Wave informational society; they will become its *sine qua non* as Gates commands the reader to do this little mental maneuver: "When you hear the phrase 'information highway,' rather than seeing a road, imagine a marketplace or exchange...digital information of all kinds, not just as money, will be the new medium of exchange in this market" (ibid.: 6). Most importantly, as Ohmae argues, the digitalization of everyday life within global flowmations "promises to make nations more alike and reduce the importance of national boundaries" (ibid.: 262). As digitalized computing displaces built environments, fixed work sites, and traditional homeplaces, their dedicated tunneling through the clouds of big bandwidth switches will provide "a place in our everyday lives because they not only offer convenience and save labor, they can also inspire us to new creative heights" (ibid.: 7).

They clearly have inspired Gates to new creative heights, transforming him in the process into the \$17 Billion Dollar Man—the world's richest person. As Gates sees the Third Wave breaking up all existing social formations, he can hardly wait for "this tomorrow, and I'm doing what I can to help make it happen" (ibid.: 7). What "it" is, of course, is the global flowmations' friction-free capitalism being beamed as a digitalized world-system into every last little surviving free space of the everyday lifeworld through the Windows of Microsoft. There will be trillions to be made out of accelerating this transition. As Gates sees the world's coming digital flowmations,

The global information market will be huge and will combine all the various ways human goods, services and ideas are exchanged. On a practical level, this will give you broader choices about most things, including how you earn and invest, what you buy and how much you pay for it, who your friends are and how you spend your time with them, and where and how securely you and your family live. Your

workplace and your idea of what it means to be “educated” will be transformed, perhaps almost beyond recognition. Your identity, of who you are and where you belong, may open up considerably. In short, just about everything will be done differently.

(Gates 1995:6–7)

Given this range of (b)orderless possibilities, “at Microsoft,” and in keeping with the kinematics of flowmationalization, “we’re working hard to figure out how to evolve from where we are today to the point where we can unleash the full potential of the new advances in technology. These are exciting times...” (ibid.: 19). Under this horizon, Gates enjoins us not to worry about heading out on the information superhighway; these are exciting times and we only need learn to enjoy everything that friction-free capitalism will unleash to help us realize our full superconductive potentials.<sup>2</sup>

Learning to love the market is, of course, the global mantra of neoliberal ideologies. None the less, the accelerating flow motions they describe are already provoking acute chrono-political struggles in the developed world and elsewhere. Struggles over labor conditions, the welfare system and working time are at the heart of politics in the developed world (Aronowitz and DiFazio 1994; Castells 1996; Gans 1995; Gordon 1996). While many devotees of fast capitalism see informationalization creating a friction-free capitalism, Jeremy Rifkin sees this new era in world history as “one in which fewer and fewer workers will be needed to provide the goods and services of the global population,” but this transnational *perestroika* of productive capital is taking “a drastic toll on the lives of millions of workers” (Rifkin 1995: xvi–xvii). On the one hand, the acceleration of global exchange will lead to “growing numbers of permanently displaced workers who have little hope and even fewer prospects for meaningful employment” (ibid.: vii); while, on the other hand, those who hang on to their jobs must endure greater frictions, a tighter time-squeeze, and systematically imposed overwork as downsizing, retrenchment, and *kanban* engineering turn workers into “overworked” superconductors of capital (Schor 1992:1–16; *New York Times* 1996).

The typical site of everyday life in an informationalized global marketplace is becoming not a friction-free leisure resort, but rather a terminal destination for widespread *karoshi*. When long hard work delivers a satisfying standard of living, many ordinary people tolerate its rigors. In the post-1973 era, however, Schor and Rifkin highlight how often and completely overwork not only has not satisfied workers, it actually has been attended by rapidly eroding standards of living. Amidst superconductive capitalism, Buchananists in America are those being burned by friction-free exchange at both the top and the bottom of the social hierarchy. As one supporter in Arizona put it, “two people, the man and wife, are both out working, sometimes 12 hours a day, and they still can’t make the mortgage

payments” (Pressley 1996: A10). Before considering Buchananism, however, we need to appreciate how the global flowmations celebrated by the dromo-intellectuals are ushering in new corporate and consumptive forms of governmentality at a global scale.

### GLOBAL FLOWMATIONS AND GOVERNMENTALITY

Foucault’s exposition of capitalist modernization in early modern Europe centers upon the concept of governmentality which he defines as “the right disposition of things, arranged so as to lead to a convenient end” (Foucault 1991:93). Governmentality embraces much more than what we commonly understand as government; it ranges from the government of the self to the government of vast territorial spaces. Foucault is particularly interested in devices of governmentality: how they are developed, what ends they are serving, which structures are implicated in applying them. According to his account, power disembods people from the enduring persistence of localistic traditions and reconfigures them as individual integers of abstract compounded populations in bringing about the “governmentalization of the state” (ibid.: 103).

If we are, in Ohmae’s terms, at the end of the nation-state or, in the imagination of corporate capital, we now live on Planet Reebok where there are no boundaries, then we must rethink how governmentality works without, or, at least, with much weaker, national sovereigns. Perhaps the imperial corporations Barnet and Cavanagh (1994) describe are generating their own consumption-driven devices of governmentality at a global scale. Nowadays, after all, there are multiple centers of biopower generation intent upon fixing their own equilibria of energy and motion in “the right disposition of things, arranged so as to lead to a convenient end.” Global flowmations no longer need to ground their sense of right disposition, convenient ends or even things as such in narrow national terms. For example, the Gillette Corporation’s chair, Alfred M. Zeien, claims that his firm does not “find foreign countries foreign”; and, as a result, it does not “tailor products to any marketplace, but treats all marketplaces the same” (Uchitelle 1994). This move to tailor marketplaces to products as fast as tastes change, or can be changed, is the dromocracy of global flows.

For Barnet and Cavanagh “[t]he planet is not turning into a single global village but into a highly segmented cluster of consumers sharing a common lifestyle despite being separated by great distances” (1994:178). Affluent teenagers, whether they be in New Delhi, New York, Tokyo, Caracas or Cape Town, are the geodemographically determined targets for fast lane consumption of fashion and film, music and video in perpetual turnover by corporations like Time/Warner, Sony or Phillips (Goss 1995). Connected consumers from Rio to Rotterdam, Melbourne to Moscow can all join and benefit from the dromocracy of global flows offered by Toyota, American

Express and Nike if they have the means. No longer is there a territorial North and South: “There is a Global North that now embraces city blocks and affluent suburbs in and around Manila, Mexico City, Santiago, and Nairobi, and there is a Global South that now claims stretches of Los Angeles, Chicago, and Hartford” (Barnet and Cavanagh 1994:384).

Transnational businesses, media groups, crime syndicates, and ideological blocs all are feeding these de-stabilized tendencies toward governmentality at a global scale by each advancing their own polyglot imagi-nations of convenience in seeking extrastatal ends out of the right disposition of things. The pluralization of global populations “as a datum, as a field of intervention, and as an object of governmental techniques” (Foucault 1991:102) is the basis of this transnational corporate govern-mentality. The kineformations of commodities merge as part and parcel with major dromocratic shifts which no longer “isolate the economy as a specific sector of reality” (*ibid.*: 102) but, rather, generalize economics as the universal totality of the real. And, once these flowing disruptions get launched, the world’s populations get deported from their Hometowns, Homelands, Homeworlds to the flowmations of Nike Towns, Disneylands, and MacWorlds. There, deterritorialized fast capitalist agencies, and not territorialized nation-states, increasingly generate the disciplines and/or delights needed “to manage a population”—not only as a “collective mass of phenomena, the level of its aggregate effects,” but also “the management of population in its depths and details” (*ibid.*: 102). Flowmationally focused groups, in turn, become group foci for flowmations. High standards of living require living up to the high standards in the flows. High consumption clusters judge their success more often by the goods and services shared by others in the “successful fifth” (Reich 1991) that also have, rather than the “failed four-fifths” who, while they are still perhaps your fellow citizens, are no longer your co-accelerants riding the fast capitalist tracks in polyglot global flowmations.

These changes also might be seen in terms of conjoined crises of decollectivization/recollectivization. The modern industrial nation-state represents only one type of social formation in which collectives, or, as Latour (1993:4) describes them, “associations of humans and nonhumans,” are ordered into centered/stable regimes of discourse and practice. “All collectives,” Latour asserts, “are different from one another in the way they divide up beings, in the mobilization they consider acceptable” (1993:107). Clearly, there are different types of collectives, and the modern industrial nationstate has been a remarkably resilient and strangely successful mode of collectivization for over three hundred years despite its propensities for practicing internal and external war (Luke 1995). Even now, many observers doubt its prospects for continued long-term survival because so many modern ideologies and economies remain centered within its systems of agency and structure. This too is not surprising. After all, as Latour notes,

“no one has ever heard of a collective that did not mobilize heaven and earth in its composition, along with bodies and souls, property and law, gods and ancestors, powers and beliefs, beasts and fictional beings” (1993:107).

To question the viability of the national in-stated-ness of everyday life-worlds rooted in modernist industrialism, then, is to challenge not only the conjunctural conditions of how humans and nonhumans associate, but also the geographic ontologies they mobilize to survive. Not too surprisingly, the local fundamentalist’s defense of the older national-statal collective darkly invokes all of its xenophobic powers and beliefs as it touts the enduring truths of blood and soil. And, in counterpoint, global neoliberals sing their praises of the marketplace to create a seamless Worldwide Web of exchange so that anybody anytime can associate themselves with IBM-things and find mutually satisfying “solutions for a small planet.” This now is one of the key conflicts in all advanced economies.

One collective imagines applying the brake to keep its dollars and people contained at home, while the other dreams of accelerating them outward in the flows. Buchanan’s campaign was pitched to exploit all of those key cleavages in American electoral politics that have framed the basic conflicts of the post-Second World War era, because they are inter-collective frictions dividing intra-national populations. As Ferguson and Rogers observe, the periodic emergence of apparently radical challenges to the powers that be cannot be answered,

without reference to those more powerful springs that drive the American political system as a whole. Here, as in all advanced industrial democratic states, the major dynamics of domestic politics and party competition are determined by two factors: the aggregate balance of power between business and labor within the domestic system, and the competition of industrial sectors within the world economy. But the operative significance of the first factor is limited in the American case by the “exceptionalism” of American politics, which features a weak and politically disorganized labor movement. As a consequence, business provides the driving force behind much of domestic politics, and political conflict is often best analyzed as derivative of conflict between different corporate sectors. Such business-centered analysis cannot pretend to capture all that is important in the turbulence of domestic politics. But it can provide a key to understanding the sources of power and conflict that shape the public realm.

(Ferguson and Rogers 1981:7)

How this local fundamentalism and politics of resistance have found expression in US political culture as Buchananism in the 1990s is what we now turn to examine.

## LOCAL FUNDAMENTALISM: BUCHANANISM AS RESISTANCE

Barnet and Cavanagh suggestively point to the “fundamental political conflict” in superconductive capitalism, that “between the forces of globalization and the territorially based forces of local survival seeking to preserve and to redefine community” (1994:32) in a deterritorializing New World Order. Yet, what is meant by “local survival” and “community” is highly contentious in a postmodern world order that perpetually shreds our traditional understandings of place, scale and identity. Zygmunt Bauman (1996:50) characterizes postmodernity as that general condition “at which modern untying (dis-embedding, dis-encumbering) of tied (embedded, situated) identities reaches its completion: it is now all too easy to choose identity, but no longer possible to hold it.” At the same time, he asserts this condition of contingency “need not be experienced as impotence. On the contrary, it may well be—and often is—savored as omnipotence. All things that can be done can be undone” (ibid.: 51).

Buchananism basically boils down to an anxious reaction by overworked Americans to these friction-free dynamics in the current New World Order through which, as Bill Gates asserts, “just about everything will be done differently” (1995:7). But doing things differently does not mean doing them better according to Buchananism. The disembedding/disencumbering tendencies of new global flowmations are untying the old national knots of territorially statalized society. On the one hand, Americans have chosen to consume from the cornucopia coming from globalized flexible specialization as it arrives at their Wal-Marts from Mexico, Taiwan, and Turkey. Yet, on the other hand, they skitter about nervously in choosing this life, because American businesses are moving abroad in search of cheap labor and American government agencies cannot keep out new arrivals from elsewhere who want to enjoy these same choices.

Friction-free capitalism, then, is beginning to burn a lot of people; and, it now would appear that big business and government are fueling the fires. Having chosen an identity, many Americans believe they cannot hold it, and now the contingencies of global inflowmations are being experienced immediately as anxiety and impotence. Yet, the narratives of Buchananism fuse fact and fiction together in such a way that recalls American omnipotence, recounting foundational moments (at Lexington and at Concord Bridge, at Bunker Hill and Saratoga) and sparking memories of those years from VJ Day to the Fall of Saigon when American power “meant something.” For Buchanan, America’s reluctance to limit the corrosive effects of global trade, immigration, and capital flows is simple—“a bunch of internationalists” have made the United States “weak, timid and cowardly” (Gladwell 1996: A1).

Buchananism, then, represents the politics of nationalistic possibility—of secure nation-states holding, containing, keeping, or retaining the power to choose identities that remain fixed, stable, and certain. And, if need be, their stable fixity is to be attained by exercising popular anti-flowmational fiat through national state power. The core of Buchanan's support in 1996 and 1992 were those same groups that have been threatened by globalization since the 1960s. They supported Reagan in 1984 and 1980 as well as Reagan in 1976 or Goldwater in 1964, and their ranks

consisted of labor-intensive, strongly protectionist manufacturers who disliked both labor unions and foreign competition, independent oil companies (many of whom had long campaigned for tariffs on oil imported by the multinationals), some raw materials producers (who had many reasons to be attracted to Goldwater's strong nationalism), and huge numbers of small and medium-sized businesses for whom an open world economy often meant either little or nothing except threats to economic viability.

(Ferguson and Rogers 1981:4)

For many in the 1990s, however, the global flows are erasing/effacing/eroding American prosperity and power, causing Americans to lose their life, liberty and property to the mysterious multilateralisms of the UN, IMF, NAFTA, or the WTO. One former Perot voter summed up Buchananism's appeal during the 1996 Arizona presidential primary elections thus:

What I like about Buchanan is, it's America first. We have to give America back to the American people and get it out of that little mafia they've got going in Washington. This NAFTA stuff, they're sending all our jobs overseas to these foreign countries and people here can't make a living for themselves...Dadgumit, we have to stand for America or we're going to lose it as we used to know it.

(quoted in Pressley 1996: A10)

Hence, in defense of America against postmodern globalization, Buchanan speaks for those who would construct new regimes of containment. "Americans must...start recapturing our lost national sovereignty" (Buchanan 1995:462). Unlike the old containment system which sought to keep Soviet power at bay, Buchananism aims to contain liberal capitalism, electoral democracy, and suburban consumerism in the high-energy bottle of national protectionism complete with hardened territorial borders, rigid commercial tariffs, and inflexible industrial autarchy.

While Buchananists believe their strategies will halt the incursions made by global flows, such containment logics—as Ohmae or Gates posit—also may rebound upon them. Buchananism as a containment system might allow

some Americans to hold onto an identity forged in the dark days of the Cold War when America's apparent omnipotence carried more heft. However, such containment rules also imply an acceptance of rigid systems for keeping everyone, and not only the foreign other or global capital, under control. Those who now buy what they regard as "the best" or "most economical" products at Wal-Mart, Toyota dealerships, or Safeway supermarkets will be restricted/restrained/redirected in their choices. Unable to "buy American" on their own, they would empower a new program of national omnipotence to police their everyday life with border guards, trade tariffs, and state subsidies. Such policies would reknit the threads of enterprise that globalization has unravelled. Jobs may be protected, immigrants will be turned away, capital could stay at home, but these moves might only disembled North America from the global inflowmations of labor, techniques, capital, and markets which are now so rapidly transforming much of the world.

Buchananism, of course, threatens the fast capitalists among the globalized sectors of American business. "He plays to unrealistic notions of the US as a closed ecosystem," one New York investment partnership manager noted, "his economics are ridiculous" (Chandler 1996: D9). A handful of business executives backed Buchanan's campaign, but most of them were from nationally, not globally, focused industries, often in less competitive lines of enterprise. Most competitive concerns bristled at Buchananism's support for foreign trade barriers and eased domestic competition. As Jerry Jasinowski, president of the National Association of Manufacturers, asserted, "Buchanan wants to surrender, just as we've forged ahead as the most efficient producers in the world" (ibid.: D9).

None the less, Buchanan's ideas are not an entirely new feature on the American electoral landscape. After the bruising economic chaos of the 1970s, former Texas Governor John B. Connally pushed a similar protectionist line against America's most aggressive foreign competitors. As he campaigned for the presidency in 1979/80, Connally's advice on how to counter rising trade deficits with Japan was crystal-clear: "I would tell them unless you let in...American agricultural commodities, you better tell your Japanese people to be prepared to sit on the docks of Yokohama in their Toyotas and watch their own television sets, because they aren't coming to the United States" (*The Wall Street Journal*, August 6, 1979:20). And, like Buchanan, who was trounced by Bob Dole in the Super Tuesday primaries of March 1996, Connally's white-hot populism fizzled in the 1980 election, winning him only one loyal delegate at the 1980 GOP nominating convention.

Shuttered up in populist autarchy policed by Buchananist plebiscites, the USA might well be able to keep some more workers working, a few foreign aid dollars at home, and a number of illegal migrants out. In becoming disencumbered from global flows, however, this hardened nationalized territorial space will undoubtedly be eclipsed technologically, financially and culturally by Ohmae's "region states" as they attract the global



inflowmations emerging elsewhere. Thus, a farcical move to resurrect the never-never land of omnipotent Cold War America will culminate tragically in autarkic impotence not unlike the stagnation induced in Franco's Spain, Mao's China, or Stalin's Russia. Checking the flows with statist intervention is Buchananism's bottom line. To Americans concerned about foreign imports, Buchanan promised trade tariffs: "Take a Lexus. What do they cost? \$50,000? The buyer is not going to be bothered by another \$5,000" (Booth 1996: A13). And, to Americans obsessed with foreign immigration, Buchanan pledged strict controls: "Declare a 'time out' on new immigration, secure America's borders, and insist on one language, English, for all Americans" (Edsall and Claiborne 1996: A10). Still, there is something significant in Buchanan's program; and, as the thwarted plans of the Viper militia in Arizona or the Montana Freemen show, those promoting friction-free flowmationalization on a global scale need to hear these protests.<sup>3</sup> While former Secretary of Education William J. Bennett sees Buchanan "flirting with racism," radio talkshow host Oliver North casts Buchanan's message as the political values of "the overworked, underpaid, God-fearing, much-maligned, oft-criticized, rarely commended, unappreciated, sexually harassed, reverse-discriminated, censured, chastized, condemned and demeaned American hardworking family" (Fisher 1996: A14).

### CONCLUSION: FAST GEOPOLITICS?

Clearly, the global flowmations that are currently re-mastering global space require us to rethink our inherited geographical imaginations and their associated notions of perspective, scale, horizon, dimension and time. As originally envisaged at the beginning of the century by Halford Mackinder and others, geopolitics was about putting global space into perspective (Mackinder 1904). It was about producing global space in fixed perspectival scenes, and as a two-dimensionalized register of space it would reveal some eternal truths about geography's relationship to politics. It was also, for Mackinder, and the many other conservative organic intellectuals of statecraft who gravitated towards it, a reaction to the pace of modernity, to the tumult and turmoil of the *fin de siècle* and the disembedding of Great Britain by a world economy in which it was no longer dominant (Ó Tuathail 1992, 1997).

Today, however, the dominant geopolitical imaginations of the twentieth century, which have been centered on formations of territorial mass and matter, are being eclipsed by an ascendant set of geopolitical images organically connected to the dromocracy of global flowmations. Our inherited geopolitical imaginations were formed in counter-distinction to what Mackinder and others perceived as the chaotic flows of modernity, in opposition during the Cold War—as the doctrine of containment expressed—to the red flood of Communism that many argued threatened to overwhelm the West (Ó Tuathail and Agnew 1992). While highly imaginary and problematic, Cold War

geopolitics did give shape and form to world order. With the passing of the Cold War, and, more importantly, with the dromocracy of globalization, that world has lost its shape. Dromo-intellectuals now tout the new (b)orderless world order while others fall back upon foundational myths in order to resist the fluid, formless permissiveness of the New World Order.

Critically engaging these struggles of pace and place, flowmations and fundamentalism, acceleration and containment, requires moving beyond the fixed places of mass geopolitics to the fluid velocities of fast geopolitics. Critical geopolitics needs to be careful that its categories do not remain spellbound by a Cold War imagination, deconstructing forever Cold War-like discourses of danger. It needs to problematize how the kinetics of pace are distorting the statics of space. A whole geopolitical order of fast and slow access, wild and time zones, privileged and outsider flows, globalized and localized routes, collectives and singularities, accelerators and resistances, transmitters and containments, requires investigation by critical geopoliticians. Differential interpretations of flowmationalized forms in geopolitics are crucial to understanding contemporary international kinedramas like those of sanctioned and contained states (Cuba, Libya and Iraq amongst others), formless failed states (like Rwanda and Zaire), flow-friendly and flow-resistant regions (the NAFTA states versus Japan) or unregulated and dangerous flowmations (like international drugs, proliferating weapons of mass destruction, terrorist attacks and infectious diseases). Entwined intellectually to the apparently frozen blocs of Cold War conflict, geopolitics has been captured by a static territorial imagination for too long. Unleashed, it now has a critical future tied to tracking the struggles over accelerating flows in a New World Order hooked on speed (Thrift 1995).

### ACKNOWLEDGEMENTS

This chapter was originally presented at the “Crises of Global Regulation and Governance” Conference in Athens, Georgia, 4–6 April, 1996. Thanks to all those who offered comments on it.

### NOTES

- 1 The Progress and Freedom Foundation, located in Washington, DC, produces Gingrich’s televised college course and his weekly television show for National Empowerment Television (sometimes termed GOP-TV) among other things. It organized a “Cyberspace and the American Dream” conference in 1994 and a follow-up conference the year after in the Ritz-Carleton hotel in Aspen, Colorado. It is estimated that approximately one-third of the foundation’s funding comes from the telecommunications and computer-industry companies (the PFF has disclosed the names of donors, not the amounts given; amongst the corporate donors are Bell South, Philip Morris, Eli Lilly and Co. and Honda of America). The chair of the Foundation in 1995 was Jay Keyworth, CEO of a Virginia-based company

- that makes wireless communications devices. Conflict of interest charges were raised in 1995 when a Foundation report called for the abolition of the Federal Communication Commission, the government body that regulates the communication industry (Mills 1995). It has also led the attack on the Food and Drug Administration (no doubt pleasing Philip Morris). Among the board members of the PFF is Arianna Huffington who has established her own (Marvin Olasky inspired) “Center for the New American Compassion” [*sic*] within the Foundation.
- 2 Friction-free capitalism will not, of course, be cost-free capitalism. One of the reasons Gates is the world’s richest person is because of Microsoft’s aggressive campaign to set the operating standards for cyberspace flows and start charging a toll for their use. Using the dominance of Microsoft Windows 95, the company has created application program interface (API) standards for mail, fax, phone and cash transactions in cyberspace. When under review by the US Department of Justice for its configuration of Windows 95 to favor its own on-line provider Microsoft Network at the expense of existent on-line providers (like America-ON-LINE and Prodigy), Microsoft’s legal defense team red-baited the government’s effort to review its monopolistic practices, assailing would-be “commissars of software” and charging that such thinking “should have disappeared with the Berlin Wall. Fortunately for American consumers, we do not have a centrally planned economy” (quoted in Glick 1995:64).
  - 3 Although the split opened up in the Republican Party by Buchananism has been smoothed over, Buchanan’s candidacy exposed latent contradictions within that party and within American political life in general between conflicting imperatives to accelerate the transition to informational capitalism and contain its consequences, between liberating the flows and blocking them when they erode traditional subjectivities and encourage “permissive individualism.” While Buchanan has his own contradictions (an inside-the-beltway media talkshow host as populist), Newt Gingrich perhaps embodies these contradictions more than most in his simultaneous touting of Third Wave informational capitalism and Christian coalition “family values,” pushing the deterritorialization of the lifeworld at the same time as its reterritorialization around teletraditional notions of family, fatherhood and nation (Luke 1989). This contradiction is only likely to become more acute as the disembedding of American life deepens and intensifies.

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## FROM FEDERAL WELFARE TO LOCAL WORKFARE?

Remaking Canada's work—welfare regime

*Jamie Peck*

### CONTEXT: FROM WELFARE TO WORKFARE

“The status quo is not an option,” a recent discussion paper on the future of social security in Canada insisted. “Changes in our economy, in our families, in our workplaces, in our communities, and in the financial standing of our country are too dramatic to allow us to tinker at the edges of social policy and programming” (HRD Canada 1994a: 8–9). The report goes on to assert that social policy and welfare reform, themselves rapidly melding into the ubiquitous discourse of “active” labor market policy, are increasingly subject to the imperatives of international competition. What was once the province of domestic political strategy is now apparently a matter of global economic (pre)determination. The new imperative is presented as one of “adjustment” to a fiercely competitive global economic order:

[The] world has changed faster than our programs. In the last decade especially, the sheer relentless force of technological, economic and social change has reshaped our lives and our livelihoods. Government policies and approaches have been too slow in responding...The next generation of social programs must not just share wealth, and protect those who are disadvantaged among us, they must actively create opportunity for Canadians and, in so doing, help drive economic growth...[The] key to dealing with social insecurity can be summed up in a single phrase: helping people get and keep jobs...Increasingly our competitors are not the enterprises and workers down the street or in the next province, or even across the border, but those across the ocean...To make the most of our future, we need more jobs. And that means pulling in more investment from inside Canada and abroad to create jobs. We need to be an investment magnet. Key to this is to overcome Canada's “skills deficit”—to offer the best-educated, besttrained workforce in the world, and that must be our common goal in the coming years.

(HRD Canada 1994a:7–10)

Imperatives of global competition, it would seem, are causing nation-states to scrutinize labor regulation and welfare policy less as sources of (national) social integration, more as bargaining counters in the process of (global) economic competition. At the present time, two narratives of restructuring are being particularly forcefully advanced by political elites across North America and Europe. One is a story of globalization and adjustment, the other a tale of welfare and retrenchment. The first asserts that the economy has changed irrevocably, the second that the inherited pattern of regulation is undermining both competitiveness and the work ethic. In political rhetoric, globalization is presented as the universal causal agent, the ubiquitous “explanation” for plant closures, corporate downsizing, and “realistic” pay deals. Rather more subtly, it is also mobilized by corporate and political elites in their pleas for economic “modernization,” “new” unionism, more “flexible” working practices, and so on. Likewise, globalization in the “new era of...” sense is used to justify the continuing roll-back of welfarist institutions and social entitlements. And here it overlaps almost seamlessly with the discourse of “welfare reform,” which raises the objective of moving welfare recipients back into work to the status of a moral imperative, constructs welfare spending as a deficit-busting and unproductive drag on the economy, and then deploys these rhetorical means to legitimate all manner of punitive ends, from mandatory work to benefit cuts. As Piven observes, whether right or wrong, this kind of “explanation” has itself become a potent political force, “helping to create the institutional realities it purportedly merely describes” (1995:108).

These narratives of restructuring are not simply free-floating “texts,” but are profoundly bound together with ongoing (and invariably regressive) programs of political-economic change. Both in fact are thinly veiled justifications for the aggressive enforcement of new regimes of labor discipline. In Burawoy’s terms, they mark the ascendancy of a new system of “hegemonic despotism,” under which the bargaining power of capital, and its ability to extract workplace concessions, is enhanced “by virtue of collective labor’s vulnerability to capitalism’s national and international mobility” (1985:127). At one and the same time, this is a discursive and a material project. Discursively, there is an attempt to rescript the “failures” of extant economic, regulatory and institutional systems, and to envision alternatives to these systems, be these the “new global economy” of free trade and flexible labor markets, or the “workfare state” in which the principles of work, responsibility and active citizenship displace the underclass psychosis of passive “welfare dependency.” Materially, working models of these alternative visions—usually implemented at the local level—must be cultivated so as to demonstrate that these are “ideas that work” in the context of the broader imperative of leveraging extra-local regulatory change (see Dehli 1993; Peck 1996).

In Canada, as elsewhere, this has been accompanied by fundamental shifts in state structures, strategies and discourses. The means and the ends of social

policy have been increasingly privatized; Keynesian strategies and demand-side approaches in general have fallen into disrepute; policy responsibilities and program administration across a swathe of fields have been decentralized, returned to states and localities often in an underfunded form but typically wrapped in the feel-good discourse of regional autonomy, local control, neofederalism, and so on. ‘Welfare reform,’ and the wider relationship between welfare programs and the labor market, has emerged as one of the key terrains of struggle here, the subject simultaneously of sustained political attack, relentless institutional reform, and sporadic moral panics over labor-market socialization and work ethics. While the nature of these struggles varies between nation-states (see Esping-Andersen 1996), what is striking about them is that in different ways most are concerned with the enforcement of work and work values, while most also involve forms of decentralization (see Noël 1995). Perhaps this should not be surprising, for the long history of poverty politics reveals that phases dominated by the retrenchment of relief provisions and the concomitant enforcement of labor discipline typically also involve a return to local administration in one form or another (Handler and Hasenfeld 1991; Piven and Cloward 1993). The present-day attack on welfare has also been associated with a return to local discipline, in this case codified in the language and practices of *workfare* (signifying work-for-welfare or work-oriented welfare). Whereas welfare stands for the principles of needs-based entitlement and universality, workfare signifies market-based compulsion and selectivity; while welfare stands for passive income support, workfare signifies active labor market inclusion. Although the rise of workfare is being contested, and the program exhibits serious internal contradictions, there is increasing evidence that it is acquiring the status of policy orthodoxy in countries like the United States and the United Kingdom.

This chapter examines the “decentering” of welfare state structures and the associated emergence of “workfarist” politics in Canada, focusing on two themes. First, it considers how the relationship between work and welfare is being restructured, as the discourses and practices of workfare have entered an ascendancy. Once-distinct policy domains such as unemployment insurance, welfare services, job training, workforce preparation, and the provision of make-work schemes are being reoriented, restructured and recombined into what has become a strategically central policy nexus. This includes, but at the same time goes beyond, King’s (1995) conception of a “work-welfare regime”—defined as the policy confluence of training programs for the unemployed, workfare schemes and job placement assistance—to encompass the entire interface of the (welfare) state and the labor market. Second, it is suggested that workfarism—and the associated strategies of deregulation, privatization and deficit reduction—are increasingly being linked with devolution, decentralization and localization in delivery systems (and sometimes also in policy formulation). Not so much a straightforward process of “hollowing out,” this complex subnational



reconstitution of state power and regulatory structures is occurring within a set of political, discursive and institutional parameters established by (or mediated by) the nation-state.

Typically the initiator and orchestrator of reform in work-welfare systems, the nation-state is playing a decisive role in the (complex and contested) transition from a *welfarist* to a *workfarist* pattern of labor regulation. In Jessop's view, this marks "a clear break with the Keynesian welfare state as domestic full employment is downplayed in favour of international competitiveness and redistributive welfare rights take second place to a productivist reordering of social policy" (1994:263). Whether or not it is appropriate to talk, as Jessop does, about a "workfare state," it is clear that far-reaching changes are underway. Workfare experiments represent the emblematic center of this transition because they illustrate so vividly the commodification of labor reproduction, the marketization of welfare, and the associated enforcement of "self-sufficiency" through low-wage employment. In Canada, workfarist practices—and their accompanying rhetorics—have come to form central planks in the state's autocritique of welfarism and in related attempts to impose new regimes of "moral regulation." In Conservative Alberta, for example, the aim has been

not only [to] eliminate the social programmes associated with the welfare state, but also [to] replace utterly the moral and material culture of the welfare state with an authoritarian culture of business competition...It is not just public budgets that are being slashed—it is also a way of thinking, a cultural framework, that is being drilled into the heads of Albertans...welfare recipients—no less than offenders—had to be reformed, had to take responsibility for their own lives. By forcibly putting them on the road to recovery, the government shows all Albertans the way home...so that Alberta may become itself again.  
(Denis 1995:376, 380)

Alberta has sought to create "incentives to work" by cutting welfare payments and placing those that are unable to find paid employment in a workfare program. As its social services minister explained, "It's tough love, but we have no choice. Alberta's way is what has to happen all across the country" (*Financial Post*, 24 June 1995). The meaning of workfarism goes beyond the narrow concerns of "welfare reform," instead striking at the heart of ostensibly new social pathologies—such as "welfare dependency," collapsing work ethics, irresponsible parenting (amongst the poor), and fecklessness—with a state-authored offensive concerned to reimburse the fundamental values of self-sufficiency and work discipline.

Understood as a *political-economic tendency*, workfarism chimes with a series of wider shifts in the prevailing pattern of labor regulation. Since the 1970s, virtually all of the central Fordist-Keynesian institutions, and the

principles upon which they were based, have fallen under attack. There have been several lines to this attack, but the most clearly discernible has been neoliberal in origin. Under the twin totems of deregulation and flexibility, the neoliberal offensive has been organized around the following six strategies: first, there has been a “recontractualization” of the labor process on the basis of individualist, rather than collectivist, principles; second, a shift has occurred towards “welfare pluralism,” comprising a minimalist safety net for the poor and a voluntarist, privatized system for the middle classes; third, social policy and programming have been progressively privatized; fourth, there has been an uneven transition from the welfarist principles of universal entitlement to the workfarist principles of market discipline and work requirements; fifth, heightened surveillance and policing of the “dangerous classes” have been deployed in the light of increasing social disorder and attendant problems of socio-economic exclusion; and sixth, “neo-corporatist” state structures have emerged, based on an alliance between government and business often forged at the local as well as the national levels (see Haughton and Peck 1996).

While workfarist reforms may be portrayed as inescapable “responses” to economic globalization, they are in fact politically mediated and to a certain extent politically constructed. As such, they tend to exhibit rather different forms in different places. Such that a transition from welfarist to workfarist labor regulation can be discerned amid the current flux and disorder, it is important therefore to emphasize—anticipating the chapter’s conclusion—that this “transition” will exhibit uneven and institutionally specific forms, that it is not structurally inscribed, and that it is not economically determined. Johnson *et al.* (1994:9) correctly insist that “nation-states are much less prisoners of circumstance than is implied in some rather deterministic interpretations of economic globalization...Economic globalization obviously matters. However, ideologically conditioned policy responses to globalization also matter.” Typically, the story goes that there is no alternative but to reform welfare, and radically. This emerging hegemony was powerfully reaffirmed in the Canadian government’s enthusiastic endorsement both of “active labour market policies that will help the unemployed to search more effectively for jobs and [reforms designed to ensure that] social support systems create incentives to work” (G7 Jobs Summit communique, March 1994, quoted in HRD Canada 1994a: 29).

But if workfarism is the future, it is a future which has yet fully to arrive. At present, it is more appropriate to view workfarism as a prevailing political dynamic than a coherently functioning alternative mode of labor regulation. As the recent US experiences illustrate, once translated into actual programs, workfarism is contradictory and rarely delivers on the political rhetoric (see Handler 1995; Peck 1997). Likewise in Canada, workfarist politics appear to be more concerned with the deconstruction of the extant work—welfare regime than its reconstruction (see Sayeed 1995; Shragge 1996). The politics of workfare are inextricably entwined with a

series of short-term, tactical concerns such as electoral populism (given that getting tough on welfare is now seen as a vote-winner), deficit reduction (in so far as workfarist strategies can be used as a means to reduce welfare rolls), and the crisis of welfare (as workfarist pressures can be seen as part of the rolling back of the old system). While workfarist politics are deeply entangled with these shorter-term considerations, it is important to explore the possibility that they may also reflect a set of deeper currents. In this sense, and as Jessop (1994) has suggested, workfarism may be connected, in more than a simply contingent fashion, to the continuing crisis of Fordism-Keynesianism. As his regulationist method in fact implies, it is through such political struggles that new regulatory norms are forged (Boyer 1990). In this sense, the particular manifestation of workfarism in Canada may say something about both the crumbling regime of “permeable Fordism” (Jenson 1989) and the emerging shape of its putative successor.

Considering the emergence of workfarist politics in Canada from this perspective, the chapter will focus specifically on the *spatial constitution* of the country’s work-welfare regime (and its crisis). Just as Canada’s permeable Fordism was constructed around the institutions and relations of federalism, so its experience of workfarism is being structured by this legacy. A potentially far-reaching spatial reconstitution of Canada’s work-welfare regime is underway, as welfarism is decentered both politically and institutionally. In this sense, it may be appropriate to think in terms of the eclipse of *national welfarism* (both as a system of institutions and entitlements, and as an ideology) with *local workfarism* (again, as a system of institutions and entitlements, and as an ideology). This observation has implications beyond the Canadian experience, for it suggests that there may be a sense in which workfarism is both predicated upon, and achieved through, the localization/uneven development of labor market governance structures.

### MAKING CANADIAN WELFARISM: PERMEABLE FORDISM AND BEYOND

Canada’s post-war growth pattern, characterized by Jenson (1989) as “permeable Fordism” was distinctive in both political and economic terms. The country’s unique experience of Fordism—defined generically as an institutionally mediated coupling of mass consumption and mass production on the one hand, and Keynesian welfare regulation on the other—was a reflection both of its particular political-economic legacy and its unique mode of insertion into the global economy. More specifically, the dominating presence of the Fordist hegemon, the United States, had fundamental effects both on the orientation of Canada’s economy and the structure of its state. As Jenson (1989:78) puts it, Canada’s Fordism “was designed domestically but always with an eye to the continental economy.” This variant of Fordism was permeable in the sense that international—and more particularly,

continental —relations profoundly structured the country's development path and the structure of its accumulation system. Based on a strong and expanding commitment to continental integration, the underlying dynamics of the Canadian economy were driven by the export of resources and the import of capital and technology. While the production regime exhibited numerous classically Fordist features—Taylorized labor processes (in key branches of industry), flow-line assembly, and so on—the overall shape of the accumulation system was distorted by Canada's economic role as an adjunct to US Fordism (see Drache and Gertler 1991; Merrett 1996).

Canada's experience of Fordism was further distinguished by the distinctive pattern of social regulation which grew up alongside this distorted system of accumulation. Again, the country's relationship with the US was a decisive factor, shaping state structures and strategies, patterns of welfare expenditure, and the institutional form of capital-labor-state relations (see O'Connor 1989; Wolfe 1989). In contrast to the majority of Atlantic Fordist countries, Canada's permeable Fordism was not inscribed in social democratic, corporatist or partisan institutions. Instead, the wage relation remained substantially privatized, while the class compromise came to be mediated through the institutions of federalism and the ideological project of nation-building. For Jenson (1990:662), "Canada's permeable Fordism was based on a discourse of nation-building, and social justice through nation-building was the primary theme."

While the Canadian state deployed Keynesian strategies of macroeconomic management, these were not immediately coupled with the extensive development of welfare functions. Again, relations with the US hegemon were to play an important role in shaping state structures and strategies. In particular, the pattern of labor regulation in Canada was strongly influenced by US industrial relations and labor market practices (Wolfe 1989; Merrett 1996), though the late-developing system of welfare entitlement programs—still decidedly truncated by European standards—was more generous than its US counterpart (O'Connor 1989). It was only in the 1960s, in fact, that social spending began to rise significantly, as public sector employment was expanded and as welfare entitlements were standardized on a national basis. The landmark legislation here was the Canada Assistance Plan (CAP), which extended welfare entitlements to all those deemed "in need," while technically outlawing mandatory workfare programs (Hum, 1983; Lightman, 1991). This has been described as "the TransCanada highway of social welfare" (Senior officer, Ontario welfare department, interview January 1996).

The costs of the almost open-ended commitment to welfare which was enshrined in the CAP were to be shouldered jointly by the federal government and the provinces. This further contributed to what was already becoming a complex pattern of "jurisdictional entanglement" (McBride 1994) around work—welfare responsibilities and functions (see Pal 1988b; Muszynski 1985; Rice 1985; McBride 1992). At the same time, the

institutions of federalism acted as the displaced nexus of the Canadian class compromise and the repository of the contradictions of labor regulation under permeable Fordism (Jenson 1990). While unemployment insurance (UI) had been a federal responsibility since the Second World War, labor market programs, workforce preparation, and job training have emerged as not so much shared but *contested* policy domains. According to McBride's assessment, "federal—provincial conflict in these areas has been quite intractable" (1994:268).

The crisis politics of the 1930s Depression had forged the political contours of the permeable Fordist era in general and structured the spatial constitution of the work—welfare regime in particular. In the context of burgeoning demand for poor relief, the 1930s witnessed a failed attempt to federalize the system of unemployment insurance, foundering on a declaration of *ultra vires* by the Judicial Committee of the Privy Council anxious to defend provincial jurisdictions in the face of creeping federalism. Given that provincial governments had previously devolved much of the responsibility for relief to municipalities, the costs of widespread unemployment and poverty quickly accumulated in the form of municipal debt (Rea 1985; Banting 1987; Jenson 1990). This was subsequently to trigger a "Relief from Relief" movement on the part of overburdened municipal governments (Taylor 1987).

The uneven development of the work—welfare regime in Canada during the Depression years consequently contributed to the mounting political and fiscal pressures for federalization. The devolution of welfare commitments to the municipal level, coupled with large-scale and regionally concentrated unemployment "completely unbalanced fiscal capacity within the Canadian federal system...and this general imbalance was exacerbated by the regional incidence of welfare needs" (Banting 1987:62; see also Taylor 1987). It became imperative that the resolution to the crisis took account of the weak fiscal capacity of the poorer provinces and municipalities. The strategy adopted was a "massive centralization of responsibility for income security" (Banting 1987:63), one which reinforced the emerging ideologies of nation-building and Keynesianism during and after the Second World War. The institutional and fiscal foundations for this process had been laid by the 1937 Royal Commission on Dominion—Provincial Relations (the Rowell—Sirois Commission) which advocated a thoroughgoing reform of federal and interprovincial relationships through the introduction of a system of "equalization" transfers between the provinces.

The growing influence of Keynesianism and the associated centralization of regulatory responsibilities brought about a transformation in the work—welfare regime: from the principles of means-tested "relief" to those of social insurance and universal entitlement (Rice 1985). The Commission's intention was clear: to regulate federal—provincial relations in such a way as to secure the basis for wages and welfare standards to be ratcheted upwards

from a newly constituted national “floor.” An imperative for the Commission was the levelling out of taxation rates and social-service standards between the provinces in order to prevent mobile capital from flowing to low-cost, low-tax locations. This of course would have had the effect of destabilizing provincial finances, while engendering a downward drag on wages and welfare. The federalization of the Canadian work—welfare regime in the 1940s placed a brake on this process, underwriting a (partial) levelling out of social and welfare standards between the provinces.

### BREAKING CANADIAN WELFARISM: TOWARDS DECENTRALIZED WORKFARE

Just as the institutions of federalism—and the associated complex of federal-provincial-municipal relations—were central to the construction of Canada’s work-welfare regime, so too they have been deeply implicated in its deconstruction. Reforms of the UI system in the mid-1970s authorized the switching of UI funds into active labor market programs such as job training, reflecting an important shift in the orientation of the work—welfare regime (Pal 1983). In general, however, most attempts to reorganize the welfare system during the 1970s became repeatedly mired in federal—provincial wrangles. The momentum of reform gathered in the 1980s, as monetarist-inspired critiques of the UI regime, first from a UI Task Force (1981), then from the Macdonald Commission (1985), and the Forget Commission (1986), attacked the system for inhibiting labor market flexibility and geographical mobility (see McBride 1992). A focus of attention for all three reviews was the functioning of the UI system in regions afflicted by structural unemployment and underemployment, where UI was seen to be impeding labor market efficiency and adjustment. Regional variations in the form and functions of UI, of course, followed from the federal commitment to fund the system according to demand, but were subsequently bolstered by a series of enhancements to the program designed to aid lagging regions. Thus, to question the role of UI in regions of chronic unemployment was to question this fundamental principle: as Kerans (1990:55) saw it, “To attack regional variations in the Canadian UI program [in the manner of the Macdonald and Forget Commissions] is to attack the Canadian welfare state at its heart.”

Ultimately, Forget and Macdonald were unsuccessful in their attempts to reform the UI system, as the federal government bowed to “tremendous counterpressures from affected provinces, regions, unions, employers, and social advocacy groups” (Pal 1988a: 11). But Forget and Macdonald were to play a pivotal role in shifting the ideological climate around Canada’s work—welfare regime, establishing as they did the main tenets of a tenacious neoliberal critique of the program (Kerans 1990; McBride 1992). This has been associated with an essentially behaviorist explanation of unemployment and its supposed solutions. Thus, the emerging “workfare consensus” emphasizes the need to

create “incentives to work” as a means of combating “welfare dependency,” along with its supposedly debilitating moral and economic side-effects (see Courchene 1987; Yalnizyan 1994). The workfare offensive has also taken on a *regionalized* form. In 1990, the federal share of funding for UI was withdrawn, transferring the costs of regional extended benefits and fishermen’s benefits to premium payers—to employers and employees—thus abdicating responsibility for regional and structural imbalances in unemployment and economic well-being (see CLMPC 1994a; Rutherford 1996). The 1990 reform also expanded the role of “developmental uses” of UI in active labor market programs, job training and worker mobility, while withdrawing direct federal funding for these activities (see CLFDB 1993; HRD Canada 1994b). More recently, workfarist reforms have been strongly encouraged in lagging regions, such as Atlantic Canada, themselves now apparently afflicted with a regionalized form of “welfare dependency” (Toulin 1994).

Just as federalization proceeded hand-in-hand with the expansion of welfare during the era of permeable Fordism, so the critique and restructuring of the work—welfare regime since the mid-1980s has been associated with “rising tensions between federal and provincial programs” (Banting 1987:82; see also Muszynski 1985; Rice 1985). And as the momentum of the workfarist shift has gathered, so too have the relations of federalism been brought increasingly into question. The implications of this situation go beyond the narrow concerns of welfare reform, but strike at the heart of the post-war growth paradigm and its associated mode of regulation: “The crisis of fordism in Canada, given the particularities of the fordist paradigm, is, then, a crisis of the political arrangements of federalism” (Jenson 1989:69). Or as Rutherford has it, if Canada’s permeable Fordism was an “institutional renegotiation of federalism...its crisis in the labour market is expressed in a decentralization of labour market responsibilities” (1996:34).

This process of “decentralization” in the Canadian work—welfare regime has however been a complex one, involving a range of developments from the localization of delivery systems to the handing down of unfunded or underfunded federal mandates, from the renegotiation of shared federal-provincial fiscal responsibilities to the orchestration of provincial and local experimentation in policy systems and governance structures. Workfarist experiments have in fact been underway for some time in New Brunswick, Newfoundland, British Columbia, Saskatchewan, Alberta and Québec (NAPO 1989, 1995), although at the time they were technically illegal under the CAP. Lightman’s view at the beginning of the 1990s was that the CAP has “prevented widespread experimentation with mandatory work-for-welfare...[while] those programs which have occurred are hard to document, poorly evaluated, and generally of minimal impact” (1991:133). Yet while workfare may continue to yield modest results in terms of successfully (and sustainably) moving people from welfare to work, its symbolic and ideological significance can hardly be overstated. As a potent

political mantra, workfare has come to define one of the central terrains of struggle around the crisis-ridden work—welfare regime in Canada. Advocating the benefits of training and the value of hard work has become the means by which the ideological attack on the welfare state and its underlying principles are waged.

While as recently as 1991 federal Conservatives rejected the notion of mandatory workfare as an electoral liability (Taylor 1995), such has been the change in Canada’s political climate that similar proposals struck a positive chord with the subsequent Liberal administration. According to federal HRD minister Axworthy

My own preference is to work on an incentive program. Here’s your choice: If you don’t want to continue in school or work as an apprentice or an intern or in an on-the-job training program, or do full-time community-service work, if you want to go skiing, that’s your business. But there will be no income security for you.

(quoted in Philp 1994:A4)

Axworthy’s recent UI reform package proposed to cut Cdn\$1.6 billion out of the program, committing half of the “savings” to premium cuts while the remainder is channeled into welfare-to-work initiatives. It is important to recognize that while provincial governments vie to seize the political initiative on work—welfare reform—most notably under the Progressive Conservative regimes in Alberta and Ontario—the parameters of the restructuring process and the direction of change itself continue to be defined, at least in part, at the federal level. This is no straightforward process of the devolution of power, but in fact involves the reconstitution of federal—provincial relations and the adoption of a discourse of decentering. Likewise in the United States, where many of the “ideas for [national] reform came from the ‘demonstration’ work—welfare programs implemented by the states, publicized through congressional committee and policy evaluation studies” (King 1995:169), state-level reforms had been occurring within a framework set at the federal level in which “waivers” were granted for specified opt-outs from federal requirements (Handler, 1995). Similarly, in the Canadian case, the February 1994 federal budget announced a new program for the support of innovative approaches to work—welfare reform, to be developed in “partnership” with the provinces and territories, and focusing on:

- exploring ways to help people move from welfare to work;
- testing new options for reform in training and learning, income security and social services;
- finding more cost-effective approaches to labor market programming.

(HRD Canada 1994a:26)



The federal government has also “invited” provinces and territories to enter into three-year Labour Force Development Agreements, triggering negotiations around the devolution and territorial restructuring of a range of work—welfare policy functions such as:

- strategic planning for employment development services, including institutional, project-based and workplace training
- managing the purchase of institutional training
- planning and implementing a network of “single window” offices, bringing together unemployment insurance, training, welfare, and other labor market programs
- managing a range of other federal programmes, such as Canada Employment Centres and co-operative education.

(HRD Canada 1994a:40; see also CLMPC 1994b)

The intent is that this centrally orchestrated process of local workwelfare experimentation will play a part in levering wider regulatory and policy reform. Local work—welfare experiments are opening up the political and institutional space for extra-local change. Crucially, they generate just the kind of policy knowledges which experience shows can be deployed variously in the framing, channeling and levering of wider regulatory reform: they perform “a particular kind of epistemological and political work, creating rationales for changes in labor market policy formation, and in modes of regulating education and training for future and incumbent workers” (Dehli 1993:106). This is how contemporary shifts towards “local flexibility,” “experimentation” and “performance incentives” in work-welfare regimes should be understood.

Local experiments are also attractive because they contain the (short-term) costs of workfare initiatives, the wider effects of which remain largely unknown. One of the contradictions of workfarism is that active labor market policies are costly to implement. US research has revealed that the annual per capita cost of workfare programs is between US\$1,000 and \$7,000 *more* than passive income support (Valpy 1995; see also Gueron and Pauly 1991). This explains the current preoccupation in the US with what are euphemistically called “labor force attachment models” of work—welfare reform (Peck, 1997). Pioneered in Riverside, California, this approach places emphasis on the inculcation of a strong “employment message” as welfare recipients are mandated to participate in an intensive course of job search preparation followed by (yet more intensive) supervised job search. The Riverside model has been shown to generate significant savings on welfare costs by, in effect, propelling welfare recipients into low-paid work (MDRC 1994; Handler 1995). Meanwhile, the “human capital model” of work-welfare reform currently favored by the Canadian government has been criticized by business lobby groups for its high cost and

because the returns on job training investments are neither predictable nor immediate (Cook 1995).

But workfare strategies do not simply present “internal” problems for the state; they are critically dependent on “external” economic conditions. Those programs which appear to “work”—in the sense that their introduction happens to coincide with falling welfare rolls—tend to do so in the context of relatively buoyant regional labor markets. Welfare-to-work strategies do not work where there is a shortage of work. Just as Riverside’s effectiveness was predicated on rapid job turnover in its low-wage labor market, so Alberta’s program is judged as a “success” because the province enjoyed a burst in job growth at precisely the time its government sought to create new “incentives to work,” while Québec’s workfare strategy foundered on a sluggish labor market (see Taylor 1995; Walker 1995). For critics such as National Anti-Poverty Organization President Jean Swanson, this reveals the reality that “workfare is a cheap-labour strategy, a strategy that won’t create jobs...[but] will reduce wages and working conditions of people who already have jobs” (quoted in *Globe and Mail*, 10 June 1995: D7). The scene is therefore set in Canada for a contradictory and contested transition from welfare to workfare.

For example, workfare proved to be the “visceral issue” of the 1995 election campaign in Ontario (*Toronto Star*, 13 May 1995, 25 May 1995), where the right has been sounding alarm bells about a “US-style welfare explosion” and the rise of a systemic form of regional “transfer dependency” (Brown 1995). In their manifesto, the (victorious) Progressive Conservatives asserted that “the best social assistance program ever created is a real job...[W]e must move to control costs and help people return to the workforce...[while investment] will go into ‘workfare’ and learnfare’ programs that link welfare with work and education” (Ontario Progressive Conservative Party 1995:9). But while workfare was the issue which publicly divided the Ontario parties, their positions were not nearly so polarized as the political rhetoric suggested. While each party had a distinctive position on workfare as a narrowly-defined labor market program, in fact they all subscribed to workfarist principles of one sort or another. All three of the parties promised welfare cuts, in each case underpinned by a workfarist policy orientation: while the Progressive Conservatives opted for straightforward compulsion via workfare, the Liberals offered the veiled threat of “mandatory opportunities,” while the NDP emphasized the role of training initiatives such as jobsOntario in “assisting” transitions from welfare to work (Rusk 1995).

While the vigorous pro-workfare rhetoric of the Ontario Conservatives may be rather too brusque for Liberal tastes, in its own (more coded) words the federal government has been expounding a similar critique of welfare, and not dissimilar remedies (see Greenspon 1995).

The traditional approach to social security has centred on providing income support and basic services to *those in need*. This “safety net” approach is incomplete. Too often it shortchanges people by dealing with the symptom of their income insecurity, not the causes...[For] those who have the potential to help themselves, improved government support must be targeted at those who *demonstrate a willingness and commitment to self-help*...Any reformed social security system must meet the test of affordability...entailing making difficult choices about the best use of available funds.

(HRD Canada 1994a:25–6, emphasis added)

The green paper considers forcing people to work for welfare and unemployment insurance benefits. This is called workfare...Workfare is punitive, it keeps poor people in poverty and it allows government to blame the poor for an unemployment problem they have not created ...The federal government must be much clearer about what it means by training and employment services. If it means genuine support that responds to the need of poor people and includes a job at the end, [the National Anti-Poverty Organization] will completely support these measures. If it really means allowing the provinces to implement workfare programs, NAPO must and will strongly oppose any such action.

(NAPO 1995:19, 22–3)

In another critical submission to HRD Canada, the Canadian Auto Workers attacked workfare programs as an “economically perverse social experiment,” concluding, “We cannot overemphasize the depth of our anger and opposition to this policy direction” (CAW 1994:11). The Canadian Auto Workers, perhaps more than most, are sensitive to the disempowering effects of decentralization, given the powers of leverage which this confers on actors operating at the provincial and federal scales. As a CAW official explained, “Within our own union we have a clear history around what happens when you allow whip-sawing...we broke away from the United Auto Workers in the [United] States precisely because of this notion of competition at the local level, concession bargaining and whip-sawing” (interview March 1995).

Workfarist tendencies must consequently be seen in the context of the wider bargaining down of regulatory and social standards which is characteristic of the neoliberal environment of the 1990s (see Streeck 1992; Albo 1994; Peck 1996). It is no coincidence that the Progressive Conservatives in Ontario should campaign for workfare on the grounds that the province’s welfare benefits were the highest *in North America* (*Toronto Star*, 22 July 1995: A10); downward pressure on welfare is now being exerted on a continental level. The regressive dynamic feared by the Rowell—Sirois Commission in the 1930s has again been released, as standards are being ratcheted down at the provincial level by

governments seeking to cut deficits and attract investment. The “national standard” of welfare entitlements and benefits, once seen as a “floor” upon which provinces should build, is being reconstructed as a “ceiling” which no province dares to exceed (see National Council of Welfare 1995). In Canada, the current conjuncture of deficit politics, workfare experimentation, weakened political opposition and administrative decentralization may presage a period of rapid and regressive change.

Unevenness in welfare provision, and in the meaning of entitlements themselves, seems set to increase in Canada, as states and localities engage in competition for dwindling resources. In a sign of things to come, the Conservative premiers of Ontario and Alberta argued strongly at the 1996 interprovincial summit for a radical decentralization of social programming, excluding Ottawa from decisions over health, welfare, and education (*Globe and Mail*, 22 August 1996). While the proposal was defeated by a coalition of the poorer (and more federally dependent) provinces, it is indicative of just the kind of pressures which culminated, under the US welfare reform of 1996, in the block-granting of welfare provisions to the states: the federal framework is liberalized; local (workfarist) experimentation is encouraged; demands for greater flexibility build at the state level; the federal framework is ruptured. Apparently ignoring the lessons from the past, workfarist provinces like Ontario and Alberta seem prepared to trade federal resources (and the federal framework itself) for provincial flexibility. Although, as the Ontario experience shows only too clearly, workfarist rhetoric continues to be difficult to realize as a workable program (*Toronto Star*, 29 September 1996), the clear danger is that underfunded decentralization leads to primitive workfarism *effectively by default*. The downward pressure on budgets that this would entail would lead to cuts in the welfare rolls as a fiscal necessity, raising the real possibility of a race to the bottom in regulatory standards and perhaps even a 1930s-style relief crisis.

Centrally orchestrated local workfare experiments are thus set to erode the foundations of the Canadian welfare state “from below,” as regulatory restructuring is accomplished not simply by federal government fiat, but through a more complex process of centrally initiated and guided reform, combined with provincial initiative and response, and local delivery. Thus, the nation-state has become an active agent in its *own* “hollowing out” (cf. Webber in this volume). Through these developments, the established pattern of socio-institutional relations which came to define the work—welfare regime during the permeable Fordist era is being transformed. So also the system is being reconstituted *spatially*. To characterize this as a transition from national welfarism to local workfarism is to capture the broad direction of change, but the process is certainly more complex and perhaps more provisional than this implies. There are several intersecting strands to the process of spatial reconstitution, as federal and provincial governments have played an active role in first, reorganizing the territorial hierarchies of regulatory functions;

second, fostering local regulatory and institutional experimentation; third, constituting competitive relations between (local) arms of the state and delivery agencies; and fourth, exposing welfare recipients and other unemployed workers to *local* market disciplines and regimes of control.

**CONCLUSION:  
WORKFARE RHETORIC AND WORKFARIST  
REGULATION**

To problematize the nature of the “transition” from welfare to workfare is to open up the broader question of how workfarism should be interpreted theoretically. Just as it has been suggested that the North American Free Trade Agreement “formally institutionalizes neoconservatism within the macroeconomy of North America” (Kreklewich 1993:263; see also Merrett 1996), the concerted push towards workfarism-via-“decentralization” in both Canada and the US can be seen as part of a wider neoliberal project of continental welfare retrenchment and the levering down of both wages and social standards. “Local workfare” is playing an important role here, first by reconstituting the workhouse principle in the process of labor regulation, and, second, in its role in the discursive and institutional hollowing out of the nation-state. Local workfare systems, in addition to exerting a downward pull on regulatory standards, recall the workhouse principle in standing as an everpresent reminder of the price which must be paid for unemployment; but whereas the unemployed were previously subject to the degrading and punitive conditions of the workhouse, they are now subjected, by way of state discipline, to the arbitrary despotism of the local labor market (Handler 1995; Peck 1996). Workfarist politics, moreover, are a prime example of the discursive “self-abasement” of the nation-state (see Denis 1995), portraying extranational market forces “from above” as inexorable, while opening up the political space for the uneven erosion of social-welfarist institutions “from beneath” (see Piven 1995).

There is certainly a regulatory logic at work here, albeit a fragile one. Commenting on some of the early signs of work—welfare restructuring in Canada several years ago, Drache (1991:266) observed that “renewed calls for limiting benefits and tightening work search requirements [reveal] the extent to which government as well as business consciously link the need to restructure social programs to a strategy to facilitate a qualitatively different kind of trade-centred flexibility.” For some, there are signs that this project may be stabilizing into an “institutional fix” at the continental level, as since the 1980s both the state and business in Canada have been exploring

the parameters of an alternative model of development that builds on the continentalism of permeable Fordism but abandons the latter’s more progressive features. The moves toward privatization, deregulation,

“targeted” (as opposed to universal) social programs, and contracting out—hallmarks of neoconservatism throughout the West—thus form part of a broader package including the consolidation of a continental mode of regulation that would incorporate the Canadian economy into the regime of polarized growth that has already taken root in the United States.

(Jenson and Mahon 1993:81)

Working at a rather more abstract level, Jessop has located workfarist developments within the wider context of an emergent Schumpeterian workfare state. This is concerned with the promotion of innovation and structural competitiveness in the field of economic policy (hence Schumpeter), and the enhancement of flexibility and competitiveness in the field of social policy (hence workfare). The significance of these developments, for Jessop, lies in their interpenetration with a nascent “post-Fordist” growth dynamic. In his regulationist account, Schumpeterian workfarism “helps resolve the principal crisis tendencies of Atlantic Fordism and/or its associated [Keynesian welfare state] regimes so that a new wave of accumulation becomes possible [while corresponding] in crucial respects to the emerging growth dynamic of the new global economy” (Jessop 1993:11). The regulationist approach itself, however, requires that such claims are treated with caution. For whilst this approach provides

a useful heuristic framework for contextualizing (integral) economic change, its emphasis on search processes, trial-and-error experimentation, structural coupling, costabilization, and so forth, implies that [it] should be applied over a relatively long time horizon rather than used to explain specific events in the immediacy of the here and now...For the [regulation approach] is more concerned with the emergence over time of reproducible structural coherence in accumulation regimes in and through regulation than it is with the genesis of specific policy measures and their implementation in specific institutional or organizational sites. This is reflected, of course, in the relatively closed structural interpretations of Fordism (which lies behind us) and the more open speculations about what, if anything, comes *after* Fordism (with a stable post-Fordism still, at best, faintly discernible on the distant horizon).

(Jessop 1995:1617)

To open up the possibility of a structural coupling between (tendentious) Schumpeterian workfarist state forms and (equally tendentious) “post-Fordist” accumulation dynamics is to raise questions which cannot effectively be answered in the absence of historical analysis. At the very least, it will be necessary to demonstrate how the internal contradictions of this emergent “system”—which at present threaten to engulf it—can be

managed and accommodated in such a way as to satisfy the medium-term reproduction requirements of a regime of accumulation (Peck 1996). In the here and now, moreover, there are political as well as theoretical dangers in endowing a kind of premature economic functionality on Schumpeterian workfarist developments. At the same time, it must be recognized that progressive interests are not well served by the dismissal of workfare experiments as transitory phenomena, given their increased prevalence and given the disturbing ways they are gelling with wider neoliberal strategies.

In the more narrowly defined scope of this chapter, the question of whether workfare will work is in an important sense still an open one. Like the *after*-Fordist development path of the Canadian economy, the current socioregulatory conjuncture is fragile and contradictory. Workfarism does not yet represent a coherent regulatory logic but is certainly a prevailing political dynamic; it is an emerging tendency rather than an achieved structure. To the extent that a transition is in evidence, it must be understood not as some monolithic transformation, but instead in the more specific terms of the structural and strategic contexts against which workfarist politics are emerging. Given the program's tendential and provisional nature, it may be more appropriate to think in terms of workfarist *strategies* than workfarist *structures*. In essence, these strategies are concerned, first, to roll back the advances temporarily accumulated by labor under permeable Fordism; second, to downsize and restructure the welfare state; and third, to reimpose the discipline of the market. So conceived, workfarism defines one of the central lines of attack on Keynesian welfarism, while pointing also to the structural and strategic possibilities of its fragile successor.

### ACKNOWLEDGEMENTS

The research project which forms the basis of this chapter was funded by the Canadian High Commission in London under the Faculty Research Programme. The interviews reported here were conducted during March-April 1995 and January-February 1996. I am grateful to Liisa Cormode, Meric Gertler, John Holmes, Stephen McBride, Tod Rutherford, Dan Tassie, and David Wolfe for their advice and assistance.

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# GEO-GOVERNANCE IN TRADE AND FINANCE AND POLITICAL GEOGRAPHIES OF DISSENT

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## GLOBALIZATION-FROM-ABOVE AND GLOBALIZATION- FROM-BELOW

The contemporary world is undergoing significant restructuring in arenas commonly demarcated as economic, political, and cultural. This restructuring, facilitated by the hegemonic doctrines of neoliberalism, is dubbed globalization. This chapter argues that globalization is first and foremost a series of processes which combine to enact new geographies—through a restructuring of scalar relations. One outcome of this scalar restructuring is that the global is interfluent with the local and the local interfluent with the global in new ways. The geographies emergent under scalar restructuring appear to be, to an important degree, jurisdictional and they rest on crystallizations of regulatory power—of governance—that have themselves been met by new geographies of popular dissent, resistance, and protest.

Globalization is an immensely complicated and “loaded” term. Recently, a good deal of ink has been spilled surveying and debating the meanings of the term (e.g., Robertson 1992; Barry Jones 1995; Waters 1995; Hirst and Thompson 1996). In general though, globalization refers to changes in the structure and operations of the world economy that are working through new geographies. Indicators of globalization are commonly taken to include: the expansion of the world capitalist market to practically every corner of the globe in this post-Soviet era; the continued rise of large transnational corporations (TNCs), transnational banks, and other conglomerates; the impact of telecommunications and data processing technologies upon increasing the speed of transactions and thus upon linking and appearing to shrink the effective “distance” between far-away places; the increasing volume and frequency of movements of ideas, money, financial products, goods, services, people; the deregulation of many markets (especially financial); and the rise of certain trans-state regulatory organizations (Roberts 1995). While for centuries there have been long-distance interactions and movements in the world-economy, the pace and scope of

integration has quickened significantly over the past 20 years or so. This globalized world economy has changed some socio-spatial relations and reinforced others as relations across scales have been altered. The territorial state is often depicted as a victim of globalization, as increasingly internationalized flows make national borders seem porous and national spaces harder to define and control. In addition, states are sometimes portrayed as in decline while the institutions of the market (notably the TNC) are on the rise. However, as several analysts have argued and demonstrated, certain states have been key agents facilitating, and even pushing, the processes of globalization (e.g., Helleiner 1994). Furthermore, states are not easily separable from capital, especially from TNCs (e.g., Tanzer 1996). To see globalization as an issue of *the* state versus *the* market (as abstracted ideal types) is to miss the very different ways restructured states (as particular historical social formations) and the various populations therein are positioned *vis-à-vis* particular discourses and practices of globalization as scalar relations are reworked.

This uneven restructuring, including both its linked geopolitical and geo-economic dynamics, has been seen by many as ideologically in line with neoliberal doctrines and the interests of transnationalized capital and certain states. The general shifts entailed in globalization have been more exactly labeled by Richard Falk (1993, 1995) as “globalization-from-above.” Having as its goal a New World Order, he notes that globalization-from-above may appear as “a geopolitical project of the US government or as a technological and marketing project of large-scale capital, epitomized by Disney theme parks and franchise capitalism (McDonalds, Hilton, Hertz...)” (Falk 1993:39). It is this type of globalization that has received most attention—be it celebratory or critical. Certainly, the rise of TNCs, speed-up of transactions and communications times, and concomitant spatial or scalar restructuring (the global in the local and the local in the global) are having impacts on communities across the globe. These impacts are far from being even, of course, and are highly differentiated in their effects, and the abilities of particular social groups to direct and control their imbrication in the dynamics of globalization such as those just noted varies tremendously.

The political geographies of globalization may be seen in terms of the doctrine of the rising power of the global over the local (e.g., as in the global market versus the territorial state depictions) or in terms of an emerging and more complex picture—perhaps a mosaic of power relations that cannot be captured by the characterization of the global over the local. Indeed, the debates over the changing role of the state underscore that there are contradictory dynamics at work. To be sure, recent years have witnessed a series of alterations in how the world economy (in particular) is governed. The rise of relatively effective transnational organizations for governance of a so-called “open” world economy (e.g., World Bank, International Monetary Fund, World Trade Organization), or parts thereof (e.g., European Union)

has been significant. But these institutions of geo-governance (Falk 1995) did not arise “out of the blue” and they don’t simply act upon states and locales, and therefore much is missed if these institutions are read simply as “global” power acting on locals. Rather they have to be seen in relation to each other, to various states, populations, and places. In addition, these institutions, along with other salient actors in the drama of globalization (certain states, TNCs, etc.), are not extra-local. They are embedded in localities, states, and in specific discourses and struggles concerning their roles.

Indeed, globalization has not proceeded without resistance and reluctance from many quarters. While the political geographies of globalization-from-above are often the subject matter of analysis and critique, the political geographies of resistance, protest and conflict surrounding globalization-from-above are sometimes less easily discerned. Falk has pointed to simultaneous and related political geographies of “globalization-from-below.” At once reactive to globalization-from-above, and simultaneously drawing on quite different impulses, globalization-from-below for Falk “consists of an array of transnational social forces animated by environmental concerns, human rights, hostility to patriarchy, and a vision of human community based on the unity of diverse cultures seeking an end to oppression, humiliation, and collective violence” (Falk 1993:39). Globalization-from-below is, for

Falk, a “politics of aspiration and desire” that has as a goal not the New World Order, but rather a “one-world-community” rooted in an emergent “global civil society” (ibid.: 39). While the oppositional bifurcation implied in the terms “globalization-from-above” and “globalization-from-below” can obscure the many ways the two are connected, the terms do offer a simple starting point for thinking through the political geographies of globalization. Falk’s terms (“from-above” and “from-below”) should not be elided with scalar “levels” such that “above” is paired with “global” and “below” is paired with “local.” As many have pointed out (e.g., Cox 1993), and as I have tried to stress, the local and the global are intertwined. There is no global that is somehow extra-terrestrial and extra-local(s). That is, the so-called global (the global corporation, for instance) has a territorial geography that has local points of control and networks of relations connecting particular places despite any rhetoric of footlooseness or globality. As Doreen Massey (1991) has argued, the local too, cannot be seen as a neatly bounded entity existing in counterpoint to the global. Rather the local is shot through (in varying ways and with different consequences) with the global. Falk is suggesting that by realizing these scalar inter-penetrations, there are possibilities for a type of politics that is at once global and local. That is, he sees potential for “progressive” political movements to globalize “from below” (to move beyond insular localisms and nationalisms)—for example through transnational linkages and alliances—but with a very different “global” in mind from those whom he identifies as concerned with globalization-from-above.

This chapter discusses the governance of international trade and

international finance and investigates the extent to which shifts to geo-governance in these two areas have been met by a type of politics that acts in the translocal way identified by Falk as globalization-from-below. This chapter addresses recent changes in the international trading regime—towards a more “open” system under geo-governance, through GATT and the World Trade Organization—and how these changes have been caught up in a complex political geography of resistance, protest, and critique. Then the international financial system is examined. It too has undergone a series of significant changes, becoming relatively “open” and with an emerging architecture of geo-governance, but is embedded in a very different political geography of popular protest.

### GEO-GOVERNANCE IN TRADE AND FINANCE

Since January 1, 1995 the world’s trading system has been regulated and governed through a newly set up institution—the World Trade Organization (WTO). The WTO, in its own words, “provides the principal contractual obligations determining how governments frame and implement domestic trade legislation and regulation. And it is the platform on which trade relations among countries evolve through collective debate, negotiation and adjudication” (WTO 1996). The WTO was set up at the concluding meeting of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994 as the successor to the GATT. The WTO is thus a new institution of governance that seeks to maintain and regulate an “open” world trading system “based on multilaterally agreed rules” (*ibid.*). Also quite recently, in 1994, the North American Free Trade Agreement (NAFTA) was ratified in the US, Canada, and Mexico. Taken together with other events (such as the rise of the Asia Pacific Economic Cooperation Forum [APEC]) we can point to this recent period as one marked by a discernible, if not decisive, scalar shift in the organization and regulation of international trade. From a system characterized by a mixture of consolidating free trade areas (most notably the European Union) in a sea of trade agreements negotiated between countries on a bilateral basis (with the exception of previous GATTs), the world is moving towards a system based on multilateral agreements policed and enforced by one transnational regulatory institution—the WTO.

In the case of international finance, the present relatively “open” and unregulated system has grown out of changes in the Bretton Woods framework during the 1970s and since. The internationalization of markets, the growth of new international markets, the growing variety of financial “instruments” and “products” (such as derivatives), and the increase in the sheer size of international financial flows has been astonishing. The crises in exchange rate management and in sovereign indebtedness (the so-called Third World Debt Crisis) have been met by the rising regulatory power of two Bretton Woods institutions: the World Bank and the International

Monetary Fund (IMF). These institutions have become major influences through their policies of structural adjustment which for many countries in the global South are tied to development priorities and access to international capital flows. Capital flows and markets themselves are now under a regime of minimalist, but none the less very significant, regulation centered on the Bank for International Settlements (BIS). It is through the BIS that international financiers and central bankers set up rules governing international financial markets and institutions (such as banks) in an exemplary exercise in market-orientated minimalist regulation.<sup>1</sup>

Given that we live in a neoliberalized world where GATT and the WTO and other G-7 affiliates set such rules as there are, what are the politics around and through all this? To state that the global shift to a more liberal trading regime has not been without protest is to state the obvious. From the Lacadon Rainforest of Chiapas to the textile mills of the US Southeast, to the Kentucky Fried Chicken in Bangalore, to Pat Buchanan's right-wing version of protectionism and the so-called "New Protectionism" of the left, the signs of discontent are evident. In Canada and Mexico, and even in the largely apathetic US, the issue of NAFTA—for or against—received a good deal of press and media attention, and generated a politics around the Agreement's potential costs and benefits (and to whom they would accrue).

When it comes to the deep and ongoing reorganization of the international financial system, the geography of protest has been different. Particular parts of the global South have seen ongoing protests against the new (old) world financial order as it has been directly experienced by millions, if not billions, in the shape of the brutal strictures of the World Bank and IMF-led Structural Adjustment Programs (Walton and Seddon 1994). In the North, while there may be a level of concern, there has been relatively little popular protest about the shift in the nature and governance of the international financial system. Rather, what are seen as specific crises, such as bank failures, become foci of critical scrutiny, but the international and more systemic context is often left unexamined (with the possible exception of the Bank for Credit and Commerce International [BCCI] closure in 1991).

### POLITICAL GEOGRAPHIES OF DISSENT: TRADE AND GLOBALIZATION-FROM-BELOW

Since trade is still generally conceived of as the movement of goods and services between *countries*, the political geographies of protest surrounding recent changes in the governance of inter-*national* trade might be expected to form around territorial national identities (cf., Julius 1990). Responses to the new trading system that rely on discourses of nationalism and threats to national prosperity are numerous. In the global South a nationalist politics that resonates with anti-colonial struggles is easily invoked in response to the

emerging WTO-led trading system. In the US too, much (most?) of the anti-NAFTA sentiment was organized around a politics of “us” versus “them” and, especially in the case of Buchananism, free trade is depicted as a major threat to the continued prosperity of Americans. The fear of, and the experienced reality of, job loss as TNCs shift production facilities to lowercost sites in other countries is a powerful motive/motif for this politics. None the less, there are alternative politics of protest around the emergent global trading system, and in some cases they more closely resemble Falk’s characterizations of “globalization-from-below.”

One example of such a politics might be the International Forum on Globalization (IFG), an organization that grew out of the anti-NAFTA campaigns but has since refocused and is gaining momentum. The IFG embodies many attributes of globalization-from-below as characterized by Falk and may offer a useful model for politics in the face of the sorts of scalar restructuring entailed in globalization-from-above. Recently, in the face of right-wing anti-globalization—especially in the shape of Buchananism—the IFG has tried to “emphasize the difference between its international ecological perspective on globalization, versus that of the xenophobic right” (letter from IFG Secretariat, March 19, 1996). Others affiliated with the IFG see Buchananism as symptomatic of distress in the US economy and with elements that may be redirected. For example, Kevin Danaher of Global Exchange writes, “If we can capitalize on the media attention Pat Buchanan’s candidacy has focused on the inequities of globalization, we may be able to drag something positive out of Buchanan’s mainly negative message” (Danaher 1995:2).

The IFG was formed in January 1994 and is organizationally coordinated from San Francisco, California. It is built upon intra-national and transnational links between organizations that had been forged during opposition to the NAFTA and the conclusion of the Uruguay Round of the GATT. As Brecher and Costello point out, “[t]he NAFTA debate saw for the first time the emergence of globalization-from-below perspectives in the U.S. political arena” (1994:79). The IFG analysis, despite decisively and significantly “renaming the problem” (it is now “globalization” rather than “free trade”) is still focused on these trade agreements, their institutional structure of governance—especially the nature of the WTO—and their effects for local economies and ecosystems (IFG 1995). The IFG is an alliance led by “sixty activists, scholars, economists, researchers, and writers” organized to “stimulate new thinking, joint activity, and public education in response to the rapidly emerging economic and political arrangement called the global economy” (IFG 1995:1–2). While there have been, and continue to be, differences to be worked through, members of the IFG subscribe to a common diagnosis of the ills of globalization. They state:

participants come together out of shared concern that the world’s corporate and political leadership is undertaking a restructuring of



global politics and economics that may prove as historically significant as any event since the industrial revolution. This restructuring is happening at tremendous speed, without full public disclosure of the multiple, profound consequences affecting democracy, human welfare and the natural world, and with devastating effects upon local economies and communities across the planet.

(IFG 1995:2)

The Group worked through 1994 on a position statement that was issued in January 1995. The Forum's analysis of the "globalization juggernaut" highlights the "effective takeover of global governance by transnational corporations and the international trade bureaucracies that they established" (IFG 1995:3). The IFG is concerned to counter contemporary global restructuring which they see as following the designs of transnational corporations and as undermining democracy.

The IFG has taken up an agenda of action—holding teach-ins and organizing its first plan of action aimed at "Dismantling Corporate Power." Following an analysis informed by such IFG associates as David Korten (e.g., 1995) and John Cavanagh (e.g., in Barnett and Cavanagh 1994) among others, the Forum has, for example, published a set of working instruments for social movements (Clarke *et al* 1995). The IFG's critique of the present world trading system focuses on the concentration of economic and political power in TNCs and the role of institutions such as the WTO in creating, sustaining, and policing an international "open" trading system in line with the interests of TNCs and unresponsive to national, regional, or local interests.

The IFG can be seen as constructing one type of a politics of globalization-from-below. By networking trans-local and trans-single issue alliances through the Internet and e-mail linkages, as well as through regular meetings and teach-ins, the IFG forms strategies and programs of action. While the IFG is predominantly North American in membership, it has links with social movements throughout the hemisphere and beyond. The IFG itself may not hold together indefinitely (given the many different agendas and potentially contradictory priorities of the constitutive groups and individuals), and its critique may not prove coherent (Sandier 1995), but the organizational form it is developing may prove an effective model. While the IFG does not meet Gustavo Esteva's ideal of a de-centered and flexibly networked trans-local alliance, a radical organizational form that he characterizes as a "hammock" (1987), it could be seen as an effort in that direction.

The reshaping of the manner in which world trade is regulated and governed—the shift to geo-governance—has entailed a reworking of scalar relations. As the WTO makes claims to the global as its regulatory space (Hanscher and Moran 1989), and as national spaces are realigned in this

arrangement, there has emerged a complex and highly varied political geography of dissent. While responses to the scalar restructuring, and the social, economic, and political disruption entailed, have been commonly organized around discourses of nationalism, and framed in terms of national spaces, there are other types of protest emerging. Drawing upon discourses of justice, democracy, and environment, efforts such as those undertaken by the IFG are indicative of possible political geographies of globalization-from-below (in Falk's sense) in the face of a shift to geo-governance in world trade.

### POLITICAL GEOGRAPHIES OF CONSENT: FINANCE AND GLOBALIZATION-FROM-ABOVE

As has already been noted, the contemporary post-Bretton Woods world financial system and its governance has provoked a great deal of protest in the global South. Structural Adjustment Programs, with their austerity measures, privatization programs and mandatory cuts in social spending, have been met with resistance and protest (Walton and Seddon 1994). However, other aspects of the governance of the day-to-day business of international finance have not met with the same sorts of oppositional social and political practices. In this section of the chapter I will look at one part of the international financial system—taken broadly to include all the financial and currency markets, the international flows of capital, and so on—and its governance. I will focus on international banking and the role of the Bank for International Settlements (BIS) in supervising and regulating international banking.

Over the past 20 years the business of banking has changed dramatically. The following is an outline of some of the most significant changes and will serve as a background for the subsequent discussion. First, a large number of banks are now highly internationalized. For example, in 1993, nine of the world's 50 biggest banks conducted over 50 percent of their business overseas (*The Banker*, February 1995). Second, banks do a lot more than take deposits and make loans. They are very diversified and find their revenue coming increasingly from a range of fee-generating activities such as portfolio management. They have become, to a large extent, disaggregated. Third (and this point will be revisited later in this chapter), banks have become vast machines for the calculation, shifting, packaging and manipulation of many different types of risk and their interactions. Banks compete to generate income by being superior risk managers.

While financial intermediaries—banks, for example, calculate and “manage” the many sorts of risks they generate or encounter and the many possible combined effects of these—individual banks are *not* concerned with risks to the entire financial system. These are the concern of the regulators. Even the most ardent fans of the market agree that in today's international

financial system, systemic risk has developed into a complex and serious problem. This is the OECD's definition of systemic risk:

A systemic crisis is a disturbance which severely impairs the working of the system; and at the extreme causes a complete breakdown in it. Systemic risks are those risks which have the potential to cause such a crisis and, at the extreme, such a breakdown in the system.

(OECD 1991:14)

Given this context of internationalization and innovation around the manipulation of risk, let me now turn to the one institution that has taken responsibility for setting up some rules for the international banking game. What is it? Who does it represent? What are its goals? How does it work? And, is it any more or less accountable or democratic than the institutions governing world trade?

### **Anomalous BIS**

The BIS is not the only institution governing international finance. It is, however, at the heart of the governance of the international financial system. Eric Helleiner (1994) has characterized the present international financial system as a "BIS-centered" regime—in contrast to the superseded Bretton Woods system. The BIS is in many ways an anomalous institution in today's world. It was established in 1930 by a Convention at The Hague signed by the governments of Switzerland, Germany, Belgium, the United Kingdom, France, Italy, and Japan, and is headquartered in Basle, Switzerland. Its structure is very similar to that of a central bank, with a Board of Directors (see Giovanoli 1989; Deane and Pringle 1995). Legal scholars don't quite know how to classify the BIS as it is a hybrid of two distinct institutional forms: the international organization and the private bank; it is also, in legal terms, both an intergovernmental organization and a limited company (Dulles 1932; Giovanoli 1989). This anomalous status reflects the equally anomalous status of many central banks, and the BIS is often referred to as "the central banks' central bank."

The BIS has three main functions. The first, and the original function, is that of supervising international settlements. In the past, the BIS managed German reparations payments and oversaw loans to Germany in the 1920s and 1930s after the failure of aspects of the Treaty of Versailles. Presently the BIS continues in this role through its being involved in managing the European Monetary System (EMS) of the European Community. A second function of the BIS is to act as a central banker for the world's central banks. It is estimated that the BIS holds between 10 and 15 percent of global monetary reserves on behalf of its member central banks. In addition, the BIS helps central banks through its actions as an economic research center and technical consultant. Third, and perhaps most significantly, the BIS promotes international monetary

co-operation. Despite the history of conflict over just what “co-operation” might mean, this has become the major *raison d’être* of the BIS. There are ten meetings each year wherein central bankers can share information and consider policy coordination. In addition, the BIS hosts meetings of central bank governors from OECD and some other countries.<sup>2</sup>

The BIS lies at the heart of what Stephen Gill (1995) has called “the G-7 nexus,” that sets the rules in international finance—in this case banking. Through its committee on Banking Regulations and Supervisory Practices (known as the Basle Committee) the BIS has been responsible for setting up and maintaining the regulatory framework for international banking. The Basle Committee is made up of representatives from 12 countries—the G-10 countries (which *de facto* also include an eleventh country—Switzerland) and Luxemburg. The Basle Committee was established in 1975 in the wake of the failures of the Herstatt Bank, Germany, and Franklin National Bank in the US, and at a time when central bankers were becoming worried about how to regulate in an era of growing Euromarkets. Regulators were asking, “which country’s authorities would be the ‘lender of last resort’ when it came to players in these new offshore markets?” In answer to this question, the Basle Committee came up with the Concordat of December 1975 allocating supervisory responsibility of international banks. However, it was the events of the later 1970s and 1980s, specifically bank failures (including the Banco Ambrosiano scandal, the collapse of Continental Illinois in the US, and the closure of Johnson Matthey in the UK) plus the effects of the so-called Debt Crisis (at least as it threatened lending banks), that led to the Basle Committee’s major regulatory move. After lengthy and highly contentious debate (the political economy of which is nicely treated in Kapstein 1994), in 1987 the Basle Committee released a document with the title “International Convergence of Capital Measurement and Capital Standards,” commonly called the Basle Accord. The Basle Accord is a tremendously significant piece of paper. As Kapstein notes:

While the Basle Accord might appear to be no more than a supervisory guideline, it was in fact the cornerstone of a new regulatory order, one that aimed at restoring public confidence in a fragile international banking system by forcing banks that do not meet the international standard to recapitalize or shed their assets.

(Kapstein 1992:283)

The Basle Accord sets minimum levels of capital that banks must hold. Each type of asset a bank holds is assigned a different risk-weighting. For example, a loan to a corporation would be given a 100 percent risk-weight, whereas a loan to an OECD central bank would be 0 percent risk-weighted. The overall aim was that all banks should have a capital to assets ratio of at least 8 percent. The capital requirements are enforced by member countries’ regulators, and

the Accord allowed a few years for banks to come into compliance with the regulations. The requirements have had a real impact on the way banks do business and on how they are assessed, by market players, as well as by the regulators. For example, *The Banker's* annual issue ranking the world's top banks now uses the amount of Tier One capital each bank holds to rank banks, whereas in the past it used a measure of size (assets).

The Basle Accord had two overarching goals. First, to protect (and enhance) the "safety and soundness" of international banks and by extension the international financial system. The Committee was concerned to guarantee stability through ensuring that systemic risk cannot become systemic crisis. A second overall goal was to ensure competitive equality. The aim was to create convergence in regulatory policies so as to ensure the utopic geography of the "level playing field" upon which banks from different countries could compete.

Like the institution from whence it came, the Accord is anomalous. The Secretary of the Basle Committee remarked that it is "not even called an agreement but rather a 'framework,' a 'statement,' a 'report,' and a set of 'recommendations.'" Legal scholars refer to the Accord as "rules" or "soft law" (Hayward 1990:788). He goes on to point out that:

Although not legally enforceable as a treaty, and although the Committee is not a formally constituted international organization, nonetheless the agreement is considered to be binding on the members and the agreement itself states that the Committee will continually monitor its application.

(Hayward 1990:788)

In an interview, the Secretary-General of the Basle Committee, Frederik Musch, explained how the peculiar status of the Accord is not a problem.

It doesn't have to be enforceable, that's the nice thing about it. As long as we all agree on it and we implement it in our own countries then there's no problem. As soon as you start to make it very formal, and have to put it in law and all kinds of things, then you'll get bogged down because these laws have to be agreed upon by parliament, and you get into politics, then you're lost. So I don't think it's in the interest of the banking system to get a system as rigid as that...The world is better off in not digging in [to] legalities.

(quoted in Laudoti 1995:145-6)

The Basle Accord is the one effective piece of regulation that attempts to deal, in one way, with the threat of systemic crisis in the international financial system. It has, thus far, managed to be relatively effective.

However, it is significant that this regulatory activity is carried out largely out of the public eye through the BIS, which is a very secretive organization.

One commentator has characterized the BIS as having a “penchant for anonymity” (Schloss 1970:7), while another has called it “the world’s most secretive and least-known supra-national financial institution” (Westlake 1994:14). The BIS deliberately keeps its operations quiet and actively avoids publicity. As Westlake points out,

[a]lthough the history of the BIS—the ‘central bankers’ bank’—is intimately interwoven with the great financial and currency events of the last six decades, the Basle institution has successfully managed to remain in a twilight world rarely illuminated by the glare of public attention.  
(Westlake 1994:14)

The Basle Committee engages in a policy of deliberate secrecy regarding its activities. The secrecy is a part of the Committee’s “culture.” The Basle Committee is made up of central bankers: men who, despite being from different countries, share similar backgrounds and similar economic and political outlooks; they understand each other. This is why Eric Helleiner (1994) has identified the BIS as a “nascent transnational epistemic community.” A researcher who has interviewed members of the Basle Committee depicts the collegiality and secrecy as mutually reinforcing. She explains:

[t]he sessions are closed to the public which members believe fosters openness and collegiality. One member explained that there is little problem with leaking information to the public because bank supervisors tend to be well-disciplined, and do not make public disclosures during negotiations.  
(Laudoti 1995:144)

Not only is the BIS secretive, it is a fundamentally undemocratic organization. It is not made up of elected officials, but for the most part is staffed by career financiers and central bankers. Legal scholar Laudoti has compared the workings of the BIS Basle Committee to those of the “General Agreement on Trade in Services (and Related Instruments)” or GATS—part of the Uruguay Round GATT. Her analysis is worth quoting at length, not because it is necessarily sound but for what it reveals:

The Basle Committee is an example of the “bottom up” approach to international coordination, in which national regulators are involved directly, rather than through their political bosses. The individuals representing the member countries on the Committee are senior representatives of bank supervisory authorities in 12 largely homogeneous industrialized countries. Their focus is the promotion of world banking interests, rather than the local interests of any individual member. Although they do not have the authority to bind their countries

formally in a treaty or other legal form, they have official status giving them sufficient formal power to implement an international agreement without the need for legislative approval, as well as the professional interest to do so. Commentators agree that it is beneficial that national legislators are not involved, because this eliminates the risk that the Committee's work will be predominantly political rather than predominantly professional...most observers agree that the Committee is much less political than other international organizations.

(Laudoti 1995:143)

She goes on to make the contrast with GATS:

GATS is an example of the "top down" approach, where the political bosses are directly involved in the negotiations. GATS negotiators are trade ministers of the participating countries who are, in many cases, political appointees. Their concerns are highly political trade issues, and they focus on achieving the most beneficial package for their own country, rather than the best result for the world community.

(Laudoti 1995:143)

The discursive move of separating the "political" from the "professional" and of aligning financiers with a "bottom up" approach to regulation in contrast with the "political bosses," who are seen as "top down" actors, is very important. The "professionals" at the BIS are thus scripted as engaged in a somehow more democratic process and one that has systemic considerations at the core—rather than any sort of national interest. Certainly the analyses of Kapstein (1994), Helleiner (1994) and others challenge the idea that bankers do not bring national or political interests to the BIS. The foregoing description of the BIS and Basle Committee's structure and operations, and especially its deliberative secrecy, should also make one skeptical regarding any claims that the BIS is democratic in any real sense. Certainly, Laudoti's characterization is at odds with the one presented in this chapter. I would claim that the BIS is *less* democratic and *less* accountable than even the WTO, and the WTO has seen a series of critiques and protests (such as those formulated by members of the IFG) against it. However, the very depiction of the BIS as "professional" and apolitical may be part of the explanation of why there has been relatively little protest about, or even relatively little public interest in, the operations of the BIS.

Popular protest over the regulatory regime governing international finance has been focused mainly upon the World Bank and the IMF. The Structural Adjustment Programs pushed by these organizations have caused directly experienced hardship and suffering in many parts of the global South. The political response has sometimes been formulated in nationalist terms. Structural adjustment is seen as just another example of the imposition of control by the

global North over affairs in formerly colonized countries, and is depicted as a threat to fragile and hard-won national sovereignty (e.g., Ould-Mey 1996). Attempts at organizing transnationally against SAPs in the manner suggested by Falk's globalization-from-below have been numerous and are ongoing. However, concerning the increasingly powerful role of the undemocratic BIS in the geo-governance of international finance, there has been relatively little popular protest. Transnational banking, and the international markets transnational banks participate in, is perhaps exemplary of globalization-from-above. The way in which money is (relatively) free to move around the globe seems to epitomize the technologized, deregulated, integrated world-space of a globalized world-economy. However, such a development has rested upon an architecture of geo-governance, centered on the BIS and its "minimalist" regulation to curtail the systemic risk inherent in globalized financial markets. The political geographies of systemic risk are difficult to map, and the implications of the undemocratic nature of the BIS-centered regime difficult to trace.

### COMPARING TRADE AND FINANCE

In order to understand why there is so little fuss made about the secretive crystallizations of power and governance in the financial world when there is a complex political geography of protest concerning the governance of international trade, we need to consider how the domain of money and finance more generally is socially demarcated. By doing so, it may be possible to suggest some reasons that might be invoked to explain why this profoundly undemocratic mode of global governance has received so little critical scrutiny. The deliberate secrecy of the BIS is obviously a factor, but the secrecy promulgated by the BIS and central banks in general only works because of the ways in which financial matters and politics are defined and separated as domains in wider discourses and social practices. Citizens permit the secrecy and the lack of accountability in finance. The question is "why?" Let me suggest a few factors that must be considered in an explanation.

First, the world of finance just seems too complicated to many people. This is not a silly nor erroneous assessment. The financial world *is* very complicated and it seems to be getting more so. It is hard, even for practitioners, to get a clear sense of the links of cause and effect in the financial world, much less as they stretch beyond finance. It is difficult for most people to attempt to assess the costs and benefits of changes in the international financial system in order to make judgments about them. The world of finance has become demarcated as a domain of peculiar complexity, discourse concerning which is marked as being accessible only through a range of specified expert knowledges, and the regulation of which may be attempted only by those in command of such knowledges.

Second, compared to trade, the international financial system is less tangible, less visible, and perceived as being less directly connected to people's well-



being (and here it should be clear that this pertains mainly to the US—it would be a different matter in Hong Kong or the Cayman Islands). The ways that consumer debt (credit card debt or mortgages, for example) enters circuits of financial capital as soon as it is created is not generally known. The ways that pension funds or insurance payments are important components in national and international equities markets are not always clear to those contributing from every paycheck in the hopes of securing a comfortable retirement.

Third, it is a peculiar fact that each successive element in the pattern of regularly occurring financial crises—such as bank collapses and closures—is always accepted as an unconnected sequence of aberrant or exceptional cases. Clearly, this is how central bankers, the BIS, and others, have depicted cases such as BCCI or Barings. However, there is little popular politics around what these failures might mean if taken as a group. Despite the acknowledgement by even the most ardent fans of the market that there is cause to worry about the build up of systemic risk in the international financial system, there seems little popular concern. One exception might be the flurry of articles in the US popular media in 1994/5 about derivatives and the threats to financial stability they entailed. In general, though, the conviction remains that regular collapses are aberrant and that the financial system is by and large stable and sound.

Fourth, in a much wider sense, although it has deep historical roots (Hacking 1991), we seem to be living in an age of new types and intensities of risks (cf., Beck 1992; Giddens 1990). The way we live in this sort of a world is partly through seeking to “manage” risks of all sorts. To effectively do so, ordinary people rely on a range of professionalized “experts,” either quite directly (as with the weather forecasts or with all sorts of insurance), or less directly (as in things like auto safety, construction standards for nuclear power stations, or regulation governing new pharmaceuticals). Everyday life intersects with numerous moments in discourses of the “technics of risk” of one sort or another. This term, “technics of risk,” is meant to signal the quantitative modeling and calculation of probabilities that lie at the very heart of technologized “risk management” (cf, Ewald 1991, who writes of a “technology of risk”). In an article titled “The New Religion of Risk Management” in the *Harvard Business Review*, Peter Bernstein writes:

Without the laws of probability, no great bridges would span our widest rivers, polio would still be crippling children, and no airplanes would fly. Without life insurance, young families would have to turn to charity if their breadwinner were to die in the prime of life...

(Bernstein 1996:49)

and he goes on to illustrate how the laws of probability underlie capitalism’s logic, stating that without the laws of probability, “[e]conomic growth would have moved forward at a snail’s pace, and living standards would have been

primitive compared with what we now take for granted” (ibid.). Certainly, the science of risk definition, assessment and “management” is a central enabling feature of modernity. In a wider sense, as Hacking demonstrates, the “taming of chance” (1991:185) by statistical analysis in nineteenth-century Europe was the key to the erosion of determinism in social life.

Fifth, the technics of risk, especially in the financial markets, depoliticizes the creation and shifting of risk. It represents risk as a “purely” technical problem rather than a social problem. In fact, as Ewald (1991) has argued, the concept of risk is always social, as it necessarily entails a concept of a population. However, in the financial markets, the applications of vast amounts of expensive technology and expensive “experts” to the technics of risk are deemed the proper response. The message is: “Leave it to the professionals with their expert systems.”

### CONCLUSION

The ways in which relations across scales (as well as scales themselves) are changing is the central feature of the processes denoted by the term “globalization.” Scalar relations might increasingly be seen as relations between different, overlapping, jurisdictional or regulatory spaces. The emergence of trans-state organizations claiming the globe as their jurisdiction is salient among the emerging geographies of globalization. The uneven and asymmetrical relations that are variously being created and reinforced by processes of globalization-from-above, have been met by some popular protest. While such protest does not always, or even usually, spring from a recognition of the implications of scalar restructuring and of the potential for a politics that is at once global and local, some examples of globalization-from-below (to use Falk’s term) can be found. However, such efforts as those of the IFG, for example, have so far not focused upon the ways in which the BIS-centered regime of governance has coalesced relations of regulatory power in a profoundly undemocratic manner.

It should not be surprising, given the complexity of the material and representational practices that comprise globalization, that the political geographies of resistance, protest, and dissent are also complex. The move to forms of geo-governance that seek to regulate global space has brought with it forms of politics that run the gamut from nativist to internationalist, from nostalgic to Utopian. Falk’s ideal of a globalization-from-below to match the efforts at globalization-from-above seems fragile in a world where the processes of globalization have visited deprivation on millions. However, efforts such as those of the IFG may be seen as indicators that some groups recognize the possibilities for a politics of resistance that turns elements of scalar restructuring back on themselves. Through trans-local and transnational linkages the IFG seeks to enact a (partially) globalized geography of dissent—focused on the WTO, TNCs, and the structure of governance of world trade. Such tactics

have not been applied to the BIS-centered regime in international finance. Mapping the geographies of systemic risk and of their “containment” by the BIS may offer a starting point for imagining such a politics. However, for reasons suggested in this chapter, there has thus far been relatively little attention paid to this aspect of geo-governance. David Held has pointed out that:

The very process of governance seems to be ‘escaping the categories’ of the nation-state. The implications of this are profound, not only for the categories of consent and legitimacy but for all the key ideas of democratic thought: the nature of a constituency, the meaning of accountability, the proper form and scope of political participation, and the relevance of the nation-state, faced with unsettling patterns of national and international relations and processes, as the guarantor of the rights and duties of subjects.

(Held 1991:204)

The meanings of such fundamental democratic concepts as consent, legitimacy, constituency, accountability, and participation are being reworked in the contemporary world. The foregoing discussion of geo-governance in trade and finance and the complex political geographies of resistance can be seen as part of broader attempts to grasp what happens when the new categories of governance are “escaping” old geographies.

### ACKNOWLEDGMENTS

An early version of this chapter was presented at the “Crises of Global Regulation and Governance” Conference in Athens, Georgia, April 4–6, 1996. I would like to thank all those who offered criticism and comments.

### NOTES

- 1 A couple of caveats to the brief outline thus far presented. One: it would be a mistake to see the developments in trade and finance as exactly parallel. It is not necessarily the case that a liberal trading regime and liberal finance automatically “go together.” In fact, history would suggest the contrary. Two: it would be equally mistaken to view trade and finance as discrete or even separable spheres. The nature of relations between them however, has changed in many ways as finance has become much more of a driver in the world economy.
- 2 The OECD was set up in 1961 by 24 rich capitalist countries as a forum for consultation regarding macroeconomic policies.
- 3 See Bledstein 1976 for a more general discussion of professionalism.

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## PRODUCING GLOBALIZATION

### Apparel and the Australian state

*Michael Webber*

In Australia debates over economic and industry policy have several layers. There is a perception that the present policy is one of deregulation—the state removing itself from interference in the operations of capital. Underlying that perception, of course, is the notion that the state is separate from capital; that these are two separable entities. There is a perception that we, a small nation a long way from the seats of political and financial power, are subject to the overwhelming force of globalization, an impersonal trend imposed on us from outside. Above all, there is the perception that globalization has forced deregulation: that an identifiable social and industrial policy, designed to protect the interests of (some) Australians, is not possible in a global era.

There are alternative interpretations of recent events. It is possible to argue that recent changes in policy are less a matter of deregulation than an element of a process of restructuring, a change in the strategy of growth away from the import-substituting industrialization of the early post-war years and into a policy of internationalization. Economics, by this argument, is not separate from politics. As this example intimates, it is also possible to argue that globalization has been the process whereby a whole host of nations have altered their strategies of growth, that we have created global pressures as much as being their innocent victims. It is, third, possible to argue that there remains the option of using state power to manage at least some elements of the economic process—indeed, the whole metaphor of restructuring implies that state complicity in a new strategy is vital.

This chapter uses the example of restructuring in Australia's textile, clothing and footwear (TCF) industries to develop these alternative interpretations. The chapter identifies restructuring as the process of shifting between national growth strategies. As such, restructuring is fundamentally a political process that reflects changes in the power of social groups, in the country's position within the world economy, and in the perceived degree of success of the old strategy. Australia's growth strategy until the 1970s achieved a distinct form of industrialization, one in which manufacturing sectors were economically and financially distinct from raw material and

financial sectors. That form of development is reflected today in debates over an appropriate new strategy (and in interpretations of the reasons for the “failure” of the old strategy). The chapter also observes that commentators on both the left and the right commonly interpret globalization as an external fact that confronts states with markedly reduced opportunities for the exercise of state power. Globalization, by these interpretations, is the product of the global economic slowdown since the early 1970s, certain developments in information technology, and new forms of organization of transnational corporations. However, the history of restructuring in Australia’s TCF sector through to 1996 reveals that the internationalization of Australia’s economy has been the outcome of a new growth strategy, one orchestrated by the state, particularly in the last decade. A clear implication of this history is that globalization, being an outcome of political action, can to some degree be contested.<sup>1</sup>

### POST-WAR NATION BUILDING

*A growth strategy* is an economic growth model and a strategy for its realization (Jessop 1990). Growth strategies include industrialization strategies and the development plans of individual countries or regions. *Industry policy*, then, is the manipulation of the social and economic conditions that define a growth strategy. Growth strategies may be consciously planned or they may evolve by trial and error; they may be dictated or they may be constructed from the bottom up; they may be original or copied from other places and times. However they arise, growth strategies provide a framework over and above the crudity of the market within which people, corporations and institutions act. Growth strategies, then, set the terms of the market, with the general aim of articulating national goals and profitable accumulation.

This view of growth strategies offers an interpretation of Australia’s industrialization and immigration programs during the twentieth century. These programs have provided to people, governments and corporations a sense of the directions in which Australian economy and life were moving; an assurance that proposals in broad accord with the strategy would be acceptable to regulators; and the confidence that investments predicated on the strategy would have a high chance of success. As the 1975 report of the Committee to Advise on Policies for Manufacturing Industry put it, Australia needs a framework or strategy within which individual decisions can be made (Jackson 1975:7–16). Certainly, within a growth strategy there remains competition between individual corporations and conflicts between sectors, but such a strategy provides a framework within which competition and conflicts can be expressed and controlled. That is, the relations between individual actions and an overall strategy are understood, and it is expected that later actions will be consistent with that strategy.

Even though the state is directly implicated in the strategy, outcomes are rationalized *post hoc* by the market. The rules of the market may be manipulated; corporations may be provided with implicit or explicit subsidies; the state may inform and coordinate; the state may itself produce. Yet outcomes are determined in the market. The combined actions of the state, corporations and labor organizations have to be validated by internal markets and the competitive place of the national economy in the global market place. This requirement, that the strategy of growth be validated in markets, constrains the selection of an appropriate strategy: it must “work.”

However, the selection, implementation and success of a growth strategy is not a matter of economics or technique alone (Underhill 1994). These are also political practices, for state, economy and society have a politically constructed articulation with each other (Bertramsen *et al* 1991). The reproduction of an economy is supplemented by political interventions because the economy is not a homogeneous realm governed by endogenous logics but a heterogeneous terrain cracked by political struggles. That is, state, economy and society are political terrains which are linked and shaped by hegemonic practices through which a social group exercises leadership over allied groups and dominates antagonistic groups by political as well as a moral and intellectual leadership (Gramsci 1971). Once such a hegemony has been established and its growth strategy set in place, so political origins become forgotten, and the choice becomes agreed as a basis for social life (Bertramsen *et al* 1991).

### Strategy in place

So it was in Australia. Debates over the appropriate form of national development were central during the process that led eventually to Federation in 1901. The agreement that was then struck saw tariffs being used to protect and foster local industry before the First World War (IAC 1974; Jackson 1975; Conlon 1994). An official review between the wars observed that the tariff provided a positive benefit to a state concerned to maintain living standards and to promote population growth, an argument that depended on the resource and production characteristics of other industries, notably the rural sector (Brigden 1929).

Like other late industrializes in Europe, North America and East Asia, Australia had embarked on a program of protected development. The 1930s depression, accompanied by social chaos in the cities, coal mining districts and rural regions, effectively forced Australian firms and governments into a strategy of import-replacing industrialization because it strengthened the arguments in favor of reducing Australia’s reliance on primary export commodities (Conlon 1994; Fagan and Webber 1994). In particular, policy-makers had been concerned about Australia’s balance of payments and the persistent tendency for the prices received for Australia’s exports to decline



in relation both to interest and principal repayments on loans and to the demand for increasingly sophisticated manufactured products (IAC 1974; Jackson 1975:25–32). The country's post-war strategy involved import-substitution by industrialization (initially behind tariff barriers) and a program of immigration that provided both labor and markets for the new manufacturing industries. The strategy also involved full employment policies and a process, peculiar to Australia, of centralized, state-regulated wage bargaining (Vernon 1965). The effect of these policies was to “tax” Australia's export-oriented rural sector through high exchange rates (which lowered the prices received abroad for rural products as they raised the prices paid by the export sector for domestic manufactured products) whilst the wage bargaining system provided the institutional means whereby these taxes were passed on, in part, to workers. Though a growth strategy, the tariff and the wage bargaining system was also a stabilization and diversification strategy (Ravenhill 1994). The prices of Australia's exports are more variable than those of almost all other OECD countries and many of Australia's public policies sought to reduce the vulnerability of domestic sectors to external fluctuations (both centralized wage bargaining and marketing boards sought to stabilize incomes).

The heyday of post-war protectionism occurred under the governments of the 1940s, 1950s and 1960s. During this interval Australian industry policy spanned several sectors of social and economic policy: not simply protectionism but also wage arbitration, white immigration, foreign direct investment and social welfare policies centered on wage earners (rather than all persons). During this period there was a vision of a kind of Australia that was to be produced—industrialized, well-off and with full (male) employment (see, for example, the Prime Minister's reference to Vernon 1965). Industrialization was predicated on wages that generally provided a satisfactory living for a “normal” household unit, in which mothers stayed at home, in suburban, single family dwellings. The Federal governments intervened little to affect the kinds of industries that were to be fostered—with the ongoing exception of the auto industry—but provided the economic and social environment which various industries could exploit to their own advantage. In effect, tariffs were set on an industry-by-industry basis with little thought given to an overall industry structure or to developing corporations that could be weaned off protectionism (Vernon 1965:370). Little attention was paid to developing the technological basis of manufacturing, to promoting local research and development, to training workers, to encouraging exports (Vernon 1965:94–6, 210, 298–300; Harris 1976; Jackson 1975:36–42). The State governments also intervened—often more directly—by attempting to attract particular corporations or industries to their jurisdictions.<sup>2</sup>

The effects of this strategy are well known. The proportion of Australia's employment and GDP accounted for by manufacturing increased rapidly and by the early 1970s manufacturing employed over a quarter of the workforce.

Australia's links with the international economy were transformed as foreign capital inflows increased dramatically. By 1970 the level of foreign control over production was second only to that of Canada among developed economies. After 1950 immigrants, increasingly from non-English-speaking backgrounds, provided a workforce and a growing market for the new manufacturing industries. The costs of implementing such a policy were principally underwritten by exports of raw materials. This policy inhibited Australia's participation in world trade and its share of world exports ultimately declined. The costs of industrialization were exacerbated by the fact that the geography of manufacturing was highly fragmented. Each State capital, separated from others by high transport costs, developed its own manufacturing base and there was little specialization among cities (Fagan and Webber 1994).

One other effect of the industrialization strategy is important for Australia's subsequent political economy. Australia has developed a marked dual economy. One element of that economy is outward-oriented, comprising first the traditional rural industries on which Australia's prosperity initially rested. Later, mining and—even more recently—tourism have become more dynamic elements of the outward-oriented economy. The finance and communications sectors have increasingly found common political ground with this group. Retailing, though oriented to domestic sales, has increasingly found that its interests lie with the export sector as it depends more and more upon imports. On the other side is the protected, domestic-oriented sector. Dominated by manufacturing, this sector has few trade or financial ties to the export sector, for manufacturing did not develop from local processing of raw materials but from mainly foreign corporations enticed to serve a domestic market. Even BHP Ltd, Australia's largest company, which incorporates both mining and manufacturing interests, seems riven by the divergence in interests of the sectors rather than capable of integrating them to achieve manufacturing strength. This deep division, far more significant than that between foreign and locally owned firms, has dominated debate over a growth strategy in the last 20 years.

Protected by the tariff, by the late 1960s the TCF sector had grown to employ some 14 percent of Australia's manufacturing workforce (Figures 6.1 and 6.2) and had developed a particular spatial structure. The clothing and footwear industries had become highly concentrated in or near the downtowns of Sydney and Melbourne, locations that provided access to central city buyers, particularly the department stores. They also offered access to the labor of the many immigrant women who lived in the inner suburbs of both cities and who, facing barriers due to language and perceived lack of skill, could find little other opportunity for employment. Some clothing manufacturers, located in smaller towns in the Hunter Valley and across Victoria, sought access to the women who lived in towns with few employment opportunities. In many of those towns the clothing industry became one of the largest employers of female labor. By and large the

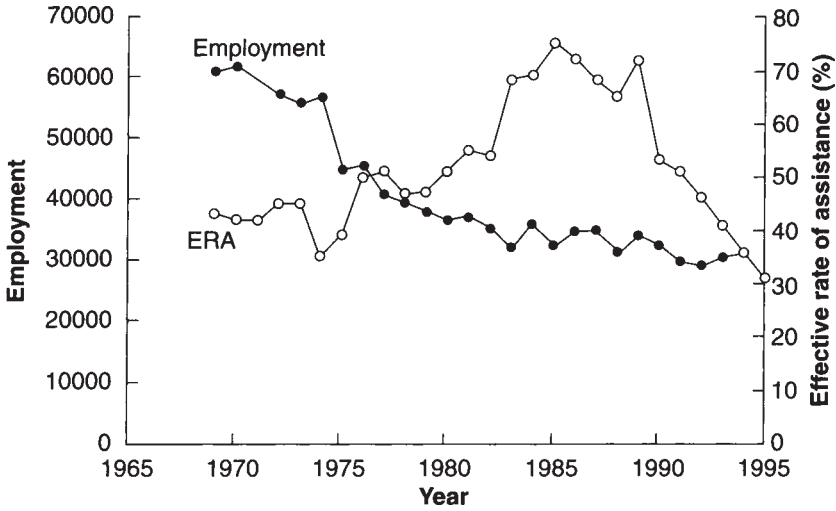


Figure 6.1 Textiles, Australia: employment and effective rates of assistance, 1968-9 to 1994-5

Source: Industry Commission (1995a, 1995b)

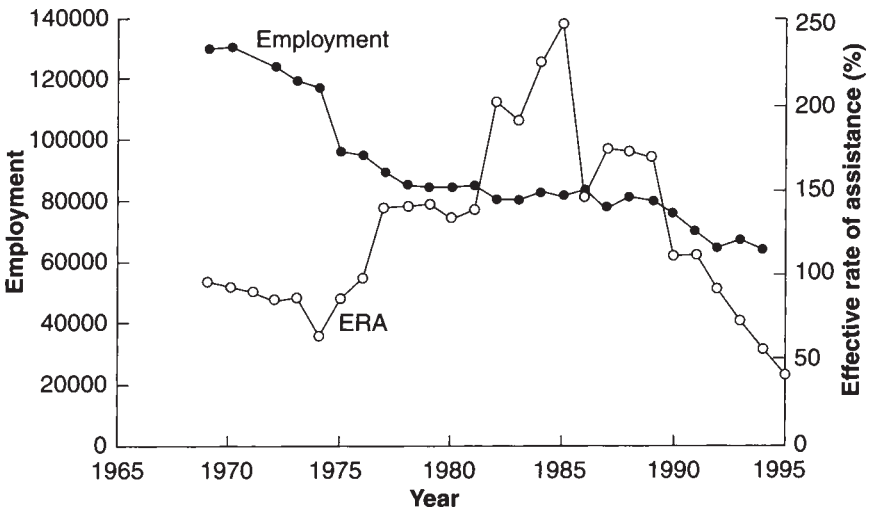


Figure 6.2 Clothing and footwear, Australia: employment and effective rates of assistance, 1968-9 to 1994-5

Source: Industry Commission (1995a, 1995b)

industry was one of small firms that operated small factories. Textiles were manufactured in a wider range of locations—suburban sites in the capital cities as well as in smaller towns like Launceston, Newcastle and Geelong. The textile industry, more capital intensive and paying higher wages than the

clothing and footwear firms, was less constrained to locations where labor power was cheap.

### Growth falters

By the mid-1960s, Australia's growth policy—or at least the form in which it was being implemented—was increasingly being questioned. The Tariff Board (1966) for example, proposed to follow the recommendations in Vernon (1965) by a systematic review of the entire tariff.<sup>3</sup> The next ten years saw little change in explicit government policy but did witness the first attacks on protectionism from the Tariff Board (see Tariff Board 1966, 1971; IAC 1974). Increasingly the Board began to review tariff policy as a whole, to argue about the relative efficiency of different industries (and to query the value of high-cost, labor-intensive industries), and to question the effects of protection for manufacturers on the costs of exporters of mineral and farm products. This argument about tariffs—then as now—was conducted as though inefficiency was a consequence of tariff protection rather than a result of offering protection without demanding performance commensurate with support. The Board argued that tariffs and centralized wage bargaining were preventing the development of market rationality, citing as evidence the need to improve the efficiency of resource allocation and to recognize the effects of policies for particular industries on the economy as a whole (IAC 1975).

The years at the end of the 1960s and into the early 1970s witnessed the beginnings of the end of the post-war strategy (see, for example, Jackson 1975). They coincided with a new minerals boom and the emergence of problems of profitability and cost-competitiveness among manufacturers. The minerals boom promised both to diversify Australia's exports into commodities that were less subject to price fluctuations than agricultural products and to remove the balance of payments constraint that had encouraged import-substitution. A less obvious effect of the minerals boom was to strengthen the forces within the economy (the export-oriented sector) that favored lower levels of protection for manufacturing. At the same time, the recession of 1974–5 seemed to initiate crucial changes globally. The so-called “long boom” was breaking down, unemployment rates were rising, the NIEs were starting to attract capital that could not be profitably invested in North America, Europe and Australia, and the entry of the UK into the EEC diminished the prospects for agricultural exports (IAC 1977a). Whitlam's 25 percent across-the-board tariff cut of 1973 further exposed Australian workers to competition from cheaper imports and seemed an early response to some of these revisions in outlook. All in all, about one in five of all jobs in Australian manufacturing were lost in the decade after 1974.

The outlook for Australia's TCF sector also began to change in the early 1970s. New capacity in low cost locations in Asia, improved quality of production, devaluation of the Australian dollar, Whitlam's 25 percent tariff

cut, and wage increases (especially for female employees) all took their toll (IAC 1977a, 1977b). In 1973/4 imports of clothing increased by 69 percent and textiles by 43 percent in constant price terms over those of a year earlier (TAIAC 1980). By 1975, the industries began to reflect these conditions: employment fell by 22 percent in textiles and by 25 percent in clothing and footwear in the year to March 1975—a loss of 34,000 jobs. Policy was quickly reversed as temporary and selected assistance measures were applied and use was made of voluntary restraints under the Multi-Fiber Arrangement (MFA). But these were insufficient and, despite the recommendation of the IAC (1977b) that protection for the TCF sector be phased out, global tariff quotas (quotas with sharply increasing tariff rates on imports beyond the quota) became the main instrument of assistance from mid-1976. Figures 6.1 and 6.2 detail the changes in effective assistance to the two industries and the failure of that assistance to stem the decline in employment, especially in the clothing and footwear industries.

### Blame

A lot of words have been written about the reasons for the eventual failure of the post-war strategy. One story that is especially important now is that of rational economics. Versions of this story have been told by the IAC (1975, 1976, 1977a) and the Treasury (1978). This story focuses on internationalization (the need to equalize internal market conditions with those outside), the reduced power of governments to intervene, the costs of government intervention, and the effects of international price changes. It lays particular blame on labor organizations and the rigidities and costs that they imposed on workplaces, together with the inefficiencies that were introduced by government regulation and protection of domestic producers. It also identifies other places—like Japan and the east Asian NIEs—as countries in which rigidities, costs and inefficiencies do not hinder continued growth. Throughout the arguments the theory of comparative advantage is used to justify the removal of protection and other forms of government support for industry (for examples, see IAC 1986; Garnaut 1989). The cost of change must be borne, so the argument goes, by those who imposed the rigidities (principally unions) and by those (workers or corporations) who are inefficient. But, it continues, all these costs are in the long run worthwhile, for through them new conditions can be achieved that will provide the basis for rising community standards of living.

Industries Assistance Commission reports on the TCF sector (IAC 1977b, 1986) make this argument clear. The 1986 report observed the then-existing array of protection to which the TCF sector was subject: tariffs at varying levels for different products and bounties on some forms of production; quotas—some of which are tradable—generally operated to permit free entry up to a certain volume and then charged very high tariff rates for

imports that exceed that volume. According to the IAC (1986:17–32) the net effect of these policies has been:

- higher prices and greater market share for local producers;
- favoring of production for lower ends of the market since quotas promote the import of the most profitable (i.e. most expensive) items;
- higher prices for consumers (costing them in the order of \$A60 each year for every man, woman and child) and a depleted product range;
- raised costs for other industries;
- inconsistency with government’s objectives of promoting efficient and productive industries.

All of these prices have been paid, advocates of market rationalism aver, so as to protect an industry that has required ever-increasing protection.

This story, however, idealizes the history of post-war economic policy. It glosses over imperfections that became evident during the period of rapid growth. It obscures the power relations that underpin the interpretation, and in particular neglects the rising salience of mining and financial interests in Australia’s political economy. It ignores the distribution of benefits and losses. It also ignores some of the gains made under protective regimes, such as the fact that by the late 1970s, for example, production in the TCF sector had stabilized, output per person was rising more rapidly than in any other manufacturing sector, profitability was relatively high, and TCF wholesale prices were rising more slowly than in any other manufacturing sector (TAIAC 1980).

Others draw different lessons from the past and from what happened in other places. They suggest that Australia’s level of protectionism in the late 1970s was not unusual compared to that of other industrializing countries. What has been unusual in Australia, though, has been that the state has articulated a vision and set broad policies to achieve that vision while failing to intervene to alter the behavior of the very corporations that were crucial to implementing the vision (Ravenhill 1994). In Australia the state sought to industrialize by providing some policy settings to achieve that aim and then letting corporations largely get on with it. By contrast, during industrialization the governments of Japan, Korea and Taiwan all sought particular industries, particular technologies, and particular forms of restructuring at particular times (Webber 1994).

This difference is crucial. In the 1950s and 1960s in Australia, industries would appear before the Tariff Board and argue either “infant industry” grounds for protection or, as in the case of the TCF industries, protection to allow improvements in efficiency. This argument claims that industrialization is a process of cumulative causation. When a firm begins to produce, its managers and workers have to learn how to make things, who and where reliable and cheap suppliers are, who and where reliable

transporters are, and where the buyers are. They learn by doing. But as this firm produces, so firms that supply it and that buy from it benefit from its learning too—their markets are enlarged, their learning progresses, and their inputs become cheaper. So, the whole manufacturing, supplying, transporting subculture interacts in this process of growth, producing more and more things more and more cheaply. In the end it is this process that has fed the dynamic of growth in Japan, Korea and Taiwan—far more than relying on low wages or competitiveness when they started to industrialize, the producers learned to become competitive.

As some recognized, such active state intervention and learning to become competitive needed to occur in Australia (Vernon 1965; Jackson 1975). But it largely never did—from which the ideologically driven free-traders have concluded that protectionism leads merely to corporations that depend on the state for handouts. The correct conclusion, however, is that cumulative causation needs something else to start it off, something more than mere protection. It needs interacting, locally supplying and locally buying firms, prodded by the state, an industry association or competition to keep moving (World Bank 1993). What Australia got instead was a set of foreign-owned corporations with no or few local linkages that did not push other local firms to innovate, that relied on overseas ideas for their process and product innovations, that had no incentives to export, and that were not being pushed by government pressure to compete internationally (Jackson 1975). Australia did not have autonomous local firms that could spur each other into this virtuous cycle. (What is more, of course, all those firms were spread across the mainland State capitals, more or less in proportion to population, rather than agglomerated in a couple of cities in which they could interact.) So, the crucial intervention over and above the policy settings was missing in Australia and the government never made winners during its protectionist period.

### TOWARDS RESTRUCTURING

These arguments take the form of a rational argument about states and markets. In fact they conceal changes in the nature of the world economy, Australia's position within that economy, and alterations in the structure of power within Australia. What was happening was the prelude to a profound period of industrial restructuring, for the social relations of production, class powers and the relative strengths of sectors were all changing.

Now, complexes of production relations, classes and historic blocs do not exist in national compartments (Cox 1987). They are linked to a world order that bears directly on them as well as influencing their national states. Once an equilibrium between state and society has been reached, the state draws resources from society and uses those to maintain and reproduce the society. The growth strategy integrates a form of the state, particular models of social relations of production, power relations between groups within

society, and modes of integration of the national economy into the world economy. Concentrations of forces tend to maintain the system's structure, but change does occur at all levels—in production relations, class relations, the emergence of new historic blocs and forms of the state, and the structure of the world order. Indeed, the evolution of a growth strategy itself changes the relations of power between the social groups that constructed the strategy and therefore lays the basis for a change in strategy.

*Industrial restructuring*, it can be said, is a change in the relations between the governments, corporations, workers and other social groups in a national economy, industry or region, altering the nature of that economy (Webber *et al.* 1991). In other words, industrial restructuring is the process of abandoning or shifting between two growth strategies. During periods of upheaval or social revolution, when an emerging historic bloc challenges and displaces the existing one, the state becomes more active and innovative, assisting in the establishment of a new growth strategy, achieved through industrial restructuring. Such restructurings involve transformations within the state itself. So the formative phases of production relations and growth strategies are determined by transformations in forms of the state that are accommodated by the displacement of one historic bloc by another (Cox 1987).

The transformation of a world order involves changes in relative powers of principal states, the uneven development of productive forces leading to a new distribution of productive powers, the formation of new historic blocs, and the putting into place of new social relations of production and new mechanisms of capital accumulation (Cox 1987). It is widely argued that the emergence of a global economic system has forced such changes on countries' policies and economies (Cox 1994; Strange 1994; Catley 1996).

From the mid-1970s, the world economy ceased to be an engine of growth (Webber and Rigby 1996 assess explanations of this change). More deeply, the structure of the world economy had shifted. Cox (1994) argues that whereas the Bretton Woods system attempted to balance the demands of a liberal world market with the domestic responsibilities of states, by 1975 this compromise had shifted towards a subordination of domestic economies to the perceived exigencies of a global economy. States, by this argument, have become accountable to a "global economy" as

- the structural power of capital has increased through regulatory and technical changes that make investment strikes and capital flight easier;
- the power of a single state to control, and of trade unions to confront, business has been weakened as cross-border production has been extended;
- increased borrowing of states offshore has raised the power of international credit agencies: finance, decoupled from real production, has come to dominate production and to impose short-term financial gain not longterm industrial development as the criterion of success;



- the institutions of global governance (OECD, Bank for International Settlements, IMF, G-7, and APEC) have in effect created a process of interstate consensus formation about the needs of the world economy, though participation in this consensus formation is hierarchically structured.

Cox (1987) claims that as a result of the economic slowdown and the pressures of the global economy, erstwhile neoliberal states have evolved in one of two directions. Some have pursued Thatcher-Reagan hyperliberalism. Other states (like Japan, W Germany, and other small Western European countries) seek consensus-based adjustment. They recognize the indispensable guiding role of the state in developing productive forces and in advancing their position in the world economy through industry policy, and the need for a negotiated understanding between the principal social forces of production. Australia has pursued elements of both these strategies, as the conflicts inherent in the dual economy play themselves out on the field of policy.

After the initial disquiet about import substitution in the mid-1960s, it took a decade for Australian governments to articulate a new vision. Following the recommendations of Jackson (1975), the government's *White Paper* (Australia 1977) set the new objective as that of achieving an internationally competitive and efficient industry, involving a greater degree of specialization and less reliance on government assistance. During this decade it became widely accepted that import-substituting, immigration-dependent, supervised wage-fixing industrialization had been a failure. Whether it was internally inconsistent, incompletely realized, or pressed by external events is not quite so important as the fact that the received wisdom perceived the failure to be due to the combination of internal inconsistencies and external changes (Anderson 1992). The new, emerging vision was one of rationalizing the economy to an industrial structure that better reflected Australia's comparative advantages and was oriented to exports (Garnaut 1989; IAC 1986). By the late 1970s this discourse had become so dominant that the policy argument was less about the ends than about the means, between those (domestically oriented, like manufacturers and unions) who sought industry development programs to manage the change, and those (led by the IAC and the Treasury and reflecting the outward-oriented sectors) who sought to leave the process to the market (see IAC 1977c, 1977d; Treasury 1978). A more centrist approach (Crawford 1979) proposed to assist industries in adjusting to market forces—perhaps by encouraging the development of attributes that were thought to be important in the new era.

Despite these arguments about policy, actual policies became increasingly *ad hoc*, responding to changes in the circumstances in particular industries (e.g. textiles, clothing and footwear; autos) without reflecting the stated goal. As the LAC continued to complain (1980a, 1980b, 1980c), governments responded to recommendations for reform by citing short-run problems, like recession or unemployment, and then implementing further

defensive measures. So, it having taken the reformers a decade after 1965 to get the government to accept their argument, another decade passed before new industry policies emerged. Becoming gradually stronger as the 1980s wore on, this second phase of post-war industry policy finally emerged as one of internationalizing the Australian economy. No longer citing national social or political goals, the government raised the economy as central to Australian life and argued that “a consistent tenet of our economic policy has been the need to internationalize the Australian economy” (Hawke 1986). This policy has contained four elements.

The first and most obvious element of the new strategy was its clear antiprotectionist stance (Conlon 1994). The ascendancy of free-trade ideology has been reflected in the broad ranging and continuing cuts to protection of manufacturing, to deregulation of huge swathes of the Australian economy by removing financial controls, and through the enthusiastic promotion of free trade regimes and treaties by diplomacy. Policy has continued to talk of the impossibility of picking winners, not of making winners. Industry development policy remains de-emphasized relative to industry restructuring policy. There have been in this period three major revisions of policy towards the TCF industries.

- The first, in 1982, was a change in principle only. Although the government stated that it sought to provide predictability for the industry, improvements in efficiency, a shift to more efficient sectors of local production, and lower prices for consumers through gradual reductions in protection (IAC 1982), it largely perpetuated the then-existing array of tariffs, bounties and quotas (IAC 1986:11–12).
- The second revision was real. The IAC was asked not *whether* current arrangements should be changed but *how* the dependence of the TCF on barrier protection could be phased down. The report (LAC 1986) recommended that, beginning in 1988, the effective rate of protection should fall by 12 percent a year to reach 50 percent by 1996 as tariffs were reduced and quotas increased. The government adopted many of these proposals in 1987 and the Plan came into effect in March 1989 (TCFDA 1989). In May 1988, the government announced a similar phased reduction in protection for other manufacturing sectors (IAC 1988).
- Then, in 1991, it was announced that the rate of change would be increased so that the maximum tariff was below 25 percent by the year 2000 (Button 1991; Hawke 1991; TCFDA 1991).

The second element of recent policy is the conscious assistance given to corporations within the TCF sector to change. (This element distinguishes Australia’s restructuring from its interpretation as deregulation.) Thus, the 1989 plan involved not merely reductions in protection but also an Industries Development Strategy to encourage restructuring. In 1994 a

Future Strategies Committee recommended continuation and refinement of that Strategy, to which the government has responded with the TCF 2000 Plan (TCFDA 1995). In the earlier years of these plans, the government funded a textile industry modernization scheme, offered financial encouragement to firms to process Australia's wool output, provided capital incentives for firms to achieve international competitiveness, offered money to develop the industries' infrastructure, funded capitalization grants, and provided training in management and business skills (IAC 1989; TCFDA 1990). In the early 1990s, these schemes were costing about \$A50–60 million a year. In 1991, funding was increased and a new system of providing import credits was introduced (TCFDA 1992) whereby domestic value added that is exported (except to New Zealand) can be used to reduce tariff duty payments on imports. In effect, the import credits act as an incentive to export by providing exporting firms with cheaper imports than their rivals can obtain. By 1992, with development assistance running at nearly \$A100 million a year (TCFDA 1994), the import credit scheme was extended, and the government permitted articles partially manufactured overseas to be charged duty only on the value added offshore rather than on the full value of the articles. The TCF 2000 plan saw some refinement of these policies: \$A45 million is to be provided as the capital grant schemes are run down and as attention is directed to quality management, quick response manufacturing, the establishment of international intelligence networks, information programs for potential investors, and training centers (TCFDA 1995). As might be expected from such a strategy, the result has been the creation of a set of internationally linked corporations that span Australia's borders, as we shall see in the following section.

A third element of the internationalization strategy is what is known locally as microeconomic reform. In the late 1980s, the Business Council of Australia commissioned and endorsed a series of reports about labor relations (Hilmer *et al.* 1989, 1991, 1993). These reports argued that corporations—not industries or states—are now the crucial units of economic organization, that Australia needs to nurture globally competitive industries, that corporations which compete in the global marketplace require flexibility to adapt to changing market conditions, and that there consequently needs to be a greater degree of diversity in firm-employee and firm-union relations than was permitted under the multi-employer award system. The logic of these arguments is that new technologies, deregulated financial markets, reduced protection, shorter production cycles, volatile exchange rates and greater international competition all give rise to heightened uncertainty for corporations, uncertainty that requires greater flexibility and decentralization of industrial relations than previously existed. These ideas are now driving changes in industrial relations, the public service, privatization, and taxation (see more recent advocacy in BCA 1993). Consequently, since 1993, there has been a gradual shift into bargaining at the enterprise level, overriding the

traditional concerns of the Arbitration Commission with the coordination of industrial relations and wages (Dabschek 1994).

A final element of the new strategy has involved international diplomacy (Ravenhill 1994). More than most industrialized economics, Australia relies on the preservation of a stable and open world economy. Australia is not geographically or culturally positioned to become an obvious member of a regional trading bloc, and its trading partners are diverse. As in other games, the small find it important to rely on rules to protect them from the power of the large and powerful. Particularly in the 1980s and 1990s, this vulnerability has led the emerging strategy to incorporate trade diplomacy to promote rule-based trade liberalization. Australia's abandonment of protection is seen as a prerequisite of attempts to reduce other countries' levels of agricultural protection and so to prevent the fragmentation of the world economy into regional trading blocs (IAC 1986:42). Active encouragement of, and participation in, the Cairns group and APEC provide concrete examples of this diplomacy (Higgott 1994 offers a critical perspective on it).

More generally, as the internalization strategy takes hold, so more and more elements of social and public life are being made subservient to the overarching aim of achieving international competitiveness and internationally integrated "Australian" corporations. Levels of unemployment pay are set so as not to interfere with the attractiveness of low-wage employment. Urban infrastructural projects are evaluated according to their ability to attract business and tourist travel rather than their local use value. Utilities are being privatized so that costs of power, water and the like to business can be lowered. Increasingly, under the free marketeers the country is becoming Australia, Inc., open for business.

This is not yet an agreed strategy, reflecting a national consensus. The outward-oriented sectors, especially mining, finance and agriculture, have sufficient power (and ideological support from most of the country's economists and media) to press the government to dismantle much protection, but have not yet gained acceptance of the hyperliberal proposals advanced by the Business Council of Australia. The Labor government after 1993 and the new Liberal—National Party (conservative) government, elected in early 1996, have tended to accept the BCA positions. In addition, the new government has shown some signs of seeking to dismantle parts of the strategy, particularly those associated with the promotion of exports. However, this move is still open to debate within government and business circles, and some sections of the media are beginning to question the effects of increasing openness. This continuing debate reflects the dualism within Australia's economy, for the manufacturing sector has been most diminished by the change in strategy and most vociferous in arguing for gradualism and consensus.

Whereas commentators such as Cox (1994), Strange (1994) and Catley (1996) have argued that the emergence of the global economic system has

forced changes in politics and economics, the evidence here suggests that domestic policies have enhanced the progress of globalization. Certainly, the global financial system constrains state action. Yet the internationalization of Australia's manufacturing sector since the mid-1980s has reflected a stated strategy that has gradually evolved since the mid-1960s in response to the failure of the old strategy, new configurations of social power and a new strength of economic rationalist views.<sup>4</sup> This strategy has not yet been embraced by a stable, hegemonic social group—for there is evidence of vacillation between two somewhat different strategies. Nevertheless, it has been the state that has orchestrated the internationalization of manufacturing in Australia: globalization is produced by states (though not all states are equally as effective in this process). The outcomes of that strategy have been profound.

## OUTCOMES

### Corporate organization

The response of organizations to the new policy involves changes in their strategies, changes that reflect the manner in which corporations have both adapted to, and been a component of, the new strategy of accumulation within Australia.

National and investment-constrained firms dominated Australian manufacturing in the 1950s (Fagan and Webber 1994).<sup>5</sup> The branch plants of TNCs then multiplied rapidly, producing largely for the Australian “host” market. Such branch plants are archetypically market-constrained operations. Restructuring since the mid-1970s has seen genuinely global corporations emerge that are not simply producing, marketing and investing in many nations, but are integrating the three processes at a global scale.<sup>6</sup> Even firms in the “national” division are now linked increasingly to the global economy through international banks, technology imports and franchising, subcontracting for global firms and increased competition for local markets either from TNC branch plants or imports. Competition between these firms, cooperation and struggles with diverse groups of workers, and changing patterns of government regulation affect the movement of firms from one division to another. The emergence of “Australian” transnational corporations has been the most obvious manifestation of the strategy of internationalization. The restructuring of the TCF sector illustrates the process particularly clearly.

The TCF sector entered the 1980s with a set of firms that were predominantly national. Only a scattering of fiber producers were multinationals producing for the Australian market. By 1993, five years after the Plan was announced, quotas had been abolished, capital investment was running at high levels, the workforce (including management) was becoming more skilled, and higher value products were being produced (TCFDA 1993).

In textiles, several “world class” cotton spinning mills were operating, several textiles companies had rationalized their facilities and production, carpet manufacturers were merging and upgrading, and weaving and knitting products were improving in quality. Among the clothing companies, especially the larger ones, new strategies involved divesting some or all of their in-house manufacturing in favor of dual sourcing that combines local cut, make and trim manufacturing (often involving outworkers) with offshore supply. The offshore supply is from the companies’ own overseas plants, from joint ventures or is arranged with independent operators. China has absorbed by far the largest part of this investment. Some companies have retained their manufacturing capacity but altered their product range and methods to achieve quicker response to retail demands. So, increasingly, Australia’s clothing companies are no longer manufacturers *per se* but are managers of a supply process which involves the design, sourcing, marketing and distribution of clothing products (TCFDA 1993, 1995). To a large extent the supply process is driven by retailers. Between the inception of the Plan and 1994, some \$A1.9 billion had been invested in the TCF sector. As the last report of the TCF Development Authority claimed, there is anecdotal evidence that investment incentives have encouraged significant structural change in an industry that had been characterized by low investment levels before the Plan (TCFDA 1995).

Among the companies which have restructured dramatically is Australia’s most prominent “clothing manufacturer,” Pacific Dunlop (Fagan and Webber 1994). In the 1970s Pacific Dunlop Ltd began a vigorous program of takeovers across several sectors of Australian and New Zealand manufacturing, merging and severely rationalizing several clothing manufacturers. Its “Pacific Brands” division then established clothing factories in the Philippines, China and the US during the 1980s, to supply products to Australia and other core countries. The ability to source offshore became a potent force in pushing through the rationalization of Pacific Brands plants in Australia, many of which were in non-metropolitan areas. In the rubber goods division, factories were established in Southeast Asia, the US and UK to serve local markets. Finally, Pacific Dunlop’s car battery division entered the US market by taking over a leading battery manufacturer. The rapid internationalization of Pacific Dunlop Ltd was achieved through locating branch plants offshore, merging and taking over companies in Australia and North America, and raising international loans.

This is not to argue that the desired restructuring has been complete. As one review of the TCF industry concluded (Werner 1994: II. 4–5), in many sectors there is a significant gap between international best practice and common actual practice. Basic restructuring has been accomplished in many sectors and assistance has been a valuable aid in this. The weaknesses that remain include a lack of investment in human resources, product and process innovation and exporting. It is here that the TCFDA has most obviously

fallen down. Now the future prospects of the industry depend on industry-specific infrastructure, especially in education and training; management education is particularly weak. In any event, it is by no means clear whether local raw materials (both cotton and wool), specialized design, and local marketing advantages can offset manufacturing cost disadvantages within some sectors of the industry.

Even more critical is Briggs (1994), who claims that the distribution of funds under the plan has been haphazard. Some companies used the funds to invest in labor-saving technology rather than in new production methods or flexible manufacturing systems, whilst others have collapsed. The focus of the TCFDA was really on textiles and the Authority struggled to develop a clear set of principles to inform a strategy for the clothing industry—so firms were allowed to restructure the industry and themselves. Therefore the mechanism that has really driven change has been the reduction in protection, which has been a device to force rationalization and cost reduction rather than a means of developing new skills and product differentiation (see also IC 1995a).

### **Production, prices, exports**

Until 1989/90 output from both sectors had grown slowly and consumer prices were increasing in line with the all-items CPI. As the effects of reducing protection have begun to bite, however, the experience of the two main subsectors—textiles, and clothing and footwear—has diverged. The output of clothing and footwear was in 1996 little more than half what it was in 1989, but the output of textiles had increased by 40 percent (TCFDA *Annual Reports*). The price of clothing and footwear has been stable since 1990 (whereas the all-components CPI has risen by 10 percent). These are the changes that might have been expected from removal of protection and the focus of development funds on the textile sector.

One of the most comprehensive reviews of the impact of the new strategy on Australia's trading performance has been provided by Sheehan *et al.* (1994). As they observe, the structural challenge for Australia is whether new and expanded industries, integrated into the rapidly growing sectors of the world economy, can be created to provide a basis for growth and prosperity in the next century. The heart of the challenge is in elaborately transformed manufactures, trade which is growing rapidly and in which Australia has traditionally been uncompetitive. Since 1985, Australia's manufacturers have effected a remarkable change in this traditional pattern (Table 6.1).

While this change in the performance of ETMs performance has been spread across categories, it has been particularly marked in "policy ETMs." These are industries such as pharmaceuticals, computing equipment, telecommunications equipment, road vehicles, other transport and clothing, which are characterized by oligopolistic market structures, competition in

Table 6. 1 Exports and imports, manufactured commodities, Australia, 1979–93

	<i>Rate of growth, exports</i>		<i>Rate of growth, imports</i>	
	<i>1979–85</i>	<i>1985–93</i>	<i>1979–85</i>	<i>1985–93</i>
ETMs	1.8	14.5	6.4	5.2
Other manufactures	6.6	8.2	4.3	6.3
Non-manufactures	3.5	4.6	3.3	4.3

Source: Sheehan *et al.* (1994:6)

Notes: ETMs are elaborately transformed manufactures. Data are average annual percentage rates of growth using constant prices of 1989–90

technical and quality features, and industry-specific policies (Sheehan *et al.* 1994:9–13). The performance of the TCF sector is indicated in Table 6.2. The effects are difficult to quantify, they add, but the industry-specific policies appear to have played an important part in the improved export performance (Sheehan *et al.* 1994:29–30). In addition, changes in culture and attitudes are important to international competitiveness, export orientation, best practice efficiency and an economic future linked to world markets, particularly Asia. Falling relative costs of production within Australia have played their part too, stimulated first by the devaluation of 1985 and then by increased microeconomic efficiency. Finally, the expansion of world imports of ETMs—and especially in Asia—has also encouraged Australian producers.

### Labor

A growth strategy is supported by the supply of labor power with a particular distribution of characteristics. So a new growth strategy both reflects altered characteristics of the gendered labor power that is supplied and changes those characteristics. Once growth faltered in the early 1970s and financial capital increasingly intruded into property markets, many houses became too expensive for single-wage households. Quite apart from the personal demands of women that they have equal access to the labor market, women were also forced to supply their labor power for sale. The rise of two (or one and a half) income households has supported Australia’s internationalization strategy by permitting hourly wages to be reduced while household consumption levels are maintained (at least in households where there is one

Table 6.2 Trade in footwear, clothing and textiles, Australia, 1979–93

	<i>Exports (millions of current \$A)</i>			<i>Imports (millions of current \$A)</i>		
	<i>1979</i>	<i>1985</i>	<i>1993</i>	<i>1979</i>	<i>1985</i>	<i>1993</i>
Footwear	3	6	53	101	198	515
Clothing	19	19	221	275	567	1,451
Textiles	45	89	354	887	1,584	2,189

Source: Sheehan *et al.* (1994–4)



or more wage earner). This changing gender division of labor means that the new strategy of growth is more and more to be based on low wages, an enlarged supply of labor power and high aggregate levels of consumption.<sup>7</sup> These global changes have exerted a major impact on people in specific cities, industrial regions and rural areas during the 1980s. New geographies are emerging from those of the 1970s as the operations of the labor market are increasingly subjected to the demands of the strategy of internationalization (as the recommendations in Sloan *et al.* 1985 make clear).

The first most obvious and most painful consequence of internationalization in the TCF sector has been job loss.<sup>8</sup> Officially, the clothing and footwear sector lost more than a quarter of its jobs in the decade to 1996 (TCFDA *Annual Reports*), though such official figures may understate the increasing number of people who perform outwork. Between the inception of the Plan and 1994 there was a net loss of 19,000 TCF jobs—equivalent to 17 percent of the workforce. Job losses were more acute in the clothing and footwear industries than in textiles.

The fact of job loss was not unanticipated. As one element of the Plan, the government established the Office of Labor Market Adjustment (OLMA). The OLMA was charged to measure the effects of structural change on national and regional labor markets, to develop policy responses to needs for structural adjustment assistance, to administer programs of assistance, and to monitor program take up and evaluate program responses. One of OLMA's central tasks was to administer a program of assistance to people retrenched from the TCF industries—the so-called Labor Adjustment Program (LAP). Assistance under LAP includes:

- preparatory training (such as English language, literacy and numeracy) for up to 12 months;
- formal vocational training (including income support) for up to another 12 months;
- wage subsidies paid to an approved employer for up to six months;
- relocation assistance to start a new job or take up training.

Training assistance was generally aimed at assisting a retrenched worker gain employment outside the TCF industries. The program was available to workers who have been retrenched if they worked for at least 24 of the past 36 months in the TCF industries (either as an employee or as an outworker), were retrenched on or after January 1, 1988, and were employed for at least 19 hours per week. (The assistance available and the conditions of its availability changed in 1991.) Although the LAP was slow to start up, by 1992/3 the number of persons assisted under the TCF LAP over the life of the program had risen to over 50 percent of known retrenchees since 1988 (for a review, see Webber *et al.* 1995). In one indication of a shift towards a hyperliberal strategy, this program was abandoned in 1996.

Other programs of assistance administered by OLMA were of lesser significance. Regional initiatives included funding for committees to promote community involvement in employment, education and training; regional skills surveys and employment profiles; training in response to appropriate skills needs; employment development projects, including services to support small businesses; and assistance to expanding enterprises to recruit and train new staff. Enterprise-based measures were designed to reduce the wastage of skilled employees during downturn or restructuring, to offer training and skills development, to provide assistance to firms implementing change, and to upgrade employees' skills.

Programs like this are seeking to reduce the "deadweight costs" of unemployment, to reduce the rate of wage inflation associated with a given rate of unemployment, and to provide a labor force with skills more adapted to the needs of internationally competing corporations. Whatever the merits of schemes like LAP—and they are considerable—they also fit into broader strategic considerations (Cox 1987).

### WHAT, THEN, IS POSSIBLE?

While the Australian state has been orchestrating the development of international corporations over the last decade or so, it has also changed the context within which it can exercise the levers of power. Deregulation, as a component of internationalization, reduces the number of points and the directness with which the state can intervene in the operations of corporations. What remains, then, of state power with which to manage the economy? More importantly, what remains of state power to decide on the goals of economic management?

Some recent arguments from economic rationalists and their critics suggest that the scope for state action is limited. The Hilmer reports (Hilmer *et al.* 1989, 1991, 1993) really focused on the need for the Australian government to decentralize industrial relations, by abolishing centralized fixing of employment conditions in favor of enterprise-level bargaining. Regulation of the labor market remains an important prerogative of governments (indeed it formed one of the central issues in the March 1996 election campaign), but economic rationalists would argue that internationalization demands that the state deregulate and offer flexibility—that is, that any other policy would be disallowed by the international business community (compare Peck, Chapter 4). Some academic commentators endorse this limited view of the power of the state (Wanna 1994, for example), and bemoan the apparent detachment from industrial policy:

no one in government at the national level believes it is even the function of the state to impart any sort of direction to the changes pressed on us by the forces of the market. When the big questions are

asked: what sort of Australia do we want? how many people? what will most of us be doing? how will we pay our way? there is an eerie silence. Not only does no one want to think about these questions...but a generation of bureaucrats, academics and politicians has been persuaded that it is wrong to think about these matters...

(Stewart 1989:11)

Such a retreat is heartily endorsed by the Green Paper, *Restoring Full Employment* (Keating 1993:64–6), which argues that the prime role of industry policy should be to remove impediments to growth and to eliminate market failures.

From the domestic sector, the manufacturers' lobby group, the Australian Manufacturing Council, published *The Global Challenge* in July 1990. The AMC recommended that the government assist and subsidize long-run export projects, support greater rates of research and development, provide venture capital, engage in strategic procurement policies, assist smaller firms to network, and encourage the location in Australia of parts of global-scale industries (such as auto, information equipment and aerospace firms). Many of these recommendations have largely disappeared from the policy agenda under the assault of the economic rationalists. Yet this is not very imaginative about goals, simply about tactics.

The labor movement has been largely aligned with the domestic sector. In a move designed to influence the deliberations of the Federal government about employment policy, the Australian Council of Trade Unions released its *A Program Towards Full Employment* in November 1993. To the authors of this report the challenge was to achieve sufficiently high rates of growth of output that will reduce the rate of unemployment, reduce long-term unemployment, and reduce unemployment in those regions where it is highest. The ACTU favors active intervention in industrial development. The ACTU clearly recommends that government investment in physical and social infrastructure be used not merely as a tool that achieves efficiency gains and improves social life but as a way of remedying unemployment. Similar multiple objectives are attributed to investment in environmental industries. The orthodox economic argument that such policies can lead to overinvestment in infrastructure or the environment misses the whole point of the ACTU's position—namely, that unemployment is itself bad; indeed such a great bad that static allocative inefficiencies may be a small price to pay for reducing unemployment, especially when those inefficiencies are identified only in theory.

These arguments agree largely about the goals of the growth strategy. Australia is to be set on the path of internationalization, or as the IAC (1986:42) puts it, on a path of integration with the economies of the Asia-Pacific region. The only difference between the authors concerns their recommended means. Hilmer seeks policies that attach to Australia parts of the operations of multinational corporations; the AMC sees room for some

intervention to assist Australian corporations to grow; and the ACTU argues for broader social policies rather than simply policies that would assist the health of corporations. Policies, like tariffs and labor market regulations, that militate against international competitiveness are to be altered (IAC 1986:11). In an environment in which tariffs are zero or near zero, domestic prices are near international prices. That means that efficiency is to be measured in relation to the prices (that is, since we are small, the preferences and costs) of other countries. We can by this view make no conscious decisions to do things differently—being Australian in this case means nothing more than reflecting the relative availability of sun, sea and land in our cost structure. The only freedom we have in this view is the freedom to be more or less efficient—to be more or less skilled, more or less well organized.

However, the restructuring interpretation identifies the changes in policy less as a retreat of the state in the face of global pressure and more as the creation of conditions under which global forms of capitalist organization can develop and prosper. The Australian state, like many other states, has participated in the creation of the conditions under which the borders of Australian economic identity have become fluid and permeable. As this has happened, new powerful actors—global financial institutions, especially—have emerged to challenge the state's capacity to set goals and tactics. Yet other actors have clearly lost power. Over the last thirty years, outward-oriented forces have gained power at the expense of the domestic-oriented sector and, more recently, the union movement has been a notable casualty. This is different from saying that the state has diminished capacity.

There are constraints upon the levers that governments can pull. Australia is not a distinct economic entity that can be steered like a ship. The interconnecting corporations, institutions, people, sectors, and regions that make up Australia have their own projects reflecting their own strategy rather than a common, harmonious project, and different corporations, sectors, and regions are traveling down quite different paths of evolution. But there always were limits on state power (Catley 1996 describes forms of interstate competition before the global era). The issue, however, is not one of state capacity. It is, rather, one of pushing the state to adopt a different growth strategy from the market-driven, export-oriented push that now dominates policy. An improved growth strategy needs some reorientation of thinking and the setting of appropriate national goals.

What happens to the working lives of people in Australia depends both on conditions in the external world and on decisions that people make within Australia. No matter what Australians do, the global strategies of transnational corporations have become vital ingredients in shaping the future of the people who live and work in Australia. Models—like the theory of comparative advantage—which assume that transactions are at arm's-length are increasingly irrelevant to this new world. And related ideas which assume that local producers can make independent decisions—such as the

notion that if *we* can produce cheaply by altering our way of working then we will become internationally competitive and so grow—are also becoming increasingly irrelevant. Our futures are being shaped by the strategies of global corporations (which have one or a couple of subsidiaries in Australia) rather than by the decisions of “Australian” corporations. Yet it is also important not to regard the actions of governments and corporations as merely responses to globalization. Governments and corporations do have freedom of action, scope for strategic decisions. Indeed, decisions made within Australia are one of the components of globalization.

## NOTES

- 1 It is useful to distinguish globalization and internationalization. Globalization refers to the development of an economy and forms of governance that span the entire world. Such a development reflects three processes: the integration of financial markets across the entire world; the integration of production, trade and capital formation across national boundaries in global corporations; and the emergence of functions of global governance that partially regulate national economic and environmental policies. Internationalization, on the other hand, refers to processes that span at least one national border.
- 2 The capitalized “State” is used to refer to the subnational political territories within Australia; “state” to the gamut of institutions of governance.
- 3 The Tariff Board was reformed and renamed as the Industries Assistance Commission in 1974; after a further revision of its functions, it was called the Industry Commission until 1996 when it was again renamed (as the Productivity Commission). The Board and its successors have been statutory authorities charged to give advice to governments, initially about appropriate levels of the tariff and later about more general issues of industry policy (and lately about other arenas of microeconomic policy).
- 4 “Economic rationalism” is the term applied within Australia to what are sometimes called hyperliberal or neoliberal political and economic theories.
- 5 *National* firms produce, sell their commodities, raise capital and reinvest largely within the territory of their home nation. Firms which are *investment-constrained* produce and reinvest locally but sell a significant proportion of their output on world markets. These include domestic exporters other than TNCs (Bryan 1987).
- 6 *Global* firms produce within global networks of TNC branch plants, sell goods and services on world markets, and obtain finance for reinvestment globally (for example from the profits of overseas production or borrowing from transnational banks). In Australia such global firms include BHP Ltd and IBM (Bryan 1987).
- 7 The links between immigration, ethnicity and labor market conditions on one side and the strategy of growth on the other can be analyzed in a similar fashion.
- 8 Another consequence has been a marked change in the social relations of production, with the rapid growth of outwork and of various forms of casual employment.

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## OF BLOCS, FLOWS AND NETWORKS

The end of the Cold War, cyberspace, and the  
geo-economics of organized labor at the

*fin de millénaire*<sup>1</sup>

*Andrew Herod*

This is a time of turbulence...The disappearance of a two superpower system, yes it is a new situation and we thought it would be good. The Cold War, some people are saying, is over and new criteria will apply and new approaches will dominate the world rather than old. But the first sign we noted in this new situation is that one superpower wants to dominate the world and this is bad. One superpower is even worse than two.

(Alexander Zharikov 1995)

Join the cybermarchers! As rogue employers go global, workers are responding with a creative new use of the World Wide Web...For the first time, anyone with Web access will be able to wage an integrated “corporate campaign” against a leading multinational. As the cyberdemo mounts, Bridgestone will be seeing some home truths on its home pages.

(ICEM 1996c)

In a 1990 article in *The National Interest*, Edward Luttwak (the Burke Chair in Strategy at the Center for Strategic and International Studies in Washington, DC) argued that in a post-Soviet world the activities of nation states would increasingly be defined less by traditional geopolitical interests and more by geo-economic ones (Luttwak 1990). What he meant by this was that rivalries relating to commercial concerns were displacing the military and ideological concerns which had dominated the Soviet—Western rivalry of the Cold War period. Whereas during the decades after the Second World War commercial interests and conflicts between ideological allies had often been suppressed so as not to threaten the cleanly drawn lines of the larger military rivalry between “East” and “West,” now the demise of the Soviet

Union has opened a space for such commercial interests and conflicts increasingly to dictate nations' foreign policies. Certainly, this is not to say that geopolitical and military interests will no longer shape governments' policies, for security threats and military challenges (imagined or real) will always be present. Yet it is to say that discourses concerning "geopolitical interests" may increasingly take a backseat role to discourses concerning "geo-economic interests." Already, in the United States for example, the construction of what some have termed the "Clinton Doctrine" in which foreign relations are increasingly articulated around the potential for trade wars, the benefits of free trade, and the demonization of "unfair economic players" such as Japan with its "protectionist" rice farmers and "cut-price" auto makers has begun to replace the kinds of Cold War rhetoric exhibited by, say, the Reagan Administration (e.g. the USSR as the "Evil Empire"; see also 6 Tuathail [1993]). "[A]s the relevance of military threats and military alliances wanes," Luttwak has suggested (1990:20), "geo-economic priorities and modalities are becoming dominant in state action."

Although in his article Luttwak was talking specifically about how *states* are adopting new roles and pursuing new sets of interests in the post-Cold War period, the end of the Cold War and the continued evolution of what Coffey (1996) has called the newer international division of labor are also inaugurating a similar transformation in the material and discursive practices of international trade union politics. Such a transformation is marked by a move away from the geopolitical concerns of East—West bloc politics and the global ideological struggle which have characterized international trade union politics for much of the past half century and towards a greater concern with geo-economic issues related to globalization, the power of transnational capital, and the growing integration of formerly fairly discretely organized national economies. It is a transformation taking place within: (a) a *material* context marked by the disintegration of the old territorial fixities and certainties which organized the spaces of Cold War trade union bloc politics and national capitalisms, the dramatic shrinking of relative distances between workers across the face of the planet as telecommunications and transportation technologies make it possible for corporations to evermore easily operate global assembly lines, the massive growth of flows of capital throughout global space, the creation of new organizational structures and institutions (such as the World Trade Organization), the implementation of neoliberal policies which are reducing the power of national labor laws to regulate capital, and by the growth of transnational trade union organizing; and (b) a *discursive* context—perhaps most clearly highlighted by Francis Fukuyama's (1992) notion of the "End of History"—in which liberal democratic free market capitalism is said to have "clearly" beaten centrally planned socialism, ideological affiliations seem less important than economic "realities," and Adam Smith's "Competitive Man" has supposedly sent Karl Marx's "Cooperative Man" to the garbage dump of history.

This transformation from a geopolitical regime of international trade union politics to a geo-economic one is unleashing a dynamic struggle to inscribe a new historical geography of trade unionism onto an increasingly unruly global space-economy. The collapse of the Soviet Union has opened up new spaces—particularly in Central and Eastern Europe but also elsewhere—and possibilities for international trade union activities. Not only is the increased pace and scale of global capitalism encouraging many unions to adopt new modes of organizing (such as using the Internet to conduct “cyberdemonstrations” and “cybermarches”) and new geographies of organizing (such as the use of global campaigns against particular corporations [see Herod 1995 for an example]), but the fast and fluid geopolitics and geoeconomics of the post-Cold War period are auguring a restructuring of many trade union bodies and practices. Consequently, as we approach the *fin de millénaire*, the geography of international trade union organization is in a state of great flux.

In this chapter, then, I analyze how the political and economic changes in Central and Eastern Europe related to the collapse of Communism, together with the growing integration of the global economy, are transforming the nature and form of international trade union politics. Specifically, the chapter examines how a number of international trade union bodies are responding to the emergence of a particularly unruly, almost anarchic, form of capitalism in the region and the collapse of state controlled trade unions. Significantly, although the Western trade union bodies involved are to a degree still concerned about the potential resurrection of Communism (particularly given the electoral success of former Communists in Poland, the Baltics, and elsewhere), a more pressing issue is the threat posed by unbridled free market capitalism in the region to workers in both Eastern *and* Western Europe. Increasingly, it is geo-economic rather than geopolitical interests which are driving international trade union activities in the region. Such geo-economic concerns are not confined to Central and Eastern Europe, where the demise of the Soviet Union is perhaps felt most immediately, but can also be seen expressed in the broader global activities of organized labor. In particular, workers are increasingly engaging in global campaigns against transnational corporations—a practice which requires different geographical tactics than does organizing nationally, regionally, or locally. Paradoxically, one way in which many unions are seeking to realize their geo-economic interests is through using the very telecommunications technologies that have enabled capital to organize itself planetwide. In particular, many are making wide and innovative use of the Internet. This raises interesting questions about the political economy of speed and space in trade union organizing campaigns.

The chapter itself is organized into three parts. The first part outlines the structure of international trade union geopolitics in the period from the end of the Second World War until the late 1980s. The second part of the chapter looks at the restructuring of the geography of trade unionism in Central and

Eastern Europe and efforts of some international union organizations both to remake their identities in the post-Cold War era and to remake the structures which have governed organized labor in the global arena for the past half century. The third section examines how some trade unions are developing innovative means of organizing to adapt to the new realities of a globally organized fast capitalism, specifically their efforts to organize in and through cyberspace.

### INTERNATIONAL TRADE UNION POLITICS DURING THE COLD WAR

The political and economic geography of the Cold War has often been characterized using a discourse of “blocs” and “worlds.” Typically, such blocs and worlds were seen to be relatively impermeable and fixed, a division of global space into supposedly coherent spatial units of East and West, North and South, First World, Second World, and Third World. In terms of superpower rivalries, the most important geopolitical alignment for most of the past half century has been the West-East, First World-Second World division. Political geographers have generally examined this ideological and geographical West-East divide in terms of the practices of statecraft engaged in by various government officials. Much analysis has involved analyzing how First World advanced capitalist nations and Second World “socialist” nations have battled it out to develop alliances with various Third World nations for access to strategic minerals and transportation corridors, and to use as buffer zones. More recently, what some have called “critical geopolitics” has sought to show how particular representations of political geographies are created and manipulated (see Dalby 1990, 1994; Dodds 1994; Ó Tuathail 1994). Such work focuses principally upon the cultural practices of the Cold War. A sometimes overlooked aspect of the geopolitics of the Cold War, however, is that of the geopolitical rivalries played out within the international trade union movement. Indeed, trade union organizations allied with Washington and Moscow engaged in intense rivalry and carved out vast spheres of influence across the planet.

International trade union politics itself has a long history stretching back at least into the middle of the nineteenth century (Herod 1997; see also van Holthoon and van der Linden 1988). Prior to the Second World War, a number of international trade union organizations were established to develop closer ties between workers located in different countries. Principal among these were several International Trade Secretariats (ITSs) organized in particular industries (such as metalworking, mining, transport, agriculture, food processing) to which unions in those industries affiliated themselves, and a number of more broadly constituted organizations with which the various national trade union centers in different countries affiliated (for instance, the US American Federation of Labor or the British Trades Union Congress). Of

these latter, the International Federation of Trade Unions (IFTU) was the principal organization to which the largest national centers of the more industrialized European countries belonged, although there were several other smaller bodies—including the International Federation of Christian Trade Unions (usually known by its French acronym CISC) and the Comintern-backed Red Trades Union International (usually referred to as the Profintern). Indeed, at this time it was the various European trade unions which played the greatest role in international trade union organizations, the result largely of the historical geography of industrialization (and hence of union development) and of the American Federation of Labor's (AFL) ambivalence towards such organizations, an ambivalence which meant that the national trade union center to which most North American unionists belonged played only a marginal role in the IFTU (see Herod 1997 for more details). Whilst there have always been political differences among unions belonging to such international trade union organizations (for example between socialist and Christian unions), beginning in the late 1940s the international trade union movement became increasingly both a victim of, and a frequently willing participant in, the conduct of West—East superpower rivalries (see MacShane 1992 for an extended analysis of labor's role in the origins of the Cold War).

Of those various international trade union organizations which had existed before 1939 (see Price 1945; Windmuller 1980; and Busch 1983 for good summaries), most were either dissolved or severely limited their operations with the outbreak of war. In early 1945, recognizing that victory was imminent, representatives of the British, US, and Soviet labor movements came together to set about establishing a new international trade union center that would operate after the end of hostilities and that would replace the now defunct pre-war IFTU. This organization was the World Federation of Trade Unions (WFTU). Significantly, in what can be seen as a portent of things to come, the US labor movement was represented in the WFTU by officials from the upstart Congress of Industrial Organizations (CIO), rather than from the older AFL which refused to countenance any connections with an international trade union body that contained Communist-dominated organizations. Indeed, of the some 67 million workers which the various national centers affiliated with the WFTU claimed to represent at the Federation's founding convention, about half this number was accounted for by the trade unions from the Soviet Union. The Federation's goals, at least as stated in its constitution, were to unite the trade unions of the world, regardless of race, nationality, religion or political ideology, to assist workers in less developed countries to establish trade unions and other labor-orientated organizations, to combat fascism and war, to ensure workers received adequate rates of pay and standards of living, to represent workers' interests in international institutions, and to promote democratic government, full employment, and social security for the aged and infirm (WFTU 1995; Windmuller 1980). Furthermore, the WFTU's

constitution stated that the Federation's intent was to incorporate the various autonomous ITSs as bodies subordinate to the new organization. With the participation of the Soviet trade unions (which had been absent from the pre-war IFTU), the World Federation of Trade Unions was the largest and most geographically extensive of any international trade union organization to that date.

Despite efforts to minimize internal differences so as to present a unified international trade union front, there were in fact considerable differences represented in the Federation, particularly in terms of ideological orientation, conceptions of trade unionism, political traditions, and levels of economic development of member countries. These differences soon became manifested in a growing split between on the one hand a group of mostly Western trade union centers headed by the CIO and the TUC, and on the other a much larger group of Communist-led unions from Central and Eastern Europe, the Soviet Union, France, Italy, Latin America, and Asia. In particular, conflicts over the implementation of the United States' Marshall Plan provoked intense division along ideological lines, with most Western nonCommunist trade unions supporting the Plan as a way of reviving Western Europe's economy in the post-war period, whilst most Communist-led unions opposed the Plan as little more than a US attempt to solidify economic and political control over Western Europe and to establish a permanent presence in the region. In addition, although several of the ITSs (especially those with strong Communist leanings) had earlier expressed interest in becoming officially part of the WFTU, the Secretariats as a whole and the Federation could not agree upon the means by which this was to be achieved. This, too, caused great tension between Communist and nonCommunist trade union officials, with non-Communist officials in the Secretariats becoming increasingly unwilling to cede their autonomy to the WFTU whose executive organs were dominated by Communists from Soviet and Central and Eastern European trade unions.

With West—East tensions growing greater (as manifested in such things as the Berlin blockade and airlift), in 1949 most of the Western and nonCommunist affiliates decided to leave the WFTU and to form a new international trade union organization to be known as the International Confederation of Free Trade Unions (ICFTU). Throughout the next 40 years, these two organizations—the WFTU and the ICFTU—would be the most important trade union organizations operating in the international arena.<sup>2</sup> Given the circumstances of their origins and the ideological persuasions of their respective member national centers, throughout the period of the Cold War the two organizations frequently aligned themselves with Washington and Moscow, such that their activities were usually more reflective of the shifting state of relations between the two superpower blocs than they were of the needs of workers. This was particularly so for the WFTU, whose position on issues often seemed to reflect the changing goals

of Soviet foreign policy (see Godson 1984 for an account of the role of trade unions in Soviet foreign policy). Hence, for example, the WFTU expelled the Yugoslav trade unions at the time of Stalin's split with Tito.<sup>3</sup> For its part, the member centers of the ICFTU were generally less dominated by their respective governments (though this was less clear in the case of a number of less developed countries). Nevertheless, the Confederation frequently adopted anti-Communist positions on the basis of its refusal to work with unions under totalitarian direction, thereby falling in line with the anti-Communist forces of the Cold War. Thus, for instance, the Confederation broke off relations with the International Graphical Federation trade secretariat when the latter insisted on admitting a print union affiliated with the Communist French General Confederation of Labor (Confederation Générale du Travail [CGT]).

Upon its creation, one of the first things the ICFTU did was to create a number of regional bodies in various parts of the world to further its interests. The major proponents of developing regional formations were the AFL and a number of trade union centers from less developed countries. There were several reasons for this. First, the creation of regional organizations in Latin America, Africa, and Asia would reduce the historic domination of international trade union organizations by European trade unions, thereby allowing unions in these other parts of the world a greater voice in the ICFTU. Second, the AFL had long been suspicious of the centralized control of European-dominated organizations in which socialist and social democratic trade unionists participated, preferring instead a looser structure with considerable regional autonomy. The ICFTU formed regional bodies to cover Europe (in 1950), the Americas (in 1951), Asia (in 1951), and Africa (in 1960), although the European and African bodies were soon dissolved or suspended their activities due to internal conflicts and subsequently their roles were replaced with regional bodies unconnected to the ICFTU. In both Asia and Latin America and the Caribbean, a major concern throughout the 1950s to the present has been the containment of Communist influence in the region. The AFL-CIO, one of the ICFTU's largest affiliates, has been particularly keen to pursue such a policy of containment. This determination was underscored in the 1960s by the AFL-CIO's unilateral creation of its own separate American Institute for Free Labor Development designed to stem the spread of Castroism throughout Latin America and the Caribbean, something that AFL-CIO Cold Warriors hoped to achieve by training local unionists in the operation of US-style trade unionism, providing grants for Western-orientated development programs, and opposing more Communist and/or anti-US political movements (see Herod 1997).

In contrast to the ICFTU, the WFTU did not create formal regional organizations but chose, instead, to develop close links with pre-existing regional bodies with Communist leanings, such as the Congreso Permanente de Unidad Sindical de Trabajadores de America Latina

(Permanent Congress of the Unity of Latin American Workers), the International Confederation of Arab Trade Unions, and the All-African Trade Union Federation. Additionally, wherever possible the Federation attempted to affiliate unions in these regions directly. Whilst the ICFTU and the various ITSs remained formally separate entities, the WFTU created a number of Trade Union Internationals (TUIs) which were to be an integral part of the organization. Like the trade secretariats, the TUIs were organized along industry lines such as mining, teaching, transport, textiles, food, and oil. Although a 1966 WFTU General Council decision instructed the various Internationals to adopt their own constitutions, they were much more politically and financially dependent upon the WFTU than were the ITSs on the ICFTU (Windmuller 1980).

Whereas the two bodies remained antagonistic in their ideologies, during the 1970s, and especially during the period of *détente* when the AFL-CIO temporarily left the ICFTU, the WFTU and ICFTU (and the TUIs and the ITSs) did begin to develop some closer links in certain areas, particularly in facing the challenge posed by multinational capital.<sup>4</sup> For example, under WFTU prompting the two bodies were (unofficially) involved in a number of European trade union conferences attended by representatives from both Western and Central and Eastern Europe, whilst in 1975 the British TUC (at the time the ICFTU's largest affiliate) adopted a resolution urging greater cooperation between the WFTU and the ICFTU, especially in the area of combating the transnational. In this latter regard, the WFTU adopted a rather curious position in which it condemned the transnationals yet welcomed co-operative arrangements between Central and Eastern European countries and such transnational corporations to gain access to Western technology. The Federation justified this stance by arguing that through the encouragement of trade the Communist countries were being strengthened and that this would in turn hasten the demise of capitalism. During this time, too, the WFTU adopted a slightly less centralized system of control largely in response to growing criticism by the Confederazione Generale Italiana del Lavoro (Italian General Confederation of Labor) and the French CGT as both moved towards Eurocommunism.<sup>5</sup>

In this section of the chapter I have provided an, albeit brief, outline of the state of international trade union politics during most of the post-war period. In particular, although there were some connections between the two main organizations and their affiliates, the division of the international trade union movement into competing blocs pretty much followed the alignments of the West-East superpower rivalry. Although there was not a direct correspondence between the West—East international division within the labor movement and the division of national spaces (the Communist-controlled French CGT, for instance, was affiliated with the WFTU, whereas France itself was integrated into West European political and economic organizations such as the European Economic Community), there was nevertheless a division within



the movement along the lines of Communist/non-Communist and/or pro-Soviet/anti-Soviet forces. And, certainly, whereas not all of the WFTU's members came from Central and Eastern Europe, all of the Central and Eastern European Soviet satellite states whose national centers were affiliated with an international trade union organization were affiliated with the WFTU. Furthermore, whereas during the 1970s the ICFTU and the WFTU, together with the ITSs and the TUIs, began to explore the possibility of addressing certain geo-economic concerns such as the activities of transnational corporations, both organizations' international activities were still largely shaped by geopolitical and ideological concerns.

### INTERNATIONAL TRADE UNION POLITICS AFTER THE COLD WAR

The collapse of the Soviet Union has brought with it a fundamental reordering and restructuring of global space. Whereas the Cold War was characterized by a political and economic geography of relatively stable and spatially fixed blocs which, though they may have had contacts with each other, were to a large extent politically and economically impermeable, now the spatial fixities and barriers of the Cold War's political geography are being dismantled. Replacing these spatial structures is a new and unruly political and economic geography that is being forged out of the ruins of the two-superpower world, a geography marked by the growing flow of ideas, capital, goods, and people across the frontiers which formerly served to divide West from East, the capitalist countries from the Communist ones, the anti-Soviet from the pro-Soviet. As the events in Central and Eastern Europe are auguring a new set of economic and political relationships between nation-states, so are they also initiating new relationships between unions. When the Soviet Union lost influence in Central and Eastern Europe and ultimately broke up it at first appeared that the movement from a two-superpower world to a unitary superpower world would be matched in the trade unions. In particular, with much of its moral and financial support suddenly cut from beneath it, the future of the WFTU in the early 1990s looked decidedly shaky. As even its own representatives concede, during this period "the very existence of our organization was questioned" (Zharikov 1995). The vacuum left by the WFTU's loss of influence has provoked a dramatic scramble to rearrange the political geography of trade unionism in Central and Eastern Europe and beyond.

The events of 1989 and subsequently were marked by a fundamental transformation in the nature and geography of trade union representation in Central and Eastern Europe. In some countries such as Czechoslovakia the transition was marked by the capture of the old trade union structures by non-Communist forces. In others such as Poland non-Communist forces had formed independent unions (e.g. Solidarity) to challenge the old Communist ones and these independent unions now came to dominate their countries'

labor scenes. The result of these changes has been the loss by the WFTU of many member affiliates and, concomitantly, the growth of rival organizations. Hence, in Poland the old national trade union center OPZZ has remained affiliated with the Federation whereas NSZZ Solidarnosc (“Solidarity”) has affiliated with the ICFTU. In the Czech Republic, the largest national trade union center, the Czech Moravian Chamber of Trade Unions (CMKOS) has affiliated with the ICFTU whereas the Trade Union Association of Bohemia, Moravia, and Silesia (OSCMS), a rival national center formed by union officials who are members of the old Czech Communist Party, remains affiliated with the WFTU. This process has been repeated in other East European countries. In the Slovak Republic the largest national center (KOZ SR) has signed up with the ICFTU, as have MSZOSZ and LIGA in Hungary, EAKL in Estonia, the Lithuanian Workers’ Union and Lithuanian Unification of Trade Unions, and Fratia in Romania.<sup>6</sup> Outside the region some other former WFTU affiliates have now transferred their allegiance to the ICFTU, including the Italian CGIL. Elsewhere in Central and Eastern Europe some national centers belong to the ICFTU but individual unions belong to the WFTU’s TUIs. In Bulgaria the independent Podkrepa is an ICFTU affiliate although the WFTU still has access to several unions through its Internationals. Similarly, in Russia the national center is not affiliated with the WFTU although the Federation retains access to over half the trade union population of the country through its internationals. Likewise, many of the individual unions in particular industries which once belonged to the WFTU’s TUIs are now affiliating with their industry’s respective ITs. In the Czech Republic, for example, the Czech Metalworkers’ Federation (OS KOVO) has affiliated with the International Metalworkers’ Federation, as have metal unions in the Slovak Republic, Romania, Bulgaria, Hungary and elsewhere. The same is occurring in other industries such as food processing, transport, mining, and agriculture. Clearly, the old certainties of the Cold War in which lines of power were relatively easy to discern have been replaced by a *mélange* of trade union affiliations in which national trade union centers may belong to one international union body whereas individual unions in the same country may be affiliated with rival organizations.

Whereas the geography of trade unionism in Central and Eastern Europe had remained relatively static during the four decades after the Second World War, as a result of the changes described above it has now become much more fragmented and heterogeneous. What was a uniform political space (at least in terms of its representation by the WFTU) is now a space of intense conflict and rivalry, a result both of local unions leaving the Federation and of the active policies of the ICFTU, the World Confederation of Labor (WCL, successor to the old Christian CISC: see note 2, p. 191), and others to create alternative structures to that of the WFTU and the old Communist organizations. (Although I do not deal in this chapter with the activities of the World Confederation of Labor, whose influence in the region has generally

been much less than that of the ICFTU, it is significant that in Romania the second largest national labor center as of 1994 was the Alfa Cartel, which claimed 1.5 million members and is a WCL affiliate.) Indeed, the past seven years have witnessed an unprecedented flow of money, organizers, and information into the region as the ICFTU and other Western-oriented trade unions have sought to incorporate as the newest frontier of liberal democratic trade unionism this vast newly opened space to which they had not had access since the 1930s. This struggle to remake on the ground the geography of trade union representation is being further complicated by the uneven geography of economic transition and restructuring as it plays out across the industrial landscape. In those parts of Central and Eastern Europe in which restructuring is proceeding with relatively little unemployment, unions and workers appear more wedded to the notions of Western-style trade unionism and the market economy. In regions in which restructuring and privatization are bringing with them high levels of unemployment, however, such as in the heavy manufacturing Ostrava region of Moravia in the Czech Republic, many workers and union officials are less receptive to such ideas and are often more sympathetic to the old Communist unions.

The ICFTU has been quite active in promoting both the transition to the market economy and the growth of Western-style trade unionism in Central and Eastern Europe during the 1990s. In December 1990 it created a Coordinating Committee on Central and Eastern Europe comprised of representatives from affiliates both in and outside the region, together with representatives from various International Trade Secretariats, the European Trade Union Congress, the Trade Union Advisory Committee of the Organization for Economic Cooperation and Development, and the International Labour Organization. Chaired by Richard Falbr, President of the Czech CMKOS, the Committee held several meetings to discuss policy towards the region and program developments—such as exchange of information, technical expertise, training of union personnel, and the establishment of in-country educational centers to be run by local trade union officials. The ICFTU has developed co-operative arrangements with trade unions in most of the countries of Central and Eastern Europe—including those which were not directly under Soviet control such as Albania (BSPSh, the Union of Independent Trade Unions of Albania) and the countries of the former Yugoslavia (in Croatia the Union of Autonomous Trade Unions of Croatia [UATUC], Hrvatska Unija Sindikate [HUS], the Confederation of Independent Trade Unions of Croatia [KNSH], and others; in Serbia the Union of Independent Branch Unions [Nezavisnost]; and in Slovenia the official Free Trade Union Association of Slovenia [ZSSS] and Neodvisnost, the new national center established in March 1990). ICFTU officials have also established an office in Moscow and made visits to discuss the situations in Belarus, Ukraine, Georgia, Uzbekistan, Kyrgistan, Azerbaijan, and Kazakhstan. Perhaps unsurprisingly, WFTU General

Secretary Alexander Zharikov, however, has been quite critical of such activities, commenting that

the first thing they [ICFTU] introduced to the trade unions of these countries was a split. So, they do not recognize the already existing trade unions of Russia but they have tried to establish new trade unions... This is a matter of their policy.

(Zharikov 1995)

Principally, the ICFTU's efforts in the region have revolved around ensuring the emergence of a regulated market economy whilst also trying to facilitate the growth of strong and democratic trade unions to protect workers' rights. Hence, at the ICFTU's 15th World Congress delegates passed a motion which argued that the

narrowly conceived liberalisation and stabilisation policies, advocated by the theoreticians of the free market and of the International] M[onetary] F[und], disregarding the needs and interests of the working people, resulting in large-scale unemployment and aggravating poverty, and all too easily exploited by the still-entrenched nomenklatura are conducive neither to the operation of democratic government *nor an efficient market economy*, and constitute a serious threat to the further democratic revolutions.

(quoted in ICFTU 1996:275, emphasis added)

To further this goal the ICFTU has held seminars and conferences (in Hungary and Romania) on the social dimensions of structural adjustment policies (of relevance both to Central and Eastern Europe and beyond) designed to develop policy to counter the consequences of privatization and economic deregulation, together with workshops in Bulgaria and Hungary which focused on comparative experiences with various social pacts and in the Czech Republic dealing with the issue of labor migration within Europe. More broadly the ICFTU has been keen (though so far unsuccessful) to establish a Social Clause to be operated by the World Trade Organization and other international trade agreements which would guarantee freedom of association, the right to collective bargaining, a minimum age for employment, non-discrimination, and equal remuneration in employment, and a prohibition on forced labor. The ICFTU has also supported affiliates' efforts to include clauses protecting workers' rights in the generalized systems of preferences (GSPs) operated by various countries in their trade agreements.

Several other Western trade union organizations have also expanded their operations and/or area of interest into Central and Eastern Europe since 1989. Of these the International Metalworkers' Federation and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco, and Allied

Workers' Associations (IUF) trade secretariats have been two of the more active. Both have organized educational seminars and signed up new affiliates among the newly formed and/or newly democratized trade unions throughout the region (see Herod forthcoming for more on the International Metalworkers' Federation). Primarily, these seminars have dealt with topics such as labor law, trade union organization, the practice of collective bargaining, providing technical expertise with regard to establishing pension plans and other welfare schemes, providing information on foreign direct investment and Western transnational corporations' operating records in other parts of the world, and enforcement of health and safety regulation. In addition, a number of unions have established direct bi-lateral relationships with their counterparts in Central and Eastern Europe. The German metalworkers union IG Metall, for example, worked closely with Solidarity in Poland in late 1995 as the latter was negotiating collective bargaining agreements (Senft 1995). Likewise, several US unions (such as the International Association of Machinists, the American Federation of Federal, State, County and Municipal Employees, the United Food and Commercial Workers, and the Service Employees International Union) have conducted seminars in the region.

The AFL-CIO, too, has been active in the region, principally through its Free Trade Union Institute (FTUI). The FTUI was initially created in 1977 to serve as a regional organization along the same lines as the AFL-CIO's American Institute for Free Labor Development (which operates in Latin America and the Caribbean), its African American Labor Center founded in 1964, and its Asian American Free Labor Institute founded in 1967. At first the FTUI was designed to help democratic trade unions in Spain and Portugal as they struggled against the military regimes in these countries. More recently the Institute's focus has shifted to Central and Eastern Europe. One of its earliest activities was in providing underground support to Solidarity in Poland during the period of martial law. After the revolutions of 1989 the Institute developed contacts and close working relationships with anti-Communist forces in the trade union movements in Albania, Bulgaria, Czechoslovakia, Hungary, Lithuania, Poland, Romania, Russia, Ukraine, and several other countries in the region, providing moral, financial, and technical support. Much of the support for these activities has come from the National Endowment for Democracy, a Reagan-initiated program designed to inculcate pro-US values abroad and for which the FTUI serves as the coordinating body for the AFL-CIO.<sup>7</sup>

Two issues have been of primary concern to the Institute regarding the changes in the region. The first of these is the potential for Central and Eastern Europe to become a region of unfettered and anarchic free market capitalism. Such a development would both threaten the living standards of workers in the countries of the former Soviet bloc but could also serve to undermine the wages and working conditions of Western European workers. Already, German and Austrian firms have been making substantial

investments in Hungary, Poland, and the Czech Republic in particular. This has raised the fear among trade unionists on both sides of the former Iron Curtain that the skilled but cheap labor available in these countries, combined with their geographical proximity to high wage Austria and Germany, may lead corporations to use the area as a low wage/high skill geographic base from which to undermine union gains in Western Europe or even further afield (Senft 1995; Uhlír 1995).<sup>8</sup> Consequently, the AFL-CIO has come to characterize the process of the transition in Central and Eastern Europe as one in which the principal struggle being waged “is now between the defenders of humanity and the peddlers of unfettered capitalism” (former AFL-CIO President Lane Kirkland, quoted in FTUI 1994:5). Such a struggle is important, the Federation maintains, not just for the rights of workers in Central and Eastern Europe but as a way of maintaining living standards for US workers. “Free trade has become a mantra,” Kirkland argues, “that conveniently blinds its advocates from the harsh world,” a mantra which has resulted in “American workers...[osing] millions of jobs over the past decade to the forces of flagless capital and free trade idolatry.” As a result “international solidarity is an absolute necessity” for both US workers and the AFL-CIO who must commit themselves “to providing independent trade unions abroad as much support as possible to ensure their survival and to help strengthen them as effective democratic institutions so that the tyranny of the market will have no place in a civilized world.”

The second concern the FTUI has is that of the resurgence of Communist parties and former Communist parties in the region, especially given the recent electoral successes of Communists and former Communists in Poland, Hungary, Bulgaria, Russia, Lithuania, Estonia, the Slovak Republic, as well as in former Soviet Asian republics such as Kazakhstan and Uzbekistan. Such a resurgence is of concern not just from an ideological point of view, but also because it would severely hamper the process of economic transformation which the FTUI sees as crucial to the future of the region. As the Institute suggests:

While communism itself is unlikely to return, and outright repression is being felt in only some countries, the strong resurgence of excommunist parties and political groupings has brought life back to the nomenklatura elites and ex-communist institutions that dominated political and social life up until 1989. The consequences are already being felt. The networks that these individuals and institutions form are struggling to gain control of economic assets, government posts, the right to limited broadcast media channels, and other privileges. Economic and political reform are being stifled, impeding the development of both a private economy and a civil society. While serious reform is needed to transform the bankrupt economies of the old order, under the control of these interweaving and competing networks of party, government, and trade union officials, privatization

is often closed and corrupt. This type of “reform” locks out workers and free trade unions from the reform process and leaves them even more vulnerable to restructuring and layoffs.

(FTUI 1994:8)

As the AFL-CIO sees the situation (*ibid.*: 6–7), the main reason for this is the failure of the “‘intelligentsia-based’ democratic parties” to develop strong ties with the “worker-based independent unions.” The former’s focus on market reform led them to ignore “the crucial importance of free trade unions, both as a representational and mediating institution, to a democratic society and to a market economy” and to fail to “disenfranchise the old trade unions as representative organizations.” The unions, on the other hand, “have no serious political ally.” The solution to such problems, the Institute maintains, is the development of strong, independent trade unions which must be supported as “a democratic bulwark against dictatorial trends” (*ibid.*: 7). The failure to enact economic and political reforms, and the operation under the direction of the old nomenklatura of “a crony capitalism that relies less on free markets than on mafia-like networks” (*ibid.*: 11), present for the AFL-CIO a situation in which “continued economic hardship and social dislocation will foster political instability...[and] ultra-nationalist ideologies that [will] threaten the region with an expanding circle of violence and ethnic conflict.”

It is in response to this situation that the AFL-CIO, through the FTUI, has attempted to play a most active role in literally remaking the political geography of Central and Eastern Europe. The key to this strategy has been the Institute’s attempts to “bring together free trade unionists and democratic activists in a common agenda” (*ibid.*: 7). For the FTUI, the independent unions in the region are a crucial element in the creation of a liberal democratic free market civil society. The triumvirate of “democracy, civil society, and market reform...[will] all falter,” officials suggest, “without their most forceful advocate, the free trade unions.” As part of its strategy to strengthen the non-Communist unions the Institute has conducted education and training programs in most countries throughout the region, focusing particularly upon the operation of market economies and the role of unions therein, organizing strategies, collective bargaining procedures, and health and safety. Much of this has been carried out by FTUI staff from the Institute’s field offices in Bucharest, Kiev, Moscow, Sofia and Warsaw. The Institute has also provided material aid to help establish centers such as the Lithuanian Center for Labor Education and Research and the Ukrainian Institute for Labor Education and Research, and to allow local unions to publish newspapers (FTUI supports Podkrepa’s Printshop and Union Publications center in Bulgaria, for example). It has also provided resources so that unions in the region may also learn from each other, running a program, for instance, so that unions in Bulgaria and Romania could study the operation of Solidarity’s Consulting and Negotiating Bureaux (BKNs).

However, the goal clearly is to emphasize the benefits of Western-style, and particularly US, trade unionism so that the unionists in the region may “learn about the fundamental basis for free trade unions, the history of international and American labor movements, and specialized material on safety and health, collective bargaining, organizing, and election campaigns” (ibid.: 14).

For its part, the WFTU is undergoing a tremendous metamorphosis associated with the changes in Central and Eastern Europe. This metamorphosis is one aimed at transforming both the organizational structure and the identity of the Federation. Clearly, the events of the past several years have left the WFTU in a much more precarious situation in Central and Eastern Europe than previously—although it should be pointed out that with a claimed membership of some 300 million workers worldwide, the WFTU remains the largest of the global trade union organizations.<sup>9</sup> The loss of affiliates and members from Central and Eastern Europe has not only meant that the Federation’s political and geographical hegemony in the region has been challenged but also that its geographical focus may now begin to shift towards other parts of the world. For example, several Central and Eastern European countries sent no representatives to its 13th World Trade Union Congress held in Damascus in 1994. Although the Federation still maintains affiliates throughout Central and Eastern Europe, it may in fact be the case that the WFTU will increasingly become an organization largely made up of national centers from the less developed world, especially since the vote in December 1995 by the French CGT (one of the WFTU’s largest European affiliates) to disaffiliate itself.<sup>10</sup> With these changes in membership and geographical base, and given that many of its affiliates are either suffering the effects of austerity measures imposed by Western financial institutions or are decidedly anti-Western (and particularly anti-US) in their orientation (e.g. Iran, Iraq, Libya, Syria, Vietnam, Sudan), the Federation is likely to maintain an anti-neoliberalist and, consequently, anti-Western stance. Although it has suffered the loss of affiliates, Federation officials see themselves increasingly as defenders on the interests of workers in the less developed countries or countries opposed to North American/Western European geopolitical strategy. As the Federation’s General Secretary—using an interesting spatial metaphor—has recently put it,

First of all, we touch developing countries because they are in a more urgent situation...Also, countries in transition, the former socialist countries, are in a difficult situation. We are getting more sympathies from their trade union organizations which previously actually left the WFTU but now we are gaining again support. And we also have a large sector in developing countries. So, this is how I see it and what we work for...We feel there is still a great need for the WFTU’s existence since we do represent a sector of the trade union movement which nobody



else will represent and we do represent a type of trade union approach which, unfortunately, nobody would represent, so this is a *space* for us to exist, to develop, and to enlarge our activities.

(Zharikov 1995, emphasis in original)

In an effort to retain a significant role in global affairs the Federation has also begun to undergo a period of self-reflection and self-criticism concerning past policies, particularly concerning the relationship between the (Soviet) state and the trade unions. At its first Congress held after the events of 1989, Federation officials recognized that the

[t]rade union organisations, as they worked in certain socialist countries throughout the period, behaved as representatives of their countries more than as representatives of genuinely independent trade union organisations...[T]he excessive weight of some of them [in the WFTU] greatly hindered trade union initiatives which could have been carried out in order to guarantee the defence of the workers' interests.

(WFTU 1990:33)

As part of this restructuring the Federation has attempted to relax the centralized control that it exhibited during its recent past. In this regard, in 1991 it set about establishing relatively autonomous centers in Delhi, Dakar, Havana, and Damascus. The Federation has also recently made moves to give the Trade Union Internationals a greater degree of autonomy. Hence, whereas they are all members of the Federation's General Council, the Internationals are not now subordinate to the Secretariat.<sup>11</sup> Although at present the WFTU's new regional centers are more structures than fully operational entities, the Federation's intent is that "they will develop into regional organizations" (Zharikov 1995). Whereas previously all decisions of any importance were made centrally in the Federation's Prague headquarters, these regional centers will increasingly take responsibility for dealing with the national affiliates of the WFTU, with the TUIs, and with local non-member unions. The WFTU's Prague office will serve as the main coordinating point dealing with global affairs but will increasingly relinquish decision-making authority to the regional organizations. The establishment of such centers, officials argue, is both "a matter of democracy" and a response to the growth of regional production complexes in several parts of the less developed world and the need for trade unions to be able to develop at ground-level policies which reflect local and regional economic and political conditions rather than global ideological concerns (Zharikov 1995)—what amounts, in essence, to a glocalization for organized labor.

Whilst the term "glocalization" has most often been used to refer to transnational corporations who tailor global policies to specific local instances—see Robertson (1995:28) for more on the term's origin—it is not

solely transnational corporations who are developing “geographically sensitive” policies within their global structures. With capital now circulating the planet at breakneck speed in a process which is rapidly reorganizing post-Cold War global economic space many trade union organizations are also becoming more glocal. The WFTU, for instance, is attempting to become more geographically flexible and more responsive to the variations in conditions found across the globe in ways not previously considered important when ideological constraints guided its policy—a strategy also replicated by other organizations such as the International Metalworkers’ Federation which has developed policies crafted to fit the particular situations found in various Central and Eastern European countries (Herod forthcoming). This has required a geographically sensitive policy which seeks to negotiate the knife-edge between blanket solutions which pay little attention to local context, and localized solutions which fail to address the global and interconnected nature of contemporary capitalism. For the WFTU

Transnational corporations are flexible institutions and they utilize the differences which exist in different countries, for example legislation, cost of living, labor conditions, and we have to make separate strategies towards transnationals who are working in Asia or in the United States. They have different faces even though the name is the same. So we have to divide our policy as well...[Certainly, adapting instruments] towards national conditions is dangerous because instead of being universal these instruments will become partial ones and accepting this will simply be to accept the current state of affairs which is quite unjustifiable between developing and developed countries... But certainly, there *are* national realities and we have to take them into consideration.

(Zharikov 1995, emphasis in original)

Whereas during the Cold War, then, ideological considerations were imposed in a top-down fashion from the Federation’s central bodies, now the Federation maintains that it is attempting to reform its structure to take account of such geographical variation, in essence to become more geographically sensitive and literate. This was explicitly stated in the new policy document adopted at its 1994 Congress held in Damascus in which the WFTU recognized that the changing geography of global capitalism is requiring new spatial strategies and organizations from organized labor:

The diversity of situations in different branches, regions and countries of the world calls for another way of thinking from the international trade union movement. Rather than artificially imposing decisions from above on diverse situations, we should be aiming towards new forms of trade union cooperation...Naturally, situations, real life and

experiences vary greatly. Far from being an obstacle, diversity is a boon... For these reasons, international trade union action at all levels must be interwoven, working from the basis of national, industrial and regional factors and avoiding all hegemonic approaches. This [is a] new trade union *space* that remains to be built.

(WFTU 1994a: 9–10, emphasis added)

As part of its efforts to deal more effectively with the changing nature of global capitalism and the centralization and concentration of capital on the part of transnational corporations, several of the Federation's TUIs have recently decided to merge. Recognizing that the structure of the Internationals had not kept pace with that of many transnational corporations which are active in several different economic sectors, such mergers are designed to bring together workers in ostensibly different sectors so that they might share information concerning their common employers. Hence, the Food and Commerce TUIs have recently initiated a number of joint programs, the Chemical, Energy, and Mining Internationals in 1996 finalized a draft of a constitution for a new amalgamated Trade Union International (the Trade Union International of Workers in the Chemical, Energy, Oil, Metal and Allied Industries) (see WFTU 1996), and the Textile International has looked to merge with others in the same sorts of sectors (see WFTU 1994a: 34 for more details). Indeed, the Federation seems to be moving towards a situation wherein ultimately the TUIs may increasingly be focused in three large groupings, corresponding to the public sector, heavy industry and energy, and agriculture and light manufacturing (Zharikov 1995).

Significantly, this is a process observed in other trade union organizations. In the Czech Republic, for example, during the summer of 1996 the federations representing miners, energy workers, chemical workers, construction workers, and metalworkers signed a memorandum of agreement exploring the possibility of merger (Uhlír 1996). Likewise, in the Slovak Republic the metalworkers' federation is exploring the possibility of merger with other unions so as to represent a more unified front to the employers (Machyna 1996). Two trade secretariats, the International Federation of Chemical, Energy and General Workers' Unions (ICEF) and the Miners' International Federation (MIF) have also recently merged to form the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) (see ICEM 1996a for a summary of the trade secretariat's goals). Although much of the reason for this relates to political developments and contexts (the Slovak Republic, for instance, has a population of only some 5.5 million but over forty different national trade union federations in different sectors), it is also a response to the economic changes that are taking place as globalization by transnational corporations continues.

The issue of adapting to the globalization of capital appears also to be reshaping the relations between the WFTU and the ICFTU, and is part of a broader move away from geopolitical issues as defined by Cold War rivalries and towards an agenda for the two organizations which is defined more by geo-economic concerns related to economic globalization and the power of transnational capital. Indeed, although they still remain quite far apart on many fundamental matters of politics, the ICFTU and the WFTU have in fact begun to work together on a number of issues relating to the activities of transnationals. In November 1993, for instance, the WFTU, the ICFTU, and the WCL came together as part of the Workers' Group of the International Labour Organization to draft and adopt a document designed to outline the ILO's activities for the foreseeable future, particularly relating to the transnationalization of economies and issues of patterns of global development.<sup>12</sup> In March 1995 the three trade union organizations again met at the Trade Union Forum held in Copenhagen as part of the World Summit for Social Development, at which the three developed positions concerning the debt crisis in the less developed countries, trade, unemployment, economic globalization, and the transnationals. Certainly, there are still many legacies of the Cold War to be overcome. Nevertheless, it appears that there is a growing focus in both the ICFTU and the WFTU on geoeconomic rather than geopolitical issues—as evidenced by increasing ties between the two on some economic issues, together with the two organizations' sponsorship of their own research and conferences on topics such as “The process of economic reform in Central and Eastern Europe” (ICFTU), “North-South linkages and global unemployment” (ICFTU), “Priorities in the nineties: Democratic and sustainable development, full employment and an end to poverty” (ICFTU), “The social dimension of economic restructuring in Latin America and the Caribbean” (ICFTU), “International workers' rights and trade: The need for dialogue” (ICFTU), “Labour standards in world trade” (ICFTU), “The trade union response to the devaluation of the CFA franc” (ICFTU), “Development and the responsibilities of the trade unions” (WFTU), and “Technology, employment and training” (WFTU). Or, as WFTU General Secretary Alexander Zharikov has put it:

When we analyze the stances [between the WFTU and the ICFTU] they are very similar and sometimes what divides us is just the old heritage. It seems strange to me that sometimes trade unions in this field are the most conservative in getting into relations with different ideologies. Ideological constraints were implanted into the trade union movement [from the outside]. How much time, how much blood was spent [doing this]?

(Zharikov 1995)

**“TO PICKET, JUST CLICK IT”: VIRTUALLY ORGANIZED  
WORKERS IN THE GLOBAL ECONOMY**

If you are reading this you are on-line to the ICEM-USWA CyberCampaign against Bridgestone/Firestone. You will have heard of “primary” pickets, “secondary” pickets and even “flying” pickets. Now the ICEM and USWA invite you to become “Cyber” pickets.  
(ICEM 1996b)

One of the key foundations which has underlain the process of economic globalization and the transnationalization of capital has been the telecommunications revolution (Castells 1989; Estabrooks 1995). Through first the telephone and telex and now e-mail and the Internet, the telecommunications revolution has been central to the ability of corporations to manage their offshore facilities, to respond almost instantaneously to events throughout the globe, and to send huge quantities of information and capital across space. The Internet, in particular, has dramatically shrunk relative distances between places, it has spawned new ways of thinking about spatial relationships (as evidenced in the interest currently paid in social theory to notions of flow and networks),<sup>13</sup> it has allowed a dramatic speedup of capital circulation times, and it has made available huge amounts of information to which individual citizens were previously denied access, either because they had limited time to research and sift through information or because traditional hierarchically organized modes of information dissemination were easier for state or corporate officials to police than is the case with the Internet’s decentralized network structure (Mulgan 1991). However, whilst the communications revolution has undoubtedly facilitated capital’s globalization and ability to reconstruct spatial relationships, especially by allowing corporations to play different places and workers against each other on the basis of almost imperceptible and rapidly changing differences in wages, exchange rates, and the like, it has also provided for much greater levels of communications between those opposed to the activities of such corporations (see Jones 1994 for examples of how protesters have used modern communications technologies such as fax machines, cell phones, and the Internet to pressure authoritarian governments in various parts of the world). Although to date trade unions have been relatively slow to see the Internet’s potential for organizing, an increasing number are now beginning to use it precisely for such activities. This is a development which has the potential to alter radically the geography of trade union activities in the realm of organizing and campaigning at local, national, and global scales.

The power of the Internet is that it allows anyone with access to a computer and the necessary software to interact in ways not controlled by those who normally control other means of information exchange such as television, newspapers, or government documents.<sup>14</sup> Furthermore, in

contrast to more traditional modes of information exchange in which consumers are largely passive recipients of what is produced by the major media outlets, the Internet is an interactive medium which allows users to be both consumers *and* producers of information. It is this interactivity and speed that some trade unions are beginning to make use of in order to conduct their activities, activities which are increasingly orchestrated at a global scale. Indeed, such is the potential for new technologies like the Internet to transform traditional ways of organizing that Waterman (1993:260) has suggested we can see a significant evolution since the nineteenth century in the characteristics of those actively engaged in practices of labor internationalism. If the first generation of internationalists in the nineteenth century were primarily “Agitators,” and the second generation in the twentieth century were primarily paid professional “Agents” of various trade unions and trade union organizations, the new generation of activists who are attempting to facilitate global trade union solidarity are, Waterman suggests, largely “Networkers,” those (sometimes affiliated with a trade union, sometimes not) who are providing the resources such as languages, communication means and skills, and access to information necessary for creating international linkages. With the rise of the Internet we are quite possibly seeing the emergence of a Third Wave of internationalists appropriate for a Third Wave capitalism (cf. Toffler 1980) in which traditional identities (the “professional trade union organizer” and the “international union official”) are giving way to new identities (the shopfloor worker who is handy with a computer, the labor sympathizer who can translate documents on the worldwide web) (cf. Heelas *et al.* 1996).

One of the most innovative uses of the Internet by unions has been that made recently by the United Steelworkers of America (USWA) and the International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM) trade secretariat with which the USWA is affiliated. Drawing inspiration from electronic protests waged against French nuclear tests in the Pacific, the USWA and the ICEM have used the Internet to wage an “electronic cybercampaign” against a leading transnational corporation, the Bridgestone/Firestone tire maker. The cause of the dispute with the company was Bridgestone’s illegal firing in 1994 of 2,300 workers at five of its US subsidiaries and replacing them with scabs (non-union strikebreakers). Although the federal National Labor Relations Board subsequently issued a complaint against the company, citing numerous violations of labor law and ordering Bridgestone to pay millions of dollars in back pay, the company refused to do so. The failure to get the company to conform to US labor law led the USWA and the ICEM to turn to the Internet in a dynamic campaign designed to bring global pressure to bear on Bridgestone. As the ICEM (1996c) exhorted through its *ICEM Update* (itself available on the Internet), “Join the cybermarchers! As rogue employers go global, workers are responding with a creative new use of the World Wide Web...As the cyberdemo mounts,

Bridgestone will be seeing some hometruths on its home pages.” Indeed, company representatives were recently heard to grumble that Bridgestone is “the first enterprise to be attacked on the Internet” (Hoskins 1996).

The structure of the Internet, and especially its interactive nature, has been the key to the USWA and ICEM’s campaign. In particular, the unions have been able to use the Internet in two fundamentally important ways. First, by conducting their campaign partly in cyberspace the unions were able to communicate with supporters throughout the globe and relay changes in the situation almost instantaneously. This allowed workers and community activists to coordinate activities at the global scale (links were made between unions at Bridgestone’s US and South African subsidiaries, for instance) and to transfer information both speedily and without having to worry about how their message may be limited or distorted by traditional corporate media (see Puette 1992 for an account of how the mainstream US media has consistently contrived to stifle organized labor’s message). Through the use of “hot links” linking the ICEM’s web sites to other labor and progressive sites (such as *Labournet* in the United Kingdom and *VICNET* in Australia), supporters were able to bring the dispute to the attention of a potentially huge global audience.

Second, the campaign was able to turn Bridgestone’s efforts to commodify cyberspace against the company. Bridgestone is no different from many other companies who are beginning to use the Internet and cyberspace as an arena in which to advertise their wares. As the ICEM (1996c) notes, “More and more companies are using the Web for advertising. Bridgestone is no exception.” Hence, for example, the company’s own websites provide advertising copy and other information about Bridgestone and its products, and allow customers to send the company messages and to order products. However, whilst the interactive nature of the Internet is the key reason why it is such a powerful tool for corporations to communicate with their customers, it is precisely this interactive nature that also can open up spaces for potential resistance to, and subversion of, such corporate messages on the part of cyber-demonstrators.

Frequently, one of the most difficult things for those protesting corporate activities is to find out with whom precisely they should lodge their complaints. By setting up websites within cyberspace designed to get feedback from customers (both dealers and ordinary drivers), Bridgestone has effectively provided an avenue within cyberspace that leads directly back to some of the corporation’s top executives. Whereas the company has established sites with the intent of getting feedback from its customers on how to improve its product, union “cybermarchers” have instead been able to

put these sites to quite different uses. The ICEM Bridgestone pages... provide direct “hot links” to the company’s own sites, and hints on livening them up. Web sites intended for ordering Bridgestone publicity leaflets, for example, usually include some space for customer feed-

back. Cyberprotesters will be filling these with their own robust views... ‘Company network’ pages are a feature of the ICEM’s web site at <http://www.icem.org/> ICEM pages about Bridgestone now provide direct links to the e-mail addresses of top Bridgestone executives. Also included are the addresses of Bridgestone subsidiaries worldwide. This makes it easy for the Web’s millions of users to send protests to the right people in Bridgestone. And for readers in the US, the pages list toll-free phone numbers where Bridgestone can be told off—at Bridgestone’s expense. (ICEM 1996c)

Not only did the USWA/ICEM cybercampaign subvert Bridgestone’s original intent in establishing its web sites, but the company was also literally made to pay the price of so doing!

In addition to firing off electronic protests to Bridgestone itself, the unions were able to make use of the fact that the company’s own website contains listings of Bridgestone/Firestone stockists to broaden their campaign geographically without themselves having to invest the time and effort to discover such stockists’ locations. Quite literally, by setting up its website to provide information to customers the company actually did much of the union’s work for it. As a result, supporters of the fired workers were able to hot-link to the company’s pages and find information on corporate personnel, on the location of plants throughout the world (including what they make, how many workers they employ, and addresses and telephone numbers of local managers), the names of banks and other investors who have major financial interests in the company (and thus hot-links to these investors’ own websites), and much other information of potential use. Furthermore, by creating its own hot links to various government agencies the ICEM was able to expand the campaign against the company by allowing Bridgestone customers to more easily file complaints. Hence the ICEM site included a link to the US National Highway Traffic Safety Administration and an on-line version of the standard US form for filing a complaint about defective motor vehicle equipment such as tires.

With the exhortation of “to picket, just click it,” the USWA and ICEM also encouraged their supporters to “cyber-picket” the websites Bridgestone established specifically to publicize special events such as “Indy-car” racing. Specifically, the ICEM Bridgestone pages contained a black flag (traditionally the signal in North American auto racing for the immediate disqualification of a driver on the grounds of having broken the rules) which could be electronically clipped and sent to the company via its own websites, as well as to other Bridgestone customers, suppliers and shareholders, and government agencies. The unions involved also managed to organize a worldwide boycott of Bridgestone’s products through the ICEM website and used the Internet to gain information about the company’s global supplier network by providing a clickable e-mail address which workers in plants



that are subsidiaries of Bridgestone or which do subcontract work for the company could access.

The Bridgestone campaign was certainly an innovative one which sought to use the speed of the Internet to allow almost instantaneous communication between workers and supporters in different parts of the globe and also to challenge corporate colonization of cyberspace as simply an arena for advertising and customer feedback. The unions' success was measured by the fact that in September 1996 Bridgestone called back to work virtually all of the former strikers—although the campaign still subsequently continued in an effort to resolve other issues and ensure the return of some 150 workers fired on “trumped-up strike-related charges.” However, it is by no means the only example of unions using the Internet to further their activities. In the United States the AFL-CIO has established a website (at <http://www.aflcio.org>) through which it provides information to members concerning strikes, consumer boycotts, changes in labor law, policy statements, and press releases. Several individual unions have done likewise, such as the Communications Workers' of America, the International Brotherhood of Electrical Workers, and the United Food and Commercial Workers' Union (UFCW). The latter's webpage (at <http://www.ufcw.org>) promises to “educate millions about the UFCW and the labor movement overall” and to provide information detailing the union's organizing campaigns, work on political and community projects, health and safety, an overview of UFCW contracts, and to provide a means whereby supporters can e-mail Members of Congress. For the UFCW the website “serves as a high tech organizing tool...[and] provides an on-line guide to workers' rights, facts about unions, and a way to go directly to the source instead of through the boss to get information” (UFCW 1996:19). Even in countries in which computer technology is less readily available than it is in the US some trade unionists have made access to it a central element in their plans for contract negotiating and communication with members. In the Slovak Republic, the metalworkers' union OZ KOVO has invested significant amounts of money aimed at linking its largest local unions with the national headquarters in Bratislava through an electronic mailing and bulletin board system (Machyna 1996). Several US unions have also donated old computers to their confederates in different countries. The ease and inexpensive nature of establishing a webpage means that even small local unions have been able to do so. One such union is USWA Local 7207 which represents some 100 workers 30 miles west of Philadelphia who make die forgings and industrial step ladders and which was one of the first to establish a presence on the Internet. The purpose of the site, as Local 7207 president Michael Enos explains concerning his local union's excursion into cyberspace,

[I]s to create a gathering place of resources for on-line activists. The Voice of Labor is mostly silent in CyberSpace. *This must change. We*

are on the edge of the 21st Century, the Twilight of the Industrial Age and the Dawn of the Information Age. Labor must adapt or perish.  
(Enos 1996)

One such gathering place is a new site “Labour’s Online Bookstore” (<http://www.solinet.org/LEE/labour10.html>) opened in February 1997 which provides resources in the form of literature about labor movements and workers’ issues which activists can use in their organizing and to which several trade union websites (e.g. those of the ICEM and the Dutch national center FNV) are linked.

The growing use of the Internet to organize workers and conduct corporate campaigns raises important questions concerning the political economy of cyberspace and speed, the emergence of new spatial metaphors and organizational structures (a trade union politics of networks and flows rather than of territorial blocs), the potential deterritorialization of trade union activities, and the detraditionalization of trade union organizers and activists. Certainly, the Internet is not a panacea to labor’s problems. Whilst there is the potential for a hacker (a trade unionist?) to send via the Internet a computer virus or “logic bomb” that disrupts or shuts down systems and destroys data (cf. Waller 1995), corporations are increasingly securing their computer systems with “firewalls” and other hi-tech protective devices (cf. Bohman 1996)—although in the game of technological move and countermove such firewalls themselves can never be 100 percent virusproof. The virtual geography of the Internet is also changing rapidly as it is increasingly folding into “intranets” (electronic communications systems within businesses) and “extranets” (between businesses, their suppliers, and other “outsiders”), thereby changing the terrain upon which any future trade union cybercampaigns might be waged. Nevertheless, the Internet does offer possibilities for organizing globally which will become increasingly significant as the speed of planetary capitalism and the spatial reach of capital increase to ever greater levels, and unions become increasingly concerned about global geo-economic strategy. It does enable those with access to the technology (which though still concentrated in the advanced industrial nations is slowly beginning to diffuse to other parts of the world) to develop contacts, share information, and harass employers in ways and at speeds not previously (thought) possible.

The Internet, then, developed in the context of massive defense spending by the Pentagon, is, paradoxically, also becoming a tool of subversion, resistance, and opposition to neoliberal imperatives of accumulation. Even revolutionary groups such as the Zapatista guerrillas are using it to reach international audiences to dramatize their anti-neoliberal campaign, uploading communiqués and reports from the jungles of southern Mexico to supporters at the University of Texas for distribution via e-mail. More recently, the guerrillas and their supporters have set about establishing as part of a “Red Intercontinental de Comunicación Alternativa”

(International Network for Alternative Communication) a number of Internet discussion lists concerning struggles against neoliberal policies, together with an associated website where materials can be archived and made easily available (see <http://www.utexas.edu/ftp/student/nave>). The goal, as outlined by subcomandante Marcos on the Zapatista website in a press release of 21 September 1996, is to

start a communications network between all of our struggles, an intercontinental network of alternative communication against neoliberalism, an intercontinental network for humanity. This intercontinental network of alternative communication will seek to tie together all the channels of our words and all of the roads of resistance. This intercontinental network will not be an organized structure, it will have no moderator, central control, or any hierarchies. The network will be all of us who speak and listen.

The rise of the “Networker” as activist, then, is dramatically transforming the material and discursive practices of opposition to capital. Hence, whereas in the 1960s Gil Scott-Heron proclaimed that “the revolution will not be televised,” thirty years later the Zapatistas are now insisting that most certainly “the revolution will be digitized” (statement on the Acción Zapatista webpage at <http://www.utexas.edu/ftp/student/nave>).

### CONCLUSION: NEW SPACES FOR LABOR (ORGANIZING)

The contemporary political, economic, and technological changes that we are witnessing at the close of the millenium have fundamental implications for trade unions and for the nature of labor governance throughout the globe. Since 1989 the geography of international trade unionism has become much more fluid and heterogeneous as the geopolitical fixities of the Cold War have broken down. The collapse of the Soviet Union and the apparent end of the Cold War have brought with them a much more unruly labor landscape as the WFTU, the ICFTU, and others scramble to rearrange the political and economic geography of international trade unionism and to impose a new structure of order on organized labor in Central and Eastern Europe and throughout the globe. This re-structuring of the governance of global trade unionism is taking place within the context of a shift from a geopolitical to a geo-economic vision of organized labor’s concerns. Whereas during the Cold War trade union activities were primarily shaped by the geopolitical dictates of West—East rivalries, now it is the geo-economic challenge of the global North—South divide and the flow of capital and goods between these regions which seems to be pressing most immediately on the international labor movement. Significantly, just as for

transnational corporations the immense differences in wages, working conditions, and labor law between the LDCs and Europe and North America are precisely what is driving their globalizing activities requiring geographical sensitivity within global strategies, for unions the shift away from traditional blanket geopolitical policies (e.g. opposing Communism regardless of the specific instances in which it was found in various regions) and towards geoeconomic pursuits (where even supposedly universal concerns about “labor rights” are increasingly viewed in economic terms of how failure by some countries to recognize them is affecting trade patterns, exports, and the like) is also requiring globalized policies which will allow them to address different problems raised in specific locations within the unevenly developed geography of global capitalism.

As trade unions seem to be becoming increasingly concerned with geoeconomic rather than geopolitical issues, the telecommunications technology associated with the Internet has begun to transform the ways in which they interact and, indeed, appears to be facilitating efforts to develop global campaigns and other organizing activities in much the same way as such technologies have allowed corporations to manage their offshore interests. Not only are huge amounts of information about particular struggles, contract negotiations, and governmental labor policies now flowing throughout global cyberspace, but this in turn is changing the way unions think about how they have traditionally organized workers and themselves. Whilst Marx and Engels in the Communist manifesto may have urged that “Workingmen of all Countries, Unite,” the call in cyberspace coming from some unionists and their supporters now seems to be “Travailleurs de tous les pays, cliquez ici” (“Workers of all countries, click here”) (*Le Monde* 1996). As Waterman (1993) suggests, we may well be witnessing the emergence of the “Networker” as the new model of labor activist who will increasingly come to supplement and/or replace the old model of the collective worker on the picket line upon which trade union organizing strategies have been based for the past two centuries.

Such changes are rescribing the geography of global capitalism and, hence, the economic and political geographies within which unions find themselves and which they themselves actively seek to shape through their activities. Old spatial rigidities have been broken down and are being replaced by a more fluid geography of trade unionism which must respond to the increasing speed of communication and of capital circulation, and the increasing flow of information, of capital, and of population that are the hallmarks of the political economy of contemporary capitalism. As Marx (1967) long ago identified, speed is crucial to the dynamic of capitalism, since capitalists who can turn over their capital at a faster rate than the social average can gain great competitive advantage. However, we should not forget that workers may also be able to turn speed to their advantage. Just as Bridgestone has sought to commodity cyberspace with its advertising and is

hoping to use the Internet to gain almost instantaneous feedback from customers via its websites, so too have the USWA and the ICEM managed to use the speed of the Internet and the tremendous flow of information which it provides to organize a global campaign against the company. Likewise, whilst speed and an uninterrupted flow of components to assembly plants are key elements in the reorganization of some capitalist production along Just-in-Time lines, the fact that timely delivery of components just before they are needed for final assembly has now become a much more important part of corporations' operations ironically provides workers with great potential power to disrupt those operations.<sup>15</sup> As General Motors has recently discovered, in an era when the timing of parts delivery is crucial for many segments of capital, the adoption on the part of workers of "chronopolitical" strategies designed to interrupt the timely flow of components to the production line can be particularly effective in bringing corporations' operations to a grinding halt. Similarly, the increasingly interconnected world of production and joint-ventures between erstwhile rivals can quickly spread disputes beyond their local origins such that they may take on potentially global proportions. Thus, when Canadian autoworkers went on strike against GM in October 1996 the ripple effects not only stopped production at other GM plants throughout North America but also threatened to disrupt US production of the Toyota Corolla, since Toyota buys seat brackets from one of the GM plants affected (*New York Times* 1996; *Wall Street Journal* 1996).

The Internet in particular raises interesting geographical possibilities for unions in their organizing strategies. Not only does it provide for much greater volumes of information flow between workers in different locations at much greater speeds than previously, and not only is it interactive in a way that traditional media are not, but it perhaps also provides unions with a mechanism to organize workers in new ways. Significantly, the Internet is changing the geographical assumptions upon which unions have historically based their organizing. Traditional models of union organizing (at least in the United States) have largely been developed in the manufacturing sector and have assumed certain micro-geographies of work. In particular, they have been designed to organize large manufacturing facilities in which "hot shops" of union sympathizers can be identified by organizers and which have few entrance gates and regular shift changes that can be picketed and/or leafleted by a relatively few organizers (Green and Tilly 1987). However, such models of organizing frequently fall short in service sector workplaces which are often relatively small in size, in which many workers may work on flexi-time, and in which it can be more difficult for outside organizers to identify potential union sympathizers, either because often they physically appear more "professionally" dressed than is the case with manufacturing workers and thus are difficult to distinguish from management, or because they may be physically isolated from other workers (either in small offices or

even as homeworkers—cf. Herod 1991) and are thus effectively hidden from an organizer’s gaze (Savage forthcoming). The Internet may in fact provide one way for workers in some service sector workplaces (particularly those involving work with computers) to identify themselves more easily to organizers, even whilst recognizing that many employers monitor their workers’ activities through sophisticated computer programs which record, for instance, how many keystrokes a worker makes in a given time. The Internet may even open opportunities for unions operating in the manufacturing sector, since it can provide virtual access to workers and facilities via cyberspace in cases when organizers are blocked from access in physical space by gates, guards, and security cameras. This raises important questions concerning the geographical terrains, both material and virtual, within which struggle by unions and others is waged and the assumptions about the spatial relationships which undergird such struggles.

### NOTES

- 1 I would like to thank Alexander Zharikov, General Secretary, World Federation of Trade Unions; Madhavan Atchuthan, Assistant to the General Secretary, World Federation of Trade Unions; Emil Machyna, President, Slovak Metalworkers’ Federation (Odborový Zväz KOVO); Jan Uhlír, President, Czech Metalworkers’ Federation (Odborový Svaz KOVO); and Peter Senft, Head, Economic Office, German Metalworkers’ Union (IG Metall), for their time during research trips to Prague, Bratislava, and Berlin. I would also like to thank John Holmes for bringing the Bridgestone/Firestone campaign to my attention, and Jennifer Frum, Gearóid Ó Tuathail, Susan Roberts, and Johnathan Walker for comments on an earlier version. This research was funded by a grant from the University of Georgia Research Foundation for the project entitled “Implications of the transition to a market economy for trade unionism in Eastern and Central Europe.”
- 2 A third international organization to which national centers belonged was the Christian trade union international, the Confederation Internationale des Syndicats Chrétiens (CISC). However, the CISC was much smaller in membership than either the WFTU or the ICFTU and drew most of its support from the Christian trade unions of France, Belgium, Canada, and the Netherlands. During the 1960s the CISC underwent a process of secularization, dropping religious references from its basic documents. The CISC also changed its name at this time to the World Confederation of Labor. For a good overview of the organizational structures of the WFTU, the ICFTU, and the CISC, see Windmuller (1980), especially Chapters 4, 5, and 6.
- 3 Although WFTU policy often followed that of the Kremlin, this was not always the case. In 1968 the WFTU Secretariat roundly condemned the invasion of Czechoslovakia, with only the Soviet member voting against the condemnation. However, after this embarrassment, the WFTU’s structure was changed to ensure no repeat performance of such criticism.
- 4 The AFL-CIO temporarily left the ICFTU in 1969 for several reasons, most notably the Confederation’s willingness to consider affiliating directly the United Mine Workers of America (then independent of the AFL-CIO), whether the ICFTU was pursuing a sufficiently hardline anti-Communist stance, and what should be correct ICFTU policy towards the less developed countries.

- 5 The CGIL criticized the WFTU for its overly centralized control and eventually left the Federation in 1978. The CGT, after the French Communist Party adopted Eurocommunism, also increasingly criticized the Federation for its focus on the problems of workers in capitalist and less developed countries and its refusal to acknowledge the problems workers faced in the Communist countries, and for being too caught up in the Cold War conflict with the ICFTU and capitalist countries (Windmuller 1980). In 1995 the CGT voted to leave the Federation.
- 6 Recently the leader of Fratia became a member of President Ion Iliescu's government. In a show of discontent against such close ties to the ruling party, itself a largely unreconstructed Communist organization, several trade unions left Fratia to form the Confederation of Democratic Unions (CDSR). Fratia, however, continues to be the largest trade union center in Romania, although the degree of its independence from the government remains unclear.
- 7 Established by the Reagan Administration, the National Endowment for Democracy is made up of four core entities, these being the AFL-CIO, the Center for International Private Enterprise established by the US Chamber of Commerce, the National Democratic Institute for International Affairs, and the International Republican Institute. The NED's purpose is to funnel US government money to various groups abroad with the goal of encouraging US-style entities to promote "democracy" and the establishment of "free enterprise."
- 8 Ironically, the same fear is also expressed by many in the (relatively) higher wage countries of Central and Eastern Europe who are concerned that local capital will seek to migrate east in search of cheaper labor and less rigorous governmental restrictions on health and safety, the environment, labor law, etc. Already a number of Czech companies, for example, have been purchasing interests in recently privatized state concerns in the Slovak Republic, leading to concern among both Czech and Slovak trade union officials that wages will remain low in the Slovak Republic and that this, in turn, will be used to undercut wages in the Czech Republic (Uhlír 1995; Machyna 1996). Likewise, recently a number of Slovak companies have been looking to buy enterprises in Ukraine to take advantage of lower wages there.
- 9 The WFTU gained new affiliates from 15 countries at its 13th World Congress (Zharikov 1995).
- 10 The WFTU publication *Flashes from the Trade Unions*, No. 2/96, contains the text of the Federation's message to the CGT's 1995 Congress concerning the latter's resolution to end its affiliation.
- 11 The basic structure of the WFTU as presently constituted is: (1) the World Trade Union Congress, which meets every five years, is the supreme body of the WFTU responsible for all matters concerning the Federation's constitutional affairs; (2) the General Council, which usually meets three times between each Congress and is responsible for establishing plans to carry out the decisions of the Congress; (3) the Presidential Council, which is the Federation's collective governing body between sessions of the General Council and which is responsible for coordinating between the Trade Union Internationals and the Federation's regional headquarters; and (4) the Secretariat which is the permanent executive body of the Federation, the General Secretary of which, among other things, represents the Federation in relations with other organizations and institutions (see WFTU 1994b).
- 12 This document was titled *The ILO Towards the 21st Century*.

13 Mulgan, for instance, argues that

The spread of electronic networks has been matched by a widespread use of the network as a logical device or metaphor, something that is good to think with...Computers have done much to spread familiarity with the idea of logical rather than physical space, with their topological representations of flow diagrams, branching trees and other patterns...Examples of this change include systems theories of society and cognitive psychology both of which model systems in logical space. And whereas in the eighteenth and nineteenth centuries the workings of the brain or of societies were conceived as analogous to those of the loom or the steam engine, both are today conceived as complex networked systems for producing and processing information.

(Mulgan 1991:19–20)

- 14 Of course, this does also raise a number of significant political questions, particularly concerning whether people have sufficient funds to gain access to the Internet and the fact that most of the Internet's resources (both in terms of software but also information libraries) are published in English. Relatedly, text for display is also often limited to Roman characters which either limits access or forces users of non-European languages to develop complicated phonetic versions of their own language.
- 15 If one of the hallmarks of Fordist "Just-in-Case" systems of production was the existence of large stockpiles of components in warehouses at assembly plants and long supply lines (to take advantage of cheap labor located perhaps many hundreds of miles from an assembly plant), Just-in-Time production relies on the virtual elimination of warehouse stockpiles and the supply of components to the assembly plant literally just before they are needed. Clearly, in such a production system speed and an uninterrupted flow of components are crucial.

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# MAGHREBIN IMMIGRATION, FRANCE, AND THE POLITICAL ECONOMY OF THE “SPATIAL VENT”

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## INTRODUCTION<sup>1</sup>

It is widely acknowledged that the processes associated with “globalization” have had at least some effect on the sovereignty of national states to control their own economic, political, and social fortunes (Hirst and Thompson 1996). There is however considerably less agreement as to the extent and precise nature of these changes. This chapter has two aims: the first is to explore the relationship between the national state and the regulation of trans-state (labor) migration given the alleged threat of “globalization” to individual state sovereignty. The second aim is to investigate the way in which the national state (still) regulates migration through a particular geographic mechanism which I shall call a “spatial vent.” These two aims are accomplished through a study of Maghrebin (Algerian, Moroccan, and Tunisian) immigrant labor in the Paris automobile industry from 1970 to 1990. The time-frame examined here is significant in so far as this period has been associated with the decline or “hollowing out” of the “Fordist” state, and the transition to more “post-Fordist” or “neo-Schumpeterian” forms of governance (see e.g. Jessop 1994).

This chapter is divided into two parts. The first part briefly reviews arguments regarding the nature of globalization, geography and governance in light of immigration and immigration policy. The second part is a case study which argues for the continued relevance of the national state. In turn this second part is divided into four sections. The initial section outlines the theoretical contours of the “spatial vent.” In developing the concept of the vent, the second discusses the role and importance of legitimation problems as one element of ideological crises under capitalism—crises which are not immediately addressed by spatial theories of capitalist dynamics. The third section explores the socio-cultural and political production of the spatial vent, while the final section outlines its economic production.

## “GLOBALIZATION,” GOVERNANCE, AND IMMIGRATION

The social sciences and the popular press are now replete with references to “globalization,” while at the same time some question its very novelty (Harvey 1995; Gordon 1988; Hirst and Thompson 1996). Indeed these authors claim that the geography of capitalism has constantly experienced a process of globalization since its emergence in the fifteenth century, and that careful historical analysis would suggest that the period from 1870–1914 experienced even greater attributes of globalization than the current period of convergence. Thus, for Harvey (1995:8), a more appropriate term might be the “process of production of uneven temporal and geographic development.” Yet as Harvey also acknowledges in a cautionary tone, contemporary capitalism has witnessed a “limited qualitative change” (ibid.: 12) and proceeds to outline the ways in which such change has manifested itself. Thus significant changes are apparent, though they need to be qualified historically. Apart from Harvey, Hirst and Thompson, and a limited (and hardly rigorous) literature on migration and globalization, central to most “economic” accounts of globalization is a marked tendency to focus on changes in international finance, production, and trade, and their effects on national state sovereignty. This focus has arisen, I argue, at the expense of an emphasis on migration.

In this sense, the available historical data on global migration should be treated with considerable suspicion as national “accounting” systems differ widely, as does the ability to document these “flows” (Castles and Miller 1993; Salt 1995). Thus, I cannot offer a privileged perspective from which to assess the globalization of migration (I face the same limits of source material), though I seek to offer a limited analysis of the historical importance of migration to capitalism. Although it is sometimes possible to separate out trans-national labor migration from all migration (as Hirst and Thompson seem to think it is vital to do), it is important to recognize that *all forms* of migration (in various ways) serve to stabilize and destabilize national political regimes. Similarly, categories such as “refugee” or “labor migrant,” student, etc. are only labels for entrance and do not necessarily correspond to their shorter- or longer-term roles in the “receiving countries” (van Amersfoort 1996).

On a global scale, and more specifically at the level of Europe, international migration has expanded since 1973, albeit only slightly and erratically compared to the period 1870–1914 (Burgers and Engbersen 1996; Castles and Miller 1993; Hirst and Thompson 1996). Global immigration seems to have peaked just prior to the First World War, dropped during the inter-war period, expanded once again in the 1920s, and fell to a near two-century low around 1935. And while the available data on global migration suggests an expansion in the levels and geographical sources of migration from 1986–7 onwards, there has also been evidence of increasing restriction since the early

1970s (Castles and Miller 1993; van Amersfoort 1996). Indeed, in Europe at least, the latter half of the 1970s was characterized by severe limitations on migration to Western European countries (e.g. West Germany, 1973; France, 1974). After a decade of expansion, immigration has now reached the level of the 1920s but far below that recorded before the First World War. To take the example of France more specifically, although the number of foreigners (including asylum seekers) entering the country has increased in the last ten years (after reaching a near post-war low in 1986), the percentage of foreignborn proved to be lower in 1990 (6.3 percent) than it did in 1931 (6.6 percent). The migration of labor to France has only recently begun to return to the levels of the late 1970s. Similarly, in Switzerland and the UK the migration of foreign labor has remained fairly steady between 1981 and 1992 (Body-Genrot 1996; Mestiri 1990; OECD/SOPEMI 1995). None the less, the percentage of foreign-born in Europe has increased by a staggering 24 percent in just 4–5 years (between 1988 and 1992–3) (Salt 1995).

The recent expansion of immigration in both volume and sources raises two fundamental and interconnected questions about the relationship between governance and immigration. First, has the nation-state suffered from a diminished authority *vis-à-vis* the regulation of migration and, second, has there, as a consequence, been a re-scaling to the supranational level (i.e. in this case, the European Union (EU))? Regarding the first question, Harvey (1995:10) acknowledges that “State boundaries are less porous for people and for labor than they are for capital, but they are still porous enough.” Similarly, Hirst and Thompson argue that,

The state may have less control over ideas, but it remains a controller of its borders and the movement of people across them. As we have seen, apart from a “club class” of internationally mobile, highly skilled professionals, and the desperate poor migrants and refugees who will suffer almost any hardship to leave intolerable conditions, the bulk of the world’s populations now cannot easily move.

(Hirst and Thompson 1996:181)

There is considerable debate on how “globalization” is more generally affecting the role of the national state, and it is not my intent to review this debate here (see Chapter 1 in this volume). I will simply offer the assertion that in the period examined here, the French state played (and still plays) a significant role in regulating migration (at least of the legal sort), and that in a legal capacity, globalization has not served to lessen the control of migration.<sup>2</sup>

If “governance” may be defined as the overlapping of political decisionmaking (rather than to the activities of national central “governments”), then a second question in analyzing the intersection between globalization, governance and immigration is whether the control of immigration is actually witnessing a re-scaling. International migrants

since at least the first years of the twentieth century have been nominally protected under international law. In the EU for example, the re-scaling of international labor regulations regarding migrant workers from the level of the national state to a more supra-state level is hardly new, and may be traced at least to the Treaty of Versailles and the role of the International Labour Office. Ever since its construction in 1958, migrants have been protected under EEC law as well as under ILO conventions (Böhning 1991; Bosniak, 1991; Hasenau 1991; Lönnroth 1991). Ironically (as the subsequent empirical discussion shows), it was France itself which most promulgated the need for international labor regulations (Hasenau 1991).

Currently, the regulation of migration in the EU is based on the Treaty of Rome, the Single European Act, and the Maastricht Treaty. Yet despite the continual significance of supranational governance, state autonomy has nevertheless remained strong in France, as in all European states (Bosniak 1991; Convey and Kupiszewski 1995; Salt 1995). The Maastricht Treaty of the European Union and the Schengen Accords (the latter ratified in March 1995) have to some extent served to create or reinforce frictions in the regulation of migration in individual EU member states. Indeed, European states have not really arrived at agreements either about external control or internal control within the so-called “Schengen space” (*Les Echos*, 24–5 March 1995). However, the External Frontiers Convention (reached after a 1994 intergovernmental report stressed the importance of the control of immigration flows (IGC 1994, cited in Salt 1995)), and the problems of so-called “subsidiarity” (devolution to the lowest “appropriate” level of governance in the EU), have led to a general harmonization of external migration as no national state wishes to be more attractive to another in terms of external migration (Convey and Kupiszewski 1995; Samers and Woods 1997). Thus, the outcome of this legislation for non-EU countries (North Africa in particular) has been more restrictive measures on the external borders of “Schengen space” despite the increasing liberalization of labor mobility within this space (*Les Echos*, 24–5 March 1995).

Given the continual significance of the national state, I argue in this chapter that the state requires a reconciliation of accumulation “imperatives” with political social and cultural priorities of the national state and the “national” polity. If there is widespread belief that the globalization of migration has created “cultural tensions,” especially in “Western” countries (e.g. Sheffer 1986; Turner 1994), then this also is hardly new (see e.g. Featherstone 1990). For example, I have shown elsewhere (Samers 1997a), in a historical analysis of Algerian emigration to France, that the “receiving country” has been shaped by the cultural politics of this international diaspora throughout the twentieth century. On the other hand, it may be fair to say that such cultural tensions are increasing since the more visible politicization of Muslim migrants since the 1980s and the rise of xenophobic movements such as Le Pen’s racist *Front National* (Kepel 1987; Wihtol de Wenden 1995).

Having presented a brief critical analysis of “globalization,” governance, and immigration, in the next part of this chapter, I wish to discuss how we might have a greater geographic understanding of the way in which the national state is secured through the spatial displacement of immigration.

## GLOBALIZATION, GOVERNANCE, AND GEOGRAPHY

### The “spatial fix”

Few have devoted so much effort to exploring the spatial dimensions of the historical development of capitalism as has David Harvey. For Harvey (1995), capitalism has always involved “globalization,” and is marked by a historical and geographical process of territorialization, de-territorialization, and re-territorialization. Thus, in his earlier *Limits to Capital* (1982), Harvey presented a rigorous Marxist analysis of the capitalist mode of production in which he offers the provocative insight that its survival depends upon the successful search for a “spatial fix.” Essentially, the spatial fix represents a means by which capital can provisionally restructure itself by producing new spaces of accumulation (and devaluation). However, Harvey’s largely “economistic” approach (and thus the concept of the spatial fix) results in three important lacunae. First, it neglects a theoretically sophisticated exploration of the state, and, as such, a more developed argument regarding the role of immigration policy in stabilizing the crisis tendencies of capitalism.<sup>3</sup> Second, we are provided with a rich textual critique of class ideology from Marx’s works, yet little as to the ideology of racism which serves to mediate the regulation of immigration. Third, although Harvey *does* acknowledge the importance of immigration policy as one “moment” in the regulation of accumulation and devaluation, he fails to address the question of the export of labor (instead he focuses on the export of capital, or more vaguely on the “export of devaluation”) (see 1982:413–45). Accordingly, in this chapter I propose the concept of what I call a “spatial vent” as a complement to the spatial fix. In effect, the spatial vent is the export of labor, itself a manifestation of problems related simultaneously to the circuits of capital, institutions, and most importantly to ideological contradictions within the territorially (state)-based reproduction of labor-power.

### The “spatial vent”

The *spatial vent* is a mechanism of accumulation which entails the encouraged or forced relocation of (racialized or ethnicized) labor in order for the state to provisionally overcome the “overheating” of political friction generated by a crisis of accumulation—legitimation within a particular territory or territories (in this case the national state). It distinguishes itself from Harvey’s “spatial fix” by emphasizing the political, social, cultural, and ideological

obstacles (in particular that of the tension between racism/sexism and bourgeois ideology) that cannot be “read-off” from the “laws of motion of capitalism.” Additionally, it emphasizes the export of labor/labor-power, rather than only the export of capital, as a strategy of crisis resolution. Finally, unlike the *explicit* logic of the fix, the vent may serve to overcome the ideological tensions of racism (and sexism) which in part “necessitate it.”

Clearly, however, the spatial vent is not without theoretical precedent. The concept is akin, of course, to what is well-known in development theory as the “security valve” or its French equivalent, the “*souape de securite*” Similarly, in the automobile industry itself, the term “*porte de sortie*” (emergency exit) was used to describe what was “needed” to overcome the crisis of Taylorism (*L’Aurore*, 11 June, 1978). Heisler (1986) in the context of transnational migration, refers to a “window” on “the diminished authority of the democratic state.” And with regard to immigrant labor, Freeman (1979) underlines the importance of the state’s power and willingness to export conflict. Wihtol de Wenden (1988) advances this further, viewing this as an axiomatic and structural attribute of immigrant labor. A country turns to immigrant labor *because* such conflict *is* exportable. Thus, for Freeman the question remains political, and for Wihtol de Wenden it rests on the structural character of the phenomenon. However, the concept of the “spatial vent” is neither a simple form of “scapegoating” nor simply the French concept of a “valve.” First, as I will demonstrate later, there can be no absolute prolonged scapegoating under capitalism and second, the structural forces driving some sort of security valve have not been adequately theorized.

### Legitimation crises

Not only does the spatial vent require legitimation by the state, it is both the result of, and producer of, legitimation problems. It is for this reason that we now turn our attention to the question of a “crisis of legitimation.” Conceptualizations of legitimation have certainly not been neglected by European or American Marxist or neo-Marxist state theorists,<sup>4</sup> although it has had most of its success in a German context, from where it originates. Its “sociological” Weberian-based concepts were largely promulgated by the publication of Jürgen Habermas’s (1973) *Legitimation Crisis*, the modified statement in Offe (1984), and the Frankfurt School. Using the work of these authors, as well as other state theorists, I wish to argue that such a concept should stand at the center of discussions on immigration, industrial restructuring, and indeed more generally of obstacles to capital accumulation.

One of the most lucid and accessible definitions of a “legitimation crisis” is provided by O’Connor (1987). For him, a “legitimation crisis”

is defined as a strong tendency for the political system or state bureaucracy to cease to work, which may or may not be accompanied



by popular political opposition. Political crisis in this sense is the incapacity of the political system or state to function normally and/or inspire sufficient belief or loyalty. More specifically, legitimation depends on the capacity of the political system to secure a consensus of political policies from groups which either will not benefit or will be harmed by capitalist accumulation—a task which typically requires that policies be defined and presented to the “public” in ways that conceal their true nature... the capacity to secure consensus is threatened when political parties and politicians who make claims that they are able to manage capitalism and accumulation successfully cannot in fact do so. In this way, the idea of political legitimation is tied to the capacity of the state bureaucracy to reproduce legitimating ideologies and also successfully to implement crisis-prevention or crisis-management policies.

(O'Connor 1987:110–11)

O'Connor's reference to the importance of crisis prevention is adopted from Offe's (1984) notion of the “crisis of crisis management,” and suggests that a legitimation problem need not be one that is unfolding in the present. In effect, we might argue that a *potential legitimation crisis is a legitimation crisis*.

In the next part of this chapter, I present a brief history of French immigration and Maghreb *emigration* policies from the late 1960s to about 1990 which details the way in which competing economic, ideological, social, and political demands led to a joint accumulation-legitimation crisis, and ultimately the development of the spatial vent. This latter division (between the socio-cultural/political and economic) is merely heuristic, and it is these processes together and inseparable which produce the “vent.”

## THE POLITICAL, SOCIAL, AND CULTURAL PRODUCTION OF THE SPATIAL VENT

### The Franco-Algerian accord and the regulation of immigration in the late 1960s

We can begin this narrative with the 1968 Franco-Algerian accord which established resident cards for Algerians living in France, and explicitly fixed the number of workers authorized to enter France at 35,000 per year for a period of two years. Immigrants were allowed three months to find employment. The accord of 1968 is therefore said to provide Algeria with so-called “privileged status” (where a permanent card would be available for those residing in France at least ten years). Alternatively, Morocco and Tunisia fit within the “common regime” (or the recruitment structure and system of policies associated with the *Office National d'Immigration*) and a system of bilateral accords dating originally to 1963. As immigration expanded rapidly in France during the late 1960s and early 1970s, especially

from the Maghreb states, many researchers of immigration policy began to speak of a *prise de conscience*. This refers to the political awareness or “sudden awakening” by the French polity and state to the extent of immigration in France in the late 1960s.<sup>5</sup> Wary of the social and political implications of this considerable migration, a number of institutions were created in order to promote “integration”—though a better term might be “regulation” (housing, social welfare, literacy training, etc.). Prior to 1967, the participation of immigrants in unions remained essentially illegal but in 1967, 1972, and 1975 immigrants gained considerable footholds within the unions. This *prise de conscience* is argued to assume a linear ascent into the 1970s and 1980s, with the question of immigration increasingly entrenched within French politico-economic discourse (Flory 1976; Granotier [1970] 1979; Wihtol de Wenden 1988). Aligned with this *prise de conscience* is the rise of immigrants as a political force (which in itself further drove this “prise”). In general, and in the automobile industry more specifically, with the institutionalization of immigrants in French unions and their “homogenization”<sup>6</sup> within specific sectors of production (notably in the automobile industry), they began to register demands (through conflict) both within the industrial and the housing sphere.

### Immigrants, Islam, and governance

What arose from this period of rising conflict in the 1970s is what might be termed *the regulation of Islam and Islam as regulation*. Despite the claims of an “Islamic threat” by the French government and the “popular press,” the state recognized that promoting a certain religiosity through the development of mosques and other religious, cultural, and educational institutions in the volatile urban suburbs and in the firms could constitute an element of social regulation<sup>7</sup> or a “mode of societalization”<sup>8</sup> along Gramscian lines. In short, it was hoped that Islam would regulate Fordist workers in the same way Ford had tried to do some 50 years earlier (see the discussion in Gramsci 1971:277–87). Ironically, the promotion of Islam (which arguably created a certain *prise de conscience* among the immigrants themselves) for the purposes of attenuating conflict eventually came to facilitate (though not principally motivate) the development of more severe strike activity in the Paris plants (Barou 1985; Courtois and Kepel 1987; Kepel 1987; Mouriaux and Wihtol de Wenden 1987; Subi 1985; Wihtol de Wenden 1988).

### The first attempt at repatriation schemes: the *aides au retour*

The problems often associated with the decline of Fordism (industrial restructuring and growing unemployment), a persistent (neo-)colonial racism (or ethnicism), and the widespread belief that Maghrebin immigrants especially were responsible for the crisis, had prompted L.Stoléru (the

secretary of state for immigrant workers) in conjunction with Prime Minister Raymond Barre, to call for the return of a million immigrants (notably Maghrebin and “sub-Saharan Africans”) in 1977. A unilateral non-formal decision was therefore made to offer 10,000 francs to any immigrant in return for their permanent departure from France (the so-called *aides au retour*). Unfortunately for the French state, only 27,000 financial packages were distributed concerning 42,000 immigrants. Maghrebins constituted 30 percent of those returning (most of them employed) and Algerians only represented 9 percent of the total. The *aides au retour* were formally rejected by the Conseil d’Etat and the Assemblée Nationale, and they were canceled by the Socialists in 1981 (CGT 1981; Khellil 1991; Lebon and Jansolin 1979; Merckling 1988; Sayad 1979).

### The Maghrebin target

The end of the 1970s marked a context in which the government and the popular press spoke frequently of an “Arabo-Islamic threat” fueled by the Iranian revolution and the second petroleum shock. Paris, which did not relinquish the question of further repatriation schemes, sought leverage in negotiations with Algiers, Rabat, and Tunis by harnessing any extant rivalries between the Maghreb states. Algerians in particular were singled out as a target because they were the most vocally political “community,” and the largest non-EC nationality (thus potentially furnishing the greatest number of returns). Moreover, some employers found it hard to accept the place of Algerians in the unions and considered that their departure would ease industrial and social conflict. Finally, Algeria itself had some interest in seeing the return of their migrants because of a relatively buoyant price of petroleum and a continually expanding economy (albeit slowly and, eventually, shortlived). Ironically, the condition of having negotiable resources (in particular petroleum and its by-products) created an “Achilles heel” for the Algerian state in terms of this sort of negotiation. On the other hand, Morocco and Tunisia had less-sought-after resources (primarily phosphates) with which to leverage decisions, and thus were comparatively more ready to sign international agreements regarding the regulation of immigration, since both were aware of what little concrete effect they might have had. With three years left to the next election, the political climate seemed appropriate for a politics of return. Furthermore, most of the Algerian permits were issued just after the 1968 accords, meaning the bulk would expire by 1979. With the threat of the non-renewal of the 1968 accord, the French state had a powerful tool against immigration, especially because of the remaining three years to the next presidential bid. This would allow the implementation of a policy of forced returns, which in the time available would hopefully lower the levels of unemployment and, conversely, leave *not* enough time if the policy did *not* function as hoped. None the less,

the government remained wary of the reaction of the French electorate, the Maghreb states, and the “international community.” Moreover, European social law prevented France from altering the status of resident foreigners and the confiscation of residence and work permits from a worker made redundant. Finally, Algerians were protected by the 1968 accords which presented its own obstacles for decision-making (*CGT /Renault-Commission Algérienne*, October and July 1979; Weil 1991).

Thus Algeria provided a political impasse for the French government, since a more rigorous internal regulation would be inapplicable anyway. And if Algeria refused to negotiate over the restructuring of the 1968 accords, the other point of reference would be the more “liberal” Evian accords. In that case the French government would have to denounce these accords which might have its own effects. In a sense, a *potential* legitimation crisis developed and, as I argued in the beginning of this chapter, any *potential* legitimation crisis *is* a legitimation crisis. The government sought a solution through internal and external means, and one option consisted of preparing two laws while disguising the real objectives of the state. The first law would grant more power to expel immigrants, and the other would limit the renewal of work permits. This latter option could not really provide a solution since European law protected the unemployed and work permits were given for at least the same period or longer following their expiration. Thus, the government found a provisional solution in which such permits were not renewed. Both of these internal “plans” had to be agreed to by the Parliament in order to implement forced returns. The French government then decided upon a planned return of 100,000 Algerian immigrants per year over a five-year period (a total of 500,000), and wished to exchange the privileged status of Algerian resident cards (from the 1968 accord) for a change in those work permits nearing their expiration. Stoléru wished to draw the distinction between those arriving before and after 1962, but he refused to agree to the renewal of the cards and insisted on bilateral forced returns. If Algeria did not co-operate, the French would act unilaterally. This would end the privileged status of Algerians, and if Algiers refused this, France would denounce the 1968 accords. If it then went back to the 1962 accords, Stoléru would denounce these as well since, for the French government, Algeria had not respected them anyway. However, the Conseil d’Etat and the Conseil des Ministres rejected the plan, and the final decision rested upon a *titre ordinaire* (valid for one year) and ten-year permits given only to immigrants resident in France for more than 25 years. Parliament agreed to the non-renewal of permits after six months of unemployment. As such, the Maghreb states found themselves trapped in the short term, as emigration provided financial resources and a “security valve.” Rabat and Tunis agreed to voluntary returns as well as the above program. Finally, Algiers also bowed to pressure which virtually ended the “privileged status” of Algerians (Benamrane 1981; Weil 1991).

This long political process of bargaining, leverage, and legitimation crises culminated in the Franco-Algerian agreements of 1980. This co-operative agreement sought to develop a program for the voluntary return and “reintegration” of Algerians. It represented a turning point in the policy of immigration in so far as the politics of return had shifted from unilateral decision-making to bilateral negotiation. The two states concluded the agreement for a period of three years and three months (October 1980 to December 1983). It involved any active or unemployed Algerian worker in France, and returns would be encouraged though not forced (unlike the Barre—Stoléru program). Different forms of benefits were offered (professional training, financial measures, and small business development schemes). The idea was to replace the *aides au retour* and to complement the wishes of firms who were pursuing mass redundancies. This program had very little impact numerically. While the government hoped for the return of 35,000 workers (70,000 people), only 13,500 Algerians accepted the offer. However, prior to these schemes, police intimidation had instilled fear in especially Maghrebin “communities,” which resulted in the “voluntary” returns anyway of a certain number of immigrants. Ironically, if Algeria initially constituted the target of immigration policy, it would later “politically shield” the remainder of immigrants through the 1980 agreements (CGT 1981; CGT/FSM 1983; *Liaisons Sociales*, 1981; CNRS/RNUR 1985).

### The continual question of the “ten-year card”

Much of the debate on immigration in the early 1980s centered around the “ten-year card.” The Socialists wished to (re-)institute the ten-year card during a period associated with an arguable *crise du coeur* (a crisis of conscience) regarding the difficulties which many immigrants faced (housing problems, racism, rapidly changing immigration legislation, etc.). At the same time, Socialist legislators remained wary of the power of the Ministry of Interior, the long legislative battle which might therefore ensue, and also the problem of further contributing to the pervasive fear of Muslim fundamentalism. As the government faced the question of the expiration of the Franco-Algerian agreements in 1983, it also feared its own passivity with regard to a more proactive and explicit immigration policy. It therefore experimented with the idea of a less favorable regime for Algerians, instead of a ten-year card, though its attempts proved unsuccessful (Balibar 1984; *CGT/Le Peuple* 1986; *Dernières Nouvelles d’Alsace*, 31 January 1984; Khellil 1991; Mayeur 1993; Merckling 1988; Weil 1991; Wihtol de Wenden 1988).

### The ethnicization of North Africans

Maghrebin immigrants do not constitute a single or cohesive ethnicity (Harbi 1980; Khellil 1991, Lacoste and Lacoste 1991; Oriol 1980; CNRS/ RNUR

1986; Sayad 1991), despite such a representation by the popular press, the firms, and academics themselves.<sup>9</sup> In fact, in the automobile industry at least, Maghrebin workers were organized along nation(ality) lines (Algerian, Moroccan, and Tunisian), rather than with any specific reference to “ethnicity.” None the less, in the midst of the eighteen-month-long conflicts in the automobile industry, and especially with regard to the strikes at Citroen, Prime Minister Mauroy claimed in an interview with *Le Monde*:

There seems to be evidence of a certain religious and fundamentalist movement in the conflicts which we have witnessed, which give them a twist which is not exclusively union-based. Having said that, we are in a secular state and we wish that it remains this way. I will oppose myself to the institutionalization of a religion (whichever one it might be) inside the workplace. I am against religion in the firm, as I am against politics in the firm.

(11 February 1983; my translation)

He further argued that:

The main difficulties which remain...[in the industry]...have been raised by immigrant workers whose problems I do not fail to recognize, but who, one has to realize, are being stirred up by religious and political groups whose basis bears little relation to French social reality.

(*Le Monde* (front page) 29 January 1983; my translation)

Similarly, in a well-publicized statement from a television interview on 26 January 1983, Gaston Defferre, then Minister of the Interior, proclaimed that in the context of the Renault strikes, “il s’agit d’intégristes, de Chiïtes.”<sup>10</sup>

Though Islam as it was practiced in the Paris factories played some role in facilitating the mobilization of immigrant workers (for example certain Imams, themselves workers, were highly visible in providing strike directives to other workers), labor militancy was more the result of the problems of Taylorism and the abysmal working conditions of the Paris factories (see e.g. Mouriaux and Wihtol de Wenden 1987; CNRS/RNUR 1985). Thus, legitimation of the vent was partially accomplished by ethnicizing workers because of their threat to accumulation.

Having discussed the six elements of the socio-cultural and political production of the spatial vent, we now turn our attention to the way in which the regional crisis of the Paris automobile industry contributed to the economic development of the spatial vent.

## THE “ECONOMIC” PRODUCTION OF THE SPATIAL VENT

The architecture of such a crisis may be understood in terms of what I call a “quadruple accumulation crisis” within the French political economy. The

four axes of this crisis contributed to tensions within France's position *vis-à-vis* Maghrebini immigration (though not exclusively immigration from North Africa) and set in motion the problems of both accumulating legitimation and the legitimation of accumulation.

### A crisis of productivity/quality

Similar to claims of the regulationists regarding the break-down of Fordism, the first axis concerns a joint crisis of productivity-quality in light of primarily *indirect* Japanese competition through European automobile producers. This crisis of productivity and quality which primarily stemmed from the problems of Taylorism, and more specifically from the predominance of North African immigrants as low-skilled "Taylorized" labor in the auto sector in the Paris region, led to their "homogenization" as an industrial (ethnicized) class. With the ascent of the *prise de conscience*, what marked this regionalized industry was the massive level of continuous labor conflict, especially in 1973, 1978, and most importantly in the period 1982–4 in all three firms, which exacerbated the problems of productivity-quality. That France's "champion firms" were under severe financial stress (primarily high levels of debt), that they were rapidly losing share in European markets, and that they generally represented a larger French "industrial malaise" in the early 1980s, had prompted "right-leaning" journals to delegitimize the conflicts, and to re-emphasize the importance of the automobile industry to France's economy. This in turn only further fueled (and to some extent legitimated) the resentment towards the presence of North African immigrants in France's territory and the production of the spatial vent (Samers 1997b).

### A crisis of the conventions of the convention

The *convention* refers to the tri-partite agreements between capital, the state, and unions, which structured the wage relation—and forced the French state to reconfigure or "liberalize" industrial relations to match increased internationalized competition. In particular, this involved overturning a 1976 law requiring administrative signature before mass lay-offs could be carried through, and the implementation of the so-called Auroux laws which rescaled industrial negotiation down to the plant-level, thus resulting in more "flexible" labor markets (ATMF 1984; Barthélémy 1988; Goetschy and Rozenblatt 1992; Howell 1992; Lyon-Caen and Pélissier 1992; Salais 1992; Storper 1993).

### A crisis of youth employment

In a country where young people have been (in the recent past anyway) a source of often extreme political protest (1968, 1986, etc.), the growing mass

of young unemployed in the late 1970s created a political threat which the French state eagerly sought to diffuse. A series of youth-immigrant substitution policies (through tax abatements and subsidies) offered to firms for young people graduating from technical high schools, provided a response to the question of their growing unemployment. The automobile firms (faced with the imperative of reskilling) were eager to tap into this newly educated workforce, who in the late 1970s and early 1980s often viewed such employment as “ideal” (Biret 1984; Merckling 1984; Ministère des Affaires Sociales 1986, 1987; Samers 1997b; Simon 1980).

### The crisis within the universalist “zig-zag”

The fourth element of this “quadruple accumulation crisis” may be considered a crisis of equality and French republican values. First, Wallerstein’s (1991) “zig-zag” refers to the tension between on the one hand “bourgeois” equality, or the universalizing tendencies and pretensions of equal access to the higher rungs of the labor market, and, on the other hand, the necessity to racialize (ethnicize) fractions of national or extra-national populations in order to “divide and rule,” thus maintaining docility and driving down the value of labor-power. As Wallerstein argues

A capitalist system that is expanding (which is half the time) needs all the labour-power it can find, since this labour is producing the goods through which more capital is produced, realized and accumulated. Ejection out of the system is pointless. But if one wants to maximize the accumulation of capital, it is necessary simultaneously to minimize the costs of production (hence the costs of labourpower) and minimize the costs of political disruption (hence minimize—not eliminate, because one cannot eliminate—the protests of the labour force). Racism is the magic formula that reconciles these objectives.

(Wallerstein 1991:33)

Thus, “What we see...is a system that operates by a tense link between the right dosage of universalism and racism—sexism. There are always efforts to push one side or the other of this equation ‘too far.’ The result is a sort of zig-zag pattern” (Wallerstein 1991:35). Thus, the state cannot *appear* to be “racist” (this does not mean that the state is not racist) or break with the French constitutional values of the phrase *sans distinction de race* and *les droits de l’homme*. In short, the state is pressured to not tamper with the ideological claims of “bourgeois democracy” and what Habermas ([1973] 1992) called “a catalogue of basic rights, strongly immunized against alteration” (p. 101) (Bonnafous 1991; Bonnafous *et al.* 1992; Silverman 1992). What Wallerstein implies (and this is vital for understanding the links between immigration and production systems within a capitalist political



economy) is that the ability to, and the benefits derived from, “devaluing” labor-power precludes an absolute prolonged scapegoating of immigrants.

### SETTING THE VENT IN MOTION: THE “AIDES AU RETOUR” AND THE “AIDES À LA RÉINSERTION”

In this final section, I wish to explore the form which the “spatial vent” assumed within the political economy of France. To replace the effectively illegal *aides au retour*, the government proposed the *aides à la réinsertion* which contained a more complex set of options and benefits. As the Socialists canceled the *aides au retour* in 1981, the *réinsertion* programs had to be once again legitimated to the immigrants and the various associations which surrounded them. This presented itself as a massive obstacle for the secretary of state for immigrant workers because first, as Touraine (1994) argues, there has been a discursive and ideological reinforcement of *les droits de l'homme* in recent French history. Second, there existed a contradiction between the dangers of promoting a wave of xenophobia potentially generated by the *relatively* favorable (to immigrant workers) nature of the repatriation schemes, and on the other hand the xenophobic inflection of the schemes themselves (*Le Figaro*, 8 August 1985; Weil 1991).

While the original *aides au retour* involved only unilateral negotiation, Dufoix (the secretary of state for immigrants) concluded that using bilateral negotiation would legitimate their use by avoiding protest from the left. Moreover, for the state, bilateral accords would make *réinsertion* “more efficient,” and in guaranteeing that they would not return through the repeal of work and residence cards. On the other hand, the *aides à la réinsertion* required a debate in Parliament which carried its own risks. The *aides à la réinsertion* were therefore couched in terms of fostering development in the countries of emigration. None the less, Morocco and Tunisia immediately rejected the program owing primarily to economic difficulties, and Morocco reminded Paris that it would have to find alternative employment for its immigrants stemming from the 1963 Moroccan labor accords. Thus, the Maghreb states, wary of the possible national unpopularity they might produce, were initially reluctant to sign the bilateral accords. However, these states recognized that they focused on very few immigrants limited to specific sectors with generous financial benefits.

Alongside this program, the state offered the ten-year permit, which would (hopefully) simplify procedures and placate immigrants. Once again, however, many French legislators saw this as increasing the objective rights of immigrants, favoring relatively few, and as yet another social advantage for immigrants. The Conseil des Ministres refused to ratify this decision, citing a 1946 legislative text not allowing the separation of work and residence cards. Therefore, the government would have to produce the *carte unique* as a *new law* and integrate the *aides à la réinsertion* in the same government text. This would allow the state to disguise the legitimation

difficulties of the non-return clause of the repatriation schemes behind the granting of the *carte unique* (Wihtol de Wenden 1988; Weil 1991).

### The manifestation of the spatial vent

Thus, in conjunction with the automobile firms, the state and the Office National d'Immigration (ONI) provided a complex system of benefits to encourage return migration. Although developed initially in theory between Renault and the state, they were first signed with Citroen in May 1984, and shortly thereafter with Peugeot and Renault. The policy focused on the industrial unemployed. The program began in 1984, and was revised in 1987 and 1989. From 1984–90, of about 29,000 immigrants who left, 17,500 were Maghrebin and nearly 10,000 (or 33 percent) were in the automobile industry—with 6,000 in the Paris factories (22 percent of all repatriations across France in all industrie). The majority left in 1984/5, and the program had significantly dwindled in popularity by 1990 (ADRIS/Direction de la Population et des Migrations (DPM)/Ministère des Affaires Sociales/de Vulpian, M. 1986; OMI 1989). Figure 8.1 shows the significance of the “vent” in relation to other “modes of departure” at Renault during a period of major restructuring.

Yet given the regionalized nature of the immigrant-laden Paris automobile industry, the government-aided schemes represented more an exit from a politico-legitimation crisis than a “rational” plan to alleviate national unemployment, even if the state discursively constructed it this way. In effect what was at stake was a national political crisis linked with a regional crisis of accumulation.

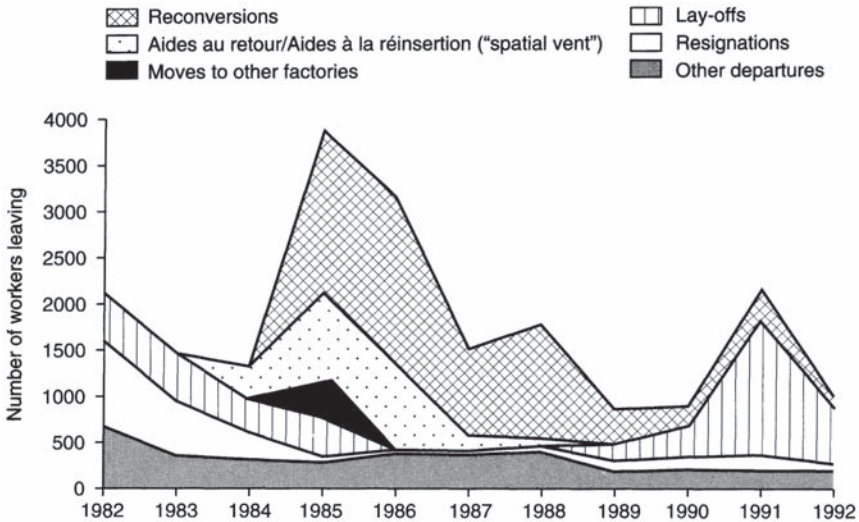


Figure 8.1 Nature of “departures” from Renault, 1982–92  
Source: Labbé (1994)

## CONCLUSIONS

In this chapter, I first presented a critical analysis of globalization by evaluating it in the light of global and more specifically European and French immigration. Second I argued that in the period under analysis (often associated with a certain “hollowing out” of the national state), the French state served (and continues to serve) as a largely autonomous regulator of trans-state labor migration. Third, I sought to develop the concept of the “spatial vent” as one element of a provisional geographic solution to the problems of the state regulation of trans-national migration under contemporary capitalism.

Regarding the first point, many authors argue emphatically that global migration has increased dramatically in the last decades. However, Hirst and Thompson (1996) are correct in qualifying this argument with reference to the late nineteenth century and the early twentieth. None the less, by all estimation, there is a real increase in both legal and illegal migration since about 1986 (on a global, European, and French level), despite the creation of policies by national states to restrict such immigration (punishing employers for hiring illegals or further demands for work permits, repatriation schemes, stricter border controls, etc.). Thus, the national state matters for both its relative non-porosity and for its relative porosity throughout the history of migration within the uneven dynamics of global capitalism.

Regarding the second point, my analysis covered a period (1968–90) associated with the collapse of the Fordist state and the emergence of a new form of a “hollowed out” national state. In this sense, the similar and related discourse, for example, of so-called “flexible accumulation” (e.g. Harvey 1989) fails to acknowledge, for example, that just when capital movements were allegedly “*flexibilized*” in the 1970s, immigration to Europe—that is the barriers to the movements of labor—became increasingly *rigid*. More importantly, it is simply untrue that the national state has somehow ceased to matter. Again, if we re-examine the history of migration, the national regulation of immigration served to dissuade migration as well as to increase it. Even if we were to argue that today, “advances” in transportation, information, and communication have facilitated migration, we could just as easily argue the reverse—that these same technologies have served to strengthen the surveillance of migration. I have in mind here the Schengen Information System recently implemented by the European Union (*Les Echos*, 24–5 March 1995). Moreover, should a transportation company (an airline, ferry service, etc.) carry an illegal migrant (whether knowingly or unknowingly), it can be fined for the cost of repatriating the illegal migrant. This, for example, is the case in the European Union (Convey and Kupiszewski 1995).

Finally, in illustrating the way in which the national state is both threatened by, and relieves the pressure of, trans-state labor migration, I drew attention to the socio-cultural, political, and ideological development of the “spatial

vent.” I labeled its economic production a “quadruple accumulation crisis” in referring to four separate processes which “impelled” the French state to pursue the vent. I argued primarily for the links between a regional crisis of accumulation concentrated in (though by no means limited to) the automobile industry in the Paris region, and a national political crisis. In periods of the severe disruption of accumulation, the spatial vent may be invoked to alleviate pressures of accumulation and legitimation, even though the vent itself must be legitimated. I suggested that such a “vent” can be viewed as a complement to Harvey’s “spatial fix,” the former a more *explicit* manifestation of the ideological and institutional obstacles to accumulation. However, the spatial vent is more than a simple “scapegoating”—in fact the contradictions of bourgeois ideology and the “imperatives” of accumulation mean that an absolute prolonged scapegoating is anathema to the legitimacy of the contemporary capitalist state. The same processes which create the globalization of migration (that is the recruitment of an ethnicized neo-colonial immigrant labor force) can be easily reversed in the form of repatriation schemes, serving to secure the political space of France and indicating the inability of globalization to undermine such policies.<sup>11</sup>

The presence of the “spatial vent” might suggest that any immigrant is plainly aware of the powers of the national state (and thus the limits to the thesis of the decline of the national state because of globalization) when confronted with the border control at a Parisian airport or the seaport at Marseilles. It should be clear that the more exaggerated discourses of globalization, as they are unscrupulously employed by academics, politicians, and the popular press, often replace careful historical analysis. As Hirst and Thompson write, “Despite the rhetoric of globalization, the bulk of the world’s population live in closed worlds, trapped by the lottery of their birth” (1996:181). An “unruly world”?—perhaps it is for many states which cannot control increasing illegal migration, but it is also very much a world that is *ruled*. This chapter has represented a modest attempt to illustrate this point.

### ACKNOWLEDGEMENTS

Many thanks to Noel Castree and Richard Meegan for commenting on a draft version of this chapter.

### NOTES

- 1 This is a version of a paper originally presented at the Conference on Crises of Global Regulation and Governance, Department of Geography, University of Georgia, Athens, GA, USA, 6–8 April 1996.
- 2 This then raises the question as to whether the expansion of illegal immigration in North America and the European Union is both a result of, and indicative of, a more pronounced contemporary globalization (see e.g. van Amersfoort 1996).

- 3 In the afterword to *Limits to Capital*, Harvey concedes that “I have not considered the Marxist theory of the capitalist state in the present work, in part because I felt that a full treatment of this controversial subject ought to await a careful analysis of the processes of the reproduction of the laborer and labor-power” (1982:448). Furthermore, the question of the theory of the Marxist state is more fully addressed in an earlier account by the author (Harvey 1978).
- 4 See for example Clarke (1991), Jessop (1990a), and O’Connor (1987). In contrast, the question of legitimation is ignored in the otherwise very useful review by Das (1996). This represents a general tendency to avoid discussions of legitimation in Marxist-inspired analyses of political economy, such as the regulation approach.
- 5 Elsewhere (see Samers 1997a), I have critiqued the “eurocentric” assumptions of this *prise de conscience*.
- 6 I use the term “homogenization” as it is understood by Gordon *et al.* (1982). For these authors homogenization represents the “spreading tendency toward the reduction of jobs in the economy to a common, semi-skilled denominator” (1982:100). Periods of homogenization and segmentation intersect and contradict each other. Thus extreme forms of segmentation may lead to periods of homogenization which may require further “divide and rule” strategies to attenuate labor struggle. As Gordon *et al.* write: “We attribute part of this growing unrest to the intrinsic contradictions of homogenization itself. The more that workers shared common working circumstances, the more likely that they would share protests over their jobs” (1982:121).
- 7 As far as regulationists are concerned, the “state” is to be seen as only one element of this social regulation (see e.g. Boyer 1986).
- 8 According to Jessop, a mode of societalization refers to “a pattern of institutional integration and social cohesion which complements the dominant accumulation regime and its social mode of economic regulation and thereby secures the conditions for its dominance within the wider society” (1994:252). It may be viewed then as the ideological arm of the regulationist mode of social regulation.
- 9 There are however *some* similarities in terms of language (Berber and/or Arabic) and that most North African workers were practicing Muslims (whether within or outside the factory). None the less, the claims of “unity” through the medium of religion or through language are exaggerated.
- 10 Translation: “It’s about fundamentalists, Shiites” (in fact the Muslim workers at Renault, Citroën, and Peugeot were primarily Sunni, and not Shiite).
- 11 Yet the important point here I think is not whether the “spatial vent” is reproducible in different socio-cultural and political—economic contexts, but rather what the presence of a vent *suggests*. That is, economic geographers, for example, may have a considerably more sophisticated understanding of the “economic” forces driving restructuring or the geographic mobility of capital but substantially less appreciation of the *ideological* obstacles to certain forms of spatial restructuring (whether it is a matter of a single plant, an entire industry, or even national-wide industrial policies) and the use of an internationalized labor force. That is, if we can associate the “spatial vent” with a “security valve,” then not understanding the causes of this valve would be akin to arguing for the development of a “spatial fix” without understanding *its* mechanisms.

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## EXCAVATING NATURE

### Environmental narratives and discursive regulation in the mining industry

*Gavin Bridge*

Reports of Nature's death are greatly exaggerated.<sup>1</sup> At the end of the twentieth century Nature is alive and well, permeating the experience of everyday life as a riotous profusion of heterotropic images, signs and discursive constructs. The wild, external nature mourned by McKibben and others may indeed be passing as the commodification of the natural environment pushes ever deeper, yet Nature is far from a redundant anachronism. Captured, corralled, and dismembered by the market, Nature is transfigured from the solidity of material substance to the fluid ether of signs and metaphors. In the contemporary moment disembodied fragments of Nature appear increasingly when and where we least expect, surging in irreverent liquidity through the pores of the economy, informing and transforming diverse and historically specific sets of social relations. This chapter discusses the significance of this "culture of Nature"<sup>2</sup> in the context of the tensions and contradictions inherent to the production of commodities from the natural environment. It illustrates how the social construction of Nature is spatially differentiated, and suggests that place-specific discursive constructions on the environment emerge out of, and in turn may reproduce and regulate, the institutions and social practices which favor accumulation.

The chapter draws on observations of the resurgence of nature within the discourses adopted by the international mining industry over the last ten years. The industry is more voluble and vociferous in its discussion of nature than ever before, and its environmental discourses are heterogeneous and often distinctly dissonant. Particularly significant are the differential constructions of nature in corporate headquarters and mining communities, localities that are spatially discrete yet strategically connected. In both the boardroom and the town hall the industry discusses nature at length, but in very different ways. This chapter focuses on the spatiality of these environmental narratives to suggest that distinctive discourses on the environment may be related to each other through their role in regulating localized parts of a global production chain. The claim is advanced that the

environmental impacts of production can pose a potential crisis for mining capital since they undermine both the physical and socio-political conditions necessary for future accumulation, and that increasingly the strategic deployment of discourse may supplement a recourse to the administrative fiat of the state in providing an effective means by which these tendencies to crisis can be contained and postponed. Thus environmental narratives can serve to stabilize potential crisis tendencies by negotiating a temporarily stable coalescence of interests which favor accumulation in sectors such as mining. In this way environmental discourses (and the institutions and practices which participate in their dissemination) may be emerging as an alternative to the administrative state as a local mode of governance.

### REGULATING CONTRADICTIONS OF THE CAPITAL-NATURE RELATION

Theories of regulation and governance have largely overlooked the relationship between capital and nature, neglecting its inherent contradictions and potential to provoke crisis. The process of commodifying the natural environment as part of capitalist production is none the less replete with complex contradictions, the form and intensity of which are geographically and historically specific. While contingent in form and substance, the fundamental contradiction of the interaction between capital and nature is that while production requires the appropriation of nature (as raw material supply, locational space, or waste repository), the process and techniques by which nature is transformed into product can undermine the physical and socio-political conditions necessary for future production. Thus the process of production actively creates both a supply crisis and a legitimation crisis for capital: if unchecked, rampant raw material use and pollution can undermine the biophysical conditions on which production depends (Benton 1989; Leff 1994; O'Connor 1988), and indiscriminate externalizing of environmental damage costs risks a political challenge to the profitability and legitimacy of capital from those groups who must bear the cost. If both short-term profitability and the prospects for future accumulation are to be maintained, these contradictions of the capital—nature relation, like those of the capital—Labor relation, must be managed in such a way as to reproduce the technical and socio-political conditions which are conducive to accumulation. While all fractions of capital face ecological contradictions to some degree, mining capitals are especially susceptible to ecological threats to their legitimacy due to the direct, extensive, and highly visible appropriation of nature, the location of many mining projects in areas valued for their ecological integrity, and the strong asymmetry in relations of power between mining corporations and extractive communities (Massey 1984; Gibson 1991; Bridge 1997).

Political struggles over mining and wilderness protection are currently the most visible expression of the legitimation crisis affecting the mining industry,

but protests over the deleterious economic and health impacts of externalizing environmental costs have threatened the legitimacy (and opportunities for accumulation) of mining capital since the emergence of capitalintensive production in the latter half of the nineteenth century. Protests by farmers over downstream sedimentation from hydraulic gold mining operations in the Sierra Nevada of California, for example, led to a moratorium on the dumping of mine waste into rivers in 1884 (Kelley 1959). In the last two decades environmentally based opposition to mineral development has intensified and the industry is no longer able to treat the environmental impacts of production as “latent side-effects” to be dismissed or justified as an inevitable by-product of techno-economic progress (Beck 1992). Increasingly vocal and powerful opposition to mining comes not just from environmental pressure groups but from well-organized capital interests that are implicated in the economic restructuring of former mining regions (e.g. real estate, the high-tech sector, tourism) and who are alarmed at mining’s potential for “ecological expropriation” through the devaluation of property (Beck 1992:38).<sup>3</sup> Thus the environment has emerged to replace worker safety or the interregional transfer of resource rents as the principal threat to the legitimacy (and profitability) of international mining capital. As an editorial in a leading industry newsletter put it: “Let there be no doubt: the mining industry worldwide is at a turning point. In a relatively few years the environment has become the single most important issue facing executives in every sector of the extractive industry” (*MiningJournal* 1990:1).

### Regulatory modes for the environment

The institutional form of regulation, and the scale at which it operates, demonstrates extensive geographic and historic variation. Prior to the emergence of the state as an administrative body, the environmental contradictions of production were principally regulated through local level institutions such as courts or rules and customs of property.<sup>4</sup> With increasing capitalization of mining and the development of new technologies able to take advantage of increased economies of scale (such as hydraulic and open-pit mining techniques) the scale and intensity of mining increased. Environmental conflicts over mining became more frequent and disruptive to production, and the courts increasingly looked to the administrative state to provide a comprehensive and systematic framework for ensuring accumulation by balancing competing interests.<sup>5</sup>

The role of the administrative state as an institution regulating the capitalnature relation was consolidated in the post-war years. The high rates of economic growth experienced under Fordism, particularly the expansion of production and consumption which defined the post-war period of prosperity in many industrialized countries, were associated with extensive environmental degradation as the result of high rates of material throughput

and only a limited internalization of environmental costs. As a “pressure-point” or interface between social demand and raw material supply, the primary extractive sector (and in particular, mining) was one of the principal sites at which the impact of expanded production was transposed onto the natural environment (Benton 1989). As the ecological and health impacts of these high rates of growth became evermore apparent, a range of social movements (environmental/social justice/nationalist) emerged during the 1970s and 1980s in both developing and developed countries which, to differing degrees, challenged the ability of capital to externalize its environmental costs. Environmental and social justice movements in the Appalachian mountains of the US, for example, drew the nation’s attention to the strip mining practices of the coal industry and agitated for intervention at the state and federal level. In the face of this potential threat to the legitimacy of mining capital, the state increasingly intervened in the form of environmental legislation and the creation of administrative agencies charged with oversight and protection of the natural resources. In passing legislation which limited environmental emissions (e.g. US Clean Air and Water Acts), incorporated environmental planning into investment decisions (e.g. US National Environmental Policy Act), and increased public participation in the planning process (public scoping, public hearings and civil suit provisions in various US Acts), the state effectively corralled the free-ranging demands of legitimation and reduced them to the more tightly defined issue of legal compliance. The elaborate sets of rules, procedures, and standards developed to formalize environmental struggles serve to order and administer the process of political opposition. This not only lends social legitimacy to the final outcome of environmental disputes but, by legally defining what is acceptable environmental practice, environmental regulations also constrain potential challenges to profitability by conferring on capital the judicial and discursive mantle of legal compliance. Thus the state-administered environmental regulations which emerged in the late Fordist period provided a degree of legitimacy, certainty and stability to capital, and “assure[d] a general and relatively coherent progression of the accumulation process” (Boyer 1986).

### Turning to discourse

Theories of regulation and governance stress the role of social institutions and practices in managing the tendency to crisis and stabilizing accumulation, yet the potential regulatory function of discourse has been neglected.<sup>6</sup> Following Foucault (1972, 1990), discourse can serve as a form of disciplinary power by which the order and stability of society is assured and is inherent to strategy and conflict as both the object and subject of political struggle. Although many discourses are independent of, and even contradictory to, the processes of accumulation, the institutions of capital accumulation are among the most potent actors in the dissemination and

normalization of selected discourses, most notably those that socially construct the nature of production and consumption. In the last decade, many fractions of capital (and mining capital in particular) have participated in a discernible “turn to environmental discourse” (Howlett and Raglon 1992; Wilson 1992).<sup>7</sup> It is suggested here that these environmental discourses may represent a significant component of a mode of regulation (the outlines of which are yet to appear fully) that may be emerging in the wake of the administrative state’s failure to sufficiently stabilize contradictions of the capital—nature relation. Before discussing the morphology and spatiality of these environmental discourses, it is first necessary to suggest why the administrative state has proved an inadequate regulatory mode for the mining industry and how the deployment of environmental discourses might be able to provide an alternative regulatory function.

The ability of the administrative state to regulate the ecological contradictions inherent to mineral production has never been more than partial. Not only has state intervention often conspicuously failed to prevent significant environmental degradation, but frequently it has also proved unable to create the socio-political conditions necessary to assure accumulation. For example, environmental, health and safety legislation designed to curb the worst ecological excesses of the Fordist period was, by the late 1970s, exacerbating a general crisis in profitability in the minerals industry (Lipietz 1992). Thus, for the US copper industry, the Clean Air Act imposed additional cost burdens (including mandated capital expenditures on pollution control, increased operating costs and permitting delays) which compounded a cost—price squeeze and increased the exposure of the US as a high-cost producer in the increasingly competitive world copper market (Bridge 1997).

The failure of the state to satisfactorily regulate environmental contradictions was not, however, simply a matter of its imposition of costly regulation. More fundamentally, the pattern of state intervention on the environment attempted to replicate the redistributive logic adopted for many other “social problems” of Fordism but which misunderstood the nature of the environmental problematic. As a late Fordist attempt to do for nature what had been done for social welfare, this pattern of intervention sought to increase welfare by establishing protected natural areas and re-allocating environmental costs (to make the polluter pay). As Beck (1992, 1996) has argued, however, many environmental problems are related more to the presence of risk than to material scarcity and cannot therefore be mastered by the conventional logic of increasing production, redistribution, or an expansion of social protection. State-administered environmental-welfare policies are therefore constrained in their ability to deal with environmental risk and therefore re-open the question of legitimation. The failure of state regulation to provide sufficient security and certainty to mineral producers, even when they are in full legal compliance and adopt environmental best-practice, marks a significant disjuncture which requires of capital a radically different approach in its search for legitimation.

A significant feature of this “risk society” is that the environmental impacts of industrial processes (such as a deterioration in groundwater quality, or the loss of habitat) are rarely experienced directly as physical immiseration but more often as a cerebral “second-hand non-experience.” These non-experiences of the environment are therefore constructed through the interplay of different discourses, since whether something is “inimical or friendly is beyond one’s own power of judgement, and is reserved for the assumptions, methods, and controversies of external knowledge producers” (Beck 1992:53).<sup>8</sup> Nature therefore becomes a turbulent discursive terrain of competing knowledge systems each seeking to differentially script the nature of environmental risk. These multiple discourses on nature are not freefloating but emerge from and actively reconstitute specific institutions and social practices. As the relative autonomy of the political and economic realms implode a range of “discursive coalitions,” comprising new institutions, political spaces and networks of relations between capitals and their diverse publics, are emerging to negotiate, rather than administer, the environment (Hajer 1996, cited in Beck 1996).

This “fluidization of politics” has dissolved the clear division of labor between the polity, economy, and the state in the management of resources which characterized the “golden years” of post-war growth (Beck 1992:199). A range of “subpolitics” exist in the interstices of the state environmental apparatus, others are independent of the state but use its channels to achieve their aims, while still others are directly antagonistic to the authority of the state on environmental (and other) issues. Collectively, however, these subpolitics represent the growth of alternatives to the administrative state as both agents and arenas for negotiating resource conflicts. Many of these agents (environmental organizations, community alliances, industrial associations) make claims to legitimacy by reference to goals that the state has been unable to achieve (such as environmental protection or rapid and sustained growth in industrial output). Without the power or legitimacy of administrative fiat, they none the less have a “definition-making power” and promote their interests through dissemination of information, narratives and discourse (Beck 1992:194). Whereas the state once provided the key regulatory function through the apparatus of environmental legislation and administrative agencies, so the narratives of these “discursive landscape architects” may increasingly discipline and regulate the process of accumulation (Beck 1996:10).

### GLOBALIZATION AND A CRISIS OF REGULATION IN THE MINING INDUSTRY

The international mining industry is currently undergoing a transformation as it deepens its global reach in response to neoliberal policy reforms in the former Third World and centrally planned economies (many of which are

now popularly redefined as “emerging markets”). This progressive globalization of production and the enhanced porosity of nation-states to flows of international capital has exacerbated the state’s inability to contain the environmental contradictions of production. Since 1989 over seventy-five countries have liberalized their investment regimes for mining. In response many multinational mining firms are aggressively restructuring their operations through direct investment in new projects, strategic alliances with newly privatized firms, and a spate of mergers and acquisitions.<sup>9</sup> This globalization of production calls into question an effective mode and scale of regulation for stabilizing the contradictions of the capital—nature relation. Whereas the administrative state once secured a partial legitimacy for mining capital by providing a framework of laws and regulations, and establishing a forum within which competing demands of nationally based stakeholders could be arbitrated (however imperfectly), the globalization of production has increased the extent to which stakeholders are trans-state. Although specific environmental impacts of mining and mineral processing (such as atmospheric emissions and groundwater contamination) are often localized and, unlike other significant environmental issues, often fall within the bounds of a single state, the “environmental stakeholders” of mining projects have expanded beyond the territorial limits of the state’s jurisdiction. The significance of this expansion of the stakeholder constituency beyond the nationstate is twofold: one, that the environmental conditions of production are of concern to an expanding range of stakeholders; and two, that the decision over appropriate environmental terms and conditions for a mining project is no longer the preserve of a national regulatory agency. The state’s authority for ensuring environmental protection has been eroded to reveal a plural and diverse set of stakeholders with interests in the environmental credentials of mining projects. Many mining firms are increasingly drawn into communicating directly with their stakeholders rather than through the medium of state environmental agencies.

Of the many stakeholder groups with an interest in the environmental impacts of mining projects, several are emerging as increasingly significant at the international scale. These include: oppositional social movements;<sup>10</sup> the shareholders of multinational mining companies concerned about the effects on share value and future dividends of environmental liabilities and environmentally related delays in project development; development agencies who provide credit and insurance to mining projects; and commercial providers of insurance, credit and equity concerned about financial losses and cash flow interruptions caused by environmental incidents (Warhurst and Bridge 1997). These diverse groups typically negotiate their relationships with mining capital (and each other) in political spaces which exist external to the environmental regulatory apparatus of the state. In the case of mining projects in developing countries, for example, providers of credit and insurance may by-pass the role of state



environmental agencies in natural resource protection by requiring their own independent environmental audits and imposing more stringent environmental performance standards than those established by the state.<sup>11</sup> As the former authority of the state on issues of environmental protection is eroded by direct negotiations between mining firms and their stakeholders across a range of spatial scales, so new actors, instruments, and spaces (both public and private) are emerging as increasingly significant alternatives to the administrative state in the regulation of environmental contradictions.

To facilitate the development of stable relationships with stakeholder groups, and thereby postpone an environmentally related legitimation crisis which could negatively impact profitability, a number of supranational corporate advocacy organizations have emerged to propagate and disseminate information on the positive impacts of mining operations. These corporate non-governmental organizations increasingly stress environmental themes. In 1994, for example, six North American gold producers released a newsbrief and report called "Good News About Gold Mining" which detailed "outstanding environmental achievements by the industry" and was widely distributed. A larger collective venture in managing environmentally sensitive relationships with key stakeholders is the International Council on Metals and the Environment (ICME), which was formed in 1991 to "enhance the visibility of the mining and metals industry as it relates to environmental and health issues" (ICME 1994). With a membership of 27 major mining firms, representing over 60 percent of global minerals capacity, the Council has an active program of corporate advocacy, lobbying for market access and disseminating information to counter the perception that the environment is endangered by the mining sector. Groups such as ICME are sustained in this "focussed and massive policy of counter-interpretation" by a cadre of experts and pivotal intellectuals engaged in the generation of distinctive discourses on mining and the environment (Beck 1992:52). Specifically, several research groups have been founded in the last five years dedicated to challenging existing knowledges and the propagation of new discourses about mining and the environment.<sup>12</sup> Representative of what Beck (1996) terms the "transnational discourse coalitions," these research groups occupy an uncertain and continually negotiated territory between academy, policy think-tank, and corporate consultancy, and are illustrative of the new political spaces and non-traditional alliances which characterize the contemporary period. The discursive formations which are generated and shared by these coalitions are not uniform, necessarily stable, or inherently reflective of existing power relations, yet they are none the less subject to strategic deployment. The close links between mining capital and these expert communities facilitate the selective alignment and tactical deployment of textual fragments, creating through discourse a nexus of power and knowledge on mining and the environment.

During the 1980s the need actively to shape the “environmental imaginary” around mining in order to overcome the received wisdom of mining as a pariah land use has been elevated by many firms to the level of a strategic objective. As one mining executive described it: “It is important that the mining industry understands that debate [environment/development] and ...to recognize that we are entering a new era in which the rules of the international game have been set and we have to learn new skills to play successfully” (Littlewood 1992:1). The game, to regulate and contain potential crises arising from the environmental impacts of production, has indeed changed. Not only has the central state arena been rejected in favor of multiple and diverse private venues, but the most effective strategy is no longer a stoical reliance on an ability to reject opposition and ride out bad times but one which actively seeks to construct conditions favorable to long-term profitability.

### Global discursive regulation: the ecological phase of capital

In the last decade the international mining industry has adopted (and adapted) a distinctive environmental narrative. In short, it has become an advocate for the environment. In this respect, it is part of a broader trend towards a material and ideological transformation of capital, what O’Connor (1992) has termed capital’s “ecological phase.” As Dryzek (1992:18) has observed in the context of another primary resource industry “Capitalism today is showing an environmentally friendly face. Weyerhaeuser is the ‘tree growing company’ not the ‘old growth clearcutting company’ which it used to be...” Twenty-five years after the expropriations which sent US multinationals scurrying from Latin America and Africa, mining firms are no longer the epitome of colonial exploitation but the agents of skill-transfer and higher wages, cleaner technology, and sustainable development.

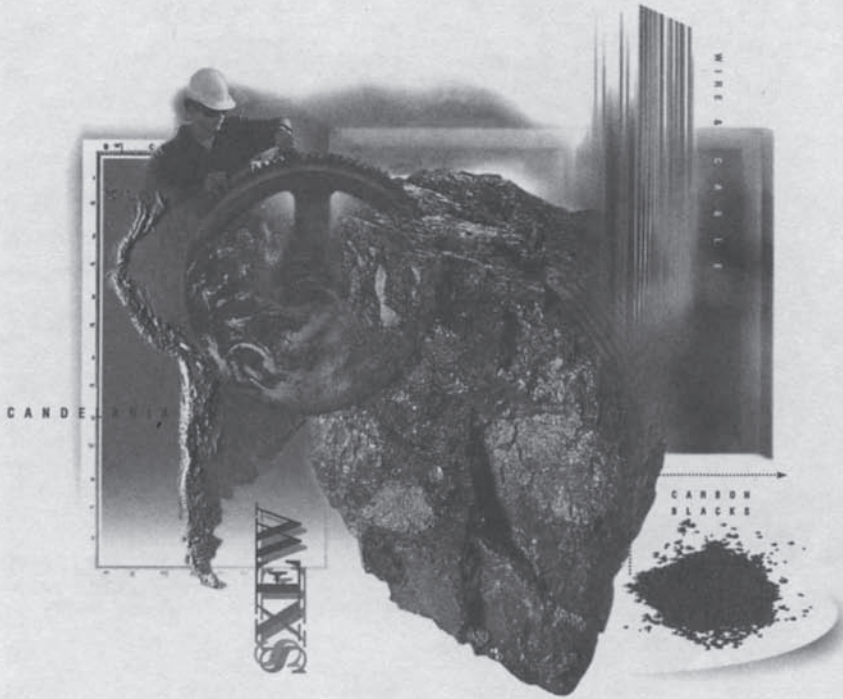
The discourses of the ecological phase are characterized by a direct engagement with the environmental impacts of production. For example, a recent advertisement for an international cement company which appeared in the Business Section of the *Washington Post* in the context of economic liberalization in Mexico has a copy-line which reads “In Harmony with Nature.” The text confines itself entirely to questions of environmental performance and corporate responsibility. It represents a direct confrontation with the ecological contradictions of production: investor and customer concern about the environmental consequences of trade liberalization in general, and the potential for environmental liabilities associated with cement production in particular. As part of this engagement with the environment, major mining firms have developed environmental policy statements which identify environmental commitments and credentials. A key “text” in these public testimonials is that of stewardship, or, more critically, the internalization of ecological processes within the

capitalist project. Nature is redefined as stocks or flows of capital to be conserved and “the relevant image is no longer of man acting on nature to ‘produce value’... Rather it is of nature codified as capital incarnate, regenerating itself through time and by controlled regimes of investment around the globe...” (O’Connor 1993:7). Re-naming is integral to this internalization of nature: at mines throughout the western United States, for example, industrial solvents are re-termed “solutions” and waste dumps are now “stockpiles,” while the possibility for a nature outside of capital is denied.<sup>13</sup> Sustainable development becomes, in the process, a question of efficiently managing environmental stocks and flows, a project for which capital is not only eminently suited but which it *alone* can undertake.

This discursive internalizing of nature is illustrated by Figure 9.1, the cover of the 1994 Annual Report of Phelps Dodge, the largest US copper producer.<sup>14</sup> In contrast to Figures 9.2 and 9.3 (covers from earlier annual reports), Figure 9.1 is a heterogeneous collage of fragments from different “texts.” Whereas Figures 9.2 and 9.3 tell a single story—power over nature through the mastery of technology and the organization of labor power—Figure 9.1 fuses several stories within the single image. For example, there are references to the precision of engineering in the Cartesian framework of the map and the finely drawn arrows and flowlines, suggesting the use of science and technology for the productive ordering of the world, but there is also a general haze and mistiness to the image, a literal and metaphorical blurring of the lines between external nature and the instrumental tools of science. This is particularly true in the use of the icon of the globe as seen from space. In contrast to the clarity and certainty of Latin America, the earth appears as a swirling mass of interconnected land, sea and sky. Related to this blurring of categorical boundaries is the particular use of color; green, blue, and white predominate but are not limited to their traditional associations with the natural world. Thus, the letters SXEW (which signify an innovative hydrometallurgical process) are shorn of the engineer’s precision and are rendered in a pastel blue tone usually reserved for the ocean.

The icon of the globe/earth/world is an established tool in corporate selfrepresentation and is often associated with the notion of global reach and the annihilation of space (the frontier) through its incorporation within the circuits of capital (see, for example, Harvey 1989). These associations are resonant here, particularly in the context of the globalization of mining investment, but there is an additional layer of meaning in the use of the globe to represent the natural environment. In Figure 9.1 the icon is diminutive and is framed by other fragments of the production process. Rather than the globe encompassing operations, the production process—worker, mineral ore, and technology—encompass it. The earth is no longer a source of material external to production, but is placed inside the production process. Thus, mining capitals not only overcome external space through a new wave of globalization, but also incorporate an external, wild nature through its

PHELPS DODGE CORPORATION



1994 ANNUAL REPORT

Figure 9.1 Cover illustration, Phelps Dodge Mining Company Annual Report 1994

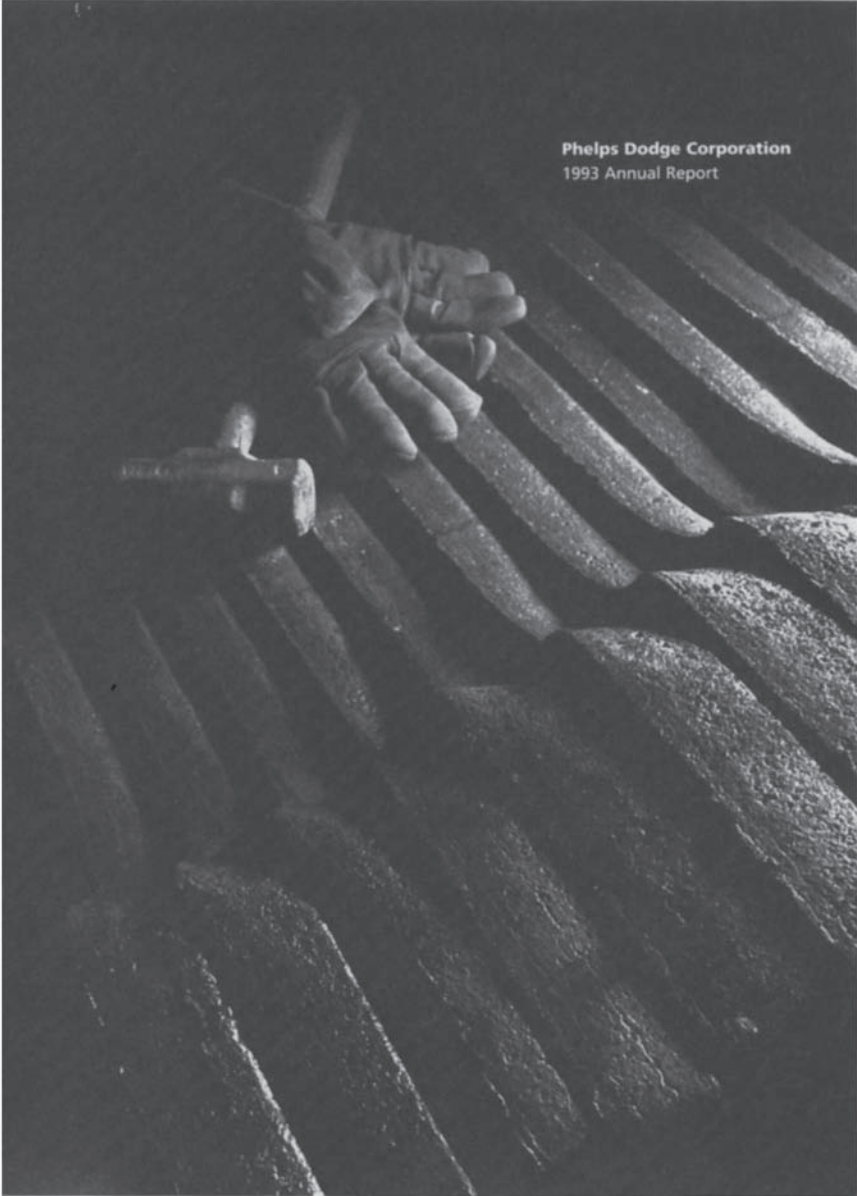


Figure 9.2 Cover illustration, Phelps Dodge Mining Company Annual Report 1993

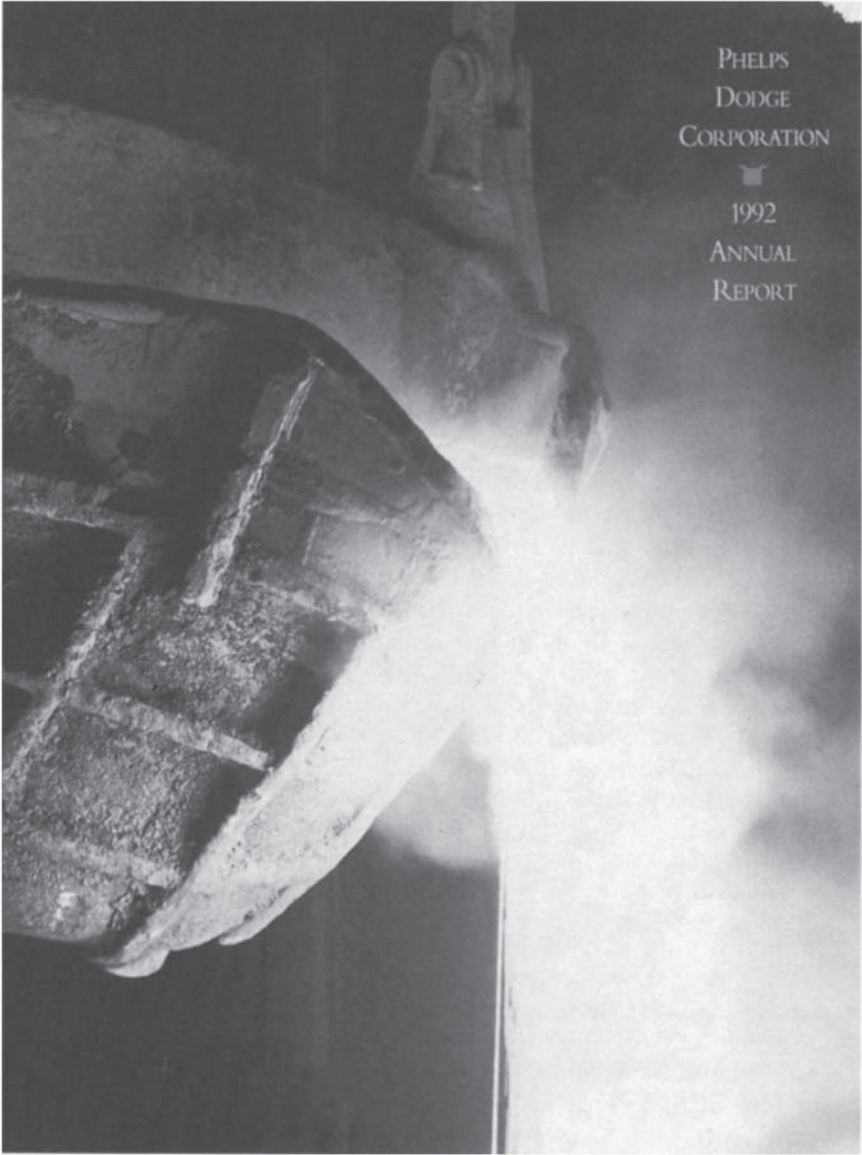


Figure 9.3 Cover illustration, Phelps Dodge Mining Company Annual Report 1992

internalization as stewarded resources. The curve of the world becomes the curve of the cog in the mechanism of capital, merely a part of the larger project of accumulation. For the cog to keep turning, and for capital to continue to accumulate, the earth must be tended to, oiled by a worker like an efficient machine.

### The strategic nature of discourse

Although increasingly global in its deployment, the discourse of capital-as-environmental-steward is not globalized indiscriminately. Significantly, its deployment is spatially selective, drawing on and reproducing distinctive regional discursive formations. Mining capital represents itself as environmental steward to the global financial markets and to the public policy community in an attempt to garner support for its projects. Since investors and creditors are concerned about the financial risk associated with poor environmental performance, mining firms are concerned to present an image of responsibility beyond mere compliance. Company reports therefore stress the proactive stance of corporations to the environment and outline specific environmental policies. In addition, mining firms court the favor of metropolitan public opinion in a bid to head off impending regulation. To win domestic political support for their projects, mining firms must represent themselves (or ensure their representation by others) as socially responsible and possessed of the ability to self-regulate. In the late 1980s, for example, the US mining industry faced the prospect of new federal regulations for mine wastes under the Resource Conservation and Recovery Act or impending reform of the General Mining Law. To counter this, many individual firms and mining associations undertook a public relations exercise of newspaper and TV adverts (similar to the responsible care initiative in the chemical industry). These were aimed principally at politically powerful metropolitan audiences to head off political pressure for regulation. As one chief executive put it:

The industry as a whole must go on the offense. We should become the champions of the environment...As long as miners play a defensive game...they will be responding to non-industry agendas instead of their own...An active stance incorporating a vigorous information and public relations initiative can constructively engage and direct the attention of the media.

*(Mining Engineering 1991:1306)*

The regulatory function of these environmental narratives is not simply as a tool to garner political support. Rather it is a subtle co-opting of the power implicit in the rhetoric of sustainability. In taking up the rhetoric of sustainable development, the mining industry can potentially co-opt the language of protest, at once disenfranchising opposition and establishing itself as authority

and guardian of the protestors' ideals. By deploying the familiar lexicon of sustainability as a laudable objective, capital gains sufficient moral authority to establish itself as means to that end and constructs the reproduction of nature as an intrinsic and legitimate part of the capitalist project. It is precisely "sustainability's" multiplicity of meanings which renders the discursive formation so effective. Like the prescriptive deployment of "flexibility" or "restructuring," sustainability is an ideological offensive, "an extremely powerful term which legitimizes an array of political practices" (Harvey 1989:190),<sup>15</sup> What was once a radical challenge to the status quo is now eviscerated to a techno-economic narrative on competitiveness and growth. Alternative interpretations of sustainability, or challenges to the limited frame of the discourse, are excluded as irrelevant, subversive, and out of touch. Thus the persuasive power of such narratives comes not just from their deployment, but from the ability to police their content.

### LOCAL ENVIRONMENTAL CONFLICT AND A CRISIS OF REGULATION IN THE MINING INDUSTRY

At the local level, administrative reforms to improve public participation and the transparency of legislation (such as public hearings, right-to-know laws, and civil suit provisions) have not succeeded in reducing uncertainty for mineral developers by containing socio-political opposition to mine development. From the social struggles and disruptions at the Grasberg Mine in Irian Jaya to the rhetorical battles over the proposed New World Gold Mine on the edge of Yellowstone, diffuse social movements continue to challenge the state's legitimacy as an arbiter of resource decisions and the right of capital to profit at the expense of the environment. By confronting capital in the courts, and using administrative procedures to slow down and even block investment projects, these social movements pose a plausible threat to accumulation. That the threat is real is indicated by Mitsubishi's decision to give up development of a copper smelter in Texas City, Texas after two years of local protest over impacts to Galveston Bay compounded cash flow problems within the company, or the decision to reserve the Windy Craggy copper deposit in British Columbia as a wilderness area (US Bureau of Mines 1994; Hood 1995). Just as the administrative state has proved unable to assure the conditions for accumulation at the global level, so too has it failed to perfect a "Grand Compromise" between environmental protection and resource development at the local level.

#### **Local discursive regulation: the "anti-environmentalist" phase of capital**

In the localized context of many mining communities in the western United States the relationship between mining and the natural environment is



discursively constructed in ways that are distinctly different to that of the environmental policy statement or annual report. Far from adopting the mantle of environmental steward, the discourse is often a visceral reaction to environmentalism, and is marked by an obsession with property rights, a conscious identification with the plight of the “little guy” beset by external bureaucracy, and a reification of the “necessity” for mineral development. Rather than identifying a complementary convergence of environmental protection and economic growth, the discourse is replete with allusions to a trade-off between production (represented, however, as jobs rather than profits) and the environment. For example, an editorial in the regional newsletter for the mining industry, *Southwestern PayDirt*, comments on the founding of a regional branch of the wise-use movement People for the West!:

The good people—the producers who provide the muscle for our standard of living and pay the taxes that carry the burden of government—are fighting back...against overdemanding environmentalists.

(*Southwestern PayDirt* 1990:24A)

While this discourse has its roots in the historical evolution and identity of the western communities (which is why it is so successful) it serves a regulatory function for contemporary mining capital. The construction of environmental concerns as non-local, external, bureaucratic, and elitist serves to maintain social harmony at the site of production. By delegitimizing local environmental voices and representing environmental concerns as an external threat to livelihoods, labor and communities can be maintained in a state of compliance. Environmentalism and environmentalists are vilified as “bright-eyed youngsters and fellow zealots who know little about the real world” (*Southwestern PayDirt* 1990:24A). Closure and layoffs are represented as a consequence of bureaucratic environmental laws and the selfish actions of elitist environmentalists conducting a “war on the West” rather than the result of profit-taking or corporate restructuring. The closure of the Douglas copper smelter in Arizona in 1987 after eight decades of operation was the result, in part, of a failure to invest in the development and acquisition of cleaner smelting technology over the previous 30 years. The opportunity to represent it as a selfish act of environmental bigots, however, was not missed. Local papers and the industry press reported “Smelter and 350 jobs murdered by Green Bigots” (*Southwestern PayDirt* 1987:10A). However, corporate reports circulated to investors, metropolitan audiences and insurers, dispensed with the anti-environmentalist rhetoric and deployed the discourse of responsibility and active management. The shut-down was represented as an active part of corporate strategy, rather than events dictated by external conditions beyond company control.

In seeking to win the support of local communities, mining capital deploys discursive constructions which draw on a range of issues in addition to the

environment. It draws upon, and co-opts, legitimate concerns and potentially hostile discourses about autonomy of work, freedom of action, and quality of life. A full-blown narrative is constructed which establishes community history as synonymous with mining capital, buttressed by references to a shared historical experience between communities and mining firms based on the subjugation of nature. For example, Socorro County in New Mexico passed an ordinance in opposition to a state-wide reclamation law in 1993. In its opening statement in defense of the industry, the county states that

Mines and mining are an important part of the history of struggle by blood, sweat, toil and tears over the settlement of the West, and in connection with America's development through hard work of a worldleading level of prosperity and resources development...Restoration [and reclamation] to a life-sustaining ecosystem...will destroy these priceless reminders of struggle and foster ignorance of the sometimes bitter truths of toil in earlier days...

and continues

[Reclamation] laws and regulations propose such an extravagantly powerful, discretionary, and complete administrative control of a basic enterprise of life, extraction of useful minerals from the earth's crust, in such arbitrary ways, as to threaten the Constitution and the rule of law, and the continuity of the basic metallurgical industry upon which all depend for civility beyond Neanderthalism

(Socorro County 1994)

These stories about the past are not solely an exercise in revisionist representation, skewed by the political interests of the story-teller. They are more than that since they establish what Somers has termed the "ontological conditions of social life" (Somers 1994:614). Narratives of the past actively construct future social practice since, by defining who people are, narratives establish the preconditions for knowing what to do (Fairclough 1992). In this respect annual mining fairs and the many mining museums which dot the Rocky Mountain West are a pivotal part of local discourse formation. By panning for gold in a water butt, climbing on the huge tires of a 240-ton dump truck, photographing muscle-bound miners as they compete to drill, split and crush rock, or marveling at the darkness in the plastic simulacra of an underground pit, the public is encouraged to participate in the discourse, constructing it and legitimizing it through their actions. The cultural consumption of anachronistic representations becomes integral to the legitimation of contemporary production.

The simultaneous deployment of modern and pre-modern constructions of the nature—society relation suggests that it is not possible to see this local discursive formation as simply a relic microcosm of the modernist discourse on nature. The discourse works as a regulatory mode by not appealing

simply to the massive transformational potential and embodied power of the smokestack and the dozer, those icons of modernity which confirm the language of the modern period: “mine: blast: dump: crush: extract: exhaust” (Mumford 1934:74). Interwoven with these representations, for example, are pre-modern eulogies to mining as a treasure hunt by rugged individuals with picks and shovels. Thus, discourse is a complex collage of individual “texts,” in which referential fragments are juxtaposed so as to draw on deep seated epistemologies of place and history. Amongst the variety of specific techniques is the pairing of traditionally oppositional concepts and the inversion of conventional wisdom.<sup>16</sup> Oxymoronic pairings such as “sustainable mining,” for example, reveal the strategic use of the language.<sup>17</sup> The historical experience of communities across the globe with mining projects suggests that to date very little to do with mining can be considered sustainable, except by the most eviscerated definition of sustainability. The power of discourse as a “social regulatory” mechanism (Peet 1996:23) comes from this ability to draw on a field of established discursive constructs, selecting and deploying accepted constructions of, for example, gender, class, and nature in a heterogeneous collage. The narrative of mining as a treasure hunt, for example, is redolent with themes of gender and race: brave white men explore, probe and penetrate a fickle, reluctant, and female nature to wrest its bounty and, in the process, prove their manhood. It is only by impregnating Nature with the probes of science and technology that “she” is able to acquire value and become productive. As Kolodny (1984: xiii) has made clear, mining plays a pivotal role in the “psychosexual drama of men intent on possessing a virgin continent” and is perhaps the ultimate in penetrative fantasies. The enduring power of this image was demonstrated in corporate opposition to reform of the General Mining Law in 1994. The Women’s Mining Coalition, a corporate advocacy group, circulated buttons which showed a prohibitive red diagonal line superimposed on a bent miner’s pick with the words “No Limp Picks.”

### THE SPATIALITY OF REGULATION

The spatiality of discourse—its variable morphology from place to place and its deployment at different spatial scales—is fundamental to its regulatory function. To the extent that discourse serves a regulatory function it does so because of its ability to draw on and then reconstruct social practices and institutions. In deploying different discursive constructions (such as the narratives of sustainability steward or plucky prospector) capital is not so much innovating as appropriating the “cultural currency” of well-established rhetorical constructions which are rooted in the materiality of daily life. Discourse is therefore embedded in the spatiality of economic and social activity, and, in its appropriation and strategic deployment of distinctive texts, capital displays a receptiveness to local variation in social practice and cultural experience.

The simultaneous deployment of different discourses in an attempt to maintain community support can be seen in the different approach taken by mining firms in the neighboring states of Arizona and New Mexico. In pursuing its interests at the state level during the 1980s, the mining industry in Arizona adopted an aggressive rhetoric based on efficiency, competitiveness, states rights, and private property. The confrontation with environmental legislation and environmentalists was forthright, and appealed to an established right-to-work tradition and the right of the state to be free of bureaucratic interference from outsiders, ideologies that have a long history of informing, and being informed by, social practice in Arizona. In New Mexico, by contrast, the mining industry has adopted a gradualist and more consensual approach in pursuing its interests. It has not challenged environmental legislation so overtly and has incorporated substantial fragments of the environmental discourse. The open-ended nature of discourse as a mode of regulation is seen in the initial failure of capital to secure a favorable climate for accumulation in New Mexico: in negotiations over a mine reclamation law, representatives for the New Mexico mining industry are said to have hired the team of lobbyists which had successfully represented the industry in Arizona, only to let them go on finding that the forthright discourse was leading to a decline in local support for the industry (Robinson 1995).

It is precisely because “there is no locus of great Refusal, no soul of revolt, source of all rebellions...Instead there is a plurality of resistances, each of them a special case” (Foucault 1990:96) that capital adopts a plurality of representations in order to respond to the diverse threats to accumulation. The diversity of potential opposition means that a single representation does not fit all circumstances: capital therefore becomes the discursive chameleon, varying its representation to counter opposition wherever it may find it. By deploying fragmentary, ephemeral, and plastic environmental narratives, capital attempts to colonize the very discourses that have been identified by Laclau and Mouffe (1985) and Dryzek (1992) as the foundation for a “radical and plural democracy.” Potentially destabilizing alliances between insurgent political movements at the local level, particularly between environmentalists and labor, may be precluded by the selective deployment of “texts” which delegitimize certain political interests. By colonizing communicative discourses of place and life, capital is able to deploy these texts strategically to break down certain communal bonds while actively constructing others (Habermas 1984; Miller 1992). In representing itself as a defender of “real” people against environmentalist outsiders who are ignorant of “real” life and intent on subduing private initiative with bureaucratic inertia, capital seeks to secure the support of labor in opposition to land use zoning or other regulations that would decrease profitability or opportunities for accumulation (see, for example, Foster 1993). Diffuse and diverse representations shatter the single, monolithic image of mining capital into more flexible, locally responsive discourses.

Like Harvey's description of Sherman's use of the mask in her autobiographical photographs, capital achieves a "plasticity of...personality through malleability of appearances" (Harvey 1989:7), able to pass itself off as simultaneously guardian of free enterprise, creator of place and quality of life through employment provision, steward of the environment, or ethical defender of the Third World's right to economic development.<sup>18</sup>

The focus of the foregoing discussion has been on how discourse can be deployed instrumentally and strategically. There is, however, no necessary relationship between environmental discourse and the regulation of the ecological contradictions inherent in commodity production. The appropriation of regional discursive formations is ephemeral, partial, and contradictory and as such it opens up new possibilities for opposition. The scripting of place in particular ways not only serves to generate consent and allegiance, but can also create new alliances for dissent. The discursive construction of northern Nevada as a gold-producing region, for example, has helped cement a firm alliance between gold producers and labor, but has also generated a fierce backlash from ranchers and environmentalists. While ranchers and miners deploy sufficiently similar "texts" about freedom, independence, hard work and the productive value of land to be often in alliance against environmentalists, the discursive cleavage in Nevada has divided those who would profit in the short-term from those who must stay when the miners move on, generating hybrid (and potentially insurgent) discourses about permanence, quality of life, and the value, utility, and profitability of gold. To suggest that the construction of environmental narratives can serve to reproduce the social relations necessary for production and accumulation is not, therefore, to reduce all discourse to regulation or to imply that discourse can be read off as simply the "cultural logic" of late-capitalism (Jameson 1984). On the contrary, riotously discordant discourses continue to course through the social fabric in ways that cross-cut, run against, and subvert as well as buttress the objectives of capital accumulation. What is significant, however, is that from these many independent sites of discourse formation within social practice, capital is able selectively to appropriate, assemble, and then normalize discursive constructs in such a way as to facilitate a temporary and place-specific hegemony. In this process of appropriation, multinational capital demonstrates not only a sensitivity to regionally distinct discourses but also an ability to simultaneously deploy several, potentially contradictory, local discourses in an attempt to regulate locally embedded parts of a global production system.

### ACKNOWLEDGEMENTS

I would like to thank the organizers and participants at the Athens conference where this chapter was first aired for their comments and

constructive criticism, Andrew Leyshon and his colleagues at the University of Bristol for providing further opportunity for feedback, and Philip Steinberg at Florida State University for his initial encouragement to put these ideas on paper. The usual disclaimers apply.

## NOTES

- 1 See, for example, McKibben (1989) and Merchant (1980). Also Oelschlaeger (1991) and Evernden (1992).
- 2 The term is Wilson's (1992).
- 3 Many of the "grassroots activist" movements antithetical to mining are supported by emergent capital interests. The Greater Yellowstone Coalition which played a prominent role in negotiating Crown Butte's withdrawal from the New World Mine outside Yellowstone, for example, is well supported by tourist and real estate interests in Wyoming and Montana and to this extent their success reflects the competitive restructuring of local capitals in areas formerly dominated by mining. Bloch and Keil (1991) describe a similar process of regional restructuring in the context of the Southern California Air Quality Management Plan: the decline of traditionally polluting manufacturing industries enabled competing high-tech capitals to influence the form of new environmental regulations to their competitive advantage.
- 4 During the California gold rush, for example, the only "law" regulating the anarchy of individual prospecting was the Miner's Code, a system of rules and customary behavior which evolved out of the mutual need for protection from the negative externalities of individual enterprise.
- 5 The courts have, of course, remained a prominent arena for disputes over environmental impacts. Their role, however, has changed from that of a primary arbitrator for the allocation of environmental damages to that of a check on the actions of administrative agencies.
- 6 This should not be understood as suggesting that discourses emerge solely to secure accumulation. The process of emergence is contingent rather than necessary; open-ended rather than teleological; and the province of society at large, not the exclusive preserve of corporate strategy. Once emerged, however, discourses can be co-opted, adapted, and functionally deployed by capital in the service of accumulation.
- 7 This is not to suggest that the disciplinary function of discourse is a recent innovation. Merchant (1980), for example, describes the historical role of ideologies of Nature in spurring and prohibiting mine development. Constructions of Nature as a sacred Mother spirit in the sixteenth and seventeenth centuries made mining an "enterprise of dubious morality" since penetration of the earth was equivalent to incestuous violation. She argues that these discourses were sufficiently strong to prohibit mining, and that Enlightenment images of mastery and domination arose from the need for ideologies that would justify the increasing scale of mining activity.
- 8 While Beck deals predominantly with environmental issues such as trace toxins and the nuclear threat, his comments on "second-hand non-experience" are applicable to mining. The impacts of mining are inherently physical, yet the spatial separation of production and consumption means that relatively few people experience these impacts directly. Knowledge of mining's impact is extensively filtered by the process of reporting and is often set apart as a realm of expert knowledge in which risks are scientized in terms of, for example, the

- potentiality for acid mine drainage formation, relative toxicity of containment levels in groundwater, or the geotechnical stability of containment structures.
- 9 Examples include the merger of UK-based Rio Tinto Zinc (RTZ) with Australia's CRA in 1995 combining RTZ's European, African and American assets with the Asia—Pacific focus of CRA; the merger of Australian minerals firm BHP with US-based Magma; and the purchase by the South African mining firm Gencor of Billiton from the Royal Dutch/Shell group, providing Gencor with properties in Latin America, Africa and Europe. Other significant mergers in the last three years include Barrick Gold and Lac Minerals, Cyprus and Amax, and the French state mineral producer BRGM and Normandy Poseidon (*Financial Times* 1995; *Mining Journal* 1995; Humphreys 1995).
  - 10 Among those focused explicitly on the environmental impacts of mining are Partizans (People against RTZ and Subsidiaries) and Minewatch, a "network of people concerned about the impact of mining primarily on the environment and indigenous peoples." In their ability to connect localized protests into a global web of information and organization with which to confront the global activities of a multinational, these groups (and many others such as those convening the Global Forum at the UN Earth Summit in 1992) exemplify the multi-locational nature of many oppositional movements and the new political spaces external to the state in which the environmental contradictions of production are negotiated.
  - 11 The International Finance Corporation, for example, required that Ghana's premier gold operation, Ashanti Goldfields, undergo an environmental audit as part of the loan approval process. Researchers familiar with environmental legislation in Ghana have commented that environmental performance at the project is driven more by the conditions attached to credit than to regulatory enforcement by the state (MEG 1993). There is some evidence to suggest that the environmental standards set by international banks are becoming the *de facto* global minimum environmental standard for multinational projects, irrespective of local state regulations.
  - 12 Examples include the Mining and Environment Research Network (University of Bath, England), Mining and Environment Research Institute (Queens University, Ontario), Mining and Environment Research Group (Imperial College, London) and the Minerals and Energy Policy Center (Johannesburg, South Africa).
  - 13 This total capitalization of nature was exemplified by US Senator Murkowski during a statement in hearings on Reform of the General Mining Law who opined that environmentalists sold short American ingenuity since spotted owls could be raised in captivity, just like chicks (Bridge 1995). In other words, if we want spotted owls they can be procured most efficiently through making their reproduction part of the reproduction of capital.
  - 14 Although it is the focus of the discussion here, the discursive internalizing of nature is by no means the only social construction of nature deployed by capital. Another significant and complementary construction is the fragmented and often cartoon construction of nature in its extreme form, of nature as spectacle.
  - 15 See Taylor (1994) and Clark *et al.* (1992) for a discussion on the ideological function of the restructuring discourse. See Pollert (1988) for a similar account of flexibility.
  - 16 Directly confronting the environmental contradictions of production by standing an argument on its head has proved an effective tool in the reconstruction of the "reality" of mining and the environment. The industry has taken steps to reverse the public's perception of mining as a rapacious pariah by constructing itself as an agent of environmental improvement. In the Appalachian strip mining

- controversy, for example, proponents referred to strip mining's positive influence on the landscape such as its enhancement of landscape diversity via the creation of level areas amongst the mountains and the construction of wetlands (see Smith 1987; NCA 1994). This argument has been taken still further to argue that mining generates the materials necessary for pollution control. A recent commentary in the industry magazine *Southwestern PayDirt*, for example, pointed out the debt of metropolitan New Yorkers to the mining industry: without mining to provide the materials used in the construction of lavatory facilities the city would be knee deep in human waste.
- 17 The term "sustainable mining" was coined following the Brundtland Report. The Australian minerals industry has been amongst the vanguard in its deployment following the Hawke government's establishment of a series of working groups to explore strategies of ecological sustainability in major industries. It has subsequently entered the industry lexicon and makes frequent appearances in policy forums in most major mining countries.
  - 18 See, for example, the mining industry's response to Agenda 21 at the UN Earth Summit (for example, Littlewood 1992).

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# INDEX

- Aburdene, P. 53  
academia, and business 28–31, 63 (n5)  
acceleration 75–6; *see also* speed  
accountability, global economy 145–6  
activism, via Internet 183, 187–8  
advertising 73  
affluence, enclaved 17  
AFL (American Federation of Labor)  
166, 168; *see also* AFL-CIO  
AFL-CIO 168, 169, 174–6, 186, 191  
(n4)  
Africa, North: *see* Maghreb  
Agger, B. 72  
Agnew, J. 3, 15, 74, 90  
*aides au retour* 203–4  
*aides à la réinsertion* 210  
Albania 172  
Albo, G. 108  
Alexander, C. 35  
Algeria, emigration to France 199,  
202–7, 211  
Alvarez, J.L. 43  
Amin, A. 62  
Andersen, Arthur 44  
Anderson, K. 146  
Anderson, S. 3, 10  
anti-environmentalists 233–6, 237  
anti-protectionism 147  
APEC (Asia Pacific Economic  
Cooperation) 7, 8  
Appadurai, A. 19  
Arizona 237  
Aronowitz, S. 83  
ATMF (Association des Travailleurs  
Marocains en France) 208  
Arouxlaws 208  
Australia: anti-protectionism 147;  
Arbitration Commission 149;  
Business Council of Australia 148,  
149; devaluation of dollar 141; dual  
economy 139, 149; economic  
growth 136–42, 153–5; IAC 137,  
138, 141, 142, 146, 147, 149, 156,  
157; IC 152; immigration 136, 138,  
139; import substitution 137, 138;  
Industries Development Strategy  
148; labor 153–5; living standards  
153–4; microeconomic reform 148;  
Office of Labor Market Adjustment  
154–5; policy outcomes 150–  
5; production/prices/exports 152–3,  
157; protectionism 138, 142–4;  
*Restoring Full Employment Green  
Paper* 156; restructuring of industry  
135, 144–50; state and economy  
135, 155–8; Tariff Board 141; TCF  
2000 Plan 148; textiles, clothing  
and footwear industries 135–6,  
139–43, 150–2; unemployment 154,  
156; wage bargaining 138; *White  
Paper* (1975) 146  
Australian Council of Trade Unions  
156–7  
Australian Manufacturing Council 156  
automobile industry 108, 211  
Badaracco, J. 55  
Balibar, E. 206  
Bank for Credit and Commerce  
International 120  
Bank for International Settlements: *see*  
BIS  
*The Banker* 123, 126  
banking: capital stocks 125–6;  
competition 126; cooperation 125;  
diversification 123; scandals 125,  
130; social 62; trade influences 11  
Banting, K.G. 102, 104  
Barber, B. 5, 20, 72  
Barnes, T. 4  
Barnet, R. 57, 84, 85, 87, 122  
Barou, J. 203

- Barre, R. 204  
 Barry Jones, R.J. 116  
 Barthélémy, J. 208  
 Bartlett, C.A. 54  
 Basle Accord 125–6  
 Basle Committee 125, 127–8  
 Bauman, Z. 21, 60, 61, 87  
 Baxi, U. 10  
 Beck, U. 27, 35, 130, 221, 223, 224, 226  
 Benamrane, D. 205  
 Bennett, W.J. 90  
 Benton, T. 220, 222  
 Bergsten, F. 7–8  
 Berkley, J.D. 37  
 Bernstein, P. 130  
 Bertramsen, R.B. 137  
 BHP Ltd 139  
 Biret, J. 209  
 BIS (Bank for International Settlements): Basle Accord 125–6; Basle Committee 125, 127–8; foreign direct investments 11; functions 120, 123, 124–5; secrecy 126–7  
 Boden, D. 41, 55  
 Body-Genrot, S. 198  
 Böhning, R. 199  
 Boisot, M.H. 56, 58, 59  
 Bonnafous, S. 209  
 Booth, W. 90  
 borderlessness 3, 73, 79–80, 91, 198  
 Borks 49  
 Bosniak, L.S. 199  
 Botwinick, A. 41  
 boundaries 3, 198  
 Bowker, G. 26, 58  
 Bowman, E.H. 43  
 Boyer, R. 100, 222  
 Brecher, J. 4, 5, 121  
 Bretton Woods 3, 34–5, 38, 145  
 Bridge, G. 4, 220, 223, 225  
 Bridgestone/Firestone tire makers 183–6  
 Brigden, J.B. 137  
 Briggs, C. 152  
 Brown, D.M. 107  
 Bruns, S. 55  
 Bryan, L. 80, 81  
 Buchanan, Patrick. 72, 74, 88  
 Buchananim 74–5, 86, 88–90, 121  
 Buck-Morss, S. 40, 56  
 Bud-Frierman, L. 28  
 Bulgaria 171  
 Bull, M. 34–5  
 Burawoy, M. 96  
 Burgers, J. 197  
 Busch, G.K. 166  
 business, and academia 28–31, 63 (n5)  
 Business Council of Australia 148, 149  
 business education 43  
 business journals 48–9  
 business textbooks 47–8  
 Button, J. N. 147  
 Byrne 49–50  
 Callon, M. 26, 35  
 campaigning, Internet 162, 164, 183–6  
 Canada: CLFDB 104; CLPMC 104, 106; federalization 104; HRD Canada 95, 99, 104, 105, 106, 108; Labour Force Development Agreements 106; National Anti-Poverty Organization 104, 107, 108; National Council of Welfare 109; Rowell-Sirois Commission 102–3, 108; social regulation 101; social security 95, 96–7; welfare regime 100–3; workfare 103–10; and WTO 9  
 Canada Assistance Plan 101  
 Canadian Auto Workers 108  
 capital: anti-environmentalist 233–6, 237; circulation times 182; functions 238; legitimacy 220, 233; and nature 220–4, 225, 228; transnational 163  
 capital accumulation 145, 222–3  
 capitalism 26–8; culture 42, 238; ecology 227–8, 232–3; power relations 75; speed 189  
 capitalism types: fast 72, 83, 89; friction-free 82, 87, 92 (n2); global 2, 179–80; hyper 19; informational 76–7, 79; knowledge 27–8; late 26; soft 4, 28, 31, 36, 58, 59–62; Third Wave 5, 6, 76–7; transnational corporate 3–4  
 Castells, M. 1, 17, 83, 182  
 Castles, S. 197, 198  
 Catley, R. 145, 149, 157  
 Cavanagh, J. 3, 10, 57, 84, 85, 87, 122  
 cement industry 227  
 CGT (Confederation Generale du Travail) 204, 206  
 CGT/FSM 206  
 CGT/Lepeuple 206  
 CGT/Renault-Commission Algerienne 205  
 Champy, J. 47

INDEX

- Chandler, A. 38  
 Chandler, C. 89  
 Chanlat, J. 56  
 China, People's Republic 19  
 chrono-politics 72, 83, 190  
 CISC (International Federation of  
 Christian Trade Unions) 166, 191  
 (n2)  
 Claiborne, W. 90  
 Clark, J. 44, 45  
 Clarke, J. 55, 57  
 Clarke, T. 122  
 class inequality 16–17, 74–5, 99  
 Clean Air and Water Acts, US 222, 223  
 Clegg, S. 51, 56  
 CLFDB (Canadian Labour Force  
 Development Board) 104  
 Clinton Doctrine 7, 163  
 CLMPC 104, 106  
 clothing Industry 139–40, 142, 151  
 Cloward, R.A. 97  
 CNRS/RNUR 206–7  
 Coffey, W.J. 163  
 Cold War: aftermath 170–81;  
 balancing effect 162; international  
 trade union politics 165–70; US  
 88–90, 91  
 collectives 85–6  
 Collins, H.M. 27  
 Collins, J. 40  
 Commission on Global Governance 10  
 Committee to Advise on Policies for  
 Manufacturing Industry 136–7  
 commodification: and consumption 5;  
 cyberspace 184, 189–90; knowledge  
 30; nature 219, 220  
 commodities, primary 137, 138  
 Communism 164, 166, 168–70,  
 171–2, 175–6  
 competition 17–18, 126, 148, 149  
 complex systems model 36  
 Congress of Industrial Organizations  
 166, 167  
 Conlon, R.M. 137, 147  
 Connally, J.B. 89  
 consensus 13–14, 61, 146  
 consumption 5, 74, 153–4, 221–2, 223  
 Convey, A. 199, 212  
 Cook, P. 107  
 copper industry 223, 228, 234  
 Corbridge, S. 3, 15, 74  
 corporate organization 62, 150–2  
 corruption 11–12, 175–6  
 Costello, T. 4, 5, 121  
 Courchene, T.J. 104  
 Courtois, S. 203  
 Covey, S. 45–6, 47  
 Cox, K. 118  
 Cox, R.W. 2, 3, 13–14, 144, 145, 146,  
 149, 155  
 Crainer, S. 40, 49  
 Crawford, J.G. 146  
 creativity 26  
 Croatia 172  
 Crozier, M. 10  
 culture 26–7, 42, 63 (n7), 238  
 Cuthans, F. 55  
 cyber-picketing 185–6  
 cybercampaign 162, 164, 183–6  
 cyberspace 77, 184, 189–90  
 Czech Republic 171, 180  
 Czechoslovakia, trade unions  
 170–1  
 Dabschek, B. 149  
 Dalby, S. 165  
 Daly, C. 36  
 Danaher, K. 121  
 Daniels, P. W. 17  
 Davis, M. 17  
 Davis, T.R.V. 55  
 Deane, M. 124  
 decentralization 97, 104, 110  
 Dehli, K. 96, 106  
 delayering 59–60  
 democratic legitimacy 15–16  
 Denis, C. 98, 110  
 dependency on welfare 98, 104  
 deregulation 6, 8–9, 155–8  
*Dernières Nouvelles d'Alsace* 206  
 devaluation 141  
 Diamond, C. 32  
 DiFazio, W. 83  
 digitalization of everyday life 82–3  
 Dionne, E.J. 78  
 diplomacy, international 149  
 discourse 222–4  
 Dodds, K.-J. 165  
 domestic policies, and globalization  
 150  
 Donnellon, A. 26, 56, 61  
 Drache, D. 101, 110  
 dromo-globalism 5, 76, 78  
 dromocracy 62, 75  
 Drucker, P. 55, 56  
 Dryzek, J. 227, 237  
 du Gay, p. 37, 40, 42, 56, 60  
 Dulles, E.L. 124  
 Dunn, J. 13  
 Dyson, E. 72, 77

- e-mail 186  
 Eagleton, T. 27  
 Eccles, R. 56  
*LesEchos* 199, 212  
 ecology, and capitalism 227–8, 232–3  
 economic growth strategy 136–42  
 economic rationalism 158 (n4)  
*The Economist* 25, 44, 46, 47, 62  
 Edsall, T. 90  
 education 152  
 Eggleton, A. 9  
 elaborately transformed manufactures (ETMs) 152–3  
 Electronic Frontier Foundation 77  
 emerging markets 19, 225  
 Emery, F. 38  
 employment 83, 98  
 enclaves of affluence 17  
 Engbersen, J. 197  
 Engels, F. 189  
 Engwall, L. 50  
 environment: commodified 219, 220;  
   degradation 221–2; mining industry  
   219–20, 222, 239–40 (n8);  
   regulatory modes 221–2; in risk  
   society 224; stewardship 4, 227–8,  
   232; *see also* nature  
 Esping-Andersen, G. 97  
 Esposito, J. 12  
 Estabrooks, M. 182  
 Esteva, G. 122  
 Estonia 171  
 ethical investment 62, 65 (n27)  
 ethnicization 206–7  
 Europe, Central and Eastern 164–5,  
   168–70, 173–6  
 European Union: European Monetary  
   System 124; External Frontiers  
   Convention 199; immigration 198–  
   9, 212; trade 119  
 Ewald, F. 130, 131  
 exchange rates 3, 11, 38  
 exclusion 17  
 exports, raw materials 138, 139  
 extractive industries 4, 220, 221, 222;  
   *see also* mining industry
- Fagan, R.H. 137, 138, 150, 151  
 Fairclough, N. 235  
 Falk, R. 15, 117, 118, 121  
 Farah, D. 11  
 Farrell, D. 80, 81  
 Featherstone, M. 199  
 Federal Express 73  
 federalization 104
- feminization of management 51, 65  
   (n28)  
 Ferguson, T. 86, 88  
*Le Figaro* 210  
 financial markets: geo-governance  
   119–20; globalization 11, 123–9;  
   regulators 123–4; scandal 11; and  
   trade 129–31  
*Financial Post* 98  
*Financial Times* 26  
 firms, national/global 158 (n5, n6)  
 Fisher, M. 90  
 Flory, M. 203  
 flowmations: digital 82–3; global 73,  
   78–9, 84–6, 87, 90–1  
 footwear industry 139–40, 142  
 Fordism: hollowing out of state 196,  
   212; permeable 100–3, 104;  
   production and consumption  
   221–2, 223  
*Foreign Affairs* 7  
 foreign direct investment 11  
 Forget Commission 103  
 Foster, J. 237  
 Foucault, M.: academia 30; discourse  
   222; discipline mode 41–2;  
   governmentality 9; knowledge 36;  
   modernization 84, 85; resistance 237  
 France: Algerian emigration 199,  
   202–7, 211; automobile  
   manufacturers 211; equality crisis  
   209–10; human rights 210;  
   Maghreb immigration 196, 198,  
   199, 202–7, 211; productivity crisis  
   208; spatial vent 207–14; youth  
   employment 208–9  
 Franco-Algerian accord 202–3, 206  
 Frankfurt School 201  
 free trade 121, 147  
 Free Trade Union Institute 174–6, 180  
 Freeman, G. 201  
 French, R. 57  
 Fukuyama, F. 35, 163  
 fundamentalism, local 86, 87–90
- G7 Jobs Summit (1994) 99  
 Gamble, A. 62  
 Gans, H. 83  
 Garnaut, R. 142, 146  
 Garrett, L. 12  
 Gates, Bill 74, 82–3, 87  
 GATS 127, 128  
 GATT 119, 120  
 gender in labor force 51, 65 (n28),  
   140, 153–4

- General Mining Law, US 236  
 Genesis discourse, tenets 4, 28, 31–6  
 geo-economics 163, 164, 181, 188–9  
 geo-governance 117–18, 119–20  
 geography: globalization and  
   governance 197–202; speed/  
   territory 72–3; unruliness 16–21  
 geo-politics: critical 165; fast 73, 90–1;  
   and geo-economics 163, 164, 181,  
   188–9; risk society 12; *see also*  
   political geographies  
 Gerrity, T. 43–4  
 Gertler, M.S. 101  
 Ghoshal, S. 54  
 Gibson, K. 220  
 Gibson-Graham, J.-K. 3  
 Giddens, A. 27, 35, 130  
 Gill, S. 13, 15, 125  
 Gillette Corporation 84  
 Gingrich, Newt 5–6, 72, 74, 77, 78–9  
 Giovanoli, M. 124  
 Gladwell, M. 87  
 global economy 3, 17, 34–5, 145–6  
 Global Exchange 121  
 global flowmations 73, 78–9, 84–6, 87,  
   90–1  
 globalization 2–9, 136, 228; backlash  
   20; capital accumulation 145;  
   capitalism 2, 179–80; and domestic  
   policies 150; dromocratic 5, 76, 78;  
   economic 16, 76; finance 11, 123–9;  
   and governance 9–10, 197–202;  
   immigration 197–200; and  
   internationalization 158 (n1); and  
   local affairs 116, 118, 233–6;  
   market 7; mining industry 4, 224–8,  
   232–3; neoliberal 74, 86, 116–17;  
   and sovereignty 196; specialization  
   87; state 15–16, 117; wage cuts  
   19–20; workfare 99  
 globalization-from-above 8, 14, 117,  
   123–9  
 globalization-from-below 5, 118,  
   120–3  
*Globe and Mail* 107, 109  
 glocalization 19, 178–9, 189  
 Godson, R. 168  
 Goetschy, J. 208  
 Goffee, R. 37, 38, 39, 62  
 gold mining 221, 238, 239 (n4)  
 Goldratt, E. 50  
 Gordon, D. 83, 197  
 Goss, J. 84  
 governance 9–16; global 9–10,  
   197–202; immigration 198–9;  
   institutions 222–4; Islam 203;  
   nation-state 132  
 governmentality 9, 13–14, 15, 84–6  
 Gramsci, A. 137, 203  
 Granotier, B. 203  
 Green, J. 190  
 Greenspon, E. 107  
 Greider, W. 8, 11  
 Grey, C. 57  
 Griffith, V. 45  
 growth: *see* economic growth  
 Guéhenno, J.-M. 13  
 Gueron, J.M. 106  
 Gumbrecht, H.U. 31  
  
 Habermas, J. 201, 209, 237  
 Hacking, I. 130, 131  
 Hague, D. 30  
 Hajer, M. 224  
 Hammer, M. 47  
 Handler, J. F. 97, 99, 105, 106, 110  
 Handy, C. 40  
 Hanscher, L. 122  
 Harbi, M. 206  
 harmonization 199  
 Harris, S. 138  
 Harvey, D. 18, 35, 72, 75, 197, 198,  
   200, 212, 213, 228, 233, 237–8  
 Hasenau, M. 199  
 Hasenfeld, Y. 97  
 Haughton, G. 99  
 Hawke, R.J.L. 147  
 Hayward, P. C. 126  
 Heckscher, C. 26, 56, 61  
 Heelas, P. 53, 54, 64 (n16, n24), 183  
 hegemony 137  
 Heisler, M.O. 201  
 Held, D. 14, 15  
 Helleiner, E. 117, 124, 127, 128  
 Herod, A. 5, 13, 15, 18, 19, 164, 165,  
   166, 168, 174, 179, 190  
 Herzberg, F. 52  
 Hewlett Packard 65 (n25)  
 Higgott, R. 149  
 Hill, S. 29  
 Hilmer, F. G. 148, 155  
 Hirst, p. 19, 116, 196, 197, 198, 212  
 Hobsbawm, E. 12  
 Hofstadter, R. 75  
 Hofstede, G. 55  
 van Holthoon, F. 165  
 Hood, G. 233  
 Hoskins, T. 184  
 hot linking 184–5  
 Howell, C. 208



- Hewlett, M. 223  
 HRD Canada 95, 99, 104, 105, 106, 108  
 Huczynski, A. 45, 49, 50, 51, 52, 53, 54  
 Hum, D. 101  
 human capital 106–7, 151–2  
 human rights 210  
 Hungary 171  
 Hunt, J.W. 37, 38, 39  
 Huntington, S. 12  
 hyperreality 73, 80
- IAC (Industries Assistance Commission) 137, 138, 141, 142, 146, 147, 149, 156, 157  
 IBM 73  
 IC (Industry Commission) 152  
 ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions) 162, 182, 183  
 ICFTU (International Confederation of Free Trade Unions): Central and Eastern Europe 171, 172–3; communism 167–70; regional organizations 168; and WFTU 180–1  
 identity 5, 79  
 ideology, trade unionism 167, 181  
 IFTU (International Federation of Trade Unions) 166  
 IGMetall 174  
 immigration: Australia 136, 138, 139; European Union 198–9, 212; global 197–200; governance 198–9; Islam 203; Maghreb 196, 199, 202–7, 211; surveillance 212; ten-year card 206; trade unions 203; US 90  
 import substitution 137, 138  
 individualism/collectivism 99  
 industrial restructuring 19, 116–17, 135, 144–50  
 industrialization 138  
 inequalities: class 16–17, 74–5, 99; global economic 16; within states 16–17  
 inevitability concept 78, 81  
 information: capitalism 76–7, 79; exchange 183; expansion 38–9; and knowledge 28–9; Third Wave civilization 5, 6, 76–7  
 information superhighways 6–7, 82  
 information technology 12–13, 27, 40, 59, 72
- Ingold, T. 34  
 innovation 29  
 institutions: corruption 11–12; global 4–5; governance 222–4; international 7–8, 14, 88, 117–18, 119–20, 146; regulation 222–4  
 insurance payments 130  
 intellectual community 60, 74, 91  
 International Confederation of Free Trade Unions: see ICFTU  
 International Council on Metals and the Environment (ICME) 226  
 international economy 2–3, 16  
 International Federation of Trade Unions 166  
 International Forum on Globalization 121–3  
 International Labour Organization 181, 199  
 International Metalworkers' Federation 173, 179  
 International Monetary Fund 119–20, 128  
 International Trade Secretariats 165–6, 167  
 internationalization 142, 147–8, 158 (n1)  
 Internet: activism 187–8; borderless 73; cyberdemonstrations 164; speed 190; trade unions 183–6, 190–1; workers' protests 182, 183–4  
 investment 11, 62, 65 (n27)  
 Islam 199, 203, 206, 207  
 International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) 173–4
- Jackson, R.G. 136, 137, 138, 141, 144, 146  
 Jacques, M. 62  
 Jameson, F. 238  
 Jansolin, X. 204  
 Jasinowski, J. 89  
 Jenson, J. 100, 101, 102, 104, 111  
 Jernier, J. 61  
 Jessop, B. 98, 100, 111, 136, 196  
 Johnson, A.F. 99  
 Jones, A. 182  
 Joshua discourse, tenets 4, 28, 31–6  
*Journal of Management Enquiry* 41, 54  
 journals 48–9  
 Jowitt, K. 4, 31, 32  
 Julius, D. 120

- just-in-time production 190, 192,  
(n15)
- Kanter, R. M. 42
- Kapstein, E.B. 125, 128
- Karass, C. 49
- Kay, J. 55, 56, 56
- Kearn, S. 75
- Keating, M. S. 156
- Keeble, D. 44
- Kelley, R. 221
- Kelly, K. 62
- Kepel, G. 199, 203
- Kerans, P. 103
- Kern, S. 20
- Kestelhohn, W. 41
- Khellil, M. 204, 206
- kinedramatics 73
- King, D. 97, 105
- Kirk, D. 8
- Kjellen, R. 73
- Klare, M. 12
- kleptocracy 11–12
- Knights, D. 56
- knowledge: and capitalism 27–8; corn-  
modified 30; and information 28–9;  
management 44–5, 51–2; non-neu-  
tral 36; radial 32–3; as resource  
54–5; tacit 41, 59; total 33, 34
- knowledge and action theories 26
- knowledge class 60, 74, 91
- Kofman, E. 2
- Kogut, B. 43
- Kolodny, A. 236
- Korten, D. 122
- Kreklewich, R. 110
- Kupiszewski, M. 199, 212
- Kurtzman 26
- labor: economic growth 153–5; gender  
51, 65 (n28), 140, 153–4;  
individual-ist/collectivist 99;  
legislation 163; recontractualization  
99; sweated 17; Taylorized 101; *see*  
*also* migrant labor
- Labor Adjustment Program 154
- labor markets 87, 103, 106
- labor relations 148
- labor rights 189
- Labour Force Development Agreements  
106
- Laclau, E. 237
- Lacoste, C. and Y. 206
- Lakoff, G. 31, 32
- Lash, S. 39
- Latour, B. 32, 34, 35, 44–5, 86
- Laudoti, L. 126, 127–8
- Law, J. 33
- leadership centre 45–6
- League of Nations 10
- learning regions 58
- Lebon, A. 204
- Leff, E. 220
- Legge, K. 45
- legislation: environment 222;  
labor 163
- legitimacy 15–16, 201–2, 205, 220,  
233
- Leigh-Star, S. 26, 58
- Leiken, R. 12
- Leonard-Barton, D. 55
- LETS 62
- Lever, W. F. 17
- Lewin, K. 52
- Leyshon, A. 17
- Liaisons Sociales* 206
- liberalism 2, 6; *see also* neoliberalism
- Lightman, E.S. 101, 104
- van der Linden, M. 165
- Lipietz, A. 17, 223
- Lithuania 171
- Littlewood, G. 227
- living standards 83–4, 108–9, 153–4
- local, and global 116, 118, 233–6
- Lönnroth, J. 199
- Lorenz, C. 46, 51
- Lotringer, S. 72, 75
- loyalty 5
- Luke, T. 3, 5, 11, 17, 19, 20, 73, 85
- Lundvall, B.A. 41
- Luttwak, E. 162
- Lyon-Caen, G. 208
- Maastricht Treaty 7, 199
- McBride, S. 101, 102, 103
- Macdonald Commission 103
- McGregor, D. 52
- Machyna, E. 180, 186
- Mackinder, H. 1, 90
- McKinsey and Company Consultants  
74
- MacShane, D. 166
- Maghreb labor migration 196, 199,  
202–7, 211; ethnicization 206–7;  
repatriation schemes 210–11; spatial  
vent 207–10
- Mahon, R. 111
- Maira, A. 47
- management: delayering 55, 64 (n23);  
fads/fashions 46–7; gender 51, 65

- (n28); knowledge 44–5, 51–2;  
 motivation 62, 65 (n25);  
 networking 56; New Age training  
 52–4, 57, 64 (n16, n24);  
 performative 56; reforms 40; virtual  
 organization 25–6; *see also* new  
 managerialism
- management consultancy 44–5  
 management gurus 45–6, 74  
 management seminars 48, 49–51
- Marden, P. 20
- market democracy 6, 7
- marketplaces, and products 84
- markets, emerging 19, 225
- Marshall Plan 167
- Martin, E. 36, 37, 40, 41, 51
- Marx, K. 2, 189
- Maslow, A. 52
- Massey, D. 20, 62, 118, 220
- Mayeur, L. 206
- Mayo, E. 62
- MDRC 106
- means-testing 102
- Meiksins, P. 13
- Merckling, O. 204, 206, 209
- Merrett, C. 15, 101, 110
- Mestiri, E. 198
- Mexico 12, 18
- Micklethwait, J. 45
- Microsoft 73, 81–3, 92 (n2)
- migrant labor: categories 197; Europe  
 198; Maghreb 196; Philippines 18;  
 repatriation 203–4, 210–11
- military technology 13
- millenarianism 35
- Miller, B. 237
- Miller, M. 197, 198
- Millman, G. 11
- minerals industry 141, 223
- Mining Engineering* 232
- mining industry: Australia 139;  
 emerging markets 225; and  
 environment 219–20, 222, 239–40  
 (n8); global 4, 224–8, 232–3; health  
 impacts 220–1; localization 233–6;  
 public relations 232; regulations  
 232, 233–6; supranational  
 organizations 226
- Mining Journal* 221
- mining museums 235
- Ministère des Affaires Sociales 209
- Mintzberg, H. 55
- Mittelman, J. 2, 74
- modernity 34, 35, 235–6
- modernization 75–6, 84, 85
- Mol, A. 33
- Le Monde* 189, 207
- Moran, M. 122
- Morgan, G. 40, 41
- Morocco 202, 204, 210
- Morris, M. 27
- Mouffe, C. 237
- Mouriaux, R. 203
- Moynihah, P. 12
- Mulgan, G.J. 193, 182
- Murray, E. 56
- Musch, E. 126
- Muszynski, L. 101, 104
- NAFTA (North America Free Trade  
 Agreement) 7, 110, 119, 120, 121
- Naisbitt, J. 53
- nation building, Australia 136–44
- nation-state: governance 132;  
 hollowing out 196, 212; racism 90,  
 209; sovereignty 72, 196, 198; and  
 transnational corporations 79, 80;  
 welfare policy 95–7; *see also* state
- National Anti-Poverty Organization  
 104, 107, 108
- National Association of Manufacturers  
 89
- National Council of Welfare 109
- National Endowment for Democracy 1  
 92 (n7)
- National Environmental Policy Act, US  
 222
- The National Interest* 162–5
- nationalism 120–1
- nature: and capital 220–4, 225, 228; as  
 commodity 219, 220; power over  
 228; and society 235–6
- neoliberalism 3, 83; competition 18;  
 consensus-based adjustment 146;  
 globalization 74, 86, 116–17;  
 hyperliberalism 146; labor  
 legislation 163; and liberalism 6;  
 living standards 108–9; markets 83;  
 state control 12; unruliness 5, 7–9;  
 welfare 99, 103
- networking 193 (n13); activism 183,  
 187–8; global economy 3; intra-firm  
 58; management 56; trade unions  
 190–1
- New Age training 52–4, 57, 64 (n16,  
 n24)
- new managerialism 4, 36–8, 40–1, 56–  
 7, 59–60
- New Mexico 235, 237
- New World Order 117, 145

- New York Times* 83, 190  
 Newman, J. 55, 57  
 Noble, K.B. 17  
 Noël, A. 97  
 Nohria, N 37, 56  
 Nonaka, I. 28  
 Norris, C. 34  
 North, Oliver 90  
  
 Ó Tuathail, G. 3, 5, 11, 12, 17, 19, 20, 90, 163, 165  
 O'Connor, J. 101, 201–2, 220, 227, 228  
 OECD 15, 124  
 OECD/SOPEMI 198  
 Offe, Claus 201, 202  
 Ohmae, K. 3, 79–80, 82–3  
 oil price shocks 3  
 Olds, K. 56  
 Oliver 50  
 ONI 211  
 one-world-community 118  
 Ontario Progressive Conservative Party 107  
 Oppenheimer, A. 12  
 Oriol, M. 206  
 Ould-Mey, M. 15, 128  
 output, prices 152–3  
 overworking 83  
  
 pace dynamics 72, 73  
 Pacific Dunlop Ltd 151  
 Pack, T. 7  
 Pahl, R. 62  
 Pal, L.A. 103  
 Palmer, G. 51, 56  
 Pascale, T. 46  
 Pauly, E. 106  
 pay, performance-related 65 (n25)  
 Peck, J. 15, 96, 99, 106, 108, 110, 112  
 Peet, R. 236  
 Pélissier, J. 208  
 pension funds 130  
 People's Coalition Against Imperialist Globalization 8  
 Perniola, M. 35  
 Pfeffer, J. 41  
 Pfeiffer, K.L. 31  
 Phelps Dodge 228, 229–31  
 Philippines 8, 18  
 Philp, M. 105  
 Pile, S. 20  
 Piven, F. F. 96, 110  
 place discourse 72, 73  
  
 Plant, S. 30  
 Poland, trade unions 170–1  
 Polanyi, K. 13  
 Polanyi, M. 41  
 polarization 17  
 political-economic change 96, 98–9  
 political geographies: of consent 123–9; of dissent 120–3, 128; geo-governance 119–20; globalization 117–18  
 politics: activism 187–8; and economic strategy 137; fluidization 224; nationalism 120–1; post Cold War 170–81; resistance 86, 87–90, 118, 237; unruliness 12  
 Pollard, J. 17  
 Porter, T. 26  
 postmodernism 61  
 power relations 17, 33, 75, 86  
 Pressley, A. 84, 88  
 Price, P. 166  
 prices 152–3, 157  
 Pringle, R. 124  
 privatization 97, 175–6  
 Probyn, E. 19  
 production: consumption 221–2, 223; just-in-time 190, 192 (n15)  
 products, marketplaces 84  
 Profintern (Red Trades Union International) 166  
 Progress and Freedom Foundation 77, 78  
 property market 153  
 property rights 234  
 protectionism 88, 90, 138, 142–4  
 protest 128  
 public relations, mining 232  
 Puette, W.J. 184  
 Putnam, H. 32  
  
 racism 90, 209  
 Raglon, R. 223  
 Ramsay, H. 44, 45  
 rational economics 142, 158 (n4)  
 Ravenhill, J. 138, 143, 149  
 re-engineering 43–4, 61–2  
 Rea, K.J. 102  
 Readings, B. 29  
 Redfield, J. 54  
 Reebok 73  
 reflexivity 27, 58, 64 (n18)  
 region-states 79–80  
 regulation: environmental 221–2; financial markets 123–4;

- reregulation 8–9; social 101, 222–4;  
 spatiality 236–8  
 Reich, R. 76, 85  
 Renault 211  
 repatriation, migrant labor 203–4,  
 210–11  
 reregulation 8–9  
 resistance politics 86, 87–90, 118, 237  
 Resource Conservation and Recovery  
 Act, US 232  
 restructuring of industry 19, 116–17,  
 Rice, J.J. 101, 102, 104  
 Richburg, K. 8  
 Rifkin, G. 53  
 Rifkin, J. 74, 83  
 Rigby, D.L. 145  
 right- to-work 237  
 risk: global 12; systemic 124, 130, 132  
 risk management 130–1  
 risk society 224  
 Roberts, R. 53  
 Roberts, W. 54  
 Roberts, S.M. 5, 7, 11, 19, 116  
 Robertson, R. 116, 178  
 Robinson, P. 237  
 Rogers, J. 86, 88  
 Romania 171, 172  
 Roos, J. 55  
 Rose, N. 52, 57  
 Ross, B. 54  
 Rowell-Sirois Commission 102–3, 108  
 Rozenblatt, P. 208  
 Ruggie, J. 2  
 Rusk, J. 107  
 Russia, trade unions 171, 172–3  
 Rutheiser, C. 17  
 Rutherford, T. 104  
  
 Salais, R. 208  
 Salancik, G.R. 41  
 Salt, J. 197, 198, 199, 199  
 Samers, M. 12, 199, 208, 209  
 Sampson, A. 38, 56  
 Sandier, B. 122  
 Savage, L. 190  
 Sayad, A. 204  
 Sayeed, A. 99  
 scalar restructuring 19, 116–17  
 Scase, R. 62  
 Schaffer, S. 27  
 Schengen Accords 199  
 Schloss, H. H. 127  
 Schor, J. 83  
 Schumpeter, workfare 111  
 Scott-Heron, G. 188  
 Scott-Morgan, P. 47  
 Seddon, D. 120, 123  
 Senft, P. 174, 175  
 Serbia 172  
 Serres, M. 25, 32, 34  
 Shapiro, M. 73  
 Sheehan, P.J. 152  
 Sheffer, G. 199  
 Shiva, V. 19  
 Shragge, E. 99  
 Silverman, M. 209  
 Simon, J. 209  
 Sloan, J. 154  
 Slovak Republic 171, 180, 186  
 Slovenia 172  
 Smith, N. 19  
 Smithsonian, S. 3  
 social banking 62  
 social dividends 62  
 social investment 62, 65 (n27)  
 social movements 118, 225,  
 239 (n3)  
 social security 95, 96–7  
 soft capitalism 4, 28, 31, 36, 58,  
 59–62  
 Solidarity 170, 171, 174, 176–7  
 Somers, M. 235  
 Sopko, J. 12  
 Sorocco County 235  
 Soros, George 11  
*Southwestern PayDirt* 234  
 sovereignty 72, 196, 198  
 Soviet Union 162–5, 166, 168  
 space: political economy 164;  
 regulation 236–8  
 spatial fix 200, 213  
 spatial vent 196, 200–1; economic  
 production 207–10; Franco-  
 Algerian accord 202–3, 206;  
 immigration 212–13, 214 (nl 1);  
 manifestation 211  
 specialization, globalized 87  
 speed: in capitalism 189–90;  
 cybercam-paigning 184, 186;  
 Internet 190; political economy  
 164; and territory 72–3  
 squatter clearances 8  
 stakeholders 225–6  
 state: and capital 135; and economy  
 135, 155–8; and environment  
 223; Fordist 100–3, 104, 196,  
 212, 221–2, 223; globalization  
 15–16, 117; and governmentality  
 13–14, 15; inequalities 16–17;  
 internationalized 13; neoliberalism

- 12; as transmitter 14–15 *see also*  
 nation-state  
 stewardship 4, 227–8, 232  
 Stewart, J. 156  
 Stewart, N. 55  
 Stiglitz, J. E. 28, 29  
 Stoléru, L. 203–4, 205  
 Stopford, J. 39  
 Storper, M. 208  
 Strange, S. 7, 145, 149  
 Strathern, M. 26, 63 (n7), 29, 57, 58  
 Streeck, W. 108  
 structural adjustment 14, 120, 123,  
 128–9, 173  
 Subi, T. 203  
 subjectivity 20, 27, 41–2, 57  
 subsidiarity 199  
 surveillance 99, 212  
 sustainable development 228, 233  
 sweated labor 17  
 Swet 49  
 Swyngedouw, E. 19  
 systemic risk 124, 130, 132
- TAIAC 142, 143  
 Takeuchi, N. 28  
 Tanzer, M. 117  
 Tariff Board 141  
 tariffs 90  
 Taylor, F. 105, 107  
 Taylor, J.H. 102  
 Taylor, P. 9  
 Taylor, W. C. 79, 80  
 Taylorism 201  
 TCF (textiles, clothing and footwear)  
 industries 135–6, 139–43, 150–2  
 TCF 2000 Plan 148  
 TCFDA 147, 148, 150, 151, 152, 154  
 technological change 27, 77  
 telecommunications 6–7, 27, 182  
 territorialization 85, 200  
 terrorism 12  
 textile industry 140–1, 142, 151, 152;  
*see also* TCF industries  
 Thompson, G. 19, 116, 196, 197, 198,  
 212  
 Thrift, N. 4, 17, 20, 30, 31, 33, 38, 39,  
 56, 62, 91  
 Thurrow, L. 81  
 Tilly, C. 190  
 tire makers 183–6  
 Toffler, A. 5, 76–7, 183  
 Toffler, H. 76–7  
*Toronto Star* 107, 108, 109  
 Toulin, A. 104
- Touraine, A. 210  
 tourism 139  
 trade: and finance 129–31; free 121,  
 147; geo-governance 119–20;  
 nationalism 120–1; tariffs 90;  
 transnational 7, 10–11  
 Trade Union Forum 181  
 Trade Union Internationals 169  
 trade unions: Central and Eastern  
 Europe 164–5, 168–70, 173–6;  
 Communist 166, 168–70, 172; e-  
 mail 186; ideology 167, 181;  
 immigrants 203; Internet 183–6,  
 190–1; international 164, 165–70;  
 mergers 180; politics post-Cold  
 War 170–81; unruliness  
 188–91; websites 186  
 transnational corporations: advertising  
 73; branch plants 150; capitalism  
 3–4; globalization 3–4, 116;  
 nation-state 79, 80; production  
 shifts 121; and WFTU 179–80  
 transnational liberalism: *see*  
 neoliberalism  
 Trist, E. 38  
 Tucker, R. 75  
 Tunisia 202, 204, 210  
 Turner, B. 199  
 Turpin, T. 29
- Uchitelle, L. 84  
 Uhlir, J. 175, 180  
 uncertainty 61  
 Underhill, G.R.D. 137  
 unemployment 83, 103–4, 141, 154,  
 156  
 unemployment insurance 102, 103,  
 105  
 United Nations 10; *Human  
 Development Report* (1996) 16  
 unruliness 1–2; economically correct 5;  
 geographic 16–21; global finance  
 11; neoliberal 5, 7–9; trade union  
 organizations 188–91; world  
 politics 12  
 UPS 73  
 Urry, J. 39  
 US: Bureau of Mines 233; cheap labor  
 87; Clean Air and Water Acts 222,  
 223; Cold War 88–90, 91; copper  
 industry 223, 228, 234;  
 exceptionalism 86; gold mining 221,  
 239 (n4); mining 222, 227, 228,  
 232, 233–6, 237; National  
 Environment Policy Act 222;

INDEX

- protectionism 88, 90; Resource Conservation and Recovery Act 232  
 (USWA) United Steelworkers of America 183–7
- Valpy, M. 106
- van Amersfoort, H. 197, 198
- Van der Pijl, K. 36
- van Krogh, G. 55
- Van Natta, D. jr 17
- Vernon, J. 138, 141, 144
- Virilio, P. 72, 73, 75
- virtual organization 25–6
- Vogel, S. 8–9
- vulnerability 39
- wage bargaining 138
- wages: competitiveness 149; and consumption 153–4; cuts 19–20; performance-related 65 (n25)
- Walker, J. 107
- Walker, M. 7
- The Wall Street Journal* 89, 190
- Waller, D. C. 187
- WaUerstein, I. 209
- Walton, J. 120, 123
- Wanna, J. 155
- Warhurst, A. 225
- Waterman, p. 183, 189
- Waters, M. 116
- Webber, M. 9, 137, 138, 143, 145, 150, 151, 154
- Weber, A.M. 79, 80
- Weber, M. 201
- Weekes, J. 9
- weil, P. 205, 206, 211
- welfare: Canada 100–3; and competitiveness 149; dependency 98, 104; Keynesian 111; means-testing 102; neoliberalism 99, 103; policy reform 95–7
- Werner International 151
- Westlake, M. 127
- WFTU (World Federation of Trade Unions) 166, 191 (n3), 192 (n11); Central and Eastern Europe 177–81; Communist trade unions 168–71, 173; and ICFTU 167–70, 180–1; transnational corporations 179–80
- Wharton, Pennsylvania 43
- Whitlam, E.G. 141
- Whyte, W.H. 38
- Wihtol de Wenden, C. 199, 201, 203, 206, 207, 211
- Wilbur, M. 17
- wilderness protection 220–1
- Wilson, A. 223
- Windmuller, J.P. 166, 167, 169
- Wittgenstein, L. 31, 32
- Wolfe, D. 101
- Women's Mining Coalition 236
- Woods, R. 199
- Wooldridge, A. 45, 54
- work-welfare 97–8, 106–7
- work incentives 104
- workfare 97–100; Canada 103–10; costs 106; local 110; outlawed 101; political dynamics 112; as punishment 108; regionalized 104; regulations 110–12; rhetoric 110–12; Schumpeterian 111; symbolism 104–5
- World Bank 6, 19, 119–20, 128, 144
- World Confederation of Labor 171–2
- World Federation of Trade Unions: *see* WFTU
- World Trade Organization 7–8, 9, 119, 120, 173
- World Wide Web 86, 162, 186
- xenophobia 20, 199, 210
- Yalnizyan, A. 104
- Youngs, G. 2
- youth employment 208–9
- Zapatista guerrillas 187–8
- Zharikov, A. 162, 170, 173, 178, 180, 181
- Zuboff, S. 61