Neoliberalism and Cultures of 'Competitiveness' in East Asia: Numbers, Clusters and Chains

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Introduction

The current project of neo-liberalism emphasizes the rolling back of the state, de-regulation of the labour market, the unhinging of local legislations and the introduction of international laws (e.g., TRIPS) that allow private enterprises to make profits, and supply-side economics conducive to entrepreneurship and competitiveness on global, regional, national and local scales (e.g., EU Lisbon Strategy on Competitiveness, national competitiveness programmes, city strategies for competitiveness). This paper concentrates on 'competitiveness' and the ways in which its cultures are being recontextualized and normalized as part of neoliberal hegemony across different sites and scales. The first section examines the development of cultures of 'competitiveness' from the 1960s onwards from an academic concept to a global knowledge brand. The second focuses on how this knowledge brand is being recontextualized at global, regional and city levels, mainly drawing upon examples from East Asia. This paper concludes with comments on the hegemonic production of competitiveness as part of neoliberalism and on its contested nature.

Ⅰ. Three Stages in the Development of the Cultures of 'Competitiveness'

There is a long history on the development of the cultures of 'competitiveness'. This paper examines changes therein in three overlapping stages starting from 1960s (see table 1). The first stage was characterized by a theoretical revival in the study of Schumpeter's conception of capitalism (1943) and his emphasis on innovation and technological change as a part of the structural dynamics of economic development. This stage saw the development of the theoretical paradigm through academic interest in innovations, R&D in enterprises, the role of patents, competitiveness and trade policy (Posner 1961; Vernon 1966; Freeman 1984). This link between technology, innovation, competitiveness and

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trade formed the basis of national competitiveness discourses that can be seen as stage two in the development of the cultures of competitiveness in the 1980s.

In stage two, national competitiveness discourses found their policy and political expressions (for two overviews, see Dosi and Soete 1988; Fagerberg 1996) when innovation- and technology-driven competitiveness became a key element in defining the geo-economics of nation-states. This development in a conjuncture when trade statistics seemed to suggest that superpowers of the 19th and 20th century, the US, the UK and the EU were losing the respective positions in the world economy and the worry over competitiveness was first and foremost linked to the perceived crises of their techno-economic positions vis-à-vis Japan and East Asia (D'Andrea Tyson 1988; Krugman 1995). Reagan set up in 1983 the Commission on Industrial Competitiveness, which was followed by the Council on Competitiveness in 1988. Both institutions comprised industrial, labour and academic leaders and launched national competitiveness as part of national policy discourses and consciousness. This was reinforced by the OECD, which is a service-oriented think tank for its member states. Despite its early engagement with the techno-economic paradigm as early as 1962, the OECD only re-entered the field in the 1990s and produced detailed data and analyses concerning technology, productivity and economic growth (to add references). In similar ways, the EU also rode on the competitiveness bandwagon and published in 1993 a White Paper on growth competitiveness and employment aiming at the Community's global competitiveness.

Table 1 Three Stages in the Development of the Cultures of Competitiveness since the 1960s

Stages in the Development of cultures of 'Competitiveness'	Articulation of Major Elements
Stage 1 Theoretical paradigm	Technology, innovation and national competitiveness
Stage 2 Policy paradigm	Competitiveness policy, competitiveness commissions and technology policy
Stage 3 Management Knowledge and Knowledge Brand	Porter's Diamond model, competitiveness guideline and best practices

(Source: Author's own compilation)

This rise of competitiveness as a major policy and geo-economic paradigm was also reinforced and supported by development in management theories and studies. This can be seen as stage three, when the policy paradigm has become management knowledge articulated by business school professors (e.g., Porter), consultancy firms and think tanks

that make up the transnational knowledge circuit. These actors construct meaning-making models (e.g., competitiveness advantage) bundled with claims to problem-solving competencies. In the case of Porter's Diamond model, it also comes with quality guarantee of Harvard Business School (HBS). It is filled with methodologies (guidelines, best practices) that are marketed by associated Harvard colleagues and related strategy firms (e.g., *McKinsey, Bain, Boston Consulting Group, Monitor Group, and J.E. Austin Associates Inc.*). It is also popularized through the business press, reports and public performances (e.g., conferences and speeches) by idea entrepreneurs from think tanks, top government advisors, research institutes, international organizations, etc.

More specifically, Porter's idea of competitiveness was spearheaded in his 1990 book on *Competitive Advantage of Nations*. In this book, he introduced the 'Diamond Model' with four interacting factors: a) demand conditions; b) factor conditions; c) context for firm strategy and rivalry; and d) related and supporting industries. These factors form a 'self-reinforcing system' which was mapped by the metaphor of 'cluster' of firms and narrated as the 'microeconomic foundations of prosperity'. Porter's cluster-based competitiveness approach was introduced to a number of countries including the US, Canada, Portugal and New Zealand. A number of strategy firms (e.g., Monitor Group) adapted the model to developing countries (e.g., Columbia). In short, this body of knowledge circulated by these idea entrepreneurs were packaged and commercialized into strategic policy recommendations and guidelines both for developed and developing countries. They were popularized by business schools, training seminars and business/think tank presses.

The ideas on competitiveness gradually acquired brand status, and like commercial brands (Lury 2005; Arvidsson 2006), knowledge brands address the rational and irrational aspects of human nature. Cognitively, a brand like Porter's competitiveness 'Diamond' is rationalized and legitimated by its association with Harvard Business School, its distinctive policy recommendations, benchmarking models (e.g., cluster), re-engineering solutions for economic development, and careers for its promoters. Emotionally, it addresses pride, anxieties and social tensions linked to growth, development, economic restructuring, and fears about sheer survival. These rational and irrational effects may enable a brand to become hegemonic. Thus viewed, a knowledge brand can be defined as a would-be hegemonic meaning-making device promoted by 'world-class' guru-academic-consultants who claim unique understanding of the economic world and translate this pragmatic view into policy recipes and methodologies that address social tensions, contradictions, and dilemmas as well as appeal to the pride and anxieties of the subject in the process of socio-economic changes. Circulating transnationally, these brands provide flexible templates that can be adapted to local circumstances and conjunctures and

translated into policy recommendations (Bernstein 1990).

Ⅱ. Recontextualization of the Cultures of Competitiveness: Numbers, Clusters and Chains

This brand is crucial because of its discursive impact upon meaning making and mapping/disciplining the courses of neoliberal economic restructuring. It is being recontextualized at different scales/sites and mediated through the construction of diverse knowledge apparatuses and technologies. Given the multiplicity of scales/sites that are involved, this paper will examine two main sets of knowledge apparatuses and technologies (table 2) that are involved in the making of competitiveness as a hegemonic discourse on two scalar levels. The first is the knowledge apparatus of indexes and numbers constructed on the global level by the World Economic Forum; and the second is the deployment of the cluster-and-chain metaphors in regional competitiveness outlooks/programmes/seminars with a special focus on Asia. Let us start with the first.

3.1 On A Global Scale: Disciplining by Indexes and Numbers

On the global level, for example, the World Economic Forum, in conjunction with Porter and others, constructed the Global Competitiveness Report and Global Competitiveness Index (see Table 2 and Table 3). The latter encloses countries in a

Table 2 Two Knowledge Apparatuses and Knowledging Technologies in the Construction of Competitiveness

Knowledge Apparatuses/Instruments	Knowledging Technologies in Meaning-Making	Major Institutional Sites/Actors
Indexes and numbers Global Competitiveness Report and Global Competitiveness Index	Technologies of performance and judgement	World Economic Forum
Cluster-and-chain metaphors Asian Development Outlook 2003: III Competitiveness in Developing Countries Cluster-Based Industry Development Workshop 2006 Industrial Development Planning policy seminar 2007	Technologies of agency (e.g., clusters as capacity building)	Asian Development Bank Asian Development Bank Institute (ADBI) Japan International Cooperation Agency (JICA) UNIDO OECD

(Source: Author's own compilation)

Table 3 World Economic Forum and Global Competitiveness Index

	Country Economy			GCI 2007–2008 Rank	GCI 2007–2008 Score	GCI 2007–2008 rank (among 2006 countries)	GCI 2007–2008 rank
	United States			1	5.67	1	1
	Switzerand			2	5.62	2	4
	Denmark			3	5.55	3	3
	Sweden			4	5.54	4	9
	Germany			5	5.51	5	7
	Finland			6	5.49	6	6
	Singapore			7	5.45	7	8
	Japan			8	5.43	8	5
	United Kingdom			9	5.41	9	2
	Netherlands			10	5.40	10	11
	Korea			11	5.40	11	23
	Hong Kong SAR			12	5.37	12	10
	Canada			13	5.34	13	12
	Taiwan, China			14	5.25	14	13
	Austria			15	5.23	15	18
	Norway			16	5.20	16	17
	Israel			17	5.20	17	14
	France			18	5.18	18	15
	Australia			19	5.17	19	16
	Belgium			20	5.10	20	24
	Malaysia			21	5.10	21	19
	Ireland			22	5.03	22	22
	Iceland			23	5.02	23	20
	New Zealand			24	4.98	24	21
	Luxembourg			25	4.88	25	25

number order and countries are assessed in relation to each other in terms of their economic performance. It deploys apparatuses such as index and numbers to rank countries. This disciplinary art of country surveillance deployed the technologies of performance and judgements that get reviewed annually. This continuous and institutionalized gaze of numbers visibilizes countries' performance through rank and score orders. In this regard, power operates through the hierarchization of countries and

the division between high- or increasing-ranking countries and those low- or declining-ranking ones. The latter and their population are targeted to take certain (market-friendly) steps to become more competitive (e.g., de-regulation, flexibilization). It also normalizes the treadmill of competitiveness and the imperative of growth in policy paradigms and everyday mindsets. Countries and their population are refashioned as new competitive subjects and economic categories such as life-long learners.

3.2 On A Regional Scale: Framing by Cluster-and-Chain Metaphors

On the regional scale, there are numerous attempts in promoting competitiveness discourses and practices since the 2000s. Notably examples include the United States Agency for International Development (USAID)'s African Global Competitiveness Initiative and the Inter-American Development Bank (IADB)'s Multilateral Investment Fund for SME competitiveness. This paper focuses on Asia especially the roles of Asian Development Bank (ADB) and Asian Development Bank Institute (ADBI) in Tokyo in constructing and framing cluster-based industrial development in the region. In a similar manner as the World Bank, which profiles itself as the 'knowledge bank' since 1998, the ADB/ADBI narrates itself as 'sharing development knowledge about Asia and the Pacific.' Development has become a form of knowledge transfer from knowledge-rich to developing countries. This so-called 'knowledge gaps' can thus be narrowed by the development of policies and strategies for acquiring and communicating knowledge.

This Wold Bank development recipe in narrowing the knowledge gaps was echoed by the Asian Development Bank (ADB). Riding on this knowledge-based climate, the ADB published its *Asian Development Outlook 2003*, and in its *Section III*, invented the idea of 'catch-up competitiveness' which was narrated as:

> 'The nature of catch-up competitiveness in the NIEs contrasts sharply with the traditional definition of technological innovation, namely the production of new (or improved) products, based on R&D. Instead, what occurred was behind-the-frontier innovation, including improvements to products, the changing of processes to become more efficient and flexible, improvements in "design for manufacture," and the introduction of new types of product based on imitating the designs of leading firms.'
> (Source: http://www.adb.org/documents/books/ADO/2003/part3_3-7.asp)

This construction allowed countries of the region to be conceived and normalized as 'laggards' that are engaged in 'catching up' via process and product innovation, educational provision and market-friendly institutions.

This externally-oriented and market-friendly 'catch-up' narration frames and disciplines the organization of regional space, policies and population in specific ways. In terms of organization of regional space, the 'catch-up competitiveness' imagination

further stipulates that importance of 'MNC-led growth' and 'FDI'. Profiling Singapore as the export-oriented growth model in this regard, the document isolated the 'computer disk-drive' production in Thailand, narrated as 'cluster', as the precursor that others can learn from to become part of the 'beneficial global value chains'.[1] This use of the cluster-and-chain metaphor helps to frame the evaluation of the situation being described. This description not only ties the local clusters with global chains organized around 'FDI' and 'export orientation'; it also naturalizes it as a viable policy prescription that can exclude other possibilities.

This cluster-and-chain narration occupied a more prominent position in subsequent workshops, training courses, and seminars organized by the ADBI and other organizations. In the Cluster-Based Industrial Development Workshop organized by the ADBI and the Institute for Industrial Policy and Strategy in Vietnam in May 2006, the cluster metaphor was used as the main frame in normalizing development policy that is led by private sector with the government playing only a catalytic role in transition economies such as China, Vietnam and Cambodia. Workshop participants were encouraged to draft strategic action plans for development of SMEs in their own province and country (e.g., electric appliance cluster in Wenzhou and motorcycle cluster in Chongging in China). This regional inter-discursive space was reinforced by the Industrial Development

1) 'International production chains are likely to benefit firms in countries where they can go into GVCs in sectors including furniture, footwear, textiles and garments, and electronics, in three main ways. First, by increasing the set of internationally traded goods, GVCs increase opportunities to benefit from the gains from trade by allowing the participants greater room for specialization in the labor-intensive stages of manufacturing processes (which overall might be technology or capital intensive). Second, by broadening the scope for gains from trade, it renders protectionist, import-substitution, or anti-foreign investment policies even less effective. Third, given that this kind of production and trade tends to occur in tightly knit "just in time" global networks, it gives added impetus to the need for improving the efficiency of transport and communications infrastructure and for a stable business environment (Yeats 1998, p.2).

GVCs can enable firms to enter global production networks more easily, allowing them to benefit from globalization, climb the technology ladder, and gain wider access to international markets. GVCs provide firms with a wide spectrum of options to operate in global markets with a view to staying competitive. In theory, GVCs offer a way for local enterprises in developing countries to engage in international markets at their own level of capability. In practice, however, it is often extremely difficult for a firm to secure an initial order, and only if a firm has a proven track record with a buyer is it likely to win a major contract. Entry into GVCs is easiest when an agglomeration of local buyers and manufacturers already exists, so that newcomers can learn from the established players. Sometimes, new entrants emerge as spin-offs from existing local firms or from MNC subsidiaries with whom they establish a new GVC linkage. For countries and groups of firms outside successful clusters, accessing GVCs can be difficult. For very poor countries with little engagement of or prior experience in GVCs (especially high-technology GVCs), entry can pose major developmental challenges to policy makers and business leaders alike.'

Planning by Local Governments: Cluster-Based Development Approach Policy Seminar in Tokyo in March 2007. The cluster metaphor was no longer just a framing discourse but became a register in which knowledge on cluster building are seen as transferrable to transition economies (e.g., Vietnam, Cambodia, Kazakhstan, Lao PDR, Mongolia, and Myanmar) via seminars, lectures, pilot projects, funding and technical cooperation via diverse organizations (see table 4).

Table 4 Transfer of the 'Cluster Metaphor' to Vietnam

Activities	Responsible Institutions
Seminars/Lectures	ADBI, UNIDO, FASID [2)]
Pilot Projects	UNIDO Vietnam, FASID
Financial Support	ADBI, UNIDO
Technical Cooperation Programme	JICA

Sources: ttp://www.jica.go.jp/vietnam/activities.tcp_map.html and
http://www.abdi.org/conf-seminar-papers/2007/04/04/2226.vietnam.cluster.dev/

These activities were concurrent to the ADB's workshops and USAID's country initiatives. This priorization of the 'cluster' metaphor and practices echoes the technology of agency which involves a mix of participation, capacity and control. As a technology, it brings forth agency and its capacities but it also controls the sites for exercising agency and types of agency. In this case, the cluster metaphor specifies and disciplines the regional spaces in Asia as production-oriented and subcontracting clusters (e.g., electric appliance cluster in Wenzhou, motorcycle cluster in Chongging) open to FDI and MNC-dominated global supply chains. In addition, it also stipulates the types of agency – market-oriented, neo-liberal and self-responsibilized ones who are constituted through training courses, overseas aid/funding and scholarships of everyday life of 'catch-competitiveness'.

Ⅲ. Concluding Remarks

This co-use of 'index' and 'cluster-and-chain' metaphor as well as the related technologies of power highlight the ways 'competitiveness' is constituted as part of the neo-liberal hegemonic logic. This paper focuses on mechanisms that secure such logics in and across diverse institutional orders and civil society (e.g., business schools, strategy firms, think tanks, business press, international organizations, regional organizations, aid/

2) FASID is the Foundation for Advanced Studies on International Development.

funding agencies, etc.) It is mediated by transnational knowledge brands that are recontextualized to different scales and sites. Mundane and everyday practices contributed to making competitive subjects and common sense through apparatuses (e.g., indexes, programmes, initiatives, seminars, pilot projects) and related technologies of power (performance, judgement and agency). Hegemonic logics of these kinds are not singular and they are recontextualized at different sites and scales in path-dependent ways. Diverse constructions ranging from 'Diamond' model from Harvard Business School to development programmes from Asian Development Bank Institute are sutured together in the production of hegemony. Such hegemony has uneven impact upon class, place, gender and nature. The effects of which are resisted by labour and social movements.

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