

Dynamics of Regionalism and Globalism: A Critical Political Economy Perspective

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Abstract

This article explores the spatio-temporal dynamics of the interaction on different scales between territorial logics and the space of flows. Included here are the role of global cities, major city-regions, inter-regional cooperation, cross-border regions, and macro-regional blocs as well as efforts to remove obstacles to the free flow of goods, capital investment, and money capital on a global scale. A particular focus is the complexities of regions, regionalism, and regionalization at different scales and the development of multi-level government and network governance. Another focus is the similarities and differences among modes of European integration (Europe of cities, Europe of regions, Europe of national states, federalism) and the dynamics of regional integration in East Asia and beyond. Remarks are also offered on the North Atlantic financial crisis and the crisis of European integration and the prospects of globalism and regionalism in the light of the global economic crisis.

Key words: cross-border regions, East Asia, European Union, flow, geo-politics, globalization, multi-level government, network governance, regionalism, scale, space, space of flows, territory, time, triad, world market

This presentation offers a critical analysis of the spatio-temporal dynamics of globalization, highlighting how globalization is shaped by the interaction on different scales between territorial logics and the space of flows. I refer to the role of global cities, major city-regions, inter-regional cooperation, and macro-regional blocs as well as efforts to remove obstacles to the free flow of goods, capital investment, and money capital on a global scale. Particular attention is paid to the similarities and differences between forms of European integration (Europe of cities, Europe of regions, Europe of national states, federalism), to the significance of multi-level government and network governance, and to

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The world's economic centre of gravity, 1980–2007 (black) and extrapolated, 2007–2049 (in red), at three-year intervals. Source: Quah (2011: 7)

the dynamics of regional integration in East Asia and beyond. The presentation includes remarks on the North Atlantic financial crisis and the crisis of European integration and also concludes with brief remarks on the future of globalism and regionalism in the light of the global economic crisis.

1. World Market or Globalization or Re-Articulating Regions ...?

The world market provides the ultimate horizon of economic analysis just as 'world society' provides the ultimate horizon of social analysis. In neither case does this mean that the world scale is the primary (let alone sole) locus of globally significant causal mechanisms or social forces. One should not mistake the field on which economic or social processes unfold with their causal dynamics. To take a recent example, the global financial crisis did not originate at some global scale above or beyond specific circuits of capital anchored in particular places. It was made in the USA, broke out there, and has spread unevenly through a mix of contagion and endogenous vulnerabilities around the globe. Even in the midst of the most severe global economic crisis since the 1930s, some locales, regions, and national economies have expanded and, indeed, it has reinforced a return after centuries of the centre of economic gravity towards what Europeans and Yankees continue, paradoxically,¹⁾ to call the East (for a calculation of this shift, see Quah 2011). Thus we must approach the idea of the world market or globalization with some care and consider whether there are other spatial dynamics at work too and, if so, how

Dynamics of Regionalism and Globalism

they interact. I will do this in three steps: (1) critique the concept of globalization; (2) introduce the contrast between the logic of territorialisation and the logic of a space of flows – or, as some put it, flow-space; and (3) consider the nature of regionalism in the light of the first two steps.

Globalization is a relatively recent word for a disparate series of processes with much longer and multiple histories. It can be traced back at least to the beginnings of an integrated world market and reflections on world literature, world peace, and world society – especially when these were reinforced by knowledge of the planet (globe) as the ultimate horizon of social action. It is not a single process with a universal, unitary logic that affects all institutions and social forces in the same way everywhere that it occurs; it also develops unevenly because of diverse objective and subjective limits. In this sense, globalization can be described as hypercomplex to the extent that it:

- emerges from interaction among activities in many sites around the globe, including peripheral and semi-peripheral locations as well as central places;
- arises from actions on many scales that co-exist and interpenetrate in complex ways – indeed, what some describe as globalization may also be viewed, perhaps more fruitfully, in terms of a complex dialectic between changes in the organization of the space of flows and the organization of territory reflected variously in the rise of multinational companies and transnational banks, the internationalization of national economic spaces through growing penetration (inward flows) and extraversion (outward flows), global city network-building, the integration and competition among triad, cross-border region formation, international localization, glocalization, and so on;
- involves an increasingly dense nexus of temporalities and time horizons, especially due to growing space-time distantiation and/or compression;
- results from competing strategies and counter-strategies and takes many different forms -- world market integration along neo-liberal lines is only one strategy and even this varies in degree and form; and
- is rooted in the contingent interaction of many different causal processes.

Rather than creating a 'flat world' (Friedmann 2005), the complexities of globalization noted above lead to a reordering of economic, political, and socio-cultural differences and complementarities across different scales, places, and networks. This offers opportunities for supra-national, national, and local states to shape these differences and

complementarities and thereby influence their structural competitiveness. But it remains a hierarchically ordered world too: some “spaces of flows”, some territorial states (e.g., USA, the People’s Republic of China, Germany), some places (e.g., global cities), some scales of economic and political action (e.g., the European Union scale), are more important than others. Rather than a ‘flat world’, we have an uneven terrain with uneven flows, differential frictions, and uneven power with varying capacities for time-space compression and time-space distantiation.

We can nonetheless affirm that one aspect of this is the diminished importance of the national scale of economic, political, and social organization relative to the first three decades of post-WW2 economic expansion and the increased importance of regional organization at scales below, above, and transversal to the national level. This is reflected in the rediscovery of the importance of sub-national regions and the more recent emphasis on the role of three major growth poles (or triad regions) in the global economy. These are allegedly based on the regional hegemonies of the USA, Japan (subsequently displaced by China), and Germany and reflected in attempts to create a North American Free Trade Area, a European Economic Space, and an Asian Pacific Economic Community (along with ASEAN, ASEAN+3, ASEAN+1, and the East Asian Summit or EAS). The case of Latin America is more complicated with Colombia the anchor of US hegemony, Brazil the leading regional power, a traditional European interest in the sub-Continent, Venezuela a key player in the development of a counter-hegemonic bloc known as ALBA (Bolivarian Alternative of the Americas), and growing regional cooperation with China.

The celebration of ‘triad power’ in much recent work should not, however, blind us to three other important tendencies: (1) the growing interpenetration of the so-called triad powers themselves as they develop specific complementarities and form strategic alliances; (2) shifts in the national hierarchies within each triad due to uneven development; and (3) the re-emergence of regional economies within some national economies as part of the internationalization process and/or in reaction to it. These changes also have their own material and/or strategic bases and one should not regard regionalization as inherently supra- or sub-national in its dynamic. Instead there is a complex re-articulation of global-regional-national-local economies with differential effects in different contexts. The overall result is a mosaic of cross-border alliances organized within and across regions and continents, sometimes based on inter-governmental cooperation, sometimes on the pooling of sovereignty, and sometimes on more or less hidden forms of imperial or neo-imperial domination.

A related aspect is that:

the relaxation of political tensions has motivated many countries to open

up their “shadow belts”, sub-regions that are distant from the national trade and commercial centers, that developed during the Cold War, sub-regions that can now be more naturally linked with world markets and emerging regional ones. This is the case with Northeast China, the west coast of Japan, the west coast of Korea, the Russian Far East and Mongolia (Jordan and Khanna 1995: 445).

An important factor in this regard is that some border regions, which had served as defensive buffer zones during the Cold War and were regarded as unsafe for investment, are now seen as ‘bridges’ linking potential economic partners (cf. Gooneratne and Mosselman 1996: 138). This is reinforced where borders imposed from above had divided erstwhile ‘historic’ regions with their own identities and, in some cases, distinctive ethno-national groupings. Security questions have not completely disappeared, of course, and they still shape the prospects for regional cooperation (see below).

2. What is a Region?

Rather than seek an elusive objective economic criterion for defining a region (for example, in terms of ‘natural economic territories’), regions are best defined in terms of discursive as well as material factors. The features of regions also vary depending on historical legacies and their embedding in different kinds of economic, political, and social context (e.g., regions in centrally planned economies differ from regions in more decentralised, especially liberal market, economies). Regions are not pre-given but subject to discursive struggles over mapping and naming (Jenson 1995; Paasi 2001; Sidaway 2002) that are analogous to earlier struggles over the formation of imagined national communities (Anderson 1993); and by more substantive struggles over their social, material, and spatio-temporal institutionalization. For example, Neumann noted that the Nordic region ‘is constantly being defined and redefined by its members in a permanent discourse with each member attempting to identify itself at the core of the region. The core is defined in both territorial and functional terms and this definition necessarily involves a manipulation of knowledge and power’ (1993: 53). Discursive struggles are especially important during economic and political upheavals that create opportunities for new regional projects and programmes (cf. Sidaway 2002). This can be seen yet again in the aftermath of the Asian Crisis (1997-1998) and the global financial crisis (2007-2010 and beyond). Moreover, this process of region formation may involve not only its potential members and immediate neighbours but also outside forces. An interesting recent case concerns the BRIC (Brazil, Russia, India, and China) economies. Here we observe

attempts to integrate them into global economic governance in the wake of the economic crisis with the official confirmation that the G-8 expanded into the G-20, and the rise of the BRIC summit as an expression of this emerging identity.

We must also recognize that regions can have multiple boundaries and will be distinguished (or 'imagined'²⁾ or simply 'imaged') in different discourses for different purposes and effects. In relation to economic strategies, there is a complex and tangled hierarchy of regions. At the peak of the hierarchy we can discern two broad geo-strategic realms (the Maritime realm comprising Western Europe, North America, Maritime East Asia, Australia, and the Mediterranean littoral and the Eurasian Continental realm comprising in particular the former Soviet Union and China); next come subordinate geo-political regions (e.g., Europe, Japan, North America) and independent geo-political regions outside the two main geo-strategic realms (e.g., South Asia); below these we find individual national states; and, below these in turn, sub-national economic regions and cross-border regions (cf. Cohen 1991). These types of region are characterized by different and changing degrees of hegemony and hierarchy, overlapping spheres of influence, national components and transnational influences, interdependences and pockets of self-containment, embryonic and dying regions, marginal spheres and areas of confrontation.

In the first three decades of the post-WW2 period the world economy was structured around, inter alia, the bipolar confrontation between the USA and the Soviet Union as the world's principal superpowers. After the second Cold War ended, a space opened for new forms of rivalry in Europe and the wider world. The opening of China has reinforced this process, along with the accelerating decline of US hegemony in a multi-polar world in which the centre of economic gravity is shifting towards India and China. This reinforces the interest in the dialectic of globalism and regionalism.

3. The Relativization of Scale

An important aspect of this dialectic is the declining importance of the national scale of economic, political, and social organization as internationalization has proceeded. However, no other scale of economic and political organization (whether the 'local' or the 'global', the 'urban' or the 'triadic', the 'regional' or the 'supra-regional') has yet won a primacy comparable to that of the national economy, national state, or national society. Collinge (1996) refers to this phenomenon as the relativization of scale. Indeed there is intense competition among different economic and political spaces to become the new anchorage point of accumulation around which the remaining scale levels (however many, however identified) can be organized in order to produce a suitable degree of structured

Dynamics of Regionalism and Globalism

coherence. This involves economic and political projects oriented to different scales and has not yet produced consensus on how these are to be reconciled. Thus we can observe a general (indeed, 'global') problem today about the relative importance to be accorded to global, national, and so-called 'regional' sites and spaces of economic action. This is evident in the continuing (if often transformed) significance of smaller scales (notably the urban, the cross-border, the national, and macro-regional) as substantive sites of real economic activities; and in economic strategies oriented to the articulation of other scales into the global.³⁾ Subsequent material and social developments have complicated this position, moreover, with the emergence of cyberspace as a virtual arena of action that appears to be everywhere and nowhere.⁴⁾ For cyberspace provides both a means to escape from the fetters and frictions of territorial borders into a functional space and a means to connect territories and localities in new ways.

Moreover, as new scales emerge and/or existing scales gain in institutional thickness, social forces also tend to develop new mechanisms to link or co-ordinate them. This generates increasing complexity as different scales of action come to be linked in various combinations of vertical, horizontal, diagonal, centripetal, centrifugal, and vortical ways. This complexity cannot be captured in terms of simple contrasts, such as global-national or global-local, or catchall hybrid concepts such as 'glocalization' or the 'transversal'. Instead we now see a proliferation of discursively constituted and institutionally materialized and embedded spatial scales (whether terrestrial, territorial, or telematic), that are related in increasingly complex tangled hierarchies rather than being simply nested one within the other, with different temporalities as well as spatialities.

In both geo-economic and geo-political terms, the various types of region are marked by different and changing degrees of hegemony and hierarchy, overlapping spheres of influence, national components and transnational influences, interdependencies and pockets of self-containment, embryonic and dying regions, marginal spheres and areas of confrontation. These complexities offer more opportunities for rescaling, jumping scales, and so on; they also re-order spatial and scalar hierarchies, producing new forms of uneven development. This is reflected not only in shifts among 'national economies' but also in the rise and fall of regions, new forms of 'north-south' divide, and so on.

The proliferation of spatial and temporal horizons linked to the relativization of scale involves very different opportunities and threats for economic, political, and social forces compared to when the primacy of the national scale was taken for granted. For present purposes it is firms and states that merit particular attention for their roles in re-scaling and inter-scalar articulation. There is no simple correspondence between strategies and actors: some firms are territorially-fixed, others move in a space of flows; states can seek to embed economic activities in place or promote debordering on behalf of mobile

domestic firms. Overall such activities reorder -- across economic spaces on different spatial scales -- place-based complementarities and differences as the basis for dynamic competitive advantages. However, as competitiveness is always relational and dynamic, the competitive game always produces comparative losers as well as winners.

4. The Complexities of Re-Scaling and Re-Articulation

The relativization of scale creates scope for new kinds of regional strategy. Four main types can be distinguished:

1. Seeking to locate a given place or region within a vertical hierarchy to maximize the advantages accruing from its relations to each point in the scale
2. Developing horizontal linkages among places or regions of similar type, ignoring the vertical dimension in favour of network building (global city networks are one example, cross-border regions another)
3. Building 'transversal' linkages, i.e., bypassing one or more immediately neighbouring scale(s) to engage with processes on other scales. Examples include growth triangles, export processing zones, free ports, and regional gateways
4. Trying to escape from scalar or place-bound constraints by locating one's activities in a borderless space of flows or moving into 'cyberspace'.

These options can be combined to produce more complex strategies. They can be applied on a range of different scales and cross-border regions belong primarily to the second and third strategies. More generally, such strategies can be considered from two viewpoints: (a) their primary carriers -- private economic agents (e.g., firms, banks, chambers of commerce) or public bodies (e.g., different tiers of government, local or regional associations, quangos); and (b) the nature of the interscalar articulation involved -- vertical (up and/or down), lateral (extraversion or introversion), transversal, etc..

On this basis, several strategies for re-scaling can be identified. They are presented in ascending order from the micro-regional through subnational transversal linkages to the supranational.

- Re-localization and re-regionalization, i.e., the re-emergence and re-valorization of local and regional economies in national economies (e.g., new industrial districts, innovation milieux, learning regions, gateway cities, Mediterranean islands as bridges between Europe and Africa) or, in some cases, the decomposition of the national economy due to economic crisis, civil war, or some other disruptive mechanism. Re-

Dynamics of Regionalism and Globalism

regionalization may also involve an increase in the scale of regions (see Smith 1988).

- Multicentric or polynucleated metropolitanization, i.e., a vast expansion of the size and scale of leading cities within urban hierarchies so that they become larger metropolitan or mega-urban regions with several centres.
- Inter-localization or inter-regionalization, i.e., the development of horizontal linkages between contiguous localities or regions on the same scale but in different national states (e.g., cross-border regions, translocal alliances, subfederal states) that have shared or complementary economic and/or political interests (Hocking 1999) -- linkages that often by-pass the national level but may sometimes be sponsored by one or more national states as well as by local, urban, and regional authorities and which may be reflected in the development of binational production zones, international border- or transfrontier metropolises (Albert and Brock 1996: 10, 20-21) and in the emergence of international development corridors along major transport arteries (e.g., riparian, coastal, built transport hubs and networks, etc.). Such places are sometimes regarded as 'glocal', i.e., globalized locations. At the extreme these may become extra-territorial spaces (e.g., off-shore financial centres, tax-havens, etc.).
- Trans-localization or trans-regionalization, i.e., the development of horizontal linkages between non-contiguous localities or regions on the same scale, either within or across national states. Boisier (1994) labels such relations 'virtual regions' when they result from the deliberate construction of inter-local strategic alliances.
- Global city networks, i.e., formation of global cities that have a strong outward orientation towards other global cities as opposed to national hinterlands. This could be seen as a special case of trans-regionalization as global cities have extensive regions and because the global city hierarchy has lower tiers and specialist niches which also form transnational linkages. Where the promotion of such linkages results in the extraversion of urban development strategies intended to promote a city's competitiveness in the global economy, we can refer to 'glurbanization' (see Jessop and Sum 2000).
- Meso-regional integration -- the formation of sub-triad but supranational blocs, e.g., ASEAN, Mercosur, Caribcom, ALBA, which can either form building blocks for the next level of integration or else provide resistance to it.
- Macroregional integration -- notably triadization, i.e., the formation of state-sponsored multilateral regional economic blocs embracing several national economies formally in North America, Europe, and North East Asia.

- Inter-triadization, i.e., the growing interpenetration of the triad blocs as multinationals headquartered in each form strategic alliances with partners from others and the acceptance of the interests of such MNCs within triadic and national states (cf. Poulantzas 1975).
- Trans-triadization, i.e., the development of bilateral fora and summits involving different pairs of triads as they seek to develop and to deepen specific complementarities -- notably through the Asia-Pacific Economic Cooperation forum, the New Transatlantic Agenda, the Asia-Europe Meetings, or, in a novel context, the BRIC summit and other forms of cooperation among BRIC states.

This points to potential for alliance strategies among states on similar or different regional scales (e.g., the European Union, whether as an intergovernmental organization of nation-states or a 'Europe of the regions') to secure the basis for economic and political survival in the face of increasing global competition and rivalry. These alliances will vary with the position of the economies concerned in the global hierarchy. Thus, whilst a small open economy (whether capitalist, post-socialist, or socialist) might seek closer integration with the dominant economic power in its immediate triadic growth pole, the dominant power might seek not only selectively to bind neighbouring economies into its strategic economic orbit but also to enter alliances with other dominant triad powers. An alternative strategy for a small open economy is to seek niche markets in the global economy (perhaps through encouraging strategic alliances with key firms in each triad region) or to form regional alliances with other small economies (whether they share borders or not) as a basis of increasing their economic capacities and leverage. Moreover, since the national economy is no longer so taken-for-granted, we also find sub-national regions, cities, and local economic spaces pursuing strategies oriented to the changing forms of globalization and international competitiveness.

5. Territorial Logics and Space of Flows

The preceding account illustrates the importance of the distinction between the logic of territorialisation associated with state actors (or forces oriented to the state as the institutional assemblage concerned in the first instance to secure the territorialisation of political power) and the logic of the space of flows associated with economic actors seeking to optimize profits without regard to territorial boundaries. Given these complexities and the thematic focus of this workshop, I focus on the interaction between globalization and regionalization in terms of territorialisation and space of flows. This is

Dynamics of Regionalism and Globalism

	Capitalist Logic of Power	Territorial Logic of Power
Key Actors	Mobile, potentially short-lived private capitals operating in open, spatially dynamic field of accumulation	Territorially-bounded, durable states on different scales, operating to defend/expand territorial borders
Main Logic	Geo-economics of capital flows, emergent spatial monopolies, and production of new economic scales – with inevitable political effects (e.g., regional nodes of economic power as base for dominant classes that seek to engage in regional, and imperialist expansion). Regional interests can capture territorial state	Geo-politics of territorial strategies of states and empires to accumulate control over territories – with inevitable economic effects (e.g., growth of military-industrial complex, access to resources, protectionism during crises, promoting free trade). Primacy of political interests can lead to ‘failed’ or ‘rogue’ states.
Core feature	Economic power flows in networked, molecular fashion across continuous space and time. Cross-territorial integration results from monopolistic spatial strategies. Flows and spatio-temporal fixes ignore borders	Politico-military power defends and expands segmented territorial control in order to advance state’s own interests. It involves strategic decisions and claims at state level and is tied to territorial borders.
Role of Space/Territory in Main Logic	Capitalist logic exploits uneven geographical conditions, “asymmetries” rooted in spatial exchange relations, but also overflows territorial boundaries. Molecular processes overflow regional and national boundaries and states must try to manage molecular flows	Territorial logic oriented to increased wealth and welfare of one territory at expense of others. Can involve sub-national states, regional blocs, etc.; may lead to rise of territorially-based global hegemon. A risk of imperial overreach if territorial logic pushed to its limits.
Secondary Logic	Capitalist logic is best advanced through territorial states that secure key external conditions of circuit of capital. Capitalist states orient their policies to economic, legal, political, and social needs of profit-oriented, market-mediated capitalism. Latter also requires institution-building capacity of state (especially that of territorial hegemon). State territorial actions also open new fields of investment for private capital.	Politico-military power depends on an economy that generates wealth and resources, strong tax base, military strength. So state governs its economy to maximize money, productive capacity, and military might. It uses coercion, diplomacy, and politics to promote economic interests that also serve the state’s territorial interests. A territorial hegemon manages capital logic to sustain its power.

important for four reasons. First, the dynamic of the world market is irreducible to flows -- whether of merchandise, productive capital, interest-bearing capital, or variable capital (i.e., labour power). It has important territorial dimensions (reflected in concepts such as industrial districts, agglomeration economies, global cities, and regional or national capitalisms). Second, states are more than 'power containers': they also operate as power connectors, i.e., as nodes in a network of states and other political forces. Third, world market integration does not put pressure on *the State* (sovereign or otherwise) in general but on particular forms of state or political regime with specific state capacities and liabilities. Thus different forms of integration affect different forms of state in quite different ways. Fourth, the world market also puts pressures on capital and labour through the widening, deepening, and intensification of global competition.

This provides one basis for distinguishing two different logics of power: territorial (or a state logic to territorialize political power and control territory to promote geo-political interests) and capitalist (or the logic of fixity and motion within a space of flows to enhance the opportunities for profit-oriented, market-mediated activities). This distinction can be found in the work of Arrighi (1994) and Harvey (2003). Here I draw on and critique Harvey; in the final section of the presentation, I also draw on Arrighi, especially as he was concerned with East Asian cases.

Key aspects of Harvey's argument comprise:

1. Whereas the state is based in the first instance on the territorial logic of political, diplomatic, and military power oriented to fixed territorial boundaries; capitalism is based in the first instance on the spatial logic of [economic] power that flows across and through continuous space and time.
2. Each logic generates contradictions that must be contained by the other. This results in a spiral movement as contradictions are displaced from one logic to the other in a continuing process of mutual adjustment and reaction. This is reflected in different forms and dynamics of uneven geographical development, geopolitical struggles, and imperialist politics.
3. Imperialism refers to inter-state relations and acquires a distinctively capitalist form once the logic of capital accumulation dominates economic organization. For Harvey, capitalist imperialism can be understood by 'invoking a double dialectic of, first, the territorial and capitalist logics of power and, secondly, the inner and outer relations of the capitalist state' (2003: 183-4).
4. There are different forms of capitalist imperialism depending on the relative primacy of the capitalist or territorial logics of power in the dialectical fusion of the strategic politics of control over territory and the molecular processes of capital accumulation

in space and time (2003: 26). It is false to assume that 'political-economic processes are guided by the strategies of state and empire and that states and empires always operate out of capitalistic motivations' (2003b: 29). Instead there are potential tensions, disjunctions, contradictions, or even antagonisms between these logics. If the territorial logic blocks the logic of capital, there is a risk of economic crisis; if capitalist logic undermines territorial logic, there is a risk of political crisis (2003: 140).

A more detailed presentation of the analytically distinct but contrasting logics of power is presented in Table 1 (above), which systematizes Harvey's remarks. It must nonetheless be recognized that Harvey's analysis of territorial logics remains underdeveloped compared with his critical political economy analysis of the 'space of flows' (for a critique, see Jessop 2006). One way forward is to combine a capital-theoretical interest in spatial, temporal, and spatio-temporal fixes with a more state-theoretical interest in the 'territorial fixes' that might enable the territorial logic of power to constrain the logic of capital by confining its operation in definite boundaries and so limiting the full realization of the capitalist world market (Jessop 2002: 24-8).

This would provide an interesting entry-point into the analysis of the current world economic and political order. For it points to the inherent contradictions that arise from the increasing integration of the world market – which reduces frictions that slow the movement of capital (especially its hypermobile, superfast forms) – and the continued survival of territorial states (typically national territorial states) that find it hard to control these flows and even harder, in many cases, to control the speed with which financial and economic crises unfold and, through contagion effects, disrupt economic, political, and social life far from the initial sites of crisis. In short, it is the interaction of the space of flows and the logic of territory that provides a major challenge to effective global governance. If we add to this fundamental source of problems the co-existence and, indeed, entanglement of space and territory with the complexities of multiple scalar divisions of labour and the many forms of connection among particular places, we are faced with serious problems of unstructured, unpredictable, and ungovernable complexity of socio-spatial relations.

6. Governing Territories and Flow-Spaces – With Special Reference to Regions

In the light of the preceding remarks, there is an interesting question about how the logics of territorialization and flows are combined in specific cases of regionalization and

how, if at all, these sometimes complementary, sometimes antagonistic, logics can be governed. Two sets of literature are relevant here: the first set starts from the logic of territorialization and poses the problem of *multi-level government*, the second set starts from the logic of flows and poses the problem of *network governance*.

Multi-Level Government

Multi-level government is a political regime characterized by imperative coordination through a territorial state (a multi-level but unified hierarchy of command) that is charged with (or claims responsibility for) managing the relations among bounded areas that are under the exclusive control of that state. This state can be a large national territorial state (with at least two tiers of government) or a confederation of national territorial states that has delegated at least some competences to one or more supranational levels of political authority. This problem has arisen most strongly in the last few decades in two contexts.

One context is the break-up of the Soviet Union – *a multi-state imperial regime dominated by Russia that underwent decomposition* – and its reorganization into a Commonwealth of Independent States (which currently comprises 11 of the 15 member states of the Soviet Union, with three others joining the European Union and NATO, and one, Georgia, having left the CIS in 2009). The problem in this case has been to find a new equilibrium of powers and competencies across economic spaces and states that had previously been integrated under central command. This has proved difficult because of the division of labour between economic spaces that was orchestrated within Comecon – in some cases it has been easy to reorient economic activities (e.g., the oil-rich Turkic republics), in others much harder (e.g., Belarus – prompting a new union of Russia and Belarus in 1996).

The other context is the European Union as a *multi-state federal state in the process of formation*, in which the relationship between different tiers of political organization (cities, regions, national states, and European institutions) must be settled and has evolved to date through a mixture of incremental innovation in stable periods and crisis-induced radical integration in periods of turbulence. Thus the Europe of Cities and the Europe of Regions are more incremental developments, the current proposals for tighter fisco-financial integration and centralized budgetary oversight are responses to the current Eurozone crisis. The overall process of integration is a complex, hybrid process with different forms of government and governance in different policy fields and in different periods.

Theoretical and policy debates about multi-level government in the **European Union** range between two polar positions. At one pole of the political argument, we find an

affirmation of multi-level government based on a commitment to subsidiarity, i.e., maximum possible devolution of powers and competences to the lowest tier of government with higher tiers responsible for policy problems that cannot be settled at lower levels; at the other pole, we find arguments for a United States of Europe with power concentrated in European level institutions and lower tiers acting as relays for decisions made at the European level. In between these extremes is a wide range of competing proposals and, more importantly, competing tendencies or trends in development. A key part of European experience in this regard is that crises that affect European economic development tend to generate greater political integration to generate more effective crisis-management. The current crisis in the Eurozone area illustrates this well, with mounting pressure for fiscal integration, EU-level monitoring of national budgets and credit policies, and greater monetary powers for the European Central Bank. A further feature of crisis-management is the consolidation of centre-periphery relations, dividing Southern Europe and Eastern Europe as peripheral economic spaces from a Continental European centre organized under German hegemony.

Network Governance

This political regime relies on a mix of well-ordered market relations (economic exchange), commitment to negotiation (consensus-oriented deliberation), and solidarity (credible commitments to cooperation). It can emerge spontaneously, in response to particular initiatives by a key stakeholder or stakeholders, or through state initiatives to reduce the burdens of government by pooling sovereignty and/or sharing responsibilities for governing complex problems with a range of public, private, and third-sector partners. Network governance is oriented to securing the conditions for the flow of goods, services, technologies, capital, and people across different territories, for connecting different places in different territories in new divisions of labour (e.g., networks of cities, interdependent centres of production, different forms of centre-periphery relation), over different scales of social organization (that may not coincide with territorial boundaries), and different sets of social bonds based on mutual trust. This pattern is less concerned with the integration of government in an emerging supra-national or federal state system and more concerned with creating the conditions for integrated markets with agreed governance arrangements but no overall coordination. This form of networked governance is closer to the model of open regionalism that has been suggested for East Asia and the Pacific Region more generally.

In the European Union, this pattern of governance is most often associated with the officially recognized Open Method of Coordination (OMC). This mechanism involves common agreement on mission, policy objectives, and desired outcomes plus

decentralized methods of pursuing these objectives (chosen at national or sub-national level) as well as monitoring and reporting mechanisms to check progress. The development of the OMC can be seen as part of continuing efforts (often at cross-purposes) by key economic and political actors to produce an appropriate balance between different modes of economic and political coordination across functional and territorial divides and to ensure, under the primacy of the political, a measure of political apparatus unity and political legitimacy for the European Union.

Neither multi-level government nor network governance provides an adequate description of the mode of governance in the European Union. What we find is more a hybrid regime that combines elements of these two forms plus other transversal arrangements – made more complicated in the last couple of years by the development of a new political axis based on Franco-German interest in keeping the Eurozone intact with decisions being imposed on weaker member states (notably Greece but with Portugal and Italy also subject to Franco-German dictates). In this sense, the EU can be seen as a major and, indeed, increasingly important, supranational instance of *multi-spatial metagovernance* in relation to a wide range of complex and interrelated problems. Indeed, because the sources and reach of these problems go well beyond the territorial space occupied by its member states, the EU is an important, if complex, point of intersection (or node) in the emerging, hypercomplex, and chaotic system of global governance (or, better, global meta-governance). It is still one node among several within this emerging system of global meta-governance and cannot be fully understood without taking account of its complex relations with other nodes located above, below, and transversal to the European Union. Indeed, while one might well hypothesize that the European scale is becoming increasingly dominant within the multi-spatial metagovernance regime of the European Union, it is merely nodal in the emerging multi-scalar metagovernance regimes that are developing on a global scale under the (increasingly crisis-prone) dominance of the United States.

7. European Experience and its Relevance to East Asia

Earlier rounds of academic and political debate have asked whether a European-style model of multi-level government is feasible in East Asia. The principal argument against adopting this model was the far greater degrees of inequality between East Asian economies with their very different levels of economic development, very different modes of growth, contrasting economic, political, social, and cultural challenges, and, in some cases, long-standing suspicions and rivalries rooted in past experiences of colonialism, warfare, and territorial disputes. In addition, whereas mutually recognized, stable

international borders and a commitment to democratic institutions is a precondition of accession to the European Union, disputes over frontiers and the range of political regimes would also make a European Union model hard to achieve in practice, even if a constitution were possible. This is why the dominant pattern is one of open regionalism and looser regional associations and international regimes with variable geometries and multiple speeds.

These initial conclusions must be qualified in the light of recent experience in the European Union. The EU has undergone successive rounds of expansion, with the result that it now includes a growing range of national economies with very different modes of growth and levels of international economic competitiveness and with a widening set of economic, political and social inequalities across member-states. This has increased the heterogeneity of the growth dynamics and modes of regulation of different regional and national economies as well as the forms and extent of uneven development and inequalities. This is reflected in the fact that national economies and national states have been subject to their own individual structural problems and crises as well as the shared crisis-tendencies derived from their integration into the North Atlantic economy, the post-Soviet Eurasian economy, and the world market more generally. These national specificities have become more acute in the wake of the North Atlantic financial crisis and the economic and political crisis in the Eurozone, which reflects longer-term problems of economic compatibility within an integrated European market economy.

This indicates that even the European Union, where conditions were considered more favourable, is finding this form of integration hard to maintain in turbulent, crisis-prone times. This is reflected in serious policy debates about the break-up of the Eurozone (with no constitutional mechanism provided for the exit of a member-state from the European Monetary Union) and even about the decomposition of the European Union (or, at least, its evolution into a two-speed or *à la carte* European Union). These problems have made it harder to envisage further expansion of the European Union (notably regarding Turkey, which is located on the Asian as well as European Continents, has a large population, and is considered by many voters in the current EU as non-European in religion, culture, and politics).

An interesting contrast can be seen here between the European approach to regional cooperation in the European heartland and the approach of China (and, in addition, post-war Japan) to regional cooperation in East Asia and more generally. Whereas European states have been willing to pool sovereignty in various forms of inter-governmental cooperation, multi-level government, and the Open Method of Coordination, China has tended to insist on maintaining its own sovereignty and respecting that of those regional neighbours that are not considered part of the original territorial mandate under heaven.

This principle extends to other spheres of regional cooperation (e.g., in Latin America and Africa). On the other hand, there are similarities in the “European Neighbourhood Policy” and China’s “Good Neighbour Policy” for more peripheral neighbours.

In a related context, Barma, Ratner, and Weber note that China’s regionalization:

proposes to manage international politics through a neo-Westphalian synthesis comprised of hard-shell states that bargain with each other about the terms of their external relationships, but staunchly respect the rights of each other to order its own society, politics, and culture without external interference (Barma et al. 2007, 25).

In this sense, the inter-governmental model and network governance models may be more useful for thinking about regionalism in East Asia – with the corresponding implication that these forms of cooperation will be shallower, less institutionalized, and less likely to lead to greater integration in the case of crises. This last point provides an interesting contrast with the case of the European Union.

8. Alternative Supra-National Regional Strategies

What are the main alternatives to multi-level government and network governance? One option is the whole-hearted adoption of free trade and unconditional integration as quickly as possible into the world market. Historically, advocacy of free trade is typically associated with economically dominant powers, that is, powers that have a lead in new technologies, a predominant role in production and trade, and control of a hegemonic or master currency. It is not usually advocated by those in weak economies, with relatively poor technological development, marginal roles in world output or trade, and weak currencies. In such cases free trade is more likely to generate declining economic coherence or disintegration of the economy and its subordination to external influences – whether through growing technological dependence, import penetration at the expense of local enterprise (with little chance to adjust structurally), or currency depreciation and inflation. This option is implicit in many attempts to roll out neo-liberalism on a world scale and, although it is often presented as a *laissez-faire*, lean state approach, it is associated with large measures of coercion, especially when imposed as a condition of emergency funds or international aid.

Second, at the opposite end of the spectrum, there are various plans for protectionism, if not autarky. Such plans involve selective, if not complete, withdrawal from the world economy to develop a strong national economic base before being exposed

to international competition. This approach is sometimes linked to infant industry-style arguments and/or referred to the import substitution phase of several East Asian NICs' growth trajectories before they turned to export-led development. And, in the light of the global financial crisis (more appropriately designated the North Atlantic crisis, given the continuing growth in Brazil, Russia, India, and China as well as some other emerging economies), it is also linked to proposals for de-linking or de-coupling some national or regional economies from the dominant neo-liberal market economies. These proposals are sometimes advocated for counter-hegemonic alliances of states, such as the ALBA states in Latin America.

Third, there can be different forms of common market and multilateral macro-economic organization. Examples include NAFTA, EURASEC (Eurasian Economic Community), Black Sea Economic Cooperation, and the development of cooperation between the BRIC economies. Such arrangements are emerging in Asia as the centre of economic gravity shifts in its direction (see above). The East Asian region has developed several important cooperation arrangements in APEC, ASEAN+3, and EAS (East Asian Summit), all with ASEAN as the centre of gravity of the various networks that are emerging at regional, sub-regional, and cross-border scales. A recent important case is the Trans-Pacific Partnership (comprising the US, Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore and Vietnam), a free trade agreement that deliberately excludes China as part of the American containment policy towards China.

9. Regionalism and Globalism after the Crisis

There is an epochal shift under way as US hegemony disintegrates and the US government seeks to maintain its dominance in the face of a growing multi-polarity in the world market and world political order. Following predictions about the Japanese Century that would succeed the American Century, we now read predictions about the Asian or Pacific or Chinese Centuries. Such predictions might appear premature in the light of growing global problems (energy, food, climate, security) that could de-stabilize even the emerging great powers. Nonetheless it is clear that finding new ways to handle regional and global dynamics is critical to developing a more stable, more just, and more sustainable world order. Enabling Asia to find its proper place in this new world order, with an appropriate re-balancing of the North Atlantic states and the emerging great powers in Latin America, Asia, and Africa, is the most important challenge. The biggest risk is that this re-balancing will be undertaken by an emerging transnational class (represented mythically by "Davos Man") that seeks to secure its future at the expense of the "squeezed middle", the "precariat" (i.e., by analogy with proletariat, the growing class

of people living in precarious conditions), and those living in poverty. If this is the result, those who control the space of flows will have won at the expense of those who are subject to the logic of territorial power and domination.

Notes

- 1) Paradoxically because East Asia lies to the East of Europe (or is reached via the North Pole) and to the West of the USA.
- 2) The reference is to Benedict Anderson's work on the nation as an 'imagined' community; the region is also an 'imagined' entity (see Anderson 1991).
- 3) On glocalization, see Brenner (1998) and Swyngedouw (1997); on glurbanization, Jessop and Sum (2000); on transnationalization, Smith (2000).
- 4) Cyberspace is, in fact, far from evenly distributed or accessible and it does have roots in specific places -- the significance of this is discussed below.

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Dynamics of Regionalism and Globalism

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