Global Shift: The Changing Global Economic Map

What’s new? The imprint of past geographies

In Chapter 1, I argued that old geographies of production, distribution and consumption are continuously being disrupted and that new geographies are continuously being created. In that sense, the global economic map is always in a state of ‘becoming’; it is never finished. But the new does not simply obliterate the old. On the contrary, there are complex processes of path dependency at work. What already exists constitutes the preconditions on which the new develops. Today’s global economic map, therefore, is the outcome of a long period of evolution during which the structures and relationships of one historical period help to shape the structures and relationships of subsequent periods. In that sense, we cannot fully understand the present without at least some understanding of the past. Indeed, traces of earlier economic maps – earlier patterns of geographical specialization or divisions of labour – continue to influence what is happening today, although there are debates amongst economic historians over when we can first identify a ‘world’ or a ‘global’ economy. To some, this appeared during what has been called the ‘long sixteenth century’ (1450 to 1640).1 To others, the key period was the second half of the nineteenth century.2 Whatever,

by 1914, there was hardly a village or town anywhere on the globe whose prices were not influenced by distant foreign markets, whose infrastructure was not financed by foreign capital, whose engineering, manufacturing, and even business skills were not imported from abroad, or whose labour markets were not influenced by the absence of those who had emigrated or by the presence of strangers who had immigrated. The economic connections were intimate.3

Over a period of 300 years or so, therefore, a global division of labour developed, and intensified with industrialization, in which the newly industrializing economies
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of the West (led by the ‘Atlantic’ economies, notably Britain, some Western European countries, and later the United States) became increasingly dominant in a core–periphery configuration (Figure 2.1). Of course, over time, this structure became more complex in detail, and also changed in its geographical composition. Some core economies experienced a progressive decline to semi-peripheral status during the eighteenth century and new economies emerged, especially in the late nineteenth and early twentieth centuries. Figure 2.2 shows some of these dramatic changes, notably the steep decline of Asia and the emergence to unrivalled dominance of the United States, measured in terms of shares of global gross domestic product. (Gross domestic product, or GDP, is the total value of goods and services produced by a country.)

Figure 2.1 A simple geographical division of labour: core and periphery in the global economy

Figure 2.2 Global shifts in GDP, 1700–1950

Source: calculated from Maddison, 2001: Table B-20
The broad contours of this core–periphery global economic map persisted until the outbreak of the Second World War in 1939. Manufacturing production remained strongly concentrated in the core: 71 per cent of world manufacturing production was concentrated in just four countries and almost 90 per cent in only 11 countries. Japan produced only 3.5 per cent of the world total. The group of core industrial countries sold two-thirds of its manufactured exports to the periphery and absorbed four-fifths of the periphery’s primary products. This long-established global division of labour was shattered by the Second World War. Most of the world’s industrial capacity (outside North America) was destroyed and had to be rebuilt. At the same time, new technologies were created and many existing industrial technologies were refined and improved in the process of waging war. Hence, the world economic system that emerged after 1945 was, in many ways, a new beginning. It reflected both the new political realities of the post-war period – particularly the sharp division between East and West – and also the harsh economic and social experiences of the 1930s.

The major political division of the world after 1945 was essentially that between the capitalist West (the United States and its allies) and the communist East (the Soviet Union and its allies). Outside these two major power blocs was the so-called ‘Third World’, a highly heterogeneous – but generally impoverished – group of nations, many of them still at that time under colonial domination. The Third World was far from immune from the East–West confrontation. Both major powers made strenuous efforts to extend their spheres of influence, with considerable implications for the subsequent pattern of global economic change.

The Soviet bloc drew clear boundaries around itself and its Eastern European satellites and created its own economic system, quite separate from the capitalist market economies of the West, at least initially. In the West the kind of economic order built after 1945 reflected the economic and political domination of the United States. Alone of all the major industrial nations, the United States emerged from the war strengthened, rather than weakened. It had both the economic and technological capacity, and also the political power, to lead the way in building a new order. As Figure 2.2 shows, by 1950 the United States accounted for no less than 27 per cent of global GDP.

It is from this historical baseline, therefore, that recent global shifts in economic activity will be examined in this chapter. Today’s world is far more complex than it was even a few decades ago. There has been a truly fundamental transformation of the world economy: a new geo-economic map has come into being, although one which, of course, bears many traces of the contours of the old. Since 1950, two highly significant political events have occurred with huge implications: the emergence of China into the global market economy, although still under Communist Party control, starting in 1979; the collapse of the prevailing political systems in the Soviet Union and its Eastern European satellites in 1989. More broadly, we are seeing the re-emergence of Asia as one of the world’s most dynamic economic regions. In 1700, Asia’s share of global GDP had been 62 per cent compared with the West’s 23 per cent. By 1950 those positions had been almost exactly

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reversed: the combined GDP of Western economies was almost 60 per cent; that of Asia (including Japan) was a mere 19 per cent. Much of this was due to the relative economic decline of China and India. In 1700, their combined share of global GDP was almost 50 per cent; by 1950, it was only 9 percent.

**Roller-coasters and interconnections**

Two particularly important features have characterized the global economy since 1950: the increased volatility of aggregate economic growth; the growing interconnectedness between different parts of the world, as reflected in the differential growth rates of production, trade and foreign direct investment.

**Aggregate trends in global economic activity**

The world economy performed better in the last half century than at any time in the past. World GDP increased six-fold from 1950 to 1998 with an average growth of 3.9 per cent a year compared with 1.6 from 1820 to 1950, and 0.3 per cent from 1500 to 1820.6

However, even within this broad surge of economic growth there were some pretty large interruptions to the upward curve. In fact, the path of economic change is best seen as being like a roller-coaster. Sometimes the ride is relatively gentle, with just minor ups and downs; at other times, the ride is truly stomach-wrenching, with steep upward surges separated by vertiginous descents to what seem like bottomless depths (Figure 2.3).

![Figure 2.3 The roller-coaster of world merchandise production and trade](source: calculated from GATT/WTO International Trade Statistics, various issues)
The years immediately following the Second World War were ones of basic reconstruction of war-damaged economies throughout the world. At the time it was felt that growth rates would then slacken in the 1960s. This did not happen. Instead, rates of economic growth reached unprecedented levels. Indeed, the period between the early 1950s and the early 1970s became known as the 'golden age'. In fact, it was only partly golden: it was more golden in some places than others, and for some people than others. But then, in the early 1970s, the sky fell in. The long boom suddenly went 'bust', the 'golden age' of growth became tarnished. As Figure 2.3 shows, growth rates declined dramatically. Throughout the 1980s and 1990s annual rates of growth became very volatile indeed. The roller-coaster had come back with a vengeance.

Rates of growth have become extremely variable, ranging from the negative growth rates of 1982 through to two years (1984 and 1988) when growth of world merchandise trade reached the levels of the 1960s once again. But then, in the early 1990s, recession occurred again. In 1994 and 1995, strong growth reappeared, especially in exports. A similarly volatile pattern characterized the last years of the century. There was spectacular growth in world trade in 1997, followed by far slower growth in 1998 and 1999 (partly related to the East Asian financial crisis and to its contagious effects on other parts of the world). Then, once again, there was spectacular acceleration in world trade in 2000, followed by a spectacular bursting of the growth bubble, a problem certainly exacerbated (though not caused) by the 9/11 terrorist attacks on New York City and by the crisis in the IT (dotcom) sector of the so-called 'new' economy.

**Growing interconnectedness within the global economy**

One major characteristic of global economic growth, therefore, is its inherent volatility: periods of very rapid growth being interspersed with periods of very slow – or even negative – growth. A second is the increasing interconnectedness within the global economy. One indication of this is the fact that, between 1950 and the end of the twentieth century, world merchandise trade increased almost twentyfold while world merchandise production increased just over sixfold. The overall trend is clear: more and more production was being traded across national boundaries.

But there is another dimension to this process of increased interconnectedness: the growth of TNC activities, as measured by foreign direct investment (FDI) data. 'Direct' investment is an investment by one firm in another, with the intention of gaining a degree of control over that firm’s operations. 'Foreign' direct investment is simply direct investment across national boundaries, that is, when a firm from one country buys a controlling investment in a firm in another country, or where a firm sets up a branch or subsidiary in another country. It differs from 'portfolio' investment, the situation in which firms purchase stocks/shares in other companies purely for financial reasons. Unlike direct investment, portfolio investments are not made to gain control. FDI is only one measure – albeit a very
important one – of TNC activity. It does not capture the increasingly diverse ways in which firms organize their production networks, for example, through various kinds of collaborative ventures and alliances, or through their coordination and control of production network transactions. We will look at these issues in Chapter 5.

Although there was very considerable growth and spread of foreign direct investment during the first half of the twentieth century, that was as nothing compared with its spectacular acceleration and spread after the end of the Second World War. The post-war surge of FDI was an integral part of the 1960s ‘golden age’ of economic growth. Figure 2.4 shows that during the 1970s and into the first half of the 1980s the trend lines of both FDI and exports ran more or less in parallel. Then from 1985 to 1990 the rate of growth of FDI and of exports and GDP diverged rapidly. Between 1986 and 1990 FDI outflows grew at an average annual rate of 25 per cent and cumulative FDI stocks at a rate of 18 per cent a year compared with a growth rate of world exports of 12.7 per cent. FDI during the 1980s grew more than four times faster than world GNP. The recession of the early 1990s reduced the FDI growth rates significantly, but by the mid 1990s the upward trend had resumed. The situation changed again dramatically in 2001–3, when FDI flows went into steep reverse and FDI stocks grew more slowly. However, the strong upward trend resumed in 2004.

![Figure 2.4](image_url)

**Figure 2.4 Growth of foreign direct investment compared with trade and production**

*Source: calculated from UNCTAD World Investment Report, various issues*

This divergence in growth trends between FDI and trade is extremely significant. The fact that, especially after the mid 1980s, FDI grew much faster than trade suggests that the primary mechanism of interconnectedness within the global
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The changing contours of the global economic map: global shifts in production, trade and direct investment

The macro-scale

Around 20 years ago, the Japanese management writer Kenichi Ohmae coined the term *global triad*\(^1\) to argue that the world economy is now essentially organized around a tripolar, macro-regional structure, whose three pillars are North America, Europe and East Asia. It is a view that has received very wide acceptance, especially within business circles. Certainly, if we look at the statistical data on production, trade and foreign direct investment the case looks pretty convincing. Together, these three macro-regions contain 86 per cent of both total world GDP and total world merchandise exports (Figure 2.5) and are the focus of the vast majority of the world’s foreign direct investment (Table 2.1).
The ‘triad’ appears to sit astride the global economy like a modern three-legged Colossus, constituting the world’s ‘mega-markets’ and ‘sucking in’ more and more of the world’s production, trade and direct investment. Whether it is ‘real’ or more of a statistical artefact is subject to debate. However, if the ‘triad’ does represent a functional reality (actual or potential) then it poses major problems for those parts of the world – notably the least developed countries – which are not integrated into the system. In fact, although developing countries, as a group, have increased their share of global exports and of inward foreign direct investment, their share remains very limited, as Table 2.2 shows. The majority of the world’s FDI moves between developed countries as complex patterns of cross-investment. Developing countries’ share of global GDP remains virtually static. Such figures must be seen in the context of the fact that developing countries contain the overwhelming majority of the world’s population. More than that, there is a very high level of concentration of economic activities among developing countries (see the lower section of Table 2.2): a handful of countries accounts for the majority of the total.

**Figure 2.5  A global triad: concentration of world GDP and exports**

*Source: calculated from WTO, 2004, World Trade Report: Tables III.1, III.3; World Bank, 2005a: Table 4.2*

**The national scale**

Such broad-brush perspectives on the shape of the global economic map are quite useful but, of course, they obscure the finer-grained texture of what is actually
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happening. To see this, we need to refocus our lens, first, to the national scale. The changing configuration of the global economic map at this scale is shown in the series of figures collected together at the end of this section:

- **Shifting geographies of production** in manufacturing, services and agriculture are illustrated in Figures 2.6 to 2.11.
- **Changing patterns of trade** in the same sectors are shown in Figures 2.12 to 2.21.
- **Changing patterns of foreign direct investment** are shown in Figures 2.22 to 2.24.

These show not only what is going on outside the ‘triad’ but also, and just as importantly, that there is considerable variation between countries within each triad bloc, as well as within both developed and developing country groups. The maps and tables are largely self-explanatory and do not need individual discussion, although they do merit close attention. All I will do here is to summarize some of the major trends.13

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### Table 2.1  A global triad: concentration of world foreign direct investment, 2004 (% of total)

<table>
<thead>
<tr>
<th></th>
<th>FDI stocks</th>
<th>FDI flows</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inward</td>
<td>Outward</td>
</tr>
<tr>
<td>Europe</td>
<td>50.5</td>
<td>63.0</td>
</tr>
<tr>
<td>North America</td>
<td>22.0</td>
<td>24.7</td>
</tr>
<tr>
<td>East and South East Asia</td>
<td>13.8</td>
<td>11.0</td>
</tr>
<tr>
<td>Total</td>
<td>86.3</td>
<td>98.7</td>
</tr>
</tbody>
</table>

*Source: calculated from data in UNCTAD, 2005*

### Table 2.2  (a) Developing countries’ share of world production, trade and foreign direct investment, 1990 and 2003–4 (%)

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2003–4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of world GDP</td>
<td>18.4</td>
<td>19.5</td>
</tr>
<tr>
<td>Share of world exports</td>
<td>19.0</td>
<td>26.3</td>
</tr>
<tr>
<td>Share of world inward FDI stocks</td>
<td>20.6</td>
<td>25.0</td>
</tr>
<tr>
<td>Share of world inward FDI flows</td>
<td>15.0</td>
<td>35.6</td>
</tr>
</tbody>
</table>

(b) Share of developing countries’ total by leading 10 and leading 5 developing countries (%)

<table>
<thead>
<tr>
<th></th>
<th>Leading 10</th>
<th>Leading 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td>Exports</td>
<td>77</td>
<td>59</td>
</tr>
<tr>
<td>Inward FDI stocks</td>
<td>65</td>
<td>54</td>
</tr>
<tr>
<td>Inward FDI flows</td>
<td>75</td>
<td>62</td>
</tr>
</tbody>
</table>

*Source: calculated from data in World Bank, (2005a UNCTAD); World Investment Report 1994, 2005*
Continuing geographical concentration within the global economy

Each of the three major categories of production – manufacturing, services and agriculture – has a very uneven and highly concentrated global geography. Around four-fifths of global manufacturing and services production, and almost two-thirds of world agricultural production, are concentrated in just 15 countries. Between one-fifth and one-quarter of world trade in goods, services and agriculture is accounted for by the leading two countries in each sector. The picture is similar in the case of foreign direct investment: almost 90 per cent of outward FDI stock originates from 15 countries; the leading two source countries – the United States and the United Kingdom – account for one-third of the world total. More than half of all the inward FDI in developing countries is concentrated in just five host countries; almost one-third is concentrated in China and Hong Kong alone.

The newly industrializing economies (NIEs), that have become so important in global manufacturing, have their agro-food counterparts: the newly agriculturalizing countries (NACs). As in the case of manufacturing, a small number of developing countries – Argentina, Brazil, China, Kenya, Mexico – account for a disproportionate share of high-value food production and exports. For example, Brazil is to agriculture what India is to business offshoring and China to manufacturing: a powerhouse whose size and efficiency few competitors can match. Despite facing one of the highest agricultural tariffs in the western hemisphere ... the country is the world’s largest or second largest exporter of sugar, soybeans, orange juice, coffee, tobacco and beef and is rapidly building a strong position in products such as cotton, chicken and pork. Brazil has the largest agricultural trade surplus in the world.

The United States still dominates the global economy – though a little less so

The United States has been the pre-eminent force in the global economy for almost 100 years, having superseded the original industrial leader, the United Kingdom, early in the twentieth century. The United States accounts for one-quarter of the world’s manufacturing production, one-third of services production, and 15 per cent of agricultural production. It is also the world’s biggest foreign direct investor, generating one-fifth of the world total, the largest exporter of commercial services and agricultural products, and the second largest exporter of manufactured goods. Between 1980–1990 and 1990–2003, the United States’ GDP grew at an annual average rate of 3.6 and 3.3 per cent respectively, slightly above the world growth rate of 3.3 and 2.8 per cent.

But, although still the world’s leading economic power, its dominance has been much reduced as other competitors have emerged. This is most apparent in the trade data, although it should be noted that trade is a smaller proportion of GDP in the United States than in all its major competitors, apart from Japan.
Nevertheless, the United States’ share of world merchandise exports has fallen from 17 per cent in 1963 to less than 10 per cent. At the same time, its share of merchandise imports has surged from less than 9 per cent to almost 17 per cent. Although US merchandise exports have grown at around 5 per cent a year, imports have grown at between 8 and 9 per cent a year. As a result, the United States has an enormous merchandise trade deficit of $580 billion, a figure hardly dented by the small surplus in commercial services trade. In effect, the United States has become the ‘importer of last resort’ for the global economy. Given the political sensitivity involved, this poses serious potential problems for the world trade system as a whole.

There have been very substantial changes in the United States’ position as a source of, and destination for, foreign direct investment. In 1960, the United States generated almost 50 per cent of all the world’s FDI, compared with 21 per cent today. The biggest change, however, has been in the country’s position as a host for FDI. Although the United States has attracted FDI for many decades, such inward investment was always a tiny fraction of the country’s outward direct investment. Even in 1975, its outward investment was four-and-a-half times greater than its inward investment. Since then, however, the United States has become significantly more important as an FDI destination as firms from Europe, Japan and, more recently, some East Asian NIEs have reoriented the geographical focus of their overseas direct investments. Inward and outward FDI are now much closer than in the past. Europe remains the most important destination for the United States’ FDI: around half of the total is located there, with the largest regional share being in the UK. But, as might be expected, Asia has become increasingly important as an FDI destination, as is Mexico.

**Europe is still a major player – but its performance is uneven**

Europe, as a region, is the world’s biggest trading area and the primary focus of foreign direct investment. However, despite being the most politically integrated region in the world (see Chapter 6), the European economy is actually very diverse, experiencing uneven rates of economic growth over the past two decades. Germany is by far the biggest economy in global terms: it is the third largest manufacturing producer (after the United States and Japan), the largest merchandise exporter, the third largest commercial services exporter, and the third most important source of foreign direct investment. But its growth in GDP has been below the world average for a long period, and it still faces especially difficult problems in integrating the former East Germany into the economy as a whole.

Europe’s second biggest economy, the United Kingdom, has experienced the greatest long-term relative decline in so far as it once dominated the world. However, it is still the world’s second biggest source of FDI and second biggest exporter of commercial services. Indeed, its GDP growth rate has been very close to the world average over the past 20 years, significantly better than either
Germany or France, Europe’s third largest economy. In general, the fastest-growing European countries have been the more ‘peripheral’ economies of Ireland and Spain, along with Finland and Norway.

There are considerable differences in trade performance between individual European countries. Whereas the UK, Spain and Sweden have large merchandise trade deficits, Germany, the Netherlands and Ireland have surpluses, while France and Italy are more or less in balance. In contrast, in commercial services the UK has a big trade surplus, France and Spain modest surpluses, while Germany has a substantial deficit. Overall, Europe constitutes the world’s major trading region. More than two-thirds of European trade is *intra-regional*. North America is Europe’s most important export destination.

Europe remains a major magnet for inward investment as well as the leading source of outward FDI. For all the major European countries (excluding the United Kingdom), more than half of their FDI outflows are to other European countries. In most cases, this regional orientation has actually increased. For example, in 1985 49 per cent of Italy’s outward FDI was in Europe. By the end of the 1990s, this share had grown to 69 per cent. The comparable figures for Germany were 44 and 60 per cent; for the Netherlands 40 and 55 per cent; for France 58 and 60 per cent. For the United Kingdom, in contrast, the figures were only 28 and 38 per cent.

*‘Back to the future’ – four tigers, a dragon, and the resurgence of Asia*

Without any doubt, the most significant global shift in the geography of the world economy during the past 40 years has been the resurgence of Asia – especially East Asia. As noted earlier, this is, in fact, a real ‘back to the future’ event, although a complex one that is too often overhyped and oversimplified in the media. Observers in the early 1980s began to write about the twenty-first century being ‘the Pacific Century’, and of the future belonging to Asia, rather than to the North Atlantic economies, as had been the case for 200 years. But commentators are fickle. The unexpected East Asian financial crisis of 1997 brought out the doomsayers (see Chapter 18). Ten years on, the position looks more like it did before 1997: the Asia boosters are out again in force, although now their focus is rather different. The future, it seems, is China – and, possibly, India.

Empirically, the resurgence of Asia during the past 40 years can be seen as consisting of four major processes:

- The rise of Japan after World War II.
- The rapid growth of what came to be called the ‘four tigers’: the newly industrializing economies of Hong Kong, Korea, Singapore and Taiwan. This was followed by the emergence of a ‘second tier’ of East Asian developing economies (the ‘tiger cubs’ in journales), primarily Indonesia, Malaysia and Thailand.
• The (re-)emergence of China – the ‘dragon’ – as a major participant in the global market economy.
• The potential economic dynamism of India.

Japan’s post-war economic growth as a manufacturing power was truly spectacular. In the early 1960s it ranked fifth in the world economy; by 1980 it had risen to second place. During the 1960s, Japan’s rate of manufacturing growth averaged 13.6 per cent per year: two-and-a-half times greater than the United States and four times greater than the United Kingdom. The Japanese economy continued to grow at very high rates throughout the 1970s and most of the 1980s. Japan’s share of world FDI grew from less than 1 per cent in 1960 to almost 12 per cent in 1990. As a result, ‘Japan Inc.’ came to be seen as the biggest threat facing both the United States and Europe, as a deluge of polemical, protectionist literature (especially in the United States) at the time demonstrated.

In the late 1980s, however, Japan’s rapid growth rate fell as dramatically as it had increased in the 1960s, with the collapse of the so-called ‘bubble economy’ in the late 1980s. Between 1990 and 2003, Japanese GDP grew at an annual average rate of only 1.2 per cent and its manufacturing sector by a mere 0.7 per cent. Merchandise exports, which had grown at almost 9 per cent a year between 1980 and 1990, grew at less than 3 per cent a year between 1990 and 2003. The United States’ fear of the Japanese threat receded; the ‘bash Japan’ literature virtually disappeared. Nevertheless, Japan remains the world’s second largest economy after the United States and today there are signs of significant economic recovery.17 Japan’s decline has been much exaggerated.

At the same time as Japan was surging up the ranks of industrialized countries, a small group of East Asian developing countries also appeared on the scene as foci of manufacturing growth, especially in labour-intensive industries. The ‘pioneers’ were the so-called four ‘tiger’ economies of Hong Kong, Korea, Singapore and Taiwan. In terms of manufacturing production, for example:

• Korea’s manufacturing sector grew at annual average rates of 18 per cent during the 1960s, 16 per cent during the 1970s, 13 per cent during the 1980s, and 7 per cent during the 1990s (to 2003).
• Taiwan’s manufacturing sector grew at rates of 16, 14, 8 and 6 per cent respectively during the same periods.

Subsequently, Malaysia, Thailand and Indonesia also displayed extremely high rates of manufacturing growth.

The relative importance of these East Asian economies is especially marked in the sphere of exports. Indeed, in the global reorganization of manufacturing trade the increased importance of East Asia as an exporter of manufactures is unique in its magnitude. Seven East Asian NIEs (Korea, Hong Kong, Singapore, Taiwan, Indonesia, Malaysia, Thailand) increased their collective share of total world
manufactured exports from a mere 1.5 per cent in 1963 to almost 20 per cent in 1999 (and remember that this period includes the East Asian financial crisis of 1997–8, which had a devastating effect on most of the East Asian economies).

So, it is especially in their role as exporters that the East Asian economies are most significant. In some cases the transformation has been nothing short of spectacular. For example, in 1980, less than 20 per cent of Malaysia’s exports were of manufactures; by 1998 the figure was 79 per cent. Indonesia provides an even more striking experience: in 1980 a mere 2 per cent of the country’s exports were of manufactures; in 1998 almost half was in that category. Others show a similar transformation.

The most recent – and potentially the biggest – development within East Asia is, without question, the (re-) emergence of China. As a consequence, ‘China bashing’ is replacing the ‘Japan bashing’ of an earlier period. China has rather suddenly become a hugely significant presence in the global economy.

The entry of China’s massive labour force into the global economy may prove to be the most profound change for 50, and perhaps even for 100 years … China’s growth rate is not exceptional compared with previous or current emerging economies in Asia, but China is having a more dramatic effect on the world economy because of two factors: not only does it have a huge, cheap workforce, but its economy is also unusually open to trade. As a result, China’s development is not just a powerful driver of global growth; its impact on other economies is also far more pervasive … China’s growing influence stretches much deeper than its exports of cheap goods: it is revolutionising the relative prices of labour, capital, goods and assets in a way that has never happened so quickly before.18

Between 1980 and 2003, China’s growth rate (of GDP as a whole and of manufacturing) was the highest in the world: annual average rates of around 10 per cent. Its average annual rate of growth of merchandise exports was 13 per cent in the 1980s and 14 per cent between 1990 and 2003. As a result, China is now the world’s fourth largest manufacturing producer, the second largest agricultural producer, the fourth largest exporter of merchandise (soon to overtake Japan into third place) and the world’s third largest importer.

China’s growth, together with the continued resilience of the Korean and Taiwanese economies, and the apparent recovery of Japan, has made North East Asia the most dynamic part of the world. This creates potential problems for some of the smaller NIEs of South East Asia, notably Malaysia, Thailand, the Philippines, Indonesia and even, possibly, Singapore. These are issues we will address in Chapter 18. Recently, however, attention has been drawn to the other very large Asian country (in population terms): India. Indeed, some commentators envisage a world economy that will increasingly be dominated by ‘Chindia’, defined by one writer as ‘where the world’s workshop meets its office’, an allusion to China’s growth as a manufacturer and to India’s growth in IT services. But beware the hype.
India has recently shown spectacular growth in one specific type of economic activity: the outsourcing of IT services (software, data processing, call centres and the like). As such it has attracted huge publicity and a growing view that India could be ‘the next China’, given the size of its population and other advantages. That may be so. But, at present, the evidence is slender. India’s GDP growth rate between 1980 and 2003, though well above the world average at between 5 and 6 per cent, was half that of China during the same period. India is the world’s 13th largest manufacturing economy; China is the fourth largest. India is not in the top 15 merchandise exporters; China is the fourth largest. Of course, it might be argued that India’s strength lies in services rather than in manufacturing. Certainly it is true that the share of services in India’s GDP is much higher than China’s: 51 per cent compared with 33 per cent. Conversely, India has only 27 per cent of its GDP in manufacturing, compared with China’s 52 per cent. Despite this, China generated almost twice the commercial services exports than India in 2003. Unlike all the other fast-growing East Asian NIEs, India does not have a strong export base in manufactures. China’s merchandise exports are eight times larger than India’s. Indeed, if India is ranked along with the nine leading NIEs of East Asia in terms of merchandise exports, it would be placed ninth. None of this is to suggest that India does not have the potential to become a really major economic power but, at present, the evidence is rather thin.

A significant aspect of East Asian development has been the increasing tendency for Korean, Taiwanese, Hong Kong, Singaporean and, most recently, Chinese firms to expand overseas through direct investment in addition to trade. The most publicized case recently was the takeover of IBM’s PC business by the Chinese firm Lenovo. Overall, these five East Asian economies account for two-thirds of all FDI from developing countries.

**Emergence of the ‘transitional economies’ of Eastern Europe and the former Soviet Union**

Since 1989, there has been a further significant development in the changing geography of the global economy. The political collapse of the Soviet-led group of countries, and, indeed, of the Soviet Union itself, produced a group of so-called ‘transitional economies’: former command economies now in various stages of transition to a capitalist market economy. The process of transition, from a centrally planned economic system, with a heavy emphasis on basic manufacturing industries, to a capitalist market system, has been painful in many cases. The kinds of industries favoured in the centrally planned system are less viable in the context of today’s highly competitive global economy, as are the kinds of industrial organization themselves. In 1985, for example, the USSR accounted for almost 10 per cent of world manufacturing output; by the mid 1990s, the share of the Russian Federation was around 1 per cent.

There are big differences within the group of transitional economies, both in terms of their scale and in terms of their potential for growth within a
market, as opposed to a centrally planned, system. The four most significant transitional economies are the Russian Federation, Poland, the Czech Republic and Hungary, although their combined share of global GDP is a mere 2 per cent. Together, these four account for most of the manufacturing production and exports of the transitional economies. The latter three became members of the European Union in 2005 and this undoubtedly changes their potential prospects for economic development. Certainly their growth between 1990 and 2003 was far stronger than that of the Russian Federation (whose average growth rate was negative). Poland and Slovenia grew at above the world rate; Hungary and Slovakia at just below the world rate.

However, these economies achieved much more impressive export performance during the 1990s. Poland, Hungary and the Czech Republic each had double-digit export growth while the Russian Federation and Slovenia grew at around 7–8 per cent per year. Such export growth figures compare very favourably with those of the East Asian economies during the same period. Much of this growth is underpinned by inward FDI which has grown substantially since the early 1990s, especially in the Czech Republic, Hungary, Poland, Slovakia and the Russian Federation.

**Latin America – unfulfilled potential**

Latin American countries are among the most resource-rich in the world. Several also have a long history of industrialization. Some, like Brazil and Mexico, in population terms are very large indeed. And yet, most of the Latin American economies have not figured very prominently in the redrawing of the global economic map. Certainly, their modest economic performance contrasts markedly with that of East Asia. Within Latin America itself, there is a clear contrast between relatively faster-growing economies, like Chile and Mexico, on the one hand, and relatively slower-growing economies like Argentina and Brazil, on the other. None of these countries ‘punches its weight’ as exporters; over the past 20 years, their average export growth has been significantly lower than that of the East Asian economies. During the 1990s, the major exception was Mexico (which does not really regard itself as ‘Latin American’ anyway). Mexico’s export growth rate of over 14 per cent undoubtedly reflected its increasing integration with the United States through the North American Free Trade Agreement (see Chapters 6 and 7).

**Persistent peripheries**

Alongside the areas of strong, though differential, economic growth in the global economy – the peaks, as it were – are those parts of the world whose economic growth remains very limited. These are the ‘persistent peripheries’. All of the maps shown at the end of this section tell more or less the same story: most of the continent of Africa, parts of Asia, parts of Latin America constitute the ‘troughs’ of the global economic map. Sub-Saharan Africa, as is so often noted, is the largest single
area of ‘economic peripherality’. These are the parts of the world enmeshed in the deepest poverty and deprivation and whose existence poses one of the biggest social challenges of the twenty-first century. We will return to this issue in Part IV.

**Global interconnections: networks of trade and degrees of dependence on FDI**

This flexing and fluxing global economic map reflects the major global shifts that have occurred over the past four decades or so. It is made up of complex interconnections, most notably those constituted through networks of trade and of foreign direct investment. Figure 2.25 maps the network of world merchandise trade. It shows not only some of the complexity of trade flows (bear in mind that this is a rather aggregated view) but also the strong tendency for countries to trade most with their neighbours. A considerable proportion of world trade is *intra-regional*, although this does not imply that such regionalizing tendencies dominate in all cases. Several features merit attention:

- Western Europe is the world’s major trading region. However, two-thirds of that trade is intra-regional, that is between Western European countries themselves. Around 10 per cent of Western Europe exports go to North America and about 7 per cent to Asia (including Japan).
- Asia is the second most significant trade region, with one-third of its trade conducted internally. Just over one-fifth of Asia’s external trade goes to North America and a further 17 per cent to Western Europe. Notably, 47 per cent of Japan’s trade is within the region, and no less than 54 per cent of Australia and New Zealand’s trade is likewise (a very clear indication of their geopolitical reorientation away from their traditional markets in Europe).
- North America conducts around 40 per cent of its trade internally, with an especially large increase in trade involving Mexico. United States’ exports to Mexico increased by 134 per cent between 1993 and 2003, whilst imports from Mexico to the United States grew by 243 per cent. North America’s external trade is distributed fairly evenly between Asia (20 per cent), Western Europe (18 per cent) and Latin America (15 per cent).

International trade networks, once established, tend to be fairly stable over time. However, from time to time, some major shifts do occur.

- The most important during the 1960s and 1970s involved Japan, as the country rapidly rebuilt its war-ravaged economy primarily through sustained and aggressive exporting. As a result, flows of trade between Japan and other parts of the world, notably the United States and Europe, became a marked feature of the global economic map, particularly in some industries such as automobiles (see Chapter 10) and electronics (see Chapter 11).
The second – and most recent – major shift in the international trade network involves, inevitably, China. Table 2.3 shows how significant China has become, not only to trade within Asia itself but also for the United States and Europe.

Table 2.3  China’s trade network (% of China total)

<table>
<thead>
<tr>
<th>Region/country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>22.4</td>
<td>9.3</td>
</tr>
<tr>
<td>United States</td>
<td>21.1</td>
<td>8.2</td>
</tr>
<tr>
<td>Latin America</td>
<td>2.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Western Europe</td>
<td>17.5</td>
<td>13.9</td>
</tr>
<tr>
<td>EU 15</td>
<td>16.5</td>
<td>12.8</td>
</tr>
<tr>
<td>C/E Europe, Baltic states, CIS</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Africa</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Middle East</td>
<td>3.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Asia</td>
<td>48.4</td>
<td>58.0</td>
</tr>
<tr>
<td>Japan</td>
<td>13.6</td>
<td>18.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>17.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Korea</td>
<td>4.6</td>
<td>40.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2.1</td>
<td>12.1</td>
</tr>
</tbody>
</table>

Source: calculated from WTO International Trade Statistics 2004

One measure of the extent of a country’s integration in the global economy is the percentage of its goods GDP that is traded. The higher the figure, the greater is the dependence on external trade. There is huge variation between countries in such trade integration. But the reasons for this are not straightforward, not least because, other things being equal, international trade is bound to be more important for geographically small countries than for large ones (contrast, say, the United States with Singapore). Nevertheless, the trends are significant. More important is the fact that the overall degree of integration in the global economy through trade increased markedly between 1990 and 2003. Of the 91 countries for which comparable data are available, only 16 became less integrated. Significantly, 11 of the 16 were African countries. In every other case, the relative importance of trade for the national economy increased.

A second measure of global integration is the relative importance of inward and outward FDI to a country’s economy, measured by its GDP. Again, we might expect there to be some correlation with country size, although other factors are significant – not least, in the case of inward FDI, differing national policies (see Chapters 6 and 7). As with the case of trade, the relative importance of FDI to national economies has increased virtually across the board, a clear indication of increased interconnectedness within the global economy. In the case of inward
FDI, only 13 of almost 200 cases experienced a (small) relative decline in the GDP share of FDI and four remained unchanged. In the case of outward FDI, only 11 of around 140 cases experienced a relative decline and a further five remained unchanged.

The actual extent of FDI involvement varies markedly, as Table 2.4 shows for a sample of countries. The focus here is on the relative significance of inward FDI as a percentage of national GDP. The variations between countries are very striking. In some cases, such as Ireland or Singapore, there is an overwhelming dependence on inward FDI; in others, notably Japan, India, Indonesia and Korea, inward FDI is a minuscule proportion of GDP. Overall, it should be noted that just seven East Asian countries (Hong Kong, China, Singapore, Korea, Thailand, Malaysia and Taiwan) contain almost 50 per cent of all FDI located in developing countries (an increase from one-third in 1990).

Table 2.4  Inward foreign direct investment as a share of gross domestic product (% share of GDP)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>88.9</td>
<td>126.3</td>
<td>Singapore</td>
<td>83.1</td>
<td>150.2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>23.3</td>
<td>74.2</td>
<td>Vietnam</td>
<td>25.5</td>
<td>66.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>–</td>
<td>73.5</td>
<td>Chile</td>
<td>33.2</td>
<td>58.2</td>
</tr>
<tr>
<td>Hungary</td>
<td>1.7</td>
<td>60.7</td>
<td>Malaysia</td>
<td>23.4</td>
<td>39.3</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3.9</td>
<td>52.7</td>
<td>Argentina</td>
<td>6.2</td>
<td>35.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>15.0</td>
<td>50.6</td>
<td>Thailand</td>
<td>9.7</td>
<td>29.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.3</td>
<td>47.0</td>
<td>Mexico</td>
<td>8.5</td>
<td>27.0</td>
</tr>
<tr>
<td>Australia</td>
<td>23.7</td>
<td>41.1</td>
<td>Brazil</td>
<td>8.0</td>
<td>25.2</td>
</tr>
<tr>
<td>Denmark</td>
<td>6.9</td>
<td>40.5</td>
<td>China</td>
<td>5.8</td>
<td>14.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20.6</td>
<td>36.3</td>
<td>Philippines</td>
<td>7.4</td>
<td>14.9</td>
</tr>
<tr>
<td>Spain</td>
<td>12.8</td>
<td>34.9</td>
<td>Taiwan</td>
<td>6.1</td>
<td>12.8</td>
</tr>
<tr>
<td>France</td>
<td>7.1</td>
<td>26.5</td>
<td>Korea</td>
<td>2.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Canada</td>
<td>19.6</td>
<td>30.5</td>
<td>India</td>
<td>0.5</td>
<td>5.9</td>
</tr>
<tr>
<td>Poland</td>
<td>0.2</td>
<td>25.4</td>
<td>Indonesia</td>
<td>7.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Italy</td>
<td>5.4</td>
<td>13.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>6.6</td>
<td>12.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>6.9</td>
<td>12.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>0.3</td>
<td>2.1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source:* based on data in UNCTAD, 2001; 2005
Figure 2.6 The global map of manufacturing production and growth

*Source*: calculated from World Bank, 2005a: Table 4.2
Figure 2.7  The global map of services production and growth

*Source:* calculated from World Bank, 2005a: Table 4.2
Figure 2.8 The global map of agriculture services and growth

Source: calculated from World Bank, 2005a: Table 4.2
Part One  Shifting the Contours of the Global Economy

Figure 2.9  The world’s leading manufacturing producers
Source: calculated from World Bank, 2005a: Table 4.2

Figure 2.10  The world’s leading services producers
Source: calculated from World Bank, 2005a: Table 4.2
Figure 2.11  The world’s leading agricultural producers

Source: calculated from World Bank, 2005a: Table 4.2

Figure 2.12  The global map of merchandise exports and imports

Source: calculated from WTO, 2004, World Trade Report: Tables A6, A7
Figure 2.13  The pattern of merchandise trade surpluses and deficits
Source: calculated from WTO, 2004, World Trade Report: Tables A6, A7

Figure 2.14  Growth of merchandise trade
Source: calculated from World Bank, 2005a: Table 4.4
Figure 2.15  The world’s leading merchandise exporters and importers


Figure 2.16  The global map of services exports and imports

Part One  Shifting the Contours of the Global Economy

Figure 2.17  The pattern of services trade surpluses and deficits

Source: calculated from WTO, 2004, World Trade Report: Tables A8, A9

Figure 2.18  The world’s leading services exporters and importers

Source: calculated from WTO, 2004, World Trade Report: Tables A8, A9
Figure 2.19  The global map of agricultural exports and imports

Source: calculated from WTO, 2004, World Trade Report: Tables IV.9, IV.10

Figure 2.20  The pattern of agricultural trade surpluses and deficits

Source: calculated from WTO, 2004, World Trade Report: Tables IV.9, IV.10
Figure 2.21  The world’s leading agricultural exporters and importers

Source: calculated from WTO, 2004, World Trade Report: Tables IV. 9, IV.10

Figure 2.22  The global map of inward and outward foreign direct investment

Source: calculated from UNCTAD, 2005: Annex Table B2
Figure 2.23 Changing shares of leading source countries in outward foreign direct investment

Source: calculated from UNCTAD World Investment Report, various issues

Figure 2.24 Concentration of inward foreign direct investment in developing countries

Source: calculated from UNCTAD World Investment Report, various issues
The micro-scale: cities as foci of economic activity

If we could observe the earth from a very high altitude and look at its ‘economic surface’ we certainly would not see the kinds of national economic boxes we have had to use as the basis of our analysis of the global economic map. Particularly if we were making the observation at night, what we would see are distinctive clusters, picked out by the lights of localized agglomerations of activity. Unfortunately, data disaggregated in this way, showing details of production, trade and investment, are simply not available. We have to resort to surrogate measures or individual case studies. But it is vital to stress this most fundamental fact of economic life: the place-specific and clustered nature of most economic activity. The most widely available micro-scale indicator of the localized clustering of economic activity is the map of the world’s cities (Figure 2.26). Virtually all manufacturing and business service activity is located in urban places.

It is these cities, and their associated local regions, which contain a nation’s economic activity, not some national statistical box. Within any individual country, there will almost certainly be considerable diversity between cities and local
regions, not only in terms of their particular economic specializations but also in terms of their growth rates. In most cases, this reflects their specific historical trajectory – the ‘path dependency’ idea introduced in Chapter 1. In others, however, such differentials may be the outcome of very specific political decisions to develop one particular part of a country rather than another. In some countries, just one, or perhaps two, major cities dominate; in other countries there is a ‘flatter’ urban hierarchy and a wider spread of activity among more evenly sized cities. Increasingly, however, it is necessary to think of cities as being involved in networks that transcend national boundaries. In one sense, therefore, ‘the city is embedded in a global economy … All cities today are world cities.’ 21

Cities differ in importance not only in terms of their population size (Figure 2.26) but also – and more importantly – in terms of the functions they perform and the influence they exert. In particular, observers of world cities emphasize the role of high-level service functions (financial and business services, in particular) and their uneven concentration in certain cities, creating a global hierarchical network. (The case of corporate control and coordination functions and their concentration in ‘headquarters cities’ is discussed in Chapter 5.) But it is extraordinarily difficult to produce a single map of the world city network.22 One illustrative example is shown in Figure 2.27, based upon Taylor’s analysis of business advertisements in *The Economist*. It shows the clear dominance of a relatively small number of cities. Although different criteria would yield a rather different map in
detail, the dominant cities in the network recur again and again. The inset table within Figure 2.27 shows the top 10 cities ranked in terms of their global network connectivity.

![Map of Key cities in the global economy](image-url)

**Figure 2.27 Key cities in the global economy**

*Source: based on Taylor, 2001: Figure 2; Taylor, 2004: Table 3.5*

**The meso-scale: transborder clusters and corridors**

Between the macro-scale of the global triad, and the highly localized concentrations of economic activity in cities, lies a meso-scale of economic-geographic organization which crosses, or sometimes aligns with, national boundaries. In some cases, this scale of organization is actually defined and created by the existence of the political boundary itself. In others it develops in spite of such boundaries and simply extends across them in a functionally organized manner. Three examples, one drawn from each of the three global triad regions, illustrate this phenomenon.

- *Europe’s major economic growth axis:* within Europe, the pattern of economic activity is extremely uneven, both within and between individual countries. But as Figure 2.28 shows, we can also identify a distinctive ‘growth axis’ running north-west to south-east across the core area and cutting across national boundaries.
The most advanced areas of Europe and most of Europe’s major international cities lie on or near an axis extending from the north-west of London through Germany to Northern Italy … Along this axis lie two major foci: in the north-west are found the historic capitals of Europe’s major colonial powers (Paris, London and Randstad-Holland) … in the south-east are cities and regions whose faster recent economic growth has pulled the axis’ centre of gravity to the south-east. A parallel axis extends from Paris to the Mediterranean – and a south-western extension stretches down to the major cities in Iberia … another parallel axis may emerge in the east extending from Hamburg to Berlin, Leipzig, Prague and Vienna.23

Emerging urban corridors in Pacific Asia: we can see a similar phenomenon, at least in embryonic form, developing in Pacific Asia. Such ‘growth triangles’ include the Singapore–Batam–Johor triangle and the Southern China–Hong Kong–Taiwan triangle, both of which are focused upon a distinctive major city. But some Asian urban scholars argue that much larger urban corridors are becoming evident, as Figure 2.29 suggests.

Figure 2.28 Europe’s major growth axis

Source: based on Dunford and Kafkalas, 1992: Figure 1.4
The best illustration of a mature urban corridor is an inverted S-shaped 1,500 km urban belt from Beijing to Tokyo via Pyongyang and Seoul, which connects 77 cities of over 200,000 inhabitants each. More than 97 million urban dwellers live in this urban corridor, which, in fact, links four separate megalopolises in four countries in one.\(^{24}\)
The United States–Mexico border zone: the two previous examples illustrate the development of meso-scale regions cutting across national boundaries and creating ‘transnational regions’. But there are other cases where the form of economic and urban development is actually defined and created by the existence of a border between countries. Where there is a very marked differential between two adjacent countries – for example, in taxation rates or production costs – there is often a strong incentive for development to occur on one side of the border to take advantage of benefits on the other side. One of the best examples of this is the United States–Mexico border, the sharpest geographical interface between an extremely wealthy economy and a much poorer developing economy. Far from being just a line on the map, the US–Mexican border is defined in the starkest of physical terms by a whole string of towns and concentrations of manufacturing activity along its entire length (Figure 2.30).

Figure 2.30 United States and Mexico: the border defines the pattern of economic activity


**Conclusion**

In these first years of the new millennium, the global economic map is vastly more complicated than that of only a few decades ago. Although there are clear elements of continuity, dramatic changes have occurred. The overall trajectory of world
economic growth has become increasingly volatile: short-lived surges in economic growth punctuated by periods of downturn or even recession.

Within this uneven trajectory, however, there has been a substantial reconfiguration of the global economic map. Although a handful of older core economies still dominates international trade and investment flows, the most spectacular recent growth rates have been achieved by the East Asian NIEs. Without doubt, then, the most important single global shift of recent times has been the emergence of East Asia – including the truly potential giant, China – as a dynamic growth region. Of course, in an interconnected global economy what happens in one part of the world has repercussions in other parts of the world. So, for example, the continued growth and development of the East Asian economies depends to a large extent on continued growth of their export markets – and the most important of these is the United States.

So, there have been big changes in the contours of the global economic map. But the fact remains that the actual extent of global shifts in economic activity is extremely uneven. Only a small number of developing countries have experienced substantial economic growth; a good many are in deep financial difficulty whilst others are at, or even beyond, the margins of survival. Thus, although we can indeed think in terms of a new global division of labour, its extent is far more limited than is sometimes claimed. What is clear is that a relatively simple global division of labour no longer exists. It has been replaced by a far more complex, multiscalar, structure. The global economy can perhaps best be described as ‘a mosaic of unevenness in a continuous state of flux’.\(^\text{25}\) That mosaic is, however, made up of processes which operate – and are manifested – at different but interrelated spatial scales.

Notes

1 Wallerstein (1979).
3 O’Rourke and Williamson (1999: 2).
4 League of Nations (1945).
5 Frank (1998).
7 Webber and Rigby (1996: 6).
8 The World Investment Report, compiled by UNCTAD on an annual basis, is the most comprehensive source of data on foreign direct investment. Historical trends are discussed by Dunning (1993), Kozul-Wright (1995).
11 Ohmae (1985).
12 Poon et al. (2000) are sceptical.
The data are drawn from three major sources: the World Bank’s *World Development Indicators*; the WTO’s *International Trade Statistics*; and UNCTAD’s *World Investment Report*. Maddison (2001: Chapter 3) provides a broad perspective on development in the second half of the twentieth century.

The term was introduced by Friedmann (1993).

See, for example, Hoheinz and Calder (1982), Oshima (1983).

The term was introduced by Friedmann (1993).

See, for example, Hoheinz and Calder (1982), Oshima (1983).

The Economist (2005b).

The Economist (20 July 2005).

Ramesh (2005).

See Poon (1997).


Taylor (2004) provides a huge variety of mappings of world city networks based on different criteria.


