

KNOWLEDGE CAPITALISM, GLOBALIZATION, AND HEGEMONY

Toward A Socio-Spatial Approach

Sergio Ordóñez and Carlos Sánchez



Sergio Ordóñez, PhD in economics from the Universities Paris VII and Paris VIII, is a full-time researcher at the Institute of Economic Research in the National Autonomous University of Mexico and a member of Globalization, Knowledge and Development Program at the institute. His research interests include Knowledge Capitalism and the industrial sector in the new Phase of Development. Email: serorgu@gmail.com



Carlos Sánchez is a PhD candidate in economics at the Institute of Economic Research in the National Autonomous University of Mexico and a member of Globalization, Knowledge and Development Program at the institute. His research interests include Knowledge Capitalism and State. Email: carlirius@gmail.com

Abstract: Within a socio-spatial theoretical approach, Knowledge Capitalism is a new capitalist phase of development emerging in the eighties of the 20th century, in which knowledge valorization becomes the principal productive force of economic growth. Globalization is understood as an essentially spatial concept, which refers to the spatial dimension of Knowledge Capitalism, that takes place accordingly with a new socio-spatial tendency in which it is the (global) geography of capital, which molds the geography of national states, implying thus a new pattern of geographical uneven development. The discussion of Gramscian hegemony concept is introduced to analyze the two hegemonic projects actually struggling for a supranational supremacy: (1) the crisis of the neoliberal project, which implies its own geopolitical economy spatiality; and (2) China, the BRICs, and the Global South asymmetrical hegemonic project and its geopolitical economy spatiality. Thus, globalization is an open process, which is actually and will be the result of different forms of re-articulation and re-hierarchization of spatial scales, depending on the hegemonic projects that prevail in the actual global struggle.

Key words: Knowledge Capitalism; globalization; Gramsci; hegemony; neoliberalism

1. Introduction

The actual global struggle between two supranational hegemonic projects, implying the crisis of the US hegemony system of states and neoliberalism, carries on a

necessary re-discussion of globalization concept. We do that from a socio-spatial approach, introducing the hegemony concept in national and supranational dimensions, in such a way as to conceive globalization as an essentially spatial concept referring to the spatial dimension of Knowledge Capitalism, by which supranational scale becomes predominant over the other spatial scales, but with a fundamental active role of national space in the re-articulation and re-hierarchization of scales involved. In order to support that vision, we argue about Knowledge Capitalism as a new phase of development of capitalism, in which knowledge becomes the principal productive force of economic growth, as well as about neoliberalism consisting of a predominant development path with its own spatiality within Knowledge Capitalism, coexisting with alternative paths such as the Scandinavian solidary liberalism and the Asian selective corporatism. We then state the existence of a first globalization path based on the US hegemony system of states and neoliberalism, whose actual crisis involves opening up a trend toward multi-polar globalization derived principally from the irruption of China, the BRICs, and the Global South.

2. Gramscian Hegemony and Related Concepts: Their National and Supranational Spatial Dimensions

Gramsci's contribution to Marxism is based on the understanding of the historicity of capitalism, not only as a mode of production that prepares the historical-material conditions for scientific socialism (which is Marx's contribution) but also as changing (historical) unities between economy, politics, ideology, and culture that represent historical phases of development within the mode of production. It is, in fact, this understanding that distinguishes Gramsci from the rest of the early Marxist theoreticians after Marx.

In this sense, the problem that Gramsci poses in Prison Notebooks is how to explain, based on the Marxist theoretical framework, the emergence and decline of the historical phases of development of capitalism, without the (historical) crises that intervene in this transition resulting in a process of social revolution that leads to the scientific socialism foreseen by Marx. This unfolding of these developments was already evident at the time in which the Notebooks were written with the emergence of Americanism and fascism.

The tremendous timeliness of Gramscian thought resides in the appreciation that, at the current time, just as in the 1930s, the transition to a new phase of the development of capitalism, for which the term Knowledge Capitalism is proposed, is verifiable, for which the technological-productive base has thus far been developed without its projection having yet taken place in the socio-spatial institutional framework.

1 Gramsci's contribution consists of the formulation of a series of articulated concepts that can be considered methodological mediation concepts in a double sense:
 2 (1) in between the dual historical dimension of capitalism, either understood as a
 3 mode of production or as a succession of historical phases of development; and (2)
 4 from that perspective, in between the economic structure and classes and social
 5 groups and their possibilities of engaging in action. These concepts are *hegemony*,
 6 *passive revolution*, *historical bloc*, *system of hegemony of states*, and others that are
 7 derived from them, with hegemony being the fundamental concept, since the others
 8 are the result of elaborations constructed and based on the concept of hegemony. We
 9 will now develop these general concepts in light of the transition from one historical
 10 phase of development to another, based on the previously explained reasons.
 11

12 Historical crisis of capitalism is understood as the moment in which, with
 13 insurmountable contradictions having arisen in the economy, the political forces
 14 that operate in favor of the latter's preservation attempt to resolve such contradic-
 15 tions within the limits of its current configuration, while other forces organize,
 16 seeking to demonstrate (with their own victory) that the necessary and sufficient
 17 conditions already exist to provide for their solution in a new phase of the develop-
 18 ment of capitalism (Gramsci 1977, 455, 1578); that is, within a new combination
 19 between economy, politics, ideology, culture, and spatiality. With this, the pro-
 20 gressive political forces promote the transition from one historical phase of capi-
 21 talism to another.

22 If we consider that, according to Marx, the fundamental contradiction of capi-
 23 talism (which determines its historical character as a mode of production) is
 24 between the development of the productive forces and the social relations of pro-
 25 duction—a contradiction which implies that an increasingly private appropriation
 26 of the (social) product goes hand in hand with the increasingly social character of
 27 production—the solution to a historical crisis poses for capitalism the need to take
 28 a further step toward socialization of production, which would allow for the sub-
 29 sequent development of the productive forces, even conserving the private charac-
 30 ter of the appropriation of the product. In this sense, the historical mission of
 31 capitalism is to incorporate technological progress into its development, which
 32 represents the indispensable condition, so that the progressive dominant groups
 33 and classes can constitute a new *hegemony* over the subordinate classes and
 34 groups; that is, they can continue exercising a capacity for domination (by means
 35 of coercion) over them, playing, at the same time, a leading historical role, by
 36 means of consensus or the capacity to convince others of their historical aims. This
 37 implies the ability of creating a new social common and integrating philosophical
 38 conception of reality according to the solution of the precedent contradictions,
 39 with the corresponding new form of social acting by the individual subject, which
 40 includes a new common sense.

Dialectically (but not historically), the *hegemonic* function arises from the productive structure, and, particularly, from the leading role of the hegemonic group or class in the production process, and subsequently, this is extended and generalized in the complex socio-spatial and institutional framework, thus sealing a unity in the concrete historical construction, among economics, politics, ideology, culture, and spatiality (Gramsci 1981, LXXXI–LXXXII).

But to the extent that the process implies taking a step toward the socialization of production that facilitates a subsequent development of the productive forces, the dominant groups and classes need to develop and integrate as their own other outside and even opposing historical-political-cultural elements, but that are necessary for incorporating technological development and preserving their hegemony. That is, they must sustain their hegemony in a process of *passive revolution* or *restoration revolution* that makes it possible that it is only these dominant groups and classes that are able to develop all their possibilities for action, so as not to allow themselves to be overtaken historically by the subordinate classes (Gramsci 1977, 1768). Consequently, through passive revolution, the dominant groups and classes, either directly or through the state—with the latter being the most common variant—assume the historical requirements of social development and other and even contrary elements, pertaining to the subordinate groups and classes, within their own historical project.

In conclusion, for the passive revolution and the hegemonic project as a whole to triumph, the dominant groups and classes that seek to demonstrate the need for a new historical unity of capitalism should recognize and base themselves on effective innovations in the field of production and, in addition, be able to project themselves in a new proactive social utopia or “catharsis,” capable of unleashing the political energy of society (Gramsci 1977, 1221).

The concrete historical unity is synthesized in the concept of *historical bloc*, which represents an organic unity between the political-economic structure and the complex socio-spatial and institutional framework, that is, the elaborate series of theoretical-practical activities of the classes and social groups, as well as individuals, around a common historical project that implies, therefore, a unity of contrary and diverse elements (Gramsci 1977, 1051, 1237–38, 1337–38, 1569–70) with the political-economic structure being the reference point and dialectical origin of the socio-spatial and institutional framework. This implies that politics and the rest of the superstructures have their specificity and an active function in historical change, not limited to being a mere reflection of the economic structure (Gramsci 1977, 1577–78).

But if the historical bloc consists of the diverse and complex series of social and individual theoretical-practical activities (political, cultural, ideological, etc.) around a common historical project, the institutions represent the crystallization of these

1 theoretical-practical activities in formal and informal organizations, which become,
2 in turn, reference points for new social and individual actions. Consequently, the
3 character of agglutination and cohesion of the social action of the institutions is
4 related to their role in the realization of this common historical project, and, there-
5 fore, in the more or less direct realization of the hegemonic function that sustains it.

6 In the building of institutions, as well as the historical bloc as a whole, the role
7 of intellectuals is key, since, based on their technical-formative and leadership
8 capacity, they differ from “simple” individuals of their social group or class, and
9 they have the possibility to generalize and project the interests and theoretical-
10 practical actions characteristic of that class or social group, and, in that sense,
11 contribute to generating a class or social group identity. From a historical-social
12 perspective, intellectuals represent the “glue” that articulates the different classes
13 and social groups—as well as their institutions—that converge in the historical
14 bloc, being, therefore, the “officials” in charge of exercising the hegemonic func-
15 tion (Gramsci 1977, 1518–19).

16 From this perspective, it is possible to distinguish between different degrees of
17 contribution to the realization of the hegemonic function and the scope of the
18 capacity of agglutination and cohesion of social and individual action on the part
19 of the institutions that correspond to the different types of intellectuals due to the
20 scope and dimension of their activity, with, in this sense, the state being the most
21 developed institution: (1) the institutions that bring together and cohere a social
22 class with other classes and social groups around the historical bloc, to which the
23 organizational and connective action of *organic intellectuals* correspond; (2) the
24 institutions that agglutinate and cohere a social class around itself; and (3) the
25 institutions that agglutinate and cohere a social group, beyond the determining
26 factors of class of the individuals that comprise it, with the organizational and con-
27 nective action of *traditional intellectuals* corresponding to points (2) and (3).
28 Organic intellectuals are those capable of projecting the interests and activities of
29 a class or a social group in a historical project that articulates the class or social
30 group to the rest of the society from a hegemonic position; thus, they belong even
31 under their material conditions of living and/or ideologically to either of the antag-
32 onistic classes only, meanwhile traditional intellectuals are those who generalize
33 and project the interests and activities of a class or a social group, contributing to
34 the creation of a specific identity (Gramsci 1977, 1513–14, 1550–51).

35 The historical bloc crystallizes in the state, which is the entity that synthesizes
36 the political relations of society. Such an entity should allow for the maximum
37 development and maximum expansion of the hegemonic group, presenting it as
38 the development and expansion of society as a whole.

39 The concepts that have thus far been developed are limited to the realm of
40 political organization in the nation-state. However, in order that hegemony can

emerge in a historical epoch, its crystallization in a national historical bloc is not sufficient. Also necessary is the international projection of the bloc in a *system of hegemony of states*. For this to happen, it is needed the constitution of the national historical bloc in a country with enough international drawing power and influence, that is, sufficient capacity to direct and dominate other nations in terms of the international and national objectives that it proposes.

The international drawing power and influence of a country are determined by the power of its state, which, in a structural sense, depends on (1) its productive forces development and its place in the international division of labor, that is, its economic force;¹ (2) its territorial extension and geographic position; and (3) its military force.² To those structural elements, it is necessary to add the following superstructural elements: (4) the social cohesion and hegemonic capacity of the leading group (Gramsci 1977, 1577, 1597–98) and (5) its worldwide “ideological” position, that is, if the other countries consider the former as a representative of the progressive forces of history or not (Gramsci 1977, 1597–98).

In this sense, a great power is a hegemonic power, as head and guide of a more or less extended system of alliances and agreements among states (Gramsci 1977, 1598), which comprises a system of hegemony of states.

However, the development of a hegemonic system in an international sense should take place, and can only do so, on the basis of specifically national premises (Gramsci 1981, XLIV–XLVIII). There should, therefore, be a unity and a correspondence between the historical bloc of the state transformed into a great power (hegemonic) and its system of international hegemony of states, which should allow for the full realization of the former and satisfy the interests of the leading groups of the states that decisively converge in the system.

The form of independence or national sovereignty, implicit or explicit in the system, determines the relationships among the states, which is decisive for the position and the possibilities of development of the medium and small powers (Gramsci 1977, 1562).

3. Knowledge Capitalism and Globalization

The new phase of capitalist development stems from a new relationship between scientific-educational sector (SES) and overall social production, in which the SES becomes immediate condition of production. Therefore, production, circulation, and accumulation of knowledge tend to affect and involve all spheres of economic and social reproduction, which transcends scientific-educational institutions and firms, and also includes new *de facto* formal and informal socio-economic institutions, among which the most important are the so-called knowledge communities (Ordóñez 2009, 60).³

1 The new articulation between the SES and social production is made possible
2 by informatics and telecommunications technological revolution. This enables
3 immediate and interactive articulation of the SES, as the social environment where
4 production of science and knowledge is concentrated, and social production, as the
5 area in which its application is focused. In this process, an overlap occurs between
6 both social spheres, namely the expansion of their respective action radii: from the
7 first one toward the application of knowledge and the second one to its production,
8 with the latter process being the most innovative aspect and of utmost
9 importance.⁴

10 The conversion of SES in the immediate condition of social production raises
11 the problem of qualitative transformation of the collective worker, in terms of
12 incorporating complex labor, their reunification with manual labor, and the pro-
13 ductive nature of intellectual labor, all of which leads to the integration of social
14 labor capacity.⁵

15 Meanwhile, the new technological revolution enables the emergence of a new
16 productive force, due to the narrowing of the link between science and knowledge
17 with social production through basically two processes:⁶ (1) increases in informa-
18 tion-processing capacity and generation of science and knowledge, in a direct way
19 accessible and applicable to production, which are a result, respectively, of the
20 development of microprocessor and software as codified knowledge; and (2) the
21 dramatic increase in speed and scale of access and dissemination of knowledge
22 and information, resulting from the convergence of computing and telecommuni-
23 cations and the development of such technologies.

24 Unfolding of technological revolution results in the formation of a new techno-
25 logical and productive base, which tends to articulate with toyotism as a new way
26 of leadership and organization of labor processes. This pursues, unlike Fordism,
27 the incorporation of quality in production processes and in the social product, and
28 via this pathway, knowledge—particularly operators' tacit knowledge—becom-
29 ing a labor system based on the extraction-injection of such knowledge.⁷

30 Under these conditions, the formation of a knowledge cycle takes place (pro-
31 duction, circulation, and accumulation) including both the SES and the produc-
32 tion, circulation, and social consumption, in which the great historical challenge is
33 the valorization of knowledge (creation of new value based on knowledge), which
34 constitutes a new countertrend to the tendency for the rate of profit to fall (see
35 Ordóñez 2004, 2009).⁸

36 On a macroeconomic level, the unfolding of the informatics and communica-
37 tions revolution entails the integration of a new technological-productive com-
38 plex, formed by a set of industrial and service activities articulated by basic
39 integrated circuit technologies, software, and digitization, henceforth referred to
40 as the electronic, informatics, and telecommunications sector (EITS).⁹

The EITS becomes the new coordinator and dynamic nucleus of production, growth, and world trade, replacing the auto-metal/steel-petrochemical complex, characteristic of the Fordist Keynesian phase of development, from which it differs in the following aspects: (1) the increasing gain from scale production of knowledge-intensive activities is associated with a change in the competition pattern, to the extent that the producer manages to establish a technological standard in a given production sector, generating an extraordinary profit and a position of “natural” monopoly until there comes a core innovation in the sector (increasing gain from scale production with the monopoly position of the first innovator) (DeLong and Summers 2001);¹⁰ (2) it establishes a much more direct and integrated relationship with the remaining productive activities, at the technological levels of both process (productive, organizational, labor, communications, marketing) and product (incorporating the microprocessor into very diverse means of production, consumer durables, and physical infrastructure, such as operation bridges, canals, and pipelines) (Ordóñez and Dabat 2006); (3) it integrates “forwards,” providing supplies to virtually every company and service, instead of “backwards” demanding inputs such as former industrial complex; (4) whereupon in the economic cycle generated by it, supply is a driving demand, and not the other way around as in the business cycle of the Fordist Keynesian phase; and (5) if in the previous economic cycle regulation of aggregate demand was necessary to maintain supply growth, in the current one, regulation of supply by falling prices would be necessary, since this would be a prerequisite for supply-driven demand (Ordóñez 2004).

The set of specific features of the new industrial cycle focused on the EITS translates into a new economic dynamism with longer upswings of more growth, and shorter and shallower recessions. The EITS then streamlines the expansionary phase of the nineties, determines the global crisis of 2001 and 2002, leading to the subsequent recovery¹¹ due to a technological-productive restructure, affecting its global space deployment and international and inter-industrial division of labor (Ordóñez and Dabat 2009). This will lead to new development trends from which the sector once again streamlines and coordinates growth in the (uncertain) current recovery (Ordóñez and Bouchaïn 2011, 71).

Globalization constitutes the spatial dimension of Knowledge Capitalism and consists of a shaping process of national-centric geography and territorially integrated state space by the (global) geography and territorially integrated capital space, which inverts, thus, the terms of the geographical shaping relationship prevailing in Fordism-Keynesianism (Brenner 2004, 16).

Consequently, globalization implies the overlap and an increasing specific weight over the configuration of global space of a new cross industry division of labor, in relation to the (former) international division of labor. The

1 new inter-industrial division of labor is based on the valorization of knowledge
2 process, as a new countertrend to the tendency for the rate of profit to fall, given
3 that the valorization of knowledge process, considered within the context of value
4 network, assumes that firms that achieve a higher value in knowledge content
5 activities will benefit the most from the new possibility in counteracting the ten-
6 dency for the rate of profit to fall,¹² as has been studied in detail by Ordóñez (2004,
7 2009).

8 The new inter-industry and inter-firm division of labor enables companies to
9 thrive for valorization of knowledge through territorial fragmentation and disper-
10 sion between stages in the production cycle, consisting of the conception and
11 design of processes or products—concentrated in original equipment manufactur-
12 ing (OEM) and original design manufacturing (ODM) companies, on the one
13 hand, and the manufacturing and associated support services—concentrated in
14 contract manufacturer (CM) and contract services (CS) companies, on the other,
15 radically reducing capital and know-how requirements, necessary for the develop-
16 ment of large-scale production and major market strategies.

17 Such a process has been developed through a broad offshoring-outsourcing
18 process and the subsequent deployment of global production networks, which—
19 overlapped to the old international division of labor—has formed a global division
20 of labor, consisting of the following trends: while the most intensive intellectual
21 labor production linkages (scientific research and development (R&D), software
22 creation and design, and hi-tech intensive manufacturing) have remained located
23 in the advanced industrial countries, linkages with less intensive skilled labor—
24 even if with increasing skill levels—have been gradually and massively re-located
25 in the so-called developing countries or emerging countries,¹³ typically defined by
26 comparatively low labor costs, low educational and infrastructural levels with a
27 certain degree of relative development, and some advantages in geographic loca-
28 tion, culture, and even linguistics.

29 The global division of labor tends to articulate around the inter-industrial and
30 international division of labor of the EITS, as the sector that streamlines and artic-
31 ulates growth and world trade, as noted above, which as a whole tends to imply a
32 process of spatial re-articulation and re-hierarchization of geographic scales,
33 where national scale loses relative importance in favor of supranational, regional,
34 and local (subnational) scales.

35 This urges for a reconfiguration of national geographical scale based on the
36 new dynamism of the regional and local scales, and a new “bottom-up” relation-
37 ship with the national, which will allow it to play a key active role in the re-hier-
38 archization of geographic scales process, wherein a re-articulation of the
39 supranational with the regional-local scales is national mediated (Brenner 2004,
40 205; Fernández and Alfaro 2011, 86).

4. US Hegemony and Neoliberalism as a (First) Globalization Path

The end of World War II and the defeat of fascism imply the extension of the “American model” of society (“Americanism”), emerged from the New Deal, to almost all advanced capitalistic countries, and the conformation of the US hegemony system of states. This is formed by new international institutions such as: (1) the United Nations, which formalize an international order constituted by (formal) sovereign states; (2) Bretton Woods’s International Monetary Fund (IMF) and World Bank institutions, which extend the US national full employment goal to an international scale by imposing a fix exchange rate regime between developed countries (exchange rate flotation band); (3) the General Agreement on Tariffs and Trade (GATT), imposing commercial multilateralism, instead of the former bilateralism, and thus a “free” competition between national economies; and (4) North Atlantic Treaty Organization (NATO) as a political-military alliance defending the system of hegemony of states, particularly against the threat represented by the opposing Warsaw Pact (Ordóñez 1996).

The passage from Fordism-Keynesianism and “free” competition between national economies to Knowledge Capitalism and globalization takes place under neoliberalism. This is the dominant development path (among others), implying the articulation of the new technological-productive base of Knowledge Capitalism with the inherited socio-spatial and institutional framework of Fordism-Keynesianism, the latter rationalized to the goals of freed market forces and property rights under the dominance of financial capital and a new (global) regionalism, which has been made possible by two political “achievements”: (1) the restoration of the dominance of the ruling classes over society as a whole, on the basis of a power struggle widely in favor of these classes and groups over subaltern groups and classes, as well as the middle classes resulting from the defeat of the Fordism-Keynesianism protest movement in the seventies of the last century, in the context of national and supranational Fordist Keynesian socio-spatial and institutional framework and of the US hegemony system of states (Harvey 2005, 39–63); and (2) resulting from the latter, the liberation of that socio-spatial and institutional framework from the precedent corporative and distributional compromises with the subaltern groups and classes, implying the avoidance of the complex and extremely dangerous problem of the passive revolution as a foundation of a new hegemony over those classes and groups.

Neoliberalism is based on the following economic-political and ideological guidelines of socio-spatial and institutional scope: (1) the “end of history” as ideological and class struggle, and the victory of capitalism and political liberalism with the collapse of the Soviet Union and the Warsaw Pact, as a hegemony system

1 of states and competitor in the bipolar world order of the post-World War II period;
2 (2) the quest for recognition and individualism due to liberalism, which can occur
3 because of the free market, (private) property rights, and the material prosperity
4 that reciprocally strengthen each other with a universal culture of consumption;
5 (3) a transfer toward civil society of the state's traditional responsibility to attend
6 to the basic needs of survival of the marginalized sectors through providing social
7 services and investment in infrastructure; (4) subjugation of politics to the democ-
8 racy of the market and property rights, and the emergence of community survival
9 networks to address the social needs that were previously the responsibility of the
10 state (Bueno-Hansen, n.d., 61–67); (5) spatially based on a (global) regionalism,
11 which implies a fragmentation and dismantlement of national space in favor of a
12 direct articulation of localities and regions with the supranationality of globaliza-
13 tion; and (6) basically containing the entire superstructural projection on the inter-
14 nal socio-spatial and institutional framework inherited from countries' preceding
15 phase of development, even when reformed in terms of the reduction of the role of
16 the state as “neutral” guarantor of socio-economic reproduction—without active
17 interventionism, and in the international scale, contained on the US system of
18 hegemony of states that emerged triumphant after the fall of the Berlin Wall.

19 Neoliberalism has tended to become articulated with postmodernism as an ide-
20 ological-cultural principle of representation of the subject's reality and action in
21 the world that views it as (multiple) reality(ies) in constant change and that is
22 fragmentary (without interrelation among its constituent parts), which does not
23 follow a line of continuity with the past, breaking with the idea of (historical) pro-
24 gress. It involves, therefore, an indefinite reality in which every all-encompassing
25 philosophy that pursues a change in reality as a whole is unviable and open to criti-
26 cism, with a specific individual or (little) group praxis being the only variant pos-
27 sible, strongly determined by local contexts and of a necessarily pragmatic
28 character (Harvey 1990, 39–65).

29 The former means that at the present time, the transition from the merely eco-
30 nomic moment of the process to the complex elaboration of the socio-spatial and
31 institutional framework that provides historical viability to the new phase of
32 development has still not been verified. This represents, in the final analysis, the
33 fundamental cause of the 2007–09 global financial crisis, to the extent that its
34 essential determining factors reside in the autonomy and the extreme growth of
35 financial capital in comparison with productive capital, which is closely related to
36 the informatization and the resulting automatization and unprecedented growth in
37 the velocity at which money circulates. This leads to the existence of huge amounts
38 of global financial capital, the result, to a larger extent, of the expansion of the
39 sphere of financial valorization that has brought along with it the diversification
40 and the more complex character of the new financial agents and instruments,

which implies an enormous spread of financial risk without the agents, particularly individual investors, having enough information to face the situation (Ordóñez 2009, 60–62).

This has resulted in an extreme widening of social inequity within countries and also of the development gap between them, both in a “horizontal” and a “vertical” sense of their geographic scales, which expresses the following contradictions with the requirements of the new phase of development and implies neoliberalism crisis: (1) capital accumulation based on the knowledge requires generalized or extended “externalities,” associated with the formation of the SES as an immediate prerequisite of social production and with knowledge communities incorporation; this condition must be guaranteed by the state as representative of the social, while neoliberalism minimizes state action in favor of the free play of market forces; (2) both inequality and social exclusion provoked by the full validity of property rights and market dogma, opposing to the necessity for creating an internal knowledge cycle that involves a widespread social mobilization process oriented toward innovation and learning; process in which, however, the social inclusion and equity goals cease to have a mere ethical-political content and acquire a new strategic importance for the development of countries; and (3) the new (global) regionalism and its inherent tendency to direct integration of local and regional scales to the supranationality of globalization imply a tendency to fragmentation and dismantling of national space in a context where it is bound to become a (necessarily reconfigured) critical space to establish general conditions for knowledge-based accumulation and environmental sustainability of the process, which is closely related to the development and control of state action by an organized civil society of that reconfigured national space.

In this framework, the 2007–09 global financial crisis determines the exhaustion of a first stage of the unfolding of the new phase of development and globalization, dominated by neoliberalism and, thus, international financial capital.

In the framework of the US system of hegemony of states, neoliberalism has coexisted with two major categories of experiences of alternative paths of development, articulating the new technological-productive base with different forms of socio-spatial and institutional framework. These are, on the one hand, the Scandinavian countries, which have undertaken innovative and inedited processes of social transformation; and, on the other hand, the East Asian countries, which have recuperated experiences already “proved” by developed countries during Fordism-Keynesianism, but adapting them to the new conditions of the emerging technological-productive base.

As a result, these counties have undertaken industrial upgrading processes, very impressive in the cases of China and India, as is well known, but the Scandinavian countries too, resulting in a faster growth average than the European

1 Union (EU) and Organization for Economic Co-operation and Development
2 (OECD) countries during the year 2000.

3 The development of a new technological-productive base in Scandinavian
4 countries made possible the formation of an internal industrial cycle articulated by
5 the new dynamic activities of the EITS. This has been articulated with a new
6 socio-spatial and institutional framework centered on a new “solidary liberalism”
7 hegemonic compromise and on an innovative-multi-scalar form of state, which
8 implies mutual empowerment relations between the state and the organized civil
9 society, permitting energy and imagination involvement of classes, social groups,
10 and citizens in state action (Evans 2007) in a multi-scalar dimension. As a result,
11 these countries drive knowledge creation, innovation, and the formation of a learn-
12 ing internal cycle formation.

13 The solidary liberalism is a socio-spatial and institutional innovation of the com-
14 promise between business and the social-democratic movement emerged in the inter-
15 world wars period, involving an adoption and adaptation to the Scandinavian reality
16 of the principals of “Americanism” and the mass culture. Solidary liberalism’s socio-
17 spatial and institutional innovation consists of a new form of solution to both social
18 antagonism and conflict based on the following principals: (1) tripartite negotiation
19 (government, business, and unions) not only of real direct and indirect wages but also
20 of labor training and complex labor formation in a multi-scalar dimension, implying
21 a dynamic inclusion of regional and local scales in the whole negotiation; (2) orientat-
22 ing unemployment compensation toward the promotion of training and labor mobil-
23 ity, with an active policy in the labor market being one of the main instruments of
24 state economic action (Stephens 1995, 24–26); and (3) the already referred reciprocal
25 empowerment between state institutions and organized civil society orientated to the
26 knowledge, innovation, and learning internal cycle formation.

27 As for the East Asian countries, they have achieved to articulate the new tech-
28 nological-productive base with a selective corporatist-developmental socio-spatial
29 and institutional framework, taking advantage of the legacy of authoritarian states
30 with strong government intervention in the economy and control over civil soci-
31 ety, to promote the formation of development-oriented states that have managed to
32 channel, through the use of coercion, social energy for the processes of innovation,
33 technological learning, and production of knowledge, creating selective mecha-
34 nisms promoting the corporatist organization of specific social groups, and its
35 recognition by the state, with resolution of social conflict on the distribution of
36 economic surplus resulting from labor productivity increases.

37 As an example, in South Korea and Taiwan since after the 1997–98 crisis,
38 which functioned as a catalyst for processes that had been initiated previously, the
39 distributive compromise of economic surplus was extended from workers
40 employed by large firms to broad and disadvantaged social groups, in a dual

dynamic that combines the increased use of processes more intensive in knowledge and added value, and therefore less dependent on industrial labor costs, with the social effects of the crisis as such and the subsequent growth in relocating production mainly to China, particularly in the case of Taiwan (Kwon 2005, 12).

Finally, South America has undertaken a seeking process of alternative paths of development to neoliberalism, the so-called “neo-developmentalism,” which articulates the elements of a new technological-productive base developed by these countries with the remains of the ancient corporatist socio-spatial and institutional framework, concerning the preservation of the hegemony by the alliance land owners-agro-mining bourgeoisie, joined to the financial and industrial transnationalized groups, inherited from neoliberalism. This hegemony coexists contradictorily with an emergent social bloc led by the industrial bourgeoisie and the new business groups linked to nation-based technological and innovative processes in agro-exportation and the integration of value chains in biofuels. A multi-classist alliance conformed by the middle classes and the subaltern classes and groups is included in this emergent social bloc.

China and South American countries are important actors in a trend to multi-polar globalization as we will see next.

5. China, the BRICs, and the Global South: The Trend toward Multi-polar Globalization

5.1. The Background of Chinese Expansion

China represents the most recent and impressive experience of industrial upgrading undertaken by a country following a sui generis selective corporatism path of development, which combines the development of a new technological-productive base with extensive accumulation processes, a simple merchandise production, and the development of an enormous physical, energetics, and informational and telecommunications infrastructure. This industrial upgrading process has had broad commercial and financial integrating consequences over the whole East Asian region and, increasingly, over the whole Global South, particularly Latin America and Africa, as we will see below.

In China, the decision to undertake the restructuring process was not precipitated by a debt or fiscal crisis, neither by a historical bloc’s one, but it took place within the context of the exhaustion of the statism promoted by Mao and the struggle between two fractions of the ruling bureaucracy to impose upon the other after the death of the historical leader in the 1970s. For the reformist fraction that situation implied the necessity of formulating a new historical project that differentiated herself from the opposing fraction, permitting the former, at the same time, to gather around diverse groups of the bureaucracy.

1 Thus, faced with the exhaustion of the “mass line” as the national development
2 pathway, the premise “politics in command” as a guideline for development was
3 replaced with a new logic that would prevail within the bureaucracy of the
4 Communist Party of China (CPC) and meant the distinction of a new era of growth
5 and economic development without parallel in China: “the economy in charge.”
6 Later on, the reformist faction of the CPC came to power, driving a set of prag-
7 matic reforms in the economy, based on a set of alliances with the regional and
8 local bureaucracies for confronting the central bureaucracy, oriented to the transi-
9 tion from statism to merchandise-capitalistic economy. Even if that implied to
10 break up the historical compromise with the central bureaucracy in terms of her
11 execution of the central planning strategic activity, this resulted in opening up of
12 new channels for her active participation in the new historical project, by execut-
13 ing development strategic planning, state firms management in strategic sectors,
14 and regulation of the new internal market.

15 This made possible for the leading Chinese bureaucracy to confront interna-
16 tional neoliberalism by conserving and innovating its leading capability over the
17 diverse bureaucracy groups and the emergent continental bourgeoisie, as well as its
18 coercive capability over the subaltern class and groups and civil society in terms of
19 the national historical bloc. From that point, the leading bureaucracy has achieved
20 to condition to a national development strategy, which includes an extended state
21 economic action, processes such as the roles of the new international financial capi-
22 tal and that of the transnationalized productive capital, or even the country’s inte-
23 gration into international institutions such as the World Trade Organization (WTO).

24 The Chinese leading bureaucracy has also taken advantage of its renewed
25 hegemonic internal capability, joined to the use of the access to its enormous inter-
26 nal market as an instrument of economic-political negotiation, to extend, accord-
27 ing to its own necessities and beyond international constrictions, the actual export
28 substitution process, by applying numerous hidden entering barriers, combined
29 with an undervalued exchange rate. That has been combined with industrialization
30 by outsourcing and re-localization of productive processes taking place in the
31 “special zones,” resulting in an upgrading process in the global value chains.

32 The 2007–09 global financial-productive crisis exhibits not only the neoliberal-
33 ism crisis but also the exhaustion of first stage of restructuring and development
34 path in China that took place within an international trade configuration in which
35 the condition of great international debtor of the US was complemented by the
36 condition of global exporter of China, permitting the latter the accumulation of
37 enormous international reserves, which were then invested in US international
38 debt, and an infrastructure overinvestment financed by the state banks.

39 In that situation, US reprise must rely more on investment and less on credit
40 consumption, which, joined to EU debt crisis, poses the need for China to reorient

its growth toward the internal market and increased social consumption capability, creating more favorable conditions for an in-depth social innovation oriented to selective corporatism as in South Korea and Taiwan.

Recently, the Chinese government has begun a transit from an economy based on the process of outsourcing and global relocation production, with predominant tasks of assembly and product processing, and economic growth driven mainly by investment and exports; to one based on research and development of products and services with high added cognitive value, in view of strengthening its domestic market as the main engine of economic growth. This has been expressed in the formulation of the XII Five-Year Plan (2011–15), placing special emphasis on the promotion of endogenous innovation as an engine of growth and social development, particularly through the next four national strategies: transformation and upgradation of manufacturing industry, increased growth and development of strategic emerging industries, strong development of service industry, strong development of modern energy industry and update transportation system.

In addition, the XII Five-Year Plan establishes the promotion and development of key productive branches of the EITS as well as other leading fields, grouped into seven strategic emerging industries: (1) new information and communication technologies (development of broadband infrastructure and Internet security software in the cloud); (2) production of high-end equipment (aerospace and telecommunications); (3) biotechnology (drugs and advanced medical devices); (4) new advanced materials (rare earth metals and semiconductors); (5) vehicles powered by alternative energy (battery development and its components); (6) alternative energy (renewables such as wind, solar and hydro and nuclear energy and biofuels); and (7) energy saving and environmental protection, so that these industries increase their weight in the composition of the national gross domestic product (GDP), from 2% in 2011 to 8% in 2015.

To move toward the above goal, the strengthening of SES is expected to increase spending on research and development by 0.45 percentage points of GDP, to place it at 2.2% at the end of 2015, in addition to an average of 3.3 patents per 10,000 persons for the same year (Ramo 2011). In this increased spending on research and development to strengthen and compete globally in the field of innovation through strategic emerging industries, government and Chinese companies have invested heavily in recent years, in order to reduce its dependence on foreign R&D and become a global “reference of knowledge.” The real growth in spending on research and development has exceeded 18% since 2000. In 2011, spending on R&D was US\$139 billion (1.84% of GDP). This budget was higher than the combined budget of France, Germany, and the UK. Similarly, in 2011 China became the country with the largest number of domestic patent applications, surpassing Japan and the US. In addition, to complement this effort, the five-year plan

1 projects an increase of 3% in primary education coverage and a rate of 87% of the
2 population with secondary education.

3 4 **5.2. The Trend toward Multi-polar Globalization**

5 Closely related to the hegemonic internal capability, the external power of the
6 Chinese state has permitted the leading bureaucracy to create favorable interna-
7 tional conditions for the economic expansion, such as the creation of international
8 commodities reservoirs in Africa, the international defense of the undervalued
9 exchange rate, the accumulation of enormous international reserves, the policy of
10 international markets expansion, and the recent steps toward the yuan's free con-
11 vertibility that will make it an international reserve currency joining the dollar, the
12 euro, and the yen.

13 Consequently, Chinese industrial upgrading and the creation of favorable inter-
14 national conditions for the economic expansion pose a threat to the neoliberal
15 geoeconomic bases of the US hegemony system of states, and to US geoeconomic
16 hegemony on its own, that has been recently accompanied by an in-depth geopo-
17 litical and military threat too, concerning two main issues: the geoeconomic-politic
18 and military equilibriums in the Asia-Pacific region, and the supranational
19 governance related to the irruption of the Global South, as will be discussed next.

20 Chinese state's external power has been recently developed into an interna-
21 tional ideological positioning in terms of a regional nationalism, which is conduct-
22 ing to a regional Chinese great power policy oriented to extend national sovereignty
23 over the Asia-Pacific region, confronting traditional US allies in the region, such
24 as Japan and South Korea, and provoking US military increased presence there.
25 The Japan-China dispute over the Senkaku or Diaoyu Islands is one case, in which
26 the islands matter because they are close to important shipping lanes, offer rich
27 fishing grounds, and lie near potential oil and gas reserves. They are also in a stra-
28 tegically significant position, amid rising competition between the US and China
29 for military primacy in the Asia-Pacific region as noted in BBC News on November
30 10, 2014. In the context of this dispute, the US and Japan have recently established
31 a new set of mutual defense guidelines, in which Japan could shoot down missiles
32 heading toward the US and come to the aid of third countries under attack, if the
33 attack was deemed a threat to Japanese security. This is in line with Abe's govern-
34 ment controversial reinterpretation of Japan's Constitution to allow Japan to exer-
35 cise the right to collective self-defense, implying the expansion of the overseas
36 activities of the Self-Defense Forces as noted in *The Manila Times* article on April
37 19, 2015.

38 As for South Korea, the dispute is over overlapping Exclusive Economic Zone
39 claims (containing potential reserves of oil and gas), growing illegal fishing and
40 the Ieodo/Suyan reef dispute as noted in East Asia Forum on November 27, 2012.

China also has disputes with the Philippines, Vietnam, and Indonesia over islands in the South China Sea, and has become increasingly aggressive in promoting its claims, building permanent structures on some islands and sending military aircrafts to defend its claims as noted in *The Telegraph* article on April 15, 2015.

Another means of extending its geoeconomic-politic Asia-Pacific presence is the Asian Infrastructure Investment Bank (AIIB) initiative, which seeks to provide finance to infrastructure projects in the Asia region, and, thus, compete with the international financial institutions belonging to the US hegemony system of states, such as the IMF, the World Bank, and the Asian Development Bank, with the US failing to avoid important allies to join the initiative, such as the UK, Germany, France, and Italy in Europe, or South Korea and Singapore in the region as noted in *Business Insider* on March 31, 2015.

In a global scale, China is positioning itself on a leading role of the Global South struggle to get a political space in supranational governance according to its growing economical global weight, which would break up the supranational institutional architecture of the US hegemony system of states. Two main policies are important here: the leading role over BRIC countries and the investment, commercial and financial growing integrative relation with Latin America and Africa.

China has had a leading role in the institutionalization of BRICs and in the increased mutual cooperation since the 2007/09 global financial-productive crises, which has been recently materialized by creating its own financing capabilities in the hands of the New Development Bank, headed in Shanghai, that will direct its credit activities toward the developing countries and compete as well with the financial institutions of the US hegemony system of states as noted in *Bloomberg Business* on July 16, 2014.

Part of this increased cooperation is Russia-China US\$400 billion gas deal to supply China's state oil company China National Petroleum Corporation (CNPC) with 30 billion cubic meters of gas per year from the Altai region of western Siberia, leading to a pipeline that will, for the first time, allow Russia to choose between exporting gas to Asia or to Europe, which will be financed by both parts (but arguably mostly by China). Increased economic ties with Russia, particularly the Russian Far East, fall under the broader One Belt, One Road Strategy of increasing exports and investment in Central Asia, by which China wants to create a new Silk Road economic belt that roughly retraces trade networks active at the height of China's presence in Central Asia, during the Han dynasty 2,000 years ago, as well as a 21st-century maritime Silk Road that revisits the greatest extent of its sea power during the early Ming dynasty as noted in a *Financial Times* article on March 8, 2015.

But in a broader scale, China has an in-depth investment, commercial and financial integrative relation with Latin America and Africa. China has become by

1 far Africa’s biggest trading partner, exchanging about US\$160 billion worth of
2 goods a year. This includes a new “North-South” trade relation in which Chinese
3 imports from Africa, equaling US\$93 billion, consist largely of mineral ores,
4 petroleum, and agricultural products; and Chinese exports to Africa, totaling
5 US\$93 billion, consist largely of manufactured goods. Furthermore, more than
6 one million Chinese, most of them workers and traders, have moved to the conti-
7 nent in the past decade.

8 As for Latin America, the search for alternative development paths to neoliber-
9 alism implies a split in the region between the North-Center and the South. The
10 former is fully committed to a neoliberal path of development and its current neo-
11 institutionalist reorientation—the specific case of Mexico, being productively and
12 commercially integrated to the US. The latter is in a searching process of alterna-
13 tive development paths that is leading to an increasing trade and financial integra-
14 tion with East Asia, particularly China, implying (as for Africa) a new North-South
15 relation that involves the exports of primary goods or “export reprimarisation” of
16 the region, and, to some extent, of production too; in exchange for imports of
17 manufactured goods with increasing value added knowledge, which clearly shows
18 its limitations in terms of long-term development prospects for the subcontinent,
19 facing the slowdown of China.

20 That has been complemented with an international repositioning of South
21 America that implies a clear alignment with the geoeconomic-politic project led
22 by China and including the BRICS and the Global South, facing the crisis of US
23 hegemony system of states and neoliberalism. This alignment is manifested by the
24 increasing formalization of the geoeconomic-politic strategic relationship of some
25 countries of the region with China, which in the short term has resulted in a
26 Chinese strong presence in that region as *lender of last resort* due to recent finan-
27 cial difficulties as the risk of default and foreign exchange reserves restrictions in
28 countries such as Venezuela and Argentina.¹⁴

29 Russian’s response to this supranational complex changing situation has been
30 marked by the previous 2007–09 global financial-productive crises raising com-
31 modities prices, particularly oil and gas prices, by projecting the Russian state
32 external power into a regional Russian nationalism that extended its frontiers
33 (Crimea annexation), reaffirmed the Russian supranational economical influence
34 area, as well as a new regional hegemony system of states. The Eurasian Economic
35 Union institutionalized on May 2014 by Kazakhstan, Belarus, and Russia, with the
36 participation of Armenia and Kyrgyzstan as observers, constitutes a big regional
37 market that unites more than 170 million people and 3.2% of world’s GDP.

38 As for the regional hegemony system of states, the Collective Security Treaty
39 Organization (CSTO) is a military alliance explicitly created to counter NATO,
40 in which Russia has recently won the right to veto the establishment of

new foreign military bases in the member states,¹⁵ with the tightening of rules apparently not applying to the existing facilities, such as the US transit center in Kyrgyzstan, a German air transit facility in Uzbekistan, and French military aircraft based in Tajikistan.

Facing those numerous threats to its hegemony system of states and, thus, to its own hegemony, the US is undertaking two kinds of strategic responses: a neoliberal reorientation addressing neoliberalism crisis and new strategic partnerships to boost new economic expansion and counter China’s economical-politic presence in the Asia-Pacific region.

The neoliberal reorientation meets the most advanced positions of neo-institutionalist theoretical reference represented by D. North, which is in line with Washington Consensus (Williamson 1998) revision and third-generation institutional reforms, seeking to promote complementarity and possible substitution relations between the state and the market in an “invisible embrace” for institutional innovation processes in pursuit of competitiveness, in which the state serves as a manager of complementarity and substitutability efforts among different actors involved in the process (Hnyilicza 2005). This is the aim of the actual US government discourse about the need of stronger government action in infrastructure creation and care that inspired the recent Federal Communications Commission (FCC) net neutrality regulatory step, reclassifying high-speed Internet service as a telecommunications service, instead of an information one, intended to ensure that no content is blocked and that the Internet is not divided into pay-to-play fast lanes for Internet and media companies that can afford it and slow lanes for everyone else. This was complemented by the placement under the new rules of mobile data service for smartphones and tablets, in addition to wired lines, as well as the recognition of the municipalities’ right to construct their own public wireless network, against states’ legislations intended to prohibit it. The order also includes provisions to protect consumer privacy and to ensure that Internet service is available to people with disabilities and in remote areas.¹⁶

As for the new strategic economical partnerships, the US has proposed a Transatlantic Trade and Investment Partnership (TTIP) with the EU, intended to strengthen the North Atlantic alliance with Europe, as well as a Trans-Pacific Partnership (TPP) intended to create a free trade transpacific area,¹⁷ by which the US would get broad capabilities of convening to negotiate with countries from both Pacific shores and different levels of development, with the aim of exporting the US model of respect for intellectual property, bounded state action, avoiding favor of industries with preferential support, ensuring the establishment of labor and environmental standards, exposing state enterprises to conditions of competition with private companies, including free digital activity to ensure an open Internet access. This is intended to counter the growing Chinese influence in the

1 Asia-Pacific region, while Chinese is negotiating with 15 other Asian countries a
2 rival Regional Comprehensive Economic Partnership (RCEP) trade agreement.¹⁸

3 Globalization is thus a socio-spatial open process in which the actual suprana-
4 tional hegemonic projects struggle is conducting toward a multi-polarity, whose
5 final distinctive characteristics are still uncertain.

6 **6. Concluding Remarks**

7
8
9 In a socio-spatial approach, globalization is conceived as the spatial dimension of
10 Knowledge Capitalism, which is a new phase of development of capitalism.
11 Globalization thus consists of a shaping process of the national-centric geography
12 and territorially integrated state space by the (global) geography and territorially
13 integrated capital space, resulting from the overlap and an increasing specific
14 weight over the configuration of global space of a new cross industry division of
15 labor, in relation to the (former) international division of labor. This urges for a
16 reconfiguration of national space based on the new dynamism of the regional and
17 local scales, and a new “bottom-up” relationship with the national, which will
18 allow it to play a key active role in the re-hierarchization of geographic scales
19 process, wherein a re-articulation of the supranational with the regional-local
20 scales is national mediated.

21 This socio-spatial approach is derived from an open Marxist-Gramscian-
22 inspired methodological concept formulation, mediating between two dimensions:
23 (1) in between the dual historical dimension of capitalism, either understood as a
24 mode of production or as a succession of historical phases of development with
25 their own specific spatiality; and (2) from that perspective, in between the eco-
26 nomic structure and classes and social groups and their possibilities of engaging in
27 action, with the hegemony concept applied to national and supranational scales
28 having a central and articulating role among other derived concepts.

29 From this perspective, we argue that at the present time the technological-pro-
30 ductive base of Knowledge Capitalism has thus far been developed without its
31 projection having yet taken place in the socio-spatial institutional framework. In
32 that situation, neoliberalism is the dominant development path implying the artic-
33 ulation of that technological-productive base with the inherited socio-spatial and
34 institutional framework of Fordism-Keynesianism, the latter rationalized to the
35 goals of freed market forces and property rights under the dominance of financial
36 capital and a new (global) regionalism that results in fragmentation and dismantle-
37 ment of national space.

38 Coexisting with neoliberalism, there are at least two alternative development
39 paths; these are the Scandinavian solidary liberalism and the Asian selective
40 corporatism.

US hegemony system of states and neoliberalism constitute thus a first globalization path that is now in crisis, opening up a trend toward multi-polar globalization having as a principal engine the irruption of China, the BRICs, and the Global South, as an unarticulated supranational hegemonic project.

Notes

1. Regarding the economic force, it is necessary to distinguish between the industrial and agricultural capacity, and the financial capacity.
2. The military force is the synthesis of 1 and 2.
3. The application of science and knowledge in social production is not new in capitalism, constituting one of its civilizing aspects, but this secular trend takes a quality leap with the technological revolution in informatics and telecommunications (Foray 2000, 46).
4. The truly distinctive features of the present time are the processes of knowledge creation in economy and society as a whole, made possible by technological developments hereafter explained in the article.
5. This implies the productive nature of intellectual labor: scientists, laboratory employees, planners, and designers involved in the preliminary stages of the actual process of production also perform productive and value and surplus generating labor (process that implies), the integration of social labor capacity. By contrast, in Fordism-Keynesianism, there is a physical and ideological split within the collective laborer, distinguishing between “white collar” and “blue collar” workers.
6. Mandel (1979) refers to this process as follows:
 Inventions become branches in economic activity and applied science to direct production itself becomes a criterion that determines and encourages it [...] an unprecedented fusion of science, technology and production takes place. Science could truly become a direct productive force [...]. (244)
7. Corresponding to his anticipation of the new techno-productive base, Mandel (1979) also anticipates aspects of toyotism, when referring to the following:
 It’s not only in order to “ameliorate social stresses” [...] but with the much more direct goal of profit maximization, that employers have begun to experiment with “job enrichment” techniques, more labor mobility within the factory, abolition of mounting straps, etc. (562)
 Toyotism’s objectives contradict Fordism’s, given its aims on producing a small series of distinct and varied products, incorporating suggestions for improving the labor process and the product from the operator (Coriat 1991, 22). To this Mandel (1979) adds, [it’s all about] “automatic or semiautomatic factories” where “the role of preservation of living labor capital becomes more important that its function of surplus production, as these factories essentially appropriate fractions of social capital gain made by other firms” (562). According to the definition of Marx productive labor, the work of conservation and maintenance of production equipment is productive labor, and therefore surplus generator, so there is no opposition as indicated by Mandel between the “conservation function and the surplus production function”; therefore, it is wrong to asses that these activities are not essentially surplus generators but appropriators of the one produced by other firms.

- 1 8. Overall, the declining rate trend of the laws of profit continues to operate but with a new counter-
2 trend, which will have a direct impact on the division of labor between businesses in the context
3 of productive networks. For a detailed study, see Ordóñez (2004, 2009).
- 4 9. Previous studies had used the term “Electronics and informatics” to refer to this sector, but now the
5 expression “and telecommunications” is added, given the growing importance of this activity in the
6 context of the current technological and services convergence and its growing influence in the sector.
- 7 10. This determines the urging importance of patent policy that faces the challenge to promote tech-
8 nological innovation, while allowing a monopoly position that enables capital recovery, essential
9 for primary innovation. Opposed to this inventive logic is a different kind of logic that promotes
10 an action of producer-consumer or technology-producer-user, which focuses on the value of use,
11 that is, the logic of knowledge development without property rights, led by free open source
12 software developers.
- 13 11. The previous American economy expansionary phase lasted nine years (from the second quarter of
14 1991 to the second quarter of 2000), with an average growth rate of 4.1% registered between 1995
15 and 2000 (against 4.2% registered in the 1959–73 period) and an average productivity rate growth
16 of 3.2% in the same period (against 2.9% registered in the 1959–73 period). The rapid increase
17 in productivity resulted in lower levels of unemployment and inflation and significant increases
18 in real wages (Baily 2001, 206). Instead, during the economic contraction in 2001–02 there were
19 only three recessionary quarters (2000 q. 3, 2001 q. 1 and q. 3), and it lasted 10 quarters (2000 q.
20 3–2002 q. 4; data from the Bureau of Economic Analysis, US, www.bea.gov), although this was
21 mostly due to the uncertainty situation generated after September 11, 2001, resulting from the ter-
22 rorist attacks, the crisis of commercial aviation, the Iraq War, and the rising oil prices.
- 23 12. The same basic idea is implied in the findings on the new type of “model” company, by the
24 literature on human capital (Stewart 1997; Drucker 1994; Castells 1996), and the reasons for the
25 global deployment of the new inter-industrial division of labor of the nineties (Frost & Sullivan
26 2005). Authors such as Borrus and Zysman (1997), Ernst (1998), and Quinn and Hilmer (1994)
27 conclude that, specializing in product design, companies considerably reduce their investment in
28 machinery and equipment.
- 29 13. The new expression “emerging countries” precisely reflects this process, whereby some develop-
30 ing countries have been integrated into the new international division of labor.
- 31 14. China and Argentina have established a reciprocal recognition of the integrity of their sover-
32 eignty agreement (a unified Continental China/Taiwan/Tibet and Argentina and Falkland
33 Islands) and multi-polarity promotion, and have declared their relationship as “strategic” (Paz
34 2014). Moreover, Brazil and China in the framework of “la Comisión para la Coordinación y
35 Cooperación Chino-Brasileña de Alto Nivel (COSBAN)” raise their relationship from “strategic”
36 to “global strategic” in 2013 (Abdenur 2014).
- 37 15. Members including Armenia (in 1994), Kazakhstan (in 1994), Kyrgyzstan (in 1994), Russia (in
38 1994), Tajikistan (in 1994); observers including Afghanistan (in 2013) and Serbia (in 2013); and
39 possible candidates Iran.
- 40 16. Opponents of the new rules, led by cable television and telecommunications companies, say that
adopting the Title II approach opens up the door to bureaucratic interference with business deci-
sions that, if let stand, would reduce incentives to invest, and thus raise prices and hurt consum-
ers. Supporters of the Title II model include many major Internet companies, start-ups, and public
interest groups as noted in *The New York Times* articles on February 26, 2015.
17. Member states including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New
Zealand, Peru, Singapore, the US, and Vietnam, with South Korea and Taiwan manifesting interest
in participating.

18. Between the 10 member states of the Association of Southeast Asian Nations (ASEAN; Brunei, Burma, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam) and the six member states with which ASEAN has existing Free Trade Agreements (FTAs; Australia, China, India, Japan, South Korea, and New Zealand).

References

- Abdenur, A. E. 2014. "Emerging Powers as Normative Agents: Brazil and China within the UN Development System." *Third World Quarterly* 35 (10): 1876–93.
- Baily, M. N. 2001. "Macroeconomic Implications of the New Economy." Peterson Institute for International Economics. <https://piie.com/publications/wp/01-9.pdf>.
- Borras, M., and J. Zysman. 1997. "Wintelism and the Changing Terms of Global Competition: Prototype of the Future." Working paper. <http://www.brie.berkeley.edu/publications/WP%2096B.pdf>.
- Brenner, N. 2004. *New State Spaces*. New York: Oxford University Press.
- Bueno-Hansen, P. n.d. "Approaches to Comparative Politics: A Cultural Politics Critique." Working paper. <http://ic.ucsc.edu/~rripsch/QEs/BuenoHansen.comp%20pol.QE1.pdf>.
- Castells, M. 1996. *The Rise of the Network Society*. London: Blackwell.
- Coriat, B. 1991. *Penser à l'envers* [Think backwards]. Paris: Christian Bourgeois.
- DeLong, J. B., and L. H. Summers. 2001. "The 'New Economy': Background, Historical Perspective, Questions, and Speculations." *Economic Review* 86 (4): 29–59. <http://www.cfapubs.org/doi/pdf/10.2469/dig.v32.n3.1111>.
- Drucker, P. 1994. *La sociedad postcapitalista* [The postcapitalist society]. Colombia: Norma.
- Ernst, D. 1998. "What Permits Small Firms to Compete in High-Tech Industries? The Dynamics of Inter-organizational Knowledge Creation in the Taiwanese Computer Industry." Working paper. <http://www.druid.dk/conferences/summer1998/conf-papers/ernst.pdf>.
- Evans, P. 2007. *Instituciones y desarrollo en la era de la globalización neoliberal* [Institutions and development in the neoliberal globalization era]. Bogotá: ILSA.
- Fernández, R., and M. Alfaro. 2011. "Ideas y políticas del desarrollo regional bajo variedades de capitalismo: contribuciones desde la periferia [Ideas and regional development politics under capitalism varieties: Contributions from the periphery]." *Revista Paranaense de Desenvolvimento*, no. 120: 57–99.
- Foray, D. 2000. *L'économie de la connaissance* [The knowledge economy]. Paris: La Découverte.
- Frost & Sullivan. 2005. www.frost.com.
- Gramsci, A. 1977. *Quaderni del carcere* [Prison notes]. Critical edition of V. Gerratana. Torino: Einaudi-Istituto Gramsci.
- Gramsci, A. 1981. *Noterellesullapolitica del Machiavelli* [Notes on politics in Machiavelli]. Introduzione e note di Donzelli [Introduction and note by Donzelli]. Torino: Einaudi-Istituto Gramsci.
- Harvey, D. 1990. *The Condition of Postmodernity*. Cambridge, UK: Blackwell.
- Harvey, D. 2005. *A Brief History of Neoliberalism*. New York: Oxford University Press.
- Hnyiliczka, E. 2005. *El abrazo invisible: hacia las reformas de tercera generación* [The invisible embrace: Towards third generation reforms]. Lima: Fondo Editorial de la Universidad de San Martín de Porres.
- Kwon, H.-ju. 2005. "Transforming the Developmental Welfare State in East Asia." DESA working paper, no. 40. http://www.un.org/esa/desa/papers/2007/wp40_2007.pdf.

- 1 Mandel, E. 1979. *El capitalismo tardío* [The late capitalism]. Mexico: Era.
- 2 Ordóñez, S. 1996. “Cambio histórico mundial contemporáneo y pensamiento social: Transformaciones
3 del capitalismo: la revancha de Gramsci [Contemporary world historical change and social thought:
4 Transformations of capitalism: Gramsci’s revenge].” *Iztapalapa UAM-I*, no. 40: 207–30.
- 5 Ordóñez, S. 2004. “Nueva fase de desarrollo y capitalismo del conocimiento: elementos teóricos [New
6 phase of development and knowledge capitalism: Theoretical elements].” *Comercio Exterior* 54
(1): 4–17.
- 7 Ordóñez, S. 2009. “El capitalismo del conocimiento, la nueva división internacional del trabajo y
8 México [Knowledge capitalism, new international division of labor and Mexico].” In *Globalización,
9 conocimiento y desarrollo. Tomo I: La nueva economía global del conocimiento estructura y
10 problemas* [Globalization, knowledge and development. Volume I: The new global knowledge
11 economy structure and problem], edited by A. Dabat and J. Rodríguez, 383–416. Mexico: UNAM,
12 IIEc, FE, CRIM, CCADET, Porrúa.
- 13 Ordóñez, S., and R. Bouchain. 2011. *Capitalismo del conocimiento e industria de servicios de tel-
14 ecomunicaciones en México* [Knowledge capitalism and telecommunications services industry in
15 Mexico]. Mexico: UNAM, IIEc.
- 16 Ordóñez, S., and A. Dabat. 2006. *Revolución informática, nuevo ciclo industrial y la nueva industria
17 electrónica de exportación en México* [Informatic revolution, new industrial cycle and Mexico’s
18 new export electronic industry]. Mexico: IIEC-UNAM.
- 19 Ordóñez, S., and A. Dabat. 2009. “Globalización, conocimiento y nueva empresa trasnacional: desafíos
20 y problemas para los países en desarrollo [Globalization, knowledge and new transnational firm:
21 Challenges and problems for developing countries].” In *Globalización, conocimiento y desar-
22 rollo. Tomo I: La nueva economía global del conocimiento estructura y problemas* [Globalization,
23 knowledge and Development. Volume I: The new global knowledge economy structure and prob-
24 lem], edited by A. Dabat and J. Rodríguez, 223–60. Mexico: UNAM, IIEc, FE, CRIM, CCADET,
25 Porrúa.
- 26 Paz, G. 2014. “Argentina and Asia: China’s Reemergence, Argentina’s Recovery.” In *Reaching across
27 the Pacific: Latin America and Asia in the New Century*, edited by C. Arnson, J. Heine, and C.
28 Zaino, 153–86. Washington: Wilson Center.
- 29 Quinn, J. B., and F. G. Hilmer. 1994. “Strategic Outsourcing.” *Sloan Management Review*, July 15.
30 <http://sloanreview.mit.edu/article/strategic-outsourcing/>.
- 31 Ramo, G. 2011. *El XII Plan Quinquenal de la República Popular China* [The twelfth five-year-plan
32 of the People’s Republic of China]. Shanghai: Oficina Económica y Comercial de la Embajada de
33 España en Shanghái.
- 34 Stephens, J. 1995. “Preserving the Social Democratic Welfare State.” *Nordic Journal of Political
35 Economy* 22: 143–62.
- 36 Stewart, T. 1997. *Ilcapitale intellettuale. La nuova ricchezza* [The intellectual capital: The new wealth].
37 Milán: Ponte alle Grazie.
- 38 Williamson, J. 1998. “On Markets and Regulation.” Paper presented to a conference held at the
39 University of California, Santa Cruz, November 20. [https://piie.com/commentary/speeches-papers/
40 markets-and-regulation](https://piie.com/commentary/speeches-papers/markets-and-regulation).