

## **KNOWLEDGE CAPITALISM, GLOBALIZATION AND HEGEMONY: TOWARDS A SOCIO-SPATIAL APPROACH**

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**Abstract:** Within a socio-spatial theoretical approach, knowledge capitalism is a new capitalist phase of development emerging in the eighties of 20<sup>th</sup> 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 actually is and will be the result of different forms of rearticulation and rehierarchization of spatial scales, depending on the hegemonic projects that prevail in the actual global struggle.

**Key words:** knowledge, capitalism, spatial, globalization, Gramsci, hegemony, neoliberalism, United States, China, BRIC

### **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 hegemony concept on a 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 others spatial scales, but with a fundamental active role of national space on the re-articulation and re-hierarchisation 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 on 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 is opening-up a trend towards multi-polar globalization derived principally from the irruption of China, the BRICs and the Global South.

### 1. 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 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.

Gramsci's contribution consists of the formulation of a series of articulated concepts that can be considered methodological mediation concepts in a double sense: 1) in between the dual historical dimension of capitalism, either understood as a mode of production, or as a succession of historical phases of development; and 2) in that perspective, in between the economic structure and classes and social groups and their possibilities of engaging in action. These concepts are *hegemony*, *passive revolution*, *historical bloc*, *system of hegemony of states*, and others that are derived from

them, with hegemony being the fundamental concept, since the others are the result of elaborations constructed and based on the concept of hegemony. We will now develop these general concepts in light of the transition from one historical phase of development to another, based on the previously explained reasons.

Historical crisis of capitalism are understood as the moments in which, with insurmountable contradictions having arisen in the economy, the political forces that operate in favor of the latter's preservation attempt to resolve such contradictions within the limits of its current configuration, while other forces organize, seeking to demonstrate (with their own victory) that the necessary and sufficient conditions already exist to provide for their solution in a new phase of the development of capitalism (Gramsci, 1930-1932, N.4: 455 and N.13: 1578. The quotes from Gramsci referred to here are from a critical Italian edition of the Prison Notebooks of V. Gerratana [1977]: " N.4" indicates that it is notebook no. 4). That is, within a new combination between economy, politics, ideology, culture and spatiality. With this, the progressive political forces promote the transition from one historical phase of capitalism to another.

If we consider that, according to Marx, the fundamental contradiction of capitalism (which determines its historical character as a mode of production) is between the development of the productive forces and the social relations of production - a contradiction which implies that an increasingly private appropriation of the (social) product goes hand in hand with the increasingly social character of production- the solution to a historical crisis poses for capitalism the need to take a further step toward the socialization of production, which would allow for the subsequent development of the productive forces, even conserving the private character of the appropriation of the product. In this sense, the historical mission of capitalism is to incorporate technological progress in its development, which represents the indispensable condition so that the progressive dominant groups and classes can constitute a new *hegemony* over the subordinate classes and groups, that is, they can continue exercising a capacity for domination (through means of coercion) over them, playing, at the same time, a leading historical role, by means of consensus or the capacity to convince others of their historical aims. This implies the ability of creating a new social common and integrating philosophical conception of reality according to the solution of the precedent contradictions, with a corresponding new form of social acting by the individual subject, which 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 (Donzelli, 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, 1933, N. 15: 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, in order 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, 1932-1935, N.10: 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, this 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 [1931-1932], N.8: 182, [1932-1935] N.10: 1237-1238 and 1337-1338 and [1932-1934] N.13: 1569-1570) with the political-economic structure being the reference point and dialectical origin of the socio-spatial and institutional frameworks. This implies that politics and the rest of the superstructures have their specificity and an active function in historical change, not being limited to being a mere reflection of the economic structure (Gramsci, 1932-1934, N.13: 1577-1578).

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 theoretical-practical activities in formal and informal organizations, which become, in turn, reference points for new social and individual

actions. Consequently, the character of agglutination and cohesion of the social action of the institutions is related to their role in the realization of this common historical project, and, therefore, in the more or less direct realization of the hegemonic function that sustains it.

In the building of institutions, as well as the historical bloc as a whole, the role of intellectuals is key, since, based on their technical-formative and leadership capacity, they differ from “simple” individuals of their social group or class, and they have the possibility to generalize and project the interests and theoretical-practical actions characteristic of that class or social group, and, in that sense, contribute to generating a class or social group identity. In a historical-social perspective, intellectuals represent the “glue” that articulates the different classes and social groups -as well as their institutions- that converge in the historical bloc, being, therefore, the “officials” in charge of exercising the hegemonic function (Gramsci, 1932-1935, N.12: 1518-1519).

In this perspective, it is possible to distinguish between different degrees of contribution to the realization of the hegemonic function and the scope of the capacity of agglutination and cohesion of social and individual action on the part of the institutions that correspond to the different types of intellectuals due to the scope and dimension of their activity, with, in this sense, the state being the most developed institution: 1) the institutions that bring together and cohere a social class with other classes and social groups around the historical bloc, to which the organizational and connective action of *organic intellectuals* correspond; 2) the institutions that agglutinate and cohere a social class around itself; and 3) the institutions that agglutinate and cohere a social group, beyond the determining factors of class of the individuals that comprise it, with the organizational and connective action of *traditional intellectuals'* corresponding to points 2 and 3. Organic intellectuals being those capable of projecting the interests and activities of a class or social group in a historical project that articulates the class or social group to the rest of society from a hegemonic position, thus, they can belong even by their material conditions of living and/or ideologically to either of the antagonistic classes only, meanwhile traditional intellectuals are those that generalize and project the interests and activities of a class or social group, contributing to the creation of a specific identity (Gramsci, 1932-1935, N. 12: 1513-14, 1550-51).

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

The concepts that have thus far been developed are limited to the realm of 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*. So that this can occur, it is necessary that the national historical bloc be constituted in a country with the sufficient 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 is 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<sup>1</sup>; 2) its territorial extension and geographic position; and 3) its military force<sup>2</sup>. 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, 1932-1934, N. 13, p.1577 y 1597-1598); 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, 1932-1934, N.13 p.1597-1598).

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, 1932-1934, N.13: 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 (Donzelli, 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 (or 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, 1932-1939, N. 13: 1562).

## 2. 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 tends 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<sup>a</sup>:60)<sup>3</sup>.

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

The conversion of SES in immediate condition of social production raises the problem of qualitative transformation of the collective worker, in terms of incorporating complex labor, their reunification with manual labor and the productive nature of intellectual labor, all of which leads to the integration of social labor capacity<sup>5</sup>.

Meanwhile, the new technological revolution enables the emergence of a new productive force, due to the narrowing of the link between science and knowledge with social production through basically two processes<sup>6</sup>: 1) increases in information processing capacity and generation of science and knowledge, in a direct way accessible and applicable to production, which are a result, respectively, of the development of microprocessor and software as codified knowledge; and 2) the dramatic increase in speed and scale of access and dissemination of knowledge and information, resulting from the convergence of computing and telecommunications and the development of such technologies.

Unfolding of technological revolution results in the formation of a new technological and productive base, which tends to articulate with toyotism as a new way of leadership and organization of labor processes. This pursues, unlike fordism, the incorporation of quality in production processes and in the social product, and via this pathway, knowledge -particularly operators' tacit knowledge- becoming a labor system based on the extraction-injection of such knowledge<sup>7</sup>.

Henceforth these conditions, the formation of a knowledge cycle takes place (production, circulation and accumulation) including both the SES and the production, circulation and social consumption, in which the great historical challenge is the valorization of knowledge (creation of new value based on knowledge), that constitutes a new countertrend to the tendency for the rate of profit to fall (see Ordóñez [2004] and [2009])<sup>8</sup>.

On a macroeconomic level, the unfolding of the informatics and communications revolution entails the integration of a new technological-productive complex, formed by a set of industrial and service

activities articulated by basic integrated circuit technologies, software and digitization, henceforth referred to as the electronic, informatics and telecommunications sector (EITS)<sup>9</sup>.

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: a) the increasing gain from scale production of knowledge-intensive activities is associated to 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 monopoly position of the first innovator) (De Long and Summers [2000])<sup>10</sup>; b) it establishes a much more direct and integrated relationship with the remaining productive activities, both at the technological levels of process (productive, organizational, labor, communications, marketing) and product (incorporating the microprocessor to very diverse means of production, consumer durables and physical infrastructure, such as operation bridges, canals, pipelines, etc.) (Ordóñez and Dabat, 2006); c) it integrates "forwards", providing supplies to virtually every company and service, instead of "backwards" demanding inputs such as former industrial complex; d) whereupon in the economic cycle generated by it, supply is driving demand, and not the other way around as in the business cycle of the Fordist-Keynesian phase; and e) if at 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 recovery<sup>11</sup> due to a technological-productive restructure, affecting its global space deployment and international and inter-industrial division of labor (Dabat y Ordóñez, 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 Bouchaín, 2011:71).

Globalization constitutes the spatial dimension of Knowledge Capitalism and consists on a shaping process of the 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 new inter-industrial division of labor is based on the valorization of knowledge process, as a new countertrend to the tendency for the rate of profit to fall, given that the valorization of knowledge process, considered within the context of value network, assumes that firms that achieve higher value in knowledge content activities will benefit the most from the new possibility in counteracting the tendency for the rate of profit to fall<sup>12</sup>, as has been studied in detail by Ordóñez [2004] and [2009].

The new inter-industry and inter-firm division of labor enables companies to thrive for valorization of knowledge through territorial fragmentation and dispersion between stages in the production cycle, consisting on the conception and design of processes or products –concentrated in OEM and ODM companies–, on the one hand, and the manufacturing and associated support services –concentrated in CM and CS companies–, on the other, radically reducing capital and know-how requirements, necessary for the development of large scale production and major markets strategies. Such a process has been developed through a broad offshoring-outsourcing process and the subsequent deployment of global production networks, which –overlapped to the old international division of labor– has formed a global division of labor, consisting on the following trends: while the most intensive intellectual labor production linkages (scientific research and development, software creation and design and hi-tech intensive manufacturing) have remained located in the advanced industrial countries, linkages with less intensive skilled labor –even if with increasing skill levels– have been gradually and massively re-located in the so-called developing countries or emerging countries<sup>13</sup>, typically defined by comparatively low labor costs, low educational and infrastructural levels with a certain degree of relative development and some advantages in geographic location, culture and even linguistics.

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

This urges for a reconfiguration of national geographical scale based on the new dynamism of the regional and local scales, and a new "bottom-up" relationship with the national, which will allow it to play a key active role in the re-hierarchisation of geographic scales process, wherein a re-

articulation of the supranational with the regional-local scales is national mediated (Brenner (2004: 205) and Fernández and Alfaro (2011: 86)).

### 3. US hegemony and neoliberalism as a (first) globalization path

The end of World War II and the defeat of fascism implies 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' 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 GATT, imposing commercial multilateralism, instead of the former bilateralism, and thus a “free” competition between national economies; and 4) 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 possibles), 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 on 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 later, 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 an hegemony system of states and competitor in the bipolar world order of the post-World War II period; 2) the quest for recognition and individualism due to liberalism, which can occur because of the free market, (private) property rights, and the material prosperity that reciprocally strengthen each other with a universal culture of consumption; 3) a transfer toward civil society of the state’s traditional responsibility to attend to the basic needs of survival of the marginalized sectors through providing social services and investment in infrastructure; 4) subjugation of politics to the democracy of the market and property rights, and the emergence of community survival networks to address the social needs that previously were the responsibility of the state (Bueno-Hansen, undated: 61-67); 5) spatially based on a (global) regionalism, which implies a fragmentation and dismantlement of national space in favor of a direct articulation of localities and regions with the supranationality of globalization; and 6) basically containing the entire superstructural projection on the internal socio-spatial and institutional framework inherited from countries’ preceding phase of development, even when reformed in terms of the reduction of the role of the state as “neutral” guarantor of socio-economic reproduction -without active interventionism-, and, in the international scale, contained on the US system of hegemony of states that emerged triumphant after the fall of the Berlin Wall.

Neoliberalism has tended to become articulated with postmodernism as an ideological-cultural principle of representation of the subject’s reality and action in the world that views it as a (multiple) reality(ies) in constant change and that is fragmentary (without interrelation among its constituent parts), which does not follow a line of continuity with the past, breaking, therefore, with the idea of (historical) progress. It involves, therefore, an indefinite reality in which every all-encompassing philosophy that pursues a change in reality as a whole is unviable and open to criticism, with specific individual or (little) group praxis being the only variant possible, strongly determined by local contexts and of a necessarily pragmatic character (Harvey, 1990: 39-65).

The former means that at the present time, the transition from the merely economic moment of the process to the complex elaboration of the socio-spatial and institutional framework that provides historical viability to the new phase of development has still not been verified. This represents, in the final analysis, the fundamental cause of the 2007-2009 global financial crisis, to the extent that its essential determining factors reside in the autonomization and the extreme growth of financial capital in comparison with productive capital, which is very close related to the informatization and the resulting automatization and unprecedented growth in the velocity at which money circulates.

This leads to the existence of an enormous plethora of global financial capital, the result, to a large extent, of the expansion of the sphere of financial valorisation that has brought along with it the diversification 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's crisis: 1) capital accumulation based on 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, oppose to the necessity for creating an internal knowledge cycle that involves a widespread social mobilization process oriented towards innovation and learning; process in where, 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 supra-nationality of globalization, implies 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 2007-2009 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 frameworks. 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 countries 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 EU's and OCDE's countries during the years two thousand (Ordóñez. 2015).

The development of a new technological-productive base in Scandinavian countries made possible the formation of an internal industrial cycle articulated by the new dynamic activities of the EI-TS. This has been articulated with a new socio-spatial and institutional framework centered on a new “solidary liberalism” hegemonic compromise and on an innovative-multi-scalar form of state, which implies mutual empowerment relations between the state and the organized civil society, permitting energy and imagination involvement of classes, social groups and citizens in state action (Evans, 2007) in a multi-scalar dimension. As a result, these countries lead knowledge, innovative and learning internal cycle formation.

The solidary liberalism is a socio-spatial and institutional innovation of the compromise between business and the social-democratic movement emerged in the inter world wars period, consisting on an adoption and adaptation to the Scandinavian reality of the principals of “Americanism” and the mass culture. Solidary liberalism's socio-spatial and institutional innovation consist on a new form of solution to both social antagonism and conflict based on the following principals: 1) tripartite negotiation (government, business and unions) not only of real direct an indirect wages, but of labor training and complex labor formation in a multi-scalar dimension, implying a dynamic inclusion of regional and local scales in the whole negotiation; 2) orientating unemployment compensation toward the promotion of training and labor mobility, with an active policy in the labor market being one of the main instruments of state economic action (Stephens, 1995: 24-26); and 3) the already referred reciprocal empowerment between state institutions and organized civil society orientated to the knowledge, innovation and learning internal cycle formation.

As for the East Asian countries, they have achieved to articulate the new technological-productive base with a selective corporatist-developmental socio-spatial and institutional framework, taking advantage of the legacy of authoritarian states with strong government intervention in the economy and control over civil society, to promote the formation of development-oriented states that have managed to channel, through the use of coercion, social energy for the processes of innovation, technological learning, and production of knowledge, creating selective mechanisms promoting the corporatist organization of specif social groups, and its recognition by the state, with resolution of

social conflict on the distribution of economic surplus resulting from labor productivity increases. As an example, in South Korea and Taiwan since after the 1997-1998 crisis, which functioned as a catalyst for processes that had been initiated previously, the distributive compromise of economic surplus was extended from workers 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 (Huck-ju 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, join 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 businesses groups linked to national 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 includes 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.

#### 4. China, the BRICs and the Global South: the trend towards multi-polar globalization

##### A) The background of Chinese expansion

China is 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 an 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

crises, neither by an historical bloc's one, but it takes 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 seventies. 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.

Thus, faced with the exhaustion of the “mass line” as the national development pathway, the premise "politics in command" as a guideline for development is replaced for a new logic that would prevail within the bureaucracy of the Chinese Communist Party (CPC), and meant the distinction of a new era of growth and economic development without parallel in China: “the economy in charge”. Henceforth the reformist faction of the CPC comes to power, driving a set of pragmatic reforms in the economy, based on a set of alliances with the regional and local bureaucracies for confronting the central bureaucracy, oriented to the transition from statism to merchandise-capitalistic economy. Even if that implied to breakup the historical compromise with the central bureaucracy in terms of her execution of the central planning strategic activity, this takes place opening up new channels for her active participation in the new historical project, by executing development strategic planning, state firms management in strategic sectors and regulation of the new internal market.

That makes possible for the leading Chinese bureaucracy to confront international neoliberalism by conserving and innovating its leading capability over the diverse bureaucracy groups and the emergent continental bourgeoisie, as well as its coercive capability over the subaltern class and groups and civil society in terms of the national historical bloc. From that point, the leading bureaucracy has achieved to condition to a national development strategy, which includes an extended state economic action, processes such as the roles of the new international financial capital and that of the transnationalized productive capital, or even the country's integration into international institutions such as the WTO.

The Chinese leading bureaucracy has taken advantage too of its renewed hegemonic internal capability, joint to the use of the access to its enormous internal market as an instrument of economic-political negotiation, to extend, according to its own necessities and beyond international constrictions, the actual export substitution process, by applying numerous hidden entering barriers, combined with a undervalued exchange rate. That has been combined with an industrialization by outsourcing and re-localization of productive processes taking place in the “special zones”, resulting in an upgrading process in the global value chains.

The 2007-2009 global financial-productive crisis exhibits not only the neoliberalism crisis, but the exhaustion of a first stage of restructuring and development path in China that took place within an international trade configuration in which the condition of great international debtor of the US was complemented by the condition of global exporter of China, permitting the latter the accumulation of enormous international reserves which were then invested in US international debt, and an infrastructure over-investment financed by the state banks.

In that situation, US reprise must rely more on investment and less on credit consumption, which, joint to EU debt crisis, poses the need for China to reorient its growth towards 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.

Currently the Chinese government has begun a transit from an economy based in 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 economy. This has been expressed in the formulation of the XII Five Year Plan (2011-2015), placing special emphasis on the promotion of the endogenous innovation as an engine of growth and social development; particularly through the next four national strategies: transform and upgrade 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, from 2 percent in 2011 to 8 percent in 2015.

To move towards 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 percent at the end of 2015; in addition to an average of 3.3 patents per ten thousand 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 percent since 2000. In 2011, spending on R&D was 139 billion dollars (1.84 percent 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 projects an increase of three percent in primary education coverage and a rate of 87% of the population with secondary education.

#### B) The trend towards multi-polar globalization

Very closely related to the hegemonic internal capability, the external power of the Chinese state has permitted the leading bureaucracy to create favorable international conditions for the economic expansion, such as the creation of international commodities reservoirs in Africa, the international defense of the undervalued exchange rate, the accumulation of enormous international reserves, the policy of international markets expansion, and the recent steps toward the yuan's free convertibility that will make it an international reserve currency joining the dollar, the euro and the yen.

Consequently, Chinese industrial upgrading and the creation of favorable international conditions for the economic expansion poses a threat to the neoliberal geoeconomical bases of the US hegemony system of states, and to US geoeconomical hegemony on its own, that has been recently accompanied by an in depth geopolitical and military threat too, concerning two main issues: the geoeconomical-politic and military equilibriums in the Asia Pacific region, and the supranational governance related to the irruption of the Global South, as will be discussed next.

Chinese state's external power has been recently developed into an international ideological positioning in terms of a regional nationalism, which is conducting to a regional Chinese great power policy oriented to extend national sovereignty over the Asian-Pacific region, confronting traditional US allies in the region, such as Japan and South Korea, and provoking US military increased presence there. The Japan-China dispute over the Senkaku or Diaoyu Islands is one case, in which the islands matter because they are close to important shipping lanes, offer rich fishing grounds and lie near potential oil and gas reserves. They are also in a strategically significant position, amid rising competition between the US and China for military primacy in the Asia-Pacific region (BBC News, 10/11/2014). In the context of this dispute the US and Japan have

recently established a new set of mutual defense guidelines, in which Japan could shoot down missiles heading toward the US and come to the aid of third countries under attack, if the attack was deemed a threat to Japanese security. This is in line with Abe's government controversial reinterpretation of Japan's Constitution to allow Japan to exercise the right to collective self-defense, implying the expansion of the overseas activities of the Self-Defense Forces (The Manila Times, 19/04/2015).

As for South Korea, the dispute is over overlapping Exclusive Economic Zone claims (containing potential reserves of oil and gas), growing illegal fishing and the Ieodo/Suyan reef dispute (EastAsiaForum, (27/11/2012). 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 (The Telegraph, (15/04/2015).

Another mean of extending its geoeconomical-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 joint the initiative, such as the UK, Germany, France and Italy in Europe, or South Korea and Singapore in the region (Business Insider, 31/03/2015).

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 BRICs countries and the investment, commercial and financial growing integrative relation with Latin America and Africa.

China has had a leading role on the institutionalization of BRICs and on the increased mutual cooperation since the 2007-2009 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 towards the developing countries and compete as well with the financial institutions of the US hegemony systems of states (BloombergBusiness, 16/07/2014).

Part of this increased cooperation is Russia-China \$400bn gas deal to supply China's state oil company CNPC with 30bn 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, that 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 (Financial Times, 8/03/2015).

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 far Africa's biggest trading partner, exchanging about \$160 billion-worth of goods a year. This includes a new "North-South" trade relation in which Chinese imports from Africa, equaling US \$93 billion, consists largely of mineral ores, petroleum, and agricultural products; and Chinese exports to Africa, totaling \$93 billion, consists largely of manufactured goods. Furthermore, more than 1m Chinese, most of them workers and traders, have moved to the continent in the past decade.

As for Latin America, the search of alternative development paths to neoliberalism implies a split in the region between the North–Center and the South. The former is fully committed to a neoliberal path of development and its current neo-institutionalist reorientation -the specific case of Mexico-, being productively and commercially integrated to the US. The latter is in a searching process of alternative development paths that is leading to an increasing trade and financial integration with East Asia and particularly China, implying (as for Africa) a new North-South relation that involves the exports of primary goods or "export reprimarisation" of the region, and, to some extent, of production too; in exchange for imports of manufactured goods with increasing knowledge value added, that clearly shows its limitations in terms of long-term development prospects for the sub-continent, facing the slowdown of China.

That has been complemented with an international repositioning of South America that implies a clear alignment with the geo-economical-politic project led by China and including the BRICS and the Global South, facing the crisis of US hegemony system of states and neoliberalism. This alignment is manifested by the increasing formalization of the geoeconomical-politic strategic relationship of some countries of the region with China, that in the short-term has resulted in a Chinese strong presence in that region as *lender of last resort* due to recent financial difficulties as the risk of default and foreign exchange reserves restrictions in countries such as Venezuela and Argentina<sup>14</sup>.

Russian's response to this supranational complex changing situation has been marked by the

previous 2007-2009 global financial-productive crises raising commodities prices, and particularly oil and gas prices, by projecting the Russian state external power into a regional Russian nationalism that extended its frontiers (Crimea annexation), reaffirmed the Russian supranational economical influence area, as well as a new regional hegemony system of states. The Eurasian Economic Union institutionalized on May 2014 by Kazakhstan, Belarus and Russia, with the participation of Armenia and Kyrgyzstan as observers, constitute a big regional market that unites more than 170 million people and 3.2% of world's GDP.

As for the regional hegemony system of states, the Collective Security Treaty Organization (CSTO) is a military alliance explicitly created to counter NATO, in which Russia has recently won the right to veto the establishment of new foreign military bases in the member states<sup>15</sup>, with the tightening of rules apparently not applying to existing facilities, such as the U.S. 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 kind of strategic responses: a neoliberal reorientation addressing neoliberalism crisis; and new strategic partnerships to boost new economic expansion et counter China economical-politic presence in Asia-Pacific region.

The neoliberal reorientation meets the most advanced positions of neo-institutionalist theoretical reference represented by D. North, that 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 strong government action in infrastructure creation and care that inspired the recent 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. That 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<sup>16</sup>.

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<sup>17</sup>, 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 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 too to counter the growing influence of China in the Asia Pacific region, whit the Chinese negotiating with 15 other Asian countries a rival Regional Comprehensive Economic Partnership (RCEP) trade agreement<sup>18</sup>.

Globalization is thus a socio-spatial open process in which the actual supranational hegemonic projects struggle is conducting towards a multi-polarity, whose final distinctive characteristics are still uncertain.

#### Concluding remarks

In a socio-spatial approach globalization is conceived as the spatial dimension of knowledge capitalism, which is a new phase of development of capitalism. Globalization thus consist on a shaping process of the national-centric geography and territorially integrated state space by the (global) geography and territorially integrated capital space, resulting from 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. This urges for a reconfiguration of national space based on the new dynamism of the regional and local scales, and a new "bottom-up" relationship with the national, which will allow it to play a key active role in the re-hierarchisation of geographic scales process, wherein a re-articulation of the supranational with the regional-local scales is national mediated.

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

From this perspective we argue that at the present time the technological-productive base of

knowledge capitalism has thus far been developed without its projection having yet taken place in the socio-spatial institutional framework. In that situation neoliberalism is the dominant development path implying the articulation of that technological-productive base 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 that results on a fragmentation and dismantlement of national space.

Coexisting with neoliberalism there are at least two alternative development paths, that is the Scandinavian solidary liberalism and the Asian selective corporatism.

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

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**1**        **Notes:** 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" (p. 191). 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 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 (p. 244) [...] an unprecedented fusion of science, technology and production takes place. Science could truly become a direct productive force [...]".

7        Corresponding to his anticipation of the new techno-productive base, Mandel also anticipates aspects of toyotism, when referring that "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." (op cit., p. 562). Toyotism's objectives contradicts fordism's, given it aims on producing 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 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" (p. 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 aren't essentially surplus generators but appropriators of the produced by other firms, as discussed later

8        Overall, the decline rate trend of the laws of profit continues to operate but with a new countertrend, which will have a direct impact on the division of labor between businesses in the context of productive networks. For a detailed study see Ordóñez [2004] and [2009].

9        Previous studies had used the term "Electronics and informatics" to refer to this sector, but now the expression "and telecommunications" is added given the growing importance of this activity in the context of the current technological and services convergence and its growing influence in the sector.

10 This determines the urging importance of patent policy that faces the challenge to promote technological innovation while allowing a monopoly position that enables capital recovery, essential for primary innovation. Opposed to this inventive logic is a different kind of logic that promotes an action of producer-consumer or technology-producer-user, which focuses on value of use, that is, the logic of knowledge development without property rights, led by free open source software developers.

11 The previous American economy expansionary phase lasted nine years (from the second quarter of 1991 to the second quarter of 2000), with an average growth rate of 4.1% registered between 1995-2000 (against 4.2% registered in the 1959-1973 period) and an average productivity rate growth of 3.2% in the same period (against 2.9% registered in the 1959-1973 period). The rapid increase in productivity resulted in lower levels of unemployment and inflation and significant increases in real wages (Baily [2000: 206] and US-BEA). Instead, during the economic contraction in 2001-2002 there were only three recessionary quarters (2000-3, 2001-1 and 3) and it lasted ten quarters (2000-3 – 2002-4) (US-BEA), although this was mostly due to the uncertainty situation generated after September 11, 2001, resulting from the terrorists attacks, the crisis of commercial aviation, the Iraq war and rising oil prices.

12 The same basic idea is implied in the findings on the new type of "model" company, by the literature on human capital (Stewart [1998] Drucker [1993] Castells [1996], etc.), and the reasons for the global deployment of the new inter-industrial division of labor of the nineties (Frost and Sullivan: [www.frost.com](http://www.frost.com)). Authors such as Borrus and Zysman [1997], Ernst [1998] and Quinn and Hilmer [1994] conclude that, specializing in product design, companies considerably reduce their investment in machinery and equipment.

13 The new expression "emerging countries" precisely reflects this process, whereby some developing countries have been integrated into the new international division of labor.

14 China and Argentina have established a reciprocal recognition of the integrity of their sovereignty agreement (an unified Continental China/Taiwan/Tibet and Argentina and Falkland Islands) and multi-polarity promotion, and have declared their relationship as "strategic"(Paz, 2014) Moreover, Brazil and China in the framework of "la Comisión para la Coordinación y Cooperación Chino-Brasileña de Alto Nivel (COSBAN)" raise their relationship from "strategic" to "global strategic", in 2013 (Erthal Abdenur, 2014).

15 Members including Armenia (1994), Kazakhstan (1994), Kyrgyzstan (1994), Russia (1994), Tajikistan (1994); observers including Afghanistan (2013) and Serbia (2013); and possible candidates Iran.

16 Opponents of the new rules, led by cable television and telecommunications companies, say adopting the Title II approach opens the door to bureaucratic interference with business decisions that, if let stand, would reduce incentives to invest and thus raise prices and hurt consumers. Supporters of the Title II model include many major Internet companies, start-ups and public interest groups (New York Times, 26/02/2015).

17 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 ten member states of the ASEAN (Brunei, Burma, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam) and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand).

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