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Rising powers and the drivers of uneven global development

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"*Capital knows no county.*" George Harvey (1917)

"*… capital never solves its crisis tendencies; it merely moves them around.*" David Harvey (2014, 11)

Introduction

Capitalist development is inherently combined, uneven and crisis prone; it has been so from the outset, and will remain so. There is widespread agreement on this point: there are very few uneven development deniers. All the empirical evidence – and there is a great deal of it – points to that conclusion, that the fates of industries and places, at varied spatial scales, are linked as some prosper and grow while others decline. On the other hand, there is widespread disagreement as to why this is the case. There is a wide variety of competing theoretical perspectives as to why development is spatially uneven, as to how best to theorise uneven development and adjudicate among competing theoretical perspectives and agree which gives the greatest explanatory purchase. As will become clear, my own preference is for a heterodox political-economy approach, grounded in Marxian political economy, as this provides the most powerful account of the systemic character of capitalist development as combined and uneven (for example, see Harvey, 1982; 2014; Hudson, 2001). What has undeniably changed over time is the form of that uneven development, at varying spatial scales. The recent emergence of the economies of the so-called rising powers – exemplified by the premier league of the BRICs (originally four, Brazil, India, Russia, China, but joined by South Africa in 2010 in a "symbolic political initiative": Degaut, 2015, 8) and second division of the MINTs (Mexico, Indonesia, Nigeria, Turkey) for example – has led to claims about a fundamental shift in global economic geography. It is worth noting, however, that while they share some features in common, these are far from homogeneous groupings (Sidaway, 2012) and these labels can be seen as no more than a marketing ploy, a brand that has its origins in Goldman Sachs, the term coined in 2001 by Jim O'Neil to denote a group of national economies in which the national growth rate exceeded that of the G7 (Fourcade, 2013; see also Table 1). However, despite their differing political economies the BRICS also began to act collaboratively, informally from 2006 and then formally via annual summits from 2009 as they sought to become a major actor in the global political-economy, although these efforts were hampered by the heterogeneous character of its members[1]. More fundamentally, the emergence of the rising powers is neither more nor less than simply one facet of the latest expression of the process of combined and uneven development at the global scale (for example, see Arrighi, 2008; 2010; Stephen, 2014). How and why the global economic geography developed as it did in this way, and with what implications and effects, is the focus of this paper. How long this spatial pattern will persist remains a matter for conjecture and future history.

The rest of the paper is organised as follows, recognising that capitalist development is always a process of combined and uneven development, and focussing on the changing forms of the international division of labour and geographies of the global economy. It situates the emergence of the rising powers in the context of the latest phase of combined and uneven development. Following a brief of discussion of the Old International Division of Labour and the gradual transition to a New International Division of Labour characterised by a 'global shift' in the location of manufacturing activity in particular from the 1970s, it discusses more fully the transition to a 'new'

[1] In 2006 Goldman Sachs created an in-house fund dedicated to the BRICS. In September 2015 it quietly closed its BRICs Fund, merging it with an all-purpose emerging markets fund, indicative of the changing perceptions of the map of global investment opportunities and the language used to describe it.

New International Division of Labour, characterised by the variable influence of neo-liberalism and a much more extensive and varied shift of economic activities, involving new North-South, South-North and South-South relationships and flows. The emergence of the rising powers has to be situated in the context of, and as a constituent moment of, this 'new' New International Division of Labour and the latest phase of combined and uneven development. One result of this was to overlay an East-West dimension onto the existing North-South divisions in the global economy. In seeking to understand why this change occurred, I focus particular attention on changes in transport and communication technologies, corporate strategies, state strategies and the interrelations among them. As well as discussing these macro-scale spatial changes, I discuss the related new patterns of intra-national uneven spatial development within the rising powers and more generally issues of growing socio-spatial inequality, characterised as the emergence of a Fourth World. In part related to burgeoning inequality, I also discuss the growing significance of illegality which has become structurally inscribed into this latest phase of capitalist development in North and South, East and West. I conclude with some rather speculative remarks as to how the geography of the global economy might change in future.

Changing global geographies of economies

Let me begin with a quick sketch – because they're well known - of the changing maps of global uneven development. The Old International Division of Labour was based upon the concentration of industrial production in the core developed territories of Europe and north America, the old workshops of the world, importing raw materials and labour from, and exporting finished products to, the underdeveloped peripheries of colonies and otherwise dependent territories. The development of the former was intimately linked to the underdevelopment of the latter, as Andre Gunder Frank (1966) and others (for example, Cockcroft et al, 1972) cogently argued. There were, however, some important developments that began to disturb this spatial pattern. On the one hand, there was the emergence of the Communist bloc from 1917 and 1949 as a space denied to capital. On the other hand, new centres of industrial growth (re)emerged with the resurgence of Japan from the 1950s and the rise of the East Asian Little Tigers and other late industrialising countries such as South Korea from the 1960s (Amsden, 1989; Wade, 1990; Woo Cummings, 1999), developments that presaged much greater changes to come. Acknowledging these changes, however, it remains the case that the geography of the Old International Division of Labour broadly continued during the long post-WWII boom. Industrial production continued to be concentrated in those countries that had been at the core of the capitalist industrialisation process, often sucking in labour in the form of temporary migrant workers from more peripheral countries (from southern Europe and the Mediterranean to Germany, from Mexico to the USA, for example).

From about 1970, however, this geography of the capitalist economy began to change in significant ways. Peter Dicken (2011) memorably characterised this change as a 'global shift', a transition from the Old International Division of Labour to a New International Division of Labour (paradigmatically described in Fröbel et al, 1980). In very general terms, the global North, the location of the foundational centres of capitalist industrial production, became increasingly deindustrialised. Industrial capital was devalorised in situ, capacity closed (and much of it physically destroyed) and employment fell significantly. Conversely, routine factory production and manufacturing value creation were re-located to cheaper production locations, initially those adjacent to or on the fringes of the core areas (for example, from northern Europe to southern Europe and north Africa). Rather

than importing migrant labour from them, capital re-located production to these countries. Although perhaps not obvious at the time, this marked the beginning of a fundamental shift in the centre of gravity of the global economy.

This New International Division of Labour in turn was the precursor of a 'new' New International Division of Labour – or perhaps New International Division of Labour, Mark 2 - increasingly involving off-shoring routine activities to more distant locations, the new workshops of the world, offering still lower unit labour and production costs (Urry, 2014) and deeply integrated into global production networks and value chains. As a result factory production increasingly expanded in (parts of) the global South, but it did so alongside more established activities of primary commodity production and export-oriented resource extraction. Indeed, these latter activities often expanded as a result of a new wave of accumulation by dispossession, reinforcing the role of some parts of both the South and also former state socialist states of the East, notably Russia (Rutland, 2103), as suppliers of key raw materials. In contrast to the previous pattern, however, this not only involved supplying economies in the North but also increasingly supplying other parts of the industrialising South. An expanding variety of natural materials was transformed from part of the commons to become commodified private property, as a result of a variety of mechanisms ranging from legal process to force and violence, and with private property ownership then protected by IPR and other legislation (Hadjimichalis, 2014; Harvey, 2014). A corollary of these developments was to undermine the basis of many local economies in the South previously organised through non-capitalist social relations, although it is important to recognise these were often characterised by widespread poverty, a consequence of them delivering inadequate levels of material well-being, and as such made rural to urban migrations employment in new industries an attractive proposition.

Furthermore, reflecting this radical change in what was produced where, this 'new' New International Division of Labour became characterised by much more complex flows of commodities and capital and new patterns of inter-relations among a much greater range of countries in the neo-liberalising global economy as regulations on capital, commodity and trade flows were loosened (changes that are caught in part in the burgeoning literatures on global commodity chains, global value chains and global production networks; Smith et al, 2002; Hudson, 2008; Yeung and Coe, 2105). Indeed, in many respects there was a reversal of the earlier trade patterns of the Old International Division of Labour. Manufactured goods, especially consumer goods, were increasingly exported from some of the rising powers to the North, in part funded via government surpluses generated by undervalued currencies and lent from South to North, especially China to the USA. At the same time, there were increased flows of wastes, commodities – ranging from clothing to computers to ships - that had reached the end of their socially useful lives in the North and were then transported to locations in the South, where many of them had originally been produced, for disassembly, re-cycling and re-valorisation and re-entry into the production process (Langewiesche, 2004; Lepawsky and Billah, 2011; Gregson et al, 2010; 2012). There were also major flows of investment from some countries in the South to other parts of the world in search of food and industrial raw materials such as coal, iron ore, and metals required for the production of PCs, tablets and mobile phones. This search extended to parts of both the global South and global North (for example, Chinese investments in Africa and Australia). Taken together, these changes were symptomatic of "a slow tectonic shift in the power relations and geopolitical configuration of the global economy" (Harvey, 2014, 123). And key to this tectonic shift was the role of the rising powers,

but above all the post-1978 rise of China with its distinctive combination of capitalist production, State-led industrialisation and control by the Communist Party.

This emerging locational pattern was further shaped by the post-2007 financial and then more general economic crisis, a key effect of which was further to emphasise the new centrality of China to the global accumulation process. While typically represented as a global crisis, however, this is at best a partial truth. There was certainly a decline in industrial employment and output in much of the North, but there was continued growth in industrialising countries in the South, above all China (Table 1). The net effect of these contrasting trends was that at the global level, growth remained around 3% per annum, even in the period 2007-9 when the effects of the crisis were most sharply felt. This global average therefore disguised a combination of growth in the rising powers and some other countries in the South and decline in the advanced capitalist economies of the North, which subsequently grew at best at less than 1% per annum. Crucially, the annual growth rate in China never fell below 9% and recovered rapidly and settled at around 10% per annum. The accumulation of massive surpluses, allied to strong central government control, allowed the Chinese government to put in place a substantial stimulus package (centred on investment in infrastructure and loosening bank credit). This bolstered the national economic growth rate and further enhanced the significance of the Chinese economy to accumulation globally. Even so, by 2014/5 the annual growth in China had slowed to around 7% - still a significant rate of expansion, far in excess of anything in the national economies of the North - but the lowest rate for 25 years. This decline was sufficient to trigger turmoil on global stock markets and the collapse of many commodity prices, as Chinese manufacturing exports fell and the investment boom came to an abrupt end, and a slow-down in the already weak growth rate of many other capitalist economies, in both North and South. This slow-down in turn had impacts back on the Chinese economy. For example, while Chinese LCD (liquid crystal display) manufacturers continued to expand capacity and output, partly as a result of government subsidies, demand for LCD TVs, particularly in Russia, Brazil and other emerging economies, failed to grow as expected because of currency depreciation and slow economic recovery – in turn in part a result of declining exports because of the fall in demand for commodities as the Chinese economy slowed - so that the gap between supply and demand expanded (EET Asia, 2016). One consequence of this pattern of differential but increasingly inter-related but uneven decline and growth was to complicate a representation of the global economy in terms of North versus South as this was increasingly overlain by the uneven development of links among the countries of the South as well as a growing reconfiguration of links between East and West.

The 'new' New International Division of Labour: coming to terms with the changing geography of the world economy

How do we begin to understand this changing economic geography and grasp how and why this particular global shift occurred? The key to answering these questions and understanding these changes lies in the interrelationships among and between corporate and state strategies, enabled and to a degree underpinned by changes in production, transport and communication technologies.

The key proximate driver of this global shift was the changing investment strategies of major MNCs based in the North, especially those involved in producing goods for final consumer markets, as they increasingly switched from being direct producers of these material commodities to become brand managers contracting routine production to others. Managing brands and capturing and protecting

IPR as a source of monopoly rents became increasingly important sources of revenue and profit for these companies (Pike, 2013). This radical change in strategy also had major implications for geographies of production. One dimension of these changes was that these companies further concentrated knowledge-intensive activities – new high-value added, knowledge-intensive production and key strategic decision making functions, R&D, and finance more generally - in their home economies, where it was feasible to do so. This was not always the case, however: for example, a condition of being able to invest in China was often to share some strategic information with local partners in joint ventures. More generally, these changes were part of a broader significant structural change in the advanced economies of the North as they became increasingly commercialised and financialised, more focussed upon distribution and retailing and in creating circuits of fictitious capital, extracting rents of various sorts, developing innovative (but often very risky) financial products and financial services, often in Offshore Tax Havens (discussed further later), and engaging in land and property speculation. For example, derivatives contracts grew ten-fold in the decade up to 2007-8, reaching a colossal US$500 *trillion* per annum, many times greater than annual global GDP (Urry, 2014, 175). Furthermore, these were all activities that required workers with very different technical and social skills as compared to those required for manual work in factories and mines, with financial services and the production of the diverse innovative financial products in particular requiring increased amounts of “symbolic labour” (Reich, 1992). Financialisation was also closely linked to the expansion of credit and debt as part of a socially-selective strategic policy response to offset falling purchasing power as a consequence of labour market restructuring and the resultant decline in effective demand in the North as industrial employment there fell and unemployment there rose. Linked to these structural changes in the economies of the North, major capitalist interests began to exercise greater influence over the fiscal policies of national states and supra-national bodies such as the IMF and World Bank, tilting the balance in policy formulation significantly towards their interests, enhancing the influence of capital, particularly financial capital, and undermining the interests of organised labour and the wider mass of the population.

For another dimension of the changing geography of the global economy as a result of the change in MNC strategies was that the former centres of industrial production in the North – those countries that once were the workshops of the world - became increasingly deindustrialised, characterised by long-term structural unemployment, worklessness and the associated problems of growing inequality, ill-health and poverty that this brought. As new opportunities for profitable production opened up elsewhere, productive activity in the North was closed down as routine component production and assembly was off-shored – initially via tentative moves into southern Europe (the first cut New International Division of Labour) and somewhat later Central and Eastern Europe, but increasingly into the BRICs (Brazil, Russia, India but especially China after 1978), and then to a lesser extent the MINT countries (Mexico, Indonesia, Nigeria, Turkey) as well as others such as Bangladesh, Indonesia, South Africa and Vietnam (thus shaping the ‘new’ New International Division of Labour). As a result China alone now has some 85 million manufacturing jobs. Such investment was heavily oriented towards export, with significant effects on the structure of national economies: in perhaps the paradigmatic case, some 40% of Chinese GDP became dependent on exports, the majority of which were undertaken by foreign multinationals (Stephen, 2014, 925).

Compared to those of the North, these countries offered particularly attractive locations in which to relocate much routine production, enabling production costs to be greatly reduced. There were four reasons for this. First, they provided massive amounts of much cheaper, more malleable and more productive labour (Table 2), workers with little or no experience of factory work, available in minimally regulated and often deeply segmented labour markets and workplaces. As a result companies were able to increase the rate of exploitation and the production of both absolute and relative surplus-value. Secondly, these countries imposed weak constraints on pollution and environmental destruction, with much more permissive regulatory regimes and minimal environmental standards as compared to the countries of the North. Thirdly, they typically provide a variety of special economic zones, "spaces of exception" in which even the minimum labour market, workplace and environmental regulatory standards are suspended; in addition generous tax breaks and financial incentives are often provided to entice inward investment. Fourthly, they made significant investments in high quality infrastructure in transport, logistics and communications systems, crucial to enable the exporting and importing of commodities and maintaining effective links with other nodes in globally distributed production systems. The net effect of these labour market, workplace and environmental conditions was to enable unit production costs to be greatly reduced and profits to be increased, with profits further enhanced by sub-contracting work to local suppliers who were desperate to win contracts. As a result, there was a selective industrialisation of countries in the South and the growth of factory employment there, as national governments competed to attract foreign investment and sought to encourage industrialisation as part of their economic development policies.

These changes in corporate strategy therefore led to the creation of increasingly complex spatial divisions of labour and supply chains, stretching over many locations (reflected in part in the literatures on global commodity chains, global value chains and global production networks), so that some 60% of international trade in fact became intra-company flows. This spatial reorganisation brought great advantages to capital in terms of cutting unit production costs and increasing profits. But it also created potential new risks for capital as such supply chains are vulnerable to disruption, especially when they are organised on just-in-time principles and stretched over great distances. A strike in one factory or a labour dispute in one port, an earthquake or storm in one country interrupting the flow of components to final assembly plants and so on, can lead to the whole production system and value creation process grinding to a halt. Companies can to a degree mitigate such risks via dual or multi-sourcing strategies but this only reduces rather than eliminates the risks of disruption to production and profits. Moreover, these global systems of production and trade crucially depended on the availability of (cheap) oil. While the global market is currently again awash with cheap oil, the price will inevitably rise significantly again and in addition oil supplies remain potentially vulnerable to interruptions in supply because of choke points in trade routes (such as the Straits of Hormuz and Malacca), the disruption to production because of adverse extreme weather conditions (as with hurricane Katrina in 2005) or explosions at production sites (as with BP's Deepwater Horizon rig in the Gulf of Mexico in 2010).

This was a more complex shift than just one of routine factory production of consumer goods for export, however. Within the Old International Division of Labour many former colonies and dependent territories had embarked on industrialisation strategies based upon import substitution and policies to encourage national production of basic industrial materials such as chemicals and

steel. In certain respects this pattern was reinforced as China in particular developed basic industrial capacity through monopolistic State-owned enterprises in a range of "pillar industries", distributed across the (allegedly) commanding heights of the economy. One reflection of this drive to develop indigenous capacity was the disassembly of major steel plants in western Europe and their reassembly in parts of China as a way of relatively quickly boosting productive capacity there (Hudson and Swanton, 2012). China now accounts for more than half of global steel production, in excess of 800 MT annually (much of which is now exported). More generally, expansion of capacity in basic metals and bulk chemical production in the South, and growing exports from South to North, led to capacity closures in these industries in the North as global shifts became increasingly generalised across the industrial economy and increasingly affected sectors in Department I as well as Department II of production.

Furthermore, as the economies of the BRICs, MINTs and some other industrialising countries in the South developed, a new middle class emerged and the strategies of major MNCs shifted as they sought to create and penetrate new markets for consumer goods in these countries, both goods those produced there (often via joint ventures to gain market access) but also high-end luxury brands produced in and imported from the North (Stephen, 2014, 925). Thus the pattern of international trade further shifted somewhat, as did the balance of MNC production within the rising powers as between domestic and export markets. There was also evidence of a limited re-location from North to South of some service and knowledge-management functions, especially back-office and business process operations, and of lower level R&D to Bangalore and other locations in India, as well as other parts of south east Asia, in response to the availability of substantial amounts of technically qualified and skilled cheap labour with good English language competence (Luce, 2011). In short, the pattern of inward investment from companies in the North to these countries in the South became increasingly varied, in terms of location, sectors and activities within them.

These were not simply uni-directional flows, however. There were also counter-tendencies and the emergence of flows of foreign direct investment among BRICs and MINTs and among other countries in the global South, as well as reverse investment flows from the global South into the North. For example, there have been major investments into automobiles (TATA Jaguar and Land Rover from Ford) and steel production (Mittal acquiring Acelor, TATA acquiring the integrated steelworks of Corus at Ijmuiden, Port Talbot and Scunthorpe, the Thai company SSI acquiring TATA's basic steel production facilities at Redcar on Teesside), while there were various Chinese investments into a wide range of industries in the North spanning services and manufacturing, including the Swiss agribusiness Syngenta and Italian tyre maker Pirelli by ChemChina, and the USA electronics distributor Ingram Micro, USA aircraft lessor Avalon Holdings and Swissport by the HNA Group. Other Chinese investments were politically sensitive: for example major investments into water supply and the generation of electricity by nuclear power stations in the UK. By the first quarter of 2016, Chinese firms accounted for one sixth of all global merger and acquisition activity (Massoudi et al, 2016). On the back of these deals, a small number of politically-connected Chines business leaders - such as Anbang Insurance's Wu Xiaonhui, ChemChina's Ren Jianxin and HNA Group's Chen Feng - joined an elite club of global deal makers: those capable of consecutive billion-dollar deals in a matter of months (Weinland et al, 2016).

The flow of investment from South to North was driven by four motives, and especially by China and India. First, an imperative for aspiring MNCs from the South to seek access to more sophisticated

production technologies and selectively to penetrate more mature markets and develop capacity to serve their own growing consumer markets, via the acquisition of the assets of companies in the North. This could take prima facie surprising forms: for example to revive declining industrial districts in the Third Italy such as clothing and textile production in Prato, linked to Chinese migration to the town (the reasons for decline of these industrial districts are discussed below). Second, it was driven by the desire of some national states in the South to gain greater influence on and leverage over Northern economies. However, as the experiences of steel production in the UK revealed, such investments could be short-lived, as competition among producers from rising powers led to both SSI and TATA closing steel production capacity as the market was flooded with imports of semi-finished slabs from China as the big steel producers there switched to exporting their product. Thirdly, it was facilitated by the easy availability of credit, especially in China from state banks that regarded foreign investment as safer than investment in the domestic economy (Massoudi et al, 2016). Fourthly, and relatedly, it reflected the strategic accumulation of substantial currency reserves and a decline in domestic investment opportunities, coupled with a strong desire, especially by the Chinese government, to pull out of US Treasuries as the destination of its surplus and perhaps make the yuan an alternative to the dollar for international trade within the South (Nölte et al, 2015, 560).

In summary, these changing patterns of spatially uneven development were linked to a more complex pattern of flows, not just from North to South but within the South and from South to North through various circuits and flows of capital, and not just via the more established channel of flows of migrant labour.

What was it that enabled, facilitated and encouraged these changes in corporate strategy and economic geographies? The short answer to this question is a combination of (geo)political and technological changes. First of all, as well as innovations in production technologies, there were innovations in information and communication technologies, enabling global coordination of economic activities in diverse locations, and in transport, such as air travel with new wide-bodied jets for cargo as well as people, new bulk carriers for oil, iron ore, grain and other bulk commodities but especially new container vessels and specialised ships for transporting vehicles, crucial to the growth of the mass trade in consumer goods. The significance of containerisation in enabling the global shift in production cannot be over-estimated: some 90% of global trade is containerised (Levinson, 2008). It is also worth noting that containerisation greatly facilitated the trade in illegal substances and commodities, mainly from South to North, since the volume of trade in containers made it impossible to monitor these effectively to detect illegal commodities smuggled in them: the wider significance of the illegal is further discussed below. Related to these changes in transport and communication technologies, there were major fixed capital investments in new infrastructure capacity in airports, seaports, especially for containers, and logistics and distribution centres and systems, typically reinforcing existing or emerging patterns of uneven development.

Secondly, and crucially, there were major political changes in the North, notably the growing influence of neo-liberalisation following the ending of the Bretton Woods agreement in the early 1970s. At the risk of over-simplification, up to 1970s the advanced capitalist economies can be characterised as relatively closed, with fixed currency exchange rates, and limited international flows of capital and international competition. National states pursued their own economic and fiscal policies, which were open to some influence from organised labour and leftist (generally social–

democratic) political parties. From the late 1970s, especially in the USA and UK but to varying extents in other major capitalist states in the North, there was a tendential shift to a neo-liberal state. This involved major changes in discourse and practice, not least a fundamental change from state responsibility for the provision of key public services, critical infrastructures and key industrial materials (thus underwriting the costs of elements of variable, fixed and constant capital respectively) to markets, increasingly understood as global markets, as *the* allocative and steering mechanism. Furthermore, these were increasingly lightly regulated markets, while currency exchange rates fluctuated in response to market pressures. More generally, neo-liberalisation was predicated on a shift from reliance upon the state to "responsibilising" individuals – both people and corporations - for their own welfare and well-being via their actions as economic actors in markets, rationally pursuing their own self-interest.

It is, however, important to emphasise that this *was* a *tendential* shift. Not all national states embraced neo-liberalism with the same degree of enthusiasm. Different national states, with varying political priorities, developed particular forms of political economy and state forms, with varying degrees of neo-liberal influence. While the UK and USA can be seen as located at one end of a spectrum of enthusiasm for the alleged benefits of neo-liberalisation, the extent to which other advanced states in the North embraced neo-liberalism varied, with a greater degree of resistance to its attractions in Germany and most of the Nordic states, for example. Nevertheless, while it was a tendential development, it did (re)open up new spaces for capital accumulation within the North, while loosening or abolishing regulations on capital movements out of national territories there - in the UK in 1979, the USA in 1980, and in France and Germany soon afterwards - so that capital was free to search out possibilities for profit over a much greater area of the globe.

Thirdly, there were major geo-political changes in the former USSR and its satellite states in central and eastern Europe and in much of the global South, which also involved rejecting autarky and embracing neo-liberal doctrine. As among the national states of the North, however, national states in the South and East absorbed and adapted neo-liberalising tendencies and the strictures of the Washington Consensus to varying degrees and in varying ways. This differential adoption and adaptation reflected political priorities and powers, with different states having very differing degrees of room for manoeuvre. While many of the states of central and eastern Europe eagerly embraced the Northern model of a neo-liberal market economy and a representative democratic politics, others chose a different path. For example, despite the post-Yeltsin changes, Russia had at best a pale shadow of a democratic politics, coupled with poorly developed markets and a faltering economy (Unger and Cui, 1994; Rutland, 2013). As Degaut (2015, 12) puts it, " … it [Russia] is in fact a corruption-plagued state run by an authoritarian oligarchy averse to free speech and civil liberties". In contrast, Brazil and India, both western-style multiparty democracies in the South, nonetheless retained a strong, though differing, role for the state in economic policy (Ban, 2013; Mukherji, 2013).

For some of the more powerful states such as China and India - coupled together in popular business discourse as Chindia: Engardio, 2007 - which were not dependent upon loans from the IMF or World Bank, partially and selectively engaging with the neo-liberal agenda can be seen as the least-worst available option in pursuit of national economic development and growth in the context of a globalising economy, adopting some elements but rejecting others of the neo-liberal agenda. For example, China favoured free trade and accepted membership of the World Trade Organisation

without subscribing to its deep integration agenda (Nölte et al, 2015, 561) and refused to liberalise its financial sector, despite continuing pressure from the IMF and World Bank. More generally China has pursued a very different approach. Its unique mixture of elements of continuing legacies its communist history and public ownership of land and strategic industries controlled by State-Owned Enterprises with selective inward investment by foreign MNCs and considerable marketization of the economy has stimulated a vibrant debate as to how it is most appropriately conceptualised, confounding attempts to contain it within existing classifications of developing economies. The Chinese project has been variously described both as a form of State capitalism and as the pursuit of a socialist market economy. Of these, the latter, combining social ownership of the means of production and an active developmentalist local state with private ownership and a market economy, is the most appropriate (Bowles and Dang, 1994; Peck and Zhang, 2013). Furthermore, it has been suggested that the prominence of the local state has given rise to several territorially-defined "indigenous" capitalisms within China (Zhang and Peck, 2013). It may therefore be most appropriately regarded as a sui generis case, with no precedent.

However it is conceptualised, the Chinese case, along with those of other emerging economies in the South vividly demonstrates that economic growth via the adoption of a market economy, including some key aspects of capitalist social relations, notably the wage relation and a degree of private ownership, does not depend upon a system of representative democratic politics (Szelény, 2015). This had been demonstrated by the earlier economic success of the East Asian Little Tigers, driven initially by "hard states" grounded in political authoritarianism, a grounding that became increasingly problematic, however, as economies developed and demands for democratisation grew (Unger and Cui, 1994, 85). Indeed, more generally national states in the South demonstrated a variety of governance models, different from those that characterised the North, recognising that these also varied – compare Germany, Japan and the USA for example. While engaging to varying degrees with aspects of neo-liberalisation and often displaying limited enthusiasm for neo-liberal principles of globalising economic governance (Stephen, 2014), the "State-permeated market economies" (Nölke et al, 2015) of Brazil, China and India in particular retained a crucial role for the state, in this way providing sufficient governance capacity to enable and facilitate a degree of economic development and progress and ensure the smooth reproduction of economic processes in general. As a result, national states were typically prominent institutions promoting industrial development in those countries in the South that were successful in developing an industrial economy. Stephens (2014, 914, emphasis in original), for example, refers to the BRICs as examples of "*integrated state capitalism*, ... under the guidance of strong state classes" but often, especially in Brazil, China and India, with an enduring influence of interpersonal relations and informal social networks (Stephen, 214, 926). Crucially, however, and "in contradistinction to liberal heartland capitalism, it is state classes rather than autonomous bourgeoisies who guide BRICs' state-society relations, using the state as a major lever of development", for example via Sovereign Wealth Funds (Stephen, 2014, 928-9). More generally, the end result of these varying development trajectories can indeed be seen as co-existing varieties of capitalism, but displaying a greater variety than registered in foundational "varieties of capitalism" literature, with its two ideal-typical dichotomous cases of liberal market and coordinated market national economies (Hall and Soskice, 2001). However, there are more recent and more nuanced approaches to varieties of capitalism, recognising a greater variety of types of capitalist economy, and the significance of different spatial scales and a move to multi-level governance (for example, see many of the contributions to Lane and Wood, 2012). More

promisingly still, there are those who propose approaches that are more aligned with a focus on "variegated capitalisms" (Peck and Theodore, 2007) rather "varieties of capitalism" (for example, Jessop, 2012).

In summary, then the BRICs were thus able to engage willingly but selectively with the propositions of the so-called (post)Washington consensus and neo-liberalising tendencies, editing them in various ways to engineer compatibility with national circumstances and so create a variety of hybrid approaches, the linking common feature of which was a more prominent role for the national state. Others adopted neo-liberal policies more comprehensively but unwillingly and under duress as a result of pressure from the IMF, World Bank and other creditors to adopt structural adjustment measures. This was particularly the case with many other smaller countries in the South, notably in Africa and Latin America that were politically and economically peripheral. As a result of these various changes, new spaces became available for capital in which to invest. The post-1978 changes in China were a pivotal moment in this process while political and policy change elsewhere (in Russia, South Africa, India and Brazil for example) also opened up new spaces of opportunity for capital, albeit that these states generally retained significant capital controls and acted as gatekeepers for transnational capital's access to their territories.

The combination of geo-political changes and the growing adoption of neo-liberal policy positions in many states in the peripheral East and South led to some combination of three outcomes: first, it led to an ending of closure to capital and capitalism(s); secondly, it opened the door to greater inward foreign direct investment, although the significance of this inward investment to the receiving economies depended on their size and the significance of the domestic market in state economic policy; and thirdly, it led to a switch in emphasis in national state industrialisation policies to export-platform, especially in the weaker peripheral economies. However, national states varied in their bargaining power and those with bigger national economies and greater political leverage were better placed to be more selective and negotiate over the scale and composition of inward investment. Crucially, those national states with bigger economies - China, India, and Brazil - could use such inward investment as a mechanism to import foreign technology to facilitate economic development. As noted earlier, however, the growth in export-oriented foreign direct investment did not necessarily mean an abandonment of concern with import-substitution and the national market (Nölke et al, 2015). On the contrary, especially in the bigger economies - Brazil, China, India, in which the domestic market was significant - on occasion it involved the growth of domestic capacity and the promotion by the State of national champions, either by selective support of national private sector firms or direct investment in state enterprises. This support was focussed on strategically significant sectors producing key inputs to industrial production processes, such as chemicals, coal, and steel and new and/or more sophisticated consumer goods both for export and for expanding national markets, increasingly segmented as a middle class with significant disposable income emerged. At the same time as they began to develop their own technologies via national champions in specific sectors, for example in China in mobile telephony and high-speed rail. The net result of these varied changes was therefore often to create more complex and more varied national economic structures, although often not to the intended extent.

Intra-national change in the context of the 'new' New International Division of Labour

Capitalist development is characterised by spatially uneven development at differing scales. Within the rising powers, the BRICs and MINTS and other newly industrialising countries, growth linked to their changed place in the 'new' New International Division of Labour has been spatially very uneven, creating new or enhancing existing intra-national differences in economic structure and performance, with the emergence of new centres of industrial growth and capital accumulation, often linked to a rescaling of governance and devolution to sub-national scales. These new growth centres are frequently coastal locations, forming the points of articulation between national and global economies, linked to the export orientation of industrialisation. They often have greater functional links to overseas economies than to each other as local economic development organisations have sought to insert their territories into transnational production and investment networks (for example, see Hameiri and Jones, 2016). In addition, there were also coastal places focussed on the import and re-cycling of wastes from the North, for example ships at Alang in India and Chittagong in Bangladesh, e-wastes at Guiyu in China (Urry, 2014, 129-30). Re-cycling activities in such places provided a mixture of consumer goods for local people and material inputs for further industrial production in the South (Gregson et al, 2010; 2012).

Typically these new centres of industrial growth and economic activity were also linked to new patterns of intra-national migration and (mega) urbanisation within the rising powers, often on an unprecedented scale. This has involved a tidal wave of land grabs and the conversion of rural dwellers, previously engaged in agriculture, often on a subsistence basis, from a latent labour reserve to become part of a proletarianised factory labour force. This is vividly illustrated by China (Walker and Buck, 2007), with land grabs dispossessing more than 50 million famers, with land for new industrial parks, enterprise zones and new cities largely requisitioned from peasants (Peck and Zhang, 2013, 377). As well as these relatively short distance flows of migrant labour from the countryside to the cities, there were unprecedented long-distance flows, over thousands of kilometres, from the rural west to the urbanising and industrialising eastern coastal belt. While there has been rapid growth on this coastal strip, there was much slower growth inland, although this is now to a degree changing as a result of public policy initiatives. Inland cities and provinces have offered particularly attractive deals to foreign investors as they seek to shift growth westwards to selected inland locations so that they become nodes in spatially distributed production networks. Nevertheless, despite these developments China remains profoundly marked by sharp regional contrasts and a deep urban/rural divide, although with considerable variation in approaches to local economic development in both rural and urban areas. Similar tendencies of uneven intra-national development and rescaling of governance can be observed in the other rising powers of Brazil, India, Russia and South Africa (Hameiri and Jones, 2016).

Conversely in north America, western Europe, and Australia there is widespread evidence of the collapse of former core regions of industrial production; here deindustrialisation is the watchword. In very general terms, many of those cities and regions that had been the foundational centres of capitalist industrial production in the North became deindustrialised, as industrial capital was devalorised, productive capacity closed (and much of it physically destroyed) and employment fell significantly as unemployment and worklessness rose sharply. This affected both major industrial conurbations (such as Detroit and the Ruhr) and mono-industrial towns (coal mining settlements and steel towns such as Youngstown, Consett, and Longwy: Beynon et al, 1991; Hudson and Sadler, 1989). Furthermore the effects of industrial decline have spread into more recently industrialised

areas of southern and central and eastern Europe, including the much-lauded success stories of the industrial districts of the Third Italy and other parts of southern Europe, rendered uncompetitive, undercut by much lower production costs, especially for labour, in the rising powers of the BRICs and MINTs (Hudson, 2003).

However, some places in these countries in the North remained as centres of industrial production, others that had been deindustrialised became the destination for a limited amount of fresh industrial investment, attracted by the ready availability of labour desperate to find paid work, as well as government grants and loans, while still others became industrialised for the first time, typically associated with more specialised, higher-value-added and more knowledge-based production. At the same time, there has been some “re-shoring”, a limited shift of manufacturing, especially of consumer goods subject to strong fashion effects, back to locations nearer to markets, for example in central and eastern Europe. Similarly, there has been some limited “re-shoring” of more routine back office and data processing activities in call and contact centres, often to areas that had been deindustrialised, with substantial labour reserves as a consequence.

Much more significantly, linked to the more general processes of financialisation, some places in the global North (London, New York, Tokyo) reinforced their position as centres of growth, enhancing their status as world cities, key nodes in global flows of capital, based on financial services and those activities related to knowledge production and key decision making by major corporations (Sassen, 1991). A limited number of cities in the rising powers – such as Beijing – sought to join their ranks. These places became increasingly differentiated from, and unconnected with, the rest of their national economies and urban systems, disarticulated enclaves that were linked as nodes in networks with other global cities in other national jurisdictions, connected by and linking flows of capital, credit and information.

Furthermore, these were places that were simultaneously characterised by deepening intra-urban socio-spatial divisions between the minority employed in high level and high-income corporate functions and the mass labour force, often including illegal as well as legal international migrant workers, employed in lower level services, and often at little more than – or less than - subsistence wage rates. Indeed, often there was a juxta-position between the residential areas of affluence and conspicuous consumption of those employed in the high-level corporate activities and the residential areas of those who serviced their demands, including inhabitants of what Manuel Castells (2010) has described as the emergent marginalised Fourth World.

The marginalised spaces of the new ‘Fourth World’

There is no doubt that economic growth has lifted many people in the South from poverty but at the same time the character of that growth has led to growing economic and social inequality between people and places in both North and South. Echoing an earlier conception of First, Second and Third Worlds, Castells (2010) conceptualises the increasing social exclusion and economic irrelevance of significant segments of society, areas of cities and regions and indeed entire countries as an emergent Fourth World. This world is a product of processes of socio-spatial differentiation that he sees as “present in literally every country and every city”. These processes are of course by no means new but have been sharply reinforced by market deregulation and the neo-liberal turn in public policies and in some cases by the emphasis on austerity policies post-2008. In sub-Saharan

Africa, in impoverished rural areas of south America and Asia, in the booming mega-cities of the South and the deindustrialised regions of the North and in national economies on its fringes such as Greece, there is graphic evidence of the (re)emergence of informal and illegal economies as people have sought ways to "get by" in places in which there is a grave shortage of paid work in the mainstream formal economy. Such places, and the people living in them, have become marginal to - or wholly detached from - the major circuits of capital accumulation in the formal economy and more or less irrelevant to the political concerns of (supra)national states.

Often such people have migrated to the booming urban centres from rural areas, based on the mis-perception that well-paid jobs will be available to them in these places. In response to the lack of such jobs, and so housing that is affordable, there has been a marked expansion of Informal and illegal housing settlements to provide rudimentary housing for people, some of whom are legal migrants, others of whom are illegal. They then seek or create work in a wide range of legal and illegal activities. These range from scavenging legally to working illegally in illegal activities - notably drug production and trafficking, and prostitution. Many of these activities are often environmentally polluting, which in turn degrades residential living spaces. These forms of economic activity represent an attempt to reconnect to the wider economy and escape marginality by creating "perverse connections", links to the criminal and illegal economies, aiming to satisfy the "forbidden desires" and supply "outlawed commodities to [meet the] endless demand … from affluent societies and individuals" (Castells, 2010, 368).

The growing significance of illegality in the mainstream global(ising) economy

As I've suggested, one of the consequences of the global shift in industrial production in the context of neo-liberalising pressures was that the emergent industrial economies of the South became locked into a competition to attract industrial investment by engaging in a "race to the bottom", with low regulatory standards in the labour market, in factories, mines and other workplaces, and in relation to health and safety and environmental standards. At the same time, competitive pressures - both those relating to people desperate for paid work and companies desperate for export orders - led to a widespread transgression of these regulatory limits (Sum and Ngai, 2005). There is also a great deal of literature from NGOs and charities which documents this in Bangladesh, China, India, Indonesia, Thailand, in much of eastern Europe and so on (for example, see the stream of reports from SOMO: see http://www.somo.nl/). It is worth noting, however, that these jobs were still seen as better than those in the rural areas from which many of these new industrial workers migrated.

Now of course illegality is by no means new but what is now different is the way in which the legal and illegal have become symbiotically bound together so that success and survival in the formal legal economy depend more heavily upon relationships with illegal practices. The increasing influence of neoliberal thought leading to increasingly lightly regulated markets created space in which illegal practices could more easily flourish across the globalising economy, not least in the rising powers where corruption is endemic among economic and political élites. This is also creating new forms of connection among and between places in North and South. As a result of the proliferation of spaces in which illegality can flourish, the often minimal regulatory standards which national states adopted in the competition for mobile investment and which specified legal limits in relation to working conditions, hours of work, environmental pollution and so on, were - and are - frequently, often chronically, transgressed. Illegality is now centrally involved and entwined in much of the new

mainstream (so-called) legal global economy and illegal working practices are a chronic feature of work over much of the global South and the economies of the rising powers.

The growing prevalence of illegality often involves collusion by the state and "blind eyes" on the part of state regulators and officials in these countries, deliberately ignoring illegal practices as a necessary condition of economic activities located there remaining competitive (Hudson, 2014; 2015). The economic and political élites of the rising powers are often deeply implicated in corruption and illegality. As a result, illegality in production in agriculture, in factories, in mines and so on, falling below the already low legal standards in terms of wages, hours of work, and health and safety is often the order of the day in much of the South. At times this results not simply in ill-being but in death, as industrial plant explodes, as at Bhopal, or factories collapse, or burn with workers trapped, locked inside, as at Rana Plaza in Bangladesh (Hudson, 2014). Similarly there is routine breaching of often minimal legal environmental regulations, leading to illegal environmental destruction and pollution, again at considerable cost to the health of both environment and people. Furthermore, in part a reflection of the lack of R&D capacity, there is often widespread violation of intellectual property rights as companies seek to upgrade production technologies and product quality. Illegal production encompasses theft of intellectual property and illegal copies of branded goods as well as the production of "knock offs". The OECD (2007, cited in Chaudhry and Zimmerman, 2010, 26) reports that an increasing number and range of products are being counterfeited so that "today nearly every consumer and industrial product is subject to counterfeiting". Counterfeit goods account for about 7% of global trade, with two thirds of these originating in China alone (Glenny, 2008; Phillips, 2005). Russia and some other south Asian and Latin American countries are also major sources of counterfeit production (Chaudhry and Zimmerman, 2010).

There is a further dimension to the growth of illegality in the global economy which, while not directly a consequence of the ascendance of the rising powers, nonetheless impacts heavily upon them and is very much a result of the neo-liberalisation of economic policy and global capital markets that underpinned their emergence (Sikka, 2003). There are two aspects of this that are relevant here. The first relates both to the growth in illegal flows of money and the laundering and sanitisation of money from the illegal economy to become part of the legal. The second aspect relates to the growth of illegal monetary practices within the formally legal economy (such as the widespread abuse of transfer pricing arrangements). The former account for about an estimated one third of flows into offshore accounts, the latter the remaining two thirds (Baker, 2005; McKinsey Global Institute, 2008).

Money laundering is concentrated in Offshore Tax Havens, many of which are in the South, located on small island states, but many others are actually on-shore in the core capitalist territories of the North (Palan, 1999; Unger and Rawlings, 2008) so that it would be more accurate to drop the adjective "offshore". They are no longer simply concerned with tax avoidance and evasion but with undermining and by-passing a broad range of regulations relating to the economy (Palan et al, 2010). OTHs were originally established as "spaces of exception" in which perfectly legal (though perhaps ethically and morally dubious) tax avoidance activities were permissible. As a result, they have become the sites of many financial transactions, an integral part of modern business practice in the neo-liberal globalising economy in which the rising powers of the South are prominent actors: it has been estimated that over 50% of international bank lending, approximately 33% of foreign direct

investment and 50% of global trade is routed on paper via offshore tax havens, figures out of all proportion to the 3% of world GDP for which they account.

However, these spatially demarcated legal institutions that were granted special status and privilege "have been subverted to purposes for which they were never intended" (Christensen, 2011, 183). As a result, these tax havens allow, encourage and enable large scale corruption by providing an operational base for legal and financial professionals, and their clients, to exploit the limits to legislation and gaps within and between national systems of tax regulation. Hidden behind a cloak of legal regulations, the legislative gaps are significant - while capital flows have become globally hypermobile, increasingly permissive regulatory systems remain largely based on national territories, allowing elaborate schemes to be devised to "weave dirty money" (Christensen, 2011, 183) into commercial transactions and disguise the proceeds of crime and tax evasion. The bulk of money laundering operates via commercial transactions and investments in securities and transfers of funds in global financial markets. As a result, "dirty money" is laundered through complex multi-jurisdictional ladders, exploiting the uneven development of and asymmetries among regulatory spaces, and operating through the global banking system in which tax havens are key locations.

Once laundered, money can enter the circuits of the legal economy. It is estimated that at least two thirds of the money earned in the illegal economy and laundered in this way is immediately spent in the legal economy (Schneider and Enster, 2000). While the precise magnitude may be a matter for debate, the existence and significance of these flows is not. Some of this money is used to support livelihoods and enables increased commodity consumption in marginalised places. A much greater proportion becomes money capital, invested in diverse legitimate activities and spaces in mainstream markets. This both enhances the competitive position of those who own it and contributes systemically to the expanded reproduction of capital and to the sectoral and spatial distribution of growth, linking spaces of illegality and legality across North and South, East and West.

Advanced capitalist states in the North (such as Switzerland, the UK and USA) frequently collude in preventing the development of effective international regulation to tackle illegal financial flows and police financial flows into and out of tax havens, precisely because they play a pivotal role in the global accumulation process. Indeed, in lowering regulatory barriers and standards they have created the spaces in which such flows can flourish. It has been suggested that "virtually the entire international financial industry is heavily involved in money laundering" (Levin Report to the US Congress, 2001, cited in Palan et al, 2010, 72). It is therefore perhaps no great surprise that national states and multilateral agencies have largely downplayed concerns about "dirty money" and money laundering, except, revealingly and significantly, in relation to drugs and terrorism, which account for only a small proportion of illegal cross-border flows. This discursive selectivity reflects a tacit recognition of the intimate relationships between legal and illegal activities in the routine constitution of contemporary capitalist economies and of the pivotal role of these tax havens as the spaces in which the financial flows between them takes place. As Castells (2010, 172) puts it "[a]t the heart of the system is money laundering by the hundreds of billions (maybe trillions) of dollars. Complex financial schemes and international trade networks link up the criminal economy to the

formal economy, thus deeply penetrating financial markets and constituting a critical, volatile element in a fragile global economy."[2]

The fragility of this economy was graphically revealed by the global financial crisis that exploded in 2008 and that still lingers on (Harvey, 2014; Kaletsky, 2010; Patterson, 2010). Furthermore, the growth of criminal activity and illegality has systemic implications for the anatomy and fragility of future capitalist development. Since criminal capital is involved in high-risk activities in markets in which the speed, volatility and volume of electronic market transactions has increased greatly, it both follows and amplifies speculative turbulence in international financial and capital markets, becoming an important source of market destabilisation. Paradoxically, the explosive growth of illegal monetary operations and money laundering is both central to the sustainability of the contemporary form of capitalism and at the same time threatens its future sustainability, not least the future growth of the rising powers (Hudson, 2015).

Conclusions?

These will inevitably to a degree be speculative. There is no doubt that the rising powers, the BRICS, and MINTs, have had a key role in shaping, directly and indirectly in various ways, the new geographies of the global economy. It remains to be seen whether this continues to be the case and whether the BRICS will become a significant collective actor in the global political economy, not least as the differences among them are growing rather than shrinking and trade relations among them are asymmetric and unequal. Nevertheless, in 2015 the BRICS finally launched their New Development Bank (with a capital of $US50 billion) and Contingent Reserve Arrangement (a $US 100 billion reserve currency pool), institutions intended to rival the Northern-dominated IMF and World Bank. China in particular has had a pivotal role in these changes. As a result "… there seemed to be a slow tectonic shift in the power relations and geopolitical configuration of the global economy. The flow of wealth from East to West that had prevailed for two centuries was reversed and China increasingly became the centre of a global capitalism as the West, after the financial crisis of 2008, lost much of its momentum" (Harvey, 2014, 125-6). That said, by 2014 the gaps in average GDP per caput between the members of the G7 and the rising powers and other emerging economies remained significant (Table 1), although of course these averages conceal considerable and endemic income inequalities.

These emergent geographies can therefore be seen as the latest expression of capitalist processes of combined and uneven development, involving complex links between changes at various spatial scales, internationally and intra-nationally, and with the emergence of a Fourth World evident to varying degrees more or less everywhere. There have been both "winners "and "losers" as a result of these processes and the rising powers in some ways can be seen as among the "winners". In addition to China's rise to become the world's second largest economy, by 2013 Brazil, Russia and

[2] In a rather different and even more worrying interpretation of the rise of illegal monetary flows and the indifference of major states in the North to them, Hudson (2015) suggests that these have been encouraged so as to permit the flow of illegal money into their banks, financial institutions and government bonds, thereby underpinning the position of the $US and £sterling and so enabling the military expenditures of the USA and UK states, and accepting that the resulting regulatory frameworks wil allow major corporations to escape taxation. While the expansion of illegal flows may have been facilitated by the rise of neoliberalism, illegal flows are much more deeply embedded in political-economic practices.

India were, respectively, the sixth, eighth and tenth largest global economies – although that is not to say that all their inhabitants or places within them benefitted to the same extent from growth there. Quite the contrary, as intra-national and income inequalities deepened. However, one thing that we know about successful - in terms of the logic of capital accumulation - capitalist development is that it erodes the conditions that initially made success possible. So when will this erosion happen? And when it does, where will capital move its crisis tendencies around to next?

Put another way, for how long will this particular economic geography prevail? As Anderson (2016, 15) has recently noted, "The BRIC countries are in trouble. For a season the dynamo of international growth … they are now the leading source of anxiety in the headquarters of the IMF and World Bank". This raises important questions as to whether the BRICS will be able to restore a trajectory of growth. For example, will the policies of the Chinese state address the issues of massive debt and succeed in restructuring the national economy, with more emphasis on production for the domestic market, on a more sectorally and spatially balanced economy, and on policies to move it up the value-chain to produce innovative and higher value-added commodities for export be successful? Conversely, at what point will the legacies of China's one child policies erode the pool of cheap labour available there and so its attractiveness to capital as a site for labour-intensive production? While the policy has now been relaxed, so that couples can have a second child, less than 1 in 7 who could do so have chosen to do so over the last two years. And of course, other things being equal, a bigger population reduces GDP and income per caput. There is already evidence of slowing national economic growth in China, albeit still at levels that can only be dreamt of over much of the North. Even so, there has been evidence of wild-cat strikes at the factories of foreign companies such as Foxconn, Honda and Toyota (although there is a much longer history of labour disputes, especially in the Special Economic Zones, as Bowles and Dong, 1994, 61, note), pushing up wage costs and leading to production and new industrial investment moving from on-shore China to lower cost off-shore production locations in other parts of south east Asia such as Bangladesh, Indonesia, Malaysia and Vietnam, which continue to grow strongly (Sparton, 2016). What was not so long ago off-shore is now on-shore ….

What about the trajectory of the economy in other rising powers? For example, there is a mountain of evidence of deep economic and political crises in Brazil. For a time a rather halting recovery from economic crisis on the back of redistributive policies boosting domestic demand, before the crisis again deepened as charges of corruption provoked a serious political crisis that became intertwined with the economic crisis, with the Brazilian economy shrinking again in 2015 by over 3% (Anderson, 2016). Brazil's continuing economic problems were also symptomatic of the asymmetrical economic relations among the rising powers, since they were in part a result of the slow-down in the Chinese economy and in its demands for raw material imports from Brazil and in part a result of growing competition from manufactured imports from China undercutting domestic Brazilian production. Having recovered from the crisis of 2007/8, the Russian and South African economies remain at best sluggish, with declining growth rates, at worst again mired in crisis. Having grown increasingly weakly, the Russian economy shrank by almost 3% in 2015 as oil prices plummeted, for example (Degaut, 2015). As a result exports from Northern economies to the rising powers have also declined: for example, in 2015 Germany's exports to Russia fell by over 26%, to China by over 4% and to Brazil by 3% while growing strongly to the Eurozone, the UK and USA (Charter, 2106). And at the same time, there has been some - admittedly limited - "re-shoring" of certain types of industrial

and service investment from parts of the South to Europe and north America - activities, both manufacturing and services, that need to be nearer to markets while incurring more expensive production costs. So will there be industrial resurgence in these parts of the North? Will the new technologies of 3-d printing and additive manufacturing lead to a large-scale "re-shoring" of manufacturing activity and at the same time its wide dispersal within the North?

Finally, and perhaps most importantly, it remains an open question as to whether their present difficulties are evidence of a secular trend or are simply conjunctural and whether any or all of the rising powers can manage a successful qualitative transformation of their economies onto a longer-term trajectory of producing higher-value added commodities based on product innovation and skilled labour and the creation of markets for new commodities. Expressed slightly differently, recognising the variety of state economic strategies in these countries, which - if any - of them will manage to make this transition and disturb the political-economy geography of the global economy in more radical ways than they have done so far? What it is perhaps safe to say is that, for the foreseeable future, the rising powers, especially China and India, which by 2015 exceeded China's national economic growth rate, will continue to have major impacts on the mainstream global capitalist economy and on patterns of global capital flows, production and trade. As Nölke et al (2015, 557, emphasis in original) note, the emergence of the rising powers cannot be divorced from their "selective integration into global production and trade networks" and as a result they "support global capitalism *in general*". If nothing else, the size of their populations – and as a result their potential as markets and the mass of cheap labour available to capital there, although there are problems of widespread illiteracy and poverty in India in particular - will mean that China and India will continue to exert their influence on, and remain a constitutive integral part of, the global capitalist economy. Indeed it has been suggested by 2030 China and India together could account for no less than 38% of global gross investment and almost 50% of global investment in manufacturing (World Bank, 2013). More generally, Asian economies are widely predicted to grow at annual rates of 6-7% over the next two decades, roughly twice the growth rate of Northern economies. Whether such growth will be ecologically and socially sustainable is another matter. But while the precise figures as to growth rates may be debatable, they provide a powerful indication that the "slow tectonic shift in the power relations and geopolitical configuration of the global economy" is likely to continue and the political-economic significance of the parts of the East and South will continue to grow for the foreseeable future - but not necessarily unproblematically or indefinitely …

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Table 1 Annual percentage GDP growth in selected countries, 2001-2014, and GDP per caput, 2014 ($US, current prices)

GDP growth rate

GDP/caput

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Bangladesh	5.1	3.8	47	5.2	6.5	6.7	7.1	6.0	5.0	5.6	6.5	6.5	6.0	6.1	1,087
Brazil	1.3	3.1	1.2	5.7	3.1	4.0	6.0	5.0	-0.2	7.6	3.9	1.8	2.7	0.1	11,384
China	8.3	9.1	10.0	10.1	11.4	12.7	14.2	9.6	9.2	10.6	9.5	7.8	7.7	7.3	7,590
India	4.8	3.8	7.9	7.9	9.3	9.3	9.8	3.9	8.5	10.3	6.6	5.1	6.9	7.3	1,582
Indonesia	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.0	4.6	6.2	6.2	6.0	5.6	5.0	3,492
Mexico	-0.6	0.1	1.4	4.3	3.0	4.9	3.2	1.4	-4.7	5.2	3.9	4.0	1.4	2.2	10,326
Russian Federation	5.1	4.7	7.3	7.3	6.4	8.2	8.5	5.2	-7.8	4.5	4.3	3.4	1.3	0.6	12,736
South Africa	2.7	3.7	2.9	5.8	4.3	5.6	5.4	3.2	-1.5	3.0	3.2	2.2	2.2	1.5	6,483
Turkey	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.8	2.1	4.2	2.9	10,515
Vietnam	6.2	6.3	6.9	7.5	7.5	7.0	7.1	5.7	5.4	6.4	6.2	5.2	5.4	6.0	2,052
France	2.0	1.1	0.8	2.8	1.6	2.4	2.4	0.2	-2.9	2.0	2.1	0.2	0.7	0.2	42,733
Germany	1.7	0.0	-0.7	1.2	0.7	3.7	3.3	1.1	-5.6	4.1	3.7	0.4	0.3	1.6	47,822
Italy	1.8	0.3	0.2	1.6	0.9	2.0	1.5	-1.0	-5.5	1.7	0.6	-2.8	-1.7	-0.4	34,908
Japan	0.4	0.3	0.2	1.6	0.9	2.0	1.5	-1.0	-5.5	4.7	-0.5	1.8	1.6	-0.1	36,194
UK	2.8	2.5	3.8	2.5	3.0	2.7	2.6	-0.5	-4.2	1.5	2.0	1.2	2.2	2.9	46,332
USA	1.0	1.8	2.8	3.8	3.3	2.7	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.4	54,630

Source: World Bank Indicators, 2015, available at
http://data.worldbank.org/indicator/NY.GDP.MKKP.KD.ZG [downloaded 24/02/2016]

Table 2 Labour force (millions) in selected countries

	2000	**2013**
North		
France	26.7	30.0
Germany	40.9	42.0
Italy	26.7	25.5
Japan	68.3	65.6
UK	29.9	32.8
USA	144.7	159.8
'South'		
Bangladesh	69.2	77.3
Brazil	79.7	108.4
China	756.8	801.8
Ethiopia	27.6	45.4
India	450.9	487.9
Indonesia	101.8	122.1
Mexico	40.4	54.5
Nigeria	50.3	54.2
Pakistan	51.7	63.6
Philippines	31.9	42.9
Russian Federation	77.7	76.9
Thailand	36.8	39.9
Vietnam	40.4	54.4

Source: World Bank, 2002 and 2015