Handbook of Local and Regional Development

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Globalization and regional development

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Introduction

Globalization has prompted us to rediscover the region as a force in economic development. Apparently rendered powerless or, worse, irrelevant by economic globalization, the capacity of regions to generate economic and social development has paradoxically been rediscovered by policy makers and scholars alike. Localized inter-personal ties and networks are seen as important resources and sources of ‘social capital’. The integration of such localized networks into ‘micro-regions’ – territorialized complexes of relationships and institutions – is increasingly seen as playing a critical role in production, industrial organization and social reproduction. Finally, ‘macro-regions’ such as the EU or the NAFTA area are important sources of diversity in the global economy – and of new scales of governance of globalizing processes. Through these local, micro-regional and macro-regional processes, ‘regions’ are now seen as playing a crucial role in constituting economic globalization.

Exaggerated rumours?
Rediscovering the region in an era of globalization

In the era after the Second World War a system of relatively stable national economies was institutionalized through an international order of ‘embedded liberalism’ (Ruggie, 1982). These economies were tied together through a negotiated regime of multilateral trade but buffered from the full effects of these international markets by institutions limiting trade and capital flows. The national economy and the bureaucratic firm acted
as 'time space containers' (Giddens, 1984), institutionalizing a 'spatial fix' for capitalism (Harvey, 1989).

Regions were embedded within the opportunity structures – and constraints – of international corporate hierarchies and national economic strategies. In advanced capitalist economies, large oligopolistic firms – in their most dominant form, 'national champions' – flourished and dominated within their markets and regional locations. Keynesian state strategies sought to narrow regional inequalities as part of the project of building 'national' economies (Brenner, 2004).

The globalization of the economy has consisted in large part of the weakening and even destruction of these institutional buffers between national economies and global markets. Despite attracting the most attention, the globalization of trade has been relatively modest – with world trade growing about twice as fast as world output in recent decades. More significant has been the continuing expansion of transnational production structures with about half of all trade internalized within multinational enterprises by the 1990s (Dunning, 2000; Held et al., 1999). As oligopolistic firms extended their global reach with the rise of transnational corporations (TNCs), relations among nations often tracked the international divisions of labour operating through these TNCs (Hymer, 1971). The majority of trade is in fact channeled through these corporate structures. The structures of the corporations have themselves been reconstituted, however, with hierarchical forms increasingly supplemented and even supplanted by networks and alliances and associated new forms of industrial governance (UNCTAD, 1998; Gereffi et al., 2005). Most significant of all has been the massive expansion of global finance, dwarfing all other forms of globalization and led by the financialization of the US economy (Held, 1999; Krippner, 2005).

Regions appeared at first glance to have been marginalized by these developments as global processes dominated and regional actors faced enormous difficulties in shaping local economic development. Latest, and arguably most famously, in a long line of analysts, Thomas Friedman (2006) proclaimed that 'the world is flat' as regional and national differences were eroded and rendered less important by the technological, economic and social processes of globalization.

Giddens (1991) argued that globalization occurs through a process of time-space distanciation where time and space are universalized and 'lifted out' or made independent of their immediate contexts. He argued that communication across distance depends upon the existence of expert systems, or systems of knowledge which actors understand and trust (such as the technical language of high-tech industry), and upon symbolic tokens, or media of communication that can serve as coordinating mechanisms for long-distance social relations where social cues and monitoring are absent or opaque (e.g. money). Reich (1991) argued that new information and communication technologies made it possible and even necessary to reorganize firms into 'global webs' and employees into global telecommuters. Regions were relegated to places where inputs for regional development could be created, but where little leverage could be gained over the process of development itself.

Other authors have portrayed a fundamentally different global economy where corporations have colonized local spaces and time has annihilated space in a process of time-space compression (Harvey, 1989). However, regions do not disappear but instead become more crucial to capitalist accumulation in providing a 'spatio-temporal fix' to problems of profitability and over-accumulation. Capital searches out new locations for activity in an effort to cut costs at the firm level and to develop new sources of demand and profitability at the systemic level. Even as neoliberal political discourse promotes market exchange as a universal ethics, power is in fact re-centralized and new forms of domination emerge (Harvey, 2005). While the kinds of
forces that Friedman, Giddens and Reich observe are real and important, their impact is to generate uneven and unequal development, not a ‘flat’ world (Christopherson et al., 2008).

In the process, new regional centres of capitalist production enter the dynamic sectors of capitalism, while other regions experience de-industrialization and decline. Brenner (2004) argues that these shifts in recent decades have produced a structural shift towards an increased centrality of urban agglomerations, rather than national economies, in the organization of capitalist accumulation, making strategies of ‘locational competition’ and urban entrepreneurialism more central (Brenner, 2004; Cerny, 1995). Even as regions become more central to capitalist accumulation the range of policy strategies available is narrowed to ‘entrepreneurial’ efforts to enhance ‘competitiveness’. Questions of social reproduction and increasing inequality loom ever larger, even as policy is increasingly constrained in addressing these issues. Inequality between regions within countries has increased (Barnes and Ledebur, 1998; Heidenreich, 2009) and inequalities within metropolitan regions themselves have increased (Pastor et al., 2009).

A third group of scholars are more sanguine about the prospects for regional development within contemporary capitalism. Piore and Sabel (1984) famously argued that the demands for increased flexibility and specialized learning make embedding the global workplace in local spaces even more critical, an argument that has received wide support from the new economic geography and economic sociology. Under what we might call time-space embedding, the social structure of regions becomes critical to economic development as efficient production and constant innovation require the construction of shared physical spaces where workers can interact and communicate on a face-to-face basis and where shared goals and meanings can be created and maintained (Piore and Sabel, 1984; Saxenian, 1994; Storper, 1997). Distinctive local strategies of regional development can be expected to persist and, indeed, it is the distinctive social and cultural histories of places that are most likely to generate the kinds of social ties and ‘social capital’ that are to be the basis of effective regional development. The mobilization of regional ‘relational assets’ (Storper, 1997) has been crucial to the emergence of dynamic regions that have begun to close the gap with more established core regions (Heidenreich, 2009; Breznitz, 2007).

The global region

Recent research has spawned a wide variety of attempts to blend these insights from ‘global’ and ‘local’ perspectives on economic restructuring and regional development, creating something of a plague of ‘glocalisms’ in economic geography. A barrage of studies identified a large number of clusters and agglomerations within a globalizing economy. Empirically, we find that the global economy is increasingly organized through ‘global regions’, with an expanding number of concentrated specialized agglomerations of activity tied together through corporate networks of production and innovation, trade relations, flows of capital and labour mobility of various kinds.

While analysts saw either global or local processes as structurally or historically determined, there was little prospect of combining the two perspectives to understand the emergence of this network of regions. However, scholars increasingly understand local and global socio-spatial structures as mutually constitutive and have been increasingly interested to analyse both the social and the spatial dimensions of global regions as socio-political constructions (for a subtle analysis of scale, territory, place and networks as processual constructions see Brenner et al., 2008).

Piore and Sabel (1984) located the flexibilities and trust that underpinned the success of the ‘Third Italy’ and other similar
industrial districts in informal social relations rooted in local face-to-face interactions and long-established regional industrial cultures. However, Herrigel (2008) notes that flexibility is increasingly founded, not on informal relations, but on the formalization of procedures, standards and measures of outcomes and performance. These formalized indicators – and crucially the discussions around them – render the tacit explicit and potentially open up the networks of the economy to new entrants. Sabel (1994) argues that such monitoring across organizational boundaries can serve as an occasion for conflict but also for learning through the dialogue around the interpretation of such measures. Similarly, Lester and Piore (2004) see such ‘benchmarks’ as technical instruments that can act as the occasion for the stimulation of the formation of public spaces within industries that ultimately prove crucial to innovation. While the mechanisms are relatively poorly understood, the basic point is significantly different from the initial studies of industrial districts – the new analysis of regional industrial systems emphasizes the ability to construct dialogue and public spaces through the use of particular ‘open’ mechanisms of organizational networking and coordination.

Similarly, while researchers have found even more widespread evidence of the importance of agglomeration, their interpretation of these ‘local’ spaces has shifted. Piore and Sabel presented a picture of the Third Italy that emphasized its self-contained character as a local culture, a ‘world in a bottle’ (Sabel and Zeitlin, 2004). Similarly, the imagery of the new international division of labour with an orderly hierarchy of regions in the global production system has been complicated. For example,

a substantial and growing proportion of the trade today is in components – that is, that it is a spatial fragmentation of production and not simply a spatial dispersion (disagglomeration). Fragmentation means that external linkages now interpenetrate territorially embedded production systems at multiple levels and in multiple ways, which potentially challenges the established imagery of clusters and districts as sticky Marshallian knots of thick localized ties in a dispersed global network.

(Whitford and Potter, 2007: 509)

Similarly, the advantage of particular clusters was often linked to their constitutive role in global production and innovation networks – acting as centres of corporate control (Sassen, 1990), as centres of innovation (Saxenian, 1994), as logistics and operations hubs for macro-regions (Ó Riain, 2004), and so on.

The rethinking of the social and spatial foundations of agglomeration, flexibility and learning offers more room to move for policy and political actors. Social relations can be reconstructed to support new modes of organizing in a global economy. However, even as this offers hope to regional advocates, the threat of international competition is reopened as regions around the world seek to emulate the best known models of such industrial districts.

This is true in part because the building blocks of globally networked regional economies have themselves become more widely available, particularly as inter-firm networks, metrics and standards become more important and intra-corporate organizational integration is weakened (Storper, 2000). Storper argues that international convergence in production techniques and quality and other conventions is only partly driven by dynamics of competition, trade and international investment. There is also a more generalized diffusion of modes of organization of production and innovation (Giddens’ globalizing ‘expert systems’ and ‘symbolic tokens’) often into regions that have little direct relation with the regions of origin of these new forms of economic organization. The generalized diffusion of Japanese manufacturing methods or of the Silicon Valley mode of
work organization are important examples, where the influence of these ‘models’ of work organization has spread well beyond the specific networks of regions that are tied to the central nodes in Japan and California. The organizational ‘building blocks’ of networked production, although initially embedded in the regional cultures and institutions of Japan and Silicon Valley (Dore, 1973; Saxenian, 1994), have become more widely available to regions seeking to emulate or adapt features of these dynamic industrial centres.

**From firms to regions? Global regions and the social reproduction of capitalism**

Regional development in an era of global networks has increasingly become a question of mobilizing and reassembling local and global elements in ways that sometimes seek directly to emulate models elsewhere and at times result in new and innovative modes of organization. In this sense, there is more scope here for innovative regional strategies than is captured by the imagery of urban entrepreneurialism and competitiveness (Le Galès, 2002). Regions are increasingly taking on the mantle worn in the Fordist era primarily by the dominant firms. These firms provided modes of ‘organizational integration’ (Lazonick, 1996) for the industrial system. We have already seen that regional complexes are increasingly important to the dynamics of competition, the organization of markets and the insertion of economies into international economic regimes. Furthermore, where large firms played a key role in organizing cooperation at the point of production and led the management of the capital–labour relation, regional industrial systems are increasingly important to the institutional coordination of the wage relation and class relations, in an era where inter-firm careers are increasingly common (Benner, 2002).

The social world of the large firm provided a complex organizational mechanism for providing the social infrastructure for innovation, production, careers, the raising of finance, the reproduction of the labour force, and other critical elements of capitalist economic organization. Firms increasingly externalized many elements of their activities in the face of structural and policy shifts promoting financialization of the economy and the dominance of new conceptions of the firm as a bundle of financial assets (Fligstein, 2001). In the process, regions have become increasingly important to this work of the social reproduction of capitalism.

Regions have long been recognized as centres for the reproduction of labour, hardly surprising given the immobility of labour relative to capital. In effect, creation of pools of labour, ideally highly skilled, has always been a basic condition of regional development strategies – and particularly the ability of regions to attract mobile capital. However, the (in)famous ‘creative class’ theory (Florida, 2002) goes beyond this to argue that the attraction of mobile labour is a critical element of regional strategy and that the construction of a cosmopolitan urban environment is therefore critical to effective regional development.

But even Florida’s latte-sipping ‘creatives’ find themselves involved in the mundane business of workplace conflicts and career negotiations. Here too the region plays a newly significant role. The ability to build a career across firms within a region is central to the reproduction of a skilled workforce in the most dynamic regions such as Silicon Valley (Saxenian, 1994). The workplace bargain between mobile workers such as software developers and their employers is based, not on the expectation of lifelong employment, but on the expectation of cash, learning and career benefits from particular projects benefits that can be realized in the global but also, more significantly, the regional labour market (Ó Riain, 2000, 2004). There are opportunities and attractions in more mobile labour markets but there are also risks and insecurities. Despite often glaring
differences in wages and conditions, this ‘precarity’ extends increasingly to all workers especially those in the rapidly growing informational and service sectors and including even members of the ‘creative class’ (Ross, 2008; Kerr, 2010).

Surprisingly for an era of capital mobility, regions prove important to the organization of capital. Integration within the division of labour is increasingly provided across, rather than within, firms. New forms of modular contracting allow firms to recombine their networks (Sturgeon, 2002, 2003) and the network of inter-firm relations across global regions proves important in allowing this recombination to occur (Saxenian, 1994, 2006). Furthermore, industry and professional associations often play a role within regional economies that were played by the major disciplines (such as production management, marketing, personnel, and so on) within large firms (Jacoby, 1988). Flows of investment capital to the most successful regions have been organized through the embeddedness of venture capitalists within the regions themselves – most famously in Silicon Valley but also, increasingly, through networks of venture capitalists that link centres such as Silicon Valley with more peripheral regions (Saxenian, 1994; Saxenian and Sabel, 2008; Zook, 2005). The literature on regions and the decline of Fordism emphasized the effect of capital flows – and particularly outflows on regions (Blustone and Harrison, 1982; Scott and Storper, 1986; Storper and Walker, 1991). However, regions can themselves become central to the constitution of particular flows of capital.

Finally, regions are increasingly placed at the centre of the innovation process that is at the heart of contemporary capitalist development. Regional studies have shifted in recent decades from asking where industry has gone, to investigating how new centres of innovation-based growth have emerged. A variety of frameworks have emerged that utilize concepts of economics of agglomeration, endogenous development, networks and governance to identify ‘territorial systems of innovation’ (Moulaert and Sekia, 2003). While Moulaert and Sekia point to the conceptual ambiguity in these frameworks, research programmes around industrial districts, innovative milieux, new industrial spaces, learning regions and more have pointed to the critical importance of territorialized processes in an innovation economy.

The decline of Detroit, and even the geography of IBM, has been displaced from the centre of regional studies by the study of Silicon Valley and its many imitators. Mowery (2009) shows that there has been a rapid increase in the number of scientists and engineers working in small firms as part of an ‘open system of innovation’ and Block and Keller (2008) document a significant shift in the sources of the most innovative scientific breakthroughs in the US, with Fortune 500 company labs dominating in the 1970s but federal labs, universities and collaborations among smaller firms taking the lead in the past decade.

Lester and Piore (2004) argue that the decline of corporate labs such as those in AT&T and IBM and the general externalization and rationalization by large firms has destroyed the public spaces that were essential to innovation within US firms. In the process, new public spaces outside the corporations have become crucial – even though weakly supported. Crucially, they argue that public policy – including regional development policy – will be sorely misguided if it follows exhortations to mimic the private sector. It is precisely the replacement of these public resources and spaces that have been neglected by the private sector that is the primary task of the public sector – and of the region.

Varieties of capitalist regions

The ‘global region’ is therefore constructed out of global elements even as it plays a critical role in constituting globalization.
However, it is not simply at the mercy of global flows and processes but is involved in providing the conditions for the mobilization of labour, capital and knowledge – and in shaping how they are organized and combined into particular pathways of development.

This in turn opens up the possibility that there may well be many types of regions within the global economy. We have seen that some of the differences between regions can be described in terms of their location within global networks (core vs peripheral, etc.) or their roles within those networks (‘centres of corporate control’, ‘manufacturing platforms’, etc.). However, in addition to these structural features of regional differences, there are also differences that can be traced to the constellations of organizations through which the region operates.

The influential literature on ‘varieties of capitalism’ poses two main types of capitalist economy – liberal market economies such as the US and UK, and coordinated market economies such as Germany and Japan. Furthermore, liberal market economies are seen as better suited, institutionally, to promote innovation-based industries through their flexible capital and labour markets and close university-industry ties (Hall and Soskice, 2001). But the degree of coordination within liberal economies is badly understated in this literature. It turns out that there are a wide variety of coordinating mechanisms at work within the liberal market economies (and indeed important elements of markets in the coordinated economies) (see Peck and Theodore (2007) for a more detailed discussion of the difficulties with this approach).

Moreover, even within liberal market economies, there are also a variety of regional forms of coordination. Dunning (2000: 24–25) describes six types of spatial cluster, drawing on previous work by Markusen (1996) and others. In Table 2.1, organizes the six types along two different dimensions: (1) the extent to which private or public actors predominate in the region, and (2) the organizational structure of the region and mode of coordination by these dominant actors. While each of these spatial cluster types seeks to mobilize local resources in pursuit of a niche within the global economy, the effects of politics and institutional legacies and strategies on the form each ‘global region’ takes is clear.

Private firms take the lead in many global regions. In some a single ‘flagship firm’ acts as the hub around which many smaller, dependent firms form spokes – for example, around Boeing in Seattle or around Pohang Steel in Korea. This differs from the classically integrated firm which generated relatively few ‘spokes’ around itself. The opposite of this ‘hub and spoke’ structure is the classically ‘industrial district’ structure of networks of small firms with no single dominant firm, such as in Northern Italy’s textile industry (Piore and Sabel, 1984). Industrial districts, however, are susceptible to transformation

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Source: Based on Dunning (2000)
into ‘hub-and-spoke’ structures if lead firms become dominant and smaller firms become dependent upon them (Harrison, 1994). It appears that the Finnish high-tech cluster is going through a process like this as the once relatively decentralized industrial structure that spawned Nokia is incorporated within Nokia’s umbrella and becomes dependent upon it. In the process, Nokia is rendered vulnerable by the lack of diversity and innovation in its products and organizational structure (Saxenian and Sabel, 2009). Private firms are also central to a third form of regional cluster – the export processing platform. In this case states seek to attract firms from beyond the region and are often able to build agglomerations through heavily subsidized infrastructure, low taxes and other incentives. There may be smaller ‘hub-and-spoke’ structures within the platform regions. However, the challenge for regions such as Ireland, Singapore and many others is to turn this agglomeration into more deeply embedded clusters – whether those be of the hub-and-spoke or industrial district variety. Regions rarely stay completely stable but are constantly shifting in their structure and development.

Other regions are based primarily around public sector organizations or clusters of public-private networks. Mirroring the hub-and-spoke structure of a single dominant organization, some regions are based around a major public facility – a federal lab such as Los Alamos in the US, a military research facility such as in Aldershot in the UK, or a university. Closely related is the more diversified region which consists of a network of larger public and private institutions – primarily R&D laboratories and universities. These clusters are based on the promotion of ‘institution-building learning economies and the sharing of collective knowledge’ (Dunning, 2000: 25), with the Research Triangle in North Carolina in the US perhaps the best-known example. Finally, science and technology parks form the third public sector-led region, with the institutional and material infrastructure for science and technology-based firms put in place in an effort to attract external firms – although with the significant possibility that what it produces in practice is a slightly more sophisticated export platform. The most successful examples, like Hsinchu Science Park in Taiwan, blend elements of this model with the public-private learning economy and the industrial district by fostering genuine networking and technical community within the park.

Contingency, politics and the global region

Regional development is not a pathway to escaping the challenges of globalization. However, it may provide the opportunity to shape the ways that regions participate in the global economy. Our brief review of the varieties of forms of organization of spatial clusters reveals the persistent importance of institutional and organizational factors, even in a world of regional development where global structural pressures are great, global networks are increasingly important and global models and metrics are widely diffused. There are significant variations in private sector-led regions while public organizations remain important, even within liberal economies.

Capital flows have certainly reshaped regions in significant ways, with the international integration of corporate operations changing the internal dynamics of regions. In addition, financialization of the economy particularly in the US and other liberal economies (Krippner, 2005) has threatened the basic organizational and social infrastructures of production and innovation. In the process, some regions are abandoned while others experience boom periods. In the face of the financial crisis, however, we are likely to see regions emerge as more vital than ever in the processes of global economic recovery as they provide one of the major reservoirs of productive and innovative capabilities.
The 'technical communities' of workers are also critical to the network of global regions. Ethnic diasporas, especially of technical professionals, provide important conduits of information and social ties between regions around the world. Crucially, these migration and mobility linkages enable peripheral regions to generate regional development and innovation through ties to core regions that go well beyond the typical transfers involved in attracting foreign investment or setting up export platforms (Saxenian, 2006). In the process, the innovation system of core regions has increasingly stretched beyond their own borders to incorporate more peripheral regions such as the extension of the Silicon Valley network to include innovation and production in places such as Israel and Taiwan, and perhaps to a lesser extent India and Ireland (Saxenian, 2006; Breznitz, 2007; Ó Riain, 2004).

The increasing internationalization of professional associations, scientific organizations and universities also forms a transnational technical community that is part of the infrastructure of regional development. Debates about integration into global networks now involve discussions about how best to attract and build, not only investment by firms, but also the institutional networks within which those firms and systems of innovation are embedded. Regional policy makers are increasingly involving themselves in building the social structures and institutions within which new forms of economic organization operate – in the process becoming ‘lay’ economic sociologists and geographers.

Public actors continue to matter therefore. New forms of developmental statism have emerged that place the mobilization of regional ‘relational assets’ (Storper, 1997) at the heart of their efforts. ‘Developmental network states’ have played an important role in the growth of high-tech regions in the US and its networks of global regions (Block, 2008; Breznitz, 2007; Ó Riain, 2004). These states have been instrumental in forming new professional labour forces, in supporting and shaping innovation and innovation-based firms, in underwriting emerging technical and industrial communities, and in promoting the intersection of local and global networks (Ó Riain, 2004). Regions that are tied to national states (e.g. Ireland and Singapore) are particularly well placed to mobilize the political and institutional resources that underpin regional development.

Cerny dismisses such strategies as subservient to the broader project of liberal marketization and simply incorporating regions into ever more dominant capitalist social relations:

The outer limits of effective action by the state in this environment are usually seen to comprise its capacity to promote a relatively favorable investment climate for transnational capital – i.e., by providing an increasingly circumscribed range of goods that retain a national-scale (of subnational-scale) public character or of a particular type of still-specific assets described as immobile factors of capital. Such potentially manipulable factors include: human capital (the skills, experience, education, and training of the workforce); infrastructure (from public transportation to high-technology information highways); support for a critical mass of research and development activities; basic public services necessary for a good quality of life for those working in middle- to high-level positions in otherwise footloose (transnationally mobile) firms and sectors; and maintenance of a public policy environment favorable to investment (and profit making) by such companies, whether domestic or foreign-owned.

(Ó Riain, 2004)

However, our exploration of the broader role of the region in the social reproduction of labour, capital and knowledge points to more far-reaching possibilities for the political
shaping of regional social and economic outcomes. The substantial list of areas of interventions offered by Cerny leaves a significant range of action that goes well beyond ensuring competitiveness. Network state developmentalism integrating many of the elements of human capital, R&D, infrastructures and welfarism and incentives that Cerny describes has had profoundly different developmental consequences than alternative modes of regional or national development such as clientelism, simple corporate boosterism, growth machines or financialization. It is perhaps best to see ‘competition state’ strategies as one form of regional development, rather than as the structurally determined outcome that Cerny poses.

In addition, each of these areas can be structured in ways that make significant differences for patterns of inequality. Despite progressive emphasis on the decline of demand-side Keynesian strategies, much of the pattern of inequality in different societies is shaped by the supply-side, where more or less equal investments can be made in different groups of workers, and the organization of production, where significant differences in workplace organization persist despite the kinds of global convergences noted above (e.g. Cole, 1991; Lorenz and Valeyre, 2007; Heidenreich, 2004). It is telling that the social democracies that continue to combine innovation and equity have also emphasized many of the kinds of policies that Cerny describes. The trade-off between competitiveness and equality in regional development seems less pre-determined than the ‘competition state’ theory suggests.

In the face of the current global financial and economic crisis, most regions are already experiencing severe economic declines. However, the crisis has also seen increased attention being paid once again to Keynesian-inspired efforts at stimulating demand. While some of these efforts are being undertaken at the national level (such as in the US), increased attention has been focused on macro-regions such as the European Union and their role in both stimulating and regulating credit and finance. This is particularly interesting because patterns of regional inequality in Europe show increasing inequalities between regions within nations, but decreasing inequalities between regions in different nations within the EU (Heidenreich, 2009). If the EU can rise to the challenge of an integrated fiscal and regulatory response to the crisis (which appears unlikely in mid-2009 but may become even more necessary as the crisis continues), the European economy in 2015 may be managed more heavily through macro-regional macro-economic coordination and micro-regional coordination of production and innovation. If this global and macro-regional capacity for macro-economic coordination can be built, then regional capabilities and regional development are likely to be critical building blocks of any emerging ‘New Deal’.

There is reason to believe that such a ‘New Deal’ can go beyond economic production to enhance social well-being and participation, in an enriched model of ‘integrated area development’ (Moulaert and Sekia, 2003). While many analysts of global regions have emphasized their role in production and innovation, we have emphasized here that those contributions are intimately tied to the role of the region as a centre of social reproduction. This provides the opportunity to link sustainable economic development to social progress and egalitarian forms of development. While this is politically difficult, it is not impossible – research on varieties of capitalism and on regional variation in production systems shows that there remains significant scope for designing alternatives to neo-liberal economic organisation. Changes in global governance will no doubt be essential to protect such alternative pathways from the threats posed by financial liberalization and related processes. However, such political and institutional changes will not emerge from expert elites but will need to be backed by supportive and sustainable coalitions. We might expect that regions that provide more
successful models of social and economic development will be central to those coalitions.

References


Further reading


Saxenian, A. (2006) *The New Argonauts: Regional Advantage in a Global Economy*. Cambridge, MA: Harvard University Press. (A rich exploration of the ways in which the technical communities typically found in regions such as Silicon Valley are emerging on a transnational basis, promoting a network of global regions.)