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1. Leoncini R., Montresor S., Vertova G. 2006 "Dynamic capabilities between firm organization and local development: a critical survey", *Economia Politica*, Vol. 23, n. 3, pp. 475-502

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Marxian Economic Geography in Global Capitalism

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Abstract: Starting with a dissatisfaction of both the *Walrasian* and the *Marshallian* traditions in dealing with space, we move towards a different literature altogether, in order to understand spatial issues in the so-called 'global' economy.

The *Walrasian* tradition - including the German school of location theory and Paul Krugman's New Economic Geography - neglects space as an element of differentiation and see 'globalisation' as a homogenising tendency, when market failures are overcome. The *Marshallian* tradition - embracing the literature about industrial districts, milieux innovateur, regional systems of innovation, and the learning region - sees localness as an asset in global competition, thus speaking about 'glocalness'. Both these traditions misses the crucial point: the intrinsic nature of geographical uneven development of the capitalist economy. By contrast, the Marxian economic geography talks about capitalism as a historically and geographically specific form of social organisation. In this tradition, space is the realm of 'concrete' and 'particular', within 'abstract' and 'universal' dimension of capital, because the exploitation of labor-power, the development of technological change and the organisation of production need a coherent territorial structure, that is a 'spatial fix'.

We believe that the Marxian tradition is more suitable to explain uneven development, geographical disparities, spatial differentiations and inequalities as intrinsic features of capitalist accumulation, and not just as externalities and/or market failures.

I. Introduction

The crisis of the so-called 'Golden Age capitalism' broke out in the middle of the 1970s, although the causes for the exhaustion of the Fordist-Keynesian model are probably a decade older. Since the end of Bretton Woods, with the introduction of flexible exchange rates, and the oil crisis contributing to stagflation, a long series of destabilising events were put in motion, marking the transition to a different kind of capitalism. The key turning points at the end of the 1970s, and which defined the 1980s, were the monetarist turn in economic policy by Volcker, the neoliberal governments of Thatcher and Reagan, the higher mobility of financial capital, the upward jump in nominal and real interest rates, the war against the welfare state and its transformation in workfare, the spread of market deregulation and the increasingly precarious nature of the labor market and labor process. This is a well-known story and we do not intend to tell it again in these pages.

According to some interpreters, at the beginning of the 1990s, a 'new capitalism' begins to makes its appearance (Ohmae 1995; Castells 1996). It is anti-interventionist as far as economic policy is concerned. It is post-Fordist in the organisation of labor. It is global not only in relation to its financial aspects but also in production and markets. Manual labor is confined in the new industrialized countries where labor costs are lower; in contrast, in the old industrialized countries, labor becomes more 'cognitive'. The advanced capitalist countries are said to live in a 'learning economy' (Lundvall and Johnson 1994). Higher quality at lower costs is required everywhere.

The Marxian prophecy about the globalization of capitalism seems to have come true. Indeed, until the 1980s, the idea that spontaneous capitalist development would have resulted in a diffusion of prosperity everywhere appeared to be devoid of any sense of reality. According to the neo-classical theory, although it is true that growth is at first confined to particular areas, decreasing returns and external economies guarantee the extension of advantages to backward countries, and then result in territorial and geographical balance through the automatic working of the free market. Against all this, the Marxist theory of imperialism seemed more realistic. The periphery is seen as a land to be conquered in order to open new markets or guarantee new sources of raw materials, or as a place to invest capital in order to avoid the low profitability of the center. The relationship between center and periphery is in fact ruled by an 'unequal exchange' (Emmanuel 1972). These critical approaches remained vital also during the Golden Age. In that period, the Marxian collapse theory was proved wrong, but economic growth was occurring almost

exclusively in the centre. The real challenge to this line of inquiry came later. The point was not that the distinction between developed and developing areas was going to disappear. The novel fact was that – certainly, because of active economic policies contrary to those suggested by neo-liberalism – some peripheral countries managed to escape the poverty trap and became protagonists of the world economy. Here, a typical example is East Asia from the mid-1960s to the mid-1990s. Moreover, demand for commodities and capital movements were more and more concentrated in the centre of capitalism, something that falsifies Luxemburg's (2003 [1913]) and Lenin's (1948 [1916]) contrasting views on imperialism.

The end of Fordism also meant the crisis of a kind of 'third way', between the *laisser faire* myth of the spontaneous diffusion of capitalist development and the Marxist theory of imperialism. We refer to authors such as Myrdal (1957), Nurkse (1953), Prebisch (1950) and Rosenstein-Rodan (1943, 1976). According to these authors, state economic direct action for infrastructures and investments is necessary in order to promote a balanced development. 'Planning' in public expenditures and/or incentives should be designed to guarantee, through the correct calibration of demand and supply interventions, a proportionate expansion of the structure of the economy, in order to make national growth independent from the international demand trend. Yet, what happened during the Golden Age was very different. After the end of the Second World War, public expenditure was not implemented according to some general interest, but instead followed a path partly imposed by some lobby groups (principally, the military and oil lobby). Moreover, state intervention went along with, but did not replace, the rapid growth of international trade, which was the prime mover of capitalist expansion. The primacy of foreign demand increasingly created imbalances rather than balanced development, and paved the way towards the globalization at the end of the twentieth century.

II. Globalization: a questionable phenomenon

In order to understand whether the global economy has undermined the role of space, it is crucial to remember that globalization is a highly controversial phenomenon. This section aims to quickly review the main literature about globalization, without claiming of being complete. The 'globalization debate' refers to the views of two opposing sides: those who consider contemporary globalization as a real and significant phenomenon – the so-called "globalists" (Ohmae 1990, 1995; Reich 1991; Castells 1996; Dicken 2003) – and those who believe that globalization is just an ideological and mythical construction with marginal explanatory value – the so-called "skeptics" (Hirst and Thompson 1996; Held *et al.* 1999; Held and McGrew 2000). The disagreement between these two approaches starts from the very beginning: the definition. There is no common and universally agreed

definition of globalization, since the term has been used with widely varying meanings. Giddens (1990) speaks about 'action at a distance' to highlight the fact that the actions of one economic agent in one location can have an influence on economic agents located in other places. Harvey (1989) refers to 'time–space compression' to show that new technologies have reduced time and space constraints on social organization. Modeleski (1972) considers globalization as the 'enlargement' of the geographical scope of human communities, thus stressing a more social aspect. Held *et al.* (1999) speak about the 'global interconnectedness' in different historical periods. Castells (1996) talks about 'network capitalism' with networked firms representing the new unit of analysis in the current phase of capitalism.

Important issues about globalization divide social scientists. The first one is the *novelty* of the current phase of capitalist development. Globalists remark how this phase is completely new, and no comparison can be made with other historical phases (Ohmae 1990; Castells 1996; Dicken 2003). Flows of trade, capital, and people across the world have been facilitated by new infrastructures. The growing intensity of these flows enables states and societies to become increasingly interconnected with a worldwide system of networks and interactions. This speeding up and deepening impact of inter-regional flows should be seen as the emergence of an harmonious world society. We now live in a borderless world in which the 'national' is no longer relevant. The contemporary world is a place where nation-states are no longer significant, and consumer tastes are homogenized and satisfied by standard global products created by global corporations. The fact that a significant segment of the world's population is either untouched or remains largely excluded from globalization does not seem to be an issue. Skeptics believe that the 'newness' of the current phase of capitalist development has been grossly exaggerated (Harvey 1989, Geyer and Bright 1995, Hirst and Thompson 1996, Held *et al.* 1999). We do not live in a global economy but in a more international one, where national forces do still play a significant and meaningful role. Moreover, some authors believe that the originality of this latest phase has been to alter the distribution of global wealth in favor of Western economies (Modeleski 1972) or to result directly in an increased Western expansionism (Geyer and Bright 1995). The different historical phases of capitalism share the acceleration of European expansion together with, and above all, a new ordering of relations of domination and subordination. Both the *Pax Britannica* and the *Pax Americana* were attempts to establish global order. Comparing this phase of capitalist development with the so-called *belle époque*, Hirst and Thompson (1996) conclude that we are far from a true global society, due to the lack of global institutions governing global economy, via a process of global democracy. By contrast, we live in a more internationalized world, with more flows of goods, services, and people around the world. The authors prefer to speak about 'internationalization', 'regionalization' and 'realization' of the world because of the growing links between discrete national economies.

A second concern is about *the role of the nation-stat*e. Globalists believe that the global economy, dominated by stateless corporations and borderless finance, has rendered obsolete the concept of the nation-state as a unit of analysis (Ohmae 1990, 1995, Reich 1991). This state denial refers to a diminution or displacement of states as powerful actors in the national and international arena. Globalization seems to rapidly erode the power of the nation-state since capital, finance, and technology flow effortlessly across borders, thus eroding the sovereignty of the nation-states. According to this view, in this new era, transnational corporations stomp across the world randomly, and national governments are increasingly powerless to influence the economic welfare of their citizens. The 'collapse of the welfare state', the 'death of industrial policy', the 'end of national diversity', and the 'demise of the nation-state' are the key words of this new era of state denial. By contrast, skeptics believe that the nation-state does still play a fundamental role in this phase of capitalist development: it is not disappearing but, instead, it is changing its role. Yet, the state capacity, in terms of general capabilities, industrial, foreign, and social policy, is still crucial in the global economy. Evidence for this is the fact that some nations are notably more successful than others in anticipating and responding to economic change. In general, the highly coordinated market economies - such as Japan and Germany - have sustained a great capacity for growth with equity than have the least coordinated market economies (Weiss 1998). Finally, a quick look at world history shows that the state has grown together with the globalization processes and has not, instead, been destroyed by it (Geyer and Bright 1995).

A third argument concerns *transnational corporations* (TNCs). Globalists have always considered TNCs as 'the primary shaper of the contemporary global economy' (Dicken 2003). The changing geography of the global economy is influenced by the TNCs' decisions to invest, or not invest, in particular geographical locations. The potential ability to take advantage of geographical differences in the distributions of factors of production and in state policy has some bearing on the TNCs' decisions to invest. Moreover, potential geographical flexibility, that is the ability to switch resources and operations between locations on a global scale, plays a crucial role as well. TNCs' decisions to invest contribute to create an international production chain entangled in a spider's web of collaborative relationships. By contrast, skeptics quote the evidence that TNCs' investments do not extend all over the world but, on the contrary, are concentrated in certain specific geographical areas (Dunning, 1997a,b). The reason is that production needs some physical and social infrastructures in order to work, and these are not available everywhere in the world. Therefore, TNCs' international production chains have a strong geographical connotation, reflecting the level of development reached by different host countries.

A fourth issue of disagreement concerns the *empirical evidence* in terms of trade, international finance, and foreign direct investments. Globalists argue that the post-war

growth of international trade has led to the merging of distinctive national markets of goods and services into a global one. The underlying idea is that production and consumption in national economies have become separated, as consumers can now buy from around the globe. Therefore, international trade is one of the most important forces of globalization. By contrast, skeptics believe that the growth of international trade has been widely overestimated. They claim that world trade relative to output has only recently returned to the classical gold standard level. As far as international finance is concerned, globalists believe that the global financial flows achieved by the collapse of the Bretton Woods system and the removal of any barriers to capital mobility represent the ultimate perfect global market. Capital is now free to move where the rates of return are highest. Moreover, most of these transactions are speculative in nature, hence undermining and weakening the opportunity for countries to pursue independent monetary policy. By contrast, skeptics contend that almost all of these speculative financial transactions are concentrated in very few financial centers, the core of capitalism (Martin 1999). Finally, as far as foreign direct investments are concerned, globalists state that TNCs aim to shift production around the globe in order to respond to differences in economic conditions. TNCs tend to move productions to those locations where labor costs are lower and/or natural resources and input are cheaper and easily available. By contrast, skeptics point out that even in the case of the largest TNCs the majority of sales and assets are in their domestic country, along with their core operations. TNCs are seen as national companies, with strong roots in their nation-state, with international operations.

III. The Dead Ends of the Neoclassical Tradition

We believe that theoretical traditions within the neoclassical mainstream theory are not adequate to understand spatial issues. Both the general economic equilibrium, originating with Walras (1874), and the partial economic equilibrium, originating with Marshall (1890) misses the main point: capitalism is an intrinsically *dynamic* and *monetary* economy.

Walras' original general equilibrium model presents the relations of a *one-point* economy and the conditions for its equilibrium. The underlying assumptions – i.e zero transport costs, perfect mobility of capital and labor, uniform technical conditions, neglect of local differences in supply and demand and the principle of "pure" competition – are meaningful only when the economy is considered *abstracting from space as well as time*. The same is true for the later inter-temporal version of general economic equilibrium (Debreu 1959). Here Walras' model is extended to a sequence of periods by assuming the existence of complete markets and perfect forecasting, thus introducing a false conception of 'time'. Commodities can be distinguished not only according to their product characteristics and the moment they are available but, also, by the place where they are

available and the states of nature. In this way, both time and space are considered but 'neutralized'. The same happens to money, which is inessential too. Not only, as in Walras, is there a central coordination mechanism, the 'auctioneer', but the model is also framed so that present and future coordination is guaranteed, and there is no uncertainty. In fact, in the initial period the destiny of the system is defined once and for all.

Neoclassical location theory managed to introduce space in the general equilibrium framework, by considering the distance factor in terms of transport costs (Predöhl 1928; Weber 1929; Christaller 1933; Isard 1949, 1956; Lösch 1954). These approaches shared the same unrealistic assumptions, which were necessary to make the models work and give the equations a solution: a *uniform-plain* region with a *uniform* distribution of raw materials, a *uniform* transport surface, a *uniform* distribution of population, *uniform* tastes and preferences, *uniform* technical knowledge and *uniform* production opportunities. Within the general equilibrium framework, geographical dimension is related only to the choice of the optimum localization of productive activities, and space is considered only in terms of geographical distance (i.e. transport costs). Taking the technology as exogenous as well as the demand determined by voluntary households' choices, the problem is to identify the 'best' distribution of productive activities across space and the 'right' settlement to minimize costs. Consumer sovereignty and exogeneity of techniques rule. The economic process is understood as a one-way avenue from resources to consumption. The only problem is, therefore, the 'efficient' and 'rational' allocation of resources, relative to the 'natural' aim of the satisfaction of needs.

These neoclassical approaches to space are challenged by the same critiques to general equilibrium. First, asymmetric information and bounded rationality are not considered in the model, money is irrelevant, capital and labor are perfectly mobile and the production function is uniform throughout. This is the reason why these approaches are compatible with the neo-liberal argument that a firm is free to choose any location, depending only upon production and transport costs. Capital is seen as 'footloose' with the power to move freely across space and set up plants and industries everywhere in the world, thus enforcing the idea of the global market as a *homogeneous* space, *spontaneously* created by market forces, where economic development occurs *evenly*. Nothing can be further from the truth.

The New Economic Geography shows the same dissatisfaction of the previous approaches, when dealing with space (Krugman 1991, 1995). Here economies of scale, different local demands and externalities are taken into account, thus giving a more complex representation of the rise and decline of industrial concentration but still in a 'static' approach. Clusters of firms, technological poles, local production systems are evident signs of the presence of increasing returns to scale. The analytical framework is, however, still a mechanical one and, within it, imperfections are just what the name suggests: a mere 'deviation' from the ideal world where economic agents have the same power, the same position in the market, the same information. In other words, perfect

equilibrium is again the reference point on which ideally the system is judged and must tend.

We thus reach the current theoretical situation. Even though theoretically weak on many fundamental grounds, and even though from within an individualistic and unhistorical method, the neoclassical paradigm of general equilibrium has shown itself to be so eclectic and greedy as to be able to deal with the very many 'complications' of reality, giving room also to the 'local' dimension. Here differentiation (among firms, sectors, and also geographical areas) appears as something *theoretically* marginal, and fortuitous. Yet, this random accident is what explains the structure of economic regions, organizations and territories in their actual and concrete *history*.

Space has been dealt also by traditions referring back to the partial economic equilibrium (Marshall 1890). In the Walrasian system there is no intermediate agent between the firm and the economic system as a whole. In the Marshallian one, it does exist and it is the industry. The distinction between industry and firm enables Marshall to distinguish between 'internal' economies – depending upon the scale of production of the single firm - 'external' economies – relying on the development of the industry as a whole. In so doing Marshall puts forward a detailed examination of those external economies due to the localization of the industry. He also depicts the external economies as resulting from the fact that entire groups of intertwined industries develop in close proximity. Marshall's intuition becomes important when two aspects, missing in the Walrasian approach, are taken into consideration. The first one is the fact that industry sets itself as a *systemic* 'fact'. The second is that this element is intermediate between the micro-level of the firm and the macro-level.

From here, new approaches dealing with space spring: the *industrial district* (Becattini 1979, 1987, 1990), the *milieu innovateur* (Aydalot 1986, Camagni 1991), the *regional system of innovation* (Braczyk, Cooke, Heidenreich 1998), and the *flexible production system* (Piore and Sabel 1984). They share the same focus on cooperation among firms rather than on mere competition, on the network spread across the territory rather than on concentration and the increasing of scale, on the quality of labor rather than on its cost, on participation rather than on conflict. The belonging to a shared (not only industrial) history and to the same (not only productive) community becomes, at the same time, a competitive asset as well as a barrier to entry for outsiders. Complementarities among firms, spillovers and externalities are all at the core of the picture. Technology and firm dimension go hand in hand with other advantages which may generate a 'stratification' because of the concentration of professional skills, presence of specialized suppliers, facility to access information. The merit of all these approaches is to reject the idea of the firm as an isolated entity with a maximizing behavior and, instead, consider it as 'embedded' to its territory due to the *industrial atmosphere* created by its relations and its networks. Social, institutional and territorial variables are the sources of external economies, explaining the

reason why firms tend to cluster together. Consequently, space is no longer considered in Euclidean terms, but in relational terms. The distance which matters is not only geographical but also, and fundamentally, economic, social, cultural and institutional.

The partial equilibrium literature, in its less orthodox and more interesting lines of inquiry, has led to a florid description of particular situations (Bagella and Becchetti 2000, Becattini *et al.* 2003, Belussi, Gottardi, Rullani 2003, Guerrieri *et al.* 2000, Paniccia 2002, Rabellotti 1997, just to cite some of the many). But they have not produced a radical break with the mainstream and appear to fall in the same shortcomings. Market-driven capitalist competition is once again seen as economically and socially beneficial. The main difference is that there is now a richer (and less individualistic) sociological definition of the actors, which are now the territories with their own idiosyncratic assets making that particular place economically unique. 'Places' compete among themselves, and the best-endowed ones will survive. Moreover, the role of state and local authorities is very often limited to the correction of market imperfections, by creating proper 'factors' (i.e. education, infrastructures, ect.) which are believed to sustain local growth. Some deeper perplexities cannot be passed over. To what extent can local systems of production be 'built', if history did not root them in a long-run evolutionary process? To what extent can they be considered a paradigm of industrial and territorial organization able to become the 'whole', rather than just a partial element which can prosper only under particular conditions and macroeconomic policy? Is the cooperative and harmonic view of relationships between firms and other social agents not too idyllic? Is not technological change a phenomenon causing disequilibrium, whose causes are internal to a dynamic struggle between firms and, consequently, between social classes, a process which these approaches fail to appreciate enough? What is the role played by the monetary aspects of the capitalist process in all this?

IV. The Marxian Alternative

The Marxian economic geography works within a framework which puts 'space' at the core of a re-reading of the capitalist process as uneven development (see Swyngedouw 2000 for a survey). In contrast to the non-monetary general equilibrium of the neoclassical theorists, the basic model here is the *cycle of money capital* as described by Marx (1885) in the second volume of *Capital*. In our interpretation, the capitalistic process is illustrated by Marx as a circular sequence sparked off by money capital, leading to the production of more money. Value and surplus value are nothing but the monetary expression of the abstract labor 'congealed' in commodities. The production of value and surplus value presupposes a social and physical 'infrastructure' that encompasses not only the legal system, the education system, the state administration, etc. but also a certain configuration

of transport, environment and cities. The capitalist economy as a production of money by means of money can be reduced neither to a stationary economy, in which the surplus value is entirely consumed ('simple reproduction'), nor to a 'balanced' proportional growth of the system, with the different branches growing at the same rate. In both cases, techniques are given, and there is no room for structural and discontinuous qualitative change.

Following Marx, accumulation must be seen as an uneven process where:

i) the extraction of surplus value comes from a lengthening of the social working day beyond the point at which the living labor of wage workers reproduces the value represented in the wage bill;

ii) technical progress is endogenously driven by the necessity to extract living labor from a potentially conflictual labor power;

iii) capitalist competition is expressed not only by the 'homogenising' tendency among industries, resulting from the mobility of capital, which leads to an equalization of the profit rate on the money capital advanced, but also, and even more fundamentally, by the struggle among firms within industries for extra surplus value (and extra profits) that is the origin of an unending 'differentiation' and 'stratification' of units of production of different quality.

It is evident that such a vision of the capitalist system is opposite in each single element to the neoclassical theory. The capitalist process is characterised as an economic system in which access to money (as capital) is the privilege of one class (because money is not just a mean of circulation that facilitates the exchange of goods). The relation of production is antagonistic, and the determination of wage is conflictual (because labor is not a factor of production among many, and the distribution of product is not cooperative). The introduction of innovations is internally forced by a permanent fight to obtain extra profit and ensure survival (competition is not just a simple adaptation to the already given optimum technique).

The Marxian starting point has significant consequences. The weaving of class struggle, technological dynamism and organizational change is prolonged into an analysis of structural instability and capitalist crises in which finance matters. The monetary and financial sector includes the banking system, which provides the initial finance to begin production, and the stock market, where firms can place securities among the savers. Thus, the accumulation of capital becomes independent from current surplus value or ex ante savings. Investments are less and less constrained from consumption. Dynamic competition is empowered and makes the innovation-imitation sequence a process to which it is not possible to adapt gradually. Capitalist development is thus a process inherently out-of-equilibrium, generating instability from within. This instability periodically breaks open in crises which, at the same time, express and solve the inner contradictions of the system. Investments and innovations become embodied in methods of production that use

more elements of constant capital (means of production, raw materials, etc.) and expel living labor from production. This process may lead to a tendential fall in the rate of profit, if it is not countered by an adequate rise in the rate of surplus value. But a growing surplus value vis-à-vis the value of labor power exhibited in money by the wage bill leads to a fall in the relative wage, and thus a fall in workers' consumption and in aggregate consumption. This is the root of the possibility of realization crises, which comes into being thanks to the interaction with 'disproportionalities' and the pathological explosion of 'fictitious' capital. The alternation of capitalist development and crises depend upon the constant production and reproduction of capital and labor, within and outside the capitalist circulation of commodities. The financialisation of the capitalist economy can be interpreted as a means to overcome the overproduction of capital and commodities, either by lowering the turnover time of capital and increasing the potential rate of profit, or by sustaining investment (by guaranteeing that the actual rate of profit is as close as possible to the potential one). This solution is temporary, shifts the contradictions to the future and requires a rise in indebtedness which sooner or later will prove to be unsustainable.

There is also a spatial dimension of the capitalist accumulation and its crises. It is here that a dialogue with Harvey (1975, 1982), the key author in the 'geopolitical' rewriting of Marxian historical materialism, becomes crucial. The transformation of space is not only an opportunity to invest. If the Marxian inquiry about capital accumulation mainly stresses the realm of the 'abstract' and the 'universal', a consideration of geographical dimension opens to the realm of the 'concrete' and the 'particular' through which valorization necessarily must pass. In fact, the exploitation of labor power, technical change and production of commodities are not possible without a coherent territorial structure (Harvey 1982). Labor power can be controlled and organised, and the subsistence level of wages can be defined, only within a 'region'. Moreover, within a 'region', infrastructures and fixed social capital are needed in order to enable and, when necessary, to limit the mobility of capital and labor power. The political dimension is crucial here, and it is also most visible in the control of money capital.

Along these lines, the capitalist contradiction becomes the dialectic between the spatial, concrete rootedness of capital, on the one hand, and the unlimited expansion of abstract wealth, on the other. *At a given point in time*, labor, production, innovation and finance can occur only within a particular and concrete space, and on the basis of infrastructures with a certain degree of 'fixity' resulting from political and state intervention. *Through time*, the continuous revolutionary changes resulting from capital accumulation put those spatial and regional configurations under pressure and create tensions. In this process, the creation of value shows its destructive face and its need to annihilate the concreteness of space to favour the growth of abstract wealth in a generic temporal dimension. With this approach, Harvey begins to include space within historical materialism in an essential and systematic way, going beyond the occasional remarks we find in Marx's work.

A geographical dimension can also be found in the way capitalism answers the recurrent tendency to crises. External markets, capital exports, regional alliances, competition among territories are all part of the history of the cyclical dynamics of capitalist accumulation. The state *must* intervene by enhancing the constitution, stability or dissolution of regional spaces. Nevertheless, it can never eliminate the tendency towards crises within the capitalist system of production.

V. Some Concluding Remarks

This paper wishes to stress the point that a Marxian political economy is necessary in order to understand spatial issues in global capitalism. Uneven development, geographical disparities, spatial differentiations and inequalities are not the result of market imperfections, as the neoclassical approaches tend to claim, but, on the contrary, are intrinsic features of capitalism as accumulation. Moreover, neoclassical approaches seem unable to explain important current features, such as the ability of some less developed countries to escape from the poverty trap, the disappearance of some peripheries, the new international division of labor, the geographical metamorphosis of production.

Globalization paradoxically has very often confirmed the importance of districts, regions (both sub-national and trans-national), which were already growing during the crisis of Fordism. Local assets are more and more means to survive and win in the global economy. Therefore, in contrast to the thesis of the end of the nation-state, central and local government not only correct market imperfections, but also supply the 'right' background for development and growth. Moreover, the neoclassical theory claims that automatic market forces lead to some re-equilibration of geographical disparities and convergence. In reality, we are witnessed a geographical concentration of more developed zones, but without a unique model. The geography of contemporary capitalism is like an 'archipelago' of connected group of islands (Veltz 1996). It is, therefore, crucial to understand the necessary expansionistic logic of capitalism and its attempt to avoid or to solve crises by means of external markets, capital exports, regional alliances, competition between territories.

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