1. Theoretical and methodological challenges

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The globalization phenomenon has been discussed and debated in the social sciences literature for over a decade. Both its existence and its meaning have been widely contested from different viewpoints and perspectives. Academic debate has focused most notably on whether globalization is really something new (for example, Veltz, 1996; Hirst and Thompson, 1996, 1999; Amin, 1997; Dicken et al., 1997; Chase-Dunn, 1999; Sklair, 1999; Cochrane and Pain, 2000; Held, 2000; Held and McGrew, 2000; Beaverstock et al., 2000; Sassen, 2007; Robinson, 2011). We may think this a purely theoretical debate but identifying what really is new about the current global era may help in understanding the profound changes that people and states are being swept up in, in Europe and across the world. This is the primary focus of this book.

This book reports on the findings from a major two-and-a-half-year European Spatial Observation Network (ESPON) study – Territorial Impact of Globalization for Europe and its Regions (‘TIGER’) – which has set out to investigate the reality of the processes associated with contemporary globalization in Europe within a global context. Led by Gilles Van Hamme at the Université Libre de Bruxelles and funded by the European Commission, an international research team based in the UK, France, Bulgaria, Sweden and Belgium has together drawn on original data and evidence to critically analyse Europe’s changing spatial relations in a fluid global context and their significance for territorial strategy. While the changes that are impacting on the European territory and integrating Europe into the world have been the foci of analysis, the overarching research imperative has been to investigate the European position through active engagement with the multi-scale nature of contemporary globalization. In consequence the research findings reported in this book will be of interest to researchers, students, policy makers and governments worldwide. The contributions to the book from the research teams make visible the complex multidimensional geographies that now constitute Castells’ (1996) so-called ‘space of flows’, informing understanding of the impacts
of globalization far beyond Europe. Addressing a gap in the existing literature, the distinctive feature of the results discussed, is their specific empirical focus on spatial relations in globalization and how these relate to territorial structures. The findings contribute to the recent critical debate surrounding the restructuring of governance mechanisms and territorial rescaling in Castells’ ‘space of places’ (Brenner, 2001, 2004, 2009). The ‘fit’ between geopolitical reconstruction during the past decade and emergent European functional geographies, is evaluated, and associated priorities and questions for policy are discussed.

In this introductory chapter, the central theoretical debates surrounding the globalization paradigm are briefly reviewed in order to contextualize the methodological and conceptual approaches adopted in the study and the cross-cutting discursive themes which structure this book.

CONTINUITIES AND DISJUNCTION IN GLOBALIZATION PROCESSES: MAIN CONCEPTS AND THEORIES

Continuity and disjunction approaches are both found in the globalization literature with, of course, a multitude of nuances. For many authors with different viewpoints, the extension of markets is in the very nature of capitalism. From this perspective, globalization is an old and historical, even if discontinuous, process (Hirst and Thompson, 1996, 1999).

The most coherent theoretical view here is world systems theory (Amin, 1970; Wallerstein, 1974, 1984; Harvey, 1982; Shannon, 1989; Arrighi, 1994, 1999). According to this perspective, the birth of the world system dates back to the sixteenth century when the European economy started to dominate the world. In the world system and dependence theoretical framework, core and periphery1 at the world scale are defined by the existence of asymmetric and unequal relations within a unique world system. Cumulative processes of accumulation (of capital, knowledge and people) to the benefit of core world economic regions explain the persistence of unequal development between core and peripheral areas. Hence, core and periphery are not characterized so much by their level of development as unbalanced relationships which explain unequal development and its persistence over time at different scales, including within the European space (Wallerstein, 1974).

In this historical perspective, some authors also insist that the first wave of globalization occurred at the end of the nineteenth century (1880–1913) when the American ‘hegemonic cycle’ started to encroach on the earlier British-led industrial hegemony (Arrighi, 1994; Taylor, 2000). They note
the fact that the relative importance of trade, measured by the ratio between trade and gross domestic product (GDP) at a global level, did not regain its 1913 prominence until the end of the 1970s, while for foreign direct investment (FDI) the world only regained its 1913 level at the end of the 1990s (Krugman, 1997; Chase-Dunn, 1999; World Bank, 2009). The same could be said of migratory flows and, from a technological point of view, it is debated whether information and communication technologies (ICTs) – which many authors focus on as a technological shift and major driver of globalization (Castells, 1996) – have really caused a bigger revolution than new communication technologies introduced at the end of the nineteenth century (Harvey, 1989b). In this long-term perspective, globalization is not new in nature but only in intensity, due to the unprecedented growth of world flows that it generates.

In contrast, for many social scientists, globalization is indeed new in nature, and it has to be distinguished from internationalization (Sklair, 1999). According to this perspective, world systems theory simply refers to internationalization because nation states are still the main point of entry to the world economy. The difference in the nature of globalization is thus the decline of the nation state as the main driver and the concept of globalization therefore presents the best way to understand world change. In this framework, the major modern societal processes occur at the global scale, without the intermediate level of nation states: the growing powers of transnational corporations, the cultural exchanges made possible by new communication technologies, the emergence of a social world elite that is less embedded in specific places, and political integrations at different levels. All this, it is argued, has considerably weakened nation states, whose ‘breathing space’ has been considerably reduced (Sassen, 1996a). Firms and global financial actors have therefore been playing a critical role in globalization processes. Major firms act on a global scale through the integration of global production networks (Gereffi and Korzeniewicz, 1994; Hopkins and Wallerstein, 1986; Coe et al., 2004, 2008). This means that the production of goods and services is controlled by major economic actors that have global strategies for the location of functions in integrated value chains. The resultant investments across the world give rise to increasing flows of goods, people and knowledge within major firms. In brief, increasing flows across the world not only result in increasing exchanges between economies endowed with different types of resources, but are mainly embedded in global value chains controlled and dominated by major economic actors who are deeply connected within and between them. This is often considered a significant qualitative break with previous trends (Robinson, 2011).

While many different disciplinary schools can be identified as sharing this view, the global cities and network approach can be regarded as
distinctive because it postulates that cities are the main driving force of globalization, albeit Taylor’s empirical ‘world city network’ approach derives from Wallerstein’s world systems analysis (Taylor, 2004; Brown et al., 2010). Taylor and his co-researchers have specifically focused on cities as the appropriate analytical scale at which to measure and map the way that capitalism is structured geographically through the organization of the global advanced service economy (Taylor, 2000). Basically, the analysis builds on Sassen’s ‘global city’ conception, showing how the operational practices of networks of advanced producer services (APS) firms\(^2\) – financial and related business services – generate (differential) connectivities between cities. For Sassen, ‘the massive trends toward spatial dispersion of economic activities at the metropolitan, national and global level, which we associate with globalization, have contributed to a demand for new forms of territorial centralization of top-level management and control operations’ (Sassen, 2002a, p.3). The point of interest about Taylor’s analytical method here is that the network paradigm allows us to observe world development through a new lens, replacing the old paradigm of territories and nation states, with the new network paradigm of spaces of flows (Castells, 1996). According to this perspective, (global) cities are not only nodes within a network but they are part of a global process of complementary decentralization and centralization of economic activity at different spatial scales. This conception helps us to understand spatial processes of globalization beyond the major nodes, that is to say, beyond global cities.

As suggested by Taylor (2000), going back to Braudel (1979, 1985) is essential to understand current trends in capitalism in a historical context. But, even more useful, Braudel allows a reconciliation of both theoretical approaches we refer to here to understand current trends in capitalism and their impacts on territories. In Braudel’s perspective, capitalism is this area of the economy (the top layer of the economy) where the market doesn’t work any more. As Arrighi (1994, p.8) interprets it:

This top-layer is where ‘large-scale profits’ are made. Here the profits are large, not just because the capitalist stratum ‘monopolizes’ the most profitable lines of business; even more important is the fact that the capitalist stratum has the flexibility needed to switch its investments continually from the lines of business that face diminishing returns to the lines that do not.

In this area of monopolies rather than markets, transnational personal networks are central to obtain information and to control commercial circuits, which allow high-level profits.

Braudel’s approach also helps in understanding the complex dialectical relation between capitalism (or capitalists) and the state: on the one hand,
capitalists need to go beyond the state, building their networks all around
the world economy, to be able to play with economic differential but, on
the other hand, they need to rely on the power of the state, on its regula-
tory power, to build up and maintain monopolies, within as well as beyond
national markets (Wallerstein, 1974). Thus, from the beginning, capitalism
is about ‘bordering’ – the necessity to control, to regulate, to create markets
within the territorial limits of the state – and ‘debordering’, because in
precisely Braudel’s terms, capitalism is this area of the economy that goes
beyond state limits to exploit the most profitable lines of business (Sassen,
2007). Hence, states need to be powerful inside their borders, to support
the capitalist class outside their borders, but at the same time their power
is restricted – notably territorially – so that capitalists can go beyond the
limits of states. From the very beginning, capitalism is characterized by this
tension between a transnational capital and a strengthening of state power:
the limits of the economy are larger than the limits of states. So according
to this perspective, there is nothing new in the so-called globalization era
after all: the limits (borders) of the state are the limits of its power but they
enhance the power of global economic actors.

However, even if basic processes remain the same, their scale and inten-
sity have changed: first Braudel’s European ‘economy-world’ (‘économie-
monde’³) has become really worldwide – this is a secular process that seems
to be nearly achieved; second, the intensity of flows – and especially those
referred to by Braudel as capitalist, which lie at the top layer or the ‘real
home of capitalism’ – has been accelerating during the past two decades.
Global firms are playing a central role in generating these changes through
the integrated global networks of production they are building or on which
they rely (Dicken, 2003; Coe et al., 2004). The increasing fluidity of global
financial capital has also strongly reduced the economic power of states,
resulting in increasing competition between states and territories to attract
mobile capital flows (Brenner and Theodore, 2002). This change in inten-
sity and scale can indeed be interpreted as a qualitative change resulting
in the emergence of a global system in which ‘restructuring is marked by
particularly profound transformations of scalar organization’ (Brenner,
2001, p. 594) and relations between the global and the local have become
‘mutually constitutive’ (Brenner, 2001, p. 610). Although the state is still a
major actor in this process, its territorial boundedness means that its power
to control processes that extend beyond its borders, are much reduced.
Increasing ‘interpenetration’ of social and economic practices locally and
globally (Cochrane and Pain, 2000) challenges the authority of nation
states which are becoming increasingly transcended by transnational forces
(Robinson, 2011). Hence, globalizing processes have been a spur to the
’reterritorialization of socio-economic activity in the form of subnational,
Changing urban and regional relations in a globalizing world

regional and supranational economic zones, mechanisms of governance and cultural complexes’ (Held et al., 1999, p. 28). Thus, in pinning down how the globalization paradigm should be interpreted in the European case we seek to shed light on the new spatio-functional relations and interdependencies which cross-cut the now unsettled global territorial space of nation states and their increasingly contested administrative regions.4

So when considering the impact of globalization on territorial development, the major question raised is how emergent spaces of flows shaped by private actors, as well as the strategies of the European Union (EU) as a territorial actor, are spatially organized around the world.

RELEVANT SCALES OF GLOBALIZATION

Naive, early readings of globalization announced the ‘death of geography’, notably focusing on the potential locational impacts of new communication technologies. Our analyses, following many others, demonstrate the inaccuracy of this reading of globalization. We highlight here how in spite of ‘time-space compression’ (Harvey, 1989b), distance and agglomeration economies have become even more central through the analysis of trade, human knowledge and financial flows. Trade at a world level is highly organized in macro-regional trade structures, though these intermediate levels of organization have not reduced more distant and global trade (Poon, 1997; Frankel, 1998; World Bank, 2009). The same is true for human flows: despite the increase of global mobility, distance and historical links still largely structure human flows today. Finally, there has been a massive increase of knowledge and associated financial flows in the current era of globalization. However, in the case of knowledge, ‘there are no guarantees that more rapid diffusion will benefit all nations and regions to the same degree, since the value of the knowledge for the receiver is dependent upon his/her absorptive capacity’ (ESPON, 2012, p. 59).5 Furthermore, since there are increasing returns in knowledge and related economic production, there are strong forces stimulating continued spatial agglomeration. The spatial extent of knowledge spillovers and flows more generally is a critical factor for territorial economic development.

As a result, we identify two relevant scales through which we seek to understand the spatial order related to the global-local globalization dialectic: macro-regions6 and cities. In so doing we draw on diverse research approaches and methodologies – global value chain, world city network and world system analysis – in order to inform the interrelationships between territory, place and flow from different perspectives in the chapters to follow.
Regionalization and Regionalism

Globalization should not be understood as undirected interconnections of all territories across the world. According to world systems analysis, global flows are first spatially structured by the persistence of unequal relations between world ‘core’ regions and countries, which still benefit from cumulative processes of accumulation, and ‘peripheral’ regions (Myrdal, 1957; Wallerstein, 1974; Grasland and Van Hamme, 2010; Van Hamme and Pion, 2012). But global flows are also deeply structured by intense interrelations within macro-regions. In all types of flows, distance plays an essential role in the intensity of these relations: trade, migrations, flows of students or air connections, resulting in an intermediate level of organization, notably from the economic point of view (macro-regions). Nevertheless, the importance of distance in structuring human and economic flows should not be understood as a pure geographical distance effect as this also relates to strong historical links, established by public as well as private actors, and which distance helps to keep alive. Moreover, regionalization is also a policy-driven process encouraged by what might be called ‘new regionalism’, or politically driven cross-border cooperation and integration at a macro-regional scale (Storper, 1997; Hettne, 1998). Most macro-regional agreements are mainly focused on economic relations, especially free trade agreements. Hence, the intensity of economic relations between countries belonging to the same macro-region has been strongly boosted by political decisions in terms of free circulation of goods and capital. The EU appears by far the most advanced territorial assemblage in this process of regionalism, notably because its economic integration has been accompanied by a unique process of political integration, which amounts to an upscaling of territorial governance mechanisms.

A first major issue related to this is the extent to which regionalism as a territorial strategy has a spatial ‘fit’ with regionalization processes. In other words, do functional macro-regions emerging from real human and economic flows correspond to the geographies of political regional agreements? In the European case we find that the answer is clearly ‘no’. The functional Europe – that is the part of the world that is deeply and functionally integrated around Europe – goes beyond the political but also the traditional limits of Europe to include EU non-members (Iceland, Norway, Switzerland, Western Balkans) but also the eastern, south-eastern and southern ‘neighbourhood’ of Europe, respectively the former USSR Republics, Turkey and the Near East, as well as North Africa (Grasland and Van Hamme, 2011). All these areas have intense functional relations with the EU territory in terms of human flows, FDI, trade of goods and services, or air connections. However, these relations
are not balanced and can be described from a political economy perspective, as ‘core/periphery’ relations. While core European countries of North-western and Northern Europe mainly sell services and goods with medium and high technological content, they buy raw materials (from Russia, Algeria, Libya, and so on), most notably energy, and low-added-value manufacturing goods (from Morocco, Tunisia, Egypt, Turkey). As for human flows, notably students and qualified labour are attracted by Western European countries, still perceived as lands of opportunities, while tourist flows take the opposite direction. As a result, Europe appears more important to its neighbourhoods than the reverse. Overall, adopting a functional approach, EU borders may generally be considered fuzzy in that Europe’s influence beyond its borders largely decreases with distance, but they can also be described as asymmetrical in that human and economic flows across these borders are unbalanced (Grasland and Van Hamme, 2011).

Another major concern is whether the regionalization process has accompanied or has been antinomic to globalization. In the latter hypothesis, the regionalization process increases internal integration but slows down global integration, notably through protectionism. In the first hypothesis, on the contrary, it is argued that regionalization favours global trade. In the ideological context of the 1990s, European integration has thus been perceived by many economic authors as a potential threat, especially when the EU became a completely integrated market with free circulation of services and capital in 1993 (Krugman, 1991; Frankel, 1998). The basic fear was that internal economic integration would be accompanied by economic protectionism, acting as a restraint to economic multilateralism, that is a world free trade area which is considered by (neo)liberal authors as the best environment for economic progress (Richard and Zanin, 2009). However, at the end of the 1990s those fears seem to have declined, and conceptions about regional free trade agreements have since completely changed. Indeed, several authors have demonstrated that internally integrated macro-regions have not led to economically protected areas (Anselin and O’Loughlin, 1996; Poon, 1997). On the contrary, internal and external trade have both developed at very high rates (Table 1.1).

Hence, theoretical conceptions about regionalization have progressively changed, while the objective has remained the same: increasing liberalization and trade. For some authors, regionalization has thus been considered as a second-rank optimum while for others it is a necessary transition to complete liberalization at the global scale (Bhagwati, 1992; Mashayeki and Ito, 2005; Richard and Zanin, 2009). This latter view has certainly been adopted by the World Bank in their famous 2009 World Development
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Report on ‘Spatial Disparities and Development Policy’. If the final aim is economic integration at a world scale, notably for so-called ‘third world’ countries, macro-regional integration is now widely perceived as a good way to achieve this objective. This is because such integration can reinforce economic development by promoting higher agglomeration economies and also because liberalization is better accepted politically in a limited regional framework. In brief, regionalization is now generally perceived as a positive process because it favours trade and globalization, and favouring trade is expected to boost territorial economic development (Van Hamme et al., 2010).

However, despite the huge increase in openness, big economic ensembles of the EU and NAFTA (North American Free Trade Agreement) can still be considered relatively closed economies, with a ratio between trade and GDP of, respectively, 20.6 and 14.6 per cent in 2007. If services are included, the openness rate for the EU would reach around 27 per cent. However, this openness can be considered overestimated since trade is measured in total value rather than added value as measured through GDP. This is the result of two different processes (Krugman, 1997): on the one hand, all economic sectors are increasingly open and integrated at the global level, as explained by the emergence of global value chains; but on the other hand, developed economies increasingly rely on relatively closed sectors, such as services for local or sub-national regional markets (services to people). As a consequence, large developed economies mainly rely on their own markets and producers, even in integrated global sectors such as the automotive industries.

Table 1.1 Intra-bloc trade and openness rate of trade blocs, 1968–2007

<table>
<thead>
<tr>
<th>Trade Bloc</th>
<th>Internal trade as a share of GDP (%)</th>
<th>External trade as a share of GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN</td>
<td>7.7</td>
<td>10.3</td>
</tr>
<tr>
<td>CIS</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>EU</td>
<td>11.9</td>
<td>27.3</td>
</tr>
<tr>
<td>GCC</td>
<td>2.9</td>
<td>5.9</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>NAFTA</td>
<td>2.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Average of all free trade areas</td>
<td>4.4</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Source: Author calculations using CHELEM-CEPII database.
CITIES IN GLOBALIZATION

The city scale has been identified as the other main relevant scale through which to understand the contemporary globalization process. Defying the long-established ‘regionalist-fix’ in EU territorial policy, increasing flows across the world result in the growing importance of cities that concentrate so-called ‘gateway’ functions, notably benefiting from agglomeration effects in various domains, as recognized in European strategy from the 1990s (CEC, 1997). Cities are bases for the physical infrastructures through which the global economy operates and they are the places where the ‘spatial fix’ for mobile flows of financial capital happens (Harvey, 1982; Lizieri, 2009). The movement of material goods, people, and even information, is highly dependent on major infrastructures located in gateway cities. However, in an increasingly ‘borderless world’ (Ohmae, 1990), the process of concentration does not only result from the ‘fixity’ of capital in the material structures of cities but also from the ‘size effect’ which allows economic actors, air companies for example, to have the necessary flexibility to adapt to unstable market conditions in so-called ‘sticky’ places (Porteous, 1999).

At the same time, a multiplicity of terms has emerged to describe new city formations emerging across the world, especially during the past decade: ‘global city-region, mega city-region, world city-region, mega region, metro region, metropolitan regions, polycentric metropolis, mega urban region, polynuclear urban region, meta-city region, new megalopolis and megapolitan region’ (Harrison and Pain, 2012, p. 2). This demonstrates that the political and administrative boundaries of many large metropolises today are no longer representative of the scales at which their intense functional interlinkages can now be observed. The new ‘functional scales of these cities have brought sharply into question what is meant by the city, and the region’ (Harrison and Pain, 2012, p. 1) as illustrated by a decade of critical debate (for example: Regional Studies, 2003, 2004, 2007a, 2007b). Contestation of the definition and the boundaries of sub- and also supra-national territorial spaces, poses a challenge for policy and planning, suggesting the need for new, more flexible, governance approaches.

The specific metropolitanization processes that have accompanied globalization have been central in the debate on the role of (global) cities and their functional regions in the world economy (Castells, 1996; Beaverstock et al., 2000; Sassen, 2001; Scott 2001; Hall and Pain 2006), informing strategies attempting to use cities to boost territorial competitiveness. On the competitiveness issue, the metropolitanization hypothesis argues that in the context of globalization, global cities have a distinct competitive advantage (Lennert et al., 2010). However, metropolitanization should
not necessarily be understood simply as large global cities performing better than others but rather as a global process through which strategic functions are concentrating on the space of flows more and more.

Friedmann and Wolff’s (1982) research agenda and the ‘world city hypothesis’ (Friedmann, 1986), drew on world systems theory to contend that the concentration of strategic urban functions – financial and linked APS, transnational corporation headquarters (TNC HQs), international institutions, transportation, and also population – results in hierarchical relations in which dominant world cities have economic supremacy. Sassen’s (1991) thesis built on this idea in specifying global cities as places of transnational concentration of strategic functions alongside worldwide APS dispersal. However, Taylor’s ‘world city network’ approach to analysis broke with this place-centred focus by linking these ideas with those associated with Castells’ (1996) vision of an overriding space of flows in the networked society. The offices in banking/finance, accountancy, law, advertising, and management consulting services that are co-located in global cities are part of worldwide organizational networks and together APS intra-firm networks articulate relations between the cities where they are located (Taylor et al., 2003; Taylor, 2004). Computing the strategic importance of nodes (cities) in all APS networks worldwide therefore reveals the (otherwise invisible) global connectivity and inter-city relations that are an outcome of their dual global spatial dispersion and concentration dynamics identified by Sassen (1991). So, whereas previous ‘globalist’ models emphasized the power and status that attaches to major world or global city concentration, Taylor demonstrates that the interpenetration of dispersion and concentration dynamics connects and interlinks many more cities than London, New York and Tokyo, in a functional global network (Taylor, 2004; Pain, 2011). In her more recent publications, Sassen has acknowledged that cities are indeed interconnected functionally by global networks (for example 2001, 2002a).

This advance in understanding the inter-city relations generated by global networks draws attention to an issue about the size and/or level of network connectivity a city should reach to benefit from agglomeration effects and boost its economic performance. Initially, Sassen’s global city analysis focused attention on just the top few global cities. Looking at Europe during the last two decades, we certainly observe the increasing role of London as the most important global gateway for Europe. In this case, the concentration of strategic functions and the global connectivity of London have clearly boosted its economic performance and that of the UK. However, the processes described seem to go beyond the small circle of Sassen’s (1991) original elite global cities (Pain, 2011). Indeed, evidence from previous studies seems to demonstrate not only the ability of global
cities but also first national cities to benefit from these processes, in the European case at any rate. In this context, the re-concentration of activities and strategic functions does not only occur at a global scale but also at a national scale, even within the integrated European market. This certainly proved true during the 1990s, but this process seems to have slowed down after 2001 (Lennert et al., 2010; OECD, 2007). The complex relationships between size, connectivity and the economic performance of cities, is of course of major relevance for urban and regional policies and will be tackled in this book (see Chapter 9).

So we see that theoretical debates have important political implications. Although some cities have clearly benefited from their position in networks at European and global levels, the correlation – if not causal relation – between city connectivity and competitiveness (when measured by GDP) in the recent period is far from being proved. In the literature, a tension remains surrounding the importance of different kinds of global network relations and different kinds of cities beyond the paradigm of city networks. The role and importance of APS in global network construction and for all cities is far from agreed. The emphasis of many territories on increasing the connectivity and global position of cities in APS and other networks not only raises the issue of their capacity to promote such connectivity but also uncertainty about the direct economic impact this would have at different territorial scales. The need for a better understanding of the complex relationships between global city network connectivity and the economies of wider territories remains paramount.

THE PLACE OF THE NATION STATE

Having emphasized the importance of the macro-regional and city scales as the most pertinent levels in the current globalization era, what can be said about states as a pertinent level in globalization processes? Of course, as underlined above, the regulatory power of states has diminished as a result of a ‘bordering’ phenomenon compared with the ‘debordering’ effects of economic actors’ strategies. From a political perspective, the power of states is also hampered by a re-scaling process of policy towards supranational forms of decision making at global (world institution) and macro-regional levels (regionalism) and sub-national regional and local political entities (Swyngedouw, 1997, 2000; Blatter, 2004). As an example, while benefiting from growing competencies, city administrations are not in a position to regulate the economy; in this context, city administrations have no choice but to improve the business climate in order to enhance the position of their cities in a more global and competitive economy. As a result,
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they seek to attract investments, consumers and/or events through territorially competitive branding and infrastructure development strategies; in Harvey’s terms, they become ‘entrepreneurial’ cities (Harvey, 1989a). From this perspective, the downscaling process is part of the policy deregulation that has accompanied economic globalization, because it creates more competencies at an institutional level unable to regulate the economy. To a certain extent, the same can be said of supra-national powers, which still have weak regulatory force – even in the case of the EU, which is by far the most advanced world territory in terms of political construction.

However, at the political level, the state remains a decisive actor, the only one that really seems able to regulate the economy on a large scale. Indeed Hirst and Thompson (1996) have proposed that nation states will continue to have the ability to influence territorial development paths through domestic economic policies and international supra-state collaboration. The recent economic crisis has certainly demonstrated that states do still have agency and the capacity to act. It is also important to note that processes of globalization and also the re-scaling of policies mainly result from political decisions adopted at the national level. Indeed, globalization has been largely initiated and boosted by political decisions in line with the (neo)liberal ideology which dominates international organizations such as the World Trade Organization (WTO): ‘The system’s overriding purpose is to help trade flow as freely as possible – so long as there are no undesirable side-effects – because this is important for economic development and well-being.’7 We can identify several political decisions that have been instrumental in this. First, regional agreements have been established, most of them being mainly based on free trade principles. Second, there has been continuous liberalization of trade at a multilateral level, mostly within the WTO. Third, major powers, mainly the US and the EU, have signed numerous bilateral free trade agreements. Fourth and finally, there has been tremendous deregulation of financial investments (Harvey, 2005). Thus it is necessary to determine the degree of political influence that rests with member states, their city governments and the EU and to what extent these political assemblages mediate supra-territorial spaces of flows.

POLICY QUESTIONS ABOUT THE IMPACTS OF GLOBALIZATION IN EUROPE

The contributions to the book which follow, together critically engage with the theoretical discourse outlined in this introductory chapter and the empirical questions and policy issues this raises which are of central relevance to the TIGER study: the analysis of Europe’s changing spatial
relations in a global context and their significance for territorial strategy. Here we briefly summarize some of the key elements of our research approach which have been informed by the theoretical debates discussed so far, in order to provide a clear foundation for the results to be presented.

Given the dialectical relations of the bounded state with the global capitalist economy (Taylor, 2000), the relevance and democratic representativeness of territorial restructuring and bordering, both above and below the level of the nation state, have become increasingly contested (for example, in the ongoing regionalism debate). So in our quest to inform appropriate European territorial governance responses to processes associated with globalization, our study has needed to extend and deepen enquiry beyond the realm of the statutorily defined and politically delimited EU space. We focus on the identification of spatial relations relevant for policy attention in intensifying cross-border trade, human, knowledge and financial flows. We seek to describe how these flows, which arise as a consequence of the strategies and actions of commercial and public actors, are spatially organized in Europe and around the world. As discussed, a range of apposite research methodologies (global value chain, world city network and world system analyses) is employed to investigate these debordered functional relations that are restructuring European spatial relations. But we do not overlook the ongoing relevance of territorial reference points in understanding globalization processes. Territorial strategies clearly have some influence on the geographies of cross-border flows and thus on the key loci for economic and social restructuring. Hence we also examine the external political influences of Europe as a territory beyond its borders and we critically evaluate the robustness of its internal (domestic) spatial and economic strategies in relation to the evolving multi-scale functional relations of the European space.

In so doing, we confront the important matter of the manner in which theoretical conceptualizations have been embedded in European spatial strategy. Our concluding chapter considers whether such conceptualization has kept pace with recent relational understandings of space in the international literature and the extent to which it is supported by empirical evidence from our study. In particular we focus on the core-periphery conceptualization of European spatial relations in the European Spatial Development Perspective (ESDP), (European Commission, 1999). Borrowing part of its terminology from world systems theory (Wallerstein, 1974; Friedmann, 1986), the ESDP has been a major influence on EU internal territorial policy, investment and cooperation initiatives introduced alongside enlargement during the past decade. In the ESDP the terms core and periphery are used to distinguish between the more urbanized and economically developed ‘old Europe’, which roughly approxi-
mates to Central North-western Europe, and areas such as the thinly populated Eastern European territories, which are seen to be lacking development. Core/periphery processes are thus reduced to basic structural features, largely ignoring the matter of cumulative processes of accumulation (of knowledge, people and capital) which the core benefits from, and the resultant asymmetric spatial relations which may lead to structural blockage in the periphery (Amin, 1970), as probably witnessed in the case of Mediterranean countries as a consequence of the recent global financial crisis. In contrast, in this book, we examine the current pertinence of core/periphery distinctions within the European space, notably by analysing the global trade relations of the different parts of Europe in the context of their geographical and functional specializations (see Chapter 3 in particular). In addition, in our analyses of Europe’s relations in cross-border spaces of flows, core and periphery denote the network dynamics generated by firms and private actors. Hence we are able to consider how changing relations in Euclidean network space map onto the European space of places. Thus our research focuses on an investigation of the processes that are generating Europe’s changing multi-scale spatial relations.

This is particularly important because, for more than a decade, there has been an active European policy attempt to re-balance morphologically uneven development by promoting urban ‘polycentricity’ at metropolitan to EU-wide territorial scales in support of social and territorial cohesion objectives. At member state level, polycentrism is intended to lead to more balanced development within cities and larger (metropolitan) regions across each territory, while at the EU level it is intended to rebalance the European-scale core and periphery. Thus, as major global agglomerations with dense concentrations of high-value business activity, London and Paris are on the one hand regarded in spatial policy as ‘monocentric’ urban formations contributing to unbalanced (that is, non-polycentric) development; but on the other hand, in the EU Lisbon/2020 economic agenda, their ‘global gateway’ role is seen as critical to ensure Europe’s global competitiveness, following the global cities literature. These spatial and economic policy contradictions are an important subject to be considered in relation to our empirical findings.

During the last decade, this debate has been re-centred around the trade-off between efficiency (‘competitiveness’) and (social and territorial) ‘cohesion’. The importance of cities and agglomeration has been underlined as dictating the prosperity of national and macro-regional economies. The idea is that in the context of globalization, the wealth of global/major cities determines the economic competitiveness of countries and Europe as a whole, since these cities are the main gateways with the global economy. In a way, the hypothesis is that national and European wealth now
Increasingly depends on the connectivity and economic wealth of major cities. Indeed, in policy terms, the models developed in the ‘new economic geography’ argue the existence of a trade-off between national growth and territorial equality (Puga, 2001; P. Martin, 2005; R. Martin, 2008; Gardiner et al., 2011; Martin and Sunley, 2011). According to Gardiner and co-authors (2011, p. 984), ‘the whole argument rests on the assumption that agglomeration regions – those in which a nation’s economic activity is particularly concentrated – will grow faster than the others’. This argument is largely developed in the 2009 World Development Report of the World Bank, resulting in a normative discourse on the need for agglomeration as a key factor of development (World Bank, 2009; Van Hamme et al., 2010). Though a bit more consensual, the European Commission develops the same line of argument for regional policies for the EU as a whole in documents related to the EU 2020 strategy: ‘Metropolitan areas play an important role in sustaining the EU’s global competitiveness’ (CEC, 2011, p. 16).

However, few empirical studies have so far tested the link between agglomeration and economic growth, and contradictory results have been found (Ciccone, 2002; Henderson, 2003; Baldwin and Martin, 2004; Bosker, 2007; Brulhart and Sbergami, 2008; Gardiner et al., 2011). Several reasons may explain these contradictory results. Beyond differences in technical specifications for each approach, these studies seek a universal relationship between agglomeration and growth. Admittedly, there is strong evidence that growth and agglomeration are interrelated processes (Baldwin and Martin, 2004), and it would be difficult to find any example of development that has not been accompanied by stronger agglomeration during the last two centuries. However, the relevant question – notably in policy terms – is where and when this relationship has been strong enough to argue for the reinforcement of the most agglomerated regions. There are good reasons to believe that the relationship is unstable in space and time. As argued by the World Bank (2009) as well as Brulhart and Sbergami (2008), this relationship may fade when the level of development increases. Moreover, this relationship may be strongly affected by the regulation regime as illustrated by the strong decrease in regional inequalities in the Western European post-war Fordist regime of accumulation and the slowing down or reversed trend that can be observed in the neoliberal regime of accumulation of the 1980s onwards, at least within countries (Vandermotten et al., 2010). In addition, the nature of the urban system may also play a role here at both European and national levels. In the European core characterized by a very tight urban structure of small, medium and large cities, the advantage of being located in the largest cities may be less evident than in less densely populated parts of Europe where
agglomeration relies on just a few cities. Finally, most European studies are limited by the scale at which agglomeration is measured depending on the administrative/statistical scales they use.

These debates and questions raise crucially important issues in policy terms at urban, national and EU levels. The new emphasis given to cities and their embeddedness in global networks is built on the idea that large internationalized cities are supposed to boost national growth albeit they may be especially vulnerable to financial contagion in times of global crisis (Lizieri, 2009; Thompson, 2010). In this context, redistributive principles are increasingly questioned in European regional policies both at national and EU levels. In the name of efficiency, in Europe it is believed that spatial development policies should put more emphasis on metropolitan areas to benefit the whole EU territory. At the same time, urban policies at a local level are putting increasing emphasis on participation in global networks because this is expected to improve city and national performance. However, at both urban and national/EU levels, empirical evidence to date remains too weak to support this kind of major redistributive shift in favour of large cities in urban and regional policies implemented at local, national and EU levels. Our research provides new empirical evidence on the strength of Europe’s globally networked system of major cities in a world context. We note the increasing global network connectivity of some globalizing national primary centres in the European periphery, however the concentration process remains geographically uneven, indicating that the tension between Europe’s economic objectives, which focus on improving city global network connectivity, and those for social and territorial cohesion, needs to be faced. With regard to the general debate about ‘efficiency versus cohesion’ or, to put it differently, ‘agglomeration versus rebalancing of the European territory’, there is an urgent need to increase knowledge about the participation of European territories in the global economy and hence their vulnerability to/strength in globalization. Throughout the book, the uneven geographies of globalization processes within the European territory are illustrated at different scales (countries, regions and cities) and through different thematic frames and methodologies. The new insights presented are a necessary step towards more refined, adapted policies from European to local levels.

Three interrelated overarching themes which cross-cut the book draw on the theoretical debates and open conceptual and policy questions raised in this chapter about the impacts of globalization on the European space.

The first theme concerns the identification of the complex spatial and relational changes uncovered in the research which shed light on the nature of global processes active in Europe that are most relevant for EU territorial policy.
The second theme addresses how these changes should be understood and what they mean for Europe functionally and in a territorial context. We consider the extent to which Europe’s emergent functional links correspond with its territorial/political boundaries and the degree to which the EU has influence in areas of the world that matter most to its participation and resilience in the global economy.

The third theme concerns the implications of the research findings for European policy. We tease out how the research results relate to territorial economic and spatial strategies and, especially, how they inform the tension between objectives to promote Europe’s economic growth in a global context on the one hand and its internal territorial cohesion on the other, and can help to bring policy objectives into closer alignment.

THE STRUCTURE OF THE BOOK

Each chapter is written by a specialist academic team drawn from across the TIGER project, to address and investigate these overarching themes systematically from different disciplinary perspectives and using varied and rich empirical data covering the whole European territory. The chapters are presented in three parts, which follow the present theoretical introduction to the collective – ‘Exploring the European space in a changing global context’.

In Part II of the book – ‘Positioning Europe in the world’ – Pain, Richard and Van Hamme begin in Chapter 2 by outlining the ascendancy of regionalization, that is, intermediate levels of economic and political organization between the local/national and the global scale, amongst which the EU appears an exceptionally advanced and integrated territorial assemblage from both points of view. The chapter engages with intense theoretical debate about whether the regionalization process has been accompanied by or has been antinomic to processes of contemporary globalization. First, Europe is characterized in terms of both its global functional and political relations. The objective here is to integrate and synthesize the results from analyses that reveal the position of Europe in the world according to human, trade of goods, firms, and knowledge, highlighting the parts of the world that are important for Europe, and the influence of Europe in all parts of the world. Second, the status of the EU as an actor in international relations, as well as the concrete configuration of its relations with the world, is considered. Critical analysis of the geography of EU external political relations, allows the authors to assess whether this is consistent with the geography of Europe’s functional relations.
In Chapter 3, Medina-Lockhart, Roukova, Van Hamme and Warda investigate the diversity of the European space in relation to its embeddedness in the global economy. First, the evolution of the position of Europe in the global economy at a country scale is analysed during the past four decades, indicating that convergence processes have not yet gone far towards eliminating differences between core and more ‘peripheral’ EU member states. Second, the position of European regions in global trade are analysed, demonstrating that European territories are involved in global trade in very different ways in terms of their economic openness to the world as well as the nature of relations between European regions and the global economy. Finally, through the analysis of value chains in the automotive and clothing industries, the permanence of deep divisions in the position of European regions and countries in the international division of labour is illustrated. This chapter thereby sets the scene for those analysing the position of Europe and its cities in different spaces of flows in depth that follow.

Chapter 4, written by Montanari and Staniscia, examines the changing place of the European territory in global human flows. Whereas migration studies have long been much influenced by the ‘push-pull’ concept, based on human migrations in an industrial society, the authors take an innovative approach to capture the contemporary reality of human flows that Europe is tied up in which are far more complex and diversified than in the past. The internationalization of production and consumption are generating new mobilities relating to work, recreation, tourism, education and training, which are more differentiated and fragmented than ever before. Present-day human mobility is a result of individual behaviours, which cross space in order to meet specific needs and aspirations related to pleasure as well as work needs in modern society. This chapter analyses the two main aspects of these changes in Europe – production led and consumption led – in relation to migratory and tourist flows at macro and sub-national regional scales during the last ten years.

Next, in Part III of the book – ‘Analysing Europe’s global network relations’ – Chapter 5 provides a contextual overview for the chapters that follow, each of which focuses on the analysis of specific networks that are integrating Europe in the global space of flows. Here, authors Ducruet, Jurie, Le Cam, Pain, Sainteville, Vinciguerra, Van Hamme and Wertz synthesize the research results drawn from different datasets across the study to show the position of European cities in global networks constructed by APS, airports, corporate headquarters, ports and stock exchanges. In addition to the chapter’s focus on the concentration of wealth and gateway functions in Europe, a comparative perspective is adopted with the US, which has a similar level of economic development and urbanization.
Changing urban and regional relations in a globalizing world

Andy Jarvis

Chapter 5

Europe. Recent dynamics in the concentration of different types of gateway function in EU and US cities are set out, demonstrating the diversity of European cities according to the nature and geographies of their embeddedness in global networks.

In Chapter 6, Hoyler, Lizieri, Pain, Taylor and Vinciguerra, Derudder and Pelckmans refer to original data sources, network analyses and visualization methodologies to report on how Europe’s cities are faring in a dynamic world space-economy. The evolving local and global relations of European cities are examined in the context of new relational spaces being generated first by high-value, knowledge-based APS – financial services, law, accountancy, advertising and consultancy – during the past decade; and second, by city office real estate investment flows transcending territorial borders in a volatile global financial system before and since the recent global crisis. Finally, the relevance of global financial services concentration relative to the geographies of real estate inward, outward and city self-investment flows (investments within one city) are examined to determine the extent to which financial agglomeration in Europe and worldwide, is associated with capital flows into material city infrastructures.

In Chapter 7, Jurie and Sainteville turn to examine the impact of globalization on European actors, financial networks and territories, as revealed by stock exchange activities in increasing global financial integration. They refer to an original dataset on cross-border stock exchange listings relevant for analysing the position of Europe in the global space of financial flows and corporate issuer listing strategies where stock markets have a key role in the globalization of finance capital raising. The analysis demonstrates the attractiveness, competitiveness and openness of Europe and its stock markets compared to other world macro-regions but also highlights the differentiated and unequal impacts of global financial integration on territorial structures that comprise the EU. Not only do cross-border listings and global financial flows draw new frontiers within Europe, but they also rank listing places into hierarchies, classify stock markets according to place connectedness, the industry specialization of their lists, or even the scope of their attractiveness.

In Chapter 8, written by Ducruet, Joly and Le Cam, focusing on maritime networks, port systems, and gateways, an innovative empirical analysis of three contemporary geographies of global shipping flows is presented. First, the regionalization of maritime flows is considered by examining the ‘weight’ of Europe, ASEAN+3 (Association of Southeast Asia Nations Plus Three [APT]), and North America in world port traffic, and its position in cross-border port hierarchies. Second, a typology of European port gateways based on the geographic specialization of their maritime forelands, is proposed in order to underline the diversity and regionaliza-
tion of trade orientations within Europe. Finally, a cross-analysis of port traffic and socio-economic data in 115 European coastal areas specifies the links that exist between commodity specialization and local territories. This chapter sheds new light on the importance of ports and maritime transport in the future evolution of Europe and its territorial development in a dynamically changing global context.

Finally, in Part IV – ‘From the European space of flows to resilient territorial policy’ – the penultimate chapter of the book, Chapter 9, by Pain, Van Hamme and Vinciguerra, discusses the relevance of the position of cities in the global economy in determining economic performance from a theoretical and empirical point of view. Quantitative analysis shows that the impact of the city global network position of European cities on GDP is far from straightforward. However, the relationship between city network connectivity and performance is complex, reflecting historical development processes, which can lead to path dependencies and differential local capacities to benefit from extant connectivity. The authors conclude that, while caution is urged in interpreting the results as disproving a direct impact of connectivity on performance for many cities, it is certainly necessary for territorial policies attempting to leverage economic growth by increasing the global connectivity of cities, to look more deeply into local conditions that are necessary for cities to be able to benefit from this.

In Chapter 10, Pain and Van Hamme conclude by drawing together evidence from analyses across the book to review the main research findings. They provide an overview of the spatial dynamics and network restructuring associated with globalization processes impacting on Europe during the past decade and the ‘fit’ of this changing space of flows with the shifting European ‘space of places’ under geopolitical reconstruction and territorial rescaling. Key issues and central questions are raised for economic and spatial strategy to address a mismatch between present EU policies and the reality of Europe’s functionally uneven internal and external relations in a fluid global context.

NOTES

1. ‘Core-periphery’ theory has attempted to describe and explain unbalanced or so-called ‘polarized’ economic relations at different world geographical scales. In this book we mainly refer to the terms ‘core’ and ‘periphery’ as they have been used in world system theory and are referred to at the European territorial scale in EU policy. The terms are also used to describe non-geographical spatial relations in chapters of the book focusing on network analysis.

2. ‘Advanced Producer Services’ (APS) are clustered knowledge-intensive, city-based activities providing high-value wholesale (as opposed to consumer retail) financial and
specialized services to global business and government bodies. These activities are considered in depth in our research at the European city scale.

3. Braudel’s notion of "économie-monde" does not seem to have an exact equivalent in the Anglo-Saxon literature; it is neither equivalent to world economy nor exactly to Wallerstein’s concept of the world system. Braudel’s European "économie-monde" is to some extent equivalent to Wallerstein’s world system in the sense that it insists on the higher spatial extension of economic networks compared to political limits of state powers. However, the "économies-mondes" does not cover the whole world but relates to large economically autonomous areas in which a spatial division of labour has taken place: up to the eighteenth century, China, India and Europe constituted different and autonomous "économies-mondes".

4. The EU ‘regions’ are the administrative layer below that of its member nation states. This formal layer of governance represented in Brussels by the ‘Committee of the Regions’ formed in 1994, is supposed to represent sub-national areas which have a distinct identity and culture, reflecting the long-established autonomy of sub-state regional governance in federal systems such as that of Germany. However, the relevance of EU regional boundaries and the ‘regionalism’ process has become increasingly contested.

5. This point is developed in depth in Karlsson, Norman, Andersson and Warda’s contributions to the Tiger project (see Working Papers 11 and 12, available at: http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/tiger.html)

6. ‘Macro-regions’ are defined in this book as supra-national functional areas within the world economic system, that represent systems of geographically close countries which have more intense proximate interrelations than they do with the rest of the world.


8. In EU policy the concept of ‘polycentricity’ refers to the morphology, or geographical arrangement, of territories consisting of more than one urban settlement. The term was originally mainly used to describe regional urban spatial relations and so-called European ‘polycentric urban regions’ (PURs); however, it has also been utilized in policy to promote balanced development at a range of territorial scales: metropolitan, regional, national and EU.