

Is Local Cooperation Against Global Competition?

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1. Global Competition and Local Cooperation: Introduction

A set of ideas of global competition and local cooperation is often used to explain today's economic/political/cultural conditions and responses to them. This study will examine the contrast between global competition and local cooperation to identify the question of such compound ideas between spatial sense and social one, and point out the possible implications out of a simple set of global competition and local cooperation.

The current globalisation of monetary flow and commodity markets and production implies freedom and competition, the principles of neo-liberalism. Imagine at the national level. With the borderless, lesser regulation by nation states, the global competition is increasing its intention. The deregulation at the national level changes indeed the circumstances around the local economy, better or worse. Now, local bodies¹ confront more directly the global competition than have ever experienced. Thus, it is suffered from the dramatically changing economic/financial condition and the competition with multinational corporations as well as other local bodies around the same market. Under such a condition caused by the globally spread neo-liberalism, local bodies need to seek ways to survive. Local cooperation is a popular idea among them. The aim of this study is to unveil the simplification of a set of ideas of global competition and local cooperation.

2. Global meets local: lesser regulation by nation states

The mainstream of economics and business studies is celebrating the current globalisation of economy (Ken'ichi Ohmae, 1990, Richard O'brien, 1992). O'Brien's

¹ "Local bodies" mean various agents including local financial capital, firms, workers, residents, government, etc, concerning the specific locale, allied around locally social/institutional infrastructure and built environment. I basically deal with local bodies as agents acting at the local scale, which confront the current global changing conditions.

argument, a typical one, celebrates the ideal perfect market which is achieved by the perfection of information by today's development of telecommunication and computing technologies and by the deregulation policy of the nation states. So his idea of "the end of geography" mentions about the two different ideas: diminishing the distances among financial traders and vanishing the border of nation states. The former refers to the annihilation of space by time which is facilitated by the demand for accelerating turnover time of capital. In this meaning, the degree of spatial integration of market is exactly increasing. The latter, on the other hand, implies the denying of social demarcation of space at the national level.

I wonder if the world unique currency was created, apart from the gold, and if the principle of one-thing at one-price was perfectly achieved, that means the equilibrium which the classical economists have assumed as ideal feature, then how speculators can gain their financial benefits. They use the differences of conditions of production and rather variable exchange rates among currencies which are even now, O'Brien called the age of "the end of geography", generated and regenerated by the differences of geographies. So they enjoy not the end of geography at all, but just an informational advantage from the others in global competition.

Furthermore, O'Brien claims the importance of development of more global rules and more global cooperation by some international organizations like G8, WTO, IMF, etc in his conclusion (O'Brien, 1992, p.98) instead of states' regulation, which has created the border. This recalls that the British capitalist backed by the royal navy made Asian feudal countries open to the world market and converted them into the capitalist in the modernization in the end of 19 century. The end of geography implies some kind of power to diminish the national government role, but international organisations always reflects the countries policies which crash each other in the international arena.

At the same time, the informational technology produces a kind of differences of geography itself. The development of computing financing technology and its penetration, especially through the Internet, among the people in advanced capitalist countries causes people's participation in speculated market to operate their savings or annuities. For example, even Asian crisis of 1997 became a big chance for those to earn financial benefits from the other's economic panic. Today the people, workers, in the developed countries intend to stand by the financial capital rather than those who live in the developing ones, because of sharing the same benefits of "the money game" with it. This makes the people more dependent upon the national government's policies: not only monetary and economic but also military, diplomatic etc, which even influences the market in any way.

Eventually “the end of geography” means the selective erosion of nation state's border. Globalisation is caused by and accelerating, at the same time, the deregulation at the nation states level. While economic neo-liberalism works at various spatial scales, the recent globalisation debates especially emphasise the “erosion” of nation states border. Their imagined world is that local economy and community become exposed directly by the tougher global competition than have ever experienced, with lesser protection by the national border.

3. Local to Survive the Global Competition: Clustering Industry

Global competition provides both success and failure for its participants. Then, people are interested to know how to survive and even gain out of the competition.

In development strategy, this becomes a hot issue (Schmitz, 1999, Nadvi, 1999). Clustering industry is one of the major and “successful” local responses to the current globalisation of economy. Industrial cluster is simply defined as a sectional and spatial concentration of firms, especially small and medium sized. There is a crucial assumption that an individual firm in a local industrial cluster is small and weak entity against the tough competition. But at the same time, it is recognised that an concentration of such small and medium sided firms will play an important role in the industrial configuration in a country. In this meaning, industrial cluster organises “a school of small fishes.” Development strategy deals with a cluster as an agent to act and survive the competition, and then it becomes the question whether a cluster will rise or fall, which one, and why do so. The quantitative analysis of the contributing factors for development is important task.

Local cooperation is often referred to as a counter action to the global competition. The development strategy on clustering industry illustrate this simply opposite schema. However, the recent industrial clustering debates based on empirical studies prove eventually that there is a limitation in local inter-firm cooperation for competing the global market. However, they suggest that cooperation between local firm and multilateral company helps cluster upgrade it for surviving (Hubert Schmitz, 1999, p.1646). “Upgrading” is a key notion for industrial cluster to adjust itself to the new tougher competitive condition.

Two conditions are given. One is the current global competition, and the other is the historical path to the current economic/political/cultural condition. In these given conditions each cluster tries to mobilise the resources it has, to advantage in the competition. People's cooperation is also one kind of these resources which an

industrial cluster can mobilise. In this sense, local cooperation is a valuable factor to be analysed by the development studies. The scholars emphasise the local cooperation, but at the same time think of local cooperation as an adjustment of local economic structure to the given global condition. In this meaning, local cooperation is reduced into a tool to develop. To achieve development and growth becomes only one way to survive in the capitalist market. The cluster's "upgrading" typically illustrates the jumping from the lower to higher economic positioning in the order of the new international division of labour.

The current globalisation of capitalist economy is providing the deeper spatial integration between advanced capitalist countries as well as involving the rest of the world. The integration of the former socialist countries and the none-OECD countries into capitalist society is proceeding. In other words, the first world (the capitalist world) seems to integrate the second (the socialist) and the third (independent group from either the first or the second to seek an alternative way to develop, learning from their colonised history). Until about a couple of decades ago, "The Third World" had implied some meanings of the alternativeness, that is neither the capitalist, the first, nor the socialist, the second. However, when Catells argues in *End of Millennium* in 1998 about "A Forth World", the order does not imply any alternative ways. His forth world refers to socially excluded places by informational mode of production (Castells, 1998). It is located in the forth grade in the international political/economic hierarchy. Today's condition creates the forth grade with misery and poverty. Every place is exposed to the global competition. The same capitalist standard is superimposed on societies, and they are reduced into some quantities in monetary term like GDP per capita or growth rate of GDP in this arena.

For local bodies, to survive the global competition means to place themselves more higher position within development competition. While they adopt the open policy to the global market, local cooperation is more and more appropriated as a tool to adjust the global pressures to impose severe condition in commodity production.

4. Spatial Scales and Social Principles

The set of conflictual ideas between global competition and local cooperation borrows two different ideas from different categories. One is a set of different spatial scales: global and local, which establish the hierarchical spatial structure. The other is a set of social principles: competition and cooperation. So there is four possible combinations provide a theoretical/empirical framework to analyse the today's capitalist

condition (table. 1). Thinking of the spatial scale in a competition, neo-liberalism is working at various spatial levels from global, regional, nation states, provincial, stately and local, to municipal. Not only national governments but also local ones deregulate to vitalise local economies and even communities. Just a comparison between global competition and local cooperation is too simplified view. Here I examine the combination of spatial scales and social principles.

The term of *global competition* has two possible implications in capitalist economic geography. First, the term of *global* refers to the geographical expansion of market to throughout “Ökumene”, the whole of the area where people are living. The globe is believed as a physical limit to the geographical expansion of market and a goal, in spatial sense, where market integration has never reached. On the other hand, *competition* is a principle of perfect market many economists have assumed since Adam Smith’s famous work, *An Inquiry into the nature and causes of the wealth of nations*. Competition is a condition to well mediate commodity exchanges between producers and consumers as well as to facilitate technology innovation to seek efficiency. So a wide ranged (in both spatial and social meanings) and non-regulated (across borders) social division of labour must be implied in competition arguments. Eventually, global competition embodies ideas of perfect market and capitalist division of labour. Simultaneously the expansion of perfect market and division of labour is referred to as not only social aspect but also geographical aspect. Globally spatial expansion of market makes it possible for spatially widely distributed agents to join it.

On the other hand, local cooperation also consists of two different notions: *local* and *cooperation*. In this context, local is a relative notion, which is defined as any smaller scale than the global one where competition is taken place. In comparison with global, local has some attachments for people, because local is a concrete space which is demarcated by border. Some people recognize locale as a place where they are living their daily life. Furthermore, local is believed as a scale at which it is able to control or regulate social processes through politics over the people’s life. Now local is a place to unite people in order to survive in and protest the condition of global competition. Local is automatically imaged as a small and closed place which is filled with a cooperative atmosphere².

As Marx points out, capitalist mode of production successfully integrates

² Here I would like to note that this feeling on a small place is the resource of movement of building utopias in local space.

competition, at relatively macro level, *inter-firm* relation in market, and cooperation among workers, at relatively micro level, in labour process *within a firm*. Workers cooperate each other to produce commodities under a capitalist order and governance. However, at more macro level, anarchistic market mechanism is dominant and companies confront competition. Assuming a local body as a real economic agent in global market, the capitalist integration between competition and cooperation provides a good analogy to the relation between global competition and local cooperation.

However, locale or some local bodies do not always act as an economic agent appears in the market. For example, local cluster is just defined as spatial concentration of firms of a specified industry. These firms locally cooperate around social/institutional infrastructure and built environment to survive the competition. So the geographical debate concerning the local cooperation must begin with the identification of local body as an agent.

The simplified duality reducing the spatial structure in the real world into global and local causes the risks to ignore the politics which are willing to create and appropriate various scales in order to win in struggle. Smith insists of the difference of scales and their political meanings and he provides a powerful tool to investigate the duality of spaces. "Spatial scale is a kind of framework regulating the dimensions of spatial differences that are produced; all space is scale through and within social processes. At its most general, scale represents a spatial resolution – always temporary and shifting – of opposing social processes of competition and corporation, and is itself socially produced. The production of scale in fact goes to the heart of a politics of spatial differentiation. Scaled space is bounded space and so scale marks the boundaries within which space, quiet literally, contains struggle. Yet at the same time, social struggle establishes differentiated spaces at specific scales, and so scale not only becomes the means of bounding struggle but of expressing the ambition of struggle (Smith, p.66)." He clearly figures out that the scale of space is the political product and that the struggle is taken place around it, by using it as a weapon. Brenner, through his analysis on Lefebvre's production of space, also points out the "trial by space" which included the global scale, the urban scale as well as the nation state scale (Brenner, p.150-157). In this sense, the various scales like the globe, region, nation state, and locale have each own political meanings, and all of them still are reproduced indeed.

5. Conclusion

As I mentioned above, the simplified opposition between global competition and local cooperation implies indeed the various notions of spatial scales, social principles and economic hierarchy in the new international division of labour. Behind the contrast between global competition and local cooperation, there is a assumption that global body has a strong power and that local bodies are individually small and weak entities which should need to cooperate each other to survive the competition. Under this assumption, the opposition between global competition and local cooperation has a power to appeal. A clustering industry can organise local cooperation to survive. However, today, there remains for the people only one way to open their door to the global market and join it so that they earn more and their country will develop. This condition changes the local cooperation into a tool for development. Local cooperation is against the global competition, but it is difficult to overcome the current tough competition.

The matrix between spatial scales and social principles (table. 1) shows the further possible implications to change today's condition. Furthermore, class struggle must be performed across the matrix. These questions must be targeted to seek new geographies in the 21st century.

Table.1: The matrix between spatial scale and social principles

Spatial Scales	Social Principles
Global	Competition (Liberalism)
Local	Cooperation

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