David Harvey identifies (in *The New Imperialism*) “a cascading and proliferating series of spatio-temporal fixes” to persistent economic crisis. These fixes do not result in crisis resolution, but instead, lead to new contradictions associated with uneven development: “increasingly fierce international competition as multiple dynamic centers of capital accumulation emerge to compete on the world stage in the face of strong currents of overaccumulation.”

“Since they cannot all succeed in the long run, either the weakest succumb and fall into serious crises of devaluation, or geopolitical confrontations erupt in the form of trade wars, currency wars and even military confrontations.”

The territorially-rooted power blocs generated by internal alliances (and conflicts) within national boundaries, or occasionally across boundaries to regional scale, are the critical units of analysis when it comes to fending off the devalorization of overaccumulated capital.

By uncovering these units – which, aside from ‘circuits of capital’, are not sufficiently studied within IR and IPE – it is feasible to root a durable geopolitical theory appropriate for understanding uneven and combined development.
uneven and combined development
Uneven Geographical Developments

The Moving Map of Neoliberalization

A moving map of the progress of neoliberalization on the world stage since 1970 would be hard to construct. To begin with, most states that have taken the neoliberal turn have done so only partially—the introduction of greater flexibility into labour markets

Competition between territories (states, regions, or cities) as to who had the best model for economic development or the best business climate was relatively insignificant in the 1950s and 1960s. Competition of this sort heightened in the more fluid and open systems of trading relations established after 1970. The general progress of neoliberalization has therefore been increasingly compelled through mechanisms of uneven geographical developments. Successful states or regions put pressure on everyone else to follow their lead. Leapfrogging innovations put this or that state (Japan, Germany, Taiwan, the US, or China), region (Silicon Valley, Bavaria, Third Italy, Bangalore, the Pearl River delta, or...
not everything can be explained through uneven development theory: ‘contingent geopolitical considerations...’

Contingent geopolitical considerations have also played their part. South Korea’s position as a frontline state in the Cold War initially gave it US protection for its developmentalism. Mozambique’s position as a frontline state led to a civil war fomented by South Africa to undermine Frelimo’s attempt to construct socialism. Heavily indebted as a result of the war, Mozambique fell an easy prey to the IMF’s penchant for neoliberal restructuring. US-backed counter-revolutionary governments in Central America, Chile, and elsewhere have frequently produced similar outcomes. Even a particular geographical position, such as Mexico’s proximity to the US and its peculiar vulnerability to US pressures,
central argument: persistent economic crisis displaced but not resolved by ‘spatio-temporal fixes’ and ‘accumulative dispossession’

shifting, stalling, stealing’
capital flowing through three circuits

CRISIS

1. Capital market (financial and state intermediaries)
2. Production of values and surplus value
3. Intermediate inputs
4. Consumption fund
5. Consumption of commodities and reproduction of labour power
6. State functions

Core economic contradictions

CRISIS

- Productivity of labour
- Technical and social organization of work process
- Innovation
- Credit and money creation
- Debt repayment

Transfers

- Fixed capital
  1. Producer durables
  2. Built environment
- Consumption fund
  1. Consumer durables
  2. Built environment
- Labour power
- Consumption goods
- Capital market
- State functions

Social expenditures (education, health, welfare, ideology, police, military, etc.)

Money

Technology and science
roots of crisis: long-term stagnation due to overaccumulation

Sources: World Bank, World Development Indicators 2003 (online version) and World Bank, Global Economic Prospects 2004.
what happened to US corporate profit rate?

debate: was there a durable upturn after 1984?
The tendency of the rate of profit to fall...
‘overaccumulation’ and financialisation: sources of decline in US manufacturing profits

- US corporate profits derived much less from manufacturing products;
- much greater sources of profits from abroad;
- profits also came more from returns on financial assets.

Source: Gerard Dumenil and Dominique Levy
US economy becomes debt-addicted from early 1980s
(source: John Bellamy Foster and Fred Magdoff, 2009)
finance delinks from world’s real economy: market value of financial assets and aggregate global GDP at current prices (billion US dollars)

Source: Leda Paulani, USP with McKinsey Global Report data
US corporate profits become finance-addicted in mid-1980s

(source: John Bellamy Foster and Fred Magdoff, 2009)
‘hollowing corporations’ from mid-1980s

(source: John Bellamy Foster and Fred Magdoff, 2009)
Context: US economy as core site of overaccumulation and financialisation. "shifting", "stalling", "stealing" as displacement strategies: the spatial fix, temporal fix and accumulation by dispossession.

Source: John Bellamy Foster and Fred Magdoff, 2009
because of overinvestment, a subsequent investment drought from early 1980s (late 1990s was mainly IT, especially software) (source: John Bellamy Foster and Fred Magdoff, 2009)
overaccumulation of capital remained through 1980s-2000s

(source: John Bellamy Foster and Fred Magdoff, 2009)
Production crash in historical terms

Initially as bad as 1929

Source: Eichengreen and O’Rourke
Trade crash in historical terms

Initially worse than 1929

Source: Eichengreen and O’Rourke
Stock market crash in historical terms

Initially worse than 1929

Source: Eichengreen and O’Rourke
Crash of GDP, industrial production and FDI

... vast implications for the ‘real sector’ too...

**FDI inflows, % change on previous year**

<table>
<thead>
<tr>
<th>Country</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>-57.3</td>
</tr>
<tr>
<td>Britain</td>
<td>-51.2</td>
</tr>
<tr>
<td>Germany</td>
<td>-48.9</td>
</tr>
<tr>
<td>France</td>
<td>-27.7</td>
</tr>
<tr>
<td>Japan</td>
<td>-22.7</td>
</tr>
<tr>
<td>US</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

Source: The Economist
Keynes, PLEASE HELP!
temporal fixes: derivatives, ‘Quantitative Easing’

Figure 3.1. Global Over-the-Counter Derivatives Markets
(In trillions of U.S. dollars; notional amounts of contracts outstanding)

Figure 4.1. Global Liquidity
(In billions of U.S. dollars; GDP-weighted; quarterly data)

US Fed panics, prints money
derivatives still very risky
wealthy governments’ debt reaches (political) ceiling

vast increase mainly reflects bailout of US and European banks in late 2008

Euro meltdown and US ‘sequestration’ paralysis represent shift from private finance to public debt crisis
sub-prime disaster isn’t going away

US real estate crisis continues, spreads to China
un Even development in GDP growth roots of crisis:

long-term stagnation of EU, US and Japan after Post-War ‘Golden Years’
uneven and contradiction-ridden spatial fixes
(source: Unctad 2009)
... widespread, dramatic loss of paper wealth

Source: Unctad
Commodity devaluations:
Change in prices, July – December 2008

...particularly devastating for African countries addicted to export-led extractive-industry ‘growth’...

The opening up of global markets in both commodities and capital created openings for other states to insert themselves into the global economy, first as absorbers but then as producers of surplus capitals. They then became competitors on the world stage. What might be called ‘subimperialisms’ arose... each developing centre of capital accumulation sought out systematic spatio-temporal fixes for its own surplus capital by defining territorial spheres of influence...
The benefits of this system were, however, highly concentrated among a restricted class of multinational CEOs, financiers, and rentiers. Some sort of *transnational capitalist class* emerged that nevertheless focused on Wall Street and other centres such as London and Frankfurt as secure sites for placements of capital. This class looked, as always, to the United States to protect its asset values and the rights of property and ownership across the globe. While economic power seemed to be highly concentrated within the United States, other territorial concentrations of financial power could and did arise.
short-term gut reaction: run from the emerging markets

Source: UNCTAD
Berlin, 1884-85
‘Scramble for Africa’
Britain, France, Belgium, Portugal, Germany, Italy, Spain
in context of global crises, enter BRICS

“a new global economic geography has been born”

– President Lula da Silva, BRICS Brasilia Summit, 2010
why BRICs? answer from New York/London: 
building-block ‘bricks’ of 21st century world capitalism

Jim O’Neil, Goldman Sachs

SOUTH AFRICA (added in 2010)
Nouakchott, Mauritania

The United States flew PC-12 surveillance aircraft from here to track al-Qaeda in the Islamic Maghreb. The flights ended in 2008 after a coup.

Camp Lemonnier, Djibouti

The U.S. military targets al-Shabab in Somalia and al-Qaeda in Yemen from this key base.

Ouagadougou, Burkina Faso

The United States flies PC-12 surveillance aircraft from here north to Mali, Mauritania and the Sahara.

Entebbe, Uganda

The United States flies PC-12 surveillance aircraft from here over territory used by the Lord’s Resistance Army.

Manda Bay, Kenya

More than 100 U.S. commandos are based at a Kenyan military installation.
Africa’s existing oil substantial reserves oil and wars: Sudan, Angola, Chad, Congo US imports more than 20% from Africa

Despite the political risk, Western oil companies are queuing up to explore.

Sierra Leone
An “active petroleum system” discovered by Anadarko 1125km west of the Jubilee field.

Uganda
Up to 2bn barrels found under and around Lake Albert.

Tanzania
Already a gas producer, and further prospecting occurring in the Rovuma basin.

Mozambique
Anadarko committing over $250m over the next few years in exploration.

Liberia
Several prospecting licences for auction.

Côte d’Ivoire
Vanco’s Orca 1-x exploratory well will reveal offshore potential.

Ghana
Potential upside of 1.8bn barrels in the Jubilee field, and 1.4bn barrels in Tweneboa-1.

DRC
Political turmoil means exploration is still years behind its neighbours.

Madagascar
TOTAL drilled an estimated 80 wells in 2009.
Africa’s mining production by country, 2008

1. South Africa 599
2. Botswana 92
3. Zambia 75
4. Ghana 43
5. Namibia 32
6. Angola 32
7. Mali 29
8. Guinea 21
9. Mauritania 20
   Tanzania 20
   Zimbabwe 20
territorially-rooted power blocs generated by internal alliances (and conflicts) within national boundaries, or occasionally across boundaries to regional scale, are the critical units of analysis when it comes to fending off the devalorization of overaccumulated capital.

Concentrations of economic and political power within one region can become a basis for the domination and exploitation of others. Under threat of devaluation, each regional alliance seeks to use others as a means to alleviate its internal problems. The struggle over devaluation takes a regional turn. But the regional differentiations are rendered unstable thereby. Furthermore, the variegated mobilities of capital and labour power tend to undermine the very regional structures they help create. Regional alliances founder on the rock of international competition and the impulsion to equalize the rate of profit (particularly on money capital). The struggle to reduce turnover time reorders relative distances and makes nonsense of regional boundaries, which are highly porous anyway (even when patrolled by customs and immigration officers). And when devaluation threatens, individual elements of both capital and labour can just as easily run for the safest havens as stay in place and fight to export the costs to other regions.