ECONOMIC GLOBALISATION AND THE TROPICAL WORLD IN THE NEW MILLENNIUM: AN INTRODUCTION

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Economic globalisation is a set of extremely complex processes, highly uneven in their geographical incidence and involving multiple, and sometimes contradictory, tendencies both across and within economic sectors. Current opposition to such processes – as articulated in the protests focused on the World Trade Organisation (WTO) meeting in Seattle in December 1999, at the recent International Monetary Fund (IMF) meetings, and the World Economic Forum (WEF) meeting in Australia in 2000 – reflects a widespread anti-globalisation feeling among a remarkable diversity of special interest groups. In this regard, the two issues of greatest significance for many tropical countries are those relating to labour and to the environment. Without doubt, economic globalisation poses serious questions of equity in relation to the distribution of costs and benefits of globalising processes between different parts of the world and across different social groups. The interdependencies – some would call them dependencies – that are an inevitable concomitant of increased economic integration can create serious instability in tropical countries. Uncontrolled financial volatility and resource-exploiting activities, for example, are capable of destroying the political foundations on which economic prosperity has been built. Uneven development – an intrinsic component of market capitalism – remains a major global problem and there is no doubt that some parts of the tropical world – most notably, though not exclusively tropical Africa – suffer greatly from their relative exclusion from wealth-enhancing processes.

On the other hand, there is also no doubt that globalising processes have proved enormously beneficial to some countries in the tropical world. More extensive involvement in trade networks that has opened up access to the affluent markets of the developed world has enabled at least some tropical countries to move out of conditions of deep poverty and to upgrade their levels of technological expertise. Some, indeed, have developed virtuous circles of economic growth that have propelled them into the ranks of more developed economies with income levels comparable with those of some European countries. In many cases, this process has been associated with an influx of foreign direct investment, in the form of transnational corporate investments, or with a variety of non-equity arrangements involving local and foreign companies.

Economic globalisation, therefore, is a Janus-like phenomenon. It has (at least) two faces: one potentially benign; the other potentially malign. While much has been written on economic globalisation and its spatial manifestations in advanced industrialised economies (e.g. Dicken, 1998; Held *et al.*, 1999; Hirst & Thompson, 1999), there has been little theoretical and empirical work to unpack globalisation tendencies in the tropical world (see Olds *et al.*, 1999; Mittelman, 2000). As globalising processes continue to penetrate most corners of the global economy in the new millennium, it becomes increasingly imperative for geographers (and social scientists) to contribute to critical reflections on the nature,

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processes, and impact of economic globalisation in relation to the tropical world.

The purpose of this Special Issue is to bring together international contributions on the subject of the ongoing transformations in the tropical world from the specific perspective of economic globalisation. We have brought together papers that offer a variety of theoretical perspectives, research methodologies, empirical foci, and policy orientations. The scale of analysis in these papers ranges across global, regional, national and sub-national levels. We believe that our readers can gain significant insights into the Janus-like face of globalisation through these geographical studies at different spatial scales. More specifically, we have identified three empirical foci in these eight papers: (1) global linkages and domestic competitiveness; (2) labour market adjustments; and (3) localising the impact of economic globalisation. Although these empirical themes are by no means exhaustive, taken together the papers included in this special issue can make a significant contribution to our understanding of economic globalisation and its inter-relationships with the tropical world in the new millennium.

ARTICULATING THE TROPICAL WORLD INTO THE GLOBAL ECONOMY

Historically, the major channel through which tropical countries became articulated into the wider world economy was through trade. In particular, the exotic (from a Western perspective) nature of many tropical resources and products has long made the region a focus of the activities of the merchant traders. Frequently bolstered by imperial and colonial structures, many tropical countries became embedded into the evolving international division of labour – a core-periphery system – which developed notably from the 16th century and which was given a particular boost by the processes of industrialisation from the early 18th century. Commodity trade remains, for many tropical countries, the most significant mode of articulation into the global economy. But how that trade is organised has become increasingly the province of foreign transnational corporations (TNCs). The TNC has been the major organisational channel through which not only much of the traditional trade in tropical commodities has flowed, and continues to flow, but also through which much of the more recent growth of manufacturing industries in some tropical countries has been developed. As is now well known, at least one-third of all world trade is *intra-firm trade*, that is, it is carried out across national boundaries but within the organisational (and decision-making) boundaries of transnational corporations.

In other words, it is primarily through the activities of TNCs and their associated foreign direct investment (FDI) that countries in the tropical world are articulated into the global economy. This observation, of course, does not negate the general and, yet, critical importance of TNCs and FDI in domestic economic development. So what exactly is the current position of TNCs and FDI in the tropical world? Table 1 offers some clues to the regional distribution of global FDI inflows and outflows between 1996 and 1998. First, it is clear that FDI *inflows* into the tropical regions[1] – comprising Africa, Latin America and the Caribbean, much of Asia, and the Pacific – rose from 31.8 per cent of global total FDI inflows in 1995 to 36.2 per cent in 1997. Although the 1997-98 Asian economic crisis somewhat dampened investors' confidence in Asia in 1998 (see Poon & Perry, 1999; Kelly *et al.*, 2001), the decline of total FDI inflows in Asia in 1998 by 11 per cent to US$85 billion was still fairly modest. According to UNCTAD's (1999:22) assessment, FDI

[1]For a comprehensive reconstruction of the "tropics" as a geographical concept, please refer to an earlier Special Issue of the *Singapore Journal of Tropical Geography* (Driver & Yeoh, 2000).

TABLE 1. REGIONAL DISTRIBUTION OF GLOBAL FDI INFLOWS AND OUTFLOWS, 1995-98
(in percentage)

	INFLOWS				OUTFLOWS			
	1995	1996	1997	1998	1995	1996	1997	1998
DEVELOPED COUNTRIES	63.4	58.8	58.9	71.5	85.3	84.2	85.6	91.6
Western Europe	37.0	32.1	29.1	36.9	48.9	53.7	50.6	62.6
European Union	35.1	30.4	27.2	35.7	44.7	47.9	46.0	59.5
Others	1.8	1.8	1.9	1.2	4.2	5.8	4.6	3.1
United States	17.9	21.3	23.5	30.0	25.7	19.7	23.1	20.5
Japan	-	0.1	0.7	0.5	6.3	6.2	5.5	3.7
Others	8.5	5.3	5.6	4.1	4.4	4.6	6.4	4.9
DEVELOPING COUNTRIES	32.3	37.7	37.2	25.8	14.5	15.5	13.7	8.1
Africa	1.3	1.6	1.6	1.2	0.1	-	0.3	0.1
Latin America and the Caribbean	10.0	12.9	14.7	11.1	2.1	1.9	3.3	2.4
Developing Europe	0.1	0.3	0.2	0.2	-	-	0.1	-
Asia	20.7	22.9	20.6	13.2	12.3	13.6	10.0	5.6
West Asia	-0.1	0.2	1.0	0.7	-0.2	0.6	0.4	0.3
Central Asia	0.4	0.6	0.7	0.5	-	-	-	-
South, East and Southeast Asia	20.4	22.1	18.9	12.0	12.5	13.0	9.6	5.3
The Pacific	0.2	0.1	-	-	-	-	-	-
CENTRAL AND EASTERN EUROPE	4.3	3.5	4.0	2.7	0.1	0.3	0.7	0.3
WORLD TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UNCTAD (1999:Table 6).

"proved to be the most resilient form of private capital flows, even in some of the countries directly hit by the crisis".

Second, there is a remarkably uneven distribution of FDI inflows into tropical regions. In 1997, for example, the entire African continent, West and Central Asia, and the Pacific islands received only 3.3 per cent of total global FDI inflows. This compares very unfavourably to the 33.6 per cent of total global FDI inflows received by Latin America, the Caribbean, and South, East and Southeast Asia during the same year. These FDI statistics show that there is significant unevenness not only in the *global* distribution of FDI inflows, but also in the distribution *among* developing tropical countries themselves. Within Latin America and the Caribbean, for example, Brazil alone accounted for 39.4 per cent of total FDI inflows into developing countries in 1998 (US$71 billion). Within Asia, China received US$45 billion in 1998 – 52.9 per cent of total FDI into developing countries. In comparison, FDI inflows into South Asia, the Pacific islands, and Africa remained modest. In particular, UNCTAD (1999:23) noted that "Africa benefited from a rise in inward FDI since the early 1990s, but growth in FDI flows to the region was much less than that in FDI flows to other developing countries, leaving much of Africa's potential for FDI unutilized".

Third, FDI *outflows* from tropical regions are also heavily skewed towards specific countries in Asia (Hong Kong, South Korea, Singapore, and Taiwan) and Latin America (Argentina, Brazil, Chile, and Mexico). This observation should not come as a surprise because FDI outflows from these countries must be made by indigenous TNCs which must possess sufficient firm-specific advantages to compete in the regional and the global economy (see Yeung, 1999). These statistics on FDI outflows also indicate that while many tropical countries may participate in globalisation as a *recipient* of capital inflows, very few of them (apart from Singapore and some Latin American countries) are taking an active role in *driving* globalisation processes through such overseas investments. This intricate nature of participation by the tropical world in economic globalisation clearly has important implications for economic development, some of which will be addressed in the papers included in this special issue.

GLOBAL LINKAGES AND DOMESTIC COMPETITIVENESS

One of the key issues for understanding economic development in the tropical world is related to the rise of major cities as the command and control centres of the global economy. To a certain extent, one may argue that cities are more than "theatres of accumulation" (Armstrong & McGee, 1985) in the tropical world. In their paper on world cities in the Pacific Rim, Taylor *et al* measure the position of cities in world city network formation in terms of the nature and locational concentration of the offices of advanced producer service firms. Echoing Sassen's (1991) work, the paper shows that the production of services by these firms (mostly from advanced industrialised countries) represents the cutting edge of the contemporary global economy. Since these producer service firms are often located in major cities where agglomerations of specialised knowledge intersect with flows of information, those cities become the "special places" where economic globalisation "touches ground" and "takes place". Taylor *et al's* empirical analysis clearly points to the relative insignificance of most mega-cities in tropical Asia in this world city network. This finding once again confirms the fact that the tropical world tends to be a passive player in the global economy, conceding most of its control and power to players from the Triad regions (North America, Western Europe, and Japan).

Viewed from a firm-specific perspective, one may argue that the position of tropical cities/ countries in world city networks may matter less than their enrolment into the production networks of individual TNCs. After all, these intra-TNC production networks may provide employment, business opportunities and technology transfer to local communities in tropical countries. Having said that, however, the extent of localisation of TNC impact is critically dependent on their intra-firm corporate strategies and control. As Pritchard demonstrates in his study of Nestlé, the socio-spatial practices and strategies of agro-food TNCs may significantly undermine the trickle-down of benefits to host countries in Southeast Asia. These practices are related to intra-firm trade and financial transactions that facilitate the circulation of profits and royalties within the TNC network rather than their transfer to the host countries. The geographies of these firm practices have important implications for understanding the emergence of uneven development in the tropical world in which the production of agro-food and other primary commodities has been one of the main sources of gross domestic product.

In many tropical countries, one may point a finger at the diminishing role of the nation-state in minimising the detrimental effects of economic globalisation and the demise of national competitiveness. This issue is even more contested in relation to such important sectors as agro-industries. If we believe the caricature of giant foreign TNCs wiping out domestic firms in resource-abundant, but uncompetitive, tropical countries, we are implicitly also acknowledging the irrelevance of the nation-state in the globalising era. The reality in the tropical world is, of course, far from this stereotype. In fact, some nation-states in the tropical world are capable of initiating, directing, and even assisting the processes of structural transformation of their economies in order to prosper in the global economy. Fold's paper exemplifies the comparative case of agro-industrial upgrading in Malaysia and Brazil. He examines the forms and importance of state-governed institutional arrangements within the global commodity chains of oil seeds and shows convincingly that there is a role for the nation-state in upgrading domestic industries to compete in the global economy.

While Folds concentrates on the role of differential export taxes in both Malaysia and Brazil, Dixon focuses on the highly interventionist approach taken by the nation-state in such centrally planned economies as Vietnam. Indeed, his paper shows that the Vietnamese state faces the dilemma of choosing between too much intervention (and hence scaring away international investors) or too little regulation (and hence exacerbating economic exploitation and moral decline). The state, however, has apparently opted for an interventionist approach in order to maintain highly centralised single party rule, freedom from foreign domination and social stability. Interestingly, it is noted that "international capital is seen as fitting into a Vietnamese developmental agenda" (p.xx). One of the primary mechanisms adopted by the Vietnamese state to control the operations and impact of international capital is labour regulation through more stringent labour laws. But the extent of the impact of these regulatory measures on the confidence of foreign investors remains uncertain.

THE ROLE OF LABOUR MOVEMENTS AND LABOUR MARKET ADJUSTMENTS

If economic globalisation represents the ascendance of capital over the nation-state (cf. Yeung, 1998; Kelly, 1999), does it also signify the end of labour power? A large number of empirical studies have been conducted on the dynamic organisation of labour through labour unionism and transnational labour organisations (see, for example, Herod, 1998). Earlier studies of labour unions tended to focus on their spatial organisation in relation to local conditions and union traditions. The ability of workers to defy capital in a specific place is seen as being dependent upon the "organizational resources and established 'repertoires' of collective action they have built over time" (Wills, 1996:354). This local dependence of labour unionism, nevertheless, can be problematical when capital increasingly operates on a global scale. More recent studies have shifted their analytical focus from local unionism to transnational labour organisations (Herod, 1995; Wills, 1998), and have plainly shown that globalisation does not inevitably lead to the demise of labour organisations. Instead, it opens up new opportunities for new forms of labour internationalism and alternative governance institutions (Walker, 1999; Merrifield, 2000).

The complex interrelationships between economic globalisation and labour can be analysed along two dimensions: labour movements and labour market adjustments. In the first place, economic globalisation has brought about severe pressures on labour movements. As Lado demonstrates, economic globalisation infiltrates into Nigeria and South Africa via the rise of neoliberal hegemony that narrows the spaces for the progressive role of labour in the institutionalisation of civil society. Adopting a comparative perspective, Lado shows that while the processes of articulation of different African economies into global capitalism may vary, organised labour movements represent the single most important factor in the establishment of democracy and civil society.

Labour market adjustments represent another key dimension to understanding the transformation of tropical countries in an era of economic globalisation. The flexibility of these adjustments is even more important in times of economic crises associated with the perils of globalisation. In their paper on Indonesia during the 1997-1998 period, McGee and Firman observe that local labour markets have become highly flexible in order to mediate the impact of, and to cope with, the hardship arising from the Asian economic crisis. They note a rapid shift of employment from the agricultural sector to trade and service sectors, including the informal sector – a process aptly termed "informalisation". What then is the impact of these processes of economic globalisation on local communities throughout the tropical world? This is the issue addressed by McGee and Firman.

LOCALISING THE IMPACT OF ECONOMIC GLOBALISATION

While it is generally difficult, if not impossible, to assess the impact of economic globalisation at a global scale, it is quite appropriate to focus on the local dimension of this impact. This issue of spatial scales of analysis is critical in any study of globalisation because researchers (particularly outside geography) often conflate globalisation as a set of tendencies at the global scale and globalisation as a set of local repercussions. Whereas economic globalisation can be conceived as a generic set of economic processes that transcends national boundaries and creates global interdependencies, such processes have to take place somewhere and can only be experienced by real people at the local scale. The local dimension is therefore equally important in our understanding of economic globalisation and its impact on the tropical world.

In this regard, Turner's paper makes an important contribution to the assessment of the local impact of economic globalisation. Her research in the city of Makassar in Indonesia shows that globalisation tendencies and their impact can be mediated by a variety of local factors, including cultural traits and social organisation. In contrast to McGee and Firman's paper on labour market adjustments, Turner observes little changes among the majority of small enterprises in Makassar throughout the 1997-98 Asian economic crisis. These enterprises continue to operate in such a way that reflects their survival strategies within the local socio-political environment. Only small enterprises that are linked to the global economy through the import of conspicuous consumer goods and exports of primary commodities have been affected by the rapid devaluation of Indonesia's currency.

On the other hand, echoing Fold's paper on agro-food complexes, Murray argues that uncontrolled penetration of global forces can put local economies beyond the control of local population and national governments. This local impact of economic globalisation can be detrimental because it may create much greater economic uncertainties through global restructuring of commodity production, and an erosion of agricultural diversity in general and of subsistence in particular. Drawing upon his research into kava production in Fiji, Murray notes that the "spoils of the boom" in Taveuni Island arising from the massive surge in short-term demand for kava in late 1998, created great social and economic problems that are likely to be long-lasting and regressive. The case illustrates the vulnerability of small local economies to rapid penetration of global forces that remain under-regulated within a neoliberal hegemony.

Taken together, we hope the collection of papers in this Special Issue will stimulate future research into economic globalisation and its complex interrelationships with, and within, the tropical world. The eight papers show that economic globalisation can be analysed in a variety of dimensions and spatial scales. In addition to covering such themes as TNC networks, state regulation, labour movements and market adjustments, and local socio-economic impact, these papers also open a whole new "Pandora's box" for future research.[2] Some of these potential research topics include:

- global capitalism and its relation to the tropical world;
- financial liberalisation and the tropical world;
- the politics of international financial institutions in the tropical world;
- the impact of economic globalisation on national and regional development in the tropics;
- regional economic cooperation and organisation in an era of economic globalisation; and
- new trends of economic globalisation in the tropical world.

[2] See a forthcoming Special Issue of the *Singapore Journal of Tropical Geography* on "Global processes, local responses: Resistance and compliance in Southeast Asia" to be edited by M. Parnwell and J. Rigg.

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