Globalization and international division of labour: two concepts - one debate?

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Globalization and international division of labour: two concepts – one debate?

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In the 1980s, the concept of globalization was first used to denote the emergence of global markets for standardized consumer goods, and then to global organization of production systems. It was not until the 1990s that globalization became a new buzz word in academic research and management literature, and with it came the increasing problem that it is used by people in different ways. This is certainly adds to the confusion that advocates of globalization 'exists', and what is the likely outcome of this process. The objective of the article is first to distinguish between different theoretical approaches as to what is understood by globalization, to what extent it 'exists', and what is the likely outcome of it in developing countries. Then it will be demonstrated that some of the issues raised in the globalization debate of the 1990s are much the same as in the international division of labour debate in the late 1970s and 1980s. Does this imply that at the bottom line we deal with the same debate?

Globalization

Analytical framework

Some authors such as David Harvey state that globalization can be understood as: 'a process serving to compress the world (Harvey 1989 ref. in Axford 1995, pp. 4–5). And: 'that the richness and diversity of various transnational practices serve to broaden and deepen the extent of global interconnections between individuals and groups in many areas of life' (Skalir 1991 ref. in Axford 1995, p. 5). Likewise, Giddens (1996) refers to globalization as 'action at distance', implying a new process of increasing inter-penetration between individual life and what he refers to as global futures. According to Giddens, globalization is more than an economic concept, development of world systems and large global institutions. This is in line with Axford who refers to globalization as a multidimensional process resulting from multiple causes. Although globalization can be understood as a process that affects most spheres of human activity, and has economic, political, social and cultural dimensions, this article concentrates on the issues pertaining to globalization of the economy. The non-economic forms of globalization are only mentioned when they are of relevance to the points raised in respect of the economic.

With regard to the first question, whether globalization 'exists', one may place the different contributions to the globalization debate along a continuum. At the one end one finds the neoliberals who consider globalization an established fact (Sachs in Aftenposten 16 Nov. 1997), and to some extent Olmace (1990), and at the other the sceptics who basically consider globalization a myth (Ruigrok & van Tulder 1995, Hirst & Thompson 1996). In-between are those who consider globalization a process and a tendency (Dicken 1992, 1998; Axford 1995, Petrella 1996, Vickery 1996, Dicken et al. 1997). That
something is a process means that it is ongoing and produces change. A tendency refers to a process that moves in a certain direction due to its inner logic. More tendencies may take place at the same time, and despite the inner logic that drives it forward, a tendency may be reversed. Those who are referred to as exponents of the process-tendency view below have in common that they consider globalization a process that has just started, i.e. during the last 20–25 years; moves in a certain direction (or directions); and may be reversed.

It is the neoliberals, referred to by Giddens as the ‘hyper-globalizers’, who hold the current mainstream view on globalization. To them globalization is a fact and signifies deregulation of financial markets and more economic interaction across borders. The increasing trade and competition are considered positive to countries and people. The neoliberals often use the term globalization and (increasingly) internationalization interchangeably.

Daniels & Lever (1996) focus on trade when they write that the world economy was truly integrated or globalized by the 1990s. They point to the fact that trade has increased faster than production, and that there are global shifts in economic activity. Dicken (1992, 1998) writes that globalization takes place in a number of ways. one of them is in the emergence a truly global system of manufacturing, which is reflected in the pattern of trade in manufactures. In 1998, he stresses that although globalization forces are at work, the world economy is not fully globalized. Likewise, Dicken et al. (1997) emphasize that globalization should be understood as a set of interrelated tendencies or a complex of globalization processes, which is similar to Axford (1995) above. They also stress that it is in respect of changes in power relations and the spatial implications of this that studies on globalization first and foremost should be conducted.

In contrast to the neoliberals, Dicken (1992, 1998), is quite clear that internationalization and globalization are not the same. Whereas internationalization refers to a quantitative process and signifies increased economic activity across borders, globalization refers to a more advanced and complex form of internationalization which implies a degree of functional integration between internationally dispersed economic activities (p. 1). He refers to the positive effects of globalization in respect of the industrial advancement and increasing exports of the first and second generation newly industrializing countries (NICs). However, in contrast to the neoliberals, both he and Daniels and Lever are explicit that a number of developing countries are outside the reach of the globalization process. As expressed by Dicken et al. (1997): ‘globalization processes are intrinsically uneven’ (p. 159).

To Gereffi & Korzeniewicz (1994) globalization is a process and the point of departure of their further analyses of global commodity chains. They refer to Hopkins & Wallerstein, that a commodity chain denotes ‘a network of labor and production processes whose end result is a finished commodity’ (p. 2). Their commodity chain concept is inspired by Porter’s (1991) value chain. To Gereffi & Korzeniewicz, commodity chain analyses are a means to link studies at the micro-organizational level (i.e. the relationship between the different agents such as consumers, labour, firms, and states) to the macro concerns of world systems literature. One of their hypotheses is that capital or firms from developed countries extract surplus value from the periphery by co-ordinating and controlling the links that tie the commodity chain together. Although the possibilities of developing countries to improve their position in the international division of labour looks grim in the light of this hypothesis, their framework also opens for an examination of what particular contexts, or under what conditions, globalization may improve the position of some of the developing countries. Dicken (1998) claims to be inspired by Gereffi when he introduces his concept of production chain. It is exactly the co-ordination and regulation of the geographically dispersed economic activities that the chain concept visualizes, i.e. the functional aspects that are necessary to speak of globalization.

Like the above exponents of the process-tendency view, exponents of the myth view also distinguish between internationalization and globalization. However, the latter have much stricter requirements pertaining to the quantitative changes required in the international economy, to speak of globalization. To be able to identify differences between the various views in more detail, four questions will be looked into as to when one may speak of globalization: (1) how ‘much’ economic interaction is required -
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The neoliberal view

The neoliberal view on globalization is founded
on neoliberal economic thought with focus on free
market forces, perfect competition, and inter-
national trade based on the theory compara-
tive advantage. This is clearly illustrated by Sachs
(ref. in Aftenposten 16. Nov. 1997). When Sachs
writes about globalization, it is ‘the global integ-
ration’ of the last 25 years, and particularly in
the years after the fall of communism, he has in
mind. He does not go into a discussion of the
nature of economic integration. However, he
claims that economic integration is something
that former communist countries and a large
number of developing countries have chosen, by
opening their economies for international trade.
In this venture they are supported by the World
Bank, IMF, and WTO. He writes that ‘free trade
is being spread worldwide. Although he admits
that the reforms can be painful, this is only
temporary, since open economies and free trade
are the way to welfare. He claims that global
integration opens up opportunities without paral-
el, and for the first time in history more than a
few privileged societies have the opportunity to
reduce the material want of their citizens.

The current problems on the Asian stock ex-
change and how the economic effects of this
spread from country to country, first within the
NICs and then to Japan, and subsequently
the fear of ill effects in the USA and Europe, may be
taken as evidence that globalization is a fact, i.e.
how tight the world has become knitted together.
It has also launched a debate in Asia (and the
North) on negative effects of globalization (Far
Eastern Economic Review, 24 July and 20 Nov.
1997, Aftenposten, 26 Nov. 1997). Contrary to
this sentiment, the message of Sachs is that coun-
tries must continue their liberalization politics, as
this is necessary to consolidate and spread wel-
fare. The argument is that free trade stimulates
economic growth and reduces income disparities
between rich and poor countries.

Ohmae (1990) is less clear than Sachs as to
whether globalization is an established fact. He
speaks of a global economy and a global market-
place as established facts. There are global cus-
tomers who have information about services and
products from around the world and there are
global products that customers around the world
demand. When he writes about firms that go
global he does not distinguish between interna-
tionalization and globalization. He rather differ-
entiate between five stages in the globalization
strategy. The firm is fully ‘denationalized’, can
serve customers around the world and at the
same time provide them with products that are
responsive to their particular needs in the fifth
stage. The fifth stage is referred to as global
localization, and is considered a goal, not yet an
achieved reality.

One of Ohmae’s main points is that national
borders have ‘largely disappeared’ as far as ‘real
flows of financial and industrial activity are con-
cerned’ (p. 18). He is also concerned with the
emergence of the interlinked economy of the Triad
(the USA, Europe and Japan, and economies
such as Taiwan, Hong Kong and Singapore). The
interlinked economy will grow faster in the 1990s
and 21st century and comprise more economies
in Eastern Europe, Asia, and Latin America. In
this respect he considers globalization a process.
It exists in the sense that it is empirically observ-
able. It is a process in the sense that it stretches
geographically and deepens functionally. Like
Sachs, Ohmae relies on the theory of comparative
advantage that an interlinked economy is benefi-
cial to all countries involved, industrial and de-
veloping alike. Although he writes that the
interlinked economy is not yet a reality (p. 215),
he also claims the following: ‘The developments
and forces at work I’ve described in this book are
powerful and will topple individuals, companies
and governments that oppose them.’

Politicals on the Eastern World are also inclined
to consider globalization as an ongoing phe-
omenon that is impossible to contain. The di-
viding line is basically between those who think
globalization is all for the best, and those who
find that it has some negative side effects too, and
that these best can be solved by political institu-
tions or interventions at the international level.
The process—tendency view

The two exponents selected to illustrate the process—tendency view in this chapter are Petrella (1996) and Vickery (1996). In addition, I shall return to the process—tendency view arguments of Dicken et al. (1997) after the presentation of the myth view below. Like Giddens (1996), Petrella is concerned with globalization as a process where people’s lives are influenced by action at distance. Petrella defines globalization as follows: ‘It (globalization) describes the process by which events, decisions and activities in one part of the world come to have significant consequences for individuals and communities in quite distant parts of the globe,’ (Petrella 1996, p. 64). Vickery, who considers himself an evolutionary economist, has a more detailed empirical approach. He refers to ‘the process of globalization’ and that ‘globalization refers to the emergence of a new pattern in the international transfer of products and knowledge’ (p. 83). He holds that globalization is signified by geographical diversification (more than previously) and (new) functional patterns of interaction. According to Vickery, the changes are the outcome of the evolving international strategies of firms, and what he examines are the functional changes that take place at the macroeconomic level, which he thinks signifies globalization. He is very concrete in his analysis, and does not go into the discussion of possible counter-trends to globalization, nor the notion that globalization as a more abstract process may materialize in different forms in space and time. Hence, one may say that he is more process oriented than tendency oriented.

Petrella provides a list of what he refers to as the principal characteristics of globalization. He starts with the globalization of financial markets, which is an outcome of the deregulation of financial markets. The second characteristic is the internationalization of corporate strategies. What he has in mind here are an increasing trend of merger and acquisitions, investment in production and other activities wherever in the world it is more profitable to locate them, and a global search for components and strategic alliances. The third, is the diffusion of technology and related research and development and knowledge worldwide. Global networks and strategic alliances become more important and are enabled by information technology and telecommunications. The fourth characteristic is the transformation of consumption patterns into cultural products with worldwide consumer markets. This refers to the fact that we have got a world middle class with similar taste. But there is also an important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. In item five, he moves more towards politics, i.e. that there is an internationalization of the regulatory capabilities of national societies into a global political economic system. His point is that attempts are made at solving problems by decision-making at the international level (e.g. the World Bank, IMF and WTO), which restrict the liberty of action of national governments. The sixth characteristic is the diminished role of national governments in designing the rules for global governance. This is because the global economic and political system is led by a core power. One may however, ask whether regional blocks for economic and political co-operation will serve as a stepping stone of globalization or is a counter trend. Anyway, a basic point regarding the two latter characteristics is that the role of the state has changed. Its sovereignty decreases while the role of promoting national competitiveness becomes more important. In addition to the above, he also speaks of globalisation of culture and of perceptions and consciousness.

It is not clear why Petrella uses different terms when addressing the different issues, i.e. globalization, global, internationalization and worldwide. The inconsistency and/or lack of explanation or problematization of this is surprising, since his objective is to explain what globalization is and that it is different from internationalization. Petrella is quite explicit that the bulk of the developing countries are excluded from the process of globalization. His main point in using the term globalization is that the national economy is no longer the name of the game. However, it is equally important to note that despite his broad ‘action at distance’ approach to globalization, all his principal characteristics are linked to economic concerns.

Petrella’s understanding of what globalization is, fits Scholte’s expression of what it does not mean (1996, p. 47):

It is not claimed here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization. There is no claim here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has a juggernaut quality, nor is it clear that globalization constitutes the sole or even the most important element of social exclusion here, which could spur opposition and collaboration across national borders to work against economic globalization.
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tural consumer markets.

fact that we have got a world that is very much like the US market.

But there is also a significant social effort, the opposition and collaboration be-

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vant in sourcing relationships. Intra-industry trade has increased significantly in the 1970–1990 period. The indices of intra-industry trade is high where GNP per capita is high and where the variety in demand is high. It also tends to take place among countries at the same level of development, and within a trading block. His intra-

firm and intra-industry findings at best tone down, and at worst contrast, geographical disper-

sion as an element in the understanding of globalization.

About globalization of research and development, Vickery's main argument is that this is being dispersed to Asia. He writes that subsidiaries generally lag behind their parent firm in respect of technology, but they are more advan-

ted than the domestic firms. In addition, he claims that collaboration agreements between firms in Europe, North America and Japan were very high in the 1980s, when it increased by 10% per year. Although the growth has flattened, it is still reasonably high in the beginning of 1990s.

As the above data imply, Vickery more or less restricts his analysis to functional changes within OECD countries. He makes it a point that cross-

border operations are still concentrated to the 27 OECD countries. He also notes that dynamic Asian countries and China have become involved in the globalization. Moreover, FDI has become more geographically dispersed. Japan has now become a major source of FDI, more OECD countries participate as sources of FDI and so do even some developing countries.

Functional changes in the international eco-

nomics have been observed, no doubt. But why do the proponents of the process–tendency view label these changes globalization, when the actual geographical dispersion of them are restricted to a limited number of countries – more precisely to the Triad of North America, Europe, Japan, and the NICs? Does the term globalization give wrong connotations? Not according to the advocates of the process–tendency view. This has to do with the above mentioned understanding that the scope of the process is global. The functional changes have consequences also for people in places where the functional characteristics in question are not present. This line of thinking is consistent with the concept of relational space in human geography. Moreover, both the structuralist and neo-Marxist directions of the depen-
dency perspective stress 'the relational', i.e. that development (or changes) in some parts of the world directly affect conditions elsewhere. Another example is the orthodox Marxists, who focus on the uneven nature of capitalist development, meaning that some societies gain and others lose in the process. The main difference between the orthodox Marxists and dependency theory neo-Marxists in this respect, is that the latter has had some propensity to focus on developing countries as 'eternal losers'.

Neither Petrella nor Vickery writes much on the causes of globalization. Petrella indicates that technological change have made it possible to co-ordinate geographically dispersed economic activities so that they can be functionally integrated. To Vickery globalization is a result of how firms respond to changes in their technological and institutional environments. As for the consequences of globalization to developing countries, Petrella focuses mainly on the fact that some countries and regions (particularly Africa south of the Sahara) are left out of the integration process. It is implicit in the text that this is a problem, since it deprives the countries of opportunities to industrialize and develop. This is quite contrary to the notion of the old integrated. To Castells globalization is a result of the consequences of globalization to developing countries including China. He concludes that there is no significant difference, and hence that the term globalization cannot be justified when based on quantitative data.

The myth view

The third argument is that the investment from the industrialized to developing countries has taken place. Most developed countries have increased FDI flows to developing countries. In 1990s, only 34% of the FDI flows to developing countries have been directed at developing countries. The FDI stagnated in the 1930s and the 1950s there were changes in the output and flows, and Western Europe became the main receivers (Barber) to developing countries today directed to a limited number of NICs and China in particular. One could rather speak of a regionalization of labour markets.

The fifth argument is that globalisation at the firm level is the possibility of increasing control 'to cover distance in effectively no time' (Scholte 1996, van Tulder 1995, World Investment Report 1995). The first argument is that the highly internationalized economy is not unprecedented. van Tulder has examined the amount of trade and FDI in relation to the size of gross domestic product before World War I and in the 1970s and 1980s. He concludes that there is no significant difference, and hence that the term globalization cannot be justified when based on quantitative data.

The second argument is that genuinely transnational companies appear to be relatively rare (Hirst & Thompson 1996, Ruigrok & van Tulder 1995, World Investment Report 1995). Generally transnational companies are companies that pursue a strategy of complex integration across the world, not only at a given regional level. Complex integration refers to the fact that not only production is shifted abroad, but also higher order activities such as research and development and finances. A study by Ruigrok & van Tulder of the largest 100 firms in the world revealed that few of them have integrated production beyond the regional level and also that the integration includes only a limited number of corporate functions: 'not one is truly 'global', 'footloose' or 'borderless' (p. 159).
The third argument is that no massive shift of investment from the industrial to developing countries has taken place. Most of the FDI is directed at developed countries. In the early 1990s, only 34% of the FDI flows went to developing countries including China, as opposed to 24% in 1970s excluding China (World Investment Report 1992, 1995). Although the inflow to developing countries as a group has increased in absolute terms, their share has been higher. In 1913 (World War I) the largest share of FDI went to Asia and Latin America, and less than 30% to the USA, France, Germany, and Britain. FDI stagnated in the 1930s and 1940s, but in the 1950s there were changes in both the rate and flows, and Western European countries became the main receivers (Barrf 1995). FDI flows to developing countries today are highly concentrated to a limited number of countries. Inflows of FDI is also a key issue in the internationalization of labour debate below.

The fourth argument is that the world is far from being genuinely global. What is understood by this is that in addition to the above data on FDI, statistics on production and trade also reveal that developed countries are still dominant in manufacturing and exports of manufactures. Again, the increased share of developing countries is due to increased production of manufactures in a limited number of countries, Asian NICs and China in particular. In this respect one could rather speak of a triadization than globalization.

The fifth argument is that global markets are by no means beyond regulation and control. This is due to the influence of Europe, Japan, and North America ('G3') in international economic and political institutions. This view is not directly contrasting Petrella's in the process-tendency view above. According to Petrella, economic relations at the national and international scales are not beyond control or regulations, but will take place at the international scale and by co-operation between major trading blocks. In line with Petrella, Dicken et al. (1997) write that it is not in respect of more or less nation state that one should measure globalization; it is rather how the globalization processes affect the structure and orientation of the nation state one should look into.

Based on empirical studies, Ruigrok & van Tulder (1995) of the myth view, concluded that globalization at the firm level is a strategy, at best. They distinguish between the two strategies of becoming global and glocal. The globalisation strategy signifies a strive for world-wide intra-firm division of labour whereas globalisation signifies a strive for a geographically concentrated inter-firm division of labour in one of the three trading blocks. They hold that the latter is the more prevalent. Dicken et al. (1997) do not reject the arguments of the globalisation sceptics that few TNCs, if any, are truly global. When they speak of globalisation at large, they rather choose to emphasize what the strategies of the TNCs are (rather than what they have accomplished so far). These strategies are considered an element of the process of globalization. Such a view is in line with the notion that a process (understood as something abstract) may not yet have resulted in the expected (concrete) outcome. The two TNC strategies they have in mind are labelled global and quasi-global, which correspond directly with Ruigrok & van Tulder's global and glocal. Moreover, Dicken et al. write that 'only to a limited extent can restructuring be regarded as being truly global' (p. 163), which is also in line with Ruigrok and van Tulder's views. Interestingly, Ruigrok and van Tulder on the one hand, and Dicken et al. on the other, agree on essential empirical findings, but with different methodological point departures, they arrive at different conclusions as to whether it is meaningful to speak of globalization of the economy at present.

As opposed to the process–tendency writers, such as Dicken et al., who are concerned with abstract tendencies and with qualitative changes such as the increasing propensity of TNCs to involve in sourcing and subcontacting linkages and networks outside their business group, exponents of the myth view, such as Ruigrok & van Tulder, are preoccupied with the concrete and with quantity of economic interaction and locational dispersion. Neither do the latter take into account that interaction may affect economically, politically, and socially societies who are not directly involved.
specialization at the national scale, which gives rise to international trade flows. The debate on a new international division of labour flourished in the 1980s. Already at that time Gordon (1988) thinks it is possible to trace a difference in the focus of writers on the new international division of labour on the one hand, and globalization of production on the other. Writers on the new international division of labour were preoccupied with 'massive migration of capital from major OECD countries to low-cost production sites in the Third World' (p. 26). The writers on globalization of production, on the contrary, were more concerned with the centralization and concentration of capital, in the sense that they focused on the increasing decentralization of production sites in both developed and developing countries, and the increasing importance of TNCs in the control and co-ordination of production in these sites.

The debate on the new international division of labour was basically a response to the study of Fröbel et al. (1978, 1980), that the preconditions for expansion and accumulation of capital had experienced fundamental qualitative changes, resulting in the fact that a new international division of labour was replacing the classical. The classical international division of labour refers to a situation where the exports of developing countries to industrial countries overwhelmingly consist of raw materials and where industrial countries' exports to developing countries are dominated by manufactures. In the new international division of labour this pattern is reversed! Frobel et al. have been criticized for their theory on the preconditions. Firms have more options for increasing their profitability and competitiveness than relocation of production to cheap labour havens. Competitive strategies of firms, and hence their investment and location decisions, vary between branches and branch segments (Jenkins 1984, Jordan 1986, Hill 1987). It is in branches where it is difficult to mechanize and automate production with existing technology, that relocation may become an option. Being preoccupied with FDI and export platforms, Fröbel et al. did not discuss the role of indigenous capital, foreign bank loans and domestic markets in the developing countries that did experience impressive industrial growth rates. Fröbel et al.'s conclusion is problematic also in the light of the notion of many of the writers on globalization: that the empirical observable outcome of a process or tendency may vary with context, i.e. place and time. Hill (1987) writes that because contingencies make it difficult to identify general tendencies, an abstract discussion of the new international division of labour does not take us very far.

Newer international division of labour

Like in the globalization debate, is whether a new international division of labour is emerging or a myth. Knutsen and Magnus (1993) have examined whether the empirical observation of a new international production and trade division of labour is a fact that some developed countries have changed their position in the international division of labour, is not sufficient to prove that a new international division of labour is emerging. Their arguments of rejecting a new international division of labour are empirically questionable. That the empirical observation of a new international division of labour is not sufficient to prove that a new international division of labour is emerging is most clearly illustrated by the fact that some developed countries have changed their position in the international division of labour. Hence, they require quite a lot for a tendency to be substantiated that a given phenomenon will continue to increase.

When Cofley (1996) introduces a new international division of labour, he applies the following typology: (1) the pre-traditional international division of labour, which the basic structure was the pre-traditional international division of labour. Hence, the core region takes place among the core countries, whereas the periphery exports raw materials and primary products to the core countries. (2) The traditional international division of labour took place in the 20th century. In the traditional international division of labour, a mass migration of capital from the core to the periphery has lead to the development of a new international division of labour.
Like in the globalization debate, a crucial question in the new international division of labour debate is whether a new international division of labour is emerging or a myth. Hesselberg (1989) and Magnus (1993) have examined changes in international production and trade and conclude that the fact that some developing countries have changed their position in the international division of labour, is not sufficient to speak of a new international division of labour as far as the group of developing countries are concerned. Their arguments of rejecting a new international division of labour are empirical and of the same type that the advocates of the myth view on globalization used in the mid-1990s. What distinguishes the advocates of the myth view on international division of labour and globalization from the process-tendency writers, is that the main emphasis of the former is empirically observable trends (questioning what are the general or dominant patterns), rather than abstract tendencies. This does not mean that the advocates of the myth view do not venture into theoretical arguments, which they have to in order to discuss whether identified trends will continue or change. The essential question is rather what should be the criteria to justify that more divisions of labour exist simultaneously. This is similar to Lipietz who in 1986 wrote that 'a new division of labour was superimposed on the old without replacing it entirely' (p. 38). In 1997, Lipietz distinguishes between three co-existing international divisions of labour. The first is the new international division of labour which are manufactured in a different manner. The second international division is intra-sectoral and similar to the above-mentioned new international division of labour. It involves specialization in different types of tasks. Simple routine work segments, including both manufacturing and services, are located in the least cost countries, and manufacturing that requires more skills and engineering are located in low-income countries. He does, however, also emphasize that industrial organization, transport costs, and markets matter to where engineering and skilled manufacturing are located. His argument is that if abundant workforce had been sufficient, all developing countries would have become NICs. In the third international division of labour there is an exchange of similar products betweenbranches and branch trades exchange goods from different sectors, e.g. manufactures against raw materials. This is similar to the above mentioned classical division of labour. The second international division is intra-sectoral and similar to the above-mentioned new international division of labour. It involves specialization in different types of tasks. Simple routine work segments, including both manufacturing and services, are located in the least cost countries, and manufacturing that requires more skills and engineering are located in low-income countries. He does, however, also emphasize that industrial organization, transport costs, and markets matter to where engineering and skilled manufacturing are located. His argument is that if abundant workforce had been sufficient, all developing countries would have become NICs. In the third international division of labour there is an exchange of similar products which are manufactured in a different manner, i.e. with different labour regimes – more Taylorist or more Fordist. This is a type of exchange that increasingly takes place between core and periphery within the three respective trading blocks.
Coffeey’s definition of the traditional international division of labour corresponds with Frobel et al.’s classical international division of labour. When he starts writing about the new and newer international division of labour, however, he shifts focus from production and trade to other issues such as FDI and a simultaneous decrease in domestic investment and employment in the major industrialized countries. He does not explain the reason for this change in line of argumentation. If it is because FDI is considered the solution to obtain industrial growth, increasing production and more exports of manufactures, he mixes cause and outcome. He definitely wants to highlight the increasing interest in the 1970s by firms in developed countries to invest in production in developing countries. In the description of the newer international division of labour, it is basically qualitative and functional changes among the countries specializing in manufactures (developed countries and NICs) that he deals with. This in itself reflects a functional and qualitative change in the international division of labour, which is also the focus of the exponents of the process–tendency view in the globalization debate.

A problem with Coffeey’s analysis is that he has shifted from the initial focus on what happens to the group of developing countries in the international division of labour (developing countries being the study object), to more qualitative and functional changes among the dominant manufacturing and exporting countries in the world. Even if one agrees that the changes Coffeey has identified constitute a new and even newer international division of labour, they should be labelled so in relation to another starting point (i.e. that TNCs from the core seek lower value of such exports has expanded and that they have been relocated globally). Coffeey writes that ‘indeed I understand NIDL (the newer international division of labour) without examining the strategies of the MNC (multinational)’ (p. 51) (my parenthesization). This problematic. Actually, Dicken himself speaks of ‘the result of a number of major processes’ (p. 47). He does not accept that the existing division of labour is the classical when the objective is to examine the present situation of the bulk of developing countries. This is consistent with the view that globalization does not touch each and every person or location in the world to the same extent, and that there is a counter trend of exclusion from the process of globalization.

Coffeey, like Frobel et al. (1978, 1980), implies that relocation of production to developing countries and/or increasing production and trade by developing countries may explain deindustrialization in the OECD countries. Although relocation can explain a decline in certain branches in developed countries, such as electronics, textiles and footwear, authors who claim that we now experience a new international division of labour have been criticized of empirical overgeneralization. Deindustrialization in developed countries, measured for example in the loss of employment in the manufacturing sector, may also result from technological change (Lawrence 1996). Likewise, Coffeey’s point that the new international division of labour resulted in increasing employment in developing countries also needs to be commented upon. It is difficult to get reliable data on changes in the employment in developing countries. Increasing employment in some firms or industries may be undermined by close downs in out-competed units. This is an empirical question and needs to be looked into on a case to case basis. Coffeey’s main concern seems to be to explain deindustrialization in developed countries. He is not the only one who does this. According to Bantff (1995) for example: ‘The term ‘new international division of labour’ was coined to explain this drift of work from the core to the periphery’ (p. 36) (I.e. that TNCs from the core seek lower
they are in line with Dicken ever, the notion that the num-
trionalized countries are many, is
ally, Dicken himself speaks of
ltralizing economies among
tries, including the city states
Singapore. Hence, the argu-
Drache is directly in conflict
of those who claim that the
of labour still prevails. Again
ns is ‘new in relation to what
ustrializing economies among
tries, including the city states
of those who claim that the
emergence of a truly global system of manu-
factoring. The implication of this is that the new
ational division of labour reflects one of the
ways in which the world economy has become
. An important contrast to Frobel et al. is
that he stresses the broadness, complexity and
kaleidoscopic structure, i.e. the constantly chang-
ing appearance or features, of the new (or global)
ternational division of labour.

Babalch & Kim (1994) wrote that international-
ization has led to globalization. They do not go
into detail about this. An argument in this re-
spect could be that firms which have international-
ized their operations also have worked for
liberalization of economic regulations nationally
and internationally, which in turn have been
 favourable to the increasing functional integra-
tion of production across borders. This could
of course only be an element in the explanation of
the relationship between the two processes. As a parallel, one may
claim that the new international division of
labour, understood as the fragmentation of pro-
duction processes and geographical dispersion of
, now develops into globalization, denoting
increasingly more complex functional integration.
This is in contrast to what both Dicken and
Frobel et al. seem to understand by new (or global)
ternational division of labour: the frag-
mentation and dispersion of production processes
per se necessitate some co-ordination and regula-
tion, and hence functional integration. This view
implies that the new international division of
labour is basically the same process as the pro-
cess of globalization of production, and one of
the aspects of globalization at large. Having said
this, the functional integration in question here
may of course increase in quantity and dispersion
and become even tighter over time, facilitated by
further development in transport and informa-
tion technology.

Conclusion

The comparison of the debates on globalization
and international division of labour, has shown

wage labour in the periphery). Again there is a
parallel to the globalization debate, where the
advocates of the process–tendency view are basic-
cally concerned with explaining changes in the
omena and processes. This is particularly evi-
dent in a comparison of the respective
descriptions of Coffey’s newer international divi-
sion of labour and Vickery’s globalization.

In contrast to Coffey, Dicken (1992, 1998)
plies both the concept of globalization and new
ational division of labour. Actually, he also
introduces the term new global division of
labour. However, neither in 1992 (pp. 4–5) nor
1998 (pp. 2–3), does he clearly discuss a possible
difference in the meaning of international versus
global division of labour. Both concepts seem to
refer to the fragmentation of work processes and
that they have been relocated geographically on a
global scale, and that new centres of industrial
production have emerged in the newly industrial-
ing countries. In addition, he points to the
increasing share of manufactures in the exports
of developing countries and the fact that the
value of such exports has exceeded the value of
exports of food and raw materials. The latter is
also the main argument when he concludes that
the old division of labour has, without doubt,
been displaced. This is in line with Frobel et al.’s
(1978) understanding of the new international
division of labour. However, Dicken, as men-
tioned above, also makes the point that the
evolving pattern of trade in manufactures, reflects
the emergence of a truly global system of manu-
factoring. The implication of this is that the new
ational division of labour reflects one of the
ways in which the world economy has become

...
that there are clear parallels and links between the two debates. Seen from a methodological point of view, the process—tendency and myth view are presented in both debates, and hence the discussions are carried out along the same lines of argument. Regarding the relationship between the two concepts of globalization and international division of labour, three main approaches can be crystallized. The first is the one where the new international division of labour, among other factors, is assumed to have evolved into globalization (based on Kim & Rabach). This reflects that relations have intensihed and developed into more functional integration. In the second approach, globalization denotes a certain type of division of labour, whether labelled new or newer. The two phenomena are identified by the same parameters at the concrete level and are caused by the same underlying processes and preconditions at the abstract level (based on Coffey & Vickery). In the third approach, globalization refers to processes and tendencies that manifest themselves in a particular international division of labour, meaning that the particular international division of labour is 'an element of globalization empirically observable' (implied by Dicken).

In line with this view, triadization can also be considered a concrete (and temporary) outcome of the abstract processes and tendencies of globalization.

It makes sense to conclude that globalization of the economy and international division of labour are part and parcel of the same debate, in the sense that both are manifestations of economic restructuring (Castells & Henderson above). That time has become increasingly important in the competitive strategies of firms, and that it has become easier to coordinate activities in different places at the same time, is not controversial. Neither is it controversial that this has been facilitated by innovations in computer technology. A wider range of options as far as competitive strategies and location decisions are concerned, have resulted in increased pressure on firms to diversify their business strategies. These changes may be sufficient to some writers to speak of a tendency towards globalization. Other writers will definitely argue against the global character of the process, because business strategies in question are not (yet) adequately global in their scope when examined at the concrete level.

To cut across the controversy between the process—tendency and myth perspective, the changes are of interest, no matter what they are labelled. They have spatial implications and do affect the international division of labour in different ways. This calls for analyses of how industry segments and countries are differently affected. In this respect one may well distinguish between different international divisions of labour at more organizational levels (within firms, branch segments, branches) and geographical (regional, worldwide) scales. However, only after having assessed their quantitative importance, may one conclude whether the changes actually budge the classical international division of labour or not.

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Globalization and international division of labour


