GLOBAL COMMODITY CHAINS AND PRODUCTION NETWORKS
Understanding uneven development in the global economy

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1. Introduction

“A crisis sparked by the world’s rich will have the poor paying the highest price”. This headline from a recent commentary by Madeleine Bunting in The Guardian (20.10.2008) addresses an issue that the current public debate about the global meltdown of financial markets seems to have largely ignored: the ramifications of the economic turmoil for the least developed regions and the poorest parts of the population in the Global South. In contrast, much has been made of the subprime mortgage and banking crisis and its impacts on economic growth and employment in the Global North, and to some extent in emerging markets. Bunting’s comment therefore provides a welcome ‘corrective’ (albeit not a new one) when she states that “the shockwaves of the west’s banking crisis will shipwreck more vulnerable countries. In developing countries, people don’t have the resources – welfare provision, savings, insurance – to tide them over a crisis. Instead, they go hungry, homeless – and they die” (Bunting 2008: 27).

But while reminding us of the potentially devastating developmental outcomes of such a western model of neoliberal financialisation (and – by association – economic globalisation more generally), Bunting’s argument also evokes a reading of globalisation and development that has become highly contested in development studies and other cognate disciplines, not least human geography. It reinforces a spatiality of development where the global is the realm of systemic forces like capitalism and finance, while the local is the scale at which people try to make a living in the face of global, systemic pressures. In between we find the scale of the nation state, which is conceived of as being the major arena in which development takes place.
and is played out. In addition, it suggests a continued hierarchy along the lines of core, semi-periphery and periphery, which for a long time has been at the centre of analysis in dependency theory and world systems theory (cf. Hopkins/Wallerstein 1977; Wallerstein 1974). Such a structuralist reading has been challenged by various schools of thought. Among those critics is French social scientist Pierre Veltz, who argued that Fernand Braudel’s world of nested hierarchies no longer exists, and that instead we find ourselves in a world of networks which today constitute what he terms the ‘archipelago economy’ (Veltz 1996, 2004). These networks are made from a complex addition, crossing and entanglement of transversal business chains and social and intellectual communities; consequently, he argues, it has become ever more difficult to establish ‘natural’ levels of subsidiarity.

How, then, can (or perhaps should) we investigate this archipelago economy and its associated geographically uneven developmental outcomes? While economic geography research has a rich tradition of analysing the global economy and the places and spaces connected to it or excluded from it, the dominant geographical focus has been the advanced and emerging economies, with comparatively little theoretical and empirical attention paid to the Global South (Murphy 2008). Economic geography, development geography and development studies more broadly speaking have by and large followed different epistemologies and hence there was not much of a real connection between these literatures (Dicken 2004a). However, since the early 1990s a body of work has emerged that might be promising with regard to bridging this gap, namely the related concepts of Global Commodity Chains (GCC), Global Value Chains (GVC) and Global Production Networks (GPN) (cf. Bair 2005, 2008a; Coe et al. 2004; Coe et al. 2008; Gereffi et al. 2005; Henderson et al. 2002; Hess 2008; Hess/Yeung 2006). They represent a set of network approaches to the study of globalisation and development which are interdisciplinary in their origins and therefore may have the potential to overcome the above mentioned disciplinary and epistemological ‘divides’. However, as Levy (2008: 951) critically observes: “both the GCC and GPN literature display an increasingly developmental tone, discussing how firms in developing countries might ‘upgrade’ their capabilities and, thus, create and capture more ‘value’ locally (Kaplinsky 2005). The GCC/GPN framework appears to be converging
with more conventional approaches to competitiveness and losing touch with its more critical origins (Bair 2005).

This paper, therefore, aims to critically engage with network approaches to the study of globalisation and development (see also Dicken 2004b) and their usefulness as analytical tools and heuristics for the study of uneven development. The remainder of the article is organised in three sections. First, a brief discussion of different approaches to and understandings of development is given in order to position network concepts in a wider development studies context. Second, the GCC/GVC/GPN concepts are summarised and compared before their limits and potentials are investigated with regard to development, which will be framed in two ways: as the geographically uneven expansion of capitalism, and as a process of intervention and a question of securing livelihoods. Third, some concluding reflections are provided about the ways network approaches can inform hybrid development research, stay true to or in some cases return to their critical origins and thus make a meaningful contribution to the study of uneven development and the ‘archipelago economy’.

2. Studying (uneven) D/development

Development – whichever ‘definition’ one might prefer – is a moving target. In many ways, it has been conceived of as a modernist project, with the goal of producing a far better world (Peet 1999). As such, it has been seen as an ‘invitation to intervene’, exposing domestic and overseas populations to disciplinary practices designed to achieve ‘improvement’ and ‘progress’ by creating rational, productive economic subjects (McMichael 2004; see also Rankin 2008). This is what Gillian Hart (2001: 650) calls ‘big D’ Development, defined as a post-Second World War project of intervention in the ‘Third World’ that emerged in the context of decolonisation and the cold war. According to Schuurman (2000: 7) however, such a hegemonic view of the Third World as a homogenous entity, the strong belief in progress and the importance of the (nation-)state in realising such progress has increasingly been challenged since the 1980s. The Washington Consensus, the roll-out of neoliberalism, globalisation and the new international division of labour reinforced what Hart (2001: 650) termed ‘little d’ development,
i.e. the development of capitalism as a geographically uneven, profoundly contradictory set of historical processes (see also Harvey 2006). It is in this context that the GCC approach emerged during the early 1990s, based on Gary Gereffi and his colleagues’ work (Gereffi/Korzeniewicz 1994; see also Dussel Peters 2008), an approach which subsequently formed the basis for the GVC and GPN conceptualisations used to explain economic globalisation and uneven (regional) development. While these network approaches to the study of the archipelago economy were initially highly critical of the modernist project as a form of ‘Rostowian’ developmentalism – not surprising given the fact they had roots in world systems theory – they nevertheless remained close to traditional, ‘modern’ approaches in social science and political economy, including an implicit acceptance of the continued significance of core, semi-periphery and periphery economies and the hegemonic dominance of the core. Although GCC, GVC and GPN approaches are interdisciplinary attempts at conceptualising globalisation and development, they echo what Murphy (2008: 857) asks in the context of economic geography: “is there an implicit yet well-rooted logic or frame of reference that what happens in core economies will eventually happen in the periphery and that the most interesting, relevant, and useful models and theories are to be derived from the experiences of core-based firms, industries, and economies? […] [The response is] that while economic geography appears to have some developmentalist tendencies, these can be overcome provided economic geographers find new, interesting, and substantive ways to engage with the Global South such that the field may more fully understand and conceptualise the complex practices and processes constituting and reproducing an uneven world economy”.

As we shall see later, the question is particularly relevant for the discussions of governance, upgrading and development in literature on chains and networks and leads us to the more generic, epistemological issues in development studies. Unlike geography, and arguably many other social science disciplines, development studies seem to have made a paradigmatic transition from modernist theorising to postmodernism more fully and less controversially (Schuurman 2000). As Müller (2006: 309) observes, “[i]n the discipline of development studies post-development selectively embraced the postmodern epistemology and forged it into something immediately relevant for the field of development”. Post-development chal-
lenges the essentialisation of the Third World, marks the end of the belief in conventional notions of progress and calls into question the role of the state in development processes, instead refocusing on non-governmental organisations, civil society, and livelihood strategies/resistance. Rather than portraying global capitalism as a monolithic and cohesive force, post-development attempts to illuminate multiple, non-western and post-socialist modernities (Hart 2002: 813-814; see also Friedman 2006).

Critics of such a postmodern approach to development have highlighted the fact that it is in danger of replacing social criticism with theoretical critique, relevance with irrelevance, and reality with representation, thus lacking a clear politics (Hamnett 2001); it hence can (and does) endorse the status quo. Development is not a singular discourse but is often made so in claims for post-development, which is somewhat ironic given the fact that post-development claims to be attentive to difference and heterogeneity. Indeed, the global expansion of the capitalist system (‘little d’ development in Hart’s terminology) is by no means always unintentional, not just a systemic force emanating from a singular discourse, without variations and without identifiable drivers and actors. It may thus contain elements of ‘big D’ Development which carry ideas of progress and improvement and can be valuable (e.g. democratisation, human rights, reflexivity). Bebbington (2003: 299) therefore makes the case for a distinction between “(1) Development as the expansion and extension of (generally capitalist) systems of production, exchange and regulation. (2) Development as organised interventions with explicit and implicit goals”. This interpretation is closer to an institutionalist view on development, as illustrated in Karl Polanyi’s (1944) work in which he lays out the principles of what he calls the ‘double movement’, arguing that capitalist expansion (via marketisation and deregulation) is always countered by protective movements and societal/social resistance. The double movement is played out through economic, organisational and social networks across various scales, from the local to the global, and has enormous implications for the geographies of development. According to Hart (2001: 818), relational concepts of space and both its material and metaphorical production are crucial for what she calls non-reductionist understandings of development, which draw from political economy as well as from more postmodern conceptualisations of culture, difference and meaning. Indeed, in this context of inclusive discourses and hybrid develop-
ment research, there has been a growing consensus that network approaches to the study of uneven development might be called for (e.g. Bebbington 2003; Coe et al. 2008; Lawson 2007). Let us therefore turn in more detail to three examples of such network concepts, namely the GCC/GVC/GPN approaches, to investigate their potentials and limits as analytical or heuristic tools for investigating the archipelago economy.

3. Networks, chains and uneven development: How do GVC/GCC/GPN compare?

There is now a burgeoning amount of conceptual and empirical work that has its roots in global commodity chain, value chain and production networks analysis (cf. Bair 2008b). While these frameworks derive from different disciplinary backgrounds, do not necessarily have the same intellectual influences or objects of enquiry and differ in their orienting concepts (see Table 1), they clearly have substantial links and considerable common ground. They attempt to “understand the social and developmental dynamics of contemporary capitalism at the global-local nexus.” (Bair 2005: 154). At their very core, they are all concerned with issues of upgrading and development, governance and the distribution of power within chains and networks.

However, despite this common ground and the more recent convergence of the GCC with some of the GVC literature (cf. Gereffi et al. 2005; Gereffi 2006; Sturgeon et al. 2008; see also www.globalvaluechains.org), there remain a number of differences, not only regarding the issues summarised in Table 1, but also in the ways GCC, GVC and GPN concepts define, interpret and mobilise central categories of analysis, in particular power/governance, institutions/embeddedness/culture and value/development. This in turn has an impact regarding the contributions to, and potential for, explaining geographically uneven economic and social development.
Table 1: GCC/GVC/GPN: a brief synopsis

<table>
<thead>
<tr>
<th>Disciplinary background</th>
<th>Global Commodity Chains (GCC)</th>
<th>Global Value Chains (GVC)</th>
<th>Global Production Networks (GPN)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disciplinary background</strong></td>
<td>Economic sociology</td>
<td>Development economics</td>
<td>Relational economic geography</td>
</tr>
<tr>
<td><strong>Object of enquiry</strong></td>
<td>Inter-firm networks in global industries</td>
<td>Sectoral logics of global industries</td>
<td>Global network configurations and regional development</td>
</tr>
<tr>
<td><strong>Orienting concepts</strong></td>
<td>- Industry structure</td>
<td>- Value-added chains</td>
<td>- Value</td>
</tr>
<tr>
<td></td>
<td>- Governance (PDCC-BDCC)</td>
<td>- Governance models</td>
<td>- Power</td>
</tr>
<tr>
<td></td>
<td>- Organisational learning/Industrial upgrading</td>
<td>- Transaction costs</td>
<td>- Embeddedness</td>
</tr>
<tr>
<td><strong>Intellectual influences</strong></td>
<td>- Multi-national corporations literature</td>
<td>- International business/Industrial organisation</td>
<td>- Heterodox economics</td>
</tr>
<tr>
<td></td>
<td>- Comparative development literature</td>
<td>- Trade economics</td>
<td>- Organisation studies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Global/international production networks/systems</td>
<td>- Actor-Network-Theory</td>
</tr>
</tbody>
</table>

*Source: Modified after Bair (2005)*
3.1 Development, capitalist accumulation and chains/networks

As noted earlier, the expansion and geographical extension of capitalist systems of production, circulation, and consumption is by no means merely a structural or unintentional process. GCC analysis provides an important and powerful insight into the nature of power relations that drive uneven development by making distinctions between producer-driven commodity chains (PDCC) and buyer-driven commodity chains (BDCC), where power resides with companies in the core and subordinates the lower tier chain participants in the periphery (cf. Gereffi/Korzeniewicz 1994). The resulting highly uneven distribution of value-added within the chain reinforced a core-periphery divide while at the same time driving forward the process of capital accumulation on a global scale. Milberg (2008) shows very convincingly how lead firms and sectors in the Global North have been able to maintain their economic advantage through financialisation, outsourcing and establishing global production networks (see also French et al. forthcoming). While these insights are without doubt useful to explain uneven economic development on a global scale, the approach is rather limited when it comes to investigating the archipelago economy on a sub-national scale (Dussel Peters 2008).

In GVC analysis, the initial, quite narrow framing of chain governance as either producer-driven or buyer-driven subsequently developed into a more differentiated typology of five governance forms – markets, modular, relational and captive chains, and hierarchies – in order to reflect the complexities of value chains and networks and to produce a more nuanced understanding of power relations and how they affect the possibilities of upgrading for firms within the value chain. What is more, unlike most GCC work, which operates in the realm of international relations and international trade, GVC literature puts an emphasis on networks and local/regional clusters of economic activity (cf. Humphrey/Schmitz 2002; Schmitz 2004; Gibbon/Ponte 2005). This allows for a much more geographically sensitive approach to explaining economic development. In a similar vein, the GPN approach – originating from a relational geography framework – is sensitive to geographical variation. As far as power and governance are concerned, GPN analysis aims at going further than GCC and GVC concepts in that it sees development through value generation, enhancement and capture as being driven not only by lead firms shaping the
Investigating the archipelago economy governance structures within the chain, but crucially includes states, non-state organisations and civil society as important drivers of the process of accumulation and the resulting uneven development (cf. Coe et al. 2004; see also Bridge 2008 for an example of resource-based development).

The analysis of chain and network governance as a major factor in the process of global capital accumulation and development – while without doubt important and useful – has been less illuminating however when it comes to investigating the practices and techniques through which these networks are (discursively) constructed. Gibbon and Ponte (2008) therefore suggest not only considering governance structures but also applying a ‘governmentality’ approach. Unlike some established governance concepts, which are firmly grounded in realist and relational understandings of power, governmentality has at its core Foucauldian notions of the power-knowledge nexus (for a more detailed discussion, see Hess 2008). Using the example of supply chain management, they show how specific practices and knowledges are generated in various institutions and disseminated through epistemic communities, consultancies, business schools etc. Such a governmentality approach is a major step towards a better understanding of ‘little d’ development and hybrid development research. And yet, like most of the GCC/GVC/GPN literature, it remains close to conventional analyses of competitiveness and economic development. Little is said about how this impacts on social development as it does not address issues of (re-)distribution or alternative forms of socio-economic development.

3.2 Intervention, livelihoods and chains/networks

“As from the perspective of socially embedding the commodity chain, the question is what are the social implications of upgrading? How does upgrading translate into the lives of peripheral workers? […] What are its implications for the gender-based division of labour? […] The emphasis on the ‘economic’ has often led the upgrading theorists to discount these crucial questions relating to the implications of upgrading for labor and the labor process” (Rammohan/Sundaresan 2003: 906). From this quote, it seems that GCC/GVC/GPN approaches do not have much to say about the wider social consequences of being inserted into global value chains and networks, beyond firm upgrading (see also Bair 2005; Palpacuer 2008). This is in one sense an empirical question, and I believe it is fair to say that
in recent years the number of network and value chain inspired studies addressing this concern has grown (cf. Barrientos/Kritzinger 2004; Harilal et al. 2006; Vorley et al. 2007), although it is still comparatively small (cf. Palpacuer/Parisotto 2003). Here, however, I want to focus on the conceptual cornerstones of GCC/GVC/GPN research with regard to intervention, wealth distribution and the role of government, NGOs and civil society for development.

Recent academic discussion has already established that global commodity chain and value chain analysis and their conceptual armouries show rather serious deficiencies with regard to ascribing agency to non-firm actors and thus the scale and scope of intervention of these actors (cf. Bair 2008a; Hess/Yeung 2006). This is due to the fact that the GCC framework tends to treat them as an external, regulatory environment for the firms to operate in rather than as intrinsic elements of network-making and power struggles. In a similar vein, much of the GVC research is arguably preoccupied with inter-firm relations at the expense of conceptualising non-firm agency. The GPN framework on the other hand includes a crucial conceptual building block allowing it to more fully consider both the system-world and the life-world (to use Habermas’ terminology) as well as the scalar relationships between them – namely, the concept of embeddedness which is virtually absent in GCC and GVC (Hess 2004). It helps to reinsert the social context (Palpacuer 2008) and supports a non-reductionist, less universalistic view of development through its appreciation of societal and cultural difference. Two recent examples that illustrate this point are the studies by Hughes et al. (2008) and Cumbers et al. (2008) in a special issue of the Journal of Economic Geography. Using the GPN lens and its categories of value, power, and embeddedness, the former article critically investigates the concept with regard to ethical campaigning and responsible governance in global retail and trade networks while the latter looks at the implications for labour agency and union positionalities in GPN. What these studies show, among other things, is that the GPN concept does indeed offer a promising route and incorporates the elements of power, culture and political economy beyond neoliberalism/little d’ development which Hart (2002) advocates. But this is by no means to say that the GPN heuristic presents a single unified or ultimate framework for development studies, and Cumbers et al. (2008) point out some of its shortcomings. But where its limits are
perhaps most obvious is in the realm of research into livelihoods (cf. Charlies 2008).

The main reason why GCC/GVC/GPN analysis so far has not had as much to say about livelihoods is because first, it has virtually ignored empirical research on vulnerability and household strategies in the locales and regions where global production networks ‘touch down’, and second, it has overemphasised the benefits of regions being inserted into GPN with little consideration of the ruptures and frictions this may bring about (cf. Bridge 2008; Tsing 2005). In the language of Coe et al. (2004), the network literature to date has prioritised the ‘strategic coupling’ of regions and GPN but has neglected the possibilities and potential advantages of (strategic) de-coupling, or disarticulation. Acknowledging this crucial gap in GPN research, especially as regards livelihoods, may also serve as a reminder to continue thinking about value beyond conventional economistic categories and about development not only as (intentional and political) processes of capitalist expansion and intervention, but also as a set of discourses and hence a constantly moving target.

It is worth quoting Bebbington (2003: 306) at length here, as his argument sums up much of the above reflections in a very convincing way, hinting at “the importance of studying development interventions and the development of capitalism simultaneously and in relation to each other. For interventions do leave imprints – in particular places – that would not otherwise have been generated by the political economy of capitalism. These traces are found in livelihoods, landscapes, local governance processes, ideas about modernity and education, views of the future and so on. But the ways in which interventions are produced are themselves neither straightforward nor geographically even, and so to understand geographies of intervention and their effects we need to delve into the lifeways and networks of those actors working in the world of intervention. Yet these lifeways purely are not autonomous. They too […] bear the imprint of political economy and of other institutions which together, structure, and guide these lifeways”.

4. Conclusions and outlook

Even a cursory glance at some of the news headlines – like the vignette used to introduce this paper – or a quick look at various development indicators provided by the multiplicity of development agencies, governments and NGOs is sufficient to make us realise that the world economy is still very much an archipelago economy. There has been economic progress in some parts of the world, and the rise of Asia’s tiger economies or the increasing influence of China and India are just a few examples. There also has been poverty reduction in some parts of the world, and livelihoods have been secured in places. And yet, development is a highly geographically uneven, historical process. But it is also an intentional process, giving rise to what Karl Polanyi called the double movement of marketisation and the societal forces countering it. Examples of this can be found in all sorts of contexts. The commodification of labour and the rise of global temporary staffing industries countered by labour organising on various scales. The expansion of global retailers in emerging and developing markets and the responses by the host societies. The marketisation of intellectual property rights in the pharmaceutical industry and the struggle of the poor to get access to life-saving drugs. The list could go on.

While development studies have addressed questions like these for a long time, there is still a lot of work to be done. This paper aimed at a discussion of the possibilities and limits of specific network and chain approaches, namely the GCC/GVC/GPN concepts, in order to provide an analytical and heuristic framework for the study of geographically uneven development. It argued that a more inclusive discourse between different epistemic communities seems to be the most promising way forward, one that leads to hybrid development research and in which the chain and network concepts discussed here can play a major role. Network research clearly can’t solve all the puzzles of development, but relational approaches have the potential to “interrogate the ways in which D/development processes are interconnected across the globe” (Lawson 2007: 205). To achieve this potential, we must make sure that a bias towards the Global North is avoided (Murphy 2008).

Müller (2006: 315) sketches eight elements of hybrid development research as follows:

- development as fluid and continually negotiated
- agency constraints
- rejection of the hegemonic discourse
- addressing pressing social problems
- respect of local diversity and agendas
- contextuality of knowledge
- role of power relations
- interplay of the global and the local.

As it is, global value chain and networks analysis has placed little if any emphasis on some of these elements. In particular, the various and often divergent interests of local actors with different agendas need more detailed examination in order to obtain a better understanding of the scope of agency emanating from regions and shaping the ways in which they are inserted into global production networks. This would also help us to critically investigate the notion of ‘development’ in a way that includes aspects beyond the prevailing discourses of innovation, learning, upgrading and economic growth. Addressing these elements in GCC/GVC/GPN research is an ambitious task and to date the various network approaches discussed above have put an emphasis on some of these more than others. They may have ignored one or the other, as not all researchers in this field will share the same epistemological background. But what I hope this paper has shown is the potential of relational and network approaches for the study of uneven development, albeit in various forms and with varying explanatory power. Overcoming their limits and maintaining/regaining a critical stance regarding uneven development in the archipelago economy is a formidable challenge, but worthwhile the effort on the way towards a (critical) cultural political economy (Coe et al. 2008; Hudson 2008; Sayer 2001) of development.

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Investigating the archipelago economy
Abstracts

Development – whichever definition one might choose – is a moving target. This paper aims to investigate the contributions various chain and network approaches – namely the global commodity chain (GCC), global value chain (GVC) and global production networks (GPN) frameworks – can offer to investigate geographically uneven development. To this end, the paper draws on epistemological discussions in development studies and cognate social sciences and looks at development both as a historical process of the expansion of (capitalist) systems of production, circulation and consumption, and as processes of social intervention and the struggle for securing livelihoods. It concludes by supporting a hybrid development research agenda to which network approaches can substantially contribute.

Investigating the archipelago economy

Entwicklungsforschung, zu der Netzwerkansätze wertvolle Beiträge liefern können.

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