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Debate

A Brave New World, or the Same Old Story with New Characters?

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ABSTRACT

Capitalism has always been a global system, but not in fixed ways. Different national powers have emerged and become dominant over the centuries, but the fundamental processes underlying the uneven development of global capitalism have not altered; they continue to be driven by imperialism — the struggle of large capital over economic territory of various kinds. Since the late 1960s, only the East Asian region has shown notable increases in its share of global GDP, and for the last two decades this has been dominated by the rise of China. This is directly related to the ability of the Chinese state to control the economy and to implement heterodox policies with very high investment rates. However, the Chinese case is exceptional: few other developing countries have followed a trajectory anything like that of China. Meanwhile, internal inequalities have increased across the world, as the bargaining power of capital vis-à-vis labour has increased dramatically in every country. This reflects the changed form of 21st century imperialism, which relies increasingly on the international legal and regulatory architecture as fortified by various multilateral, plurilateral and bilateral agreements that establish the hegemony of global capital in different ways.

INTRODUCTION

In their thought-provoking piece in this Forum Debate, Horner and Hulme argue that the North/South binary view of the world economy is no longer relevant, in the context of 'a profound and ongoing redrawing of the global map of development and inequality' (p. 347). Such an argument presumes that the map that is now being redrawn was formerly more fixed and static and is currently subject to change because of the recent rise of some 'emerging

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powers'. But in fact, the map of development across the globe has always been in a state of flux — not just over the past century but ever since such maps were conceived of and drawn. To argue that the past few decades have somehow been exceptional in this way is to disregard historical patterns over several centuries. It leads to a misperception that the geographical manifestation of the international division of labour that was evident around the mid-20th century was somehow written in stone, rather than a snapshot of a moment in a continuously evolving trajectory.

Capitalism has always been a global system, and has therefore always had implications for development (or the lack of it) across the globe — but not in fixed and immutable ways. Certainly, uneven development (both within and between national boundaries) has been a persistent feature, but this does not mean that any one particular trajectory of unevenness has remained constant throughout. The past several centuries have been marked by the emergence of different national and regional powers in different periods: England taking off when the mercantile city states of Italy and Holland had run their course; Germany rising in the early 19th century followed by the United States in the late 19th and early 20th centuries; Japan emerging in the mid-20th century followed by South Korea and others in the late 20th century. The recent rise of China also has to be viewed within this larger context: in other words, it is not a new phenomenon. Nevertheless, the rapidity of the increase in its per capita income, combined with the sheer size of the Chinese population, do make China's experience both remarkable and significant. In this article, I will argue that, despite previous historical experiences, the recent Chinese trajectory is unusual — and in some respects even unique — among developing countries today.

There is, however, a deeper question to be resolved: is the perception of the North/South divide a matter of particular countries being at the top or bottom, or does it reflect an understanding of systemic and structural features that generate spatial inequality? If the latter, the more crucial issue that needs to be addressed is not about the ranking of particular countries, but whether the fundamental processes that make for the uneven development of global capitalism have altered. I would argue that these fundamental processes generating uneven development still persist. Moreover, they are inherently related to imperialism, a word that may be out of fashion in social science circles but nonetheless continues to capture important political economy realities. This argument is developed below, but first I will consider the significance of recent geographies of economic expansion.

THE SPATIAL DISTRIBUTION OF RECENT GLOBAL INCOME GROWTH

Horner and Hulme are squarely in the (recent) tradition of those who argue that there has been a substantial shift in the balance of economic power between the advanced capitalist economies and some economies of what is known as the global South. The broad argument is that the advanced economies are generally in a process of relative decline, while the developing world in general and certain economies in particular have much better chances of future economic dynamism (UNDP, 2013). The narrative of a 'great convergence' became even stronger as newer groups of such economies were progressively celebrated and awarded acronyms (from BRICS to MINTs, for example).[1] In particular, there is a perception that the evidence of convergence driven by the two most populous nations on earth, China and India, implies a major structural shift in the dynamics of the global economy. Typically, this process is ascribed to the forces of globalization, which have enabled developing countries, especially in Asia, to take advantage of newer and larger export markets and improved access to internationally mobile capital to increase their rates of economic expansion.

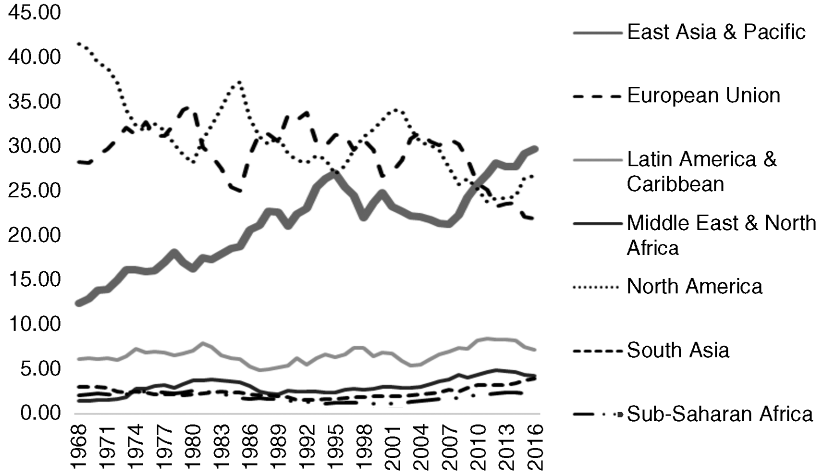
But how significant has this process actually been? There has definitely been some change over the past three and a half decades, but it has been much more limited in time and space than is generally presumed. It is true that, according to International Monetary Fund estimates as described in its World Economic Outlook (IMF, 2016), the share of advanced economies declined from around 83 per cent of global income in the late 1980s to around 60 per cent now, which is a substantial decline. However, the bulk of this change occurred in a relatively short period — the decade 2002 to 2012 — when the share dropped from 80 per cent to 62 per cent. Subsequently the share has stabilized at around 61 per cent.

Figure 1 provides a look at the evolution of shares of global gross domestic product (GDP) of the major geographical regions, measured at market exchange rates in current US dollars, from 1968 to 2016. The results are quite startling, at least for those who may have fallen for the hype surrounding emerging markets. The apparent decline in the share of North America has been quite gradual, over a volatile trajectory, and more marked only after 2005, while for the European Union, the decline in share was really evident only from 2009 onwards. But for other regions, the overall absence of convergence in terms of rising shares of global income is striking. Since the late 1960s, the only region to show notable increases in share of global GDP was East Asia and the Pacific. All the other regions, covering most of the developing world, showed little or no increase in shares of global GDP over this entire period. Since population growth rates were typically higher in these regions than in North America and Western Europe, absolute gaps in per capita income are likely to have expanded further.

Further, the greater dynamism of East Asia was largely due to a small group of countries: first Japan and South Korea until the late 1980s, and

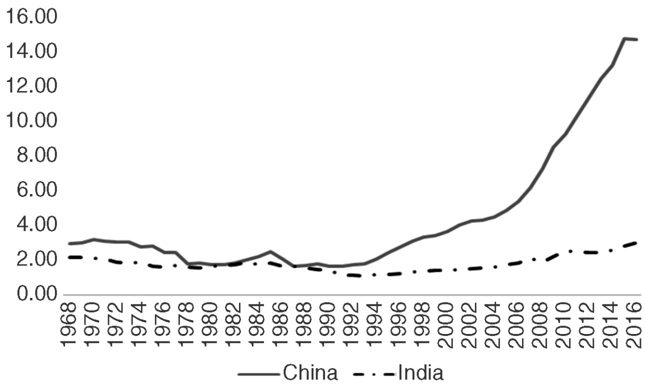
1. BRICS refers to Brazil, India, China, Russia and South Africa, with Jim O'Neill of Goldman Sachs using the acronym for the first four, which became a formal grouping to which South Africa was subsequently added. MINTs refers to Mexico, Indonesia, Nigeria and Turkey, a term used first by Fidelity Investments, but this has no institutional basis.

Figure 1. Share of Global GDP (in current US$), 1968–2016



Source: World Bank World Development Indicators online (https://data.worldbank.org/indicator, accessed 24 March 2018).

Figure 2. Share of Global GDP: China and India (in current US$), 1968–2016



Source: World Bank World Development Indicators online (https://data.worldbank.org/indicator, accessed 24 March 2018).

then China in the current century. Figure 2 highlights the role of China, whose share of global income increased from less than 3 per cent in 1968 to nearly 15 per cent in 2016, with most of that increase occurring only after 2002. Indeed, the change in China's share alone explains 87 per cent of the entire decline in the share of the advanced economies in the period 1980–2015. Considering only the decade 2005–2015, the relative increase in China's GDP accounts for a slightly lower proportion of the change, at 67 per cent — which is still hugely significant. China's rapid economic growth from the late 1980s was directly related to the ability of the Chinese state to control the economy (beginning on a base of relatively egalitarian income and asset distribution that enabled a large mass market) and to implement heterodox policies that involved very high investment rates. These also provided for a mix of market-driven private economic activities along with substantial public investment and state control over finance. This powered the export-driven expansion that relied on manufactured goods produced cheaply (because of labour surpluses) combined with large infrastructure investments. Hardly any other country — developing or developed — shares these characteristics.

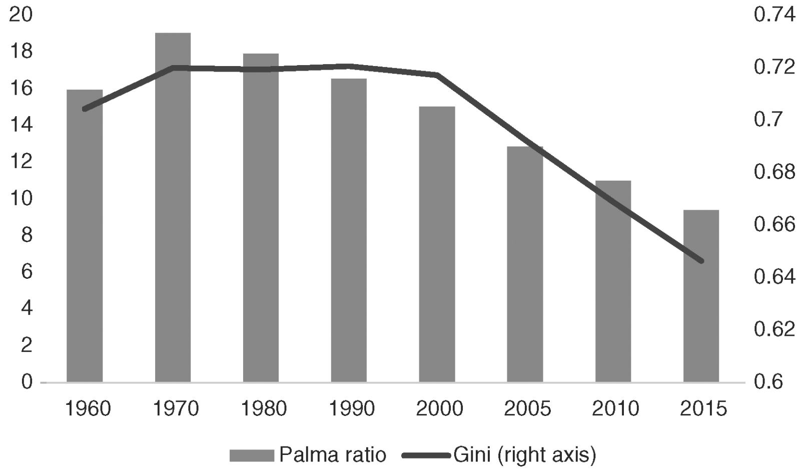
It is also clear from Figure 2 that Indian economic expansion — which is so often misleadingly bracketed with that of China — has been much more muted, with negligible increase in global income share over the entire period. It cannot be compared with Chinese growth, especially given the very different nature of the economic structures and government policies in the two countries. This deserves some discussion if only because of the wider misconceptions about the perceived Indian success. While the Indian economy certainly has huge potential for growth, its actual economic performance (particularly since the turn of this century) has been less about making full use of that potential, and more about credit-driven bubbles enabled by greater access to global liquidity within a neoliberal economic policy framework. The impact of this has been a very unequal pattern of growth and a poor employment performance, with almost no increases in formal employment, and declining women's workforce participation. Such growth also relied on patterns of inequality created by caste, gender and other forms of social discrimination, which created segmented labour markets, and enabled over-exploitation of under-priced natural resources and environmental damage that provided economic rents to private capital (Ghosh, 2015a). This pattern does not provide a solid basis for sustained future expansion of the Indian economy, which would require a very different economic strategy.

Overall, therefore, while the world economy has changed over the past three decades, significant change has been limited to a small set of economies. This growth should not be exaggerated for most developing regions, or even for most countries in what is apparently the most dynamic region of Asia. Chinese exceptionalism has been just that — exceptional — and so treating that recent experience as the harbinger of a transformation of global power relations across the globe is likely to mislead.

ASSESSING GLOBAL INEQUALITY

In the discussions on global inequality, there is general agreement that, whatever else may have happened, within-country inequality has increased

Figure 3. Indicators of Global Inequality



Source: World Inequality Database (https://wid.world/data/, accessed 24 March 2018).

in most cases, even as between-country inequality has come down. Overall, because of the recent emergence of countries with large populations like China and India, there has actually been some reduction in global inequality, because of increasing incomes in the 'middle' of the global distribution. Figure 3 shows that, whether measured by the Gini coefficient (a measure of the dispersion of incomes of the population) or the Palma ratio (the ratio of the share of income of the top 10 per cent of the population to the bottom 40 per cent), inequality has declined, especially since the turn of this century.

This is what gave rise to the famous 'elephant curve' generated by Milanovic (2016), and mentioned by Horner and Hulme in their Figure 5. They note that, according to this interpretation, 'the percentiles of the global income distribution which did best in terms of percentage gain in real income from 1988 to 2008 were 90 per cent comprised of Asians, while of the least successful, 86 per cent were from "mature economies", that is, the global North' (pp. 354–55). But there are two important caveats to this. First, the 'elephant curve' is based on proportionate increases in per capita incomes of each percentile — and obviously, the proportionate increase will be greater, the lower the initial income. If incomes are lower to start with, a higher proportionate increase may amount to a much smaller increase in absolute terms.[2] When absolute changes are considered rather than relative changes, the increases at the middle of the global distribution are much less

2. For example, a 20 percentage point increase of a per capita income of US$ 1,000 would generate an additional US$ 200, but that would be only a 1 percentage point increase of a per capita income of US$ 20,000.

marked. Absolute increases were negligible for the bottom half of the global population, and not particularly evident even for the middle of the distribution. In fact, the middle hump of the elephant almost disappears: the graph then shows very little increase except for the top group, which shows very sharp increases. It may be argued that relative increases matter particularly in terms of perception; but for any objective assessment of inequality, absolute changes are what should be examined.

A second important concern is that these incomes are estimated in terms of Purchasing Power Parity (PPP) exchange rates rather than market exchange rates (MER). There are many reasons to believe that PPP measures overstate the incomes of people in poor countries, thereby underestimating global inequality (Ghosh, 2018). In addition to well-known problems of measurement, coverage, comparability of different price indices, etc., there is a serious conceptual concern: the disparity between the nominal value of a currency and its 'purchasing power' tends to be greater for a poor country, because the wages of most workers are low or even non-existent (given high reliance on unpaid labour). A low-currency economy is a low-wage economy. Declaring that it has higher incomes precisely because of its low wages is a circular argument that overstates the real incomes of most people in that country. Indeed, it has been observed that as an economy grows and develops, its wages and therefore prices increase over time, and the PPP gap tends to be progressively reduced.[3] This makes inter-country comparisons of per capita income based on PPP exchange rates potentially misleading in that they do not properly reflect the actual material conditions of most of the people living in those countries.

This also affects changes in real income over time. The difference between incomes calculated at PPP and market exchange rates has increased significantly over recent decades, approximately doubling for many countries over the past 40 years.[4] Since the true extent of international inequality is therefore likely to be substantially *more* than is indicated by measures based on PPP exchange rates, any attempt to measure the changed composition of global GDP and the growing importance of emerging economies should be based on market exchange rates, as was done in the previous section. This generates a more modest view of the changes in global economic power.

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3. This is clearly evident in the case of China, for example, where over the phase of rapid economic growth, the PPP conversion factor — the ratio of per capita GDP measured in terms of 2011 PPP to that measured in terms of market exchange rates — declined from 5.5 in 1993 to 1.8 in 2015 (Ghosh, 2018, using data from World Bank World Development Indicators online).
4. The difference between the top 1 per cent and bottom 50 per cent of the population was around 5 percentage points more in MER terms than in PPP terms in 1980. But by 2015, the difference between the two estimates had doubled to 10 percentage points, which means that the PPP measures increasingly underestimated global inequality over this period (Alvaredo et al., 2017: 56, Figure 2.1.9).

SYSTEMIC PROCESSES OF UNEVEN DEVELOPMENT

Horner and Hulme note that ‘development indicators still reflect noteworthy inequality across individuals in the global North and South, with a significant “premium of citizenship” for those living in the global North’ (p. 361). What needs to be restated is that this is not simply the legacy of centuries of uneven development; it comes about because the systemic processes that generate such inequality still continue to operate. Exceptions are those countries that manage to break out of those systemic processes because of domestic political economy and geostrategic contexts.

Reinert (2007) has noted a significant lesson from five centuries of economic history: the different mechanisms set in motion by increasing returns and a large division of labour, on the one hand, and diminishing returns and monoculture, on the other hand. These divergent mechanisms can be triggered by the interaction of trade and power generating completely different results in different contexts. International economic environments that are more open to trade and capital flows tend to privilege the locations with larger increasing returns industries and thereby create dynamic processes of greater differentiation over time. This is the phenomenon recognized by Lenin, for example, as ‘uneven development’ characteristic of capitalism. Similarly, Amiya Bagchi (2005) sees the emergence and growth of global capitalism as a system driven by wars over resources and markets rather than one based on free market operations, noting the adverse consequences for the people of the periphery as a result of the lack of economic diversification into higher value-added activities and poor human development. These consequences are *in addition* to those resulting from specific adverse circumstances such as colonial control: they tend to occur because of the implications of being confined to particular relative positions in the global division of labour, and the effects of this on incomes and development. Patnaik (1997) makes the stronger point: it is such differences across regions — and in particular the possibility of pushing adjustments on to some regions and countries — that actually allows for the stability of the more advanced economies, and thereby creates the illusion of stability in global capitalism as a whole.

Essentially, when countries are open to external trade in a world in which increasing returns activities are significant, the chances are greater that such trade will cement existing divisions of labour between countries, because those countries with small or infant industries will be unable to compete with the larger or more advanced industries elsewhere. When these trade patterns get disrupted, either through conscious commercial policies in some countries or because of other factors (such as wars, global recessions, and so on) then there are greater chances of some countries breaking out of the existing division of labour to diversify into higher value-added, increasing returns activities. So ‘instability’ in global trade can indeed generate possibilities for industrialization under certain conditions.

The 'success stories' of industrialization in the late 20^{th} and early 21^{st} centuries are precisely those countries that were able to manage external trade and domestic policies to enable late industrialization. The East Asian economies of South Korea, Taiwan and Singapore that emerged in the late 20^{th} century, as well as more recently China, share one crucial feature: they grew on the basis of significantly heterodox economic policies that involved substantial government intervention in trade, extensive management of capital flows and significant domestic regulation. Further, in their phases of rapid growth and structural transformation, they all exercised significant control over finance and employed directed credit to chosen sectors and activities. In other words, they were able to utilize the opportunities provided by geopolitical contexts and conjunctures that allowed for a substantial degree of autonomy in policy space, because of their internal political economy processes.

Most other developing countries did not have the political economy configurations (either internal or external) that enabled such policies and made them effective. Their pattern of global economic integration therefore was associated with more predictable results in terms of the relative stagnation (or even decline) of income shares in the world economy and arrested or reversed structural transformation. I argue that this is the general tendency, while the success stories are exceptions, essentially because of the continued force of imperialism.

21^{st} CENTURY IMPERIALISM

The global context of imperialism is a complex one, in which the contours shift constantly. In addition, recent political changes in several countries of the North have meant that geostrategic alliances are also much more fluid and potentially varying than at any time over the past half century. Yet there is another sense in which the fundamentals of the imperialist process have not changed, even if the forms in which they are expressed are altered. Changes in the position of certain countries in the economic and geopolitical ladder do not mean that the basic undercurrent of imperialistic tendencies that drives the global system has disappeared — indeed, these tendencies may even become more intense as the struggle for economic territory becomes more competitive.

Economic imperialism should not be conflated with more overt and straightforward attempts at political control. Rather, imperialism can be more broadly defined, following Lenin and Patnaik, as the complex intermingling of economic and political interests in relation to the struggle of large capital over economic territory. Such economic territory obviously includes land and natural resources, as well as labour. These are all still hugely contested, as testified by the open and latent struggles over control of land (especially in periods of rapid urbanization), forests, oil and other mineral resources, the wealth of oceans and rivers, and so on. They are necessarily geographically determined, because of their location. But economic territory is also much broader, and encompasses the search for and ability to control new markets; these markets can be both defined by physical location as well as constructed out of economic processes. Seen in this way, it is clear that imperialism has not disappeared or even declined; rather, it has changed its form over the past half century. The more classic features (as expressed for example in colonial control and annexations) are less in evidence, while newer features are expressed through international institutions, regulatory architecture and related negotiations.

One of the more intriguing aspects of recent capitalist dynamism has been its ability to create new forms of economic territory, and to bring them within the ambit of capitalist economic relations and therefore also subject to imperialist contestation. These more prominent new forms of economic territory, which are increasingly significant as arenas for imperialist penetration and competition, include the privatization of basic amenities and social services that were earlier seen to be the sole preserve of public provision, and the commercialization and privatization of the generation and distribution of knowledge.

The first of these — the privatization of much of what was formerly generally accepted as the basic responsibility of public provision, amenities like electricity, water, essential transport infrastructure, and social services such as health, sanitation and education — is a major feature of our times. Of course, the fact that these were seen as public duties does not mean that they were fulfilled. Indeed, expanding public provision and enabling wider (and ideally universal) access to good quality amenities and infrastructure has only come about historically as the result of prolonged mass struggles and social and political mobilization to demand these. Issues of inequality in such provision have always existed. Nevertheless, the fact that provision is no longer necessarily in the public domain, and that private providers are increasingly seen as the norm, has opened up huge new markets for potentially profit-making activity. This may have been a crucial means of maintaining markets and effective demand given the saturation of markets in many mature economies and the inadequate growth of markets in poorer societies. The prising open of such markets has occurred through a combination of inadequate and reduced public delivery (for example, the expansion of the global bottled water industry in the developing word is at least partly related to the failure of public delivery of potable water) and changes in economic policies and regulatory structures that not only enable but actively encourage private investment in these areas. These changes in turn have been pushed by global institutions — the formal organizations such as the Bretton Woods institutions and the WTO through its various agreements, as well as less formal but increasingly influential bodies such as the World Economic Forum. This is a more complicated playing out of the imperialistic drive for control over economic territory than can be expressed through purely national mechanisms, but that does not make it any less consequential.

Another new form of economic territory that is increasingly subject to imperialist struggle relates to the control of knowledge generation and dissemination. The privatization of knowledge and its growing concentration, through the proliferation and enforcement of intellectual property rights, have become significant barriers to technology transfer and social recognition of traditional knowledge that would be necessary for any kind of economic diversification as well as greater economic justice. They also play a significant part in determining the relative power of profits over people within countries as well as between countries. This is clearly evident in terms of access to medicines (even essential and life-saving drugs) and crucial technologies for food cultivation. But it is also very much the case with respect to industrial technologies and the transfer of critical knowledge required for mitigating and coping with adverse environmental changes that themselves result from the production systems created by global capitalism. The national and international institutional structures that should provide checks and balances to the privatization of knowledge and ensure that knowledge production and dissemination are not subservient to a small elite but directed towards social goals, have not simply become more fragile and less effective in recent times, but in effect are working in the opposite direction.

Indeed, that is the basic import of the numerous 'trade agreements' that have been signed across the world, which have in recent years been much less about trade liberalization (already so extensive that there is little scope for further opening up in many sectors) and much more about protecting investment and strengthening monopolies generated by intellectual property rights. The past two decades have witnessed an explosion in the treaties, agreements and other mechanisms whereby global capital imposes rules, regulations and modes of behaviour upon governments and their citizenry. Unlike the conditionalities imposed on developing countries by the IMF and the World Bank, these rules operate even for countries that are not in the position of debtor-supplicants to international financial institutions; they require all countries to restrict their policies, in ways that are directly related to the possibilities of generating autonomous development in periphery countries (Ghosh, 2015b).

Similarly, the rules governing international finance and debt are generally recognized to work in ways that reinforce the unequal global power relations between large capital and people across the world. Nowhere is this more evident than in the rules and legal structures governing sovereign debt. The lack of any coherent system to deal with debt default and to enable the viable restructuring of sovereign debt has led to situations in which countries and their populations are bled over years and even decades, merely to service debt generated in the past and through the piling up of earlier loans at ever-higher interest rates. 'Austerity' measures that reduce public spending on social essentials are forced upon unwilling societies on the basis of supposedly 'technocratic' notions that are in fact deeply ideological and elite-serving. Developing countries have known this for some time, but it is now also being experienced by some developed countries such as crisis-ridden economies of the European periphery. Countries that somehow manage to restructure some of their debt or that unilaterally decide to renege on some patently unfair debt taken on in the past are punished through complex and unbalanced legal systems that do not accord to entire populations even the minimum conditions of debt workout that are routinely accorded to private and corporate debtors within national systems. The fact that legal systems and other institutional structures in the core countries tend to support such biases and investors in general reinforces the point that this is another way in which contemporary imperialism is expressed.

This is particularly evident in the global spread of multinational corporations and their changed methods of functioning, particularly with respect to the geographic disintegration of production. Technological changes, particularly the advances in shipping and container technology that dramatically reduced transport costs and time involved, as well as the information technology revolution that enabled a much more detailed breakdown of production into specific tasks that could easily be physically separated, have both been critical to this process. Together they enabled the emergence of global value chains, which are typically led by large multinational corporations, but also involve regional and global networks of both competing and cooperating firms. The large corporation at the apex of the chain is not necessarily in direct control of all operations. Indeed, the ability to transfer control over production, as well as the risks associated with production, to lower ends of the value chain is an important element in increasing the profitability of such activities for the apex firm. This adds a greater intensity to the exploitation that can be unleashed by such global firms, because they are less dependent upon workers and resources in any one location, can use competition across suppliers to push down their prices and conditions of production and are less burdened by regulatory processes in any one location that would seek to reduce some of their market power.

They have therefore given rise to what has been called the 'Smiley Curve' of exchange values and profits relative to the 'Inverse Smiley' of actual production values (Lauesen and Cope, 2015). Both pre-production phases (such as research and development, design, management, finance and organization elements) and post-production phases (branding, advertising, sales and marketing) now provide immense rents (especially from intellectual property monopolies) to global corporations, and these rents have been growing (UNCTAD, 2017). Meanwhile the production phase, which is where the incomes of workers and small producers dominate, is exposed to much more cut-throat competition between different production bases across the world because of trade liberalization. Therefore, incomes generated in this stage are kept low even as the rents continue to increase.

These processes have resulted in an increase in the supply of the 'global' labour force — that is, workers and other small producers who are engaged in production activities of both goods and services. At the same time, the power of corporations to keep the benefits of rents arising from control over knowledge or from oligopolistic/monopolistic market structures or from the sheer power of finance capital to bend state policies in favourable directions, has greatly increased. Overall this has meant a dramatic increase in the bargaining power of capital relative to labour, which in turn has been reflected in declining shares of wages to national income across the world, in both developed and developing countries (Stockhammer, 2013; see also Onaran, this issue). The associated erosion of the privileges that were earlier granted to the 'labour aristocracy' in the North is increasingly sowing the seeds of the political delegitimization of this economic system in the core of the global economy, since global capitalism is no longer perceived as a win-win economic system, at least within rich economies. But growing material insecurity and fragility, as well as inadequate improvements in living standards, also dominate mass conditions in much of the developing world.

CONCLUSION

So where does that leave us with respect to the shifting geographies of development? Horner and Hume acknowledge that 'between-country inequalities remain vast, while within-country inequalities are growing in many cases' (p. 347). They also note that '(g)lobal trade patterns are shifting rapidly, with less dominance by the global North, yet with the potential for new and augmented unevenness, especially within the global South' (p. 373). I have suggested that such changes are not new in the history of the global economy, which is a constantly evolving system with shifting centres of power. But more importantly, we obviously need to go beyond that recognition towards understanding and explaining these processes.

I have argued that these emerging processes can still be understood within the political economy framework that recognizes the persistence of imperialism, defined broadly as the struggle of large capital (assisted by states) over economic territory of various types. In the 21st century, imperialism has changed its form, and relies more on the international legal and regulatory architecture as fortified by various multilateral, plurilateral and bilateral agreements, in order to establish the hegemony of capital over labour in different contexts. This has involved a 'grand bargain' — no less potent for being implicit — between different segments of capital, such that some market access was offered to producers of the developing world (typically intermediated by multinational capital) in return for much greater protection and monopoly power of large capital through tighter enforcement of intellectual property rights and greater investment protection.

All these measures dramatically increased the bargaining power of capital relative to labour globally and in every country. They have affected wages and working conditions in most places, resulting in increasing asset and income inequality, including declining workers' income shares, and the decline or absence of social protection despite the verbiage around it. This has led to greater material insecurity and popular alienation from the state and the elites, as well as the rise of divisive socio-political tendencies in both developed and developing worlds. While these outcomes have recently been generating unexpected and often undesirable political changes in several advanced countries, there is often less recognition of the associated political churning in many of the more populous countries of the developing world. What Horner and Hulme call 'converging divergence' is only one aspect of this playing out of imperialist processes. In other words, economic imperialism in its 21st century form continues to create absolute economic divergence between sets of countries, as well as internal inequalities within these countries. It is the complex interactions between global and regional powers and the internal instabilities created by these processes that geographers of development should be examining.

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