

Global Production Networks (GPN)

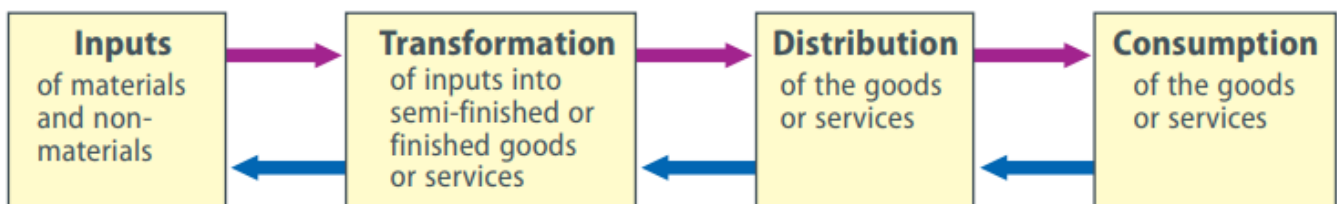
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What is GPN?

Global production networks focus on the production of services, goods and commodities within the geographically differentiated, macro-structural framework through complex webs of production circuits and networks. By being global, these networks do not necessarily mean that they span the entire world. Rather, the term signifies that they are highly geographically extensive and functionally integrated across national boundaries. These networks are not only confined to physical commodities but also non-physical products that come within the ambit of global production networks.

How do they operate in subordinate nations?

The core of the GPN is the circuit of transactions, connections and functions that are interconnected through which a particular service, good and commodity is distributed, produced and consumed. There are certain particular inputs upon which every element of the production circuit is dependent. These include technology, services, logistics, energy, and finance. The whole circle is required to be regulated, coordinated and controlled. These elements may be disaggregated in both ways, both geographically and organizationally.



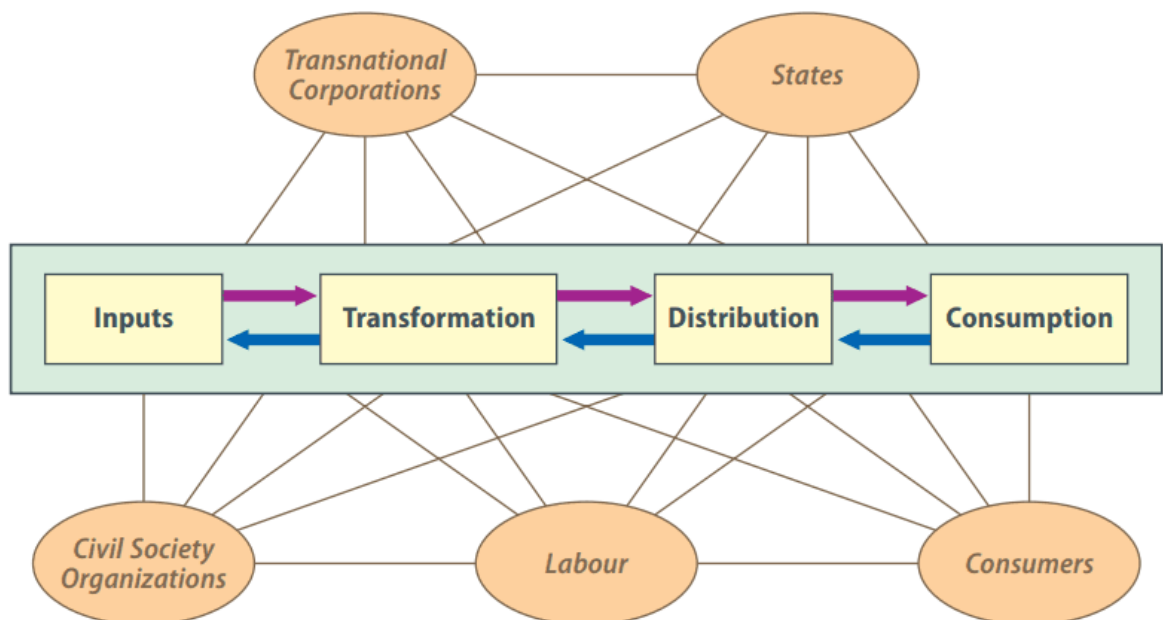
Thus, these globalized production networks tend to subordinate nations to acquire economies of scale. The countries from where the inputs are available are cheaper costs and the countries which can be helpful to transform the products, and also the ones that have a huge customer base so that the final products may be shipped to those countries for consumption purposes and as a result, hefty profits may be earned (Barrientos, 2013).

Role of Financialization in the process:

Financialization is the increased role of financial actors, financial motives, financial markets and financial institutions in the operation of international and domestic economies.

The financial system plays a pivotal role -out of all the advanced business services- in the GPNs. It is because, at all stages of distribution and production, every economic activity needs to be financed. Thus, the decisions of the financiers have an extra-ordinarily powerful influence. These decisions not only lubricate the production circuits but also help them to shape their evaluative decisions. These evaluative decisions tell these financiers where they should invest to gain the highest returns.

Figure



The figure shows how TNCs, labour, consumers, states, and civil society organizations shape the geographical configuration of the changing global economy by participating in different production networks and circuits.

Workers and Labor unions

Labour is treated as a mere factor of production and commodity. But in reality, this is not true. Labour influences the working of production networks in a variety of ways. It maintains a central position in the production networks as people are important for production purposes because they embody the required skills and knowledge for production to be carried out.

Consumers and the significance of market size in developing and developed countries

Consumers and the significance of the market size in developing and developed countries also play an important role in the production networks because these production networks are ultimately driven by the consumers. As a necessity, the ability of the customers to acquire and consume the products and their willingness to do so drive these production networks.

Civil Society Organizations

Civil Society movements at the global level are the networks that collaborate globally to advance similar agendas throughout the world. This gave them strength, and they became powerful in global governance.

These civil society organizations are important because of the power and strength they possess as compared to the labour and the consumers. Thus, these organizations also need to be effective. Also, these organizations must be transnational and must be at the same level as transnational corporations; only then will they become in a position where they can work for the benefit of the consumers and labourers.

Figure: Growth of Global Civil Society Organization

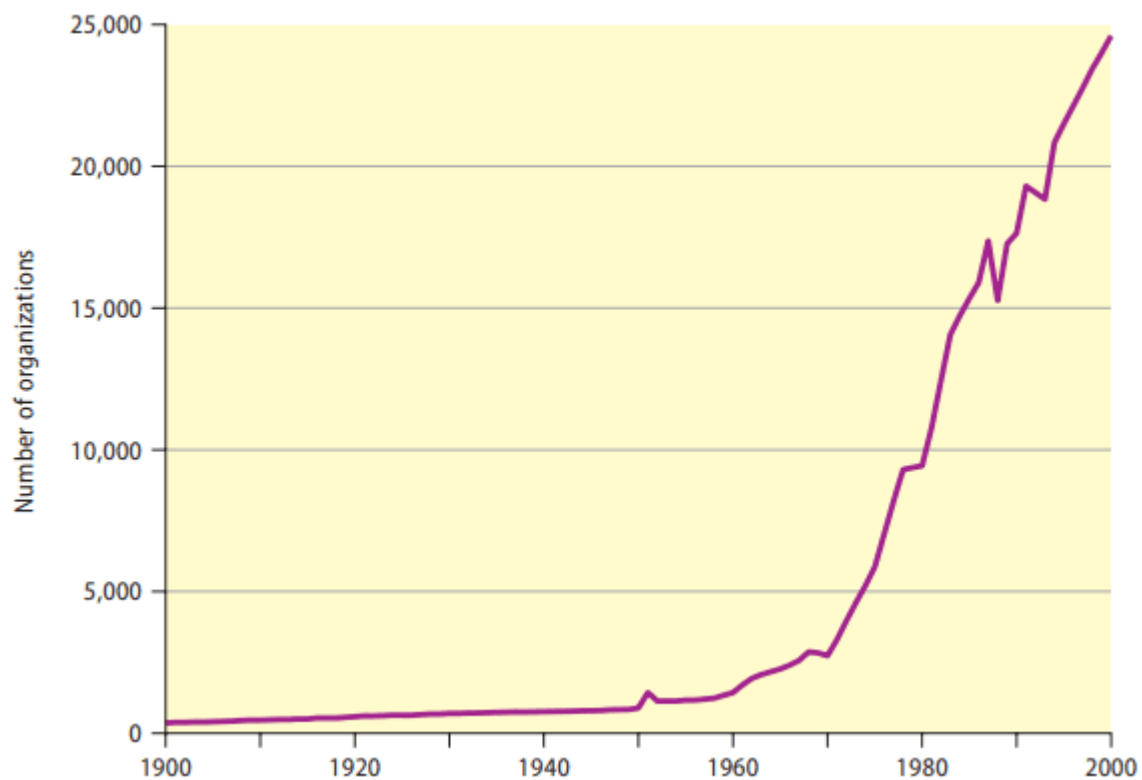


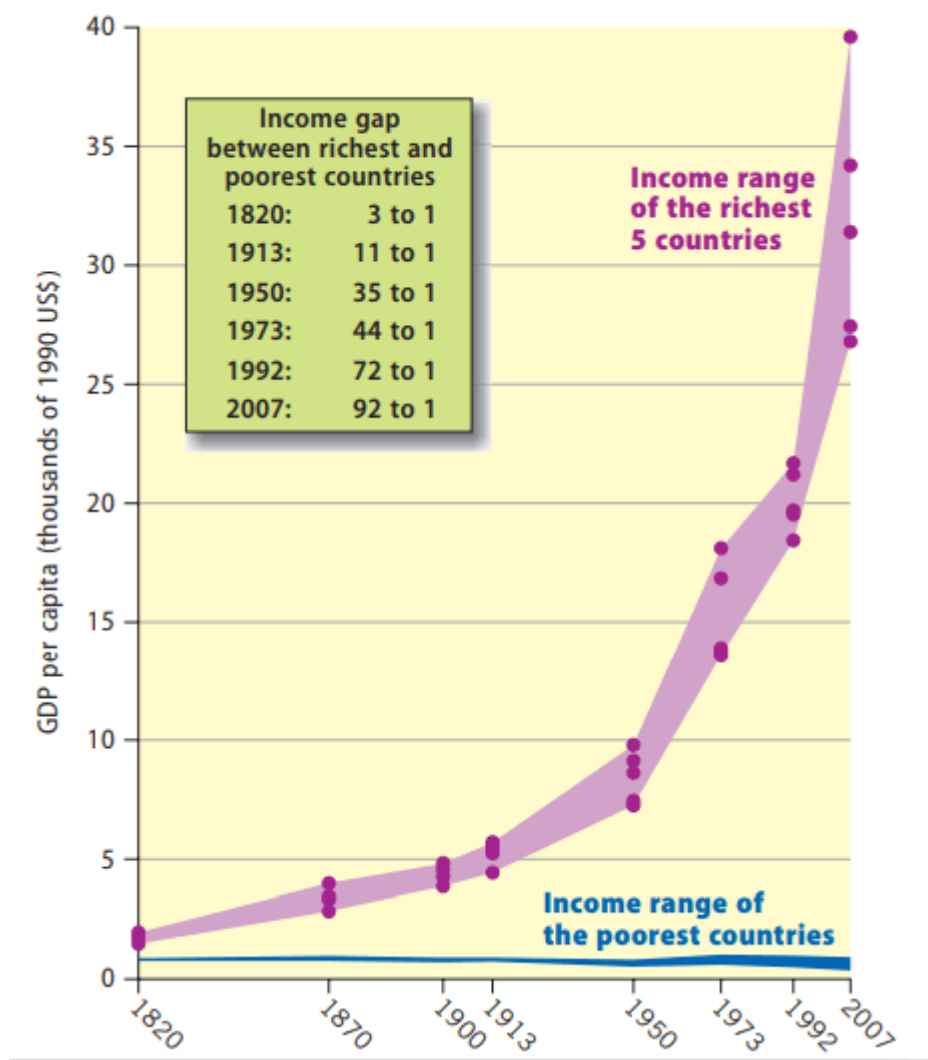
Figure: Diversity of global civil organizations (Source; book)

	'Old' social movements pre-1970	'New' social movements c. 1970s and 1980s	NGOs, think-tanks, commissions c. late 1980s and 1990s	Transnational civic networks c. late 1980s and 1990s	'New' nationalist and fundamentalist movements 1990s	'New' anti-capitalist movements c. late 1990s and 2000s
<i>Issues</i>	Redistribution, employment and welfare; self-determination and anti-colonialism	Human rights; peace; women; environment; third world solidarity	Human rights; development and poverty reduction; humanitarianism; conflict resolution	Women; dams; land mines; international criminal court; global climate change	Identity politics	Solidarity with victims of globalization; abolition or reform of global institutions
<i>Forms of organization</i>	Vertical, hierarchical	Loose, horizontal coalitions	Ranges from bureaucratic and corporate to small-scale and informal	Networks of NGOs, social movements and grass roots groups	Vertical and horizontal, charismatic leadership	Networks of NGOs, social movements and grass roots groups
<i>Forms of action</i>	Petition, demonstration, strike, lobbying	Use of media, direct action	Service provision; advocacy; expert knowledge; use of media	Parallel summits; use of media; use of local and expert knowledge; advocacy	Media, mass rallies, violence	Parallel summits; direct action; use of media; mobilization through internet
<i>Relation to power</i>	Capturing state power	Changing state/society relations	Influencing civil society, the state and international institutions	Pressure on states and international institutions	Capturing state power	Confrontation with states, international institutions and transnational corporations

Answer 2

The countries that are newly industrialized include those countries that have made progress in order to become industrialized and have grown at a strong pace over the past 40 years. They include South Korea, Taiwan, Singapore and Hong Kong. These countries have seen increased levels of growth in the four decades after 1960. The per capita income of these countries is also close to 50 per cent compared to that of developed nations. The ratio between the richest and the **poorest countries** was 3:1 in 1820, and in 2007, this ratio has grown to 92:1.

Figure: The widening income gap between the countries



In 2010, approximately 1.2 billion people lived below the international poverty line (less than \$1.25 per day). This was some 700 million fewer than in 1990: a real improvement, but one that was highly uneven geographically.

In East Asia countries, the percentage of the poorest people was 49 per cent in the year 1990, and it

was reduced to 21 per cent in 2010. China has outperformed in this region. The country has been able to progress by reducing poverty. The countries in the East, particularly four East Asian tigers, are industrialized at a phenomenal rate.

The difference between the figures shows the specific social policies and the historical experiences. For instance, there are different patterns of land ownership and reform. The countries which progressed in the newly industrialized states, for instance, include Korea and Taiwan. These countries progressed as the post-war reform of land ownership caused a massive effect and increased the incomes of the individuals by increasing the productivity in agriculture and by extending the domestic demand, which ultimately contributed to political stability. The countries that have been able to overcome the inequalities and poverty are those that fall in the transnational capitalist class, which consists of members who predominantly belong to developed countries. The TCC possesses different characteristics that separate it from the slowly progressive countries and cause it to attain modernity. These characteristics include the following:

These countries linked their economic interests globally rather than only restricting them to the local area. They aligned themselves with the global practices and rhetoric that emphasized consumerism and competitiveness. They pursued an outward orientation rather than being inward and local perspectives and issues. They changed the lifestyles and the patterns of consumption and education businesses. These countries projected them as citizens of the world as well as the citizens where their birth took place.

Regional integration plays a very important role in the political and economic development. In the contemporary world, technological advancements and globalization have made the world a global village. Due to this factor, the importance of regional integration has been increased. The economies in the regions can collaborate and utilize economies of scale (LSE, 2018).

Answer 3

The role of imperialism in the global system can be witnessed from the Industrial Revolution, which manifested itself in the colonial subjection of Africa and Asia. With the slogan “to open the markets,” the seizure of natural resources around the globe was the real motive. This trend is still reflected in the contemporary world today. Western imperialism can contribute to economic stagnation in a way, as happened in the early 19th century in Latin America when the decline in silver and gold production caused a set of chain effects and reactions which ultimately resulted in an economic recession. The economy was disturbed badly, but it was later recovered by identifying a new market to explore. In the recovery phase, the countries facing such issues focused on the renewal of silk industries and the tea industry. The skilled workers play a very important role in the economic and political development of a country. These workers utilize their skills for the industries in which they are working, thus ultimately adding to the GDP (Gross Domestic Product) of the country. The countries in the south can overcome imperialistic domination by revitalizing their economic policies and working on skill

development and education in the workforce. These countries that are being victimized by imperialistic interventions bear them because they are struggling with their economic development. Thus, by improving their financialization and the right economic policies and political stability, such imperialistic domination can be overcome (Amin et al., 2001; *International Socialism*, 2005).

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