

Local Systems and Networks in the Globalisation Process¹

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1. Introduction

The contemporaneous process of globalisation has induced major changes in nearly every economic activity, nearly every region or nation. It has evolved across time, but seems to have steadily deepened. Basically, its impact on the localisation of economic activities and on the strategies of firms has been a major concern from researchers to governments. In Europe, this process started in a general context of high rates of unemployment, of deep processes of industrial restructuring. Growing relocation and internationalisation have so given once the image of a de-territorialized economy, of footloose firms, moving their activities according wage or cost advantages. This 'geography of costs' (Veltz 1993) represents certainly a reality, as the processes of relocation constantly show. Concurrently, the development of the information and communication technologies and the related process of digitalisation have been interpreted as the 'death of geography, reinforcing the previous process (Cairncross 1997). As often underlined the information and communication technologies induce increasing codification of knowledge and allow instantaneous and costless transfers of such knowledge across space, unveiling a spaceless economy. The 'new economy' would in some sense coincide with a 'new geography', a huge transformation of the economic landscape driven by costs and underlain by important transfers towards peripheries. Again, this dimension obviously exists, but finally the reality has appeared somewhat very different. The reinforcement of the existing structures of agglomeration has been on the contrary evidenced. Even in Europe, where economic integration should according to the traditional growth theory have enhanced the emergence of a new geography through a redistribution of economic activities in space,

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the existing disparities *within* the European economies have increased (Armstrong 1995). Since the late seventies, the speed of the convergence process in Europe is slowing down, or even reversing (Graham and Hart 1999). In fact, innovation has been evidenced as a key issue to explain the reinforcement of the concentration of activities in Europe (Fagerberg et al. 1997). Even the Sixth Periodical Report (1999) of the European Commission evidences innovative activities as one of the most important factors contributing to the evolution of the productivity, economic growth and regional development.

As innovation can be considered as the key of competitiveness and of evolution of disparities, the contemporaneous economy can be best characterized as simultaneously globalised and knowledge-based (OECD, 1996), and deeply shaped by the spatial distribution of competences. Indeed, innovation is a collective process that implies a set of formal and informal relations. Its socio-economic dimension, the importance of intangible elements, of tacit knowledge – largely person-embodied and context dependent (Maskell and Malmberg 1999) – suggest that territorialisation of activities is a basic element of the understanding of the working of the economies. According to this approach, technology is no longer given, and easily transferable across space, but is the result of a process of creation of new resources within firms, between firms, and between firms and other institutions, and highly specific to local areas. These institutional structures, which define the process of innovation, are indeed deeply embedded in particular territories. Global and local are, apparently paradoxically, the two faces of the same process.

The deepening of globalisation, from mere relocations to a complex integration of the multinational firms or networks at the world level have shown the increasing importance of the local, of the 'context' as the key of competitiveness and economic development. Different systems of production highly embedded in their region, as industrial districts, have even reinforced during these phases. Far from leading to a 'new geography', the contemporaneous process of globalisation would in fact sustain a cumulative process of reinforcement of existing disparities, of the centres of economic development and wealth creation, in short some sort of lock-in regarding the territorial characteristics of economic activities. The paper will show on the contrary that this apparent stability of the location of economic activities and of the ongoing trends regarding disparities hides in fact deep changes and reorganisation of the whole economic system. It will focus on local systems, as they are apparently the locus of the previous contradiction: when places and locations seem stable, the contemporaneous process of globalisation has in fact induced a deep 'revolution' in their internal and external relationships. Particularly within the economic integration occurring in Europe, the increasing number of linkages of regions with other locations within or across different geographic boundaries is often underlined. In fact the problem is not the quantitative increases of linkages, but their qualitative transformation. The understanding of these transformations is a key to the understanding of the ongoing economic changes and to the definition of coherent strategies of development or related public policies. Section 2 of the paper will thus focus on the meaning of changes regarding local systems: what does 'revolution' can mean in this context? what is the sense of these global – local linkages and the general emphasis on local devel-