Regions on a Global Platform

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ABSTRACT

The theme “Regions on a Global Platform” seeks to deliberate and synthesise on the conceptualisation, roles, and positions of “regions” amid the globalising forces. It suggests that “regions” are not less, but on the other hand are becoming more important with the advent of globalisation as regions may play the balancing role between the global forces and local reactions/pro-activeness. Economic globalisation in particular tends to link local innovative and productive centres around the globe through trade and investment. However, this paper posits that developments on this global-local nexus lead toward regionalisation of the locale with its wider region due to the logic of a complex system of spatial nodes and networks of firms, suppliers, and consumers that not only works best in a region but also organically generates a region of capabilities. But the realities are more complex. Do we have regions on a global platform and whose regions? What types of global platform the role regions occupy? These are some of the pertinent questions this article sought to answer.

ABSTRAK


INTRODUCTION

"Regions on a Global Platform" was the theme for the 9th PRSCO Summer Institute, a biennial international conference of the Pacific Regional Science Conference Organisation (PRSCO) hosted in 2006 in Kuala Lumpur on July 18-20 by the Malaysian Regional Science Association (MRSA) with the Faculty of Economics and Business, Universiti Kebangsaan Malaysia as the organiser. The conference attracted more than 100 participants from over 30 countries. It brought together scholars and experts, including some of the eminent persons from the umbrella body Regional Science Association International (RSAI) of which PRSCO is a member, and individuals interested in the wider field of Regional Science -- a resurgent field of study that caters for an array of intersections between Geography, Economics, Business, Social, Environmental, and Natural Sciences, all with the focus on regions.

The theme seeks to deliberate and synthesise on the conceptualisation, roles, and positions of regions amid the globalising forces. It suggests that with the advent of globalisation, regions are not less, but on the other hand, are becoming more important. Regions both in physical and abstract notions are essentially seats for regionalism. Mittelman (1996: 189) notes that "following the decline in theory and practice in the 1970s, regionalism both revived and changed dramatically in the 1980s and had gained strength in the 1990s." For some countries, especially developing ones, regionalism may play a balancing role between the global forces and local reactions or local pro-activeness while on the other hand, for other countries, mostly the militarily and economically powerful developed nations, it is a stepping stone or arguably a platform for market/firm-driven agenda. But the realities are more complex. Do we have regions on a global platform and whose regions? What types of global platform the role regions occupy? What are the relationships and the type of processes taking place between the forces operating on a global scale with that at the local ambit vis-à-vis that at the regional level. These were some of the pertinent questions the conference sought to answer.
This article has two objectives, first to provide a conceptual background to the above theme, and second to highlight the salient points and bind together the selected articles to the theme with the goal of bringing to the fore regions as an important arena in which both competition and collaboration among nations and among firms are articulated, thus suggesting that regions are on a global platform.

CONCEPT OF REGION IN THE LITERATURE

Quoting on-line encyclopaedia Wikipedia, in general a region is a medium-scale area of land or water, smaller than the whole areas of interest (which could be, for example, the world, a nation, a river basin, mountain range, and so on), and larger than a specific site or location. A region can be seen as a collection of smaller units (as in “the New England states”) or as one part of a larger whole (as in “the New England region of the United States”). We add here that although regions are areas or the spaces used primarily in the study of geography, they are equally relevant in other fields. A region can be defined by physical characteristics, human characteristics and functional characteristics. Regions are conceptual constructs and, thus, may vary among cultures and individuals.

At a very basic definition, Hartshorn & Alexander (1988) conceptualise regions into two categories: (i) uniform region, and (ii) nodal region. The first refers to a homogenous area defined on the basis of common characteristics that serves to make areas within the region more internally similar than areas outside its boundaries. This definition often gives rise to such connotations as the rice bowl or wheat barns or the industrial belt of a nation. The second refers to an area focused on a node or point away from which movement to or from the node occurs. Often, the node is a city and the movement involves the flows of goods or services to or from the city, for example, an area of newspaper circulation. All areas around the node dominated by the flow to or from it are included in the region. The boundary of the nodal region is drawn at the point where the attraction to another node becomes stronger. In this way, a variation in the strength of the attraction to the node is built into the definition.

As region comes about from spatial processes that give rise to spatial patterns and the interplay between process and pattern, Wheeler & Muller (1986:11-13) who similarly define regions into two categories (uniform and nodal regions) outlines four general categories of spatial patterns.
First, a point pattern that comprises of nodes or points representing the spatial distribution of an activity or function. They (ibid.:12) give the dot distribution of grain elevators in an area of the Canadian Great Plains as an example. Second, a linear pattern that consists of a series of connected nodes, for example in this case, the railroad connecting a series of grain elevators whose linear pattern is not independent of the point pattern in location and layout. Any type of movement or connection between places may be viewed as part of a linear pattern whether or not there exists an observable physical facility connecting places. For instance, the frequency of telephone calls among the offices, manufacturing plants, and warehouses of a large corporation may be mapped to form a linear flow pattern. Combining the linear and nodal concepts one may define a nodal region, a region consisting of an area in which the focus of activity (the orientation of the linear pattern) is on a single node. For example, a major city “organises” the activities of the surrounding area. To delimit the extent of a nodal region, one must know where the intensity of focus or the magnitude of movement drops below a defined threshold. Thus, each grain elevator forms the focus of a small but separate nodal region, from which it obtains a greater share of grain than does any other elevator. Third, a choropleth pattern is a spatial pattern that may represent a uniform region which refers to a region where the element defining the region (cash grain farming) is more or less evenly spread within the region, but weakly represented outside the region. Fourth, a surface is a geographic surface also known as a statistical surface that shows a continuous distribution of some feature over an area. Perhaps the most common method of surface mapping is by use of isolines. These are lines connecting points of equal magnitude. We quip here that isolines can as well represent economic and societal data over a surface.

Then what makes an area a region? De Blij & Muller (2006: 6-7) identify at least five properties that all regions have in common. First, all regions have area. According to them, regions may be intellectual constructs, but they are not abstractions: they exist in the real world, and they occupy space on the earth’s surface. Second, it follows that regions have boundaries. Occasionally, sharp dividing lines are drawn according to the earth’s topography, for example, along the crest of a mountain range. More often, regional boundaries are not self-evident, and we must determine them using criteria that we establish depending the context and purpose. Third, all regions have locations. Often the name of a region contains a location clue, such as the Caribbean. As opposed to absolute location of a place or region (as provided by its latitudinal and longitudinal
extent), a region's relative location is a far more practical measure, that is, its location with reference to other regions (eg. Eastern Europe). Fourth, many regions are marked by a certain homogeneity or sameness that may lie in a region's human (cultural) properties, its physical (natural) characteristics, or both. Other regions are marked not by their internal sameness but by their functional integration — that is, the way they work. These regions are defined as spatial systems and are formed by the areal extent of the activities that define them. The city is the heart or core of this region, and the surrounding zone of interaction is the hinterland. But the city's influence wanes on the outer periphery of that hinterland, and there lies the boundary of the functional region. A functional region is therefore forged by a structured, urban-centred system of interactions with a core and a periphery.

CONCEPT OF REGION IN THIS ARTICLE

"Regions on a global platform" requires a definition of regions beyond the realm of geography. This is to accommodate the abstract, non-physical conceptual construct of regions that involves hierarchies of interrelationship between nations, economies, cultures, cities and localities at the labyrinth of webs on the global-regional-local nexus.

In this article regions can be understood in at least four dimensions: (i) political/administrative (jurisdiction) region; (ii) functional (such as economic, social) region; (iii) geo-physical region; and (iv) abstract region. Regions may also be conceptualised and located (with some of the delineations are less clear) at the: (i) mega-supra, (ii) meso (intermediate), (iii) micro, and even, (iv) meta (beyond the ordinary or usual physical) regions.

Furthermore, studies on regions may be undertaken at least on four levels: (i) the supra-national, for example the United Nations (UN) or World Trade Organisation (WTO); (ii) regional countries/economies, for example the Association of Southeast Asian Nations (ASEAN) or Asia Pacific Economic Cooperation (APEC); (iii) sub-regional economies, for example the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT); and (iv) regions within a country, for example the Appalachia.

Specifically, the theme seeks to identify the major structural and directional changes currently occurring at the global, regional, national, and sub-national levels, and then to locate and redefine the roles of the above "regions" as understood, arbitrarily or otherwise functionally chosen
or strategically integrated by the author/s as well as deliberating, demonstrating and hypothesising on the emergence of some or a few "regions on a global platform," and suggesting directions for future research for the way forward for regions to serve to the betterment of mankind amid changes currently taking place at global-regional-local nexus. To cite but a few: it is has been observed at the supranational level (eg. at the UN) that multilateralism is at risk with challenges coming from the unilateral actions of a few powerful nations. More recently, at the regional countries level (eg. in ASEAN or APEC), regionalisation (that has been claimed by some quarters as a step-by-step forward toward a level playing field in global competition or viewed otherwise by the less powerful nations as a defence mechanism from the onslaught of a few powerful countries or groupings) has seen the sprouting of bilateral initiatives (beginning with, in ASEAN’s case, Singapore’s negotiating a free trade agreement with the U.S.) in place of regional and multilateral approaches to cooperation. At the sub-regional level, initiatives such as the IMT-GT have seen a lacklustre of performance while various regions within a country are confronting with challenges arising from the re-orientation of priorities by the national government budget. Lastly, at the local level (i.e., municipal/township) residents are not getting value for their tax money. These are some of the challenges at various regional levels.

REGIONS ON A GLOBAL PLATFORM – A DISCOURSE

We begin by describing two main forces that are shaping the world in which policies are formulated and implemented: globalisation (the continuous integration of countries of the world) and localisation (the desire for self-determination and the devolution of power). Next we locate where the regions are on this global-local nexus. In the process we argue that a region is essentially an organic construct of a systemic local functioning driven by global market forces in search for not only efficiency but also flexibility.

Globalisation may not be new but is accelerated by the advent of science and technology, especially the information and communication technology (ICT). It is a multidimensional process of compressions of time and space (see Giddens 1990; Harvey 1990; Robertson 1992; Mittelman 1996) aspect of social relations (with exchanges) in at least three main arenas that co-influence one another: economy, polity, and
culture. In as much as globalisation reflects the progressive integration of the world’s economies, politics and cultures, however its effects can be polarising such that there are individuals, places, and regions that benefit, while others are left out, from its fruits. Globalisation is praised for the new opportunities it brings such as access to markets and technology transfer. But it is also feared and condemned because sometimes it brings negative consequences such as widening income gap between the rich and poor, social and even environmental drawbacks. As a result, globalisation is also a dialectical process involving action-reaction, push-resistance, diffusion-amalgamation, all describing the pull from above by global market forces in search of profitability and the tug from below through local assertion and even resistance by the civil society against the dark side of globalisation. While the state’s capacity to determine policies is adversely affected, it adjusts accordingly or even reinvents itself to mediate between the aforementioned pull from above and tug from below. What is new with globalisation is not only the speed, depth and reach of forces from the global to the local but also the awareness of the local about the global or as Robertson (1995), Waters (1995), Mittelman (1996), and Albrow (1997) describe as the emergence of awareness about the compression of time and space.

Globalisation is also part and parcel of the transformations that have taken place within capitalism: the change from Fordism to flexible specialisation. Quoting Bryson et al. (1999: 10), “one of capitalism’s constant features is change. Capitalism cannot stand still: its central imperatives – the search for profit – drives a perpetual process of economic flux (Storper & Walker 1989), what Schumpeter graphically describe as a process of ‘creative destruction’ which ‘incessantly revolutionises the economic structure from within, incessantly destroying the old one, incessantly creating a new one (Schumpeter 1943).’ What was once a revolution, “Fordism that requires large-scale, routine runs of standardised products to justify substantial investment in specific machinery and inventories of parts stockpiled on a “just-in-case” basis encountered by the late 1970s increasing difficulty in achieving high levels of productivity gains” (Mittelman 1996:200). Globalisation has also led to a consumption pattern that has increasingly shifted in favour of differentiated products leading to a new logic of competition that emphasises value added.

With the introduction and diffusion of microelectronics systems in the 1980s and 1990s and the convergence of audio and video into digital data from and through multimedia of ICT and with the launch of the World Wide Web of the Internet since early or mid-1990s, production system
has since been reorganised to target customised goods in batch production of "just-in-time." With workers who are multi-skilled operating in a decentralised framework subject to a relatively flat or informal hierarchy, competitiveness is translated into fast adaptation to change or what Mittelman (ibid.) calls "flexible specialisation."

Regions on a global platform essentially arises from one of the paradoxes of globalisation, that is, the rise localisation. We posit here that localisation not only needs regions but also organically leads to regionalisation. In a global production system, the paradox is that tacit and institutional capabilities are still localised but they are strengthened at the regional level by way of networks of flexible specialisation of regions linked to a global web of other regions as well as locales.

It follows that regional production networks are the logical outcome of flexible specialisation because a premium is placed not only on proximity but more importantly on propinquity, leading to spatial clustering of suppliers around plants in a networked configuration. Where proximity simply allows for reduced delivery time and transport cost, propinquity offers opportunities for matching needs and capabilities through the externality, spill-over and networked effects of learning the technologies that generate, degenerate, and regenerate through a complex system of spatial nodes of firms, suppliers, and vital consumers. The logic of this complex system has catapulted some regions, not countries, on a global platform of technologically determined production system. It is in a region, not country, where capabilities are further strengthened through the dynamics of a regional innovation system that is fed by the wider national innovation system.

In the human realm, following the World Bank (2000:2) "localisation reflects the growing desire of people for a greater say in their government, manifests itself in the assertion of regional identities. It pushes national governments to reach down to regions and cities as the best way to manage changes affecting domestic policies and patterns of growth." While localisation "is praised for raising levels of participation in decision-making and for giving people more of a chance to shape the context of their own lives ... it can also jeopardises macroeconomic stability" with scores of cases that local governments borrowing heavily and must be bailed out (World Bank 2000:4-5). Therefore, national governments are increasingly turning to regions, not locales, to launch new initiatives because it is at the regional level that the institutions of governance and coordination can play a more affective role. Regional development initiatives once popular in the 1960s and 1970s are making a comeback.
Take Malaysia for example, in the 1970s the Federal Land Development Scheme (FELDA) that grants ownership to “land pioneers” in new settlements organised for palm oil plantation was the cornerstone for regional development in the country. Today, the Ninth Malaysia Plan (2006-2010) identifies four regional development corridors (the Iskandar Development Initiative in the south, the Northern Economic Corridor, the Eastern Economic Corridor, the Sarawak-Sabah Development Corridor) each specialising in its core capabilities as a spatial competitive strategy for the country.

At the supranational level, competition and collaboration in negotiating for the world trading and financial systems at the WTO and the IMF and World Bank have increasingly turned to regional alliances. Although these alliances may turn out to be alliances of convenience, the fact that regional cooperation, whether binding or non-bindings, are sought for by most of the countries (eg, India wants to join APEC although by definition it cannot) indicates that no country can go alone. Then the impasse of the Uruguay Round led to greater regionalism. In as much as the developing countries viewing regional pacts as a defence mechanism from the onslaught of neo liberalism riding on the bullet train of globalisation, the rich nations tactically call it “open regionalism,” that is liberalisation in a region as a first step toward achieving a global open and free trade system. It remains, however, regional pacts or cooperation are ever popular due to the “not-to-be-left-out” interest of almost each of the countries, thus also catapulting regions on a global platform.

SELECTED ARTICLES HIGHLIGHTED

We posit in the preceding section that regions are surging onto a global platform due to the logic of a complex system of competitions and collaborations that operates most efficiently at the regional, not local, level. This complex system pervades all areas of human lives from production, trade, and consumption of economic and societal values.

We begin with a conceptual article by Haynes, Kulkarni, and Stough (HKS) that essentially represents the notion that what constitutes a region is the emerging property arising from interactions taking place within a region with reference to interactions occurring outside the region in an open complex system. HKS applies this notion to traffic flows in a region as a complex set of independent and interdependent decision. The traffic flows landscape that can be plotted using a fitness approach (borrowed
from biology) is the configuration or *property* that emerges from that complex system of interactions or decisions.

Next we take readers to the study of a regional economy in the form of regional econometric modelling. Mao, Shibusawa, and Higano present an econometric model of Zhejiang, China by which they show that the Zhejiang regional economy, as far as income is concerned, can mirror China's economy as a whole, but this is not so for industries or international trade. This finding is in tandem with a now well-known phenomenon in China: only its coastal regions have more links to the global trade and investment networks. This supports our theme "regions on a global platform" and in fact only certain regions are on a global platform.

If regions within nations are touted to be on a global platform, what about a region that crosses the national boundaries? We examine this by choosing an article by Poot and Sanderson that deals with international migration of New Zealanders to and back from Australia. We make out from this article that what constitutes a region is individual's sense of attachment to the place and whereby more and more people identify themselves to that place, the whole area becomes a mental and cultural constructs of a region. It seems from this article that the notion of Australasia (i.e., Australia and New Zealand) as a region holds only in a vaguely defined regional identities that eventually give way to national priorities as reflected by the policy change by the Australian government in 2000 to remove the traditionally granted benefits to New Zealanders immigrants. On the corollary we may apply this to the lacklustre development of the IMT-GT due to the fact that a sub-regional identity has never existed to the effect that it is hard to promote trade and investment within the triangle. In short, regional or sub-regional identity is important to make a region works.

Yong and Tan next examine the impact of the Asean Free Trade Area (AFTA) on Japan-Asean trade flows. They find that although AFTA has generated greater trade flows between Japan and Asean, however the relationship is asymmetric. Japan is important for Asean both as a market and a source of technology, but Asean is not as important as the US and the EU to Japan for export markets. This fact alludes to our initial probe that not all regions of the world are on a global platform. However, which or whose region on a global platform is a relative concept. Asean prior to the 1997/98 financial crisis was clearly on a global platform than it is today.

We are also interested in interactions within and outside of a region. Selected next is an article by Ruzita and Abu Hassan Shaari that examines
the contagion effect in the Asean stock markets with leader-follower framework vis-a-vis that of the Hong Kong stock market. They find that stock market movements in Hong Kong feed on movements in Asean stock markets more than each of the Asean stock market does to each other. This is not surprising. However, what we make out from this article is that competition among the (almost) equals (i.e, Asean stock markets) for investment funds may turn out to be disadvantageous for Asean integration. Promoting Asean as a whole as an attractive investment area augurs well for the much needed integration.

Abdul Hamid and Md. Elias next examine what makes a region attractive for foreign direct investment (FDI). Rather than doing the usual way of looking at the factors affecting FDI, they pick up environmental as a factor. They examine the impact of regional environmental pollution condition on FDI location decision across regions in Malaysia. The result is interesting. They find that while positive economic circumstances serve as FDI pull factors, negative environmental conditions are push factors of inward FDI. This is true at least in the Malaysian context or possibly in the context of developing countries with development level similar to Malaysia. Policy implication of these findings is fairly obvious. That is, apart from providing infrastructural and financial facilities, regions that improve their environmental condition will stand a higher chance of attracting investments from both local and foreign sources.

Tokunaga and Jin examine agglomeration effects of Japanese firms in China and find that agglomeration economies is significant in determining location choice of Japanese manufacturing plants in China. This is in consonant with our earlier discussion on region as the organic outcome of a network of firms, suppliers, and vital consumers clustering and generating regional competitiveness through links to other regional webs at the global level.

Finally Rahmah, Syahida, and Mohd Shukri examine the contribution of technical change as opposed to technical efficiency to total factor productivity (TFP) grow in the Malaysian electrical and electronics industry. They find more evidence in support of the former than they do of the latter. In a regional term of a triad, this is an outcome of the input-augmented industrialisation in Malaysia fed by FDI from Japan and the US in the 1980s and 1990s churning out products whose exports depend largely on the American market. This is in stark contrast to the Korean experience both in a regional term as well as learning/innovation. Korean industrialisation began mostly with imported licensed foreign technologies -- not with FDI -- but the Koreans were/are good at learning-by-doing with
mainly U.S. trained engineers as the gatekeepers and innovators of new technologies. Learning and innovation are more evident in the Korean case when we refer to studies on total factor productivity by Kim J.I. (1998) and later by Sangho Kim (2007: 4) who remarks that “the heavy manufacturing industry became main contributor of Korean productivity growth since the 1980s even though the government policy initially burdened the economy in the 1970s.” Sangho Kim & G. Han (2001) find that “the allocative inefficiencies in the heavy and chemical industries promoted by the government in the 1960s and 1970s were estimated to be much larger during the early 1980s but mostly disappear thereafter,” thus suggesting that technical efficiency began over take technical change.

CONCLUSION AND FUTURE DIRECTIONS

“Regions on a global platform” signifies the increasing importance of regions amid forces of globalisation and localisation. Not all regions however are in equal footing on the platform that remains to be shaped and decided by the rich powerful nations. One direction is however clear: the developed nations themselves are increasingly looking to the regional economies and territories at the global level as the new battle grounds where both competition (economic or strategic power) and collaboration (economic or tactical consent/legitimacy) are fought and formed more and more in global regions rather than at the global locales. Meanwhile, regions within a nation around the world continue to be the heart-beat of the national economies, the future for the importance of regions however depends on how each nation can make the most out of its regional capabilities that translate into national prowess. This requires looking at regions as a dynamic complex system in search of a better platform.

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