

## NORTH-SOUTH INTEGRATION NETWORK'S (RINOS) 2007 CONFERENCE

### *Globalization, North-South Reconnection, and Economic, Societal and territorial Reorganization*

**July 6-7, Aix-en-Provence**

**Maison Méditerranéenne des Sciences de l'Homme**

Since the 1980's, North-South relations have been altered dramatically. Disconnection related theories (i.e center-periphery or *dependencia*), that had been constructed and applied, notably through import-substitution and South-South integration, could not resist the debt crisis of the 1980's. It required many developing nations to accept conditions imposed by international financial institutions (IFI) such as structural adjustment plans or export-led strategies. Meanwhile, up North, increased competition led companies to increase foreign direct investments (FDI) in emerging economies, consequently deepening the international division of labor. A South-North peripheral reconnection dynamic thus emerged, the result of firms and States' strategies. Firm strategies were linked to the international division of productive processes (IDPP) through value-added activities, international outsourcing, and intermediary goods trade. State strategies emphasized international exports, although the resulting trade (multilateral, regional or bilateral) and judicial (property rights or investment regulations) policies were more or less successful, as well as infrastructures likely to bolster export operations.

While North-North trade and investment remain dominant, North-South trade has nevertheless improved dramatically. Many Asian and Latin American countries have become even more integrated to the global economy. However, the future of this reconnection and the resulting economic geography remains uncertain, depending on economic, technological, institutional, natural, and environmental factors. Two main questions need to be addressed: the first, time-related, refers to the dynamic of the reconnection process; the second, space-related, refers to the geographical scope of this process.

**The reconnection dynamic.** Although unable to predict the future, "Peripheral reconnection" is a convenient way to define the international economic process linking the North and the South through firms' global operations. We are facing many possible developments. The first is merger-reconnection, which would lead to the integration of certain southern countries to the North-North dynamic (massive intra-industry trade and domination of strategic horizontal investments). This outcome would validate international economics' model of dynamic convergences: some southern countries are able to bridge the educational, technological, and organizational gaps in order to develop innovative capabilities allowing a similar positioning as northern countries on the value chain.

The second outcome is dual-reconnection, which would maintain a development gap between North and South, higher specialization levels without major changes in the international value chain. Beyond these two extremes, a number of intermediary situations are possible. Mexico's case for example, seems to be a combination of the first two outcomes: some industries are well integrated into Northern productive systems while others remain at the periphery of the value chain. Asia's situation seems more and more difficult to fit into any traditional framework: the traditional North-South divide is superseded by an East-West divide. Relationships in this region, experiencing an imbalanced development and growth, and where monetary cooperation might

precede free trade, reveal more than anywhere else the fundamental impact of FDI on regional specializations and on local market penetration strategies.

**The spatial reconnection:** Peripheral reconnection is the result of the combination of gravitational proximity dynamics and a complex web of multilateral, regional, and bilateral trade agreements. The reduction of transportation costs has accelerated the IDPP and facilitated the integration of peripheral countries into the world economy. Europe and the United States have not limited their trade preferences to their natural border areas and have signed transcontinental trade agreements in the last decade. Consequently, an open global trading system emerged, as geography isn't considered a barrier to trade, rather an untapped opportunity to trade new products, to develop new niches. However, under the proximity effects, reconnection became multidirectional. Will this logic continue, or will it give way to regional reconnections, with each North connected to its "own" South? Many signs point to the status quo: the evolution of multilateralism; multinational corporations strategies, as markets are viewed only at the global scale. Nevertheless, four items may counter this trend and favor a more regionalized reconnection:

- the transportation-energy combo, if it alters the IDPP, particularly in fresh products or heavy industries;
- increase competition to access emerging economies' resources (access to markets, skilled labor, raw materials, etc.) lead Northern countries to better control these resources in a region where they possess advantages in terms of sociocultural proximity;
- the attitude of the North's populations towards the persistence or increase in migratory pressures from the South, which might incite each northern region to focus its preferences on its immigrating South, in the hopes of curtailing this trend;
- more generally, the objective of Northern countries to conduct regionalized co-development policies in order to better control environmental risks and political upheavals in their region.

The objective of RINOS' 2007 conference is not so much to provide answers to these two broad questions as to enable a clearer understanding of reconnection effects. Reconnection, and more generally, globalization, involves restructuring processes at the economic, social, and territorial levels. These reorganizations are numerous and differentiated. They simultaneously apply to the South and the North. They are primarily economic, stemming from price considerations (changes in relative prices, goods, but also in production means), yet, no economy can exist outside society and geography. Restructuring effects are social and territorial: they involve economic, social, and territorial elements, all of which are rooted in geography, history, and national institutions and cultures. Thus, every country's reorganization is unique, and every nation's globalization is particular. It simultaneously involves sectoral changes in the economy, surplus allocation, and wage adjustments as well as territorial equilibriums.

**Sectoral reorganization.** Trade liberalization alters goods' relative prices. They (price adjustments) lead to inter-industry (particularly agriculture/industry, labor intensive industries/high tech industries) and intra-industry (in agriculture, between imports and exports, within every industrial sector, through IDPP) restructuring.

**Surplus allocation reorganization.** Trade liberalization is generally presented as improving consumers' welfare. It is argued that lower prices, resulting from the elimination of rent protection policies, lead to an increase in consumer welfare. In the South, trade liberalization is often presented as a poverty relief policy. Unfortunately, consumer prices have not decreased to expected levels. Additionally, liberalization, through intersectoral and intrasectoral rent transfers,

redistributes rents and profits nationally and internationally, hence modifying surplus allocation conditions.

**Labor and wage reorganization.** Trade liberalization transforms the productive and economic insertion of men and women. By expanding labor competition to the global market, trade liberalization redefines wage structures, social nets and pension systems. It alters the way of life and social relationships as a whole.

**Territorial reorganization.** Globalization deepens while renewing the multiseular process of the scale and economic geography. Firms move, establishing and transferring their operations, in search of the greatest comparative or social advantages, depressing economic life here or stimulating it there, leading to territorial recomposition and changes in *land value*.

RINOS invites economists, managers, geographers, urban planners, political scientists, sociologists, and jurists to debate North-South dynamics, their institutional and normative frameworks, and their restructuring effects. The following topics are given as an indication:

Multilateralism, Regionalism, bilateralism, and North-South Reconnection  
Investment and North-South Reconnection  
Judicial norms and North-South Reconnection  
Energy, transportation, and International division of  
Technological divide and North-South Reconnection  
North-South Integration and sectoral recomposition  
Value chain and North-South Integration  
North-South Integration, surplus reallocation and macroeconomic policies  
North-South Integration, , qualifications, wage *rapport*, and migration  
North-South Integration, rural and urban territories  
North-South Integration and the environment

**Calendar:**

January 15<sup>th</sup> 2007: Submission deadline for abstracts (title, author, mailing address, email and 2 page abstract). They must be sent to <delphine.mercier@univmed.fr> and <henri.regnault@univ-pau.fr>.

February 15<sup>th</sup> 2007: Notification of accepted presentations.

June 1<sup>st</sup> 2007: Submission deadline for communications.

**Author Instructions:** Definitive criterions will be communicated upon acceptance of communications. Anticipate 20 pages maximum, Times New Roman 11 points, single-spaced. Communications can be written and presented in French, English or Spanish.

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