

HOW IS ANDALUSIA PERFORMING IN THE GLOBALISATION OF THE 21ST CENTURY?

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I. INTRODUCTORY ARGUMENTS

Andalusia played a historically decisive role in the globalisation process (Pérez-Mallaina, 2010) from 1492 onward. That geographic globalisation process (Levy, dir., 2008) has been closing since the 1980s with economic globalisation, wherein Andalusia behaves as it has done for centuries: semi-peripherally, i.e. as periphery of the centre (Albuquerque, 2008).

Globalisation has turned things around since the 1980s, even more so in the 21st century, vis-à-vis the pernicious commercial circle of underdevelopment (Toribio, 2003). Demographically, half of the globe – China, India and the so-called Asian dragons – nowadays sell us their manufactured products; they are our biggest creditors and their transnational enterprises (according to figures from a 2015 UNCTAD report) have a growing and now very significant stake in global commerce. After three decades of historically unprecedented growth in those newly industrialised Asian nations, and despite their political authoritarianism, shortcomings in labour and ecological regulation, and extraordinary social and spatial inequalities and imbalances, those so-called emergent economies now account for not only half the planet's population but also 50 percent of global economic activity (Ruiz, 2008).

Indeed, Piketty (2013) highlights that the worldwide globalisation process is generating an effect which we can call two-speed. To wit: the territorial differences of globalisation have mitigated owing to extraordinary growth of the economic Pacific in convergence with the relative decline or end of the historic divergence of the North-American and European Atlantic (Ferguson, 2011). However, the relentless growth of inequality in the structure of global society is undisputable (Stiglitz, 2015). A 2015 Credit Suisse report indicates that 1 percent of the world's population – the super-rich from the developed north (above all the USA and United Kingdom) as well as the emergent or underdeveloped periphery (especially China and Russia) – have as much net or invested money as the remaining 99 percent of the

global population. Those 36 million stand privileged over the 7.383 billion human beings who inhabited the world in February 2016 (Hay and Beaverstock, eds., 2016).

This impressive disparity in the globalisation society – marking red lines of inequality deeper than those traced on the eve of the first British Industrial Revolution (Landes, 1999) – between the aforementioned privileged few and the rest of humanity, far from healing, has continued expanding since the Great Recession began in 2008.

In the wake of the hitherto unprecedented growth of the Asian economies, the economies previously considered as advanced, developed or central, wherein Andalusia is peripherally included, have presented significant trade deficits (except Japan and Germany). Moreover, trade liberalisation, industrial relocation and uncontrolled flow of financial capital have led to dismantlement of a large part of European industrial capacity, with millions of jobs lost, destruction of the middle class, increased inequality and welfare state adjustments (Fontana, 2011).

The question we ask is: how does Andalusia play in this global panorama?

II. REGARDING ANDALUSIA'S POSITION AND SITUATION IN THE WORLD

Andalusia's position in the world is usually considered fortunate and strategic (Cano, dir., 1987). Geostrategic location, historic crossroads of peoples, amply endowed with natural and cultural resources – are those three aspects of our geographic position in the world still of use in a global world? Admittedly, our situational stereotypes have comparatively diminished while others have changed expressively, we believe for the worse.

Globalisation in the aftermath of the 20th century has not resolved our position in the world (or we have not known how to take advantages of the respective changes). Rather, our southern and peripheral burden in the European Union has deepened. We maintain a subsidiary position in Europe, even after the major European spending in Andalusia via the Structural Funds (Moreno, Renart and Vidal, 2012).

Neither the hypothesis of geography as decisive for our comparative advantages, nor that of affluent rather than rich culture, nor ignorance (know-how) of how to make good use of the aforementioned Andalusian situational resources, explain to us what Andalusia lacks. And even less so does the theory of dependence. Why hasn't Andalusia behaved like an emerging society with the help of the European Structural Funds and globalisation? (Cuadrado-Roura, ed., 2010). Unfortunately, the signs have increasingly fewer geographic components and it is tiring to repetitively mention the history of Andalusia, blaming everything that happens today on what happened three centuries ago. It will be worthwhile to look inward and from the inside, above all at the Andalusian elites and also the Andalusian political elites, instead of from the outside, to observe how Andalusia is behaving amid globalisation.

It must be considered whether physical capital, whether European transfers, whether constant investment in installed capacity, is by itself a right pathway toward European convergence, relative development and a more fortunate insertion in globalisation. As we shall see, in Andalusia's case the answer is no. We lack inclusivity and competitiveness, more business fabric with dimension and economies of scale (Martín, 2015).

Andalusia and its three decades of autonomous decentralisation have splendidly emphasised equity (also territorial) and social inclusion. For some the lack of structuring is repeated (without specifically explaining the term), though the system of Andalusian cities is the most balanced in southern Europe (including the entire Iberian Peninsula). And cities undergoing globalisation, like it or not, compete (Derudder et al. eds., 2011; Glaeser, 2011).

But Andalusia's inequality, despite its growth with equity since its development as an autonomous community, when compared to the European central territories, remains too high (Cardenete and Ordóñez, 2011).

In globalisation, Andalusia does not move in the best of possible worlds, nor does it count economic spaces (close are only the coast and the Seville metropolitan area) where productivity and innovation put us on the path to European convergence or an emerging globalisation territory. But it is fortunately true that neither does Andalusia present in that respect comparative advantages of the Asian-economy type, *vis-à-vis* salary, absences or deficiencies in social and environmental regulation, insecurity, authoritarianism and extractivity, etc., (López-Rodríguez and Faiña, 2007). We are situated in that median of two speeds, competitive neither above nor below (Rifkin, 2014). It is obvious that apart from the known economic (or better, entrepreneurial) archipelagos of aeronautic, mining, chemical, property/tourism, olive oil, fruit and vegetable, coastal or port nature (Jordá and Ruiz, 2009), the Andalusian territory lacks self-centred growth in globalisation (Vázquez, 2007). Hence the value of the equity policies implemented to date, albeit with scant impact on retro-feeding economic growth toward European convergence and global insertion. Even equity fades amid the constant and structural figures of devastating unemployment. Jobs are created by companies and not by public action alone (Vallés, 2003). The biggest mistake of autonomous decentralisation was to believe that it would be able to stimulate sustainable economic development in a global world, viewing enterprises as mere agents devoted to converting economic and infrastructure incentives into investment, production and employment (Márquez, Ramajo y Hewings, 2011).

In this hyper-connected world Andalusia maintains its appeal when it comes to making use of technological globalisation. What's missing has never happened in Andalusia: hooking up without delay to processes of technological change involving social and institutional changes that make room for what is coming – the acceleration of technology, i.e. practically all aspects of life will be transformed by the dramatic arrival of technology, which is growing exponentially to impact everything we do and how we do it. It is the emergence of creative destruction. The insertion agenda implies widespread knowledge of English, international experience, knowledge of educational excellence centres in the advanced world, global ambition, and resolution of planetary problems – the intangible new forms of dynamic comparative advantages in globalisation.

In this sort of introspection, the idea of the good life that many Andalusians have of themselves, and moreover as Andalusia is seen from the outside (Marchena, 2007), should not be incompatible with conducts closer to competitiveness, innovation and labour, and consequently more in line with global insertion which requires more economic and rational conducts and attitudes (Castells and Himanen, eds., 2014). The challenge is how to make the art of living compatible with the art of producing.

III. THE COMPETITIVENESS OF ANDALUSIA IN 21ST CENTURY GLOBALISATION: AN EMPIRICAL ANALYSIS

The 2007 crisis had a bigger and negative relative impact on the structure and evolution of the Andalusian economy's strategic and employment sectors, as expected (Cardenete and López, 2012), particularly in the divergence from other Spanish and European territories, with a bigger drop of the industrial production index, widening of the unemployment gap and structural stagnation; even with an improved external balance, insufficient demand is also noted (Campoy et al., 2014).

Andalusia has gained competitiveness in the Spanish and European context, though this has been achieved spuriously, through reduction of the employed population or increased unemployment and, likewise bad, because salaries have fallen. This is what we call apparent increase of productivity, given that fewer people are at work for a similar production level and with lower real salaries. The most plausible explanation for this state of affairs is consequently that along with more destruction of jobs with less added value (which explains improvements in labour productivity), an intensification of production rhythms has occurred.

This peripheral and 'Asiatic' competitiveness is obviously not the most desirable for global insertion of the Andalusian economy, above all when we have seen that there are no signs of change in the extractive and peripheral production model.

We believe, however, that salary adjustment has reached its limit as a means to achieve price reductions and production improvements. It is unavoidable at this point to act on variables other than salary compensations, which determine production costs and hence the costs of selling Andalusian products.

This has two corollaries: one, that policies must be implemented which act on the remaining production costs and also on the margins, a decisive factor for final prices; and two, that if the intention is to overcome the external imbalance that the Andalusian economy suffers structurally, there would be a need to modify the external competitiveness strategy, redirecting our sales from branches of low-range lower-cost products toward others of middle/high-range and higher added value (Cardenete, dir., 2016). This has been labelled change in the model and production specialisation. In the globalisation process, tertiary sector dynamism has been fundamental; Andalusia continues to present scant exterior orientation with respect to those productions, in both exports and outside investment.

The growth of Andalusian merchandise exports has been driven (undisputable growth – up 66.1 percent from 2008 to 2014 – and the Andalusian economy is much more open than in 2008, 13 points more) by activities backed by strong tradition or special localisation in the autonomous community, such as refining production and minerals such as copper or the case of agro-food activity, electric material or transport material, along with the ubiquitous cycle of tourism expansion, followed by its notable contraction. Nothing new under the sun: the main exporting done by Andalusia comes from consumption by non-residents in the region. Tourism consumption (according to the 2010 Input/Output Framework of Andalusia) accounts for 19.4 percent of total exports of goods and services from our autonomous community.

IV. BY WAY OF CONCLUSIONS: URGENT CHANGES FOR ANDALUSIAN GLOBALISATION

The crisis, far from becoming an opportunity used by the Andalusian economy to modify its production structure, key for any potential improvement of its external competitiveness, has reaffirmed its weaknesses: an unbearable and long-lasting general, youth and female unemployment rate, with social exclusion consequences; education and loss of human capital; small size of Andalusian companies and their R&D&I efforts; lack of social recognition of entrepreneurs (beyond a respective shortfall) and of research; and the absence of external recognition of Andalusian products.

In 2016, to meet conventional indicators, most of the Euro-zone countries exited the crisis and are facing new globalisation challenges. Neither Spain nor Andalusia recovered their pre-2009 GDP levels and have returned to jobless rates that we might consider 'full unemployment'. The current impression is that we did not learn from the crisis: parameters of speculative culture are maintained (financial and property investment) over entrepreneurial culture (productive investment). The economic culture is wholly geared to quick gains, 'bubbles' and limited effort, which is unfortunately instilled among a significant portion of economic decision-makers in Andalusia. Perhaps the behaviour of those rentier attitudes is the most negative among the opportunities that might be found amid this post-crisis globalisation – those elites in the extractive frame of mind whereby the economy will improve and subsidies and certain privileges from public contracting will again become available, i.e. the profit-seekers and not the productive entrepreneurs.

We are more inclined toward a change of production model (a cliché) which in Andalusia has to do with a change of institutional conditions, with more inclusion, business competitiveness not based solely on salary costs, and technological density, and with increasing consensus on not disdaining the relevant and strategic role of tourism, to make a material priority from the scope of public policies and business decisions the industrialisation of Andalusia – the par excellence gap regarding the lack of specialisation of our production model in globalisation.

The time of setting quantitative employment horizons is over; now it is one of designing and beginning a comprehensive path of strategic orientation of the scopes (particularly industrial) of opportunity and business in the globalisation and externalisation of Andalusia. That seems unavoidable; the respective defence will bring more headaches, though it is possible to insert aggressively and positively. The mental change and public support for productive enterprise appears essential to us in this process of aggressive insertion – fewer instructions and more measures in this respect from the autonomous government of Andalusia are indispensable.

How is this done, what is its know-how? Doubtless for us to look at ourselves, at our responsibilities and particularly at that of the regional elites – an institution-oriented view – in order for them to support greater shares of responsibility and entrepreneurial participation and less of rentier business superstructure; at an operative configuration of the autonomous government of Andalusia tied to economic growth (this has been very efficient in its equitable facet) and competitive insertion in the globalisation of the 21st century.

