The urban politics of strategic coupling in global production networks

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Introduction: the intersections of urban politics and global production networks

‘… global production arrangements are concrete determinations of social and spatial divisions of labor. Places do not “enter into” global supply chains; rather, places and global arrangements of production dynamically reproduce one another’ (Werner 2015: 184).

This chapter develops the argument that a widely-used conceptual apparatus from economic geography — the global production networks (GPN) framework — can be used to reveal much about the nature, possibilities, and limitations of urban politics in the contemporary era. Bringing these conceptual domains into dialogue is an appealing prospect given that both literatures attempt to offer a multi-scalar perspective, and hold the territorial and relational dimensions of their core phenomena in productive tension. While work on urban politics increasingly seeks to place territorial formations within wider relational webs of circulation and exchange, GPN research identifies networked global formations and evaluates the territorial developmental impacts on the places that are enrolled therein.

This conversation has great potential benefit for both relational economic geography and urban politics research. Over the past twenty years or so, global production networks — broadly defined as organisationally fragmented, spatially dispersed, and globally coordinated production systems — have emerged as the ‘world economy’s backbone and central nervous system’ (Cattaneo et al. 2010: 7). Global production networks are thus organisational arrangements, coordinated by powerful transnational corporate actors known as lead firms, which produce goods and services across multiple geographical locations for global markets (Coe and Yeung 2015). The fact that some 60 percent of global trade is now accounted for by
exchanges of intermediate (i.e. unfinished) goods and services (UNCTAD 2013) provides a powerful indication of the prevalence of these globally-networked production systems (also termed global commodity/value chains by some). From an urban politics perspective, therefore, understanding the economic development trajectories of cities — and struggles thereover — increasingly need to be seen from the context of how these cities are ‘plugged in’ to global production networks.

From a GPN perspective there is also much to gain. Many studies of global production networks focus primarily on the ‘global’, networked dimensions of production systems, at the expense of understanding the cities and territories that mutually constitute those global network formations; it is as though global production networks ‘touch down’ on the head of the pin. Foregrounding urban politics, however, allows us to reveal the concrete, sprawling, and multi-centric places that are enrolled into such networks, and the contestations and struggles over the economic value generated by these intersections (Levy 2008). As we will see in this chapter, these distributional struggles have both social and spatial dimensions; that is, between actors directly connected to global production networks and those who are excluded, and between territories that are variously ‘plugged in’ to a greater or lesser extent. In simple terms, the consideration of urban politics can help us move from profiling development ‘in’ a given locality to the thornier issue of development ‘of’ that locality.

Arguably, then (and as the opening epigram of this chapter alludes), global production networks and urban politics should be seen as mutually constitutive, or at least overlapping and intersecting, fields. Global production networks are not external to urban politics, but rather reflect the real-world production structures, processes, and social relations through which economic development in urban territories is shaped. Similarly, urban politics are
reflective of the contested processes of economic development surrounding globally networked production systems. In this chapter, we will explore these intersections in three stages. First, we will consider in greater detail how GPN theory is well suited to providing a framing for these discussions. Here the concept of strategic coupling will be introduced as a key analytic. Second, the strategic coupling concept will be unpacked to reveal the multiple modes and types of coupling that exist in the contemporary global economy, demonstrating the various ways whereby urban territories may be incorporated into wider regional and global production networks. Third, the urban politics of strategic coupling will be evaluated as the domain through which the inherent tensions and frictions of urban economic development and governance are negotiated and contested.

**Using the GPN approach to frame the economic development of city-regions**

GPN theory clearly does not offer the only starting point for conceptualising urban economic development processes in the context of the global economy. Current debates are, arguably, heavily inflected by the World-City Network (WCN) approach (e.g. Taylor 2004; Taylor et al. 2010), which is mostly focused on mapping a narrow range of sectors of corporate activity (specifically, advanced producer/business services). This results in a rather partial understanding of the place of cities in global corporate networks, and how urban spaces are governed by a range of powerful economic agents operating at multiple spatial scales (Coe et al. 2010). Our contention is that GPN analysis provides a more flexible and nuanced way to investigate the dynamics of powerful economic actors (e.g. transnational corporations) in globalising cities and can thus more deeply unpack urban politics in a global setting.

GPN theory has three important attributes that make it amenable to framing the notion of urban politics in relation to economic development in a globalising economy. First, it is a
multi-actor approach. Such networks are understood as being constituted through complex meshes of intra-, inter-, and extra-firm networks — the latter of which brings non-firm actors such as the state, international organisations, labour groups, consumers, and civil society groups into view as crucial elements of global production networks who may, in turn, shape firm activities within the particular places absorbed into the networks. In so doing, this approach also brings to the fore the institutional context of global production networks, as actors with different territorial responsibilities interact and intersect. Second, global production networks are systems of power relations in which ongoing negotiations and struggles occur over processes of value creation, enhancement (i.e. value adding), and capture (i.e. those actors and/or places where value is ultimately retained). Global production networks, therefore, are inherently and unavoidably political-economic formations (Levy 2008). From a GPN perspective, power is understood as a relational attribute; it is transaction-specific, and coexists with relations of mutual interest and dependency.

Third, global production networks are conceptualised as simultaneously networked and territorial formations, combining both a ‘vertical’ dimension in which economic activities are organised at scales ranging from the local to the global, and a ‘horizontal’ territorial interface through which production is embedded in on-the-ground territorial formations such as clusters, cities, and city-regions (Coe and Yeung 2015). In this regard, research on the territorial and developmental aspects of global production networks tends to revolve around the ‘region’ as a spatial setting for the interactions between transnational corporate networks and localised assets, even as these exchanges are not restricted to exclusively regional spaces alone. To this end, such a viewpoint perhaps underplays how global production networks are underpinned by urban dynamics, and the ways whereby they necessarily intersect with specific urban territories (Coe et al. 2010; Vind and Fold 2010).
Thinking of global production networks in terms of their ‘vertical’ and ‘horizontal’
dimensions pushes us to move beyond viewing the city as a point in Cartesian space, and to
identify it as a territorial entity crucial to the rhythms of economic development. In particular,
it leads us to reflect on how ‘urban’ politics can take on different spatial forms; as Scott
(2001) describes, these can range across central metropolitan areas and their hinterlands, a set
of overlapping urban areas (i.e. a conurbation), or a regional network of distinct cities. More
broadly, it speaks to emerging debates within urban politics concerning the ‘where’ of urban
conflicts, together with the distinctly urban dimensions of capitalism (Rodgers et al. 2014),
which cannot be reduced to either the metropolis or the suburbs, as earlier research has tended
to do (Young and Keil 2014). A wider perspective allows us to keep the sectoral diversity of
the economy in view — as opposed to the advanced producer service/central business district
lens perpetuated by WCN research — and highlight the full range of urban actors and
spatialities that are relationally linked through global production networks. Seeing the world
economy as an interconnected mosaic of porous urban-regional economies complicates the
notion of ‘the urban’, and posits the functional city-region as the key analytical unit for
understanding processes of economic development. As Scott et al. (2011: 11, emphasis
added) describes, ‘it has become increasingly apparent that the city in the narrow sense is less
an appropriate or viable unit of local social organisation than city-regions or regional
networks of cities’.

More specifically, we argue that the notion of strategic coupling developed in the
GPN literature (Coe et al. 2004; Yeung 2009) offers great analytical potential for
comprehending the mutually constitutive intersections between urban politics and global
production networks. In line with our aforementioned evoking of city-regions, GPN analysis
posits that the key locus for understanding economic development is the sub-national region (which here we equate with the city-region): firms are situated in particular places, not merely within national economies, and all regions have distinctive spatio-institutional conditions that shape development practices and processes. The city-region is thus the basic geographical building block through which patterns of economic growth and decline should be interpreted. Importantly, strategic coupling pays analytical attention to both endogenous growth factors within specific territories and the strategic needs of extra-local actors coordinating global production networks — notably lead firms. Development is thereby conceptualised as a dynamic outcome of the complex interactions between region-specific networks and global production networks within the context of evolving regional governance structures. Regional development is understood as being shaped by these patterns of interaction, rather than just inherent territorial advantages or deterministic top-down globalisation processes.

In the strategic coupling framework, endogenous factors are seen as necessary but insufficient for generating growth in an era of increasingly global competition. For development to take place, a locality must be able to leverage the local human, technological, and institutional resource base. In Figure 1, the term ‘regional assets’ (Storper 1997) is used to delineate these necessary preconditions for regional development. In general, these assets can produce two types of economies. On the one hand, economies of scale can be achieved in certain regions through highly localised, place-based concentrations of specific knowledge, skills, and expertise. On the other hand, economies of scope can exist if these regions are able to reap the intangible benefits of learning and the co-operative atmosphere embedded in these agglomerations. GPN analysis suggests that these economies of scale and scope are only advantageous to regions — and are able to bring about regional development — insofar as they can complement the strategic needs of lead firms in global production networks. As
shown in Figure 1, when such a complementary effect exists between regions and global production networks, a developmental process of *strategic coupling* will take place through which regional assets interact with the strategic needs of actors in these global production networks.

[Figure 1 about here]

The notion of strategic coupling has several important characteristics (see also MacKinnon 2012). First, it is strategic in that it needs intentional and active intervention on the part of both regional institutions and global production network actors. Second, it transcends territorial boundaries as actors at different spatial scales interact. In other words, many of the key strategic decisions that determine the nature of coupling within a particular locality are undertaken beyond its boundaries by actors associated with other spatial scales (e.g. national, global). Third, it is time-space contingent in being a temporary coalition between local and non-local actors that is subject to change. The strategic coupling of local actors (firms and extra-firm organisations) with lead firms in global production networks should not be construed in functionalist terms because the coupling process is not automatic, nor is it always successful or beneficial for the actors and localities involved. In many cases, coupling is not so much strategic as it is structural: MacKinnon (2012), for instance, argues that the term ‘structural coupling’ crucially emphasises the continued relevance of themes such as uneven regional development and corporate dominance, which require deeper interrogation of the exact nature of development in/of any given territory. The developmental process, then, needs to be critically evaluated because it changes across time and space in different geographical contexts. Hence, regional development can be fruitfully cast in
evolutionary terms as being shaped by periods of strategic coupling in sequence with phases of decoupling and subsequent recoupling (Bair and Werner 2011).

In Figure 1, the coupling process is seen to work through the processes of value creation, enhancement, and capture. Regional assets can become an advantage for development only if they fit the strategic needs of global production networks. This process requires the presence of appropriate institutional structures that simultaneously promote regional advantages and enhance the locality’s articulation into global production networks. It is critical here that the notion of ‘regional’ institutions includes not only regionally-specific institutions, but also local arms of national/supranational bodies (e.g. a trade union’s local chapters), and extra-local institutions that affect activities within the region without necessarily having a physical presence (e.g. a national tax authority). These multi-scalar ‘regional’ institutions are pivotal because they can provide the ‘glue’ that ties down global production networks in particular localities. Generally, the more a region is integrated into global production networks, the more likely it is able to reap the benefits of economies of scale and scope in these networks, but the less likely it is able to control its own fate. However, when their region-specific assets are highly complementary to the strategic needs of global production network actors, regional institutions may be able to bargain with lead firms and negotiate the terms of entry in ways that mean power relations are not necessarily one-way, and in favour of the latter.

Even based on this short introductory account, the potential for connecting to debates on urban politics should be clear. The notion of multi-scalar institutions is directly linked to urban political actors and the ways whereby urban politics needs to be understood as shaped, in relational terms, by processes operating in other places and at multiple spatial scales.
Strategic coupling captures how urban politics is simultaneously both an ‘inward’ (in terms of developing and managing localised assets) and ‘outward’ (in terms of negotiating with global production network actors) domain. Moreover, these two facets seem to align, respectively, with the spaces of dependence and engagement so powerfully delineated by Cox (1998). Therefore, as Figure 1 intimates, urban-regional politics are implicated in rather than external to the dynamics of strategic coupling. At the core — at least in the area of economic development — are concerns over the creation, enhancement, and capture of value, both by the urban-regional economy as a whole, but also among the local and extra-local actors enrolled therein. And these interactions of bargaining and cooperation, and dependency and transformation, are two-way in nature; in some contexts, global production networks will drive key aspects of urban politics and institutional agendas, but equally in others, institutional strategies will lead to reconfigurations of global production network structures. In sum, for matters of economic development, urban politics constitutes the core domain through which strategic coupling between city-regions and global production networks is contested and negotiated.

**Integrating city-regions into global production networks through strategic coupling**

If the idea of strategic coupling powerfully explains how different city-regions can be variously articulated into the global economy (as networked sites of production and consumption), in this section we use this concept to illustrate these diverse modes of incorporation, together with the organisational dynamics that underlie such processes. As we have detailed, key to the strategic coupling concept are the different ways actors in city-regions may purposefully interact with those in global production networks to pursue particular developmental outcomes through mobilising localised assets. As Yeung (2009) suggests, there is a certain element of *directionality* to such engagements. They can be
broadly viewed from the standpoint of lead firms seeking to invest in particular localities and in the process incorporating regional actors into the wider production system, or regional actors who take the initiative to ‘reach out’ and forge transactional relationships with global production network actors. The former takes on an ‘outside-in’ nature, where the interaction is initiated by external actors, while the latter can be framed more as an ‘inside-out’ engagement, where coupling is set in motion by regional actors. From this we may begin to parse different forms of contemporary economic globalisation to better comprehend the ways in which urban territories are entwined with the global economy, and with what implications.

In an effort to delineate this multi-faceted concept, Coe and Yeung (2015: 184) provide a nuanced account of the modes of strategic coupling that may exist between actors and territories, which can be categorised as:

- **Indigenous** couplings: These are initiated by urban-regional actors, who reach beyond their domestic territories with the explicit aim of forging relationships with global production network actors; this direction of coupling allows local actors to hold a presumably greater degree of autonomy in dealing with external actors, which has implications for the nature and outcomes of bargaining between actors.

- **Functional** couplings: These can be initiated by either urban-regional actors or global production network actors, where city-regions and their localised assets are envisioned as capable of fulfilling the functional requirements of global production networks; given the ambiguity in direction, the question of autonomy is an open one.

- **Structural** couplings: These occur when global production network actors initiate interactions with urban-regional actors to enroll their territories into wider corporate networks; this direction of coupling suggests that the city-region is constituted primarily through a state of dependency and reliance on external actors and factors.
These three modes of incorporation are further illustrated in Table 1 through various types and real-world examples of strategic coupling between city-regions and global production networks.

[Table 1 about here]

In what follows, we draw on empirical examples from the wider literature to show the multiple ways diverse city-regions can be articulated into global production networks, and more generally how urban economic development is organised, influenced, and shaped in a globalising setting by various corporate and institutional interests. Where innovation hubs are concerned, these are positioned as city-regions which constitute a ‘home-base’ from which lead firms can construct and steer global production networks. There is a discernible notion of leadership — together with a relational interplay of power — as actors in these localities presumably possess more organisational power than others in shaping the network, and deciding the terms of entry by which other city-regions are to be enrolled. For example, the growth of the LCD (Liquid Crystal Display) industry in the Seoul Metropolitan Area reflects the multi-scalar entanglements of state, institutional, and business interests within and beyond Seoul itself to develop suitable home-base advantages for lead firms such as Samsung Electronics and LG Display, enabling them to create and drive global production networks in the sector through different clusters (Lee et al. 2014). As Lee et al. (2014) further elaborate, the efforts of state governments at multiple scales overseeing these clusters are concentrated in the realms of financial and institutional support, with the aims of retaining Samsung and LG’s investments in the clusters specific to their jurisdictions, and to ensure more generally a state of national competitiveness in the LCD sector. For instance, not only has the national
state provided significant amounts of funding to support Samsung’s locational decisions in the Asan-Tangjung cluster, it has also established supportive regional institutions and technology centers to provide technological assistance to firms and stimulate mutually beneficial inter-firm and extra-firm exchanges. More generally, state governments at multiple scales have ensured beneficial planning outcomes and the construction of regional innovation systems, which collectively constitute favorable territorial assets for coupling. As a consequence of cluster formation in this context, display-related foreign suppliers, particularly those from Japan, have built operations in Gyeonggi Province to supply parts and materials to LG and Samsung. The creation and development of LCD clusters in Seoul both contributes to, and is reflective of, strategic coupling between South Korean transnational corporations (TNCs), regional actors and state institutions, and foreign suppliers and TNCs based in these clusters.

Similar to the sort of leadership position innovation hubs hold in global production networks, global cities would seem to provide a privileged space for the convergence of lead firm headquarters and specialised service providers. As Parnreiter (2010: 36) argues, global cities are ‘the places where producer services, in other words the means to deal with and to control complex cross-border networks of production and distribution, are provided, [allowing] each global city [to] constitute a significant juncture in numberless production networks’ (emphasis added). Global cities, then, are viewed as the ‘decision cities’ from which the global economy is governed (Rossi et al. 2007). These complex processes are cast as mutually reinforcing linkages by Brown et al. (2010), who assert that the very function of global cities in production networks is to establish control over the generation of value, in so doing ensuring that their position in these transnational corporate networks is sustained through the further accumulation of value. As they go on to show in a case study of the coffee production network, major roasting companies constitute the lead firms in this context; these
TNCs manage their complex global operations through strategically coupling with producer service intermediaries – particularly banking and financial institutions and advertising agencies – in New York and London. Through the forging of these transactional linkages, the coffee production network is not only ‘disseminated’, but also centralised through global-relational urban networks in very specific parts of cities (Brown et al. 2010: 24).

In terms of international partnerships, the potential of urban-regional actors to integrate their territories into global production networks hinges on their ability to negotiate and cultivate transactional, yet beneficial linkages with lead firms. In order to achieve these mutually productive relationships, place-based actors must be capable of manipulating distinctive territorial assets to fit the strategic and functional requirements of global lead firms. It is perhaps unsurprising that territories which best fit this mode of coupling are those of high-growth city-regions (Yeung 2015). As an international business hub, Singapore is able to mobilise strategic resources such as good physical infrastructure, beneficial policies, tax incentives, and easy access to knowledge institutes. In this context, Savage and Pow (2001) have commented that Singapore is able to offer a ‘total package’ to TNCs consisting of both economic and political security benefits. This ability, however, is predicated on Singapore’s spatial scale as a global city state, wherein the political and economic priorities of the city and the nation-state converge, allowing the state government to transcend a great deal of the inter-locality competition and political gridlocking that impedes most other municipalities (Olds and Yeung 2004; Yeung 2010). State and institutional actors have almost absolute control over matters such as urban planning and labour flows, ensuring both a strategic capacity and flexibility to continually mould territorial resources in ways that fit the requirements of lead firms and their production networks.
This functional sense of strategic coupling would also seem to pervade logistics hubs, where cities and their wider regional hinterlands operate as sites for the construction and development of transport nodes such as seaports and airports. City-regions which are well-equipped with the requisite functional transportation and logistics infrastructure become promoted by state and institutional actors as favored regulatory nodes through which global production networks run and are governed (Hesse 2008; Raimbault et al. 2016). As Hesse (2010: 85-86) argues, ‘cities have to rearrange site and situation to become part of the chain(s)… cities have to behave like organisational units and try to catch a certain position in the chain’, laying emphasis on how the logistical capacities of city-regions are in essence strategic assets for articulating themselves in wider transnational corporate networks, and controlling the generation of value. To this end, a city-region’s logistical capabilities and its economic developmental fortunes appear to be mutually entwined possibilities. For instance, Jacobs and Lagendijk (2014) detail how port expansions in Rotterdam are triggered, influenced, and stabilised by broader shifts in the global shipping industry. Municipal port actors – primarily the city’s port authority and trucking companies – have capitalised on these opportunities for coupling with external actors by upgrading the seaport infrastructure. Consequently, this is meant to improve Rotterdam’s potential to receive the largest vessels in the business, strengthening its competitive position vis-à-vis neighboring port cities such as Hamburg and Antwerp. What further consolidates the bargaining capacity of state and institutional actors is Rotterdam’s ‘Mainport’ policy, which has historically served to garner support for port planning and expansion, and also serves to reflect how regional and national institutions rely on Rotterdam’s position in global shipping and logistical networks to enhance their economic basis (Jacobs and Lagendijk 2014). Collectively, these material and institutional assets are localised and distinctive enough to distinguish Rotterdam as a prime logistics hub, securing its position in the global economy as a key logistics node, and
enhancing its bargaining power and ability to shape the terms of coupling with global production network actors.

Another case of functional coupling exists in market regions, which exist as key localities for sales and distribution for a range of global production networks. These city-regions are integrated into global production networks for reasons related to their possession of a significant corporate and/or final customer base, and typically hold regional assets that are fairly generic, in which case they are more reliant on the demands of lead firms and their production networks. In the case of automotive industries, rapidly growing domestic markets — coupled with investment liberalisation — in Asian city-regions have provided a strong customer base, and global lead firms in the automotive industry have sought to capitalise on such conditions. In Chinese city-regions, such as Chongqing, Guangzhou, and Tianjin, strategic coupling between Chinese local governments and automobile firms and global lead firms in the industry (e.g. GM and Audi) has been facilitated through the low costs of factors of production like land and labour (Liu and Dicken 2006). Similarly, in the Rayong and Samutprakarn provinces of Thailand, the Thai national government has enabled strategic coupling through the development of sub-national government organisations such as the Thailand Automotive Institute, the purpose of which is to enhance the skills of the Thai workforce and assist local companies in order to meet the needs of lead firms such as BMW (Coe et al. 2004).

If the earlier modes of strategic coupling can be characterised as cases where city-regions potentially hold a greater degree of autonomy — due to the relatively distinctive territorial assets they are able to control and leverage as a source of bargaining power — the case of assembly platforms demonstrates a structural form of coupling where city-regions...
are more dependent on the global production networks into which they are integrated. These city-regions typically feature the standardised assembly of offshored goods for export, and offer low costs of labour and land, as well as tax incentives, as key assets for coupling with lead firms. Personal computer (PC) investments in the Yangtze River Delta, for Yang (2009), results from municipal governments in the proximate city-regions promoting notebook clusters. City governments in Suzhou and Kunshan have, for instance, developed key policies such as land and tax incentives to attract leading Taiwanese PC firms. These approaches have been supplemented with different forms of institutional support, such as the construction of various industrial parks and development zones, as well as ensuring easy access to high-ranking government officials. Yang (2009) terms partnerships between municipal governments and Taiwanese lead firms as examples of ‘explicit coupling’ that indicate actions by local actors to place their localities into global production networks. However, given that the regional assets in this case are largely predicated on the low costs of land and labour — and are hence fairly generic — the risk of decoupling is high, as the Taiwanese lead firms continue to retain a high degree of bargaining power, which translates into an ability to play different city-regions against each other to secure the most favorable terms of entry (Yang 2009).

This range of examples provides a fairly comprehensive view of the diversities of urban economic development in a globalising world. In this regard we believe that the strategic coupling concept has several advantages for urban scholars who wish to better grasp the functional and economic dimensions of global-relational urban linkages. First, it illustrates how specific urban-regional spaces may be variously integrated into global production networks, and how this is framed by notions of power and autonomy for the firm and extra-firm actors and territories involved. Second, it questions the assumption that city-regions need
to function as production bases in order to be articulated into wider corporate networks. Depending on the sector in question, the needs of global production networks might require localities to take on different operations, such as logistical nodes or bases for advanced producer services. Third, it pushes us to more vigorously examine questions of power in these transactional partnerships by reinforcing the possibility that the mere presence of strategic coupling in no way guarantees positive developmental outcomes. It is to this territorial question of politics and tensions in/of strategic coupling to which we now turn.

**The politics of integrating city-regions into global production networks**

By framing urban regional development as a dynamic outcome of exchanges of bargaining and negotiation between territories and global production networks, the concept of strategic coupling foregrounds the differentiated capacities of city-regional actors to mobilise capital and public resources in a fashion competitive enough to meet the needs, and facilitate the embedding, of incoming lead firms and their production networks. In this vein, GPN research has frequently been accused of underplaying the tensions and disarticulations manifested in the inherently uneven powers of city-regions to ground production networks (Levy 2008), which highlight the politics of growth and unevenness that emerge within and between regions. These issues of power within global production networks recall Christopherson and Clark’s (2007) observations on the politics of network participation: namely that powerful actors — in this case lead firms — would not remain in networks were they not deriving disproportionately large benefits of participation, and that belonging to networks allows members to enjoy various forms of exclusivity that are largely inaccessible to non-participants. Clearly, and contra ‘flat’ and apolitical conceptions of network participation, there is a hierarchy and structure of actors and priorities that serve to unevenly (re)produce these networked forms of social and economic organisation.
In the reproducing of global production networks and processes of strategic coupling, there are aspects of unevenness and inequity to the bargaining process that have begun to receive attention. In an exploratory discussion of the ‘dark side’ of strategic coupling, Coe and Hess (2011) point out the asymmetries of this economic integration. They note that strategic coupling is capable of ‘producing’ significant economic gains on an aggregate level, [but] in many cases it also causes *intra-regional disarticulations*’ which reflect the politics of growth and unevenness that emerge within regions. For the authors, this “‘dark side’ of strategic coupling not only affects firms and their growth potential, but also, and maybe more importantly, the opportunities and livelihoods of people and households, and hence raises serious questions about the value generated, enhanced, and captured within the region’ (ibid: 134, emphasis added). Following this, the negative consequences of territorial integration into global production networks — or ‘disarticulations’ — across longer-term regional growth trajectories are conceived through the notions of ‘frictions’ and ‘ruptures’ (Coe and Hess 2011). While the former draws on Anna Tsing’s (2005) idea of ‘friction’ to delineate the sort of everyday discontinuities and tensions that are inherent to economic development, the latter is embodied in the form of more destabilising forces that amount to the disintegration of inter-firm and extra-firm partnerships (see also MacKinnon 2012; Yeung 2015).

In both scenarios, conflicts speak to the different *struggles* over the distribution of value and capital between different actors and localities: who/what is implicated in the generation of value, and whom does this process ultimately serve? At their core these questions are both political and spatial. In the case of cities, these are situated within ‘increasingly volatile, financialised circuits of capital accumulation’; they are also ‘arenas in which conflicts and contradictions associated with historically and geographically specific
accumulation strategies are expressed and fought out’ (Brenner et al. 2009: 176). Given these aspects of capital-related conflict, we believe the concept of strategic coupling helps us understand struggles over value accumulation and distribution, and the politics of production, in city-regions. By illuminating different registers of the political more broadly when it comes to the development of urban regional economies in a globalising context, strategic coupling is able to provide a lens into the urban politics of economic development. The fundamental point here is to examine, as Coe and Yeung (2015: 190) argue, how these developmental processes are framed by ‘wider influences that will also shape the character of regional economic growth (or decline) that results from strategic coupling with global production networks’. As we show in what follows, there are three dimensions to this.

First, strategic coupling draws attention to the range of actors and their interactions that contribute towards economic development. More precisely, in conceptualising regional development as the ongoing outcome of engagements between (translocal) firm and extra-firm organisations across different sites and scales, GPN research places these corporate and institutional actors at the forefront of economic activity. This is not to say, however, that other extra-firm actors are neglected; work on labour organisations as active shapers of economic developmental processes, for example, has been growing in recent years (e.g. Cumbers et al. 2008; Phillips 2011). For instance, Rainnie et al. (2011) consider how workers’ actions are implicated in the restructuring of production networks, and the exploitation of vulnerabilities in lead firms’ distribution systems; in other words, labour, as an embodied extra-firm agent, is able to significantly influence the rhythms of value extraction. Where the territorial and institutional contexts of city-regions are concerned, the range of actors capable of shaping the terms and outcomes of strategic coupling — and the ‘fixing’ of global production networks in particular places, as it were — seems similarly diverse. If urban governance is conceived as a
two-way endeavor that is inflected not just by formal, top-down strategies emanating from the exclusive realm of elites, but also bottom-up tactics from other urban actors, then various stakeholders involved in the decision-making of cities come into play. This includes: municipal and regional government and institutional organisations, business elites, non-governmental bodies such as civil society organisations, and the ordinary citizens that make up urban populations.

Second, there remains the need to interrogate the distribution of value across the various actors and localities involved. Strategic coupling, as aforementioned, works through processes of value creation, enhancement, and capture. It is imperative, however, to reiterate the fact that the presence of value creation and enhancement is often skewed in favour of powerful lead firms, and frequently comes at the expense of the actors and city-regions in which these production networks ‘touch down’ (Christopherson and Clark, 2007). In this respect there remains the need to critically examine the uneven distribution of these supposed benefits, and how ‘positive value capture dynamics at the firm and regional level may or may not lead to improved terms and conditions for those that are labouring to produce that value’ (Coe and Yeung 2015: 192). The case of the Shunde District in China’s Pearl River Delta, for instance, shows that the successful coupling of latecomer domestic firms with lead Taiwanese firms in the information technology industry belies the weak bargaining power the locality actually holds due to its reliance on low cost factors of production. Consequently, local firms continue to remain captive to global lead firms for the import of key components and prospects of technological upgrading, and they remain vulnerable to the domination of lead firms in terms of price adjustments and technological change (Liu and Yang 2013).
Evidently, the intra-regional politics of growth reflect the unequal distribution of the advantages of strategic coupling across global production network actors within the same city-region. More fundamentally, greater consideration needs to be given to how the benefits of strategic coupling are distributed within the region across actors who might not be directly plugged into these networks (Coe and Yeung 2015). In other words, are local actors and institutions able to retain the resources obtained from their integration into global production networks for the development of the region, rather than continuing to satisfy conditions of coupling for development in the region? Kelly (2009) suggests instead the term ‘global reproduction networks’ to foreground the actors and spaces of social reproduction that are in many cases integral to regional development, even as they may be less directly plugged into global production networks. This would, for example, shift our view to households as a unit of socio-economic analysis, together with intersecting dynamics of gender and race. In any case, this pushes us to take a more multi-faceted approach towards regional development and value capture. In so doing, these distributional elements raise fundamental questions of who/what exactly captures the gains of strategic coupling between city-regions and global production networks, which in no small part constitute the urban politics of regional development. They also highlight the need to remain cognizant of how exactly processes of strategic coupling are always already situated within pre-existing social, institutional, and regulatory conditions of city-regions, for these contribute towards an understanding of broader regional development impacts.

Third, we should remember that even as city-regions are increasingly positioned as producers and recipients of globalising dynamics, they continue to be embedded in their national space economies, and subject to the motivations and policies of their national states. It follows that national states continue to influence how institutional strategies and policies at
sub-national levels are designed and implemented across space, as well as determining the national terms of entry for lead firms. These all have profound impacts on how processes of strategic coupling are conceived and wrought. More generally, the importance of the national state is more evident in some policy realms than others, for instance, when it comes to macro-regional trade and industrial policy, as well as constructions of spatial developmental zones that are intended to ground lead firms and their production networks. For example, Lee et al. (2013) call for more attention to forging connections between global production networks and the national state, showing how Korean national agendas of growing competitiveness and boosting industry growth have been the driving force behind the development of industry clusters and parks in the Seoul Metropolitan Area. These in turn have served as an attractive regional asset to strengthen domestic lead firms and their production networks in the LCD industry, as well as embedding foreign lead firms and their supplier networks.

Arguably, the significance of the national state is evidently more prevalent in contexts of centralised governance — wherein national governments continue to retain a high degree of power — as opposed to federations with more decentralised governance. In any case, it is imperative to consider the state ‘as a multi-scalar intermediary that profoundly affects regional-level developmental outcomes’ (Coe and Yeung 2015: 194; see also Smith 2015). At a broader level, the politico-ideological orientation of the national government (e.g. neoliberal versus developmental) also regulates the nature and its degree of involvement in sub-national matters of development. Collectively, these conditions have wider implications for how nation-states are able to influence the terms and outcomes of strategic coupling within their national territories.
Conclusion: the urban politics of global production networks

In this chapter we have sought to draw useful connections between two bodies of work on relational economic geography and urban politics. Using the global production networks framework, we have elaborated on its relevance for discussions of the politics of urban economic development in globalising contexts. As we have argued, the GPN framework is a multi-actor and multi-scalar one that lays emphasis on the crucial involvement of non-firm actors for growth, and the politics of their participation in processes of economic development. Furthermore, it also leads us to examine the city-region as a territorial and institutional setting for the grounding of global production networks. In particular, we have focused on the concept of strategic coupling to unpack the integration of sub-national city-regions into wider regional and global production networks through qualitatively different modes of coupling, and examined some of the implications of these transactional exchanges.

As we have shown, these relational linkages may be manifested in distributional struggles over growth; at a deeper level, they are inescapably bound to uneven outcomes of bargaining, dependency, and power. These are issues which are inherent to contemporary processes forms of economic globalisation and development, but also critically constitute the urban politics surrounding the insertion and governance of city-regions into regional and global production networks, together with their longer-term developmental trajectories. Where cities and their broader hinterlands are concerned, at least, the consideration of GPN theory should serve to strengthen our understanding of their urban politics and evolutionary processes of economic growth and decline.
Bibliography


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Singapore, pp. 109-121.


Figure 1: Urban politics and the strategic coupling process

Source: developed from Coe and Yeung 2015, Figure 1.2.
Table 1: Key types of strategic coupling between city-regions and global production networks

<table>
<thead>
<tr>
<th>Type</th>
<th>Mode of coupling</th>
<th>Brief description</th>
<th>Examples of city-regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation hubs</td>
<td>Indigenous</td>
<td>Domestic territories of lead firms that drive global production networks</td>
<td>Silicon Valley, Seoul, Stockholm</td>
</tr>
<tr>
<td>Global cities</td>
<td>Indigenous</td>
<td>Spaces of convergence for the headquarters of lead firms and specialised service providers</td>
<td>London, New York, Tokyo</td>
</tr>
<tr>
<td>International partnerships</td>
<td>Functional</td>
<td>Spaces where partnerships between local and extra-local actors are negotiated and cultivated to meet the needs of global lead firms</td>
<td>Singapore, Taipei-Hsinchu, Rotterdam</td>
</tr>
<tr>
<td>Logistics hubs</td>
<td>Functional</td>
<td>Transportation infrastructure that coordinates global production networks through various forms of service provision</td>
<td>Singapore, Shanghai, Rotterdam</td>
</tr>
<tr>
<td>Market regions</td>
<td>Functional</td>
<td>Key locality to coordinate various global production networks through sales and distribution</td>
<td>Various city-regions in Pacific Asia</td>
</tr>
<tr>
<td>Type</td>
<td>Mode of coupling</td>
<td>Brief description</td>
<td>Examples of city-regions</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
<td>-------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Assembly platforms</td>
<td>Structural</td>
<td>Standardised assembly of offshored goods and services for export</td>
<td>Pearl River Delta, Yangtze River Delta, Greater Bangkok</td>
</tr>
</tbody>
</table>

Source: derived from Coe and Yeung, 2015, Table 5.3.

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1 In this chapter, we use the acronym ‘GPN’ to denote the theoretical framework, and ‘global production networks’ to refer to the empirical phenomenon.
2 The examples from Table 1 are extracted from a more extensive list of cases of strategic coupling that are not restricted to city-regions alone (see Coe and Yeung 2015, Table 5.3).