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Theorising State Borders in Capitalism: Spatial Fixes Old and New

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Abstract

An earlier CIBR Working Paper, *Theorising State Borders: 'Politics/Economics' and Democracy in Capitalism,* focused on the apparent contradiction of a globalised world economy which is politically divided into a multiplicity of territorial national states. Discussion concentrated on aspects of borders that are peculiar to capitalism and stem from its partial separation or contradictory unity of politics and economics. This partial separation, unique to the capitalist mode of production, was seen to be a pre-condition both of the political sovereignty or independence of national states, and of the contemporary economic 'globalisation' of production which involves the widespread export of capital to these independent countries. It was suggested that the world economy and the political system of bordered states should be conceived as a single system - albeit one with internal contradictions - and that the notion of two separate 'logics' may be misleading (Anderson 2001). To explore these issues in more concrete terms, it was decided to concentrate on the somewhat narrower focus of cross-border labour migration which perhaps exemplifies the contradictory unity of 'politics/economics' at its sharpest. Labour is pre-eminently 'economic' but when the 'free labour' of capitalism crosses borders it is subjected to additional *extra*-economic compulsions, political, cultural and ideological. Thus borders are used to regulate and control labour in various ways, though not as generally supposed and there is more - and less - to border controls than meets the eye. However, in accounts of contemporary globalisation we found that cross-border flows of labour seemed to be relatively neglected compared to flows of capital. This was despite migrant labour's recently increased importance: quantitative in the large numbers of people involved, and arguably qualitative in its wider implications for the economy. In this paper we formulate the hypothesis that labour immigration to the core regions of the world economy now constitutes a new 'spatial fix' for capitalist crisis, and further that it operates in a new combination with the 'old fix' of exporting capital (1).

I. Exporting capital or importing labour?

A major contradiction of the contemporary global system is widely seen as lying between the hyper-mobility of transnational capital and the immobility of labour still caged within national borders (see e.g., Amin 1996). The relatively free transnational movement of capital, goods and information across borders is contrasted to the lack of such freedom for people in general and labour in particular. Sometimes the contrast is highlighted as demonstrating the inconsistency of a neo-liberalism which is not prepared to extend to labour the freedom of movement which it vigorously demands for the other factors of production. Yet labour migration across borders has recently been large scale and in some respects unprecedented. For example, Ireland quite suddenly went from being a country of chronic out-migration since the 19th century, and of threatened economic crisis in the 1980s, to a country of substantial in-migration in the 1990s (see MacLoughlin 1994, MacEinri 2002). Immigrant labour, although subjected to hostile and racist reactions as in other 'host' countries, was clearly a major factor behind the economic success of the 'Celtic Tiger' (2).

More significantly, the USA, as the major 'motor' of the global economy (its multinationals directly responsible for the 'Celtic Tiger'), also went from recession in the 1980s to the "economic boom of the 1990s... created on the back of foreign workers and a decade that saw the highest number of immigrants in the country's history" (*Guardian* 3.12.02). Initially they were partly hidden from official enumeration, but in 2002 it was estimated that during the 1990s more than 13.5 million workers entered the United States, arriving at an even greater rate than during the "Great Wave" of immigration around the turn of the 19th century, and from a much wider range of countries (Sum *et al 2002*). The 13.5 million estimate (perhaps under-estimate) includes an astonishing 9 million undocumented immigrants working in the US illegally in mostly low-paid jobs (3).

In fact a wide range of 'First World' countries including Japan have experienced high levels of in-migration with significant proportions undocumented or hidden (4). This immigration, particularly of low paid labour from 'Third' and former 'Second World' countries, is historically unmatched in quantity and in the characteristics of the migrants and migratory processes. It might partly be explained as meeting the needs of 'ageing' indigenous populations in the 'First World' but clearly much more is involved. After all, Ireland's population is the youngest in Western Europe; and some of the hidden element of contemporary immigration seems new. This, in turn, it might be argued, could explain why migrant labour is systematically underplayed or even ignored in some contemporary 'globalisation' theory - despite differences of political perspective (e.g., Amin 1996; Stiglitz 2002), the emphasis is all or mostly on the mobility of capital, even though the importing of labour, especially cheap labour, is strongly associated with economic success. But again, much more is involved.

The export of capital to non-capitalist, under-developed or cheap labour peripheries and colonies has for long been seem as one possible 'external solution' or 'spatial fix' for economic crises of over-accumulation in the core regions of the world economy (Harvey 2001). But could it be that this 'old' fix - which we can call 'Fix 1' - has perhaps been replaced or supplemented, by a new, partly hidden and unrecognised 'Fix 2' where cheap labour is imported to the core economies from the peripheries? Instead of capital being exported from the core to low-wage peripheral areas in an attempt to counter crisis tendencies, has there been an historic switch to importing labour from the periphery to the core, and especially to low-paid, low-skill jobs in the core? (5) This 'Fix 2' hypothesis is our main focus, but having dealt initially with the old Fix 1, we also address the secondary hypothesis that Fix 1 is now making a come-back with the new 'imperial turn'. As Fix 1 with its emphasis on 'external' colonies was integral to the old imperialism, is it regaining importance in the new imperialism, with the result that both fixes perhaps now operate as alternative solutions or in tandem, rather than being mutually exclusive?

These questions are addressed in the next three sections which deal with the old Fix 1, the new Fix 2, and then both fixes together. They explicate our basic model of 'Two Spatial Fixes' (Fig. 1):

***Figure 1*: TWO SPATIAL FIXES for CRISES OF OVER-ACCUMULATION in CORE ECONOMIES**

	FIX 1	FIX 2
Main flow	Capital moves from core to periphery	Labour moves from periphery to core
Reverse flow	Profit remittances sent back to core	Wage remittances sent back to periphery
Subsidiary flow	In 19th century, core labour 'colonisation' of periphery	Since 1980s, debt repayments from periphery to core

Our model and hypotheses necessarily encompass a number of other very complex issues. Hence this initial working paper is provisional, schematic for the sake of clarity and still confined to a general theoretical level rather than attempting detailed empirical 'proof' of the hypotheses. Four issues have particular relevance: the meaning of 'crisis'; the different periods in capitalism's historical development which help explain the different 'fixes' pursued by capital; the appropriate levels or units of analysis which have also changed over time; and the regulatory role of state borders in cheapening labour. Both spatial fixes, rather than being simply an abstract matter of the direction of flows of capital or labour - *to* or *from* core and periphery - have to be seen as responses to crisis tendencies, and they have to be contextualised in terms of changes in the structure of labour markets, of global geopolitics and geoeconomics.

Section II outlines capitalism's crisis tendencies and various 'fixes' for them. It starts with David Harvey's (2001) exposition of the 'external solution' of exporting capital, the old Fix 1, from its Hegelian roots through to Marxist and liberal theories of imperialism in the late 19th century. But to speak now of '*external* solutions' is highly problematical since capitalism has become a globalised system and no longer has any significant *non*-capitalist colonies or peripheries. Section III therefore discusses appropriate units of analysis for understanding crisis tendencies, and possible definitions of 'core(s)' and 'periphery(ies)' for analysing our hypothesised Fix 2. It situates Fix 2 in terms of: the neo-liberal de-regulation of core labour markets in the 1980s and 90s (see Peck 2001, Jessop 2003); the concentration of cheap immigrant labour in particular sectors in the core (e.g., agri-industry and services); and the role of borders and border controls as regulators or filters which further cheapen already cheap peripheral labour, allowing it in under duress rather than actually denying entry. The contradiction between hyper-mobile capital and immobile labour caged by borders is less than the full story, and this story is even more contradictory than the inconsistencies of neo-liberalism might suggest.

Fix 2 has also to be contextualised more globally in terms of the retreat of core capital from large areas of the world - what Michael Mann (2001) calls 'ostracising imperialism', and what for Ankie Hoogvelt (1997) is 'imploding globalisation'. 'Imploding' points to the over-accumulation of capital within the core, while 'ostracising' points to the actively selective, discriminatory and contradictory character of the new imperialism. Huge reserve supplies of under-used labour have been created in the periphery, while simultaneously there is increased demand for labour concentrated within the core - the pre-conditions for Fix 2. But the implosive effects of Fix 2 further concentrate capital in the core and increase the difficulties in finding profitable outlets for it - exacerbating the very problem it was meant to solve - and hence these conditions are also giving rise to a re-assertion of Fix 1 and the export of capital. In Section III we point to the selective re-incorporation or 're-colonisation' of the 'ostracised periphery', both informally and in more formal territorial 'empires'. The new imperialism has been highlighted by the USA's aggressive neo-conservatism in the aftermath of '9/11', but arguably better examples of selective re-incorporation can be found, informal ones in the spectacular economic growth of China and India, and more formal ones in the selective expansion of the European Union which involves both Fix 1 and Fix 2. Whether these fixes can solve capitalism's crisis tendencies is another question.

II. The old Fix 1 and other fixes

Harvey (2001) in a very stimulating account traced the traditional 'spatial fix' for capitalist crisis back to Hegel and von Thunen in the 1820s before it was developed by Marx in mid-century. Their theorising about the export of capital to counter crisis tendencies was borne out in the empirical reality of the 'Great Depression' of 1873-96 and the early 20th century - the 'high noon' of empire and inter-imperialist rivalry in the decades leading up to WWI in 1914. It was further theorised by Hobson, Lenin, Luxemburg, Bukharin and others after it had emerged in practice with exports of capital and labour to formal and informal colonies. However, in the inter-war period the export of capital (and labour) was reduced in the general tendency towards 'closed' economies and 'autarky', and Harvey (2001) seems to suggest that the spatial fix of capital exports may alternate with autarky (6).

Most of the early theorists saw this spatial fix as in some sense located outside the 'core' of the capitalist system and requiring the export of surplus capital. Hegel and von Thunen did not believe that the 'internal solution' of Adam Smith's 'hidden hand of the market' was capable of delivering social harmony and a 'just wage' in the core economies. Setting up colonies to take surplus capital and population was Hegel's answer, while for von Thunen (who objected to imperialism on ethical grounds) 'colonies' were only a theoretical device which he thought enabled him to calculate a just minimum wage for workers which could be ensured by the state (the minimum being that required to retain a population from leaving to set their own businesses in his hypothetical 'colony') (Harvey 2001, 286-293). This 'internal solution' was rubbished as 'childish' by Marx. He saw the poverty of a 'reserve army' of unemployed workers as facilitating capital accumulation; in his theory crisis tendencies were internally generated within the capitalism mode of production and an internal solution was impossible.

The whole weight of theoretical argument was thus on the export of capital and on capitalism as a geographically expanding system (as distinct from the recently imploding one). With imperialism new markets were created beyond the existing core of capitalism, though according to Lenin and others this also fuelled the inter-state, imperialist rivalries which led to WWI.

Countering crisis tendencies

There were theoretical differences between those, such as Lenin, who saw the threat of crisis in the *over-production* of capital which needed new investment outlets, and those, such as Luxemburg, who stressed the problem of *under-consumption* and the need to find new markets for the goods produced. However, both the 'under-consumptionists' and the 'over-productionists' agreed that capital export was a key short-term counter to capitalism's crisis tendencies (though there were also disagreements about how short or long the 'short-term' might be). The 'export emphasis' thus became a standard part of the Marxist theory of economic crisis (e.g., Sweezy 1942; Mandel 1978).

Stated at its simplest, crises are inherent in capitalism because its 'over-production/under-consumption' tendencies lead to a fall in profit rates. Over time capitalists have to invest more and more capital to get the same return in profit - and the theory deals with various ways this inherent tendency can be countered or off-set. Crises result from an in-built tendency for profit rates to fall because of the over-accumulation of capital, the under-consumption of its products and a shortage of further outlets for profitable investment - in short, capitalism is the victim of its success. Solutions, including 'spatial fixes', therefore have to attempt to counter over-accumulation and falling profits.

There are several major ways in which these tendencies can be offset, at least temporarily. Technological innovation can make production more efficient. Another very general counter to over-accumulation is actually crisis: in the form of recessions, they lead to the devaluation of capital, weaker capitals go bankrupt and fixed capital is written-off or it gets taken over cheaply by stronger rivals, leaving increased profit-making possibilities for the capitals which survive. Most drastic, but also most successful in capitalism's 'crazy logic', is the 'major surgery' of physically destroying capital on a large scale and hence restoring the profitability of the capital which remains in a renewed round of accumulation. This is effectively what happens in major wars, such as World War II which devastated much of Europe, Japan and adjacent areas. It established the basic pre-conditions for the long post-war boom up to the early 1970s which saw a general restoration of high profit rates across the capitalist system as a consequence of this destruction of capital (especially in the 'losing states' in the inter-imperialist rivalry). This post-war boom was also a consequence of the peacetime 'permanent arms economy' (PAE) where huge expenditures on stock-piled weaponry in the Cold War, most notably by the USA (the 'winning state' in the inter-imperialist rivalry), was in effect also a massive destruction of capital, taking resources out of competitive circulation and extending the boom for western capitalism (Kidron 1970). In addition, the tendency to over-accumulate surplus capital within the relatively unscathed USA was countered by it exporting capital to the 'losing states' (including in economic terms a devastated Britain) as part of their post-war reconstruction, and they became effectively US 'colonies' (economically, and for a time politically in the cases of Germany and Japan) - in what, from a US perspective, was a version of Fix 1. The overall result of these various war-time and post-war fixes was capitalism's greatest ever boom - its most sustained period of growth and high profits - until it ended in the 1970s following the re-emergence of a general fall in profit rates after the mid-1960s (see Brenner 2002) (7).

Compared to war and the PAE, the spatial fixes are less drastic and less destructive but also more limited ways of offsetting crisis tendencies in the core of the world economy. They involve bringing together surplus capital and cheaper labour in new ventures, and cheaper labour can be an alternative to investment in technological innovation thus slowing economic growth in the longer term. Given the highly uneven nature of capitalist development (especially with 'implosion' and 'ostracisation'), the capital and labour are inevitably distributed very differently in geographic space and therefore bringing them together must involve one or other (or both) moving. Thus, at their most basic, spatial Fix 1 is the export of core capital which moves to labour in the periphery; and Fix 2 is the import of peripheral labour which moves in order to work for capital in the core. Fix 1 'gets rid' of the core's surplus capital by exporting it; Fix 2 'absorbs' surplus core capital *in situ* by importing cheaper labour and making further investment within the core more profitable than would otherwise be the case.

However this simple model needs refinements (see Fig. 1). In the nineteenth century Fix 1 involved labour as well as capital being exported from the core to the colonies, but with surpluses of cheap proletarianised labour now available in the periphery that is no longer generally necessary (apart from some technical or managerial staff, and indeed the main basis of Fix 1 is now the cheaper labour already available in the periphery) (8). In Fix 1 there are also reverse flows of capital or profits back to the core, and in the case of Fix 2, reverse flows of immigrants' remittances back to the periphery. The importing of migrant labour in Fix 2 is also associated with the attracting of foreign capital (as in the cases of Ireland and the USA, for the concentration of capital within the core happens unevenly between the different core countries). However, despite these additional complexities (and others, below), there remains the basic distinction between the old spatial fix of the core exporting capital and our new one where it imports labour.

III. The new Fix 2: border effects and structural changes in periphery and core

The possibility of a switch from exporting capital to importing labour was foreseen by Lenin and the Austrian Marxist, Otto Bauer, though it was scoffed at by Rosa Luxemburg who under-estimated the huge untapped reserves of labour power in the colonies "once self-sustaining rural producers could be detached from the land" (Cohen 1987, 252-3). Now of course to a considerable extent they have become detached (or want to be detached) by proletarianisation in the periphery, a necessary, though not sufficient, pre-condition for Fix 2. The structural reasons for its emergence include the effects of borders on immigrant labour; changes in its supply and demand with global ostracisation and implosion; and a complex relative geography of multiple 'peripheries' and 'cores' rather than simply core and periphery in the singular.

Immigrant labour from the colonies or former colonies and other peripheries (e.g., from the West Indies, India, Africa, Turkey) was undoubtedly essential to Europe's post-war reconstruction and to it sharing in the greatest boom in capitalism's history. Whether this immigration should be regarded as a case of Fix 2, however, is very questionable. After all, the system-wide crisis of over-accumulation had already been solved by wartime destruction and peacetime arms expenditure. Devastated Europe, at least initially, was more akin to the under-developed colonies of the 19th century receiving capital and labour; and, as we have seen, the export of capital from the USA to Europe and Japan was an instance of Fix 1 countering over-accumulation within the US. Fix 1 and Fix 2 are emphatically not 'opposite sides of the same coin' as seen from core or periphery; in both cases the 'fix' applies to the core, and any benefits to the periphery (e.g., in capital or wage remittances received) are secondary to the main argument about dealing with the problem of over-accumulation in the core. But while the context and nature of post-war labour immigration from the periphery was qualitatively different from the more recent Fix 2 immigration, it did establish some of the precedents for the different migration patterns which have developed since the boom ended in the 1970s. On the other hand, origins and destinations are now much more diverse, and in general migration and the associated jobs are more transitory or short-term as far as individual migrants are concerned.

With the return of generalised crisis tendencies (signalled by the early 1970s 'oil crisis'), a wholesale flight of industrial capital and jobs to low-wage countries resulting in a 'new international division of labour' had been widely expected - in effect a full-blown reassertion of Fix 1. It did not happen, and the reasons why help explain the emergence of Fix 2. There were some exceptions - for example relatively low skill, labour intensive textile manufacturing was re-located to the periphery on a substantial scale. But more generally the advantages of exporting capital were limited or curtailed by such factors as the relatively high skill and capital intensity of much modern industry, the shortages of suitably skilled labour in the cheap labour periphery, and also the greater (and increasing) threat of political (and other forms of) instability outside the advanced core areas of world capitalism. Instead, in the neo-liberal 1980s and 1990s much of the exploitation of the periphery was through the 'debt crisis: capital transfers from poor to rich countries in loan repayments at increased interest rates; IMF-imposed 'structural adjustment programmes' and the buying up of cheap privatised assets - what Harvey (2004) usefully re-christens 'accumulation by dispossession' (9).

This devastated much of 'Third' and former 'Second World' society making it even more politically unstable and risky for the long-term industrial investment of core capital. Most FDI (again with some significant exceptions) therefore stayed within the core (see below). With 'imploding' and 'ostracising' globalisation the scene was set for Fix 2 and the exploitation through immigration of un- or under-employed labour from the periphery which was becoming less accessible for exploitation *in situ*. As we shall see, exploitation through immigration was facilitated by the neo-liberal de-regulation of labour markets in the core (and particularly in the USA, Ireland and Britain). But first we need to consider the relative neglect of labour flows and the role of borders, and the fact that here regulation has if anything increased, though in contradictory fashion.

Contradictions of labour, border controls and labour's 'triple freedom'

There are some notable exceptions to the general downplaying of contemporary labour migration, as in the pioneering work of Robin Cohen and Nigel Harris for example (10), but paradoxically the reasons for the downplaying also help explain the nature of Fix 2. Firstly, the new migrants have tended to be hidden, at least until very recently, and statistically they often remain hidden. Periodic censuses often fail to record them, both because of cultural factors and because of the often transient, fluid or unstable character of migratory paths at the level of individual migrants. Simply because of timing, individuals may escape periodic enumerations even if legally 'documented' as immigrants. Many are very low paid, socially marginalised, unassimilated and largely 'unseen' by the 'host society', as is reflected in some of the labels attached to them: 'the new helots' (Cohen 1987), the 'new untouchables' (Harris 1995). There have also been time-lags before researchers catch up with reality. Illegal entry and illegal forms of exploitation may be involved, or so it is often assumed, and state and other authorities prefer to 'turn a blind eye'. (11) The issue may also be avoided in case of giving any support to right wing xenophobic exaggerations of what is widely characterised as 'the problem' of immigration - when in fact it is a solution - and its partly hidden dimension makes it particularly vulnerable to 'migration myths' (see King *et al* 2003) and gross exaggeration, including from supposedly 'respectable' politicians (12).

The issues surrounding Fix 2 are inherently complex quite apart from legal or political sensitivities. Empirically it is not a simple matter of migrants moving straight from a clearly delimited periphery to a clearly delimited core, but rather complicated patterns of migrations, of 'local' cores and peripheries in the plural, of *cascades* rather than simple flows. South Koreans and Taiwanese migrate as cheap labour to the USA, while their home countries import even cheaper labour from their south-east Asian peripheries; east Europeans work in Portugal and in Ireland, but Portuguese also work in Ireland, while

Portugal and Ireland provide relatively cheap labour in the USA (13). Furthermore, labour migrants may be lumped together with 'refugees', and humanitarian or cultural identity questions, while important, often sideline economic ones. This is just one of the ways in which the reality that immigrants make an economic contribution to the core is systematically obscured. And where it is considered as meeting the needs of ageing indigenous populations, that deflects from the possibility that immigrant labour might provide a 'fix' for more general crisis tendencies. Instead, immigrant workers - willing to work and prepared to travel to find it - are now denigrated as '*economic* refugees' - a new 'undeserving poor' sometimes distinguished from ordinary, perhaps deserving, refugees. Where state borders are involved neo-liberal orthodoxy is stood on its head.

Immigration is widely presented in terms of the 'host' country generously struggling to cope with its perhaps undeserving 'guests', here because of 'push' factors in peripheral countries of origin ('crisis-ridden', 'war-torn', 'poor', 'underdeveloped'). This is plausible considering the devastation wrought by neo-liberal globalisation, but it ignores or systematically understates the 'pull' factors of demand for labour in the core economies. It is mostly 'pull' factors which explain migrant labour's particular destinations in the core. The difficulties involved in migrating across borders from periphery to core, and the generally 'networked' rather than speculative character of migration - typically dependent on family, acquaintances, or labour agencies for (hopefully) reliable information about where workers are needed (Harris 1995, 50-1) - all suggest that 'pull' factors of demand for labour are crucial. Of course, both 'push' and 'pull' factors should be considered together, and clearly a key factor is the huge disparities in wage levels between countries of origin and destination which can be up to a factor of 10 or more for broadly comparable jobs (14). Indeed both ends of the migratory chain are subject to essentially the same core-inspired neo-liberalism, and it seems neo-liberal orthodoxy disappears only at borders.

As already suggested, critics of neo-liberalism understandably emphasise the contradiction between its championing of de-regulation and market freedoms for the movement for capital but increasing state controls and restrictions on labour, especially immigrant labour. As Samir Amin (1996, 220-1) observes, analysis at the abstract level of the capitalist mode of production might suggest the global market is integrated in all three dimensions of capital, goods and labour, but the concrete reality is 'a truncated integrated market reduced to the first two of those dimensions'. Some Marxist theory (e.g., Mandel 1975) forgets this 'abstract-concrete' distinction or remains too abstract, and hence is blind to labour imports (15). However, while neo-liberalism's critics are not inclined to downplay the magnitude of its contradiction, a contradiction which is to capital's advantage and labour's disadvantage, it has to be qualified properly to understand the advantages and disadvantages. Stating the contradiction in bald terms systematically under-estimates both the extent to which labour moves *despite* the restrictions, and the advantages which these (partial or variably ineffective) restrictions bring to capital, and especially capital which is less mobile transnationally. The reality is more a case of capital being relatively free in a legal sense to move across borders (e.g., because of the removal of exchange controls), but in fact often choosing not to for a variety of reasons (some of which are pre-conditions for Fix 2); while workers, who are much more restricted (e.g., by increased immigration controls and other political and cultural factors), nevertheless are in fact moving across borders in large numbers (as in Fix 2).

In this context state borders as regulators serve to cheapen and weaken labour. What Marx ironically called labour's 'double freedom' in capitalism (labour is legally free to work for any employer; but has to work for some employer because of the economic compulsion of being 'free' of ownership of means of production) applies at the abstract level of his *a*spatial mode of production (and in a single 'closed' national economy if treated in isolation). But in analysing the concrete reality of transnational labour markets operating in the highly territorialised spaces of national states in the plural, it is more accurately a 'triple freedom': there is an additional set of *extra*-economic compulsions stemming from capitalism's contradictory unity of economics *and* politics which is most in evidence at state borders (Wood 1995; Anderson 2001). In this case 'accumulation by dispossession' involves dispossessing workers of political rights and social status. The territoriality of borders, and their contradictory nature as 'bridges', 'barriers', 'resources' and 'symbols' (O'Dowd 2003), are a means of allowing migrants in while denying them legal and democratic rights, national and cultural 'belonging', and hence economic bargaining power (16).

The bordered territory of national states remain the primary arenas for the material and ideological reproduction and control of labour power, and not least in appeals to 'the national interest' and nationalistic opposition to 'foreign' and 'immigrant' workers. They can be easy 'scapegoats' if their jobs and allegedly 'generous' state assistance are counter-posed to, or posed as the 'cause' of, the declining material conditions of the indigenous workforce (17) - the whole working class weakened as a political force if it allows itself to be divided in this way by nationalistic ideology.

Border controls and immigration policies (e.g., quotas for particular types of labour) regulate labour flows in various overt and covert ways. In practice they often filter the supply of labour rather than stopping the supply even where that is ostensibly their function (see Heyman 1999). However, tighter border controls (e.g., because of fears of 'international terrorism' in the aftermath of '9/11') may harm employers of cheap immigrant labour - for example, the 'draconian monitoring and fingerprinting of all visitors entering the USA' was expected to seriously reduce 'the tide of illegal workers' (*Sunday Tribune* 25.5.03). On the other hand, there is also a more purely economic and essentially cyclical element when border controls are tightened. While the fashion for 'de-regulation' did not generally apply to borders (except in some respects inside the EU, for borders do 'distort' the neo-liberal market - (18)), now that re-regulation is in vogue, border regulations are also generally increasing. The official 'turning of blind eyes' to the porosity of border controls is more likely in a period of growth and increased demand for labour; conversely, a 'crack-down' on migrant workers becomes more probable after a growth phase has peaked, when recession looms, when capital requires less labour, and/or indigenous workers feel their own employment prospects are threatened. However, such periodic 'crack-downs' serve to reinforce the 'second class' or 'non' citizenship of migrants which is the basis for their extra-economic exploitation.

In short, capital could not afford to do without borders, conceived as flexible filters rather than the absolute barriers of nationalistic nostalgia. 'Borderless world' fantasies are precisely that, fantasies. Borders are a source of power for capital over labour. They may be transformed or re-located but they are 'here to stay'. Nowhere is this clearer than on the borders between the main core of the world economy and the periphery - between Europe and North Africa for example. These borders define global implosion and ostracisation; they also point to the appropriate units of analysis for analysing Fix 2 and contemporary expressions of Fix 1.

Global ostracisation and units of analysis

The appropriate units include the individual enterprises where most investment decisions are made, but falling profit rates and crises are generalised phenomena which apply to particular economic sectors, to states and to groups of states. The national state remains central to the reproduction of labour power (e.g., education, housing, and social welfare), to regulating labour flows across borders, and trying to attract mobile investment capital. But what are the appropriate groups of states and geographical scales of analysis, especially as they change from one period to the next? (19) Now that capitalism is a globalised system without any *non*-capitalist colonies, the idea of 'external' solutions is highly problematical - 'external' to what?

The most plausible answer is external to the core of the world economy - the advanced industrial countries with a few outliers - where the health or otherwise of world capitalism is mostly determined. A 'core-periphery' model now perhaps has greater purchase than formerly. On the one hand, the constituent 'national economies' of the core are now less autonomous and more interlinked (e.g., by mutual foreign direct investments - FDI) than formerly; and (though national units remain important) it now makes more sense to talk of the core as a whole and falling profits across the core as the thing to be 'fixed'. On the other hand, 'imploding globalisation' and 'ostracising imperialism' mean generally sharper distinctions between core and peripheral areas, as we saw with diverging wage levels (20). Mann (2001, 54) notes that international investment and trade have become much more concentrated within the so-called 'North', i.e., the core First World regions: between 1850 and 1950 'North-South' investment comprised about 50% of the world total, 'North-South' trade about 30%. But they have declined since 1950, and now all but about 10% of world investment and trade takes place within the core:

> "... if present trends continue, the share of Africa, the Middle East, Latin America, Central Eastern Europe and the countries of the former Soviet Union, all combined, would be down to only 5% of world trade by the year 2020 ....the poorest countries...are 'ostracised' by a capitalism which regards them as too risky for investment and trade....Northern capitalism unevenly but simultaneously integrates, dominates and ostracises across the world." (Mann 2001, 54, 72).

Areas 'too risky for investment' (including ones dominated by criminal investment in the drug trade, or torn by civil wars) cut off the Fix 1 option of mainstream capital exports to the periphery. Of course there are still substantial capital exports, and new parts of the periphery can be secured for a revived Fix 1 as we shall see. But capital flows from the core are curtailed and they are also off-set by debt flows in the other direction. Net flows from core to periphery have been a shrinking proportion of total flows; and they are now also much more selective geographically with "China alone absorbing well over half of current Northern investment in the South" (Mann 2001, 55). Thus much of the periphery has been 'ostracised' and currently has little to offer the core economically - except its 'helots and untouchables' as Fix 2 migrant labour.

A key question, however, is whether or not Fix 2 works in a 'strong' version for the core as a whole, or only in a 'weak' version for particular sectors or particular countries? Does it offset (even temporarily) the problem of over-accumulation or surplus capital in the core and hence increase capitalism's overall, generalised rate of profit; or does it merely help individual enterprises or states to 'off-load' the crisis on to immediate neighbours? Empirically this is inherently difficult to establish (e.g., different fixes operate simultaneously). However the circumstantial evidence suggests that immigrant labour from the peripheries was an essential ingredient of the general 1990s boom which was led by the USA but had core-wide benefits (e.g., in Ireland's 'Celtic Tiger', in turn also benefiting from the cheap migrant labour). In the case of the more neo-liberal countries such as the USA, the UK and Ireland, Fix 2 helped fuel the neo-liberal 'race to the bottom'. The benefits to capital of cheap labour were unevenly spread within the core, but core capital as a whole may nevertheless have benefited. At the very least Fix 2 is effective if not decisive in countering a fall in profits for particular firms, sectors and countries. National states openly compete to import FDI capital, and that in itself stimulates the (sometimes hidden) need to import more labour. Effectively economic success means displacing or off-loading the crisis tendencies on to *other* capitals, economies and states (a zero-sum game), *unless* the counter-tendencies, including Fix 2, are sufficient to raise the *general* rate of profit across the core as a whole.

However, even if Fix 2 does yield this result, its benefits are time-limited and sow the seeds of longer-term problems. As we saw from the general theory of crisis, capitalism is the victim of its own success. The Marxist analysis at the abstract level of the aspatial mode of production suggests that the success of particular capitals in accumulating more capital produces serious problems because it leads to general over-accumulation in the system. By the same token, at the level of concrete territorial space, the very success of an individual country in the competitive accumulation of capital *in situ* (and in attracting more of it from foreign investors), and the importing of labour to absorb it, leads to further over-accumulation in that country and longer term problems for the imploding core as a whole, and hence for the entire system. Rather than new markets being created in the periphery (as in Fix 1) - indeed existing markets have been *contracting* in much of the periphery - new markets and new demands are primarily generated *within* the core (e.g., through advertising; expensive 'designer' clothes becoming *de rigueur* for four year olds; the huge increase in 'eating out' - directly linked with cheap immigrant labour in new service jobs; the 'commodification of almost everything' and consumerism reflected in unprecedented levels of personal debt). The resulting (hyper- ?) concentration or 'implosion' of capital, not only within the core but especially in the more economically successful core countries or regions, gives an added spatial twist to the problems of over-accumulation, over and above the problems already established for the system in aspatial abstract. (21)

Thus in typically capitalist fashion, the Fix 2 solution exacerbates the problem it promises to solve. Its short-term cheapening of labour produces even greater accumulations of surplus capital in the core, and therefore may hasten the need for a return of Fix 1. But this diagnosis of short-term and particular successes breeding longer-term and more general failures does not imply that Fix 2 will be rejected. On the contrary, for individual capitalist enterprises and individual states - where the key decisions are made in their own particular interests, not according to some 'rational plan' for 'capital in general' - the imperatives are to ensure economic growth and avoid economic failure - and if the latter threatens, make sure it happens somewhere else. Capitalism is an anarchic 'beggar-thy-neighbour' competition, and the advantages of cheap immigrant labour are sufficient to ensure the continuity of Fix 2 irrespective of whether or not it is has beneficial core-wide effects. For individual enterprises reliant on cheap labour, the choice is not between their own short-term success and the long-term failure for the system, it is between their own immediate failure or success (22). Short-termism, characteristic of incipient crisis periods like the present because of their greater uncertainty, ensures that various fixes must be tried.

Changing core labour markets and industrial structures

Circumstantial evidence suggests that Fix 2 is now structurally embedded in core labour markets as well as in the ostracisation/implosion which has produced greater reserves of peripheral labour. Core capital had already tapped into peripheral reserves during the post-war boom, often through state managed immigration-cum-recruitment (e.g., up to 1973 through bilateral deals between states - Cohen 1987). But while this might be seen as in some respects a precursor of Fix 2, the contrasts with today are more revealing than the similarities. The non-crisis and generally 'full employment' Keynesian conditions of the 'Fordist' era were very different from the incipient crisis, 'post-Fordism' and neo-liberal policies which are now more the norm. With the 'flexibilisation' of workforces, the context and conditions of employment for most of today's migrants are markedly less secure, and generally more differentiated from indigenous workers, than what immigrants experienced during the boom (23). The current problems and opportunities for capital tapping into peripheral labour are also quite different.

On the one hand, capital is constrained by various political, cultural and economic factors in the periphery. As already suggested, the Fix 1 option of going there is limited by relatively weak states and political conflict making long-term investment more risky. Economically, the often lower training/skill levels of labour in the periphery make it less useful to increasingly capital-intensive manufacturing which in principle is relatively mobile. On the other hand there are the constraints on relatively *im*mobile capital and production processes which cannot (or cannot easily) be re-located to cheap-labour peripheries. In these circumstances, with the important exception of what we might call 'hybrid labour fixes' (24), the only way core capital can exploit peripheral labour is through the latter migrating to the core.

The circumstantial evidence for Fix 2 includes the fact that much of the core's construction industry, its low-paid service sectors which sell directly to the general public in the core, and its highly productive (highly subsidised) agriculture and agri-industrial sectors which depend on cheap and/or seasonal labour, simply do not have the option of re-locating in the periphery. These are just the sectors where the majority of low-paid immigrant workers find demand for their labour. This migration is positively encouraged by the de-regulation of domestic labour markets, especially in countries of 'Anglo-Saxon capitalism' such as the USA and Britain where neo-liberalism has made greatest inroads. In contrast to the post war boom, today's recruitment of peripheral labour is mostly 'privatised' and 'de-regulated' as far as the state is concerned (with the significant exception of its use of borders as regulators). More generally, much of the necessary regulation of indigenous low-paid and casualised labour is done by private, profit-making labour employment agencies, some operating illegally, in inner-city USA for example (see Peck and Theodore 2001), and this can easily encompass the processing of migrant labour, whether documented or undocumented. It seems that much of contemporary migrant labour is employed by medium-sized, smaller and more competitive capitals (e.g., in contract office cleaning, or in pig-farms or mushroom growing where working conditions are particularly unattractive), and/or by smaller capitals 'locked into' supplying larger multinationals (e.g., supermarket chains), rather than being employed directly by the multinationals. Where migrants do work in their plants, the multinationals (together with the state agencies which support them) may shield their 'respectability' from bad publicity and accusations of 'super-exploitation' or illegality by the mechanism of employing migrants indirectly through employment agencies which act as a 'legal buffer'. The agencies' wage rates are often lower (see Soares 2002); their mechanisms include over-charging for low grade accommodation so that effectively workers receive less than the legal minimum wage; and such mechanisms help ensure that employment practices are ‘shrouded in mystery’ and hidden from official scrutiny.

More generally, cheap labour migration is encouraged by the changing structure of employment in the core. While manufacturing has generally become more capital intensive and reliant on fewer but more highly skilled workers (thereby reducing Fix 1 possibilities), there has been a relative and absolute expansion of jobs at the low paid end of the market. De-skilling and up-skilling are continuous processes, but at present there is growing polarisation and a general increase in low-skill and low-wage occupations (Peck and Theodore 2001), with an increasing 'tail' of menial jobs. (25) In the uncertain conditions of incipient crisis, long term investment in new labour-saving equipment is especially risky, and employing more cheap labour is often preferred to technological innovation. All this increases the potential demand for cheap labour in general and migrant labour in particular.

IV. The future - Fix 2 and Fix 1 in combination?

We have seen that Fix 2 developed recently - most dramatically in the 1990s - in a geographically contracting capitalist system of 'imploding/ostracising' globalisation which increases the disparities between core and periphery. In contrast, Fix 1 had developed - most dramatically a hundred years earlier - in an expanding system. While it can be viewed optimistically as enabling parts of the periphery to 'catch up' with the core, and developing new and eventually rival cores, it ultimately led to inter-imperialist rivalry and very destructive war, itself a 'cure' for the over-accumulation of capital. Fix 2 also has its political limits - including both chauvinistic opposition to exclude immigrants, and solidarity with them and their self-unionisation which under-cut 'super-exploitation'. Economically the problems of over-accumulation in the core are exacerbated by Fix 2 - the 'solution' becomes the problem. Nevertheless it is likely to persist: there will continue to be large potential reserves of cheap migratory labour and employers like cheap labour, while the hidden, transient dimensions of migration militate against effective solidarity. Now, however, the new imperialism also points to a return of Fix 1 - a selective re-incorporation or 're-colonisation' of parts of the 'ostracised periphery' as another way of accessing its under-used supplies of labour. The implosive effects of Fix 2 in 'piling up' yet more surplus capital in the core mean that capital is often increasingly keen to find investment outlets in the peripheries - if only they can be made reasonably secure.

It was noted that there were some exceptions to the ostracisation of the periphery, and some of these exceptional areas, which already receive substantial capital from the core, are very important and becoming more so. We saw that China and India already receive the lion's share of the small proportion of total core capital which goes to the periphery. The peripheral regions which are ripe and relatively 'safe' for further investment include eastern China, parts of India, southern Brazil and other 'NICs', parts of Mexico, and eastern Europe, and together they account for approaching a third of the total periphery population.

The new round of imperialist expansion is taking two main forms - formal or territorial, and informal. The informal, non-territorial or predominantly economic expansion of the 'empire of capital' (Wood 2003) is likely to be the more important, applicable for instance to China and India which will remain politically separate and independent. And recently there seems to be a significant increase in the 'flight' of jobs and capital to these and other low-wage countries (26), though reminiscent perhaps of what turned out to be the exaggerated fears of a 'new international division of labour' in the 1970s. Most attention, however, focuses on more formal territorial 'empires', and especially on the USA's military occupations of Afghanistan and Iraq, and its hegemonic 'world policeman' role in trying to make foreign investment opportunities secure. These occupations have an economic dimension in the control of oil supplies and prices, and US multinationals monopolising contracts for Iraq's reconstruction. But the attempts to 'make the world safe for Halliburton' may well backfire - Iraq is already a military and economic quagmire (a failing Fix 1?). US strategy seems to be one of temporary occupation and 'incoherent empire' (Mann 2003); and it may well increase rather than reduce the risks to investment in the periphery (Anderson 2003). (27)

A more prosaic but much more persuasive example of re-securing the periphery for Fix 1 is provided by the selective eastward expansion of the European Union - the EU as 'empire' with its rolling programme of incorporating new member states on a formal, permanent basis. Perhaps more limited geographically but more successful economically, it encompasses Fix 2 as well as Fix 1. Eastern Europe has been an important source of cheap migrant labour for Western Europe since the 1990s and this is likely to continue. And now it is being supplemented, and may be partly replaced, by the Fix 1 process of eastern Europe's cheap labour zone becoming the location for increasing investment from western Europe and elsewhere (28). The expansion of 'Fortress Europe's' borders promises the selective re-location of part of the key 'core-periphery' border which defines the present framework of global implosion and ostracisation, and it reduces both. Plans to move the external borders of Fortress Europe progressively to the east and south-east are already making the EU's former 'Second World' periphery safer for western capital.

Thus new opportunities for capital export are created in some peripheries by different formal and informal means (e.g., in Eastern Europe and eastern China, respectively). Via Fix 1, such areas may one day become part of the core. However, the other peripheries (e.g., most of Africa, much of Latin America, much of Asia) - and they account for around two-thirds of the total periphery population - are likely to remain relatively ‘ostracised’. Here Fix 1 will remain a very limited option and Fix 2 will continue to be the main way of accessing cheap labour reserves.

Instead of Fix 1 alternating with autarky (as Harvey seemed to suggest), it may oscillate with Fix 2, the relative importance of the two fixes varying over time and space but both operating simultaneously. As we have seen (notes 22 and 24), they may be in direct competition with each other, and there is also growing evidence of 'hybrid' fixes intermediate between the two. They may operate selectively for different parts of the periphery (e.g., Fix 1 predominating in the new member states of the EU; Fix 2 taking immigrant labour from less secure regions further east). A combination of Fix 2 and Fix 1 may indeed be capitalism's 'external spatial solution' for the foreseeable future.

This comes with the caveat that the 'foreseeable future' has a short horizon in the present unstable and unpredictable conditions of incipient capitalist crisis. The continuation of Fix 2 and the re-assertion of Fix 1 will confirm nationalistic immigration controls and imperialism as crucial - and related - political issues. The outcomes of future political struggles cannot be predicted, but state borders could well become an even more important means of regulating flows of labour power, cheapening it by reducing the freedoms of ‘free’ labour, and serving to divide the working class ideologically and politically. Cheap labour being allowed to continue filtering through borders under the duress of chauvinistic and increasingly draconian border controls is a distinct possibility. These controls will have to be opposed, and likewise, the imperialistic, warlike propensities of Fix 1. Links between them include opposition to racism against people of the periphery, whether beyond the core (Fix 1) or within it (Fix 2). Furthermore, these transnational labour market processes demand transnational forms of participatory democracy; and here opposition to immigration controls and borders as divisive barriers can connect with the 'anti-globalisation/anti-capitalist' movement (see Anderson 2002).

In typical capitalist fashion, both Fix 1 and Fix 2 are a case of the cure being part of the disease. So too are the extreme disparities between core and periphery which underlie both spatial fixes. This is the context within which contemporary borders have to be understood.

NOTES

1. This paper was initially drafted for presentation at the Conference on *Global Regulation*, Centre for Global Political Economy, University of Sussex, May 2003 (before the 'hidden' dimension of immigrant labour became a matter of general public discussion). It has been substantially revised on the basis of helpful comments and criticisms - our thanks to participants at the conference; also to Warwick Armstrong (University of Oxford), Trevor Barnes (British Columbia), Kevin Cox (Ohio State), Sabine Dreher (Near East University, Lefkosa,Turkey), James Goodman (Sydney), Russell King (Sussex), Luis Alberto Di Martino (Japan), Liam O'Dowd (Belfast), Jamie Peck (Wisconsin), Michael Samers (Nottingham), and Tom Wilson (Binghamton). Along with other conference papers, a shorter version is being published as 'A New Spatial Fix for Capitalist Crisis? Immigrant labour, state borders and the new ostracising imperialism', in L. Assassi, K. van der Pijl and D. Wigan (eds.) *Contextualising Global Regulation: Managing Crisis after the Imperial Turn,* Palgrave, forthcoming.

2. The inspiration for this paper was two-fold: David Harvey's stimulating exposition of the 'traditional spatial fix' of exporting capital (Harvey 2001), and the disjuncture between it and our immediate contemporary experience of imported labour being crucial to economic success in Ireland.

3. The estimated 13.5 million newcomers accounted for over 50% of the growth of the USA's labour market. The majority were in low-paid jobs and many were over-qualified for them - a quarter had university degrees though some of the latter were in higher paid jobs (*Guardian* 3.12.02; Sum *et al* 2002).

4. The pattern is widespread. England has reportedly experienced its highest ever levels of immigration (*Observer* 8.12.02); while in Scotland they discussed not getting their 'fair share' of immigrants and how to attract them to ensure economic growth. Spain was tapping into Spanish-speaking Latin American labour supplies through a new 'open-door' policy for people with recent Spanish ancestry. Japan, not previously a 'country of immigration', was employing substantial amounts of low-paid peripheral labour, some of it illegal, some of it in '3 K' jobs (hard, dirty and dangerous), often in an atmosphere of hostility towards immigrants (information from Luis Alberto Di Martino).

5. As in the slogan 'Workers to the work' rather than 'Work to the workers'. Peripheral labour moving to work in the core includes the higher paid (e.g., doctors from India, nurses from the Philippines - without whom the British National Health Service might collapse), but the great bulk of migants from the periphery are low-paid, often very low paid. This group has most impact in reducing the average costs of labour in the core and is our focus in this working paper. While the core gets the main benefits in all these cases, the very substantial costs of producing the labour power in the first place (e.g., raising children, schooling them, etc.) are mainly carried by the periphery - a fact usually missing in chauvinistic arguments about immigrants getting 'the benefits of our services'.

6. But autarky to some extent encompassed colonial investment where it was the autarky of formal empires such as the British or French; and it was only from the 1950s that the 'Third World's' share of external investment began its long-run decline (Mann 2003).

7. Robert Brenner (2002) documents the fall in profits in G7 countries between the ‘long boom’ of 1950-70 and the ‘long downturn’ of 1970-93. Profit rates in the USA increased in the 1990s in the boom of the ‘new economy’, due, according to Brenner (2002, 239), to reductions in absolute and relative costs including the ‘effective wiping out of wage growth’. There was a substantially lower annual increase in wages, and in productivity, between 1995 and 2000 than in the 1948-73

period. Brenner does not mention labour immigration but Fix 2 was undoubtedly an important factor behind the 1990s boom (see Sum *et al* 2002). In Brenner's theory, the uneven development between the USA on one side and Germany and Japan on the other - first the latters' subordinate position, and then their convergence and rivalry with the USA - explain both the long boom and the long downturn. But rather than being, as is generally supposed, simply an *alternative* to the Marxist theory of crisis as due to the over-accumulation of capital, uneven development might better be seen as bringing an *additional* spatial dimension of causality to the basic factor of over-accumulation as established by analysis at the abstract level of the mode of production.

8. Peripheral labour is cheaper partly because subsistence is a bigger element in its reproduction. Unemployed workers are often forced to revert to subsistence production, but they still constitute a reserve which is ripe for (re-)proletarianisation.

9. Rosa Luxemburg had seen the use of "Force, fraud, oppression, looting...." as characteristic of the 'primitive' or 'original' appropriation of wealth from non-capitalist colonies, but as Harvey (2004) points out, they have continued in use *within* capitalism and especially in the present new imperialism. They are found in the core as well as the periphery - in the U.S.A. (e.g., Enron) as well as in the 'mafia capitalism' of the ex-U.S.S.R., or occupied Iraq.

10. Labour flows are often given little or no role in explaining globalisation, or are not situated in the bigger global picture; but other notable exceptions include Stephen Castles (e.g., Castles and Millar 1998), Saskia Sassen (e.g., 1988), and Michael Samers (e.g., 1999). See Samers (1999) on the relative neglect of labour in general and migration in particular. As Kevin Cox argues, the counterposing of supposedly mobile capital to immobile labour is 'a bogey that needs to be laid to rest' (Cox 1997, 126).

11. Immigrant Portuguese (see Soares 2002) and other migrant workers in Northern Ireland were initially shrouded in a 'conspiracy of silence', including by the media - perhaps surprising considering their genuine 'novelty value newsworthiness'. But this paradox and other ambivalent attitudes echo the ambivalence towards Mexican labour in the USA and the paradox of ostentatious but in practice ineffective border controls (see Heyman 1999) - controls which seem on purpose to be literally 'full of holes'. This fits with targetting 'illegal workers' rather than 'illegal employers'.

12. Mrs Thatcher blatantly played the electoral 'race' card by talking of 'floods' of immigrants, while some of her right-wing New Labour successors use more carefully 'coded' language to the same effect. For instance, Messrs. Blair and Blunkett promised 'tougher measures' and a big reduction in the number of incomers, thereby confirming the latters' negative image (and appeasing and encouraging the extreme right whose central - only?- policy is 'stopping immigration'). While Mr Blunkett has been somewhat unusual in pointing out the economic benefits of immigration, the Labour Government's anti-immigrant measures being attacked *from the left* by the right-wing leader of the Conservative Opposition said it all. Some of the right-wing British tabloid press surpass - and drag along - the 'respectable' politicians, their allegations about 'disease-carrying' immigrants echoing Hitler's medical imagery.

13. While Ireland now imports cheap immigrant labour, Ireland's 'new emigrants' (MacLoughlin 1994) - relatively young, well-educated, short-term, transient - make up some of the USA's 'new immigrants' - often 'undocumented' and working illegally, and often in relatively low-paid, temporary jobs well below their levels of education and training. The complex relative geography includes a hierarchy of 'local' cores and associated peripheries (e.g., Britain-Ireland, Greece-Albania, Poland-Belorussia, Brazil-Bolivia), pockets of core within the periphery (maybe courtesy of Fix 1), and of periphery within the core - ‘internal colonies’ or ‘the Third World in the First’ (augmented perhaps by Fix 2).

14. Anecdotal information about call-centre jobs suggests that wages are some ten times higher in the UK than in India; and UK wage rates are some five times higher than those of eastern Europe.

15. This neglect is despite the Marxist emphasis on the 'reserve army' of labour as disciplining the workforce and holding down the costs of labour power, and the fact that the global system's main 'reserves' of un- and under-used labour are now overwhelmingly located in the peripheries. For example, the leading Marxist economist Ernest Mandel in discussing how the 'reserve army' could be increased, mentioned mechanisation freeing-up or creating a labour surplus, and the incorporation of 'house-bound' women into the paid labour force, but there was no mention of importing surplus labour from elsewhere (Mandel 1975).

16. Borders are variably porous 'barriers; 'resources' in cheapening labour and providing opportunities for the legal and illegal evasion of various costs; and 'symbols' (as well as material means) of exclusion.

17. The 'welfare state contract' which labour achieved (at least in Western Europe) during the post-war boom cemented popular identification with the national state. But systematic erosion of the 'contract' in the post-boom period can be blamed on 'immigrants' not identified with the original 'contract' and not identified with the national state (Harris 1995) - the fact that other states and societies paid for their production as labour (see note 4, above) conveniently forgotten. Immigrants are people without history.

18. We are concentrating here on the advantages of borders as regulating mechanisms for capital versus labour, but in other circumstances borders are a disadvantage to capital - hence the weakening of the EU's internal borders. Borders interrupt labour supplies, stop access to labour or 'artificially' raise the cost of labour that is accessed (Shuttleworth and Anderson 2001; Shuttleworth, Anderson and McKinstry 2002). More generally, borders pose major problems of cross-border regulation and governance (see Anderson, O'Dowd and Wilson 2003).

19. In the mid-19th century the core of capitalism was largely confined to Britain, its main labour reservoir was Ireland, and flows from periphery to core were largely *intra*-UK , within what was then the same state. By the mid-20th century the core was all the advanced industrial countries, and flows from periphery to core were *inter*-continental - from the Caribbean, India, Africa, Asia, and Latin America.

20. As well as peripheries being ignored by investors, 'ostracisation' also involves falling prices for the periphery's raw material exports, and higher interest and debt repayments to the core.

21. This example of concrete spatial analysis adding another causal dimension to aspatial analysis can be compared to the similar case of the 'uneven development' theory of crisis - see note 7, above.

22. For example, it was reported by an Irish mushroom farmer that he (and his industry) would go out of business if very cheap (and often undocumented) east European labour became unavailable. Supermarket chains which often dominate agricultural suppliers would be able to get cheaper mushrooms direct from Eastern Europe. In such situations Fix 1 and 2 could conceivably be alternatives in direct competition if core capital was invested in eastern European mushroom plants. It was rumoured for instance that an Irish meat packing firm which employs cheap Brazilian labour in a plant in Ireland is opening a plant in Brazil which would employ cheap Brazilian labour there.

23. During the boom much immigrant labour was not especially cheap or transient. In more regulated and often public sector employment, immigrants generally had the same wages and conditions as everyone else, and actually higher levels of unionisation.

24. 'Hybrid' labour fixes - employing cheap peripheral labour *in situ* (like Fix 1) but with most of the capital investment remaining in the core (as in Fix 2) - are possible in information processing jobs using internet or satellite communications, and especially in labour-intensive operations (e.g., call centres). In some cases there is not much investment in fixed plant; or the non-labour investment is mainly in data banks or computer systems which are (safely) located in the core but can be directly accessed by computer and worked on by cheaper labour in peripheral locations. This cheaper labour may be as or better qualified than the alternative core labour; or the jobs may be more routinised and de-skilled; or subcontracting and 'trade within production' may be involved - as with BT's operations in India. This 'getting the best of both world's' - avoiding the high wages of the First World and the high risks of the Third - would seem to have growing possibilities, including perhaps in *e*-commerce?

25. The contrary effects of up-skilling and de-skilling are disputed, but clearly there are large numbers of menial or undesirable jobs in advanced economies (Peck 2001), and income inequality has grown in many countries in the recent past. (E.g., see the Economic Policy Institute **http://www.cbpp.org/1-18-00sfp.htm**; and the United Nations Development Programme **http://www.undp.org/poverty/initiatives/wider/wiid.htm** .

26. Data on flows of FDI still show the dominance of *intra*-core flows, but recent anecdotal evidence suggests an increasing outflow of jobs in some sectors, such as textiles (again) and call-centres from the UK to North Africa and India respectively, and manufacturing jobs from the USA to South-East Asia.

27. While the USA's aggressive neo-conservatism is most immediately focused on securing oil supplies and foreign investment opportunities more generally, it is above all concerned with maintaining US hegemony *vis a vis* allies who are also potential rivals, most notably China, Russia and also the EU (Anderson 2003).

28. In a further move towards more concrete analysis, we plan to test this 'Fix 1/Fix 2 model' by using it to analyse empirical data on flows of capital and labour in the EU 'empire' - between its western core and its eastern peripheries, including states involved in the May 2004 enlargement.

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