
Decoupling of value produced and value captured: Global Value Chains and uneven development

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Abstract

Since the early 1990s, the world economy has undergone a dramatic process of change commonly referred to as economic globalization, indicating the increasing integration and interdependence of national, regional and local economies into a unified global capitalist space. Those developments affected the sphere of production, not just circulation. For many commodities, the manufacturing activity, once spatially and vertically integrated, is now fragmented in several different countries and firms of the world economy. This process is driven by the Trans-national corporations (TNCs) which implement the delocalization of production in pursuit of increasing profits through the combination of outsourcing and offshoring. The resulting cross-border production networks allow TNCs to exploit cost advantage of different locations at each stage of production, up to the final assembly. In this way, the new value realized from the final sell of the commodity is created in varying proportions at all stages/locations of the production process, in what has been called the Global value chain (GVC).

A large part of the vast academic and institutional literature on the subject underlines the importance of the participation in GVCs by less developed countries, as a vehicle for their rapid industrialization and modernization by the adoption of an export-led growth strategy. In those research, the focus is mainly on microeconomic and organizational aspects relating to the process of firm's upgrading and industrial governance within individual GVC. Little or no attention is devoted to the macroeconomic and structural conditions that may affect the spatial distribution of value within GVCs, resulting in the decoupling of value captured from value produced amongst different geographical locations. When this decoupling occurs, however, the GVCs can strengthen the reproduction of unequal development through a new international division of labour, rather than the reverse.

The aim of this paper is to investigate the uneven geographical distribution of value created within the GVCs, on the basis of a reenactment of Marx's theory of international values. On this theoretical basis, an estimation of the size of international value transfers within and outside the GVCs for all countries of the world economy is presented, by using UNCTAD-Eora data on trade in value added. The resulting world mapping of unequal exchange sheds light on the spatial hierarchy existing in the actual capitalist global economy, by revealing a world divided in two quite separate camps, one of donor and the other of receiving countries, the former being the poorer and the latter the richer ones.

Keywords: Global Value Chains, Uneven development, International values, Unequal exchange

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