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Export Development Canada, Capital and Political Risk: from a keynesian to a neoliberal regime of spatial production

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Abstract

This thesis interrogates the dynamics of imperialism in an age of neoliberal capital. It examines how the calculation of political risk has emerged as a technology of governance used to produce the space of the global economy as a new site of accumulation and governance. It illuminates this process through an examination of the different deployments of political risk by the export credit agency Export Development Canada during keynesian and neoliberal periods. In particular, it seeks to answer the following questions: first, how has the calculation of political risk emerged as a technology of power the EDC has used to produce the space of the global economy in the form of the emerging market? Second, how has this discursive production of the emerging market allowed capital to be connected to new regimes of governance based on the mitigation of political risk?

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Chapter 1
Introduction

"How does the relative distinctive logic of territorial power fit with the fluid dynamics of capital accumulation in space and time?" (Harvey, 2003, 93).

I first intended this project to be an examination of Canadian imperialism, through a study of Export Development Canada, the Canadian state and Canadian mining companies. In the end I have had to be content with an analysis of the role of Export Development Canada (EDC) in regulating Canadian capital. Of particular importance here was the uncovering of the sea-change shifts in the forms of economic space the EDC was imagined within. There seemed to be a gradual but no less decisive transformation in the EDC's role from a site of expertise in calculating and surveilling the space of the national economy, to an institution designed to render knowable and governable the space of the global economy. The analysis does address the theoretical question Harvey posed about the logics of territorial power in modern processes of imperialism. In this sense, I have not abandoned the initial project but rather 'started small'. I hope the reader will find this avenue shows promise in revealing an intellectual leitmotif through which to approach the political economy of Canadian imperialism.

This project interrogates a disjuncture between the purposes and functions of the EDC from 1969-1984 and its practices from 1990-2009. From 1969-1984 the EDC was deployed to attenuate problems of under-consumption in surplus capital goods, by increasing the export capacity of Canadian manufactures. The EDC was also deployed to verify and calculate the space of the Canadian national economy through measurements of its own role in expanding national productivity, improving industrial infrastructures

and expanding national employment. Following the replacement of the Export Development Corporation by Export Development Canada in 1993[1], the institution moved from solely exporting capital goods to integrating Canada within the global economy through trade policies that aimed to expand Canadian foreign direct investment. This shift served to redeploy the EDC from an institution designed to calculate the space of the national economy to an institution that has began to deploy projects to produce, render knowable and ultimately govern the space of the global economy. This project traces this shift through an examination of the way the calculation of political risk has been deployed as a technology of power to produce the space of the global economy in the form of the emerging market. Thus, this project seeks to answer the following questions: first, how has the calculation of political risk emerged as a technology of power the EDC has used to produce the space of the global economy in the form of the emerging market, and, how has this discursive production of the emerging market allowed capital to be connected to new regimes of governance based on the mitigation of political risk?

This project attempts to work through these questions by theorizing the relationship of capital to different discursive practices used to produce specific forms of territoriality, on two analytical levels. The first, developed in the methodology and theory chapter, entails an approach to different forms of economic space (national and global) as hybrid configurations of the social relations produced by the capitalist mode of production and as discursive formations created by institutional networks that, produce

[1] The Export Development Corporation is later referred to as Export Development Canada. Throughout this project I simply refer to the institution as the EDC.

specific territorializations. The second is an analysis of the EDC as an *instance* formed to regulate different moments of the process of capital; and as institutional locales rendered productive of different discursive productions of space. In particular, the project examines how the EDC was connected to a broader set of institutions that rendered it an institutional locale productive of the economic space of the national economy. Later it became enmeshed within a network of expertise of political risk that ran out of the Multilateral Investment Guarantee Agency, that re-situated the EDC as a site through which the economic space of the global economy could be produced, verified and operated upon. By examining these two analytical levels, this thesis hopes to not only answer these research questions but provide a rich analysis of how the processes of capitalist expansion come to intersect with, and be supported by, discursive productions of territoriality.

To construct these two levels of analysis, I have developed a hybrid framework of marxist political economy and neo-foucaultian analytics. The methodological points animating this framework, the tensions within this approach, and my general methods of analysis are discussed in the methodology chapter. The thesis then develops this approach theoretically in chapter three, which provides an account of how the capitalist mode of production becomes productive of certain forms of space. It attempts to situate the different spatial dynamics animated by the capitalist mode of production (CMP) through an account of how different internal contradictions within the process of accumulation can be productive of different spatial externalizations. In particular, it examines the problem of over-accumulation and under-consumption as two key forms of crises that

may animate certain dynamics of capitalist expansion. Then, I use the work of Michel Foucault (2008) and Nikolas Rose (1999) to discuss territoriality and territorialization and, drawing on the work of Hindess (1998), Mitchell(2002), Larner and Le Heron (2002, 2004), theorize the national economy and the global economy as specific forms of territorialization productive of new modes of governance. In this sense, these two chapters give the thesis the conceptual and theoretical tools to theorize the shifts in the EDC's role in regulating capital.

The fourth and fifth chapters examine the EDC from 1969-1984 and 1990-2009 respectively. I have omitted the six intervening years in order to better emphasize the decline of the EDC's keynesian rationality and the rise of neoliberalism. Comparisons of these two periods provides a better conceptualization of these events, emerging processes and rationalities. Chapter four examines the origins of political risk insurance, the relationship of the institution to the export of capital goods, and the way the institution became imbricated within a broader network of expertise running between the Economic Council of Canada and the Bank of Canada. I examine how the EDC was deployed through these networks as a calculative infrastructure to bring the space of the national economy into existence by collecting data on exports, relaying the data back to industrial growth and calculating the national employment hours produced through its exports. Through these functions the EDC not only rationalized its existence but more importantly provided the data needed to produce an image of the Canadian national economy as a discrete object of governance.

Chapter five moves outside of the EDC to develop an archeology of political risk. I analyze the historical genesis of political risk from a mode of insuring exporters against the risk of expropriation, nationalization, breach of contract and inconvertibility to a mode of calculating the risk associated with a country, indexing this against other countries to produce a global index. This both simultaneously makes the risk of the global economy knowable and situates individual economies within this grid. I examine how the onset of neoliberalism served to create a new intellectual context for political risk, as an enclosed demarcated space within the territorial fix of the state, that could be enmeshed within other economies. In this sense, the projects of calculating the space of the national economy and protecting it against the risk of other markets were reconstituted as projects of determining the space of the global economy (Hindess, 1998, 221). The chapter contextualizes this intellectual shift by examining the linkages of policy between the EDC and the Multilateral Investment Guarantee Agency (MIGA).

The chapter then moves back into the EDC to examine how these policy linkages made inroads into the EDC from the early 1990s onward. In particular, I examine not only how the EDC came to be connected to new circuit of capital in the form of Foreign Direct Investment (FDI) but also began to use the calculation of political risk as a technique to produce and assess spaces of FDI in the global economy. The final section of this chapter provides a brief discussion of how the territorialization of capital in the discursive space of the *emerging market*, has produced new modes of governing these regimes of capital accumulation through corporate social responsibility guidelines and

private security regimes. I use the example of the Canadian mining company Anvil operating in the Democratic Republic of the Congo to contextualize these processes.

There are a number of reasons I have taken up this particular project. First, the role of Export Development Canada/the Export Development Corporation has been left largely unexamined in academic analyses of Canadian political economy. I have only come across two master's thesis on the Export Development Corporation, one of which was written by an employee and both are fairly dated (see Paumann 1972, and Hawes, 1979) . Therefore more recent work needs to be done to examine the role of the EDC in supporting capital expansion and the technologies of power it has at its disposal. In addition, Canadian scholars have been quick to point out that Canadian multinational corporations have increasingly situated themselves in "socially and politically fragile locales", which gives them recourse to use CSR guidelines and multilateral agreements to govern and structure their regimes of accumulation (see Forces, 2001, Idhosa 2002; Ganon et all 2003, Kobrin 2004, Gregson 2006). While these scholars have argued that these multinational corporations thrive in the absence of regulation, an examination of the EDC's use of the calculation of political risk and its role in bringing into existence the emerging market, illuminate how the discursive production of the space of the global economy serves to reconstitute regulation in new institutional sites. Thus, examining the role of the EDC in calculating political risk may reveal particular patterns through which Canadian capital comes to be internationalized within the global economy and governed

across scales that are situated outside the economic grid of the nation-state(Ferguson 2005, 378).

Second, over the last two decades a number of financial institutions situated at supra-national scales have been subject to scrutiny from both critical academics and activists. Indeed, institutions such as the International Monetary Fund, the World Bank, have been examined as central command-posts in pushing forward the neoliberal project, providing new modes of governance over the Global South, and reproducing capitalist relations. Yet, export credit agencies (ECAs), which can be found in every G-8 country, have received little attention from the academic community. Thus, despite the fact that the ECA's of core-capitalist states finance over 200 billion dollars (us) annually in foreign direct investment to the Global South, their role in regimes of accumulation has not been a topic of serious academic study (Goldzimer, 2003, 1). This thesis then, attempts to make these institutions visible as key national command-posts in the regulation of global capital and as sites of the calculation of political risk and thus locales through which the space of the global economy has been produced.

Third, an underlying theme explored throughout this thesis is the shift in rationalities animating capitalist expansion following the transition from a keynesian to a neo-liberal economic structure. This thesis attempts to locate the way shifts in the calculation of political risk and the production of economic space can be located within the intellectual history of neoliberalism. Thus, a study of the EDC provides an excellent context to examine not only how the logics of capitalist expansion and neoliberalism have collided, but also the relations of force this produced.

It is also important to note what this thesis will not undertake. First, although the final chapter of the project will develop the relationship of the emerging market and foreign direct investment to the CSR guidelines and MIGA's Category A projects, it does not offer a detailed discussion on the emergence of these institutional modes of regulation. Instead, I will simply sketch some ways in which they provide a specific form of governance and regulation that appear to have special application to capital territorialized within the discursive space of the emerging market. While I will be contextualizing these processes through an example of a Canadian mining company operating in an emerging market , I will not provide a thorough review of the position of Canadian mining companies within the global economy. Such an account of the global position of Canadian mining companies requires, at minimum, an analysis of the de-regulation of the financial system in Canada, a class analysis[2] of the relationship between the elite in Canada and the mining industry, and a thorough examination of the role of the Canadian state in facilitating the growth of the industry, EDC. As such, it is a subject that I hope to tackle in subsequent work, building on the theoretical work have developed in this thesis. Finally, I do not discuss the original institution the Export Credit Insurance Corporation (ECIC), from which these two institutions developed. To introduce the ECIC

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[2] In many ways this would require a broader engagement with the work of Watkins, Levitt and Clement who have, argued, albeit from different angles, that the high rate of American foreign direct investment in the Canadian economy has produced an economic structure that not foreclosed on the emergence of an independent national bourgeois class in Canada but at the same-time hindered the ability of finance capital to become connected to industrial capital in monopoly conditions, a connection that is often deemed essential for modern projects of imperialism to be mobilized. In many ways we can see how EDC and the Export Development Corporation regulate(d) capital in such a way to overcome this particular problem. Moreover, in a different study we could also examine how the de-regulation of the financial industry in Canada in the mid-1980's did make the connection between finance capital and industrial capital as the a few prominent families were able to gain advantageous positions in the finance system. As said, though, this is a different project. (See Watkins Mel, 1997, "Canadian Capitalist in Transition" in Wallace Clement (ed) *Understanding Canada: Building on the new Canadian Political Economy:* Mc-Gill-Queens University Press. See Levitt Kari, *Silent Surrender,* printed in Toronto:Mcmillian and Stewart Press.)

would require a sketch of the Department of Trade and Commerce in the early 20th century, which is beyond the scope of this project. Moreover, I think that the role of the EDC and the Export Development Corporation in the regulation of capital and the discursive production of economic space, are best illuminated within the two historical periods I have selected.

I have structured this project as a contribution to both the scholarship on 'new imperialism' and critical globalization studies. My intent is to put them in dialogue to illuminate the way the territorial logics of governance and the increasingly fluid dynamics of capital come into a form of general concordance. While scholars such as David Harvey (2003,2005), Ellen Wood (2003) and Harry Magdoff (2003) have revealed how the spatial dynamics of capital have produced the structure of the global economy, they illuminate the context for new modes of governing capital while at the same-time occluding the actual projects and rationalities that operate through it. In other words, while the global economy creates new relations across space and time how these relations are connected to new logics of governance cannot be accounted for purely within the processes of capital. Instead, work needs to be done to reveal the specific projects and strategies deployed to make capital governable. In line with Walters and Larner, I suggest that the concept of global economy is in fact interrogated as a produced economic space which through its production as distinct form of territoriality connects capital to new regimes of governance (Walters and Larner, 2004). The question of the territoriality of power and its relationship to global capital, can perhaps be illuminated by examining the

concept of the global economy as form of space produced through the practices of different institutional sites.

I hope to add to the scholarship of critical globalization studies in two ways. First, Larner and Le Heron have pioneered a study of the formation of the global economy, through an interrogation of global benchmarking as mode of comparing sectors of economies and bringing them together quantitatively such that the time of production can be compared and later standardized. Hindess's work on the role of neoliberalism in reconstituting practices of national accounting has revealed the practices used to bring the global economy into existence. What I want to add to this literature is an account on how the calculation of political risk dove-tails with the practice of global benchmarking as a mode of bringing the space of the global economy into existence, and in this process creates the emerging market as specific form of territoriality within the global economy. In addition, I want to make the linkages between these discursive practices and the processes of capital more visible, so as to contextualize how relations of governance and force produced come to support capital, a relationship that is not always so explicit within these accounts of the global economy.

Chapter 2

Methodology: the dialectical method[3] and discursive analysis: notes on capital, space and governance

This thesis makes no claims to the ghostly specter of objectivity that for sometime now has occupied the fantasies of bourgeois political scientists and economists. Yet to dispense with the illusions of objectivity without sacrificing the analysis to rhetoric, requires one to make known the presuppositions and standpoints that have animated the specific historic-field of problems under interrogation[4]. My methodology is a hybrid approach of historical materialism and the neo-foucaultian archeological discursive method. I have combined these two methodological perspectives to reveal how strategies of governing space come to be imbricated within broader projects of reproducing the processes of capital accumulation. In this sense, by analyzing capital and the discursive production of space the actual processes of (re)producing the space of capital accumulation can be accounted for in context to the concrete relations of force deployed to produce and organize new spaces of capital accumulation. The task then is to develop a methodological approach that connects these two sets of analytics.

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[3]I apologize for the unconventional use of a endnote in the title of this chapter, however, this is an urgent point. There is no such thing as the dialectical method. We cannot have a method of dialectics and any attempts to systematize dialectics as such, to tell others this or that is dialectical and this and that is not, has amounted to nothing more than the consecration of dialectical reasoning into a static body of theory, and thus the dialectic is lost as soon as it is found, as demonstrated with the great soviet catastrophe of dialectical materialism. In no way do I want to suggest here that what I have presented is 'the' dialectical method or that dialectics can be made in a method that can be say standardized and passed on in the same way one would conduct interviews according to some particular method. Rather, all I am presenting here is a way of thinking about this particular project dialectically, in this sense the first part of this chapter is a discussion of how I have used dialectical reasoning to engage with this project. What is dialectical here may not be dialectical elsewhere, and what is dialectical elsewhere may not be at all useful here.

[4] Just as "theory is always for someone and some purpose" for Robert Cox, methodology is too also for the researcher and for some purpose. What must be done then is to be honest about why a particular method was selected what is reveals and what it will inevitably conceal. By doing so the outline of the theory contained within the method is revealed so as to expose the foundations upon which it was built.

I have organized this chapter into four sections. The first section introduces the concept of totality and the dialectical process, demonstrating how the dialectical process explicates the transition from one economic structure to another. In particular, I will show how the dialectical process is key to conceptualizing how Export Development Canada has been involved in keynesian and neoliberal projects of calculation. In addition, I will explain how the dialectical process is helpful in understanding how spaces are produced and reconstituted in different processes of capital. The second section introduces Foucault's archeological research method. I will demonstrate how I have employed this method to trace how the calculation of political risk emerged, the networks of power through which it was shaped, and how it came to be connected to larger projects of producing, governing and appropriating spaces. The third section will explicate the following concepts key to this research project: re-territorialization, calculation and discursive space, while the final section argues that despite some of the tensions between the dialectical and discursive method, the discursive method is a critical tool for explicating how relations of force and strategies of power intersect with and become imbricated within projects of resolving and attenuating crises of capital accumulation.

On the Dialectic and Social Totality

Some treatments of the dialectical method emphasize the fluidity, contingency, and diachronic essence of the relations and processes unleashed by the forces of capital. This however, obscures how the dialectical method is a concrete mode of

analysis that holds an historical position in relation to structural conditions of capitalist society. This treats the dialectical method as an abstract mode of logic that can be hypostatized to any historical instance (Marcuse, 1941 316) . In short, to treat the dialectic as an abstract method, apart from the conditions of history, is to separate our categories and concepts from reality. The task, then, is to reveal what in particular constitutes the dialectical method and the critical analytical power it holds in relation to capitalist society.

The dialectical method is best understood as a method of analysis that is inseparable from the problem of social totality in capitalist societies. The concept of totality is formed from the idea that the "relations of production of every society form a whole" and that the relations of production are produced by the actions of individuals who voluntarily and involuntarily enter into a broader social intercourse with one another. As such, the relations in society, culture, the divisions of labour, ideology, forces of production and modes of consumption are the products of both immediate and mediated human activity. The relations of production then, are the product of the individual's rational and productive powers. The relationship between the individual and the objective structure takes on a different form in societies organized by a capitalist mode of production because capitalist society is produced and reproduced through the alienation of individuals from their own powers as commodities. The co-constructive relationship between human activity and the objective structure of capitalist society is obscured as human activity confronts the

individual as alien objective forces. It is in reference to this historic condition of capitalist society, that the 'problem' of social totality emerges.

It is in capitalist society that the general social intercourse between individuals ceases to appear as interrelated processes instead they appear as independent unrelated things. As a consequence, the totality of these relations take on the form of natural laws or autonomous empirical events outside human activity of mediation. This leaves individuals alienated from both their productive powers and the objective economic structure they have produced. Thus, the possibilities of these relations to produce new social realities are concealed from the individual as these relations appear as alien forces. As concrete human labour is appropriated and reduced to an abstract economic force, the potentialities produced through human activity, are reduced to mere inhuman objective forces, with seemingly no connection to the individuals who are their producers.

Consequently, capitalist society is a society of negativity in which new social potentialities can only be realized through the negation of the objective structure. This is 'true' insofar as the "given state of affairs is negative and can only be rendered positive by liberating the possibilities immanent in it" (Marcuse, 1941, 315). In order to be realized these possibilities require that the objective structure itself no longer confronts the individual as an alien objective force. Instead, the relationship between human activity needs to be discovered as the force behind the seemingly objective relations of society. In this sense, capitalist society, through its own internal tendencies to sever the connection of this social activity from its own conditions of

existence, obscures its own historical specificity. Subsequently, history collapses in on itself under the weight of the natural laws capitalist society develops. As a result the alienation inherent within the system can only be negated when "social processes no longer stand under the rule of blind natural economic laws", but are rediscovered as human activity. In this sense, the force of negation becomes a moving creative principle (Marcuse, 1941, 282)

The problem of totality in capitalist society, produces, a society where the individual, economic categories, natural laws, and economic processes exist independently of one another, as if suspended in time and space. Individuals, institutions, states, technologies/forces of production are conceived as unrelated phenomena that can be isolated and treated as ahistorical things. As a result not only are real concrete human relations separated from one another but the historical transformation of these relations is obscured by an assumed natural equilibrium. The starting point of the dialectic is to conceive of both society and the individual as internally related historical problems, the genesis and evolution of which is to be found in how the concrete social relations of production and reproduction are organized. This historicizing approach can be reviewed through the following four internally related presuppositions:

1) No economic categories should be taken as they appear but rather be approached as "theoretical expressions, the abstractions of the social relations of production" (Marx, 1969, 109). In this sense, concepts are to be taken as the abstract form of actual concrete power relations between individuals. The existence of these

concepts as objects suspended from the forces of history under the patina of natural law requires that they are brought back into history and society as relations that constitute a definite historical form of social existence (Marcuse, 1941, 274). This in turn requires that these economic forces are uncovered in a manner that takes their historical position and position to one another as a co-constructive social-historical process that has organized social life (production, consumption, reproduction, expression).

2) This does not mean that the problem of totality in capitalist society can be reduced to the level of causality between the relations constituting it. Rather,

> "the objective forms of all social phenomena change constantly in the course of their ceaseless dialectical interactions with each other. The intelligibility of objects develops in proportion as we grasp their function in the totality to which they belong. This is why only the dialectical conception of totality can enable us to understand reality as a social process" (Lukacs, 1971, 17)

The dialectical method, then, does not operate by simply reducing the concrete relations of capitalist society to externally connected objects that develop through causal interplay with one another. Instead, these relations are understood to be fluid and contingent, in that social relations and the concepts we apply to them must be understood as a continual process of transformation that produces social change not only through the relations with which it is immediately confronted but in the 'relations of relations' that are by no means direct to one another but are immediate. In other words, each element that may appear as independent is involved in a "dynamic dialectical relationship with one another and can be thought as the dynamic dialectical aspects of an equally dynamic and dialectical whole", a whole that is by its definition

the historic form of these processes (Lukacs, 1971, 13). In this sense, as a method the dialectic must approach the relations and processes that constitute the historic form of society without assigning any of these processes and relations the fatalistic force of causality, simply because no element holds within itself a causal power: each element is a product of the total relations of production.

3) Capital is animated by the antagonistic social relations produced by the intrinsic quality of alienation that forms its content as a mode/process of social organization. Thus, capital does not necessarily destroy the institutions that exist outside its mode of logic, rather its reproduces itself in these social relations in new forms. Marx stressed this point in his examination of how capital reproduces its social antagonisms in the relationship between the individual, machinery and the appropriation of surplus value[5]. For our purposes, this methodological point should be used to stress that analyzing capitalist society dialectically means considering how institutions and the state are not negated per se; but, rather, are restructured and

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[5] Marx formulates how the antagonisms within the social relations of alienation in capital express themselves through the new social forms or objects that come to be embedded within the process of capital separately. It is worth briefly reviewing each of these formulations. In *Capital vol.1,* Marx discusses in Chapter 15, how machinery changes in its form and function when it comes to be connected within an economy structured by capitalist social relations. He states that " Therefore, since machinery in itself shortens the hours of labour, but when employed by capital it lengthens them; since in itself it lightens labour, but when employed by capital it heightens its intensity; since in itself it is a victory of man over the forces of nature but in the hands of capital it makes man the slave of those forces; since in itself it increases the wealth of the produces but in the hands of capital it makes them into paupers" (Marx, 1990, 569). This same effect of capital to reproduce its intrinsic antagonisms within other institutions and social formations is brought home in Marx's own understanding of the relationship between the state to civil society. The abstract liberal subject is made up from the rights and freedoms that arise within the social relations of capitalist society. In this sense,however, the integration of this individual into this abstract subject is necessary limited as this form of political emancipation does not reform, or restructure the concrete social relations that make-up the private sphere of civil society. Rather, the equality delivered by the state in terms of equal right and the leveling of social distinction, presupposes the existence of the social relations that reinforce and produce these very forms of equality (Marx, 1971,33). In this sense, the state as an abstract form that develops out of the social relations of capital cannot itself escape the inequality of the relations and processes in civil society. All this is simply to say that capital as a mode of organization reproduces its antagonisms in the social forms and relations its encounters, and the reproduction of these antagonisms is itself a dynamic force.

reformed by capital to reproduce the relations of production in different configurations with a different set of relations of force. This process, then, must be understood to exist both spatially and temporally, insofar as capital as process not only restructures institutions and modes of production, but through these processes is itself productive and re-constitutive of 'space' and 'regions'.

4). Finally the transition from one economic structure to another can only be accomplished through the relations of force that developed in the previous economic organization of society. In Marx's own words, "the economic structure of capitalist society has grown out of the economic structure of feudal society. The dissolution of the latter set free the elements of the former"(1990, 875). In this sense, the transition from one society to another occurs through the social relations that came into existence in the previous 'economic structure'. This means that the transition from one 'economic structure' is achieved through the institutions and administrative regimes of the previous social structure. In other words, the dialectical method stresses the importance of historicizing the processes through which old relations and modes of organization interact change in form and transform society. In this sense, the transition from one economic structure to another does not destroy with it all the relations of

force[6] and social conditions of the previous economic structure; rather, these are reformed and preserved in new social forms or controlled indirectly through the new relations[7]. The moment of dialectical negation is at once both permanent and momentary, the form is abolished so as the content can find expression in a new social reality. These abstract methodological points on the dialectical method can be applied to this thesis.

First, I approach the EDC from a dialectical perspective, in that I want to

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[6] It is worth defining here what I mean by relations of force as my definition is perhaps what some would call just force and what I later refer to as modes of governance. I use relations of force to denote the social relations of power, in the form of conducts and modes of control that develop within capitalist society. These relations no doubt develop within the objective relations of capital but it is through different instances of state regulation that they come to be dispersed and connected to new social projects. These relations of force do not simply arrive on the scene of world history fully formed; rather they develop in a co-constructive relationship with the objective economic structure of society and through this come to be connected to different projects that may stretch them, mutate them, and deploy them over the new or emerging terrain of the state (the state here as a moment of condensed social relations). The main relations of force this project focuses in on is the calculation of space, the creation of new forms of economic territoriality that can be governed and administrated through new conducts. This requires, then, examining not only the connection between calculability, capital and space but how in the moment when these processes connect and form territoriality that allow for new modes of control to emerge in their terminal ends. These ends are just as much the relations of force, only they are remote from the direct instance of calculation, the moment when space is re-territorialized. This is what I mean by relations of force. The term makes less of an appearance in the theory chapter.

[7]This point I think is explicated by Marx in the difference between the establishment of capitalist social relations in England through acts of enclosure, the transformation of property held by the Church into the private property of the nobility. In other words, Marx demonstrates how the infrastructure of Feudal society was used to establish capitalist social relations within itself. He then goes on to discuss the consecration of capitalist social relations in Western Europe. " In western Europe, the homeland of political economy, the process of primitive accumulation has more or less been accomplished. Here the capitalist regime has either directly subordinated to itself the whole of the nation's production or, where economic relations are less developed, it has at least indirect control of those social layers which, although they belong to the antiquated mode of production still continue to exist side by side with it in a state of decay. (Marx, 1990, 929). The implicit point raised by this that once these relations were established the structure of the market, as a set of forces of supply and demand and prices values and labour, could be used to some degree to establish capitalism in the colonial markets. In this once capitalism was fully developed it created within itself its own market forces that could be used to re-establish it, and cement it, in places that had yet to fully undergo the processes of primitive accumulation; and by virtue of not having undergone these processes, these processes themselves were enhanced by the existence of capitals own relations of force that developed within its social structure. In specific, Marx notes, that once it was realized by colonialists that the laws of supply and demand were not useful in the colonies to compel labour, it was decided that the government would put an artificial price on the land to encourage these market forces to develop and for capitalist social relations to function without undue difficulty. The point of course being that the creation of this colonial market is very much a process of primitive accumulation but it was a process that could be accomplished through the social forms that were furnished by the rise of capitalist market in Western Europe (private property, artificial prices on land, modes of organization that to work in the colonies relied on the institutions of a capitalist market elsewhere).

examine how the institution, and its projects are embedded within a broader set of dynamics and interconnected capitalist social relations. In particular, I examine EDC from a perspective that accents the position of the institution in relation to two periods of capitalist accumulation, from 1969s-1980's and the 1990s to present to reveal how the process of neoliberalism and the global shift towards flexible regimes of capital accumulation have restructured EDC and transformed its projects and strategies.

Second, I have stressed the importance that the transition from one economic structure to another can only be accomplished with the relations of force that developed out of an achieved maturity in the previous economic structure of society. As simple as this methodological point may be it is key to understanding the connection between the relations of force active in one society and their central place in the production and consecration of a new economic order. In this thesis I apply this dialectical approach to the relations of force animating the production of new global regimes of capital accumulation.

In this sense, this project takes a dialectical approach to the project of calculation examining how, from the 1960's-1980's, EDC operated as a regime very much bound up with the spatial-temporal fix of keynesian capital accumulation. This claim is based on two interrelated historically contingent functions of Export Development Canada. The first function was as a mechanism to find markets for surplus capital goods that could not be consumed within the domestic economy. The second function involved the calculation of national economic space through surveys of Canada's productivity, efficiency and growth and the relationship of this to Canada's international exports and

trade. From the 1980's onward, however, in line with the Multilateral Investment Guarantee Agency, EDC switched from calculating Canada's economic space to calculating political risk to develop and govern the 'space' of the global economy. The development of these practices can be understood as projects deployed through administrative regimes and expertise that developed to intervene upon the spaces of the national economy. In this sense, calculation must be understood as relations of force that were brought to maturity within the keynesian economic structure.

Third, while I will introduce the concept of re-territorialization in the next section, here I want to locate the re-territorialization of national economic space into global economic space as a dialectical process. The process of capital is in itself productive of new regions, spaces and markets, all of which are formed out of the material produced by regimes of accumulation that were at once productive of, and embedded within, the space of the nation-state. The dialectical approach conceptualizes the interplay between the national and global context and how this externalization becomes formative of both 'national' and 'global' contexts of the market.

Fourth, the concept of social totality and the dialectical method are internally bound insofar as it is through the latter that the former is uncovered. For this thesis this means understanding the calculation of political risk as an abstract concept that is produced through the interplay of real concrete social relations that exist at the substratum of capitalist society. The thesis is not interested in treating the concept of political risk as a process that exists autonomously. Rather, it is important to reveal the

historic conditions out of which the concept of political risk formed and, its relationship within broader structural transformations of the relations of production. This means considering the calculation of political risk in relation to the processes of neoliberalization, projects of globalization, imperialism and the spatialization of new markets in a global economy.

Fifth, the dialectical method attempts to unify theory and practice. This means that theory must be embedded within the historic form of social activity out of which it arises. For the purpose of this discussion maintaining the unity between theory and practice means that I cannot do a literature review with the purpose of merely carving out space for my own discussion. Rather,it is my intent to illuminate the continuities and disjunctures from the social reality on which these theories comment on. The fundamental difference here is the difference between introducing literature to establish one's theoretical space and situating this literature within the historic conditions out of which it developed. This requires that areas of interrogation and concepts are not reviewed abstractly (i.e. in terms of their internal logical consistency) but concretely in terms of the social forces and geopolitical conditions derive their form. In this sense, I hope to maintain historical materialism's commitment to producing a "knowledge of the historical process in its entirety"(Lukacs, 1968, 34).

The Archeological Method: Space and Governance

Here I outline the archeological discursive research method and the concepts of space, power and governance, as understood through Michel Foucault. In places it may appear as if the discussion would refute the dialectical method and the historic

problem of totality. Yet, the tensions between these two methodological approaches will be given room to bounce off each other in the concluding section of this chapter. This section will briefly introduce the discursive/archeological method and then will review four of Foucault's methodological cautions about analyzing power and governance. Following this I will explain how I have used this research method and some of his precautions to structure this project.

In some ways I have misappropriated Michel Foucault's archeological method. I suggest this because this method was developed by Foucault to uncover the "subjugated knowledges.. [that had] been disguised within the body of functionalist and systematizing theory"(1980, 81) . In other words, it was a method that developed as part of Foucault's epistemological project of retrieving knowledges, practices and subjects that had been absorbed and buried within the centralizing effect of positivist sciences to de-centralize the contemporary subjects, knowledges and truths that had developed out of the scientific discourses of bourgeois hegemony. I am particularly interested in Foucault's epistemological project of uncovering localized practices and rites that rendered some subjects productive while reforming or denying the existence of others. What does interest me is Foucault's historicizing approach to how the interplay of knowledge, truth and power, deployed through a web of institutions and administrative sites, interpellate specific discursive regimes, an economy of truth that is at once productive of power and vice versa. The approach then, begins by reading these technologies of power via the discursive regimes through which they are established, regimes that carry within them the intended effects of these technologies

of power, the rationalities animating them, the boundaries of effect that they circumscribe and the 'territory' that is constructed, arranged and at times denied, in the process of applying these technologies to their specific targets.

This furnishes a concrete research method in that power and governance is a discursive process that leaves the residue of power within the localized institutional sites that set to work establishing the 'economy' of its deployment. In this sense, report, briefing notes, protocols and procedures and maps, may all exist as potential research tools that serve to disclose how power/governance is intended to operate, the rationalities that underpin it and its ideal diagrams of application. As such, reading power and its intended objects through these sources provides a micro-analysis of how different spaces, subjects and populations are intended to be governed and at the same-time the historic processes through which these 'things' came to be invested by certain discourses as objects of power.

There are three effects of this research method: first, through this close reading everyday institutions are rediscovered as sites that deploy or participate within very specific and technical projects of governance. This approach, then, has the effect of de-centering institutions, administrative sites, practices and expertise that may previously have appeared as innocuous and 'everyday'. Second, this level of analysis provides a critical tool for investigating institutions, spaces and periods of time that cannot be studied through more conventional research methods such as interviews or participant based-research. Third, by focusing on a micro-analysis of power and governance at the level of discourse within its capillary points of operation, the

historic problem of totality is dismissed as a mere hindrance. The individuals within these institutional sites are not really sought out, for the analysis is not concerned with what is in the minds of those applying power; rather, the discursive approach skirts these questions by analyzing power at its terminal points where it is "invested in its real and effective practices" (1980, 97). It is from this point that we should review four methodological cautions that are implicit and explicit within Foucault's work. First, and perhaps most importantly, Foucault suggests that,

1) we look beyond the state as the central apparatuses through which all power relations pass through. In this sense, a discursive analysis of power should,

"not concern itself with the regulations and legitimate forms of power in their central locations, with the general mechanisms through which they operate and the continual effect of these. On the contrary, it should be concerned with power at its extremities, in its ultimate destinations, with those points where it becomes capillary, that is in its more regional local forms and institutions"(Foucault, 1980, 97)

In other words, power is to be understood as diffuse, multidirectional and complex. It passes through, modifies and is modified by sites of operation that are peripheral to the state. Yet its application through these peripheral points has the effect of discretely maximizing and enlarging the effectiveness of the 'state', this also means considering power as a diverse array of practices that intersect with and support circuits of exploitation but do not necessarily coincide with these circuits (Foucault, 1980, 73)[8]. In this sense, the problem of totality is jettisoned and the application and development

[8] This idea that the 'state' can be maximized and its power augmented through relations, social forms and institutions that are not directly within the states sphere of governance, is of course quite similar to Antonio Gramsci's own analysis of how the institutions of civil society form part of the state and expand the states power as a mode of organizing the dominant political relations and power relations in society at the level of culture. Often the difference between the two thinkers (Foucault and Gramsci) is at the level of nomenclature, not concepts.

of new technologies of power should not be hypostasized so that their raison d'être can be located solely within bourgeois class relations. Rather, power is to be thought of as contingent. Its existence and articulation from a multiplicity of points makes it too diffuse to be analyzed as a top down process of class domination/exploitation. In short, reproducing the relations of production is not the only function served by power/strategies of governance (Foucault, 1980, 72).

2) Power is inherently productive (Foucault, 1980, 119). This is perhaps one of the more crucial points as it structures much of this thesis' methodological approach to space and governance. Throughout much of his work Foucault stressed that the relationship between object and subject should not be thought of in terms of a binary relationship, rather the subject is not a subject until it is made into an object of power. Power, then, produces an object that is also inscribed as a form of subject. It can be inscribed with conducts, rules of governance; it can be confined to specific spaces where these conducts are operationalized; and it can be silenced by virtue of the spaces it is demarcated from. This is in some ways, a continuation of Marx's own response to Hegel's ethereal subject, that in order to exist as a subject one must be an object for something else, meaning the subject cannot be a subject without being embedded within other relation that consecrate its existence for another object[9]. For

[9] Marx makes this point when he unravels Hegel's phenomenology of mind to uncover that Hegel's subject is really nothing more than an abstraction. The subject is the idea, realizing itself in the world, realizing itself through thought. In other words, the subject is thought thinking about itself. Marx is quite right when he then claims, "a being which does not have its nature outside itself is not a natural one and has no part in the system of nature. A being which has no object outside itself is not objective. A being which is not itself an object for a third being has no being for its object, that is, is not related objectively, its being is not objective" (Marx, 1964, 327). All this is to say, that Foucault's subject is an effect of power and in this sense it is an object, and as this object it also exists as a subject that continues an effect of power in constituting objects of its own. In this sense, the subject, be it space, populations or and individual, enmeshed within an entire economy of relations and processes, a social totality.

Foucault, this means extending the analysis of power from the governance of the individual to how power can be applied to discursively produce space, such as the national economy, the commercial sea, the asylum, and prison. Power, then, produces 'truths' and 'knowledges' about these subjects that enables them to be enumerated, calculated, intervened upon and, therein, controlled. This point will be picked in the concluding key concepts section of this chapter.

3) Technologies of power and governance must be read as molecular processes. In this sense, these technologies must be searched out as practices that take their shape largely through the fact that they are deployed through a multiplicity of points. In other words, we should not read these technologies as overarching forces of governance, but as projects applied from different locales and are developed with limited fields of effect. This means that due to the molecular locales through which power is deployed it comes to exist at its purest form in its extremities, which means that often power comes to "surmount the rules of right which organize and delimit it, and as such equips itself with its own violent means of intervention" (Foucault,1980, 96). While the discursive reading of these technologies can disclose the circuits of formation, the intended objects of effect and areas it is delimited its terminal locales of application will often expand and multiply these effects in forces that are not readily visible within the initial diagrams of how power is intended to operate.

4) Finally, discursive analysis is not concerned with the perspective of the individual applying power and the intentions that surround their aim of applying it (Foucault, 1980, 97). This makes the analysis at once simpler but at the same-time confines the

subjectivity of those behind the application of power to the structural forces of society. In this sense, while the method reveals the social messiness of power in it application and its terminal points, it does not reveal the originating points of the motives that have brought any particular technology of power into existence.

I plan to utilize this approach to power and the discursive method throughout this thesis as follows. These methodological points have been applied in a number of ways to help overcome practical and theoretical problems. With regard to the former my research is concerned with studying EDC and the formation of its political risk department. I tried to interrogate this site through more direct methods of research such as using the Freedom of the Information Act to no avail. In fact, although the EDC is a crown corporation it is not covered by the Freedom of Information act, as apparently this could lead to a violation of client confidentiality. Obtaining an interview with EDC staff proved to be just as difficult as all inquires are vetted by public relations coordinators. This made it very difficult to get in touch with the necessary department or personnel. This difficulty was compounded by the fact that the EDC does not release any of the contact information for its employees in the Government Electronic Directory Services, an online resource that contains the contact details for government employees in all ministries and crown corporations. While these limitations pose serious challenges to undertaking research on the EDC I had access to the following documents: EDC's annual reports starting from 1969 to 2009, access to the EDC's two small journals, *Export Wise* and *EDC News,* and its 2008 *Legislative Review Document* to the Canadian government, and its annual

Corporate Social Responsibility Guidelines. In addition , I have had access to MIGA's *Annual Reports* (starting in 2000) as well a few samples of its *Social and Environmental Review* that it compiles as part of its management against political risks. All of these helped to provide the basis for an archival study of the formation of the EDC's political risk department, the gradual shift in the rationalities that structured its political risk services and how these processes have coagulated around the calculation of global economic space.

In addition, the calculation of political risk remains confined to a network between private export credit agencies,multinational finance and insurance groups and MIGA. Thus, while the individual sites themselves remain very difficult to get inside, there exists a compendium of documents, mandates, reports, surveys, slide-shows and maps connected to the calculation of political risk that are available for analysis. In other words, the closed nature of the area of investigation required a method that would make the most of the information available. As such, the discursive research method fits well.

There are four ways in which I plan to apply these methodological points to this project. First, the concept of power as inherently productive shapes my approach to how the calculation of political risk has emerged as the relations of force in the production of 'global' economic space. Thus, this thesis is interested in how the calculation of political risk has been used to produce new spaces of capital accumulation and to render these sites of accumulation governable. The calculation of political risk is approached as a discursive practice of creating the space of the

emerging market, an area within the global economy that can be governed by transnational corporations and international organizations. The calculation of political risk is a technology of power that has been productive of a new form of economic space in the global economy, unstable space that can be secured for the investment of surplus capital. In other words, I have picked on Foucault's notion of the positive nature of power, in its capacity to produce new conducts, to analyze how political risk has been key in calculating and enumerating upon new 'spaces' that can be governed through new forms of rule. To demonstrate how practices of calculation previously played a role in the consecration of the national economic space of the keynesian economy, as a space that could be governed and regulated by the nation-state. Power, then, as relations of force is seen as inherently spatial, in that it brings new spaces into existence through its deployment.

Second, Foucault approaches power/governance as practices and strategies that are deployed through localized sites. The state apparatus in its judicial form is not taken as the central or core site where power exists and its operated from. This point is worth consideration in that despite the fact that the EDC is a crown corporation, the actual networks, and sites of administration which projects of calculating political risk are deployed exist across and at many different scales of political jurisprudence. My research will illuminate how political risk as a mode of calculation has developed through networks that link private export credit agencies, the World Bank, private insurance providers; and is articulated through many different forms of expertise such as, statisticians, lawyers, managers of mineral extraction organizations, and corporate

heads, and investors. Thus the formation of political risk as a specific technology of power cannot be analyzed solely through how it is deployed within EDC; rather, the rationalities, intended targets of governance, and diagrams of operation that make-up political risk as a technology of power are to be found within the networks and different scales of governance that the EDC came to be embedded.

Third, the circuits of power intersect with circuits of power that are used to reproduce the relations of production. The two however, do not coincide. Thus, the relations of production do not solely determine how power operates and its targets of operation, power is articulated in spheres that relate closely to the relations of production but are autonomous from them. In the case of the calculation of political risk this approach does not quite hold. Rather, as we shall see, the calculation of political risk originates directly within the relations of production as a means to ensure the process of capital is not disrupted when capital moves into new markets. In this sense, political risk as a means to deal with nationalization, expropriation, breach of contract, and forms of violence that may disrupt operations is a logic that is inseparable from the processes of exchange, production and reproduction in a capitalist world system. My interest here is in tracing these logics where their effects emerge as relations of force that discursively constructed the object of the emerging market as a global form of economic space that could be rendered governable. I analyze how these events gave rise to another event where the governance of the emerging market inscribed this space with new modes of governance that TNC's could use to govern their global regimes of capital accumulation situated within these sites.

As such, the area under investigation requires that Foucault's methodological point is modified to allow for the fact that political risk as a technology of power has its genesis in the relations of production but is not wholly confined to these relations. With these methodological points in mind there are a few terms and concepts that I need to clarify.

1. *Calculation:* Calculation is often considered in neo-foucaultian approaches as a key practice involved in the technology of governmentality. Nevertheless, the concept of calculation has been used by Peter Miller, Nikolas Rose (1998), Timothy Mitchell (2002), William Walters, Wendy Larner (2004) , as a key method in the production and governance of space, individuals and populations. For instance, Miller and Mitchell have explored how calculation was a key practice in making the 'national economy' into a real object that could be controlled and at the same-time situated as a mode of organizing social/political behavior, through practices of calculating the existence, of a national economy by producing knowledge about its processes and discovering its relationship to the administrative regimes of the nation-state. Larner has discussed how global benchmarking and best practices have been used as calculative techniques to bring into existence the space of the global economy. This is not to suggest that calculation brought these actual material relations into existence but rather it re-situated these processes in a way that they were rendered governable and could be used at the same-time to govern. Calculation thus allows populations and spaces to be enumerated and indexed against one another in such a way that they form an object that can be governed. Calculation, then, is to be understood as a set of

practices designed to collect data, compare information, arrange data, and enumerate, what was previously thought to be unknown so that they can become objects that are controllable, quantifiable, and therein made 'real'.

> 2. *Re-territorialization:* Rose describes *territorialization* as "a matter of marking out a territory in thought and inscribing it in the real, topographizing it, investing it with powers, bounding it by exclusions, defining who or what can rightfully enter. Central to modern governmental thought has been a territorialization of national space: states, countries, populations, societies"(Rose, 1999, 57).

For the purpose of this discussion re-territorialization is the action of both de-territorializing space, but also re-situating this space in a new context, as a new set of frontiers, as territory that has had its boundaries of exclusion and inclusion remapped so that new space comes to be fixed or excluded from its existence, at the same-time, a process of re-territorialization where this territory had played host to different social, economic and political processes, is remapped and inscribed with new logics of governance and new modes of governance, that may not have been materially and contextually possible to organize in its previous form of territoriality.

3. *Discursive Space:* I have referred to space throughout this discussion without really differentiating between two different forms of space. First, when I discuss the space of the emerging market and how the calculation of political risk has been used to produce new space, I am referring to a form of space that is mapped and made to exist through practices and knowledges used to situate this space in a particular context. In this regard, scholars such as Larner, Hindess and Le Heron, have focused on how the switch to neoliberalism has involved the transformation from projects to develop and govern the economic space of the nation-state towards projects of bringing into

existence the space of the global economy (Larner and Le Heron 2002 2009; Larner and Walters, 2004 Hindess, 1998). In this sense, the discursive approach to space understands the production of space as a set of practices used to re-situate 'territory' as part of new frontier through real material interventions upon it. However, I have not limited my conceptualization of space to this definition. Rather, the insights from critical geographers/political economists such as David Harvey (2003), Neil Brenner (2004), Jamie Peck (2003), Neil Smith (1984) and Roger Keil and Rianne Mahon (2009), have illuminated how space should also be approached as a concrete set of relations. In this sense, circuits of production, consumption and exchange and the social relations embedded within these circuits transform space, and produce spaces such as the gated community or the export processing zone. These spaces are concrete insofar as the logics of capital, the displacement of contradictions within the process of capital are productive of, shape, and react against very concrete material forms of space. It is, however, quite clear that these two definitions are not mutually exclusive. Rather, the discursive production of space should be seen as something that opens spaces up for processes that make these spaces governable through new modes of force and logics. At the same time the processes of capital make the discursive construction of new spaces possible by producing new concrete material forms of space that can be uncovered and re-articulated discursively to support new social, political and economic processes. It is through the interplay of these two abstract forms of space that this discussion engages with the calculation of political risk as a technique that has been used by the EDC to produce the space of the global economy.

Tensions in the Method

I do not intend to offer a seamless or complete integration of these analytics- this would be a thesis in itself. Instead, I put forward a few ways to think through how these analytics complement one another. I would like to do this by focusing on how the two approaches can serve as complementary levels of analysis. At first glance the two thinkers are separated by the questions of why and how, Marx being assigned the former and Foucault the latter. This dichotomy warrants some clarification.

Social analyses that focus on the question of why things happen are often charged with a causal reading of history, a set of social relations and practices come to be assigned to an institution based on the mode of production, or the conditions of production, and in this sense, motives and intents come to be imputed into all social actors, and history breaks down into an easily digestible formula of deterministic relations (see Hunt, 2004, 504). While we can see why such charges may be made against critical realism based on its preference for tendencies produced by "an unobservable social structure" (see Marsden 1999, Bhaskar, 1991), there is no basis to assume that the dialectical method should be charged with the same functionalism. Instead the dialectic method focuses on contradictions that are immediate and existing and make up one instance of a single totality, often expressed as two different sides of a single reality. However, there is nothing pre-determined or causal about these contradictions, only that the social relations underpinning them will change and mutate into new relations and social forms. In this sense, in historical materialism the dialectic is at its heart, concerned with

social and economic relations, as starting points of analysis, by no means does it assume these objects of analysis to be determinative in themselves or to makeup the 'essence' of society. Instead social and economic relations are considered important analytical starting points for understanding why power is operated in a certain way and over certain targets of effect.

For our purposes this is an important distinction to make as it allows this thesis to approach Marx and Foucault as complementary thinkers, who offer different ways to approach and frame social and economic relations in society. Insofar as where 'Marxism' provides a means to understand the relations to production and the dynamics of capital and the different social relations that co-construct these dynamics, Foucault offers an approach that highlights the more superficial everyday practices that come to underpin these relations. In this thesis this means examining the EDC as an institution that has been imbricated in different circuits of capital and attached to different sections of the capitalist class, and at the same-time examining the knowledges and practices, and different projects that would run through the EDC and shape how these social and economic relations were deployed. In other words, I neither offer a reconciliation for the rejection of dialectics and totality that is often part of Foucault's work, nor do I attempt to equate the dialectic method to a reading of history based on complete contingency, because this reconciliation would be counterproductive. Marx and Foucault work together here by providing different levels of historical specificity in examining social and economic relations. In this sense, they work together because the historic

form of society is at once contingent and at the same-time made up of real and definite concrete social and economic relations, relations that shape the form of society but by no means are determinative in themselves. It is by cycling through these different levels of analyses that both the processes of capital and the different projects and knowledges that shape how these processes are executed through institutional practices can be illuminated.

Chapter 3
Two modes of Spatial Production: capital and territorialization

This thesis, interrogates EDC as both an instance within the circuits of capital accumulation and as a calculative institution through which the space of the national economy and later the global economy have been discursively territorialized. As indicated in chapter two, the approach works within the interstices of 'marxist' theories of 'imperialism' and 'neo-foucaultian' analytics of the discursive practices that make objects visible and controllable. By combining these analytics we can reveal how EDC brings the processes of capital and the logics of governance into concordance within the space of the global economy. This chapter develops an analytical approach that reveals how the capitalist mode of production (CMP) is productive of space and the way particular rationalities come to orient institutions towards the production of specific objects.

I have structured this chapter as follows: first, through a succinct examination of David Harvey's work, I develop how this project will approach the CMP as a set of spatially productive relations. Second, I introduce over-accumulation and under-consumption as the main two theories on crises in capital accumulation and then briefly discuss how they relate to the institutional functions of the EDC as regulatory instances within the process of capital accumulation within Canadian society. Third, drawing on the work of Nikolas Rose, I construct a general outline as to imagine the process of territorialization and how power and governance comes to be inscribed within discursive forms of space.

Following this I examine Timothy Mitchell's book *Rule of Experts,* and draw some insights into the formation of the national economy as an object of governance from the works of Hindess, Hirst, Miller, Larner and David Le Heron's work on global benchmarking. Finally I show how this project approaches the calculation of political risk as mode of producing the space of the global economy as an emerging market.

The Capitalist Mode of Production and Space

> *"When Civil Society is in a state of unimpeded activity it is engaged in expanding internally in population and industry, The amassing of wealth is intensified by generating (a) the linkage of men by their needs and (b) the methods of preparing and distributing the means to satisfy these needs because it is from this double process of generalization that the largest profits are derived. This is one side of the picture. The other side is the subdivision and restriction of particular jobs. This results in the dependence and distress of the class tied to work of that sort"(Hegel, 1967, 149-150).*

What is interesting about this passage is the direction Hegel's speculative philosophy took after it. Namely, realizing that the contradiction within civil society is generated by the relations that constitute civil society, Hegel suggests that these contradictions must be resolved through the externalization of crises into new space. This space takes the form of new markets and colonies that reconfigure individual's relations to the 'division of labour' and improve their standard of living. This theme of the externalization of capitalist relations is often the starting point for marxists analyses of imperialism[10]. I am interested in working through Hegel' disclosure of the

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[10] The famous theoretician Rose Luxemburg in fact constructs here entire notion of Imperialism on the dialectical relationships between 'internal' capitalist markets and 'external' pre-capitalist markets. The pre-capitalist is the space of externalization, the site of resolution within the processes of crisis. Modern theories of Imperialism remain shaped by this notion as they now attempt to account for the shape and processes of imperialism in a world without pre-capitalist sites, in this sense these theorists are concerned with how the relations of capital are resolved in a fully capitalist world order.

spatiality and temporal moments of the CMP[11], and the relationship of these to the production of space and locales that mediate and support these spatial-dynamics. I start by reflecting on Harvey's concept of the spatial-fix.

I adopt Harvey's analytical approach to the CMP as "as the reproduction of daily life through the production of commodities produced through a system of circulation of capital that has profit seeking as its direct and socially accepted goal"(Harvey, 312) For the moment these relations can be expressed as in the following schema:

M-C-ΔM ...

In short, the capitalist mode of production is predicated on using capital (**M**) to purchase goods, resources, land that can have some combination of human labour added to it in combination with some form of machinery or material to create a product (**C**) that can be sold at price that not only covers the initial outlay of capital **(M),** but also realizes a profit and thus generates surplus capital(**ΔM**). In this sense, the system is structured by the belief that commodities will always be produced in a manner that their value increases, which not only implies constant growth but constant technological innovations (Harvey, 313). While this system operates through a very narrow definition of value[12] the system is also confronted by crises that can stem from a failure of valorization when the final product cannot be purchased leaving the potential capital trapped within the physical commodity. Alternatively, crises can also

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[11] It is important to note that Hegel's own analysis is concerned with these processes as the division of labour and not the capitalist mode of production, as the latter was still in formation during the period of Hegel's writings. Hegel's contribution, however, is in noting the contradictions of the capitalist social relations that were coming to underpin the division of labour in society and the need to find new spaces to externalize these relations.

[12] Insofar as social costs, environmental costs of production are not figured into the final value realized.

arise when a surplus of capital cannot find labour, technology or raw materials to allow for a profitable configuration. These two crises within accumulation are understood respectively as crises of under-consumption and crises of over-accumulation. The task at the moment, however, is to use Harvey's concept of the spatial-fix to work through the spatial implications of these tendencies within the CMP.

The capitalist mode of production enters into a state of crisis when the production of social needs becomes incompatible with the realization of profit. While these crises cannot be resolved, they can be attenuated through the production of new spaces that can be used to valorize goods or absorb surplus capital. In this sense, the pressure to find or create new spaces gives rise to the search for new spatial-temporal fixes. The concept of the spatial-fix stretches across two levels of analysis. One the one level, the spatial fix is a material process through which capital either comes to be established in new physical infrastructures or a moment in which surplus goods are linked into new circuits of consumption. In either case, the spatial-fix is very much a material process through which reconfigurations between production, consumption and exchange create not only new physical infrastructures but also produce new social relations across space and time. The spatial-fix is a way of conceiving how capitalism constantly revolutionizes itself by "tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchanges of natural and mental forces"(Marx,1973, 410).

The CMP tends towards the production of contradictions within the process of accumulation forcing capitalists to produce new spaces of accumulation by restructuring previous regional configurations of capitalist production or by bringing new regions into the circuits of capitalist accumulation. As such the CMP is a,

> " production of space, the organization of wholly new territorial divisions of labour, the opening up of new and cheaper resource complexes, of new regions as dynamic spaces of capital accumulation and the penetration of pre-existing social formations by capitalist social relations and institutional arrangements, provide important ways to absorb capital and labour surpluses" (Harvey,2003, 116).

This formulation, however, poses two related problems. First, the production of space through which capital can be absorbed requires not only the use of institutions and political force but also depends upon integrating these spatial regions into the circuits of capital in such a way that capitalists are able to "command surplus labour time and convert it into profit within the socially-necessary turnover time" (Harvey, 327). In the words of Marx, the production of space via the CMP operates through the "annihilation of space through time" (Marx, 1973, 539). At the same-time, once realized within a spatial-fix the relative immobility means that while the CMP tends towards the destruction of all social-spatial barriers to the expansion of production, the very means of realizing profit through a regime of accumulation creates a new spatial-barrier. For Harvey, this problem is geographically expressed through a complex "networked spatio-temporal world of financial flows of surplus capital with conglomerations of political and economic power at key nodal points" (2003, 134). In this sense, the spatial tendencies of the CMP come to be connected to a distinct spatial-temporal network made-up of financial institutions that allow for capital to

move from region to region by not only compressing the space between these regions but also mediating these flows of capital through their own political and economic power.

There are two points I would like to draw from this. **1)** The CMP as a set of social relations is productive of new forms of space in two specific ways. It is productive insofar as the crises within the process of accumulation can be attenuated by displacing these crises into new regions providing access to cheaper labour, resources, land. Through this process the spatial-fix creates new social relations across space and time that connect these new spaces of accumulation to different mediating institutions and social classes. As a result, capital becomes productive of new relations that allow space to be organized in new ways. As Lefebvre has pointed out, this often requires abstracting space, and reorienting it as private property or to re-situate the social relations that previously constituted this space (1991, 230). **2)** The contradiction between capital's need to abolish all spatial-barriers and the relative immobility of capital in spatial fixes, is productive of a "networked spatio-temporal world of financial flows" made up of different institutions and organizations that develop around particular points within this expanded circuit of capital. However, the form of regulation that these institutions deploy is shaped by the particular crises within the process of capital accumulation. In the process of reproducing the social relations that make-up the particular points in the circuits of capital these institutions not only produce new space for capital but specific forms of space. In terms of this thesis the EDC can thus be seen as an institution that has served to regulate particular

instances within the circuits of Canadian capital, and as a site that has connected these instances to different modes of governing and producing discursive space.

Under-Consumption and Over-Accumulation?

There has been little debate recently on whether the problem of capital accumulation resides in the problem of demand-side crises or the more widely accepted problem of an over-accumulation of capital. While (with a few caveats) this project sides with the over-accumulation thesis, Luxemburg's thesis on under-consumption offers some insight into the way the EDC operated from 1969 to the mid 1980s. With a few qualifications, it can be argued that the dynamics of under-consumption shaped the institutional configuration of the EDC and its linkages to the Canadian state such that the institution produced the following two effects. First, the formation of the EDC was animated by a surplus of capital goods that could not be consumed within the Canadian economy. As a result the institution was charged with creating new space of capital to absorb these goods, connecting Canadian exporters in the manufacturing sector to new markets. Consequently the EDC helped give rise to a specific structure of spatial organization that was different from the space of the emerging market and in the process limited how the technology of political risk was applied. Second, production of externalized space served to connect the EDC to a broader set of discourses that had developed out of the Economic Council of Canada (EEC). In this sense, the ECC formed part of an institutional network that deployed the EDC as an institution for producing the territoriality of the national-economy as a specific form of governable economic space.

From the 1990s onward a shift in the institutional function of the EDC can be traced as it moved to connecting with capital in the form of foreign direct investment. This shift was productive of two co-constructive effects. On the one hand, the EDC increasingly had to govern the flow of capital into locales that would supply access to cheaper labour, cheaper resources and lower environmental standards, an objective that was crystalized within the EDC's policy of 'integrative trade'. On the other hand, the EDC became a site for the territorialization of the space of the global economy through the calculation of political risk and its production of the emerging market, as distinct form of economic space. Thus, the two theses on capital accumulation help to theorize the way internal crises in accumulation come to be linked to different political rationalities and technologies of governance. Luxemburg's *The Accumulation of Capital* argues that the problem of imperialism must be located more generally in the problem of capital accumulation. The thrust of her argument rests on the notion that the capitalist mode of production needs exchange with pre-capitalist societies to attenuate the tendency to produce surplus value in forms that can neither be absorbed by capitalists nor workers (Luxemburg 2003, 347). Her argument presupposes that configurations between constant capital, variable capital and the rate at which surplus-value is extracted pose a "deep and fundamental antagonism between the capacity to consume and the capacity to produce in capitalist society" (Luxemburg, 2003, 347). This assumes though that workers are only paid for their subsistence and therefore cannot consume their products, a condition Luxembourg discerned before the generalization of fordist-production logic and the labour-capital consensus. The

capitalist class, in Luxembourg's account, is also limited in its consumption capacity in two respects.

First, it may find that the total output of goods cannot be bought by consumers,thus making production of these goods more or less pointless (Luxemburg, 1915, 57). Second, capitalists may find that the conditions of their accumulation remain limited by the branches of industry that they supply, thus restricting the prospects for reinvesting capital to produce economies of scale; and, more importantly, finding industrial infrastructures to absorb surplus value in the interim. For Luxemburg, while the quantity of surplus value that can be appropriated from a labourer can be increased relatively and absolutely, these methods come to nothing if the form of this surplus value in its commodity-form cannot be valorized (Luxemburg, 2003, 347). For Luxemburg, then, if neither the capitalist class nor the working class is able to purchase the goods of capitalist production then the "invaluable part of surplus value that forms capital's real purpose of existence: the profit designed for capitalization and accumulation" will go unrealized (1921, 55). This gives rise to the expansion of the market not simply through the export of capitalist relations of production but through the integration of pre-capitalist markets into the world economy (Luxemburg, 2003, 369).

The theory of under-consumption has been roundly criticized as a non-problem of accumulation. Harvey does away with it by simply stating that capital can always be invested into society to produce new demands (See Harvey, 2003, 139). Anthony Brewer critiqued Luxemburg on the same grounds in his *Marxist Theories of*

Imperialism (1983). While the rise of cheap and abundant credit, introduction of working class home ownership, insurance markets, and integrated finance systems problematize Luxemburg's theory of under-consumption, there are still some productive threads of her work on under-consumption that are helpful in thinking about the early circuit of capital the EDC was situated within. I will review three main points.

First, Brewer and Harvey are right to be skeptical of Luxemburg's premise of a general problem of societal-underconsumption in capitalist societies. A general problem of societal under-consumption can be resolved through reinvesting capital into products that will generate demand. In other words, a problem of under-consumption affecting the entire capitalist class is quite unlikely as some sectors will either have a natural societal demand (i.e food sectors, medical, mortuary services) or will have access to reserves of finance capital that could be invested to create new demand. For this thesis, however, it is important to think about the capitalist class as a differentiated social bloc. Meaning that while problems of under-consumption can be resolved objectively particular sections of the capitalist class will be more prone to problems of under-consumption than others. In particular, sections of the capitalist class involved in the production of capital goods may experience instances of under-consumption due to the coupling of both a limited domestic market and a tendency in the manufacturing sectors for the over-production of goods. Thus, if we limit Luxemburg's thesis to a problem of demand experienced by the sections of the capitalist class involved in the production of capital goods, the problem of under-

consumption can be reintroduced as a dynamic shaping the processes of capitalist expansion.

Second, Luxemburg stressed the idea that production for production's sake cannot form the sole raison d'être of capitalist society. Although this is seemingly a tangential point, it is an important analytical point. Insofar as, while problems of under-consumption can be resolved objectively through investing in new demands, this reading of capital, however, is far too economic. Rather, capital is an economic system that, as Braudel has pointed out, endures only insofar as it becomes a social system and is able to utilize social structures of power to constitute and reproduce the conditions of its existence (2002, 624). As such, capitalism becomes connected to political projects articulated from spheres that are not directly within the sphere of production. In this sense, if capital is imbricated in broader political projects that link sections of the capitalist class to the institutions of the state not only does it have a purpose but it is also connected to sites of authority that give it constitutionality and legitimacy. In this regard, this thesis takes Luxemburg's statement that production cannot continue for production's sake as an important disclosure of the social and political projects that connect different sections of the capitalist class and different relations to production to the state.

Finally, while Luxemburg arrives at the conclusion that the dynamics of under-consumption require external non-capitalist societies for their attenuation, this thesis focuses on semi-capitalist societies or developing nations. In particular, as Harvey has stated the "general thrust of any capitalist logic of power is not that territories should

be held back from capitalist development, but that they should be continuously opened up" (2003, 139). As such this thesis focuses on how the dominant role of semi-capitalist economies played in absorbing surplus capital goods, through the provisioning of export credit financing. Capital goods were purchased through loans to foreign governments that would then purchase the goods and payback a hefty sum in interest, thus alleviating both surplus capital and surplus industrial goods. In this sense, Luxemburg's analysis still holds some purchase if we focus less on the integration of pre-capitalist societies to bring down the costs of production in the home-country, and more on the role of industrializing societies in absorbing capital goods to maintain the relations to production in core-capitalist states.

From this analysis I would like to suggest two points that may be useful in examining the inception of the EDC in 1969 and its functions up until the mid 1980's. First, Luxemburg's under-consumption thesis is more compelling if we consider the dynamics of under-consumption as problem specific to the particular section of the capitalist class that produces inputs for branches of industries. In other words, the dynamics of under-consumption should be considered with reference to the sections of the capitalist class that produce capital goods and face limitations on the consumption of these due to the size of their domestic markets. In this sense, the thesis of under-consumption has more weight as an effect coupled with the production of capital goods in a limited market. Second, on its own the above qualification cannot stand as under-consumption in some sectors of the economy can be overcome in other sections and the firms faced with under-consumption can simply be bought out or destroyed.

This reasoning, however, only holds if we do not consider capital in relation to a broader set of political rationalities and institutional ties that connect it to projects of maintaining full employment, improving industrial efficiency, expanding the welfare state, or easing regional income disparities. Through such projects the sections of the capitalist class experiencing problems of under-consumption can become connected to public-policy and regulatory institutions that serve to politicize the slackening of demand.

Thus, the under-consumption thesis supports this thesis as follows. First, the EDC was situated within the circuits of capital in the Canadian state to attenuate problems of surplus capital goods by increasing the export capacity of Canada's leading industries in "industrial machinery, electrical power, equipment, agricultural machinery, telecommunications, commercial transport equipment such as aircraft and railway vehicles and ships"(EDC, 1982, 23). The manufacturing sector of Canada was seen to be in crisis due to it poor efficiency, a large number of branch-plants, a lack of demand for capital goods in the Canadian economy (Government of Canada, 1968). Thus this problem of under-consumption was localized within the manufacturing sectors of Canada's capitalist class. Moreover, the manufacturing sector was considered by many Canadian public-policy experts as a key sector that would have to be developed to attenuate regional disparities and maintain full employment. Moreover, the institution's deployment as an agent to help build Canada's economy made it a site through which the national economy could be surveilled and managed, bringing it into existence as an object of governance.

Second, the institution's direct relation to the under-consumption of capital goods circumscribed the form of the spatial-fix. The relative inflexibility of capital goods meant that the spatial-fix for the Canadian economy was largely secured through the production of trade contracts between sovereign nations. This form of capital limited the institution's role in producing sites of foreign direct investment for capital to move into. It thus restricted the spatial-structures created to support Canadian circuits of capital in two respects. *A)*The institution did not need to produce spaces for long term FDI and thus did not need to open spaces within foreign economies for Canadian industries. This, in turn, meant that the institution did not need to inscribe these environments with modes of governance that would give Canadian capitalists power to control the conditions of accumulation. *B)*This also produced a form of spatial-fix predicated upon the intensification and expansion of capital social relations within Canada's national economy, rather than the production and abstraction of new forms of economic space for FDI.

With these points in mind I will now review the theory of over-accumulation with an eye to larger mutations within the calculation of political risk and the EDC's shift in focus away from the sole export of capital goods towards the export of foreign direct investment.

The over-accumulation thesis is based on the idea that capitalist logics of production tend towards an overproduction of surplus capital that cannot be combined with labour to produce a profitable regime of accumulation (Harvey, 2003, 88). Capital then needs to find new assets in which it can be absorbed. This crisis has two

mutually inclusive modes of spatial resolution: that of restructuring the social relations within domestic society or restructuring the social relations of other nation-states. I am here concerned mainly with the latter but as these processes are dialectically related it is worth reviewing both.

In the first instance, crises in over-accumulation can be resolved through processes of de-industrialization, financialization, the release of state owned assets and the retrenchment of social welfare regimes to commodify needs that were previously treated as social rights. As Harvey notes, these processes of restructuring have been intensified through neoliberal orthodoxy as national industries are privatized and workers laid-off or deprived of benefits. This process of attenuating crises of over-accumulation does not require an outward expansion of capital but merely a reconfiguration of the existing social relations that had stood as social-barriers to the intensification of capital. Nevertheless there may be constraints on the degree to which crises of over-accumulation can be absorbed through social intensification. In Canada, for instance, the social rights to public health care, public education, crown held resources, water as a public utility limit the ways in which surplus capital can be absorbed within the Canadian state[13]. This creates pressures to attenuate the problem of surplus capital in spaces where the social limits against capital can be coercively rolled back.

With regard to the movement of over-accumulated capital into new markets there are two points I want to develop. First, the logics of over-accumulation tend

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[13] For a discussion on the relationship between the social rights of citizenship and the processes of neoliberal restructuring, see my unpublished paper Henry, 2008, "Neoliberalism: can the citizen survive"

towards the movement of capital in the form of FDI, credit, loans and derivatives rather than the movement of goods. Following the reconfiguration of the global economy in response to crises of over-accumulation from 1973-75, "financial flows became the primary means of articulating the capitalist logic of power" (Harvey, 2003, 184). Although it is an exaggeration to declare that the export of capital has replaced the export of capital goods, exports of capital in the form of FDI have been the constituting feature of the global economy. In Canada flows of FDI increased from 5% of the Gross Domestic Product in 1970 to 21.9% in 1997 to 40% in 2007 (Statistics Canada). As the late Harry Magdoff presciently pointed out, the export of capital restructures the circuits of capital between the Global North and the Global South from the circulation of credit and capital goods to the movement of capital (FDI) into a foreign business environment on a long-term scale (2003, 93). This brings into existence the foreign market as a new spatial-fix that on the one hand is central in absorbing over-accumulated capital but, on the other hand, embeds capital in a site of accumulation not as controllable as capital located in the national context. In an era typified by the mediation of capitalist expansion through the foreign market, " business, is always on the lookout for ways of controlling its environment- to eliminate as much risk as possible"(Magdoff, 2003, 41).

This leads into the second point. The quantitative increase in financial flows leads to a qualitative transformation not only of the fluidity with which capital enters new spaces but the social relations that connect the circuits of capital to these new spaces. In short, a circuit of capital that connects an exporter of goods to an importer is

qualitatively different from the circuits connecting one state to a long term foreign direct investment project such as a mine, or pipeline in another state. In other words, the change in the form of capital to that of financial flows not only changes the mobility of capital but it also qualitatively changes the forms of space produced and the institutions mediating the circuits of capital embedded within these spatial-fixes. The most pressing transformation that arises out of this is the question this thesis opened with how does "the relative distinctive logic of territorial power fit with the fluid dynamics of capital accumulation in space and time?" (Harvey, 2003, 93).

There are many ways to answer this question. In *Empire of Capital,* Ellen Wood argues that the unique power of capital (separating economic from political power) allows capital's imperatives to regulate the behavior of states, firms and individuals with the patina of natural objective laws. As a mode of universalizing these imperatives, globalization extends economic governance "beyond the limits of political and military domination ..[by] introducing the compulsions of the market where they do not exist and sustaining them where they do" (2003, 20). Under the guise of globalization this period of imperialism, operates through a wide-ranging economic hegemony that reaches far beyond any state's territorial boundaries and as such depends upon a complex network of states to sustain and expand the laws,or capital imperatives, of the global economy (Wood, 2003, 154). Economic governance,

then, helps to keep the territorial logics of power and capital in relative concordance to one another. Magdoff came to similar conclusion some thirty years earlier.[14]

In contrast, Harvey locates the concordance between the territorialized power of the state and capital in the ability of the molecular processes capital to produce new relations across space and time. Once the state recognizes a new geographical patterning of accumulation it will foster these dynamics through its own policies and actions (Harvey, 2003, 105). This network of capital flows is maintained by institutions situated across different geographical scales that have developed in relation to flows of capital. Thus the "identifiable territorial logic of power - regionality- necessarily and unavoidably arises out of the molecular processes of capital accumulation in space and time" (2003, 103) and produces modes of territorial power nested in scales at supra-national and sub-national scales. For Harvey, what is distinctive about this form of imperialism is the fact that territorial power has been shaped in line with the relative fluidity of capital produced a networked spatial-temporal world of financial flows, that derives its territorial power from a number of different scales and different instances within the circuits of capital. In other words, the networked regional entities within the global economy provide the institutional regulations and sites of administration that capitalists do not absolutely need to

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[14] Initially I conducted a much larger review of Magdoff's work but due to space constraints his impact in this chapter has been minimized. However, it is worth noting that it is in these essays that Magdoff attempts to pinpoint the power relations that have developed to organize flows of capital into regions that are no longer governed and regulated by the administrative power and coercion of the colonial state. Magdoff's starting point, much like Wood's, is that Imperialism is increasingly structured by the logics of the world market, a nebula of economic forces exercised and maintained through financial institutions and national economic command-posts, such as Central Banks. In this sense, economic laws become the key method of "intensifying the relationship of dominance and exploitation" between core-capitalist state and former colonies, as it is a method that can be deployed without the use of direct force or prolonged annexation of territory (Magdoff, 2003, 93).

operate, but mitigate the risk capital faces as it relocates into new regions and new sites of accumulation (Harvey, 2003, 90).

These two accounts of the nature of territorial power in modern imperialism are important for two reasons. First, both theorists point towards the dispersed nature of territorial power. Although the U.S operates as the final guarantor of the system, the power relations underpinning capital are exercised through networks of institutions situated across different scales national, local and supranational. In other words, there is a multiplicity of forms of state that mediate capital (see Harvey 2003 Wood 2003). The second reason, is that although the global economy is central to both theorists analyses of modern imperialism, they do not interrogate these concepts with sufficient rigor. By failing to examine the global economy as an object of governance, both overlook how the concept of the global economy has been productive of new practices and techniques that structure how the institutions situated across these scales organize and govern the flows of capital that they mediate. In other words, without examining the broader political rationalities that the global economy is imbricated within discursively, these analyses cannot account for how geographical scales of governance come to be productive of applications of power that are specific to particular instances of capital accumulation. It follows that to conceptualize the micro-physics of territorial power, we need to engage with the way space is discursively constructed as an object of governance.

Territorializations: keynesian and neoliberal regimes of economic territoriality

The spatial dynamics of accumulation developed through the EDC need to be situated in relation to particular territorializations developed in response to these spatial dynamics of capital. Territorializations, then, need to be seen as discursively arranged forms of space through which capital is mediated through and governed. For the purposes of this thesis I am interested in examining the territorialization of economic space in the national economy and the global economy in the form of the emerging market. Before getting into the discussion of the national economy and the global economy as forms of discursive space, I will clarify the concept of territorialization as an instance of 'governance'.

Territorialization can be seen as a moment within a broader set of practices of governance. Examining governance thus means examining the way power is exercised within and outside the state. In other words, it is an analysis of the different circuits of power that "[assemble] a whole array of technologies that connect up calculation and strategies developed in political centers to thousands of spatially scattered points where the constitutional, fiscal, organizational and judicial power of the state" are connected to specific targets, or objects, of regulation (Rose, 1998, 18). These modes of regulation are inherently productive of space as governance requires the application of power to specific zones or spaces . These specific objects of regulation need to be brought into existence and made ontologically and epistemologically visible and discrete from other sites or instances of regulation. Governance, then, does not operate "on a pre-existing thought world, with its natural divisions", instead part of the

techniques of governance and the application of its power is to bring specific forms of governable space into existence (Rose, 1999, 31).

Territorialization, then, needs to be examined as a spatial mode of production that comes to be imbricated within the spatial relations and processes of the CMP. The inscription of power into specific discursive objects serves to enframe these spaces in such a way that allows specific practices and techniques to be applied. As Rose notes, analyses of the relationship between governance and territorialization have focused predominately on the modes of producing the discursive space of populations, nations, societies, economies etc. (Rose, 1999, 31). As forms of discursive space, these territorializations are not fixed but rather can be reshaped and reconstituted by different political rationalities. Moreover, the discursive nature of these forms opens the possibility for these objects to be embedded within multiple dimensions of space formed within different temporal moments of regulation. This means that institutions that were once implicated within particular forms of territorialization can be reworked and redeployed to produce new forms of space, often through the same infrastructures and techniques as previous territorializations. In other words, the processes of territorialization can be read as a dialectical process of continual de-territorialization, the breakdown of a set of practices that had targeted a specific form of space and the reconstitution of these practices in a moment of re-territorialization. A new form of discursive space is developed, allowing new practices and strategies to be creative of new political, social, and economic assemblages of governance.

The different territorializations of economic space in the form of the national and later global economy may hold a key to understanding how different spatial-fixes come to be connected to particular territorial logics of governance. My main interest here is to sketch the calculative infrastructures of the keynesian state that served to bring the national economy into existence as an object of governance; and, to see how, following the neoliberal turn, we can understand how some of these infrastructures, such as the EDC, have been redeployed to produce the space of the global economy, in the form of the *emerging market.*

Keynesian Regimes of Calculation: the national economy

The managerial relationship between the keynesian state and the national economy is often considered the essence of the keynesian economic structure. The national economy is often understood as a set of structural relations and processes, unleashed by the processes of fordist patterns of accumulation regulated by the nation-state. What I am sketching here is one way[15] through which the national economy was brought into existence as a discrete form of economic space by particular institutions within the keynesian state. In particular, following the work of Timothy Mitchell I am interested in the processes that allowed the national economy to be *'made'* (Mitchell, 2002) and the rationalities that came to structure a particular imaginary about the economic space of the national-economy and its relationship to capital.

[15] In this project I am outlining how the EDC came to be productive of the space of the national economy and some of the other institutions that were imbricated within this process throughout the same period. I am by no means mapping out here the birth of the national economy as an object of governance within Canada-this would be a longer far more encompassing project.

As Mitchell notes, well into the 1930's the term economy "meant something like the principle of seeking to attain, or the method of attaining, a desired end, with the least possible expenditure of means," a definition that was very closely aligned with Adam Smith's own definition of political economy just a little less than some two hundred years prior[16] (Mitchell, 2002, 81). However, the development of 'the economy' as national form of economic space can be traced to a number of projects ranging throughout the early 20th century, perhaps the most notable of these was when Maynard Keynes wrote, his first economic treatise entitled *Indian Currency and Finance* (1913). His key objective was to outline how the state in India could be deployed to "conceptualize, measure, and manage the circulation of money within a fixed geographical area" (Mitchell 2002, 82). The book was a landmark text insofar is was the first attempt to provide a distinction between the imperial space of the colony and the national space of economic processes, a demarcation that would structure the national economy as a post-imperial topography in which capital could be absorbed. Keynes's program for governing capital relied extensively on the geographical borders of the state as sites to demarcate the processes of the 'economy', rendering it distinct from other economic processes and connecting it to the sovereign power of the nation-state. This geographical perimeters to the economy served to animate the economy as an enclosed set of processes that, if left undisrupted by external forces, would develop an internal equilibrium.

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[16] "Political economy, considered as a branch of the science of statesman or legislator proposes two distinct objects:first, to provide a plentiful revenue or subsistence for the people or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state of commonwealth with a revenue sufficient for the public services. It proposes to enrich the people and the sovereign" (Smith, 1961, 449).

As Mitchell notes, the first efforts to bring this space into existence, which focused on colonial states, relied on extensive projects of mapping. In particular, cadastral maps were used to record taxable income, property value, productive estates, and surveys of the employable population. Through these processes the state could compile records of the economic goods and services leaving and entering each country, and monitor the movement of populations. Such records at once served to quantify and re-present "forms of production and exchange" and at the same-time reconstruct the relations between appropriation and government, in manner that made these relations less visible and at the same-time more entwined (Mitchell, 2003, 94). This approach served to reinforce a particular spatial configuration of economic activity as the movement of goods, capital and people was increasingly conceptualized as a sphere of activity within the political borders of the state, borders that were only further reinforced and connected to the institutions of the state through cadastral mapping projects.

This particular mode of representing economic activity was rendered into a specific technology of the economy in the early 1920s when the International Labour Organization began demanding that states keep full records not only of the movement of goods and services and state held assets, but also the professions of the people involved within the "business activity of the state" (Mitchell, 2002, 89). This practice of record keeping was charged specifically to the central banks, which formed in most countries during the early 1930's[17]. While central banks can be understood as arising

[17] Canada's Central Bank was established in 1935.

out of the need to balance the contradictory instances of money as both a measure of value and as a means of exchange, in the process of managing these relations of capital these institutions became productive of the national economy as an object of governance. For instance the Bank of Canada,

> "was established for the purpose of performing certain functions and accomplishing specific objectives namely: to manage the internal currency and credit structures to provide suitable instruments for the execution of an international policy and the control of the external value of the dollar and to mitigate by its influence, fluctuations in the general level of production, trade, prices and employment , so far as may be possible" (Stokes, 1939, 274).

In addition the bank was seen as a "source of information and an advisor to the government", a role that could be expanded by "co-operation and interchanges of information" between banks to ensure that "business conditions in a country's main markets" could be known and their effects on domestic trade quantified (Stokes,1939, 290). In other words, the central bank emerged as an institution to bring the space of the national economy into existence through quantification of the relations of production, exchange and consumption. In other words, central banks not only formed to control the regulate the relations of capitalist production but they served as institutional sites of expertise in the surveillance and spatialization of economic activity. By 1944 with the establishment of the Middle East financial conference, convened in Cairo by Britain and the United States, this network of information on economic activity was institutionally formalized as all governments within the commonwealth and middle-eastern region were told to share information on banking statistics and current accounts to make possible the production of comparable indicators of business activity within each nation (Mitchell, 2003, 101). These modes

of calculating economic activity continued to rely heavily upon the nation-state's firm geographical borders.

By the 1950's this institutional network became all the more sophisticated as it became enmeshed within the Bretton Woods institutions. As departments of labour, manufacturing industries, central banks and economic councils emerged as key institutional sites in managing productivity, employment, and inflation. The post-war combination of the semi-fixed dollar system and international capital control not only greatly enlarged the role of central banks, but also the role of national institutions in governing the equilibrium between inflation and flows of capital and mandates of full employment, political objectives that required extensive calculation and surveillance of economic activity.

Miller has pointed towards the complex representation of the national economy through projects of national accounting, a form of statistical analysis that attempts to locate how variations between employment, income and inflation would produce different outcomes within the economy (Miller, 1990, 316). This technique not only made the economy knowable but it also served to tie state institutions to this form of space as regulators of the economy's internal mechanisms. Moreover, given the relative fixed nature of the Bretton Woods institutions, the techniques of governing the national economy that each state had its disposal were "in principle available to every substantial and competently administered modem state if it chose to adopt such a [strategies]"(Hirst and Grahame, 1992, 374). In this sense, central banks, ministries of labour and departments of commerce and trade all became control points through

which the space of the national economy could be managed. They also served to circulate management techniques and strategies between core-capitalist states, thus harmonizing the modes through which these sites came to represent the economy. As such, practices of forecasting economic growth through the recorded data and econometric modeling techniques also become key practices of the keynesian state.

It was during this period that the meaning of the word 'economy' changed from achieving a 'particular desired end with little expenditure' to denote "a distinct social sphere,"the economy" (now always with a definite article), the realm of a social science, statistical enumeration, and government policy" (Mitchell, 2002, 80). In this sense, the concept of knowing the country's internal business environment gave way to an understanding of this environment as a "self-contained structure or mechanism whose internal parts are imagined to move in a dynamic and regular interaction", a sphere of social action that was not only discrete from political or social spheres of economic life but served to subsume the appropriation of surplus value as a set of rationalized, quantifiable relations and algebraic expressions. In this sense, the economy allowed capital to be represented through indicators of the GNP, or the Phillips Curve (a method of determining equilibrium between employment and inflation) or national accounting. The key was that the concept of the economy allowed disparate social relations and processes to be quantified, compared, and measured. In other words, the national economy as a form of economic space operated as territorialization through which capitalist relations could be abstracted, mediated through, and, therein, governed.

In terms of this thesis we can understand the EDC as one site within a larger 'calculative network' that served to bring the economic space of the national economy into existence. This network, I argue, can be understood as a complex set of relations involving the Central Bank of Canada (CCB) the Economic Council of Canada (ECC) and the EDC. It served as network through which data on the Canadian economy was connected to different modes of statistical representation. For instance, following the Second World War, the CCB, while given a certain degree of latitude, had found itself with responsibility for regulating inflation while maintaining full employment. Initially this only involved producing calculations of the economy based on the Philips curve. As the CCB began to produce more complex forecasts of the GNP and employment in relation to exports, however, a development that took place during the 1960's, it gradually began to share models with the ECC (Dodge, 2006, 4). The ECC was designed as an organization that would "quantify, the basic economic and social goals to which parliament has directed our attention: full employment, a high and sustained rate of economic growth, reasonable price stability and viable balance of payment position and an equitable sharing of rising incomes"(Ottawa, 1969, 2). In this sense, it served as site through which information about the national economy could be relayed, information that would then be used by the ECC to calculate the space of the Canadian economy through five two ten year forecasts of economic growth(Ibid).

Both sites shared models and data that produced specific representations of the national economy, representations which then put pressure on the government to

regulate industry and employment in relation to national productivity. As we shall see the Export Development Corporation developed within these circuits as an institutional site responsible for collecting information on total Canadian exports. This information was relayed to the ECC and the CCB as data to construct the image of the national economy, chart its growth and render its activity visible. In turn, the objectives of the EDC came to be aligned with these representations as its policies and practices where designed to expand the national economy by increasing demand and expanding employment. The EDC ended up as an institution deployed to not only verify the national economy but also to maintain the health of the national economy by defending and protecting against losses in the world market.

This role served to circumscribe the power of political risk insurance. As we shall see, when the EDC introduced political risk insurance under the name of global comprehensive coverage, it protected exporters and, by extension, the national economy from loss by expropriation, nationalization, inconvertibility, war and political violence. The manner in which the EDC deployed political risk was to keep it from entering into the national economy through the external space of the world market. Not only did this practice align with the broader rationalities animating the spatialization of capital but it also served to reinforce the spatial conceptualizations of the national economy as an enclosed form of space that needed not only to be demarcated from the other 'imagined' social spheres of society but also as a space to be kept discrete from other centers of economic activity. There are three key points I want to draw from this analysis.

First, the manner in which the object of the national economy was brought into existence made it productive of specific topography of capital. In particular, the national economy formed a discrete economic space as an enclosed sphere of relations that had their own internal functions and tendencies towards an equilibrium[18]. This made the economy a space to be secured against external disruptions and kept discrete from the other social relations and processes of society. In other words, the national economy constituted a form of economic space that not only served to reinforce the broader social categorization of society, state and economy as separate enclosed sites of social activity, but also brought the national economy into existence as a space separate from other national economies. In this sense, national economies could exchange within one another via the world market, but their processes and internal self-regulating mechanisms were understood as discrete spaces. Second, the space of the national economy was produced by a complex institutional network where different nodal points (central banks, government departments) collected information about its processes and represented these relations through different quantitative expressions. These processes of verification and surveillance were undertaken by the EDC, Canada's central bank, and the Economic Council of Canada. Third, the national economy served as both a territorialization through which capitalist social relations could be mediated, but also formed a political project that could be used to orient capital by using the national economy as grid of intelligibility. We can thus advance

[18] The nascent outlines of the rationality of the national economy as enclosed space of a natural equilibrium can be excavated from Mr. Dunning the Canadian Minister of Finance speech in the house of commons in March 8th 1930, "If the country is suffering from abnormal employment and if the volume of production is relatively low, then, there is a prima facie case for an easy money policy. If production and employment in the country as a whole are at a high level the objective is naturally to maintain the equilibrium" (taken from Stokes , 1939, 295)

the presupposition that the EDC was deployed as an instrument to calculate the space of the national economy but also to protect the health of the economy by monitoring exports and securing the national economy against losses in foreign markets. As I shall later argue, neoliberalism disrupted this spatial-organization of the national economy. We can thus think of the neoliberal turn as a process that carried within it a concept of global space that served to re-position the EDC within a new network of calculation directed towards the discursive space of the *emerging market.*

Neoliberal Regimes of Calculation: the global economy

As Rose has argued, "the discourse of globalization implies [the] idea [that] the national economy is beginning to fragment" as, as such, work needs to be done to reveal, "the shifting forces, conditions and forms of visibility that have allowed the de-territorialization and re-territorialization of economic government [and] the emergence of a novel conception of economic space" (1999, 34). This section offers a theorization of how the neoliberal discourse of globalization has served to reorient institutions towards the calculation of the space of the global economy.

Let me begin by clarifying the relationship of neoliberalism and global economic space. Peck and Tickell have pointed out, globalism and neoliberalism are often subject to similar analytical treatments as "both have been associated with a mode of exogenized thinking in which globalism and neoliberalism is presented as a naturalized external force" (2002, 382). They consider neoliberalism a process and globalism as the discursive mode helping to remake the world in the auspices of market relations (Ibid). Certainly globalization has the discursive functions of

reordering and organizing the behavior of states and firms in line with neoliberal imperatives. However, this pairing neither explains why the process of neoliberalism has lead to the re-territorialization of the national economy as global economic space nor how neoliberalism has had the intellectual power to generate new modes of ordering economic space. In this sense, to understand the discursive pairing between global economic space and the neoliberal process work needs to be done to excavate the relationship between this discourse and the intellectual canons of neoliberalism. Two revealing threads to follow may be the intellectual place of the price mechanism and the 'economic' as a grid of intelligibility in neoliberal thought. These two canons have, arguably, been productive in mutating the practices through which economic space is territorialized.

As Foucault has argued, neoliberalism has extended the 'economic' as a grid of intelligibility (2008, 243). Foucault offers a reading of this as a mode of limiting government action by evaluating the spaces of state activity through a cost benefit approach modeled on the laws of supply and demand (Foucault, 2008, 246). What is of interest here is the effect this extension has had on the conceptualization of economic space. In particular, as Hindess and Mitchell both point out, the space of the national economy was prefigurative not only of the economy as its own self-enclosed space but also in the assemblage of the 'state' and 'society' as distinct spheres of economic activity[19]. The universalization of the economic as a method of locating

[19] These distinctions of course do not just suddenly spring into existence with the rise of the national economy. Rather, they are the foundations upon which liberalisms fragmented narrative of social life plays out upon. One is a public individual and a private individuals, civil and state and so. The formation of the national economy rather than producing these distinctions merely adds another dimension to the already existing partition.

economic relations where previously they could not be detected has the effect of inculcating economic relations in spaces previously understood as sites of 'social' and 'cultural' phenomena.

The economic as a grid of intelligibility then becomes productive of "a society which there is an optimization of systems of difference, in which the field is left open to fluctuating processes...in which action is brought to bear on the rules of the game rather than individuals"(Foucault, 2008, 260). The extended effect allows social processes to be mapped and quantified as economic relations. In turn, more and more of social life is colonized by the economy as mere economic interactions subject to market forces. As such, the economy becomes the target of perpetual expansion, a set of relations that can be globalized *ad infinitum*. This requires that the economy must be re-conceptualized, effacing the limits put on the economy by the keynesian economic structure. By expanding the grids of intelligibility through which the economic can be rendered visible, institutions previously deployed to calculate the economy increasingly aim to produce economic space that can be 'enframed' within a global rather than exclusively national context.

The second point is the concept of the price mechanism and its central position within the intellectual canon of neoliberalism. In particular, the price mechanism plays a special role in neoliberal thought in calibrating the actions of different actors across what is assumes is an integrated economic space of interactions. If we trace neoliberalism's heritage to Hayek, the position and intended rationality of the price mechanism can be uncovered. In *The Road to Serfdom* Hayek states,

> "because all the details of the changes constantly affecting the conditions of demand and supply of different commodities can never be fully known, or quickly enough be collected and disseminated, by any one center, what is required is some apparatus of registration which automatically records all the relevant effects of individual actions and whose indicators are at the same-time the resultant of, and guide for, all the individual decisions. *This is precisely what the price system does under competition, and which no other system even promises to accomplish* (1976, 46) [my italics].

The mainstay of this argument is that for all social actors to organize their actions in an efficient way, they must be subject to a price mechanism. This means that the forces of supply and demand must be in equilibrium, and thus that to operate 'properly' external forces (read the state) must be restricted. In neoliberal ideology this translates into extensive de-regulation, the repeal of tariffs and duties, the limitation of capital controls, subsidies, and state imposed minimum wages, a world of 'free trade'. This breaks down as it is entirely antithetical to the logic of capital accumulation which requires extensive control over the environment in which capital accumulation is situated. As an intellectual force, however, we can understand this tenet of neoliberal thought to be productive of new constructions of economic space. Insofar as the price mechanism operates through a sum total of human interactions, a manifold set of activities of exchange and production that produce the aggregate forces of supply and demand that at the same-time ought to be calibrated to them. This conception of economic force is an anathema to a conceptualization of the national economy as an enclosed form of space with its own internal forces of equilibrium. Rather, the price mechanism relies upon borderless economic exchanges. As the key mechanism of efficiency and economic rationalization, the price mechanism contains

within itself a prescription for a conceptualization of economic space in terms of harmonization of all economic activity across an open world of interaction.

While there have been several studies of the redeployment of state institutions to produce forms of global economic space[20], for the purposes of this project on the calculation of political risk it is worth referring to the work of Larner and Le Heron on global benchmarking as a mode of quantitative calculation (2002, 213). By examining some of the insights of these two theorists we can introduce this project's study of the calculation of political risk and the discursive territorialization of the emerging market.

Larner and Le Heron have suggested that the fluid nature of capital and an increasingly reliance on global supply chains has ushered into existence a number of practices designed to constitute these new forms of economic space (2002, 220). The neoliberal project has thus involved a proliferation of practices constitutive of new forms of economic space. According to Larner and Le Heron, the practice of global benchmarking mutated from a technique of comparing productivity and efficiency within firms into a neoliberal project of calculating global flows of capital. Benchmarking has then shifted from a localized practice within firms to a mode of producing knowledge about the global economy and its boundaries through the production of international comparisons. As such the economic activity of these processes is recast from the activity of the nation-state and remapped as spaces of economic activity situated in multiple global contexts (Larner and Le Heron, 2004, 227).

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[20] See Hindess, 1998 on national accounting, and Hirst and Thomas (1992) on shifts in keynesian micro-management techniques.

First, practices like global benchmarking of quantifying space have emerged as key strategies of producing a new economic topography discontinuous with the unified imaginary of the national economy. Projects such as global benchmarking have been key in bringing in the space of the global economy, constituting its space and subjects and re-presenting it in such a way that the multiple economic geographies can be brought into relation with the increasing spatial fluidity of capital. Practices of producing new forms of economic space serve to reorient space towards flows of capital and enframe it as a particular form of economic space (Larner and Le Heron 2002A, 220). The emergence of these practices of quantifying economic space requires a switch in analysis from `macro' discussions of global institutions and organizations to [ an analysis of ] `micro' economic spaces and subjects (Larner and Le Heron 2004,228). In other words, there is a theoretical need to develop an approach to the global economy that considers not only the large international institutions that have pushed the project of a globalized economy forward (the IMF, World Bank, G8) but also the localized institutional sites that have equally been productive of new governmental forms of economic space.

Second, we need to consider these modes of quantifying the economic space of the global economy as practices that have intersected with and buttressed the processes of capital accumulation. In particular, Larner and Le Heron suggest that the space of global economy is increasingly being developed as a highly differentiated form of space that rises and falls in different temporal moments, the economic space of the global economy "upsets the notion of an eventual new unitary spatial fix"

whether that be at regional or global levels" (2002, 220). I suggest here an alternative reading of capital and the quantification of economic space. These modes of quantifying the economic space of the global economy have provided multiple spatial contexts through which regimes of capital accumulation can be mediated. While the national economy mediated capitalist relations of production through a flat ontology, capital can now be governed through multiple forms of economic space that provide it different forms of constitutionality at different instances. In this sense, quantifying the space of the global economy is not a complete re-territorialization of the space of the national economy but rather a fragmentation. This allows regimes of accumulation to be mediated through different topographies of economic space based on the risks or disruptions to profitability it faces at different moments.

In this sense, Canadian mining companies often pull on simultaneously global and national constructions of space. They then use the economic space of the emerging market to structure their policies of engagement with the local community and at the same-time rely upon the nation-state as the guarantor of their capital investment. That the constitution of the space of the global economy is increasingly producing governmental forms of economic space in a multiplicity of forms does not foreclose on the spatial-fix, but serves to stretch the social relations that constitute the spatial-fix across multiple forms of economic territorializations. Producing the economic space of the global economy can thus be theorized as a process that brings the spatial-fix and the fluidity of capital into concordance with different techniques and strategies of governance.

The final point is that the power that lies in these calculative practices is linked to the ability to connect flows of capital to particular forms of knowledge that serve to enframe the sites these flows come to be situated within. Thus through quantification and comparison, economic space can be catalogued, benchmarked and inscribed with specific forms of conduct to orient actors situated within territorializations of economic space. Quantification thus invests the neoliberal project with the power to re-present space so as to tilt economic activity from a national context to a global context. In doing so, it connects this form of space to administrative sites and institutional locales that would have been excluded by the boundaries that previously structured the economic space of the national economy. The quantification of the space of the global economy then combined a discursive shift with real material practices that make these new spatial conceptualizations legible and meaningful within real social practices.

Theorizing the calculation of Political Risk and the space of the Global Economy

I now want to outline how to approach the calculation of political risk as another mode of constituting the space of the global economy. As we shall in the next chapter, political risk has mutated from a method of insuring exporters against losses caused by war, currency inconvertibility, breach of contract and the like into a broader project of quantifying the space of each country's economy as a potential site of FDI that can be indexed and catalogued as objects of risk. We can trace the emergence of these discursive practices to neoliberalism as both a structural process that has

increased financial flows, and as an intellectual force that has served to restructure how economic space is mapped. This requires us to theorize the calculation of political risk as a central practice that unites capitalist expansion with projects of re-territorializing economic space in global rather than national auspices. This process has served to inscribe specific regions of the global economy as spaces that are best overseen through particular mechanisms of governance, such as social responsibility guidelines, the equator principles as category A projects.

The calculation of political risk dove-tails with projects of global benchmarking as a mode of rendering visible particular forms of space. The calculation of political risk thus operates to produce regions for capital investment within the global economy, by bringing together a number of national economies in such a way that they can be compared and indexed according to a range of acceptable risk. This process operates to constitute the space of the global economy through two instances of a single moment. On the one side, the method of quantifying each nation's economy allows these economies to be compared as a single form of economic space with its own processes of risk. In other words, the calculation of political risk makes it possible to speak about the total risk in the global economy as a single economic entity. On the other side, by indexing each individual economy against others, it brings into existence particular regions that can be considered to fall into similar risk scores. It thus serves to differentiate economic space into rankings of high, moderate and low risk, a topography of economic space. By demarcating these zones of risk these areas can be presented as moments of dysfunction in an otherwise smooth

continuum of economic space. As such, the emerging market comes to represent a frontier zone within the global economy, a form of economic space constituted as an object of risk that must be managed through particular practices and strategies deployed through certain institutional sites. The calculation of political risk connects the space of the emerging market to the micro-physics of power by making it a target form of governmental space within the global economy.

The calculation of political risk also produces the space of the global economy in such a way to direct the flow of FDI to particular spaces within the global economy. By measuring possible risk against potential profit, the calculation of political risk allows FDI to be expanded into regions of the global economy that otherwise would be considered beyond the limits of capital accumulation. We can thus understand the calculation of political risk as a mode of producing the space of the global economy closely aligned with global benchmarking insofar as it constitutes the space of the global economy through techniques of comparison and indexation. Its relationship to producing and establishing spatial-fixes of accumulation is, however, more explicit. The practice of calculating political risk can be approached as a central practice of supporting the movement of capital in a period of imperialism that relies increasingly on a form of capital that moves into regions through a networked spatial-temporal world of financial flows. Accordingly, this thesis approaches the calculation of political risk as mode of constituting global economic space that is intimately entwined with the processes of capitalist expansion from core-capitalist countries into the Global South.

Concluding Remarks: capital and territorialization

What I have outlined here is a theorization of the dynamics of capitalist expansion and the discursive territorialization of economic space. By analyzing these two processes we may be able to move the discussion on modern practices of imperialism forward by examining how capital and different modes of governance have intersected. The modalities in which space is governed and organized under neoliberalism have produced new forms of space through which capital can be mediated through and structured. We can focus in on this point in more detail by analyzing a few central points.

1). Analyses of modern imperialism have focused on the role of globalization in compressing space through time, and therein, the increasing fluidity of capital in a neo-liberal economic structure. To this end, the global economy as an integrated network of financial flows between local states has been accepted somewhat uncritically as the new structure of modern imperialist relationships. The basis of power within this structure is broadly located through the molecular dynamics of capital and its ability to produce new relations across space and time giving rise to new territorial logics of power. In this chapter I have problematized this conception. On the one hand I accept that the economic structure of neoliberalism has given capital a fluidity that allows spatial-fixes to occur in new sites often outside the territorial logics of the nation state. On the other hand, it is important to understand that the space of the global economy is made through practices that make it into a form of space that can be governed and controlled. Understanding how the new social relations across space and time the CMP produces are governed and connected to

specific logics of power, requires considering these processes of capitalist expansion in the context of the micro-physics of power, the institutional sites, and locales that enframe these processes through territorializing them. On a purely theoretical level, then, this chapter outlines how the shift towards neoliberalism has not only involved the emergence of an economic structure that operates through the export of capital but has also been productive of new imaginaries of economic space that have become imbricated within these financial flows.

2). In the first section of this chapter I reviewed over-accumulation and under-consumption as two thesis of capitalist expansion and then suggested how they may be linked to different periods of the EDC's operating practices. I suggested that these different *instances* shaped the institutions policies and, in the case of the Export Development Corporation, limited the technical sophistication of the institution's political risk services. What I do *not* want the reader to infer from this is that the processes of capitalist expansion and the different crises animating these expansions organically bring into existence the calculation of certain forms of economic space. Rather, I suggested that in the case of the EDC, an interplay existed between these two logics, that ultimately circumscribed the effects of political risk insurance both technically and discursively. In regards to the former, the actual form of capital the EDC regulated imposed technical limitations on the need for political risk insurance. Whereas for the latter, the role of the institution calculating the national economy's space of existence served to orient its practices and strategies in the aegis of national economic space. By following this point, we can then begin to outline how the

neoliberal turn has involved a broader project of re-territorializing space from a national to a global context. From this shift we can see how the calculation of political risk emerges as a technology of power productive of the *emerging market* as globalized form of space and, how this technology of power served as form of economic space through which the expansion of Canadian capital, can be mediated through and governed.

3). Finally this approach serves to illuminate the territorial logics of governance. In particular, the discursive production of the emerging market serves to orient space, enframe it, invest it with certain forces and subjects, and as such inscribes this form of space with techniques and methods to manage its space. This discursive production is key to understanding how certain flows of foreign direct investment are attached to modes of governance situated across different institutional sites and scales. For several Canadian mining companies this means using social responsibility guides, the equator principles or the jurisprudence of the World Bank, rather than the laws of the host-state. The rationalities of these modes of governance are not contained purely within the global flow of capital but instead are inscribed into certain regimes of accumulation based on how these spaces are discursively enframed as sites within the global economy. In this sense, it is at this level of effect that the CMP's material production of space through new social relations across time and space intersects with the discursive territorialization of space that gives the process of re-territorialization actual meaning in everyday social practices. With these theoretical points in place, I

will attempt to concretize these processes through this project's case-study of the the EDC.

Chapter 4
The EDC: capital, political risk and the national economy

The last chapter concluded that analyses of imperialism need to consider regimes of spatial-production as the confluence of different periods of accumulation and discursive productions of space. This chapter interrogates these processes through an examination of how initially the EDC was a central site in the territorialization of the space of the national economy and how this served to circumscribe the technology of political risk.

The analysis proceeds by examining the techniques that the EDC developed to surveil its actions against the space of the national economy. Following this I examine how the EDC regulated a specific circuit of capital that made the institution an instrument that would supply the export-credit financing the manufacturing class needed to attenuate crises of under-consumption in capital goods. By analyzing these two social relations this chapter advances two points. First, it reveals how the EDC would be underpinned by the political rationality that the '*national economy must be defended*'. This rationality would orient the EDC as a regime of territorialization that orbited the space of the national economy; and, thus, shaped the spatial-fixes the institution was productive of. This regime of spatial production would circumscribe political risk insurance from becoming a technology that could be used to constitute and govern economic space. Second, by examining the form of spatial-fixes the EDC produced I reveal the contradictions the institution would create through its regulation of capital. These contradictions would

ultimately reshape the circuits of capital the EDC was situated within and would eventually produce the context in which political risk could be redeployed as a far more encompassing technology of governance.

Objectives and the EDC's Institutional Structure

In 1968 a standing committee report entitled the *Foreign Ownership and the Structure of Canadian Industry* interrogated the root cause of what was perceived to be a crisis in Canada's manufacturing sector. The report's conclusion was that Canada had come to be dominated by American and British FDI. As such, it was difficult for Canadian industries to expand and become efficient which, coupled with an overarching lack of demand in the Canadian economy for capital goods, left Canada's economy weak (EDC, 1982b, 23). The report concluded that "Canada's national economy had become a branch-plant economy" which would leave Canada unable to pursue its national goal of "improving the distribution of income among regions and classes and providing employment opportunities for the expanding labour force" (Government of Canada, 1968, 256 and Ibid, 3). While the report would become the blueprint for the establishment of the Canada Development Corporation[21], it was in itself constitutive of a whole new project. Namely, it heralded a renewed focus on strengthening the national economy through both the domestic construction of "a new class of Canadian multinationals" and also "a far more aggressive internationalization of Canadian capital". The report would be sent to every government minister and would entail extensive

[21] The Canadian Development Corporation was designed as a means to develop stronger private corporations within Canada.

consultations with the department of trade and commerce (Government of Canada, 1968, 3).

It is unsurprising then that in 1967 the Minister of Trade and Commerce issued the following letter to the the Export Credit Insurance Corporation, the Canadian Manufacturers Association and the Export Advisory Council.

> "Having in mind the importance to the *Canadian economy* of improving export performance I have concluded that a comprehensive study needs to be made of our financial facilities supporting the export of Canadian goods and services to determine whether they are competitive with those of other countries and flexible enough to meet changing and growing requirements" [emphasis added, Letter cited in Paumann, 1972, 35)

In brief the profiles of these three groups were as follows: the Export Credits Insurance Corporation (ECIC) was a crown corporation that been founded in 1944 with the mandate to provide lines of credit to foreign nations to facilitate the sale of Canadian commodities abroad. The Canadian Manufacturers Association established in 1877, was the largest trade and manufacturers association in Canada . At the time the letter was written the CMA consisted of industries that produced capital goods in "industrial machinery, electrical power, equipment, agricultural machinery, telecommunications, commercial transport equipment such as aircraft and railway vehicles and ships"(EDC, 1982b, 23). The Export Advisory Council was a group of 15 'businessmen' who met at regular intervals with the minister of trade and commerce to shape new trade policies (Hawes, 1979, 45) . The appeal to these groups would serve to attach any future project to expand the Canadian economy to a particular section of the capitalist class in Canada. This in itself constituted an important event as while the ECIC had been charged with providing lines of credit to facilitate exports it had predominately been committed to sending

agricultural and primary goods to Europe. In fact, in 1969 when the EDC took stock of the ECIC's exports it noted that 73% of it was in primary goods and agriculture and of this 40% went to Europe, a trend which left the industrialists in Canada without steady institutionalized access to foreign markets importing capital goods (EDC, Annual Report, 1969, 2-15).

The department of Trade and Commerce and the director of the ECIC decided to evaluate the position of the ECIC in relation to export credit institutions in other countries. The task was assigned to Douglas Gibson the former vice-president of the Bank of Nova Scotia. Gibson was sent to examine two other ECA's, that of the United Kingdom and the United States Office of Private Resources (OPR). In the offices of the latter Gibson was introduced to political risk insurance, under the name Investment Guarantee Program. It is worth briefly noting the conditions under which this insurance scheme emerged in the OPR, as these conditions disclose the political projects that were initially inscribed in PRI.

Following the inception of the Marshall Plan in 1948, the United States government was experiencing difficulty in mobilizing the private sector to invest into the war-torn countries in Europe. To provide such an incentive, the US government launched the Investment Guaranty Program (IGP), an insurance scheme that would insure exporters against the risk of currency inconvertibility (Brennglass, 1983, 2). By 1955, following the Truman administration's 'discovery' of under-development, it was noted that PRI insurance could be useful in facilitating US exports into developing nations. A survey undertaken by the OPR office discovered that U.S corporations would be willing

to export to developing nations provided they were eligible for insurance against political and commercial risks (Ibid. 3). By 1967, under the insistence of the Johnson administration, the Investment Guaranty Program was repackaged as OPR and the coverage of political risk was expanded to include war, revolution, insurrection, civil strife, expropriation and nationalization, to encourage overseas investment "into less developed friendly countries and areas of strategic interest" (Ibid, 10). In particular, the OPR featured PRI insurance to protect the "national businessmen" against foreign losses and as means to make expand exports without jeopardizing jobs in the home economy (Ibid 7).

The connection between political risk and national businessmen is worth deconstruction. National businessmen would form a subject position that PRI would protect. In this sense, PRI, from its inception, was a project to protect the keynesian economic structure from an external environment through the national businessman, an ambassador between the keynesian spatial-fix and the world market. This rationality would shape Gibson's recommendations and vision for Canada's own ECA.

The findings would be formalized in the *Report on Canadian Financing Facilities for Export*, (referred to as the Gibson report) published in 1968. The report called for a new Canadian Export Credit Facility "centralized in one government body which might be described as the Export Development Corporation". The institution would be "responsible for credit insurance, credit and investment guarantees and lending. It would deal with the Canadian business community and be the focus of export financing interest in the government" (Gibson, 1968, 5). As such, the EDC would serve as a crown

corporation with the resources and capacity to execute three key policy recommendations. First, the EDC would make the export of manufactured capital goods its highest priority. Second, the EDC would expand Canada's national industrial base as the path towards a "competitive industrial sector capable of providing the revenue for further welfare measures". Third, the ECD would provide an institutional site through which Canada could institutionalize its lending attitude and export finance (Paumann, 1972, 33). These recommendations were assented to by both the ECIC, the department of trade and commerce, the Canadian International Development Agency (CIDA)[22], the Export Advisory Council, and representatives from the CMA[23]. By March 21st 1969, Bill C-183, the Export Development Act was introduced to parliament. The acting Minister of Trade and Commerce, introduced the bill with the following statement,

> "The government regards sustained and improved export performance as a basic element in maintaining and developing the sound growth in the Canadian economy, which in turn is necessary too, if we are to have the capacity to develop our social programs provincial or federal, welfare and cultural standards to afford the investment required to narrow our regional disparities.... In the interest, then, *of optimum growth of the economy and of employment opportunities, simulation of exports, particularly of manufactured goods,* should have a high priority at this stage of our economic development" (Canada, debates of the House of Commons, 1969, 7473-7474 [my italics])

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[22]While this project does not have the space to take up this theme in detail, CIDA expressed a great deal of interest in political risk insurance (PRI) as the department felt that by using political risk insurance in a manner quite similar to its use in the USA, they would more easily be able to make fulfill their commitment of 1% of its GNP to the global south. PRI could be used to spur on the private sector rather than committing public money as development aid. The department actually attempted to initiate PRI for CIDA back in 1966 but in the absence of larger governmental support the initiative failed. (See Paumann, 1972, 50)

[23] These public-private committees are the primary mode through which the dominant classes organize within Canada. As this thesis has implicitly demonstrated the Canadian capitalist class is always tightly integrated within the public-policy apparatus. As Rianne Mahon noted, "An alliance of the dominant classes in the power-bloc a contradictory unit of politically dominant classes and fractions under the protect of the hegemonic fraction, is achieved partly through private agencies like national manufacturers associations and core institutions (corporations whose boards bring together representatives of a variety of leading corporations" (1977, 168) both private and crown.

By October 1st 1969 the Export Development Corporation was established out of the old offices of the Export Credits Insurance Corporation (ECIC). Its mandate read as follows,

> "EDC is empowered by statute to insure Canadian firms against non-payment when Canadian goods and services are sold abroad and, under certain circumstances, to make loans to foreign entities with which to purchase Canadian goods and services. When Canadian financial institutions are involved in an Export Transaction either by financing the Canadian supplier or the foreign buyer, EDC may guarantee such institutions against non-payment. In addition, the EDC is also empowered to insure Canadian firms who invest abroad against loss through political risks such as expropriation, confiscation, insurrections, war or revolution, or the inability to repatriate capital or transfer earnings" (EDC Annual Report, 1969, 6).

Whereas the ECIC had 20 million in authorized capital, the EDC would have 50 million. 25 million would be authorized capital that the board of directors would be able to use autonomously to finance exports. The aggregate of its financing, however, could not exceed ten times this value. The other 25 million was in surplus capital that could be used to combat insurance imbalances or increased capital demands for projects deemed to be in the state's national interests. The EDC would increase these initial investments through its own credit lending policies, and the premiums of political risk insurance.

By 1978 the EDC's authorized capital would stand at 1 billion dollars, giving it the capacity to write 10 billion dollars worth of loans (EDC, 1978, 10). In addition, 50 million dollars were made available to the institution for the new Foreign Investment Insurance division (FIID). A new sector of the institution (composed initially of two staff) that would provide foreign investment insurance against expropriation, war, revolution, insurrection, inconvertibility, and civil disobedience. It is worth noting what a substantial amount of capital this is as 50 million would be twice the amount of total capital the

institution had for its export credit financing. This financial capacity of the FIID would be introduced as a means "to place Canadian businessmen in a position of competitive equality to nationals of other countries which have similar schemes and thus help to maintain or enhance Canada's national economy" (EDC, Annual Report, 1974, 18 [my italics]). In this sense, from the outset the EDC had linked PRI to the national economy as a mode defending it against losses in foreign markets, a rationality remarkably similar to that of the OPR.

In addition, to this the EDC would retain all eighty-seven of the trade offices established by the ECIC in fifty-seven countries. It was also granted the power to establish new trade offices where and when it deemed it necessary. The maintenance of these trade offices and the political networks they were connected to, formed the backbone of the provision of PRI. Insofar as, these trade offices had once been used by the department of trade and commerce to gain information about the conditions of another country's national economy were redeployed by the FIID as a means to surveil a potential importer and produce a "thorough knowledge of the foreign country" to assess political risk (EDC News, July 1982, 5). In this sense, the EDC used these networks to sketch out the general political conditions in a country through either on the ground informants or government contacts, a method of assessment referred to by modern political risk analysts as the 'old hand-method' (Moran, 1998, 12). The FIID department was in fact structured in accordance with this approach as it was divided into two staff members who were charged with monitoring the Eastern and Western Hemispheres respectively.

While the FIID office would be renamed the Country Risk Assessment and Economic analysis division in the late 1970s the indicators the department used to assess political risk were extrapolated from the information typically used to measure the economy such as, investment, savings gaps, export import gaps, the country's assets and the degree of control a nation's central bank held over foreign exchange. In this sense, the EDC's provision of PRI operated through gathering economic details about the national economy rather than calculating political risk as its own category of quantification.

Moreover, the EDC's board of directors was restructured to ensure that the Canadian business community played a larger role within the institution. The ECIC's board of directors had consisted of the governor of the Bank of Canada, the Deputy Minister of Trade and Commerce and the Deputy Minister of Finance as well as four other directors from the public-service all of which as a board had to seek the approval of cabinet to undertake projects. The new institutional structure of the EDC would retain these three ministerial seats and an additional 5 posts from the public sector but would also include four members of the Canadian business community appointed by the executive board members. In addition, the board was given complete autonomy over the authorized capital account, provided it abided by the new criteria, namely "each transaction must provide employment and industrial benefits for Canada as well as give promise for future Canadian exports in the foreign market concerned" (EDC Annual Review, 1973, 9). Eligibility was determined by ensuring that each project had "Canadian material and labour content of not less than 80% and that all of the goods and services be exported from Canada" (EDC Annual Review, 1973, 8).

This institutional structure established two social relations running through the institution. On the one hand, the restructured board of directors served to entrench class interests within the public-policy instrument and, in this sense, rendered the EDC a receptive and efficient command-post for the manufacturing class. This would have a number of effects on the capacity of the EDC to mediate and regulate crises within the circuits of capital. On the other hand, the criteria in place to receive financing, would require that the EDC measure and quantify the effects of its financing. In this sense, it would have to quantify its actions against the national economy, and as such, became a site charged with calculating the space of the national economy. I will review the latter before the getting into the former.

Calculating the space of the National Economy

The EDC was implemented as a public-policy instrument deployed in service of the project of "maintaining and developing the sound growth of the Canadian economy" (House of Commons, 1969, 7473-7474). While it would achieve this by stimulating exports, the EDC would need to render its actions intelligible so that they could be understood as actions constitutive of its space of existence. As such, it developed a number of techniques for calculating and representing the space of the national economy in relation to its export financing. In this regard, there were two major projects of calculation that the EDC deployed, that of calculating exports in relation to total man-years of employment per export credit dollar and the use of the *Candide 2.0* econometric modeling system to map out dollars of export financing against national economic growth and productivity. Neither of these techniques of calculation were

developed within the institution, but instead were imported from a regime of calculation formed by Canada's central bank and the Economic Council of Canada.

The intent to map the EDC's actions against the space of the national economy is evident from the year of its inception. However, the early techniques at the institution's disposal lacked the precision and the technical power to quantify the actions of the institution on the national economy. During the first seven years of the institution's existence its techniques were either pictorial or confined to indexes of commodities leaving the national economy. For instance, the most effective mode of representation of the national economy utilized from 1969 to 1976 was an index accounting for each export leaving the national economy and its target of destination. The total value of exports would then be added up and expenses would then be deducted, with the remainder added to Canada's balance of payments. Indeed, in 1976, after adding up the total sale of goods and services and interest on its loans, the EDC would conclude it had raised $830 million, "a substantial favorable contribution to Canada's balance of payments as well as providing increased employment for Canadians home and abroad" (EDC, 1976, 30). This mode of representation through simple accounting reinforced the rationality of the national economy as an enclosed form of space, discrete from the world market, as the index served as a means to catalogue outgoing products in a way to relate them to an internal balance of payments. It was not, productive of the national economy as an object the institution could directly act upon.

In 1976, the EDC announced that it would "increase its emphasis on the quality of Canadian content [and] the type and number of Canadian jobs sustained or

created" (EDC Annual Report, 1976, 12). This renewed focus was in part a response to the need to "build an industrial base from which [would] flow the quantity and quality of jobs necessary to meet the needs of an increasingly urbanized labour force"(Ibid, 6). This would require the EDC to not only create an evaluation division devoted to quantifying the EDC's ability to meet these targets but also require the institution to adopt new techniques. The two main projects in this regard were the EDC's attempt to calculate and measure its export services in context to the total 'man-years' of employment they generated, and the Candide 2.0 econometric model. I will review the former before the latter.

The calculation of 'man-years' of employment was based on the rationale that the institution needed to undertake "factor content analyses of the greatest benefit per a dollar of corporations funds that [the EDC would] lend" so as to ensure 80% of the labour per an export project was Canadian (EDC, 1976, 8). The factor content analysis, which allowed total labour time per product to be calculated, gave the institution the capacity to measure the effects of its financing against the total years of employment its services would generate. By 1977 the EDC would announce that through all of its services and credit lines, that it had created "220, 000 man-years of jobs for Canadians" (EDC, 1977, 8). This method of measuring and quantifying EDC's services against national employment would become a common practice within the institution. Not only would every EDC annual report total person-years of employment "produced by EDC financing and insurance services" but as the technical capacity to produce these analyses improved and became less labour intensive, the EDC would begin to quantify individual financing

projects in context to the total person-years of employment. For instance in the January volume of *EDC News,* a monthly newspaper put out by the institution, the EDC reviewed the total person-years of work generated by the sale of mine equipment, aircraft and offshore oil rigs. Each project was broken down to list the total capital goods supplied and the number of Canadian suppliers involved. The mining project lists "haulage trucks, front end loaders, ball mills, crushers, conveyors, cranes, screens, pumps, and various transportation and mobile equipment units" as the goods that will be sourced from Canada and "will generate 3,000 person years of employment across 50 Canadian companies"(EDC News, January, 1982, 5). The sale of offshore oil rig platforms would read similarly as the sale of six drillings "financed by an EDC line of credit totaling 162.1 million dollars would generate 6,000 person-years of employment" (Ibid). These calculative practices connected the EDC to the national economy as a locale that could expand it, and build it through its export-practices. The EDC's actions abroad, its ability "to penetrate new markets" were rendered through these techniques quantifiable as actions that constituted the national economy. Consequently, PRI, as the one of the core tools at the EDC's disposal to facilitate foreign expansion was no longer just a means to provide "stability to Canadian businessmen" investing in foreign markets, but it became a practice that could be quantified in relation to national economic growth.[24]

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[24] It is also important to note that this practice of calculation cannot be separated from the class relations running through the institution. In this sense, calculating the person-years of employment generated by each capital project is, arguably an effective mode of sublimating exploitative social relations into a project of expanding the national economy. As Rianne Mahon has noted, the rhetoric of improving the health of the national economy serves to displace what are ultimately processes of strengthening antagonistic social relations by mediating these relations through the national economy a space deployed as classes and part of a national, universal common interest (See Mahon, 1977, 182).

In addition to quantifying the impact of its export services against the generation of person-years of employment, the EDC began to use the Candide 2.0 model, an econometric model to quantify the impact of its financing services against the national economy. While, according to the EDC, the use of these modeling techniques to assess the benefits of its export-financing would form a routine part of the EDC's export services (EDC, 1976, 6) I was only able to locate one document of these assessments. Nevertheless some of the more salient points of the document are worth review. Using 1971 as base year the EDC Evaluation Division measured the application of 1 billion dollars of export financing and the effects of this application against "a similar amount of federal government expenditure on an historically typical package of goods and services and wages and salaries" (EDC, 1982b, 58). The modeling of the elasticity of foreign demand "was derived from the Candide model equations" and was paired to the dominant "capital goods exports in machinery, electrical machinery and transport equipment," capital goods the EDC predominantly exported (EDC, 1982b, 60). The effects of these different allocations of 1 billion dollars were then measured against the salaries, wages and profits of direct and indirect producers, and the additional effect this would have on consumption, taxes, and total government expenditures against its budget position (EDC, 198b2, 51). Any capital that escaped these processes and went outside them was referred to as leakages, money escaping the enclosed space of the national economy. Based on this calculation the EDC would be able to measure its financing for particular capital goods, such as industrial equipment, aircraft parts, shipbuilding, communications equipment, industrial electrical equipment (EDC, 1982, 14), against the real social rate of return (the

impact of these industries on efficiency and growth in all other economic sectors) (EDC, 1982b, 16).

The use of the Candide model is worth some consideration. On the one hand, these methods of calculation allowed the EDC to justify its existence as a public-policy instrument deployed to finance the private-sector. In this sense, these techniques of calculating the institution's impact on total economic growth and wealth creation were a means to convince the government that the EDC was not misusing the capital the state provided. On the other hand, the underlying effect of the Candide model was that it rendered the Canadian economy into an object that could be quantified and, more importantly, produced and altered by EDC policies. In this sense, the Candide model allowed the EDC to evaluate its own policies against a total aggregate, while at the same-time reinforced the logic of the national economy as an enclosed form of space.

The introduction of these techniques is significant for a number of reasons. First, they represent the infiltration of a sophisticated form of knowledge about the national economy within the EDC. In particular, while the EDC would form its evaluation division as an office that would be charged with assessing the benefit of the exports the EDC facilitated, the office obtained the new techniques from external infrastructures developed to territorialize the national economy. Both the Candide Model and the calculation of 'man-years' of employment were developed between the CCB and the ECC. The project of calculating man-years of employment was first deployed by the ECC as a means to determine the "factor content of Canadian total trade" a mode of statistical modeling that gave the ECC the capacity to determine the total value of Canadian

materials per million dollars of exports and also the total 'man-years' contained in the product. This technique appears to have emerged in collaboration with the CCB. The ECC would use this analysis to determine commodity contents, by calculating that an export of 217,000 primary products were contained within a million dollars of manufactured exports (ECC, 1971, 38). At the same-time "(between 1961-1970) the total labour content per a unit of exports declined from 146.6 to 97.5 man-years" (ECC, 1971, 27). In this sense, the calculation of national man-years would be picked up by the EDC as a means not only to assess its ability to uphold its financing criteria (80% Canadian labour content) but also to connect the institution to the space of the national economy.

The Candide model was an econometric modeling system developed by the CCB in the late 1960's for the ECC (EDC, 1982, 48). The model was important given the ECC's mandate "to quantify the basic social and economic goals of parliament", but at the same-time it represented the national economy as a distinct space that could be managed. It was then the CCB and the ECC that initially gathered the data on the national economy, forecast its growth, and modeled government action thus, territorializing the Canadian economy as a distinct form of space. The adoption of these techniques by the EDC can be read as a moment when the EDC was integrated into a complex system of institutions to territorialize the national economy. While the EDC had been deployed to develop the national economy and maintain or enhance its growth through international trade, these techniques allowed the EDC to produce the national economy through extensive calculations insofar as its actions could be understood to have a quantifiable effect on its space. For PRI, the consequences of these effects were that

what was already a practice oriented towards a keynesian economic structure as a means to provide stability to Canada's national 'businessmen', would become measurable against the national economy and quantified in relation to its performance. Indeed, in calculating the total capital that made-up the 220,200 man-years of employment, "PRI is listed as a service that had both immediate and future benefits to Canada's economy.., as the program currently has supported 1.05 billion dollars of exports" (EDC, 1977, 8). In this sense, these techniques would allow PRI to be measured in terms of its ability to generate the national economy, and thus, indirectly, PRI became productive of the space of the national economy, a mode of defending and producing national growth.

Regulating Underconsumption: lines of credit, the spatial fix and the manufacturing class

The EDC was deployed to contribute to the Canadian government's objectives of improving employment, resolving regional disparities and producing revenues to fund social programs, through the expansion of Canada's manufacturing sectors the latter were viewed as a source of jobs and due to the high-value added of capital goods, revenue to fund social programs.

The relative size of the Canadian national economy restricted the domestic demand and made it difficult to achieve economies of scale. At the same-time it subjected these to cyclical and volatile declines caused largely by a failure to find consumers for these products (EDC, 1982b, 23). The EDC's responsibility was to aid the valorization of capital goods through the continual "penetration of new markets" (EDC, 1973, 2). This would have two effects: first the EDC would be responsible for producing new spatial-

fixes for Canadian industry by using lines of credit to open and generate demand in foreign markets; second, the EDC would, through its targeting of capital goods, form a command-post for the manufacturing sector of the Canadian capital class. I will focus on the former before discussing the latter.

The form of spatial-fix the EDC produced to regulate the under-consumption of capital goods was based on the provision of export-credit financing. The logic of credit-financing is fairly straightforward. The EDC would provide lines of credit to a company and the department of trade (or some analogous office) in a potential nation, which would then be used to purchase capital goods from a Canadian exporter. This stimulated demand that would be constant for a five year period- these were the negotiating conditions for capital goods-consumer goods were confined to 180 days (EDC, 1973, 9). For the most part, the EDC would establish these financing agreements either through one of its eighty-seven trade offices or through bilateral trade agreements. While a majority of the EDC's facilitated exports went to Western Europe and the United States, the EDC targeted market access to developing nations in Eastern Europe, Asia, Central America and the Caribbean, as demand for capital goods was growing as a result of industrialization in these areas. The practice of using export-credit financing to gain access into developing nations is revealed in a brief examination of the financing agreements the institution signed. For instance, in 1973 the EDC would issue lines of credit to 19 countries, the composition of which read as, Algeria, Barbados, Bolivia, Brazil, Colombia, Czechoslovakia, Dominican Republic, Greece, Turkey, Indonesia, Israel, Korea, Mexico, Panama, Peru, Spain, Turkey, United Kingdom, United States and

Yugoslavia (EDC, 1973,11-12). With the exception of the United Kingdom and the United States all were covered by political risk insurance (EDC, 1973, 15).

Following a slow decline in market share in Europe in 1977, the EDC would, "in an effort to further open export markets for Canadian equipment", open a $1.2 billion line of credit with Algeria and a $285 million line of credit with Poland. It would also hold discussions on future lines of credit with Morocco, Egypt, Gabon and Iran (EDC, 1977, 17). This attempt to target developing nations with lines of credit intensified in the 1980's following a decline in Canada's market share in developing nations world wide (EDC, 1982, 43). For instance, from May 1st to June 15th in 1982 the EDC signed 22 new lines of which 13 were with developing states (EDC News, June 1982, 5). Similarly, of 17 agreements signed between December 1st 1981 and Jan 8th 1982, 11 went to developing nations.

This pattern of internationalized capital ensured that the EDC was able to raise capital through the interest accrued on these lines of credit. The capital accrued did not go back to the state, the EDC pays no tax. Instead it provided a surplus of capital to finance further lines of credit. In this sense, the interest rate was one way the circuits of capital running through the EDC were deepened. Given the importance of maintaining profitable interest rates, measures were taken to reduce the potential for ECAs to undercut each other by offering cheaper than average credit, a practice that became widespread following the shift towards free-floating exchange rates after the US moved off of the gold standard. By the 1970s the EDC and all the other ECAs came together to agree on the international interest rates for export credit lending. This mode of extracting capital,

on the one hand, maintained the spatial-fix that underpinned the economic-structure of Canadian society and, on the other hand, produced the forces that would negate this structure as developing nations became overburdened with debt, and at the same-time developed the productive forces to produce their own capital goods-conditions that would produce the need for a new spatial-fix.

Moreover, this form of spatial-fix was rooted in the economic space of the national economy. In particular, the logic of inscribing this spatial-fix into the space of the national economy was embedded in the export financing criteria, as all projects had to be beneficial in developing or supporting the importing nation's, as well as Canada's national economy (EDC, 1974, 18) Thus, the circuit of capital created by lines of credit between the EDC and a foreign nation's government, was territorialized as an activity that could be measured within the space of the national economy. Moreover, the circuits of capital the EDC was situated in allowed it to regulate capital remotely: i.e. the EDC would contact foreign governments and ensure that they did not breach the contract. The circuits of capital the EDC regulated did not, however, involve the integration of capital in the form of FDI. Thus, the production process remained regulated within the Canadian state, as capitalists and the EDC did not need to worry about ensuring "the command over surplus labour time" in another nation-state (Harvey, 2003, 327). The use of export-credit lending to produce these spatial-fixes at the same-time, given the EDC's mandate to expand Canada's industrial base, tied the institution to the Canadian manufacturing class.

In particular, while the EDC supported the export of a number of goods (primary and agricultural products) between 1970 and 1980, 80% of its lending activity consisted

of capital goods in industrial, electrical, machinery, transport and communication equipment (EDC, 1982b, 13). These industrial sectors were not only sectors Canada had a comparative advantage within, but together they also, throughout the 1970s, accounted for a fifth of all capital goods imports made by developing nations (EDC, 1982b, 69). Moreover, in line with this targeted form of capital most of the EDC financing agreements from 1970-1980 fall within these targeted sectors. For instance, of the 62 listed financing agreements carried out by the EDC in 1970 46 fall within these targeted industrial sectors (EDC, 1970, 24-27). Moreover, in 1973 of the 37 financing agreements made from the EDC's corporate account 31 were in these sectors (EDC, 1973, 11-12). The institution's connection towards these sectors of capital goods is also quite obvious from a brief glance at the majority of transactions that the institution would list in EDC News. For instance, in listing its financing transactions at a February meeting totaling 201 million dollars (with a political risk insurance scheme of 36 million) the transactions involved were listed as "lumber and plywood, construction of transmission lines, aircraft, mining and processing equipment for a copper mine, railway rehabilitation package and telecommunications equipment" (EDC News March 1982, 3) Similarly, during a meeting in March the EDC would list financing agreements that totaled 276.5 million and would produce 6,705 person-years of employment. The transactions included "stone quarry operations, locomotives and related spare parts, aircraft and related spare parts, non-directional radio beacons, telecommunications equipment, and a computerized energy system" (Ibid).

Through its role in supporting the expansion of these industries in Canadian society the EDC formed a command-post for the manufacturing sector of the Canadian capitalist class. This relationship was embodied through representation in EDC's board of directors. From 1969-1979, of a possible 44 seats on the EDC board reserved for members of the Canadian business community, 34 (79%) wee held by senior offices of manufacturing companies. The favorable position of manufacturing interests gave the producers of capital goods a great deal of influence over the (only) source of insurance and export credit financing in the Canadian state. For instance, Canadian General Electric and Sandwell Consultants would received nearly $700,000 in export credit for pulp-mill equipment to Pakistan, while P.R Sandwell the president of Sandwell industries sat on the board. Similarly, Atco industries which had had a representative on the board from 1970-1974 received export financing in 1975 to sell living accommodations to multiple countries in the middle-east (EDC, 1977,15). Nor, was it uncommon for EDC loan officers to visit a country that had received EDC lines of credit and then put them in contact with a Canadian manufacturer.

The EDC's connection to this specific circuit of capital and the form of spatial-fix it produced to regulate it, shaped the technical context under which the institution deployed PRI.In this sense, it limited PRI from becoming a far more encompassing technology of classification and governance. At the same-time, the EDC's use of lines of credit to alleviate crises of under-consumption in Canadian circuit of capital produced the contradictions that would undermine this regime of territorialization. This point warrants some explanation.

On the one hand, the regulation of capital goods and the form of spatial-fix the EDC produced shaped the technical conditions of PRI's operation. In that the EDC provisioned PRI to cover risks that ranged from insolvency, default in payment, failure of the buyer to accept goods delivered, failure or delay in currency conversion, and war and revolution in buyers country. Moreover, the premium for PRI insurance was, for all exporters, set by the institution to .66% per an annum of the total value of goods exported (EDC, 1977, 45). Subsequently, PRI was used by the institution as a means to mediate the potential risks between the Canadian seller and the importer so at to limit the possibility of failure in a valorization processes situated outside the regulatory framework of the keynesian fix. This served the institution well as it allowed it to stabilize the relations to production within the Canadian state by mitigating a failure on return.

However, this approach circumscribed PRI, insofar as PRI was neither developed by the institution for the integration of the production process in a foreign economy nor would it be calculated to provide a risk assessment for different forms of activity, such as say producing distinct risk scores for the FDI vs. the export of say telecommunications equipment into the same country. Rather, the EDC, as indicated by its universal premium rate, targeted the nation-state in its PRI assessments as an undifferentiated and unified economic space. In this sense, PRI was limited and circumscribed within a keynesian regime of territorialization that was productive of spatial-fixes to support capital accumulation in the space of the national economy. Thus, by using PRI simply to support the valorization of the relations to production within the Canadian state, PRI would not be developed to cover the risks associated within FDI projects and also lacked the

technical power to quantify space as sites of risk, and thus produce the space for new regimes of accumulation. In this sense, PRI supported the regime of spatial-production the EDC facilitated, it was not, in itself, productive of space.

On the other hand, the form of spatial-fix the EDC facilitated and its connection to a specific faction of the capitalist class put in motion a number of contradictions that presented limits to capital in the EDC's current regime of spatial production. In particular, the manufacturing class used the EDC as a means to intensify exploitative relations to production in the national economy by using lines of credit to fuel demand for products on a greater scale, thus, expanding the production process within Canada. This function of the institution while satisfying the class interests within it, at the same-time, fulfilled the mandate of defending and building the national economy as the spatial-fixes it produced followed the following basic formula: exports of goods on a larger scale, produces more jobs, which equals more wages, more revenue which, all things being equal, equals a larger industrial base and a pacified working class.

However, while this worked in the short-term, the export of capital goods and equipment through lines of credit to importing governments would produce two key contradictions. First, the export of capital goods and equipment to support industrializing processes in other countries would eventually yield forces of production that would form the competition for these exports. In other words, the EDC in the process of facilitating demand for capital goods in the Canadian economy would eventually create the forces that would disrupt the equilibrium of the keynesian spatial-fix. This was addressed by the EDC's president in 1978, when he stated, in reference to the export of mining equipment

to the Vale mine in Brazil, "the fallacious argument is sometimes advanced that by financing sales of such projects, which may eventually compete with Canadian goods and services in world markets, the EDC is contributing to a loss of jobs in Canada" (EDC, 1978,11). The president ultimately could not prove this was a fallacious argument at all, but instead focused on the positive benefits these projects had in the *short-term* for the Canadian economy, positive benefits that would simply be scooped up by some other industrialized nation willing to undertake the project, which of course they would (Ibid). Of course some decades later Vale would takeover the Inco sudbury mine in Canada. The positive benefits workers gained from this has been the right to exercise their right to 'freedom of association' in the face of intimidation and scabs. In other words, the EDC created through its spatial-fixes the productive forces that combined labour,land and resources in a configuration more profitable than the relations to production the institution supported within the Canadian economy.

Second, the EDC's use of lines of credit to generate demand to stabilize the production process in the Canadian economy contained its own limitations. Insofar as by the early 1990s the EDC found that most of the governments of the developing states it targeted had become overburdened with sovereign debt and were no longer creditworthy (EDC, 1991, 5). This would be a consequence largely of monetarist policies throughout the 1980s which contributed to a spike in interest rates, thus ending the cheap credit that had typified the export-credit financing system pushing most developing countries into a debt crisis (see McNally, 1999). In this sense, the spatial-fix of credit financing contained within itself its own contradictions that rendered it unable to produce new spaces to

absorb capital in the form of capital goods. As a consequence, the EDC shifted towards supplying financing to non-sovereign borrowers which forces the EDC find ways to socialize the risk of this capital lending amongst other financial institutions, a requirement that, as we will see, ultimately connected the EDC to a new circuit of capital.

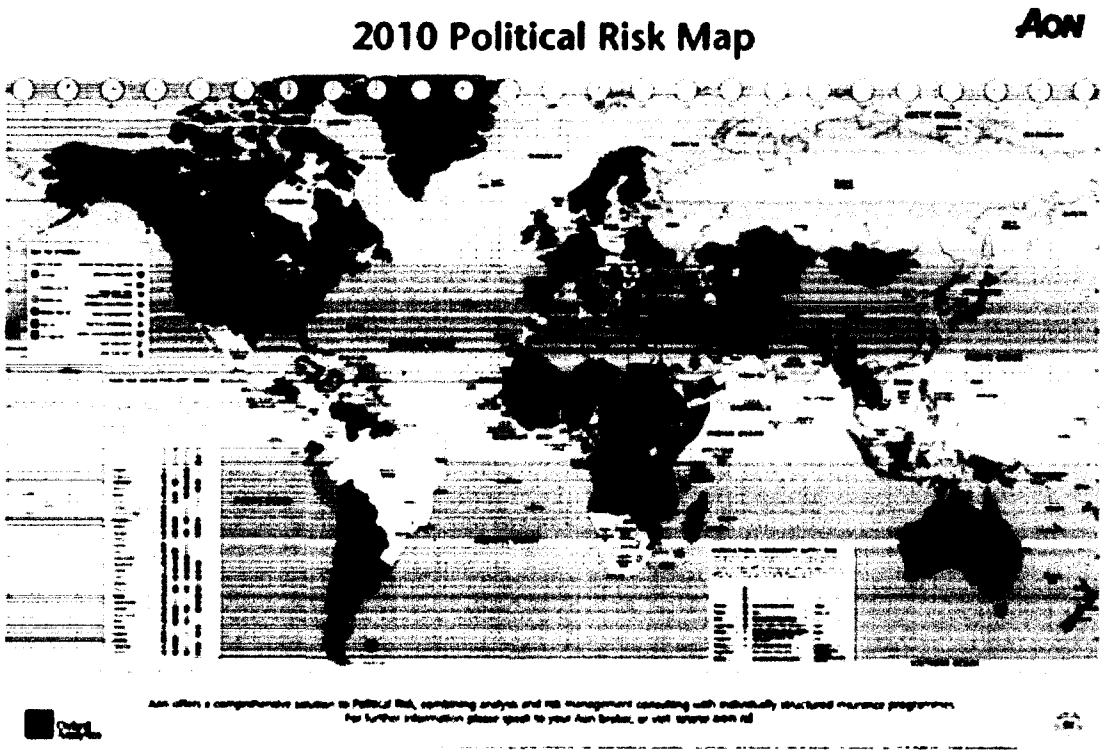
Consequently, these two contradictions undermined the basis of the keynesian regime of territorialization as not only did the continual export of capital goods produce productive forces that challenged the existing spatial-fix of the national economy but also, in the case of the EDC, rendered it far more difficult to protect the relations of production in Canada from cyclical and volatile contractions in industry through the generation of external demand. In this sense, these contradictions created real limits to capital and, thus, in the process of overcoming these limits, as 'capital cannot abide limits', directed the EDC away from the keynesian spatial-fix towards the global economy. What is of interest, however, is how this shift would create new material conditions in which PRI could be reconstituted and deployed in service in a new form of spatial-fix. In this sense, the break-down of the keynesian regime of territorialization created the material conditions for a new regime of spatial-production within the EDC, a regime in which PRI would no longer be used to stabilize processes of exchange between discrete national economies. Rather, PRI, would form the basis for a new regime of spatial-production orientated towards a more fluid form of capital situated in 'global' rather than national economic space.

Chapter 5
Political Risk and Calculability: Towards a Global Regime of Territorialization

This chapter interrogates a number of different processes in order to trace how the EDC came to deploy political risk as a technology to produce the space(s) of the global economy in the form of the emerging market. Thus, this chapter focuses on how political risk became a technology of power that could be deployed to not only constitute the space of the global economy but also to render these spaces governable. It then examines how the EDC became a site through which this technology of power could be operationalized to support a new circuit of finance capital that the institution came to be situated within.

The chapter proceeds in four parts. The first section examines the rise of calculability in political risk assessments in order to expose how political risk assessment became a technology that allowed the space of the global economy to be quantified and benchmarked. I pay considerable attention to this shift that rendered political risk calculable and productive of the global economy as gradations or risk, niche spaces that could be quantified and compared. The second section interrogates how the calculation of political risk became institutionalized within Multilateral Investment Guarantee Agency (MIGA). In particular, it examines not only how MIGA formed the infrastructures to render political risk calculable on a global scale but also how MIGA also deployed political risk in its social and environmental review assessments as a micro-technique of governance that could be applied specifically to the space of the emerging market. The third

section, charts both the emergence of MIGAs techniques of assessment and classification within EDC policy and the connection of the EDC to a new circuit of capital in the form of FDI. In this sense, this final chapter examines how the EDC's use of political risk to calculate and assess the space of the global economy would intersect with a new circuit of capital, to form a new regime of territorialization. The final section examines the terminal points of this regime of territorialization through an examination of the Canadian mining company Anvil operating in the Democratic Republic of Congo.



The above map is the 17th annual political risk map put out by the insurance company AON (the second largest provider of political risk insurance in Canada, second only to the EDC). The purpose of this map, as stated by AON on its website, is

to provide a "benchmark review of political and economic risk facing corporations doing business globally" (www.AON.com/riskservices, May, 2010) The map is made through a complex methodological review, a compilation of data from over 200 countries, made through consultations between industry experts, international finance institutions such as MIGA, through the EDC, and through 120 of AON's political risk offices situated across the globe. The map, is the effect of the calculation of political risk as a technology of power, a technology that relies heavily upon networks of institutions situated across a number of different scales, ranging from local, national to supra-national institutions. Each country, is assessed using a multivariate analysis and assigned numerical values to a number of sociological and economic co-variables that range from a country's perceived rule of law, its respect for property, the business stance of its government, number of security personal per a 1000 people, its distribution of income and its democratic transparency. These values are then assessed to produce a political risk score that can be compared to a global benchmark of acceptable risk- a score less than 30 being considered a prohibitive site of risk.

Through this process specific risk scores are generated for countries deemed statistically significant, which are catalogued and represented by symbols located in the legend on the upper left side of the map. Based on its total risk score each country is then colour coded, with grey representing limited political risk. Countries with high political risk scores, coloured yellow to red, come to be demarcated as emerging markets. Through these calculations of individual markets, the space of the global economy is brought into existence and unstable spaces for capital form frontiers are

rendered visible so that they can be controlled, managed or avoided. The question is how did political risk mutate from an insurance scheme into a technology of governance that could be used to remap the world bringing the object of the emerging market into existence? In other words, if the above map represents the calculation of political risk in its most sophisticated form we need to locate the institutional sites that assembled political risk as distinct technology of power. The answer to this question lies in the formation of a new regime of calculation, a regime the EDC would draw from and reproduce within its own structure.

The 'Birth' of Calculability and Quantification

Throughout the early 1970s there were a few disparate projects that attempted to quantify political risk such as the BERI and World Political Risk Forecasts. Given the similarity between the techniques these two agencies used I will briefly review BERI. In 1972 the Business Environment Risk Index (BERI)was developed as a means for multinational corporations to rank countries on the basis of political health. Much as in the EDC's foreign investment insurance division, the practice of calculating political risk quantitively relied upon "setting up a kind of beauty competition in which factors such as debt service ratio, growth, ratio of debt to exports and to GNP" formed the sole variables used to calculate political risk (Lomax, 1983 35). The indicators that had been used to produce, verify, and territorialize the national economy were recycled to produce an analysis of the 'political uncertainty' associated with a given country. The BERI index marked a breakaway from the national economy as the point of calculation and instead would "allow political health

to be ranked in the same objective manner as economic health" (Dun's Review, editorial 1980, 50). It would use a multiple linear regression analysis to calculate the likelihood of political events in a one year forecast[25]. The index was based on a five point scale with 0 denoting unacceptable risk and 4 denoting superior conditions. The scale used 15 socio-economic variables for which data was available for 45 countries (Haner, 1975). These variables ranged from political stability, degree of acceptance of capitalist principles and bureaucratic delays, to quality of local management. Each of these variables are assigned a score by a panel of volunteers from industrial firms, banks and governments until the total equaled a possible 25 points. The volunteers would then assign a score based on these variables (Kobrin, 1982, 204). These countries were then ranked on a composite scale of 1 to 100 with 87 as low risk, 69 to 55 moderate risk, 54 to 50 high risk, and below 4 was prohibitive risk (Desta, 1985, 40).

BERI established the contact points between calculation and political risk, and in doing so formed the outline of a far more encompassing project of classification. The limitations were that these rankings were 'highly subjective', and provided risk scores that were neither firm-specific nor based on the total effect of the interactions of these variables on the risk score. Moreover, the time-line of the risks score (only a

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[25] By 1985 the index was later improved upon to include 5 and 10 year time limits. It was also expanded to include the following socio-economic and political variables divided into internal and external causes of political risk. Internal: Fractionalization of the political spectrum and the power of these factions, Fractionalization by language, ethnic and/or religious groups and the power fractions, restrictive (coercive) measures to require to retain power, Mentality, including xenophobia, nationalism, corruption, nepotism, willingness to compromise, social conditions including population density and wealth distribution, organizational and strength of forces for a radical left government. External causes included, Dependence on and/importance to hostile major power, negative influences of regional political forces, see Haner with Ewing John, 1985, "Country Risk Assessment, theory and Worldwide Practice" Praegar Special Studies, Printed in the USA

single-year) was for the most part only useful for short-term contracts, (export transactions) rather than long term capital integration (West, 1996, 152). Due to the limited technical power behind the analysis the model used multiple-linear regression analysis to map different political risk factors against a single target (total political risk). It would not be until the introduction of multivariate analysis, and more sophisticated computing software[26],that political risk would be fully calculable.

By 1978 the calculability of political risk was further advanced and the project of classifying and comparing countries as spaces of risk was refined through the explicit inclusion of new benchmarking techniques (Moran, 1996, 7). The concept of a global average political risk would appear first in a *Harvard Business Review* in 1978. The article provided a scientific and objective method to determine the "political fortunes" of [multinational companies] in their overseas markets (Rummel and Heenan, 1978, 67). The new method would rely on an integrated system of multivariate analysis. The purpose was to reveal countries that appeared risky but were actually in a "middle range of acceptable risk". At the same-time the model would

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[26] The system was of course quite limited and not all that accurate. The main problem was the poor confidence intervals that were yielded by using too few independent variables with the dependent variable of political risk, over such a short forecast (one year). In this sense, the index used multiple linear regression but with the computing software and technology to plot more independent variables something as complex as political risk proved difficult to forecast with reasonable confidence. Just to clarify for a reader less versed in statistics, Multiple Linear Regression can be understood as graphing the transformation of one dependent variable based on its interaction with a set of independent variables. The transformation is plotted across time which means given enough variables and data the transformative effect of the interaction of these independent variables on the dependent can be forecasted, the effects of this interaction measured. Such an instrument was not at all lost on the capitalist who are always amenable to find a way to exert absolute control over an environment even into perpetuity. Up until the 1980's the confidence interval for most political risk analyses remained from .80 to .85 a confidence interval that made the analysis quite uncertain. This was no doubt exacerbated by the fact that for multiple linear regression to operate one either needs a great deal of data or a longer time series to see the significance of the interaction. As we will see, this meant that the forecasts of political risk were more effective with longer time series (7 to 10 years) which not only made political risk far more significant to long term projects (mining, petroleum extraction or branch-plant industries)but also made the predications subject to greater variability due to the length of the time-series.

serve to differentiate itself from the previous modes of assessment by defining the assessment of political risk as something distinct from political uncertainty, uncertainty being nothing more than an "unmeasured subjective doubt about a political environment". In contrast, political risk would denote an objective measurement, usually resulting in a probability estimate of that [subjective] doubt" (Rummel and Heenan, 1978, 68). The integrated approach not only measured political risk against a number of independent variables but also measured the interaction of these variables. Indonesia, the site of the experiment was given a seven year projection for political risk events based on data spanning back to 1950 (Rummel and Heenan, 1978, 71). The representation was similar to the ranking system of BERI and established a positive to negative scale of standardized risk probability scores with a range of -3 to +3, +3 denoting the highest possible risk score. (Rummel and Heenan, 1978, 72). The inclusion of a global risk average as well as the concept of a middle range of acceptable risk are both worth some deconstruction.

First, the introduction of a global average risk score would introduce a new technical ability to classify spaces, benchmarking these as sites of political risk. The global average was productive of a whole new set of statistical borders, as countries that fell outside these borders (+1 to -1) were rendered visible and knowable. The technical power of the global average of risk held the potential to remap the world as a topography of finance capital, regions and spaces were FDI should go, should not go, and the fringes of accumulation. This shift created the potential to produce irreal discursive forms of space arranged through the quantification of countries as different

gradations of risk. In this sense, through quantifying countries as sites of risk, PRI remapped the space of the national economy as zones of risk that could be compared against each other as potential sites of FDI. In this sense, it became productive of new spaces into which capital could flow. Moreover, in addition to producing space as potential sites of FDI, the new method of quantification produced its assessment based on a longer time series for each forecast. This made political risk assessment far more useful to FDI projects, such as resource extraction companies, petroleum industries and branch-plant factories-industries, that realized profit over a longer period.

It was not at this moment, however that this new technical power would become productive of the space of the global economy. This shift would not take place until the infrastructures of political risk were created and the contact points between the calculation of political risk and the neoliberal project were institutionally consecrated. Instead the model served to formally reintroduce political risk as a 'science' as an objective tool of assessment and quantification that be necessary for "global companies [operating in] a b*rave new world*[27]" (Rummel and Heenan, 1978, 76).

Second, in line with the production of a global average, the idea of locating spaces that fell into a middle-range of risk, would serve to redeploy the rationality of

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[27] In many respects, the concept of the brave new world was foregrounded against larger assumptions about the security of the international financial order, a world order secured neither by the gold standard nor by the Bretton Wood institutions. The breakdown of this configuration and the clear lines of security and insecurity the institutional system presented, had, as one PRI industry analyst noted, caused the "transformation of politics from a parameter to a variable-[which] as a result of the internationalization [of capital] heightened the level of uncertainty in the task environment" (Kobrin, 1982, 56). As such, in this brave new world, constituted by the decay of the Bretton Woods system, "global companies.. would need essential tools of the mind to evaluate investment decisions "Rummel and Heenan, 1978, 76). These tools would be the ability to assess where they directed their capital based on a global average of political risk, an acceptable benchmark that could be objectively determined to shared between institutions.

political risk's logics of operation. Indeed, locating business environments within the middle range of risk, served to not only make political risk productive of a number of classifications but it also redeployed it as a tool to locate new spaces that would be ripe for FDI and capital accumulation. In this sense, political risk as an insurance scheme began to be separated from political risk assessment. The latter would form a mode of locating spaces of FDI that were previously rendered invisible to the corporate world by the more subjective approaches to classification. For instance, the new model would be credited by Exxon executive Leslie Cookenboo as a necessary mode of classification, a means to "assess the marginal countries as over the years [corporations] had found it relatively easy to identify very stable and very unstable environments, what [bothered them] the most [were] the borderline cases" (Rummel and Heenan, 1978, 71). This logic would be echoed in a 1980 March issue of *Fortune Magazine,*

> "Finally, the world political risk forecast... expresses its own rather dim view of Indonesia in its January, 1980, forecast: a company doing business there stands a 31 percent chance of a major business loss owing to political developments in the next eighteen months and a 45 percent chance of loss within the next five years. A better bet for investment would be near by Singapore- a BERI score 74.9 BI rating of 79 and a WRPF loss probability of only 19% in the next five years" (Kraar, 1980. 95)

The article concluded that, with the new techniques of calculating political risk, one could make investment decisions with the knowledge that "the future is to an extent knowable. One does not have to be fatalistic"(Kraar, 1980, 93). *Dun's Review*, introduced political risk similarly in its March issue, using different modes of calculation to the inform the reader of the likelihood of expropriation in Nigeria or the

overthrown of the government in El Salvador "or the degree to which a new religious concept known as liberation theology could be trouble for companies in several South American Countries" (Duns Review, 1980, 50-51). It would also suggest that despite the use of political risk insurance and the use political risk assessment to avoid risk, companies will inevitably find themselves "in another Ethiopia, Nicaragua or Iran, what companies must learn to do is manage the [risk]" (Ibid). In this sense, the model deployed PRI as tool that would be most useful for these industries, industries that, at the same-time, were understood to suffer the most risk in their operations. By the mid-1980s many corporations had redeveloped their corporate structures to include a political risk department or, at minimum, a full time political risk analyst who would be responsible for gathering, collecting and analyzing data on political risk from a number of political risk modeling organizations. (see Desta, 1985, 43;Kennedy, 1987, 59). For instance, America Can, a multinational canning corporation with a number of plants in Central Latin America, developed its own political risk system named PRISM, primary investment risk screen matrix. The model screened seventy countries using the data inputs from BERI, WRPF and the OPIC (Kennedy, 1987, 59). Dow's pharmaceutical developed a similar model called the Risk assessment program, and Xerox introduced its Issues Monitoring System (IMS) which used political risk data in conjunction with the experience of "line managers who would then be briefed on the specific political risk objectives for each country" (Kennedy, 1987, 60). By 1983, 74% of sixty one top multinational firms had institutionalized political risk studies into their

corporate structure as a means to create assessments based on the data they received about political risk (Kennedy, 1987, 57).

In line with the incorporation of political risk into corporate structures, the next ten years saw the number of academic texts concerning political risk assessment proliferate from 0 to over 20[28]. The first was published in 1982 by Stephen Kobrin would offer a further refinement of political risk by reintroducing a definition that had been developed by Bart Sorge and Fred Weston, two business scholars, who in their book on *International Managerial Finance,* published in 1972, defined political risk as,

> "The actions of national governments which interfere with or prevent business transactions, or change the terms of agreements, or cause the confiscation of wholly owned or partially foreign owned business property"
> [my italics] (Weston and Sorge, 1972, 60)

The intellectual threads of the project would coagulate around this definition as it pushed the calculation of political risk past merely a mode of calculation and probability and gave it a definite form of action it could mobilize against and quantify risk through: state action. This definition formed the standard for both the methodology behind political risk assessment and the political risk insurance industry. By the mid 1990s the definition was ubiquitous and 'common sense'[29]. The

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[28] For the most part these books were concerned with, as their titles suggest, making political risk manageable in foreign investment environments. Some of the titles are as follows: *Political Risk Management (1987), Managing Political Risk Assessment, (1982), Country Risk Assessment, Theory and World Wide Practice (1985), Political Risk Management: international lending and investing under environmental uncertainty (1987), Multinational Risk Assessment and Management: strategies for investment and marketing decisions (1988).*

[29] For instance, "political risk is defined as the adverse effect on the value of business arising out of direct or indirect actions by a foreign government (1993, Hashmi, 52). Similarly, "political risk is principally the result of forces external to the industry which involve some sort of government action" (Wells, 1998, 16). Or in a 2007 *Insurance Journal National* article, "political risk insurance helps protect against losses caused by an event or series of events triggered by governmental action".

significance of this definition is arguably twofold: first, the definition normalized the state as the site of political risk calculation to maintain and secure FDI. The definition became one of the clearest expressions of neoliberal orthodoxy within the discourse of political risk. State action was to be de-limited to secure the space of the market. Second, the logic of the state as site of political risk pushed the project of political risk towards locating spaces of opportunity outside the command of the national-grid, in the decentralized space of local governments, regions or areas where state intervention was weak.

The definition, then, embodied its own curious contradiction within the practice of political risk assessment. On the one hand, the state was classified as an object of risk. Interventionist behavior such as the use of exchange controls, restrictions on the repatriation of profits and creeping expropriation (Desta, 1985, 41, Moran, 1996, 149,) was classified to ensure FDI was not disrupted. Such assessments sought the space outside the state where MNCs would be given free range. On the other hand, the decentralized form of space outside the grid-work of the nation-state was subject to risks posed by challenges from below, forms of political risk that MNCs rely on the state to control (Garver, 2009, 82). Political risk thus sought to classify national economies as objects of political risk in the global economy and, at the same time, embed these precarious forms of space in new regimes of management and control. However, the execution of such practices required a new set of infrastructures that would extend the calculation of political risk to a new scale, and would provide

the techniques for control over the space of risk revealed by the calculation of political risk.

Neoliberal Capital New Scales of Regulations: MIGA

This section focuses on the emergence of MIGA as a new scale of regulation that served to produce the architecture for the deployment of a new network through which the calculation of political risk could be operationalized. However, as this new scale of regulation would be the condensed institutionalized form of social relations and economic forces, (Brenner, 2004, 453) the dynamics of neoliberal capital must first be outlined.

Since 1979 FDI has increasingly been the constitutive feature of the global economy. As Harvey has noted, "foreign direct investment and portfolio investment rose rapidly throughout the capitalist world" during the late 1970s (Harvey, 2005, 90). Indeed, FDI to developing nations alone would climb from under 50 billion in 1980 to 150 billion by 1997 to 583 billion in 2008 (see Moran, 1998,2 and MIGA Annual Report, 2009, 15). The quantitative increase in these capital flows can be attributed to the broader transformations from a keynesian to neoliberal economic structure. The restructuring of labour and capital relations sought to restore profitability by lowering labour costs, resources and land through the further commodification of social life. While in the advanced industrial societies some of this could be done through labour market flexibility, rationalization of social security, the de-regulation of financial services and the privatization of infrastructures was only one side of the reality (Harvey, 2003, 158). The other side of this reconfiguration entailed restructuring developing nations through structural adjustment programs. The conditions that would

provide the context for this were largely established by the 1984-1985 debt crisis. A confluence of falling commodity prices and spikes in petroleum prices which left developing nations unable to service existing debts, In any case, these processes produced new spaces for over-accumulated capital in core capitalist countries to move into producing a more profitable spatial-fix. It was in relation to these quantitative transformations in capital flows that political risk would be constituted as a project to classify host-countries in terms of their potential risks to capital and personnel and to provide MNCs with the tools to manage and mitigate the risks of operating in these task environments (Desta, 1985, ODI, 1997, 8). It was in this context that MIGA would be deployed.

In 1988 MIGA (Multilateral Investment Guarantee Agency) was ratified as one of two financial arms of the World Bank[30]. MIGA's role was to aid the expansion of FDI from the core-capitalist states to the Global South by eliminating the barriers of non-commercial risk "to [ensure] investors allocated investment resources solely on the basis of relative rates of return" (Voss, 1987, 9). It would achieve this, on the one hand, through the provision of political risk insurance and financial packages offering competitive risk premiums (Voss, 1987, 17). On the other hand, it used a methodology to provide political risk assessments that were "designed to focus on the facts of a particular investment project rather than on the economic and political situation of the host-country at large" (Voss, 1987, 12). This would allow MIGA to move beyond "the provision of insurance coverage" to advising investors on "how to structure their

[30] The other being the International Finance Corporation (IFC) which served to regulate commercial risks.

investment projects" and through their practices, "minimize their vulnerability to non-commercial risks" (Voss, 1987, 13).

Moreover, MIGA was also deployed as an institution designed to ensure ECAs expanded their outward FDI flows through more sophisticated political risk assessment techniques and by supplying capital to underwrite political risk coverage in environments otherwise too risky for investment (Baker, 1995, 26). It would achieve this by two means. First, it would reinsure projects, share the costs of underwriting political risk with national ECAs, bring together multiple financial partners to finance large projects, and supply forms of political risk coverage otherwise not offered by ECAs (Baker, 1995, 21). Second, "by sharing research, information and policy advice" in annual seminars MIGA provided ECAs with new methodologies to calculate political risk. It would also produce a databank on investment opportunities, disseminate political risk scores and share management techniques to mitigate non-commercial risk (Voss, 1987, 14). These efforts to collaborate with ECAs was presented as a means to expand the total FDI from the national economies these ECAs served. Indeed, MIGA noted that in the "period of 1977-81 ECAs globally facilitated less than 15% of total outward FDI" a volume that would have to be increased to keep pace with the privatization of infrastructures and liberalization of certain sectors in less developed countries (LDCs) (Voss, 1987, 17) (MIGA-B, 2009, 46). One of MIGA's key financing criteria was that investment projects had to be 'new' investments in LDCs. This meant not only "new investments but acquisitions involving the privatization of state enterprises and new capital associated with the

expansion, modernization or financial restructuring of an existing enterprise" (Baker, 1995, 28). Particular emphasis was given to projects that "served to 'help' LDCs restructure their public sectors" "through privatizing infrastructures in water and sanitation, telecommunications transport and power" (Voss, 1987, 11 and MIGA, www.fdi.net.com 2010). As of 2009, projects in these areas alone totaled $5.6 billion dollars while extractive resource projects financed by MIGA would total $2.4 billion (MIGA www.fdi.net.com, 2010).

For the most part MIGA executed these two projects through its FDI investment and its technical assistance centers. The technical assistance center was designed to help ECAs develop "their capacity to provide investors with information and advice with the goal of reducing transaction costs associated with the site selection" (MIGA, www.miga.org/services/index, 2010). It would appear that these services were in high demand; between 1996 to 2001, over 219 technical assistance projects were carried out with ECAs (MIGA, Annual Report, 2001, 3). By 2009 the number had increased to over 400 (MIGA, Annual Report, 2009, 5). Moreover, the FDI investment centre was renamed the PRI-Centre in 2006 and was designed as a "one-stop portal on political risk insurance, providing investors with the latest intelligence and information on the mitigation of non-commercial risk (MIGA, www.pri-centre.com, 2010). It offered ECAs, investors and private insurance providers support in the form of in-depth analysis on "political risk scores, political risk environment and management issues affecting 160 countries, research tools, interactive directories and highlights of areas of special interest to investors" (MGA,

www.pri-centre.com, 2010). In this sense, the centre built "on the knowledge and expertise of the public and private political risk insurance community" MIGA, www.pri-centre.com/directories, 2010). Through the portal it is possible to benchmark countries against other political risk scores provided by the private sector and ECAs, and further refine these risk scores by the nature of the investment. The client is invited to "roam the world and visualize the risk zones"(MIGA,www.pri-centre.com/ directories, 2010); compare them against one another and then seek specific mitigation tools. The use of these new methodologies would serve not only to produce the emerging market but connect it to a regime of governance.

Governance and the Discursive Production of the Emerging Market

While MIGA formed the primary infrastructure through which the calculation of political risk was operationalized, it was also receptive to new conducts of managing political risk that proliferated outside the institution. MIGA served to institutionalize these conducts of political risk management and render them productive of the space of the emerging market. In this sense, MIGA operates as a site of collision between the management of political risk and the discursive construction of the emerging market. By connecting the former to the latter, MIGA rendered political risk productive of the emerging market as a new form of territorialization, a classification of space that needed to be governed through new conducts and techniques of risk management.

While throughout the late 1980s much of the discourse of political risk was centered less on the production of more precise risk assessments and more on better risk mitigation techniques, little had actually materialized. By the early 1990s,

however, a new set of practices had emerged for managing FDI investment in high risk environments. In particular, many PRI analysts agreed that while political risk insurance may help to mitigate risk, it operated as a measure of last resort and, as such, did not provide any preventative strategies (Souter, 1992, 56). In addition to failing to give MNCs power to control risks, PRI insurance "was also too costly to be used indiscriminately" yet at the same-time "was increasingly a requirement to acquire capital from private lenders" (Moran, 1998, 143). The solution was to bring down insurance premiums by "adopting protective strategies to control [the] external business environment" (Hashmi, 1993, 60).

In 1992 *the Journal of International Business Studies*, published what amounted to a new code of conduct MNCs could use to manage political risk. It made the following suggestions:

"1. MNCs should rely on political risk assessment methods before entering a foreign market for investment. Countries and Regions with high probability of risk that cannot be mitigated must be avoided 2. MNCs must spread risk by diversifying there operations to a number of different countries within a given moment 3. MNCs should practice good citizenship with the host-state. Through employing local nationals and forming joint ventures or investing in the community. "In a nutshell the host-country must see the presence of the MNC as a blessing rather than a burden for the domestic economy". 4. MNCs should obtain a sovereign immunity waiver. 5. MNCs should ensure the host-country has more liabilities than assets to limit the incentive of the host-state to nationalize or confiscate property. 6. Contingency plans need to be developed in advance to cope with political risk. Security measures should be set up to mitigate political actions that would render the current investment climate unworkable 7. MNCs should not centralize production of manufactured goods in a single country. Component parts should be made in different countries so that no single host-state has control over the production process. 8. Technology transfers must be negotiated in advance. 9. Attempt to cooperate with existing industries within the host-state. 10. MNCS should insist on an arbitration clause. 11. MNCs receive political risk insurance they should separate their goods and their services." (Miller, 1992, 314-315)

The following year the *Journal of Business Insurance,* published a piece by Souter that made similar recommendations (Souter 1993). While many of these conducts are project specific, the introduction of good corporate citizenship and private security as techniques to control the investment environment would become standard practices within the PRI industry. Indeed, as one analyst put it, "MNCs owed it to their stockholders to protect rights, guarantee assets and maintain business interests in foreign countries" a task that "would require broader techniques of risk management" (Hashmi, 1993, 58).

ControlRisk, a private political risk assessment agency, provides a good example of the prevalence of such techniques. The agency advises "companies to conduct a comprehensive assessment of their political risks and then match these against a mix of the most effective strategies to deal with them" (ControlRisk, www.controlrisk.com, 2010). In particular, the agency offers security management and corporate social responsibility guidelines as key mechanisms that serve to protect assets and reduce threat levels" and 'improve local support for the project minimizing reputation risk" (ControlRisk, www.controlrisk.com, 2010) Similar mitigation techniques are reflected in an online article, which focuses considerable attention "to investing in 'their' workers and investing in their communities" as means to placate the political risks posed by communities near investment sites (Bremmer, 2009, 1). The Overseas Development Institute, the UK's ECA, similarly advocated the use of private security to maintain control and protect corporate assets in high risk

investment sites (ODI, 1997, 8). Similar techniques of controlling risk became institutionalized within MIGAs political risk mitigation tools.

MIGA formalized the use private security as a key political risk mitigation strategy when in 2001 it signed on to the Voluntary Principles on Security and Human Rights, a set of principles designed to help companies establish procedures to manage political risks with private security in an ethical manner (Voluntary Principles on Security and Human Rights, www.voluntaryprinciples.org/principles/index, 2010). Private security was then integrated into MIGAs techniques for mitigating political risk in high risk environments, where the host-government was unable to provide security, a situation that would, as we shall see, apply to the logic of the emerging market. Moreover, MIGA also implemented corporate social responsibility guidelines as a mode of corporate governance. By the late 1990s MIGA formalized management techniques in the form of environmental and social impact assessments. Using its political risk assessment methodology, MIGA classified political risks such that each project would be classified as either a category A, B, C project (A being subject to the highest possible risk with diverse and irreversible effects on local communities, B representing medium risk, and C low risk). This ranking scale would later form the basis of the Equator Principles, a set of practices designed to regulate FDI in emerging markets, launched in 2003 and signed onto by both commercial banks and ECAs[31]. Based on the risks identified within each project, MIGA developed a corporate

[31] As the Equator principles state, "Project financiers [as as ECAs] may encounter social and environmental issues that are both complex and challenging particularly with respect to projects in the emerging markets. The Equator Principles Financial Institutions have consequently adopted these principles in order to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices" (see Equator Principles, 2006, 1) at www.equator-principles.com

governance mechanism that indicated how the MNC would mitigate these political risks, largely by sponsoring different programs within the local community. This is important, as the introduction of these techniques of mitigation constituted a whole new regime of control deployed on the micro-scale of the investment site. Political risk, then, advanced from being a means to know the investment site into a tool of management to shape corporate conduct in high risk environments, which came to be described as 'emerging markets'.

The term emerging market was used in the late 1980s by World Bank economist Antoine van Agtmael, who deployed it euphemism to denote an industrializing country undergoing rapid growth (Authers, 2006)[32]. By the late 1990s the term emerging market or frontier market had crystalized as a specific object of management within MIGAs policies. By 2000 MIGA had developed its FDI-Net, now a web-portal within the PRI-Centre (MIGA, Annual Report, 2002, 6), which is dedicated to "promoting foreign direct investment in emerging markets" (MIGA, website). In addition to including a range of promotional FDI ventures in different countries, the tool included 178 countries/regions with high political risk scores. Each of these countries/regions, could be compared to 26 FDI projects ranging from food and beverages to mining and quarrying[33], FDI-Net, thus, served as database bringing a

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[32] The meaning of the term emerging is now quite contested. In fact some analysts have noted that the term is entirely dependent on the techniques and statistical methods that are used in the assessment process by particular agencies and industries (see Kvint, 2008, in Forbes.com). In this sense, the space of the emerging market is foremost a statistical entity, an irreal space that has been constructed through assessment techniques such as PRI.

[33] The full list is as follows: agricultural, automotive, chemicals and pharmaceutical, construction and engineering, electronics and electrical, energy, finance, beverages and food, heavy machinery, metal and minerals, mining and quarrying, non-metallics minerals, oil and gas, other manufacturing, other services, plastic and rubber, property, social services, telecommunications, textiles and leather, tourism and travel, trade and commerce, transport, utilities, wood paper and pulp. (MIGA, website: www.fdi.net/)

whole range of countries and regions that could be classified as spaces similar risk, and, at the same-time, niche spaces for specific FDI projects.

MIGAs methodology for political risk assessment constituted a new technology of classification and comparison. While previous political risk assessments had approached political risk from a macro-scale, using multivariate analysis MIGA would concern itself with producing a risk score based on the interaction of the FDI project with the intended site of investment. If the site received a risk score of 4-5, within a possible rank of 1-5, the space would be classified as a high risk zone a ranking treated as interchangeable with the space of the emerging market. What is notable here is that the discovery of the emerging market as a new target of classification shifted the form of economic space at which political risk was directed. In its initial mode of deployment political risk had been a means to protect capital against losses incurred in unstable countries. By the mid-1980s the target of effect was that of the LDC as a space to be developed through increased capital flows. Political risk was used to determine the risks of investing in this market vs. the total profitability, a means to ensure the accurate allocation of investment, in line with rates of return-in other words to secure and support the expansion of market mechanisms. Both of these targets, however, were situated across the national scale as spaces that could be assessed under a single political risk score. The emerging market, in contrast, would not represent a national economy or specific country, but instead a space within a nation that can be classified within a certain gradation of risk. MIGA's assessment of political risk switched to the classification and management of a specific enclave

rather than a national target. The emerging market was thus constituted as a form of economic space both fragmented and at the same-time globally comparable.

In addition, MIGA deployed a number of projects productive of the emerging market as a specific target of FDI. Thus, in its 2004 document *International Political Risk Assessment: a brave new world,* the emerging market formed a specific target of FDI as countries with high risk scores were grouped together and monitored to chart inward FDI flows (MIGA, 2004). The report concluded would be that MIGA and public-private insurance providers would have to innovate in order that FDI flows into emerging markets did not decline. The emerging market thus was consecrated as a space of high risk but also a site within the global economy offering high rates of return. Similarly, in a 2009 MIGA document, *Investing with Confidence,* the report concluded that while political risk remained a major obstacle to FDI in emerging markets at the same-time represented untapped opportunities for investors (MIGA, 2009 B). This discourse and definition of the emerging market proliferated beyond MIGA through the eleven private insurance industries MIGA would be integrated within[34]. For instance, Zurich, an American insurance company formed its own political risk assessment centre, "Zurich emerging market solutions", devoted to producing PRI services and insurance for emerging markets (Zurich, http:// zurichhpdelivered.com/zna/products/product/politicalrisk.htm 2009). These spaces of FDI were represented in a risk map quite similar to AONs above. Such practices constituted the emerging market as a form of space that would need to be managed

[34] As of 2004 MIGA would have formally insured with and shared political risk assessment techniques with the following 11 private insurers:Lloyds market, Chubb, AIG, Munich RE, Unistrat, Sovereign, Zurich, ACE, XL, Citi/Gulf, Axis and MIGA, (MIGA, 2004, 203).

through techniques that stretched beyond the provision of political risk insurance. Thus, the intersection of the discursive production of the emerging market as a particular risk score and a set of techniques of risk management, would bring the emerging market into existence as an object that could not only be benchmarked against other sites of FDI within the global economy but would also require extensive corporate regulation.

MIGA institutionalized a new project of political risk that focused less on protecting the national economy, than on facilitating the expansion of capital into new sites of investment. In this sense, MIGA deployed political risk in a project of integrating capital into new spaces through FDI and defending these investment sites against political threats. To do so, it created the infrastructure for the management of political risk, whose target was increasingly the emerging market. MIGA thus acted as a locale through which the knowledge and practices for a whole new regime of territorialization would be furnished and circulated through to ECAs, like the EDC, that had previously been deployed in service of the space of the national economy.

In the process of identifying these spaces of risk MIGA produced the emerging market as a particular target of classification and management, which was consecrated as both a space within the global economy that yields high returns, and at once as a place of severe political risk. The emerging market was framed as a precarious or frontier region within the global economy that required corporations to secure their capital invested in these sites through new techniques such as corporate social responsibility guidelines, social and environmental risk assessments ,and private

security. As we shall see in the last section of this chapter, it would also help ECAs target these areas through joint-financing and insurance agreements. By doing so, MIGA not only provided the infrastructures for projects into these spaces of risk but also served to connect capital flows to new administrative sites that would give these regimes of capital accumulation constitutionality and legitimacy.

In line with this, through the creation of a broader network of calculation including private insurance industries and ECAs, MIGA arranged the emerging market as a new form of territorialization quite different from 'unstable countries' or 'LDCs'. The emerging market existed on a local or regional rather than a nation scale. While this made risk assessment far more precise, at the same-time it produced fragmentary spaces of risk that intersected within the space of the national economy but were by no means bound by it. MIGA's methodology thus deployed the emerging market as a form of economic space constitutive of the space of the 'global' rather than the national economy. MIGA thus contributed to the formation the knowledges and infrastructures for a whole new regime of calculation of economic space, in which political risk would be deployed as a tool of integration and control rather than in defense of the national economy.

The Global Economy and the EDC

In 1993 Canadian parliament passed sweeping amendments to the 1969 Export Development Act designed to grant the institution the flexibility to adapt "to the way globalization had changed the way Canadians [did] business" and to allow it to support the growing importance of foreign direct investment" (EDC, 1993, 12). This included closer integration with Canadian financial institutions, greater flexibility in

the criteria to receive EDC financing, a more integrated risk management system, and an expansion of the EDC's power to raise its own capital sources. These amendments created the context in which the EDC could be integrated into a new project of calculating the space of the global economy, largely as the amendments served to erode the previous regime of calculating the space of the national economy. In this sense, the amendments provided a new context through which PRI could be redeployed as a technology to calculate and govern the space of the global economy. This new regime of calculation intersected with a broader shift within the institution from the provision export credit for capital goods to producing new spaces to absorb over-accumulated capital through a project of "integrative trade". To trace the impacts of these events, I review the following three processes: first, I examine the decomposition of the previous regime of calculation and the rise of new political risk techniques within the institution. Following this, I match these new techniques against changes in the social relations between the institution and the capitalist class in Canada, as well as the rise of integrative trade as a new project to facilitate capital in the form of FDI.

The Decomposition of the National Regime of Calculation and the Rise of a Global Regime

There are several processes that would lead to decline of the old regime of calculating the space of the national economy. Foremost of these processes was the new criteria the 1993 act would put in place for receiving EDC financing. Throughout the keynesian period the criteria for financing had been that each export transaction the EDC facilitated had to have an 80% content of Canadian labour and raw materials.

While this directed the EDC towards capital in the form of capital goods it also gave the EDC the power to carry out a factor content analysis of each export project. The 1993 amendment recognized that "the days of traditional export trade were [finished]" (EDC, legislative review, 2008, 31). The EDC could no longer evaluate its financing and support based on whether products "were primarily produced in Canada with Canadian inputs" but would have to "adapt to the integrative paradigm of the global economy" a paradigm that would necessitate a higher percentage of imported content in Canadian exports, and increased FDI flows that could not be evaluated within the same framework of capital goods (Ibid).

The 1993 amendment replaced these financing agreements with an evaluating criteria based on the impact of project financing on Canadian GDP, which could be limited to paying corporate tax in Canada (EDC). Moreover, by the late 1990s the EDC would expand its financing criteria to include FDI projects in emerging markets, irrespective of whether these projects would contribute to the GDP. This provision was an important revision to the already broad financing criteria as it allowed Canadian mining companies who are exempt from taxation by the Canadian state to be eligible for EDC financing (EDC legislative review, 2008, 32). These shifts in financing criteria can be understood in relation to a broader structural shift in the forms of capital the EDC would target and regulate. It would serve to breakdown the techniques of quantification that had tied the EDC to the space of the national economy. While annual reports from 1990-1993 continued to quantify projects of EDC financing against the total person-years of employment (EDC Annual Reports, 1990-1993 pg.

2-3), by 1994 this was displaced by calculations of GDP growth. The shift destroyed one of the direct lines of calculation the EDC had established with the national economy as an object of management.

By 1990 the EDC had ceased to produce reports on the capital goods exports that it supported through its financing and insurance programs. This list had been co-constructive of a certain imaginary of Canadian economic space as an enclosed self-regulating entity. The commodity index list in EDCs annual reports listed every capital good exported from Canada, the value of the good, the value of the line of credit that had been used to facilitate exports and the receiving importing country. The commodity list,then, was not only useful in tracking the success of the institution in producing demand for Canada's manufacturing industries but also reproduced clear lines of demarcation between the space of the Canadian national economy and the space of an external trade environment. This method of representation was replaced with a far longer and byzantine financial review section, which was primarily concerned with mapping the risk of the global economy and determining the volume of capital that could be invested into countries and regions according to this risk. In this sense, a technique that was both productive of and produced by, the logic of national economic space was displaced by a new set of logics concerned with knowing and managing political and financial risk in the global economy.

In addition to these institutional changes the actual network of calculative infrastructures the EDC had been situated within would begin to decompose. By 1993, coinciding with the amendment to the EDC the Economic Council of Canada

(ECC) had been dissolved. At the same-time, while the governor of Canada's Central Bank had previously held a chair on the EDCs board of governors, following the dissolution of quotas on private and public personal in the board in 1984, the governor of the CCB ceased to hold a position within the EDC (EDC, Annual Report, 1985, 34). These changes would be significant in two respects. First, the dissolution of the ECC removed an institution that operated directly on the national economy and made its space of existence known and quantifiable. Moreover, the end of the ECC diminished the demand for factor-content analyses of person-years of employment produced through exports, a technique the ECC had pioneered to quantify the effects of Canada's balance of trade on national employment. Second, the removal of the governor of the CCB from the EDC board of directors further distanced the EDC from a calculative site that had provided it with the expertise, such as the Candide model, to undertake its economic assessments of its financing.

The breakdown of these different techniques and institutional sites of calculation dislodged the national economy as the direct form of economic space the EDC was to serve and calculate. This did not completely eliminate of the EDC's concern with employment or positive trade balances. Nevertheless the decomposition of this keynesian national regime provided the potential to tilt the context of the EDCs activity toward the space of the global economy. This shift was not instant but would occur through the integration of a new set of knowledges about the space of the global economy, disseminated by MIGA. These techniques redeployed political risk as a technology to not only classify the space of the global economy but also to facilitate

the integration of the Canadian economy into these spaces through FDI. The construction of these new infrastructures would occur within the Political Risk Assessment Department, which replaced the Country Assessment and Economics Analysis division.

In this sense, as the institution turned away from calculating the space of the national economy, it began to draw on the expertise and techniques of calculating political risk that were housed within MIGA. As such, the EDC began to shift its focus towards techniques that would allow it to classify the space of the global economy, compare it, and manage political risk. This shift in focus, then, orientated the EDC towards the global economy as a new object of management.

In particular, the EDC signed on to MIGA in 1991, and by 1993 the institution had introduced a new mode of political risk assessment that allowed for a formal demarcation between commercial risk and political risk. In particular, the EDC adopted MIGAs ranking scale, (EDC, 1993, 32-33) this gave the department the technical power to map its operations against a spectrum of risk that was largely comparable against not only to MIGA but also the ranking scale of private insurance industries, with which the EDC would work closely with. Indeed, the EDC would use this calculation to classify the countries it operated in against this scale. For instance, in a 1995 annual report the institution noted that "of the 119 countries the EDC facilitated trade with, 89 would be considered to be in the high risk category" (EDC, 1995, 3). At the same-time, commercial risk would be divided into A,B,C,D categories. Based on these risks scores, the EDC determined how to spread the risk of

its projects to ensure stability in a global investment environment. For instance, in 1993, the EDC allocated 27% of its FDI financing and insurance to countries with a high political risk rating and 9% of its lines of credit of other loans to countries with D rankings in commercial risk. In other words, while the EDC would still package its political risk rankings in written assessments for its customers, it would introduce the methodology into its political risk assessments to quantify space as risk.

In conjunction this new technique in 2000 the EDC launched Global Export Forecast service (GEF). The intent behind the project was to forecast the risk in the global economy, and based on this forecast provide customers with customized political risk and investment assessment services. The model was similar to a number of political forecasting techniques such as Global Risk Forecast offered by Maple-Croft, or the Global Risk Report put out by the World Economic Forum each year. In this sense, the GEF connected the EDCs calculation of political risk to the global economy as a new target to be quantified. This new technique of calculation was also integrated into the EDCs biannual "Lets Talk Risk" workshops held in a number of Canadian cities to disseminate the knowledge of the EDCS political risk department. While the workshop was initiated in 1995 (EDC, 1995, 20) by 2000 it had become productive of a new set of conducts, marketed as a key tool in providing "the political risk scores that customers would need to manage uncertainty and risk in an integrated global economy" (EDC, 2000, 20). The workshop thus allowed investors and exporters to examine the risk within the global economy and at the same-time benchmark countries as sites of investment in conjunction with the assessment model

of the GEF, the workshops brought the global economy into existence as different gradations of risk.

The Political Risk Assessment Department tied the EDC to the a logic of the global economy as, from 2000 the EDC moved towards a 'total risk assessment framework'. The assessment framework allowed the political risk department to cross-reference its political risk rankings of all countries against credit risk to produce a portfolio assigning each country a capital limit against the EDCs total capital base. The logic was 'all things being equal', the higher the political and commercial risk the lower the capital limits (EDC, 2003, 27). The framework allowed the EDC to index each country as not only a site of risk in the global economy but as a site of capital absorption in relation to that risk. This made it possible to integrate countries into a portfolio of risk management as sites that would have to be strategically opened to avoid an over-exposure of the EDCs capital-base (EDC, 2000, 26). However, this would not be the extent of the new project of political risk assessment within the institution. Rather, the EDC adopted MIGA's system of using political risk to assess and manage risk on the project level.

In 2001 the EDC adopted a procedure of Environmental Review Directive (ERD) which would "set out the processes, standards and accountabilities that accompany environmental review of the EDCs projects" (EDC, 2008, 32). The review process, modeled on the same techniques used by MIGA, categorized each project as either A,B,C (EDC, 2003, 12) and involved assessing the risks of overseas projects by examining the processes of , "resettlement, community engagement, and impacts on

indigenous peoples", and the impact these would have on the overall risk in a project. By providing this framework the EDC offered investors the knowledge to assess and manage these issues during there business operations (EDC, 2008. 32). The adoption of these new procedures would not only require the EDC to develop political risk assessments for each individual overseas project in a high risk environment, but it would also streamline the EDCs policy assessment framework against MIGA, as both sites used the same framework for managing social and environmental risks where the two carried out joint financing agreements[35].

In addition the EDC implemented a formal set of corporate social responsibility (CSR) guidelines, assuming the "role of offering advice and guidance on the best practices in CSR on such issues as the EDCs environmental review and disclosure practices and using CSR in emerging markets" (EDC, 2006, 16). Interestingly enough, the EDC embedded CSR in the political risk department by dividing its procedures into four categories: social, economic, human rights and the environment, each of which would be matched against a given project to produce a risk score (EDC, http://www.edc.ca/publications/2010/csr/english/home.htm 2010). While I have not been able to get as much information on how this is conducted as I would like, it would appear that the EDC imported the data it would use for this assessment from different outside sources and then amalgamated it. For instance, the political risk department when deciding the CSR approach to a project with a high

[35] The first of such joint financing agreements was to Guyana in 1992, a year after the EDC signed onto MIGA. MIGA would split the reinsurance for Cambrior open pit mine for 49.8 million in PRI insurance with coverage for expropriation, war, civil disturbance and currency transfer. The EDC would shoulder the remaining 101 million in exposure. see MIGA Extractive Industries, at www.miga.org/sectors/index_sv.cfm

human rights risk would import data from "the World Bank's Country Governance Indicators, Minorities at Risk data, Freedom House's Freedom of the Press and Civil Liberties ratings". The integration of these indicators in project risk assessment would be key in limiting the risks for companies operating in "regions or countries without well established government or judicial institutions" (EDC, 2003, 13). Moreover, much like MIGA, the EDC would formally consecrate use of private security as risk management mitigation tool by signing on to the Voluntary Principles on Security and Human Rights.

As suggested, these new techniques of calculation would form the new infrastructures that would situate the EDC in a global rather than national context of operation. Moreover, the addition of CSR guidelines and the ERD procedure not only represented a mutation of the role of political risk assessment within the institution but also inscribed the EDC with the power to shape corporate conducts in projects of FDI. Thus, the integration of political risk into 'micro-level' projects not only allowed the EDC to assess the global environment but also gave it the power to bring regimes of capital accumulation situated outside Canada into accordance with its techniques for managing political risk. This represented a watershed not only in political risk assessment within the EDC but also the EDC's territorial jurisdictions and its capability to shape the way corporate power would operate within spaces of investment classified as 'high risk'. Arguably, these infrastructures would be key in inscribing the spatial-fixes the EDC would facilitate through its integrative trade

project with new techniques and modes of governance. An intersection that would arguably find its complete expression in the territorialization of the emerging market.

New Forms of Capital: integrative trade, capital and global space

While the import of new techniques of political risk assessment from MIGA formed the infrastructures that gave the EDC the technical power to calculate the space of the global economy, the institution also came to be connected to a new circuit of capital. In particular, the integration of the EDC into a circuit of capital running through the financial institutions within Canada, put the institution in contact with capital in the form of finance capital. This new form of capital and its ties to a different section of the capitalist class within the Canadian state, required a new form of spatial-fix for its externalization. As such, the confluence of this new form of capital with the calculation of political risk, formed the basis for a new regime of spatial-production, a regime the EDC would operationalize as 'integrative trade'. The key economic target of this new paradigm, which sought to relocate the production process within competitive spaces of the global economy, was the emerging market. As such, the focus of this section is on how the EDC came to be integrated within a new circuit of finance capital, and how this circuit provided a new context in which the EDC deployed the calculation of political risk.

By 2000 the 1993 amendments to the Export Development Act had fundamentally restructured both the EDC's relationship to the capitalist class and its capacity to raise capital. In the case of the former, the disbandment of the quotas of assigned seats to the public and private sectors meant the the board was increasingly

dominated by private sector members. Moreover, while not only did the representation of the private sector increase but the composition of private members on the board of directors underwent a marked transformation. Whereas the previous composition of the board of directors consisted predominately of individuals from the manufacturing sector, of the total 180 available seats on the board from 1990-2009, 124 were held by individuals either from the finance sector or corporate law. The latter provided the EDC the legal background needed in corporate acquisitions and corporate property law. Moreover, the incorporation of the financial sector served to integrate the EDC into the Canadian banking system, as it could use the board of directors to establish ties with different financial institutions. By 1998, the EDC had established financing programs and agreements with the Bank of Montreal, the Royal Bank of Canada, the Hong Kong Bank of Canada, and NorthStar a private finance company headquartered in B.C (EDC, 1998, 3)[36]. The integration of the EDC with the financial elite had two important effects. Foremost, it enabled the institution to switch from supplying lines of credit and loans to governments to the private sector. This was a rapid shift: whereas in 1991, 85% of the EDCs lines of credit had been to governments, by 1995 90% of the loans went to the private sector (EDC, 1991, 19 and EDC, 1995, 43). This shift, as the EDC would note, was a consequence of the debt crisis that had rendered unfeasible the old system of supplying direct lines of credit to foreign governments (EDC, 1995, 5). Thus, private financial institutions needed to be brought into the EDC to socialize the risk of supplying lines of credit to foreign commercial institutions, which were far

[36] With the exception of Hong Kong Bank of Canada, each of these financial institutions was represented on the Board of Directors by either a president or a vice-president.

more difficult to recover non-performing loans from than governments (Ibid). In this sense, the contradictions inherent in the old form of spatial-fix served to shape the new circuits of capital the EDC regulated.

Moreover, this new social network created a circuit of capital between the finance and insurance sectors, the EDC, and capitalists in industrial and resource extraction sectors. This introduced a new circuit of capital into the institution and gave it the power to cultivate a more fluid form of capital. Crucially, this link allowed capitalists in manufacturing and mining industries, industries that are capital intensive and thus are subject to relatively immobile spatial-fixes, to negotiate financing for FDI through the EDC. In particular, equity-financing arranged through private financial institutions enabled these industries to leverage more private capital for FDI projects. In turn, the EDC not only supplied financial and insurance industries an easy circuit through which to profitably reinvest surplus capital, it also provided the political risk insurance to insure the private sector against loss in these projects. As the intermediary in this circuit the EDC was able to source the private capital to support these projects; and, at the same-time, insure a greater net income through the political risk premiums it would underwrite for these agreements.

In addition to opening up the EDC's board for more participation from the financial sector, the amendment to the act also gave the EDC the power to raise new capital bases through exotic financial instruments. In particular, to manage costs, and the number of potential losses it faced in financing high risk markets the EDC used a number of derivatives "which would include but would not be restricted to currency

and interest rate swaps, foreign exchange contracts, equity index swaps, forward rate agreements, futures and options" (EDC, 1993, 51). In this sense, its close ties to the financial elite also allowed the EDC to raise capital in the markets of its financial partners. While the EDC did not disclose the sum of capital it raised through these financial instruments, by 2005 the institution declared that it had found itself with "capital beyond what [it had] traditionally needed as a cushion against the risks of [its] business." As such, it would use this surplus capital to increase support "for exporters and investors, particularly as they pursue opportunities in emerging markets in which risks [were] inherently greater."(EDC, 2005, 4).

In this sense, the change in the composition in the board of directors deepened the EDC's sources of capital by giving the institution access to insurance and financial markets. As such, the EDC came into contact with new forms of capital that created the potential for the institution to facilitate large scale FDI projects. Indeed, the integration into finance and insurance sectors was significant in this regard as, by 2000, the two had become leading forces in the production of capital for FDI, supplying 33.8% of the total capital for FDI in 2000, and 44.1% by the year 2008 (Holden, 2008, 3). In short, the institution's connection to these new sectors of the capitalist class gave it the structural power to undertake large FDI projects that required hefty financing. At the same-time it created a new circuit between the manufacturing sector and the finance sector. The former would gain access to capital and provided access to markets with cheaper labour pools and cheaper raw resources while the latter would be able to profitably reinvest unused capital with the lion's-

share of the financial risk being absorbed by a public-policy institution. This new circuit required, however, that the EDC facilitate projects to find spaces to absorb this capital.

Initially the EDC facilitated this through the department of the Structured Finance Group, established in 1995. The department was intimately tied to the PRI department that provided the expertise in insuring these FDI projects against political risks, and served as site for assessing each project so as to steer FDI into the more profitable regions of the global economy. By 1998 the department had closed 46 transactions totaling $6 billion, a serious increase from the meagre $500 million the EDC financed in 1990 (EDC, 1998, 15). The bulk of these projects was in transport, power, pulp and paper, mining, oil and gas and telecommunications, the industries the EDC had historically targeted as capital good exports.

What is noteworthy, is that for 1995-1998, the EDC's support of FDI projects remained limited to this department. Indeed, the dominant language within the institution was still geared towards exporters, and the actual figures of FDI the institution supported were never made into actual targets or objectives. On the contrary, from 1993-1998, the EDC focused its attention on expanding the export capacity of Small and Medium Enterprises (SMEs) to gain access to "new export markets in the global economy" (EDC, 1993, 12, EDC, 1998, 12)[37]. The focus on this group was largely understandable as SMEs accounted for 9 out of every ten short term financing agreements (a 180 day loan) (EDC, 1994, 14). PRI services would in

[37] SMEs were classified as any firm exporting whose annual exports were less than a million.

contrast account between the years 1995-1999, only 1%of the services used by SMEs per a fiscal year. While SMEs were the targeted client of the institution, as a group they used a very small amount of the available capital. In fact, although they accounted for 85% of the customer base, SMEs accounted for only 17% of the its total business volume. The majority of the EDCs services then, we can speculate, went to the larger companies running FDI projects out of the Structured Finance Group department.

By 2000 this circuit of capital between capital goods, finance and the EDC was connected to a new project facilitating the expansion of capital across a new economic imaginary. In response to an "unprecedented global integration of trade, investment, technology and enterprise" the EDC aligned itself to a new project of integrative trade to allow exporters and investors to remain globally competitive by using FDI "to capture and penetrate global supply chains" (EDC, 2008b, 15). The phrase 'exporters and investors' was the first formal declaration of the new class positions within the public-policy institution. By 2006 the institution described the project as a means to "relocate slices of the [production process] into other countries into low cost-centers" (EDC, 2008b, 6). This not only provided investors with access to markets that offered greater productivity, it also created new supply chains for cheaper imports while producing demand for new exports. In other words, integrative trade constituted a new means to allow capital to flow into regions within the global economy offering a more profitable spatial-fix. While this would produce a very different circuit of capital than the institution had facilitated through its earlier lines of credit, it was also

constitutive of a new economic imaginary intimately bound up with the discursive space of the emerging market.

In its 2008 legislative review the EDC outlined the new form of economic space it targeted through its integrative trade policy:

> "The development of the internet and trade technologies combined with the liberalization of international trade has opened up a much broader set of production possibilities for companies. *The traditional production model in which companies develop and manufacture their products in a single vertically integrated geographic location has been displaced by one in which each stage of production is located in the best possible place in the world. In effect the world has become a virtual production platform.*" (EDC, 2008, 6) [my italics].

Integrative trade had become firmly situated in the imaginary of the global economy. The old unitary spatial-fix the EDC had cultivated through its lines of credit targeted at "a single vertically integrated geographic location" was displaced by a number of fragmented production sites situated in "the best possible locations", project specific enclaves of the global economy. While this new project was not only be heralded by an institution wide focus on promoting FDI as a process independent from exports, integrative trade also constituted a discursive shift in the form of targeted space. In particular, the target of integrative trade would no longer be the high risk space of the "developing nation", but rather the EDC would target the high risk space of the emerging market.

The emerging market was the featured target of the institution's policy of integrative trade and the target through which the success of the integrative project would be measured. For instance, the EDC's 2005 annual report represented the project of integrative trade by stating that through these new enhanced PRI services

and risk management techniques it had achieved "13.3 billion in exports and investments in 137 emerging markets," which accounted for "more than 30% of Canada's total exports of goods and services to emerging markets" (EDC, 2005, 2). By 2007, the integrative trade project was represented in its own section. A year later the EDC represented the emerging market as its own geographic region, a undefined swathe of space into which it had directed "22 billion in exports and investment into 147 emerging markets" (EDC, 2008, 2). The space of each market was not assigned to any individual country, but rather represented as its own independent category, a mode of discursive representation that replicated the way MIGA showcased the emerging market in its 2004 document *International Political Risk Management: a brave new world.*

The emerging market represented a concrete space constituted by the EDC's capital flows and the solidification of this capital into new productive spatial-fixes. This process was at the very core of the EDCs integrative trade policy, precisely because as Stephen Poloz, the vice-president of the EDC, astutely noted emerging markets provide greater rates of return because of their inherently lower production costs (Poloz, 2006, EDC, Press Release). The emerging market was approached as a space produced through trade liberalization, de-regulation, and privatization, i.e the paragon investment site of the neoliberal project. Following the pursuit of the integrative trade policy the EDC would substantially increase the volume of FDI it facilitated. Indeed, in 2003 the EDC had managed to finance 619 million in FDI by 2009 the EDC was facilitating 4.1 billion in FDI a sizable increase (EDC, 2009,3). In

line with this it was also constructed and approached as a space of extreme political risk, in fact as the EDC pushed the integrative project further eventually to the point where it was exporting and investing "22 billion in 147 emerging market destinations" the volume of PRI insurance products provided to investors and exporters skyrocketed. Indeed, PRI insurance and services would total 3.2 billion in provisions in the year 2000. It would increase in line with the EDCs integrative trade policy to 3.9 billion in 2005, 4.8 billion in 2006, and 7.1 billion in 2007 (EDC, 2000, 25;EDC, 2005, 56; EDC 2006;58; EDC 2007, 58). In this sense, the emerging market would be the targeted spatial-fix into which the EDC directed capital and integrated new land, labour and resources, into global supply chains.

While these concrete processes constituted the emerging market as a new spatial-fix, through the new calculative infrastructures of the Political Risk Assessment Department, the EDC also deployed the emerging market as a space of FDI and aimed to manage it as a distinct object of governance. While promoting the emerging market as a space in the global economy the EDC also labeled the emerging market as a space often "lacking regulatory frameworks and stable legal systems", (EDC legislative review, 2008, 34). In this sense, the emerging market was constituted as a space that would need to be carefully managed. This logic was expressed in the EDCs magazine *Export Wise,* which devoted a small column in each issue from 2003 onward entitled "investing in emerging markets". The section focused on how the EDC "specializes in understanding both the risks and the opportunities of doing business in emerging markets. EDCs vast network of business relationships and our on

the ground presence in key markets give exporters access to up to date, competitive intelligence" (Exportwise, 2003, 37). The EDC marketed itself as a site that had the knowledge to manage the inherent risks of investing in these unstable spaces in the global economy.

In this sense, the emerging market was constructed, arranged and reproduced through the calculative infrastructures that had been imported into the PRI department from MIGAs own regime of calculation. This enabled the PRI department not only to classify the emerging market as a specific risk score, but also to provide the assessment techniques to inscribe these spaces with particular modes of governance. In this sense, the PRI department served to not only bring the emerging market into existence as a distinct form of space within the global economy but inscribed it as site that required the mitigation techniques of CSR principles and private security forces.

The project of expanding FDI within the EDC relied heavily on the reconstitution of political risk calculation as a project of spatial-production, a project that imported many of its techniques from MIGA. The project of capital integration was underpinned by political risk insofar as the calculation of political risk allowed different regions/countries to be quantified and compared as particular sites in the global economy. The effect of this was that the calculation of political risk could be used to produce new potential sites of capital accumulation, and, in this sense, created new forms of space that could be used to absorb capital. While this in itself is important, the true power of the EDCs redeployment of political risk calculation was that each of these sites could be assessed and governed according to their specific risk

scores. In this sense, the power to assess space augmented the EDCs project of integrative trade by connecting these new forms of economic space to specific management techniques that would buttress corporate power. In contrast, then, to the keynesian regime of territorialization that had used PRI to stabilize the relations within the national economy, the calculation of political risk allowed space to be produced for more fluid capital flows and provided the techniques of governance to allow capital to integrate labour, land and resources into spatial-fixes that existed outside the regulatory framework of the nation-state. To this end, the EDC's redeployment of political risk allowed the institution to become productive of the global economy as new object of management and as a form of space that could absorb the capital flows unleashed by the neoliberal turn.

What does this regime of territorialization look like at its most infinitesimal places, in the actual investment site? It is one thing to say the emerging market is constituted by political risk as a fragmented form of space to be governed in new contexts, but what do the actual social practices and their intended effects look like? To what degree does the inscription of the space of the emerging market as a space of risk shape corporate practices and buttress capital? This discussion is incomplete without some consideration of this new regime of territorialization. I will provide an example of these processes in action.

The Territorialization of Capital in Emerging Markets: Canadian mining and governance

In this section I offer a brief overview of the emergence of a new form of economic space, a fragmentary part of a globalized topography governed through a set of management and mitigation techniques that are situated within and productive of global rather than national economic space. I have selected the Canadian mining company Anvil Mines Limited in the Democratic Republic of Congo (DRC) as an example based on the fact that the project received political risk insurance in joint financing agreements from both the EDC and MIGA during the period when the EDC was launching its project of integrative trade.[38] Moreover, the DRC project was classified by MIGAs methodology as a space of high risk is listed as an emerging markets. Moreover, I selected FDI projects in mining because of Canada's position as a global giant in overseas mining projects. In particular, in 2008 Canadian mining assets held globally were estimated at $110 billion more than a quarter of which is located on the African Continent (Natural Resources Canada website 2010). In other words, as many have pointed out, mining projects are one of the key forms in which Canadian capital is expanded, constituting the dominant face of Canadian imperialism (See Campbell, 2008, Webber, Gordon 2006, Clark 2006). Moreover projects in the resource extraction sector would account for $22 billion of the EDC activities in 2007, constituting a large amount of its business (EDC, 2007, 3).

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[38] In context to this, the EDC actually refers to Barrick Gold as a 'global champion' in its legislative review. From what I have read though the only thing Barrick is a champion of is wanton destruction in services of a globally competitive bottom-line.

In 2005 MIGA and the EDC would offered $26.4 million in political risk insurance for the Anvil Mine project, to a copper and silver mining pit at the Dikulushi deposit, located some 23 kilometers west of Lake Mwere in the DRC (MIGA ,http:// www.miga.org/sectors/index, 2010). The project was one of dozens that would proliferate through increased FDI flows that were secured following the World Bank's long awaited resource extraction review of the country. The review enforced a redrafting of the mining law to allow for the liberalization of the Congolese mining industry, a legal framework to support FDI . Anvil Mine was the first company to enter. Political risk assessment and insurance was key in structuring the companies entrance strategy. Indeed, as the Anvil president stated "securing the support of MIGA [and the EDC] for the Dikulushi mine represents a very effective way to mitigate the political risk associated with operating in the DRC[39]" (Anvil Press Release, 2005, 1). The insurance covered against expropriation, war, breach of contract and civil

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[39] Similarly, in 1999, the Colombian government would move towards encouraging foreign investment by "insisting that the government of Colombia complete urgent reform measures intended to open its economy fully to foreign investment and commerce" Within a few years this shift would be further augmented by a 2019 development plan, published in 2006, that stated "only the private sector is capable of developing Colombia's mining industry. The rational behind this new direction was to identify companies that would need security. As such, not only were security forces heightened to establish "a climate of confidence that encourages foreign investors" but Colombia has made entrance into its mining sector easier for transnational companies bypassing any environmental regulations and checks on their concessions. In this sense, much like in the case of Anvil the state has shifted towards defending enclaves of FDI, shift that no doubt is reinforced and partially facilitated by MIGA and the ECAs that stand behind these capital flows. The Colombian state has been quite successful in creating this investment climate as foreign investment in mining in these sectors has increased from $436 million in 1999, to $ 3 billion in 2009, with Anglo Gold Ashanti, BHP Billiton, Greystar Resources (a Canadian company) and Drummond company and MMC leading the way as the largest companies (see, Mazure, 2010). Under such conditions the Colombian state operates as a facilitator of these contracts, leaving the people situated in these sites of investment subject to the bare forces of capital. As Harvey has stated, "the neoliberal state operates through a legal framework orientated around freely negotiated contractual obligations between judicial individuals in the market-place. The sanctity of contracts and the individual right to freedom of actions, expression and choice must be protected. The state must there use its monopoly of the means of violence to preserve these freedoms at all costs. By extension the freedom of business and corporations (legally regarded as individuals) to operate within this institutional framework of free markets and free trade is a fundamental good" (Harvey, 2003, 64). The state, then, is increasingly a facilitator of private investment, the actions of Colombia and the DRC's capitulation to the mining regulatory framework put down by MIGA seem to epitomize this relationship.

disturbance (MIGA,http://www.miga.org/sectors/index, 2010). The company supplemented this by establishing a transparent and comprehensive approach to corporate social responsibility. The company would do this through the establishment of "a corporate social responsibility committee, which would advise the board on the conduct of management in the following areas: sustainability, safety, social development and community relations, health and physical environment, employee relations, 'reputational' risk, political and operational risks of the host-country environment." According to the company, this would create an operational framework that would "insure investors against the political risk of the project" (Anvil, 2007, 29-30).

In their social and environmental risk reports the EDC and MIGA classified the Anvil mine project as category A. In a 2007 CSR review meeting the EDC disclosed that the artisanal mining community surrounding the project was considered very socially destructive (EDC, 2007B, 4) . Interestingly enough what was not at all considered destructive were the impacts the project would have on the environment. In fact, both MIGA and the EDC decided that because Anvil had its own internal environmental policies they need not assess the impact of the project on the environment. As a consequence, Anvil was given a blank cheque to create its own environmental regulatory framework. The repercussions of this decision manifested in 2008 when the city of Lubumbashi located downstream from Anvil's site of operation experienced a spike in congenital birth defects and the pollution of the cities drinking water caused by chemicals used in Anvil's extraction process (Missakabo, 2008). In

response to the EDC's and MIGA's classification of the artisan miners as a potential political risk to the company's operations, Anvil contracted out security to Securicor a U.K based, security firm devoted to private sector operations, which it used to hire and train a 458 person strong integrated security force, made-up of both private securicor guards and 'public' Congolese mine police (Freedman, 2006, 16). In addition, the company drew on 12 independent security managers to help align procedures with the Voluntary Principles on Private Security and Human Rights, an agreement the company had to pay lip-service to as these guidelines were part of the financing framework of both insurers. The rational that it was necessary to stop the theft or damage of corporate property and would be central to managing the DRCs large artisanal mining communities (Freedman, 2006, 23).

However, among the risks that the EDC would target for mitigation with the company in the 2007 review, a review organized following a 'number of problems' that I will review momentarily, the EDC would list the inherent political and social risks of artisanal miners around the Dikulushi mining site as follows: it employs child labour, lacks basic safety standards, it employs soldiers and is often controlled by large gangs, it pays no government royalties, it takes place illegally on corporate property and the miners themselves are paid little (EDC CSR briefing, 2007, 4). The conclusion was that the company, the EDC, and MIGA, would have to call on the state to resolve this problem, possibly through the introduction of a certification process at the border to destroy illegal exports (Ibid, 4). In the interim the company would have to "resource its CSR functions more fully, better engage local communities in risk assessment,

communicate more openly with its stakeholders, and develop more explicit procedures for its subcontractors (securicor) and the mine police" (ibid, 6). In other words, it had to better integrate CSR guidelines into its policies to manage the political risks associated with what was described "as a volatile and violent artisanal community" (EDC, CSR briefing, 2007, 4).

This logic was echoed by one of the company's security management officials who stated that,

> "security is evolved over the years and many people think... see security as a main guarding function, iron gates, security, an office complex or mine complex against theft or wrongdoing. Some people even extend that to situations you see across many african countries in the last 10 or 20 years, how we get the ex-patriots out of the countries, when the place goes horribly wrong. In a more broad complex, certainly, the industry is involved in the last 10 years.. security moved on. Its much more of a risk management role we now fulfill" (taken from Honke, 2009, 18).

Anvil got into the practice of internalizing political risk by partitioning the geographic space of its operations into zones of high, medium, and low risk, and chose its instruments of protection and prevention in accordance to these spaces of risk (Honke, 2009, 17). While the company integrated its security measures into its community investment strategies this regulatory framework was operationalized differently across the various spaces of the company's operations. While this may have appeared discordant, it served to buttress Anvil's regime of accumulation.

On the one hand, Anvil followed the EDCs advice to use CSR to mitigate political risk by setting up a community trust fund into which "10% of the profits after tax would be deposited to benefit local communities and the region" (Anvil, 2007,

28)[40]. These projects initially included in 2005 the "construction and maintenance of 54 kilometers of road, port facilities, water pipe-line to the local Dikulushi community". Over the year of 2006, Anvil would include new measures such as the construction of "two clinics for mine employees and their families", the establishment of ten new primary schools in the local community, literacy programs for 500 adults, the establishment of a new community soccer league, and new "micro-enterprises to help provide new opportunities for artisanal miners" (Anvil, 2007, 28). While these would all be touted within the annual report as the practices of good corporate citizenship, they would also form what the company referred to as "soft modes of managing potential threats and grievances through community engagement" (Anvil, 2007, 28).

On the other hand, Anvil deployed its private security forces to remove artisanal miners from its licensed property and was involved in a number of violent confrontations with artisan miners. Thus the company had acquired an abandoned state mine Gercamines, which was roughly within a few kilometers of the Dikulushi site. The mine and its surrounding territory had been the mainstay of the artisans' means of production, as the copper could be mined and then sold. Anvil deployed its integrated private security force to remove the miners from its new holdings. In the ensuing confrontation 1 artisan miner was killed, 32 were injured and hundreds were arrested. A second incident occurred that same year on April 2006, when an artisanal miner was

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[40] Funnily enough Anvil won't pay any tax for twenty years, part of the Congolese governments efforts to make itself competitive for FDI, which it would need to fuel development. Of course, pretty tough to fuel development on a sustainable scale if you are giving away resource for free. (see Tougas, 2008, "Canada in Africa: the mining superpower".

found drowned on an Anvil concession that had been a frequent site of conflict between Anvil security forces and the local artisan community. Incensed by the murder the local community went to the mayor, (a member of the board of directors at Anvil) who dismissed their claims. Subsequently, the community turned on the Anvil residential compound burning a guesthouse to the ground (Freedman, 2006, 2). In the course of these events an Anvil employee was burnt to death and an Anvil private security guard was killed.

These practices, oscillating between soft modes of governing through community partnerships and hard modes of brute force, were the capillary effects of the broader set of political risk management strategies that had formed within the offices of MIGA and the EDC initially as a means to control, identify and assess the high risk environment of the emerging market. As a consequence, the Anvil mining site formed a nodal point, a space of transnational policy assembled and deployed through infrastructures situated across national and international scales. These infrastructures not only inscribed sites like Anvil with new management techniques and frameworks but at the same time brought into existence as a form of economic space and a site of capital accumulation situated in a fragmented territoriality and made accountable to offices of political jurisprudence existing outside the national economic grid. In other words, Anvil is constitutive of some of the new forms of economic space productive of the global economy as a new frontier of capital. This form of economic space cannot be understood solely as a product of the liberalization of the mining law in the DRC, insofar as its constitution as a form of investment space

relies upon a whole set of knowledges and practices formed around the management and regulation of the political risks of FDI. These latter practices, deployed by the EDC and MIGA, ensured that the flow of capital was also infused with knowledges about managing and regulating political risk, thus providing the mortar-work for its techniques of governing and regulating these spaces.

Moreover, the regime of calculation, in Anvil's case at least, intersects with the logics of advancing and intensifying capital accumulation. While neither MIGA or the EDC would sanction the murder of artisanal farmers, the ERD procedure gave Anvil the legitimacy to hire private security forces instrumental not only to defending corporate property but in setting artisanal farmers free from their means of production[41]. Moreover, the EDCs and MIGAs assessment that Anvil's own environmental policies were sufficient to run the operation served to keep the state out and allowed Anvil to keep a competitive bottom line bypassing rudimentary environmental safeguards. In this sense, while it cannot be said that the political risk assessments carried out by MIGA and the EDC pushed Anvil to skimp on environmental regulation or use private security to accumulate by dispossession, they constituted the investment site of Anvil as space of its own jurisdiction and in the process gave the company the monopoly of power needed to control its regime of capital accumulation.

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[41] As it stands in 2007 there were 1.8 million officially recorded artisanal miners operating in the DRC, Anvil after forcing artisanal miners off of its holdings generated some 700 jobs for artisanal miners, not really quite enough to absorb the people it displaced or 'freed from this game of subsistence'. (see Artisanal Mining in the DRC: key issues, challenges and opportunities, 2007, 2) (and Anvil, Annual Report, 2007, 26).

This example gives a sense of how EDC and MIGA, despite being nothing more than mediators within a circuit of capital, have rendered the calculation of political risk productive of new fragmented spaces that are for the most part enclaves of governance constituted by policies, frameworks and assessments situated in many different offices. In this sense, by using the calculation of political risk to construct these spaces, MIGA and the EDC create new forms of territoriality that allow capital situated outside the nation-state to become governable[42].

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[42] A similar set of dynamics are discernible in the case of the Canadian mining company Glamis Gold and its operating style at its holding Marlin Min in San Marcos Guatemala. In particular, Glamis Gold received funding from MIGA and the EDC in 2004 to finance the Marlin Min a project that offered a great deal of incentive to the company as Guatemala had just reformed its mining law two years prior to reduce the royalty rate to the lowest globally at 1% per annum. While the company classified itself as a corporation that worked in low political risk environments throughout the central Americas (see www.goldcorp.com, 2010), it received similar advice on structuring its operation and managing the risks of the mining site from MIGA (Halifax Initiative, 2005, 3). In particular, while Glamis Gold paid lip service to CSR principles by holding meetings with a few of the local communities in San Marcos to discuss the economic benefits of the project and its environmental impacts, the company neglected to meet with key indigenous communities who would be most affected by the environmental impacts of the project. In fact, of the 158 meetings it was scheduled for it only showed up to 33 (Halifax Initiative, 2005, 5). As a consequence, the municipalities around Marlin mine opted for a public mandate that would give the communities the power to hold the mine in common. The mandate received 95.5% of the support of the local communities (Imai et all, 2007, 110). As a result, following the destruction of a pedestrian foot bridge by Glamis, the communities of San Marcos mobilized by blockading the road, stalling the movement of equipment to the mining site. The company responded by deploying its private security forces and contacting the state, who sent in 700 military officials and 300 police offers under the pretense of "protecting shareholder interests". In the struggle that ensued to secure the raod for the company one community member was killed allegedly by the company's security forces. Ten others were injured. In the aftermath of the event MIGA and the IFC reviewed Glamis Gold's actions and declared that the company had operated as a good "corporate citizen" (Halifax Initiative, 2005, 1). In this sense, Glamis Gold had followed the risk mitigation techniques set out by MIGA and the EDC, and thus, it had behaved responsibly within the Marlin mine site. The example once again shows the formulation of a specific regime of governance based on CSR guidelines and private security forces to manage high risk investment environments.

Chapter 6
Conclusion: the fragility of neoliberal capital and the global economy

General, your tank is a powerful vehicle
it shatters the forest and crushes a hundred men.
But it has one defect:
It needs a driver.
Bertolt Brecht, *From a German War Primer*, 1938.

The above lines by Brecht are the last lines of one of Harry Magdoff's essays on 'imperialism without colonies'. The collection of essays, and these closing lines had quite an impression on this project. I did not select these lines from Brecht to suggest that the current 'machine' of capital can be resolved solely by volunteerism. Rejection of the system is a freedom to a few, and in the words of Billy Brag, 'freedom is merely privilege extended, unless enjoyed by one and all'. Rather, I selected these lines to start off this concluding chapter, because of the metaphor of the war machine. Industrial war machines are intricate, they require a number of moving parts coordinated at the same-time by a division of labour. Their deployment requires many points of contact between munitions, personnel, supply points, all of these processes constitute and oil its gears. All these elaborate processes supply the conditions of its existence and at once constitute the conditions of its fragility. For within all its parts, assembled and arranged through different technical capacities and daily exercises, exists the possibility for disruption.

In a recent statement Stephen Poloz, the current executive vice-president of the EDC, declared that,

" the globalization of business is not some passing fad. It is the natural order of things. Better to think of globalization as a force of nature, to which *resistance is futile.* Recessions, protectionism and other economic considerations will alter the mix of

globalization, certainly, but will not counter the underlying force – in other words, they will prove to be dents, not derailments" (Poloz, June 2009, EDC Press Release) [my italics].

The rationality that resistance is futile is an easy one to adopt. Capital has gone global, it is everywhere and nation-states, firms and people are now inevitability bound to the global economy, constrained by an array of forces as implacable as industrial war machines. Capital is global, or very nearly so, but resistance is not futile. Instead, what I attempted to demonstrate through this thesis are the array of infrastructures, the practices, the diffused offices of command, that are necessary for the constitution of the space of the global economy. These divisions of labour, the layering of different practices of calculating political risk atop different practices of managing what can be made calculable, constitute an incredible strength in a period of finance capital and flexible capital accumulation, insofar as these 'machines' allow capital flows to seep into the far corners of this planet. Yet the system, with the many different parts and the technical divisions that constitute political risk as a contemporary technology of capital reveal a fragility. Political risk calculation reflects the infrastructures that have been developed to support the capital flows constitutive of the global economy. The new forms of knowledge produced about investment, classifying and benchmarking countries by their political risk scores, managing high risk investment sites, require many little offices, calculative techniques, and networks of information and expertise between ECAs like the EDC, private insurance industries and international organizations such as MIGA. All of these reveal many sites of potential disruption, places where the great machine can be jammed up in its production of the global economy as a new frontier of accumulation.

Thus, if there were a single message that I would like to convey it is that the global economy is fragile. It is not fragile simply because the integrated nature of neoliberal finance could be de-railed by capital controls or by contractions in money supply. It is fragile as an object, as a territorialization of space. The project of bringing it into existence, re-territorializing the space of the national economy into global spaces, has required the production of many new practices situated across different scales and operationalized on different targets. Capital is global, the global economy, however, is a discontinuous reality that has required the adoption of technologies such as political risk to constitute its spaces, render them knowable, and therein, governable. These practices constitute its strength and give it the power to align social practices against it as an object. Much like the war machine,they also constitute its fragility and its contingency.

There are really just a few simple points I would like to make. The first is that there is something to Magdoff's question about the nature of imperialism without colonies, mainly because the colonial state was a modality of spatial-organization a means of regulating land, labour and resources through a particular apparatus of power. Its absence no doubt creates a void of spatial governance in capitalist expansion that needs to be filled. This has required new modes of organizing spaces of capital accumulation situated outside the territorial boundaries of advanced capitalist states, the production of new spaces to absorb capital, a situation which Lebreve noted has entailed "an explosion of spaces" from the end of the 1970s onward (Lebreve, 1978, 290). This project was determined to reveal the formation of one of many new modalities of spatial governance, a technology that can be deployed to constitute and govern space in the

neoliberal period: the calculation of political risk. As a technology of contemporary capital political risk operates through ECAs and MIGA as a means to quantify space, classify it, and render it comparable to other sites of investment in the global economy. Through this classification it allows spaces of accumulation to be inscribed with particular techniques and practices of governance that play out upon the terrain of the individual investment site. At this current period, its target of classification is the emerging market given the nature of assessing political risk as an interaction between a firm and its targeted site of investment, the space that is produced, and the governance that accompanies it, is very much fragmented, situated across multiple terrains of local, national and global space. In this sense, through these processes the production of space supplies corporations with power to control the risks in their investment environment. In this sense, a new set of relations of force emerge able to control and govern regimes of capital accumulation. These relations of force form new sites of governance in a periodization of capital without the formalized security apparatus of the colonial state. In this sense, the main thread of this thesis was to theorize a response to Magdoff's question about imperialism without the infrastructure of the colonial state, a question I traced into Harvey's question about the relative territoriality of state power and its discordance with the fluid nature of flexible capital accumulation.

In addition to arguing that political risk is a key technology constituting the modern dynamics of neoliberal capital in the space of the global economy, I was also interested in tracing the command-posts that had been deployed in service of this process. This meant examining the EDC across two different time periods in order to illuminate

both the different circuits of capital the institution was situated within and also the different forms of economic space it produced. I wanted to demonstrate that across both periods the EDC served as an institution of calculation of economic space and as a site of territorialization. In particular, initially the EDC's connection to the national economy and its production of superficial spatial-fixes through lines of credit had limited political risk from becoming a technology of power within the institution. Later, however, the EDC would render political risk productive of the space of the global economy by using the calculation of political risk as a means to map out space, classify it, and compare it as different gradations of risk that formed the global economy. Moreover, coinciding this this redeployment of political risk the EDC also shifted towards regulating capital in the form of FDI. This shift was in a large part the consequences of its previous regime of producing spaces of absorption for capital goods, insofar as the lines of credit it supplied to developing states formed the basis of a debt crisis which, in the 1990s, would leave the EDC forced to lend the lines of credit to commercial entities, bringing the EDC into contact with Canada's financial institutions. This allowed the institution to connect manufacturers to these sources of capital to fund more FDI projects.

As such, what these processes reveal is that the switch to the construction of the space of the global economy is largely a process of tilting the activity of state institutions and redeploying them in service of new projects. For the EDC this meant reconstituting political risk from an insurance scheme to a far more sophisticated project of classification and governance that could be used to produce and arrange spaces of FDI situated in global rather than national space. This redeployment of the institution would

be key in providing Canadian capitalists with an institution that could supply them with the regulation and power they would need to expand capitalist social relations outside the grid of the state.

There is an important caveat here. It is not only over the last few decades that the EDC has become an imperialist institution. Rather, the process of capitalist expansion it facilitated and regulated has changed forms. I do not think, in terms of the technical definition of imperialism as the expansion of capital, the export of surplus capital goods into a foreign market is no less imperialist than facilitating projects of FDI. Indeed, dumping a load of trains or electrical equipment on a nation may be more productive in creating the potential for the productive forces for new industrial base but it also leads to displacement, and the destruction of small scale industries that may have been able to produce capital goods just on a smaller and more expensive scale.

The EDC, and ECAs in general for that matter, have not been studied or analyzed as a critical site in Canada's political economy of capitalist expansion. The absence of scholarship on it has served the institution quite well. There has been far too little discussion about an institution that in 2007 facilitated more than 30% of Canada's gross export and investment into emerging markets or, what the rest of us would call, developing nations. There has also been far too little discussion about a crown corporation that has referred to Barrick Gold, a mining corporation with a considerable amount of blood on its hands, as one of Canada's "global champions"! This project was an attempt to make the EDC visible as a central institution in the expansion of Canadian capital, not only situate it within Canada's own processes of imperialism but to reveal it

as a point of contestation, a nodal point in the articulation and constitution in Canada's relationship to the space of the global economy. I think this is important because when we speak of the global we often speak of it "as something out there" and as a result become quite distraught when trying to engage in political action. Yet the global is not a free floating 'out there', it is a set of practices, and knowledges constituted in concrete geographic locations. The EDC is one of Canada's points of contestation in the project of the global. It is in many ways an easy point of contestation as it is a crown corporation, its headquarters are on O'Connor Street, it is a big building with opaque windows. As a crown corporation it is responsible to us the people, we have the power to exert control over it through both the ballot box and through protests and petitions. In this sense, the EDC is an immediate contact point in Canadian society and while it acts like a private institution, it is firmly in the reach of the public sphere.

Moreover, the EDC represents one of those many gears or supply points in a machine of spatial production that can be disrupted or jammed. Indeed, what would it mean if we ceased to allow the corporation to offer political risk insurance and management services? What would it mean if the lion's share of EDCs capital it, accumulated through derivatives, had to go back to the state? What would it mean if the EDC became a financial intermediary controlled by the people of Canada, responsible to the people of the world, as a site that could be asked to supply financing infrastructures and projects that people in both the Global South and North wanted? Of course, I am sure if we took the EDC out of the equation some new mechanism that would serve the interests of the elite would grow up around the hole it left, but should we not try? Indeed,

in 2009 the EDC performed over $82 billion in business transactions and made a tidy profit of nearly $200 million well below its forecasted profit of $250 million (EDC, 2009, 1). Should not some of this capital be used to produce real productive forces in Canada and in other countries that could be in the hand's of the public?

I will now briefly develop the limitations of this project and at the same-time future avenues of discussion, the two are somewhat related. First, the project suffered from several limitations. I tried many times to get into contact with the EDC and was strung along for an interview by an underwriter of political risk until late February when the institution dropped the pretense for the interview and ceased all contact with me. I encountered similar problems in getting into the networks of political risk, as for the most part, detailed information on the topic is reserved for those with the money to pay for this 'value-added service'. As a consequence, I spent a lot of time tracing political risk and the infiltration of the calculation of political risk into the EDC and the different practices that would come to surround it. While I would have liked to have gotten into a more extensive discussion on the terminal points of territorialization the EDC produces, examples that would range from Barrick Gold in Tanzania, Glamis Gold in Guatemala, and the Tech corporation in Peru, I found I needed to first devote a great deal of attention to the evolution of the EDC and political risk, as a consequence the aspect of the project that interested me the most is only a few pages in length.

In addition, in the absence of secondary sources to work from, and an outright refusal by the EDC to grant me the interviews I had to carry out this project only through the documents the EDC made available, such as *the EDC News, Export Wise, the 2008*

Legislative Review, and the Economic Assessment of Finance, and 40 years of annual reports. As a result, in many spaces I am forced to take the EDC at its word, or forced to show the different projects the institution was bound up with through a very discursive analysis of its information. I have done my best to use my insights to extrapolate from these documents, and some of the reasoning is speculative and will need to be tested against a wider array of documents. For the time being I made the most out of what I had to work with, simply because, this project was important to me and I think holds a narrative that needs to be considered in Canada's political economy.

Where do I plan to go from here? The first thing I would like to do is write a very short essay on the supply of credit and the capitalist class in Canada. This I think is important to sketch out simply because the Naylor-Clement thesis has held for a very long time now that the Canadian bourgeois never really developed as an independent force due to the domination of American finance. The EDC does not contradict this thesis so much as it shows how the Canadian capitalist class attempted to work around this problem by gaining access to credit and overseas contacts through the public-policy institutions. This is important to note because it is illuminates both how Canadian capitalists have engaged in imperialist projects and the close relations with the state that they had to forge to do so, relations that have shaped the Canadian state and capital in Canadian today. This point is important to make since the intellectual left in Canada needs to focus on Canada's own position on the world stage as a middle capitalist power that routinely tramples on human life not just state sovereignty. This would be a small project but it would put to use some of the evidence that I gleaned from studying the

EDC. I find myself a little reluctant to use this research project as the basis for a larger project mainly because the calculation of political risk is facilitated through networks of expertise that are very closed and not at all receptive to someone like myself.

What seems more appealing is to use the EDC as a backdrop in a far more encompassing study of Canadian mining, with a more extensive focus on not only how Canadian mining corporations govern these sites but the composition of different social networks within these locales, in particular the interesting configurations between mining companies, NGOs and entrepreneurial programs carried out through institutions like CARE (with which the EDC has a close relationship). In particular while these social forces appear in contestation with one another (especially NGOs and Canadian mining companies) they form the ecology of new imperialist projects. Such a project would in many ways carry on the implicit thread of this project, the examination of how spaces come to be governed in a period without the infrastructure of the colonial state. Political risk would no doubt form a relationship within this complex but would not be the primary focus. In other words, the project would build on threads from this one but would weave them into a larger complex of relations. The potential targets of exploration for such a project would be Barrick Golds Bulyanhulu project in Tanzania, Glamis Gold's project in Marlin Mine in Guatemala or the Antamina mining project in Peru. These were all sites I researched for this project but decided not to include in the interest of time and space.

While these threads for future projects are indeed modest, I would not have come to them without this thesis, a project that attempted to not only sketch out the EDC as a site of imperialism in Canada's political economy but focused on both 'foucaultian' and

'marxist' analytics to reveal its role in a broader process of spatial production. In this sense, I stand by its initial premise, that in order to locate how power operates in the global economy we need to turn to the global itself as a space that has been produced and connected to new sites of administration. It is this processes of making the space of the global economy into something that can be known and governed that has supplied the modality of governance and control in a period typified by flexible capital accumulation. As such, we need to not only focus on the relations of capital but the infrastructures that support these relations, infrastructures that may be easier to rework and target than the core underlying relations of capitalism in an age of neoliberalism.

Year	Manufacturing /Refining	Mineral Extraction	Finance	Law/Legal	Total Private BMs
1969	4	0	0	0	4
1970	4	0	0	0	4
1971	3	0	0	1	4
1972	3	1	0	0	4
1973	3	1	0	0	4
1974	3	1	0	0	4
1975	2	1	1	0	4
1976	3	0	1	0	4
1977	3	0	1	0	4
1978	3	0	1	0	4
1979	2	1	1	0	4
1984	2	2	2	1	7
1985	2	1	5	3	11
1986	2	1	5	3	11

Fig. 1

(Fig. 1 and Fig 2. compiled from EDC annual reviews from 1969-1986 (1980-1984 data not available), and from EDC Annual Review from 1990-2009. Private BM's means Board Members, 1984 total private positions on the board of directors changes from 12 to 15, 4 of which were designated public sectors positions. * refers to a missing or unidentifiable board member)

Year	Manufacturing/ Refining	Mineral Extraction	Finance	Law/Legal	Total Private BMs
1990	3	1	5	1	10
1991	3	0	5	1	9*
1992	2	0	6	1	9*
1993	3	0	5	1	9*
1994	5	0	3	1	9*
1995	5	0	2	2	9*
1996	4	0	3	2	9*
1997	3	0	4	1	8
1998	1	0	4	2	7
1999	2	1	4	2	9
2000	2	0	5	1	8
2001	NA	NA	NA	NA	NA
2002	2	0	6	1	9
2003	3	1	6	1	11
2004	2	1	6	1	10
2005	0	2	5	2	9
2006	0	2	5	2	9
2007	0	0	7	2	9
2008	2		6	1	9
2009	2	0	6	1	9

Fig.2

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