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GEOGRAPHY OF NEOLIBERALISM AND SPATIAL FIX

ГЕОГРАФИЈА НЕОЛИБЕРАЛИЗМА И *SPATIAL FIX*

Summary: *This paper emphasizes the consequences of economic inequality, the roots of which lie at the heart of capitalism. It was explained by Marx (1867), and a modern interpretation was offered by Harvey (1982, 1985, 1987, 2013b) through the term spatial fix, which connects the development of capitalism and urbanization. In this global process, inequalities arise that can be illustrated numerically: the net worth of the world's 358 wealthiest people in 1996 was equal to the total income of the poorest, which makes up 45% of the world's population or 2.3 billion people. This fact of economic inequality, most convincingly written about by Piketty (2016) and Chancel (2020), became even more critical during the Covid-19 pandemic. The gap between the richest and the poorest widened. The period in which several significant changes in global economic policy took place was called neoliberalism (Harvey, 1989, 2013a; Dušanić, 2016) and led to the establishment of a new economic system that significantly determined the further directions of geography. Understanding these processes implies an interactive approach to their study because the capital/labor relationship defines the global framework for developing urbanization and demography, and thus geography (Mutabdzija, 2020, 2021).*

Keywords: neoliberalism, spatial fix, spatial and temporal displacement

JEL classification: N14

Резиме: *У овом раду се апострофирају последице економске неједнакости, чији коријени леже у основи капитализма. То је објаснио Маркс (1867), а савремено тумачење је понудио Харви [Harvey] (1982, 1985, 1987, 2013b) кроз појам spatial fix који повезује развој капитализма и урбанизацију. У том глобалном процесу настају неједнакости које се сликовито могу представити бројчано: нето вриједност богатства 358 најбогатијих људи свијета 1996. била је једнака укупним дохоцима најсиромашнијих, а који чине 45% свијетске популације или 2,3 милијарде становника. Ова чињеница о економској неједнакости о којој најувјерљивије пишу Пикети [Piketty] (2016) и Ченсел [Chancel] (2020), добила је још више на значају у вријеме пандемије Ковид-19, током које се јаз између најбогатијих и најсиромашнијих још више повећао. Период у којем је настао цијели низ крупних промјена у глобалној економској политици назван је неолиберализам (Харви, 1989, 2013a; Душанић, 2016) и довео је до успостављања новог економског система који је битно одредио и даље правце развоја географије. Разумјевање ових процеса подразумева интерактивни приступ њиховог проучавања, јер однос капитал/рад одређује глобалне оквире развоја урбанизације и демографије, а тиме и географије (Мутабџија, 2020, 2021).*

Кључне ријечи: неолиберализам, spatial fix, просторно и временско помјерање

JEL класификација: N14

1. INTRODUCTION

The imbalance in the distribution of wealth best describes the essence of neoliberalism (Harvey 2013b) because before World War II in the US, 1% of the wealthiest controlled 16% of national income, and after the war, that amount fell to 8% and remained within that range until 1970-them. However, at the beginning of neo-liberalization, this relationship reversed. The participation of the richest increased to 15% by the end of the century, so Harvey states that "neoliberalism from the beginning was a project aimed at restoring class power," based on "shifting power from the sphere of production" into the world of finance. "This meant that the focus shifted from the growth of production capacities in the direction of concentration of financial services in which the world's most significant economic and trade transactions are performed. In other words, the increase in industrial production no longer inevitably meant an increase in per capita income, as it was far more affected by the aforementioned financial transactions in global financial centers. Therefore, neo-liberalization will lead to the restructuring of the world economy. At the same time, the rich North will retain economic

and technological power, and the poor South will become responsible for industrial production and pollution.

To present the development of neoliberalism as vividly as possible, we will head to the northern shores of Lake Geneva and Vevey, above which rises Mount Pelerine, after which one of the most influential economic schools of the twentieth century is named. In 1947, a group of 36 eminent scientists met for the first time, which formed the Mont Pelerine Society and which, at the suggestion of von Hayek, adopted program goals (neoliberal). Dušanić (2016, 34-42) explains that the progenitor of the term neoliberal economy was A. Ristov¹, and the fact that eight scientists² won the Nobel Prize speaks of the importance of this society. The neoliberals considered that "the central values of civilization are in danger because, in large areas of the Earth, the essential conditions of human dignity and freedom have disappeared." Because of these political attitudes, they were considered liberals, while they were characterized as neoliberals because they accepted the neoclassical principles³ of the free market. This included taking the idea of A. Smith about the invisible hand of the market, but it excluded the theory of state interventionism advocated by J. M. Keynes. With the rise of the crisis in the 1970s, this movement gained importance, and Harvey (2013b, 27) emphasizes that neoliberalism is becoming an economic orthodoxy. At that moment, the newly-appointed British Prime Minister M. Thatcher (1979) decided that "Keynesianism must be abandoned and that monetarist solution to the economics of supply are necessary to cure stagflation." That year, the US Federal Reserve also made a sharp turn in the US monetary policy so that the principles of the New Deal⁴, according to which the goal was full employment, were abandoned. An economic policy is being adopted which "should curb inflation, regardless of the consequences in the field of employment." The sharp rise in interest rates has started "a long and deep recession that will empty factories and destroy unions across the United States, and drive debt countries to the brink of insolvency, and begin a long era of structural adjustment." The arrival of R. Reagan will lead to even sharper deregulation of the market next year. Still, also even more potent attacks on unions, read the middle and working class, with which the minimum wage has fallen by 30% below the poverty line over the next decade.

2. EUROPEAN CHARACTERISTICS OF NEOLIBERALISM

The UK was the first example of establishing a neoliberal economic system in Europe. Although the Labor Party had previously developed significant welfare state instruments, the most critical economy segments (coal, steel, car industry) were nationalized. At the local level, elements of the welfare state were recognized in the structure of the housing stock, a significant part of which was publicly owned, and municipal administration systems and local unions had recognizable outlines of social solidarity. In foreign policy, a policy of decolonization and avoidance of military interventions⁵ was pursued. Still, some structures of neocolonial power grew, primarily the City of London, as one of the global financial centers. Harvey (2013a, 59) states that this is where the conflict in the domain of conceptual differences between integrated liberalism, established in the domestic market (on the principles of Keynesianism), and free-market liberal financial capital, which was dominant in the global market (neoliberalism). At the second level, this conflict could be recognized in the battle between traditional forms of ubiquitous conservatism (class differences and privileges of aristocracy, politicians, and trade union bureaucracy) and leftist ideas regarding postcolonial heritage, individualism, and freedom expression. On the side of youth movements and pop culture were also newly formed institutes (Economic Affairs, Center for Policy Studies, Adam Smith, and parts of the

¹ At a meeting of economists in Paris in 1930, where in the presence of Hayek and Mises, he advocated the abandonment of lese-fer and the promotion of the "economy of the social market", from which ordoliberalism would emerge (Freiburg School).

² F. Hajek, M. Friedman, J. Stigler, M. But, J. Buchanan, R. Coase, G. Becker and W. Smith.

³ Proponents of these ideas in the second half of the nineteenth century were: A. Marshall, B. S. Jevons and L. Valras.

⁴ The New Deal is the name for a series of economic and administrative measures from the 1930s, adopted in order to combat the consequences of the Great Depression in the United States, which were related to replacing the previous free market system with the system of interventionism proposed by J. M. Keynes.

⁵ The UK did not send forces to Vietnam, but through NATO it participated in preventing the civil war in Nigeria (Biafra).

university community) that promoted Hayek's neoliberal ideas. However, the critical moment that prevailed was the financial crisis and the long duration of stagflation, which led to inflation of 26% and a million unemployed. To avoid bankruptcy, the UK took loans from the IMF, under whose pressure the government had to implement austerity measures (at the expense of the welfare state). This caused a wave of social unrest, in which miners and workers in traffic were in the lead. Still, under the pressure of the media, they lost the support of the public, which is the new government of M. Thatcher⁶ was used to close coal mines (imported coal was cheaper), steel mills (Sheffield), shipyards (Glasgow), privatized railways and the automobile industry. At the end of her term (1992), the public sector was privatized, the market was liberalized to the maximum, trade unions were destroyed (the activity level was reduced to 10% compared to the 1980s), and workers became obedient poorly paid. This example of creating a neoliberal state indicates significant economic and social changes that began in the UK. On the foreign policy level, the process of reshaping the political map of Europe started, with Yugoslavia becoming the first victim.

Another vivid example of the emergence of neoliberalism is provided by Sweden, which has long resisted this system and which was broken in the early 1990s. To understand the development of the Swedish economic system during the twentieth century, it is necessary to go back to the 1930s, when the Social Democratic Party, whose political goals were to build a welfare state, took power. An essential element in achieving this goal was Protestantism, the dominant religion in Scandinavia, advocating modesty and minimalism in everyday life. Indeed, such examples are still visible throughout Sweden, and Mutabdžija (2016, 244) cites various models, from modest home furniture and simple church interiors to tombstones in the cemetery (only a tiny headstone). However, this development was not easy because Sweden, before the war, was an agrarian-industrial country where famines were frequent. This was the case in 1939, so food was donated to Sweden by the Kingdom of Yugoslavia, the subject of leading magazines⁷. In political terms, Sweden has been promoting its independence since 1914, but in essence, it was mostly a mimicry for lucrative military-economic affairs with Germany. According to Bishop (1974, 16), with the growing influence of the Nazis and they're coming to power in Germany, the relocation of the war industry to Sweden began, and the best example is the Junkers⁸. During the war, the forms of this cooperation will be deepened, especially in the field of deliveries of iron ore and ball bearings, because the Swedish company SKF (*Svenska Kullagerfabriken*) was a world leader in this field. After the Second World War, the political power of Sweden stabilized around a solid and centralized trade union structure that collectively negotiated with the industrialists (capitalist class) on the minimum wage, contributions, etc., relevant issues. In political terms, its economy developed "on the ideals of redistributive socialism with a progressive tax system and reduction of income inequality and poverty," which was achieved by applying a set of social measures. Notwithstanding this success, as in most Western countries, workers' strikes began in Sweden in the early 1960s, demanding a reduction in the influence of big business and a more significant impact on workers.

A proposal that the capitalist class on more threatening was the Rehn-Meidner plan. A 20% tax on corporate profits would go to workers' funds, controlled by unions, reinvest those funds in corporations. The consequence would be a continuous reduction in the importance of private property and the building of collective property under the management of workers' representatives. It was a "frontal attack on the sanctity of private property." No matter how generous the takeover conditions, the capitalist class was threatened with gradual disappearance as a different class, and it responded according to the nature of the threat (Blyth 2002, 95).

The strengthening of the organizational structure and the propaganda⁹ of the Union of Employers against the welfare state, as a cause of economic stagnation, led to the change of

⁶ Details of these dramatic events are brilliantly screened in the Netflix series *The Crown* (2020).

⁷ I heard this from the leading people of the Serbian community in Sweden, on several occasions during several stays in this beautiful country in 2000, 2002, and 2008. I have not found historical confirmation of these allegations.

⁸ As early as 1928, the production of these German attack bombers (Ju-87 Stuka) began, which would later become a key factor in the functioning of the German war tactics Blitzkrieg.

⁹ Harvey believes that the greatest contribution to neoliberalism was achieved through the control of the Nobel Prize in Economics, and J. Dušanić states that the eight winners of that award are from the Mont Pelerin circle.

government (1976). Harvey (2013b, 111) cites examples of numerous advisory think-tank institutes that have "scientifically" proved that the welfare state causes all the problems of economic stagnation. The actual turn towards neoliberalism was realized only in 1991 when the Conservatives came to power again. It concerned the deregulation of banking (enabled speculative real estate and credit deals), tax cuts for the rich, and focused on curbing inflation, not unemployment. This led to numerous bankruptcies and the collapse of the financial market, so the complete privatization of the welfare state began. That is why it is said that the Social Democrats developed Sweden as a welfare state based on the principles of integrated liberalism. Then the critical decisions on the transition to a neoliberal state were made by conservatives. That is why Blythe (2002, 231) stated that the incorporated liberalism in Sweden was eroded, but in no case wholly devastated, and the public was still in favor of welfare state measures. Inequalities in society have increased, but not nearly as much as in the UK, so limited neo-liberalization in Sweden has yielded much better results than continued neo-liberalization in the UK. This is due to more favorable macroeconomic and quality of life parameters in Sweden, such as higher GDP, lower inflation, longer average life expectancy, lower poverty rate, lower social disparities (10% of the richest have 6.3 times more wealth than 10 % of the poorest, while in the UK it is 13.6 times), illiteracy is lower and social mobility is higher.

3. SPATIAL TURN

Mutabdžija (2021, 113) states that the critical geographical insight into space was achieved through Marxism and refers to how capitalism produces uneven development. Even Marx recognized this as an essential feature of capitalism because some places prospered and attracted investment to the detriment of others, which is evident from the global (North-South relations) to the local level (division within cities into affluent suburbs and poor neighborhoods). At the same time, the processes of capital accumulation are incredibly dynamic, and the theory cannot predict how the regions will develop in the future because these outcomes are the result of the interaction between technological change and class relations. Harvey (1982) made an essential contribution to understanding the geographical dimensions of the capitalist economy as the most severe and sophisticated attempt to date to develop the geographical perspective of Marxist political economy. Strongly relying on Marx's works, *Capital*, and *Grundrisse*¹⁰, he showed that capital in its abstract form, creating surplus-value, is characterized by two opposing tendencies.

On the one hand, it is the need for mobility and the search for more profitable locations than existing production centers, with the need to fix investments for a more extended period in one place. On the other hand, there is a process that he calls spatial fix, which enables the realization of surplus-value and which is characterized by two opposing tendencies. On the one hand, it is the need for mobility and the search for more profitable locations than existing production centers, with the need to fix investments for a more extended period in one place. On the other hand, there is a process that he calls spatial fix or spatial correction, which allows the realization of surplus-value. In this respect, he recognizes the existence of a dialectical tension that passes through the capital. This means that money is never wholly mobile but must first "take root" in certain places to create the conditions for its continuous accumulation. At the same time, some types of capital (e.g., multinational corporations, foreign exchange speculation, etc.) are more mobile than others, which are burdened by social and cultural relations (e.g., small family businesses). Nevertheless, capital (in the abstract sense) retains a spatial advantage over the workforce, which is more tied to place due to the need to ensure its reproduction through family and community ties.

From the point of view of production, core capital appears as the culmination of the success of money, from the point of view of the circulation of capital, a mere barrier to further accumulation. Thus capital encounters obstacles in its nature. And there are only two ways to resolve such contradictions. They are either forcibly dealt with during the crisis or moved to a higher and more general level where they provide elements for creating a problem of a different and often deeper type (Harvey 1982, 238).

¹⁰ It is Marx's unfinished manuscript (1858) which deals with the critique of political economy, consists of seven volumes and was first published in 1939.

Spatial repair reflects the state of excessive accumulation, which implies the existence of surplus goods, stocks, money capital, and high unemployment, which was typical for European economies in the 1930s and the United States in the 1970s. Harvey (1985, 153-157) explained this with the Marxist argument that the tendency of excessive accumulation can never be removed from capitalist society because it is a constant and eternal problem for any capitalist mode of production. For him, the only question is, "how can the tendencies of excessive accumulation be expressed, contained, absorbed, or managed, without endangering the capitalist social order"? He described this problem as a spatial correction, representing the general geographical conditions under which the accumulation occurs. As the capitalist economy tends to imbalance through the excessive accumulation of labor and capital, a solution (maintaining cohesion) is sought through geographical expansion (regional alliances) and restructuring. That is why he asks the question, "is it possible to dispose of surplus capital and pay labor by entering into foreign relations with other regions?" At the same time, it responds that the expansion of foreign trade does little or nothing to solve the problem because surplus goods are traded in their equivalent in value, which is soon returned in the form of other goods. This does not alleviate the state of general surplus, except for financing trade-in credit. The region finances the purchase of its surplus goods by borrowing surplus capital from another area, which ensures full employment of production capacities and labor force.

This combination of temporal and spatial shifts can work well if the debts are due. Also, surplus labor can be sent abroad, which does not solve both problems. Therefore, the export of capital without delivery or vice versa has only a temporary and calming effect on the tendency of excessive accumulation. The only complete solution involves the transfer of surplus capital and labor to create new production capacity in new areas, whereby the excess is absorbed in the long run. The most common forms of these transfers are realized through infrastructure construction, expanding an entirely new regional capitalist economy. In the operationalization of this phenomenon, which he later elaborated and expanded, Harvey (1989, 181-183) states that capitalism meets the "heroic side of bourgeois life and politics, in which real choices must be made if the social order is not to disintegrate.", offering three alternatives. The first is the devaluation of goods, which affects the production capacity and value of money because it provides one of the ways to deal with surplus capital, which can similarly devalue the labor force. Although there are negative experiences (the Great Depression and World War II), after which devaluation was a response to excessive accumulation, there is also the possibility of a severe political cost to such an outcome. The second alternative comes down to some form of state interventionism, or as Harvey calls it, "macroeconomic control through the institutionalization of some regulatory systems." This was a feature of the Fordist-Keynesian regimes, which achieved a balance of power and created mechanisms for stable growth. But previously, a significant crisis of over-accumulation was needed to link Fordist production with the Keynesian way of state regulation, which would ensure steady macroeconomic growth over the long term. The third alternative involves the absorption (absorption) of excessive accumulation through a certain temporal (capital) and spatial (labor) movement.

3.1 Temporal and spatial displacement

Due to its complexity, Harvey (1989, 182) decomposed this model into three sub variants (temporal, spatial, and spatio-temporal displacement). Temporal displacement involves changing resources to meet current needs, researching future needs, or turnover time. For example, surplus capital and labor can be absorbed by shifting from current spending to long-term public and private physical and social infrastructure investment. Such investments remove current surpluses to return their equivalent value in the future. The capacity to create this transition (turnover time)¹¹ depends on the availability of credit and the ability to "form fictitious capital,"¹² i.e., goods and services that can be sold profitably. The absorption of surpluses arising in this way is a vital feature of the last phase of flexible accumulation, as increased competition directs companies to shorten the payback period (time). This means that those companies with shorter payback times tend to make excess profits and thus survive easier. This acceleration usually involves new technologies that replace old ones.

¹¹ The time or speed at which the money spent is returned to the investor through profit, so that this year's return absorbs the excess capacity compared to last year.

¹² The notion of Marxist economics, which refers to intangible representations or abstractions of physical capital, e.g. stocks, bonds, securities...

Another sub variant is spatial displacement, which involves absorbing surplus capital and labor through geographical expansion. This "spatial solution" implies the existence of the problem of excessive accumulation. It comes down to the "production of new spaces" within which capitalist production can continue through, e.g., infrastructure investment, growth in trade and direct investment, and exploration of new opportunities for labor exploitation. In this case, too, it is the merit of the economic system because the formation of fictitious capital is supported by the state's fiscal, monetary, and, if necessary, military power. This leads to the conclusion that the degree of economic development of "new spaces" directly depends on the occupation of interested capitalists (for the space in which capitalism is planned to expand) and the degree of local resistance. European experience shows that some neighboring areas have different backgrounds; some have expressed fierce opposition to Western capital (e.g., Belarus). This has been the dominant basis of economic development in other sites (e.g., the Baltic States). This is confirmed by Harvey (1989, 183), who says, "If there is a real possibility of continuous geographical expansion of capitalism, then the solution to the problem of excessive accumulation would be relatively permanently solved." Since this is not the case, the progressive implementation of capitalism expands the geographical space within which the problem of excessive accumulation can arise. At the same time, this enlargement represents only a short-term solution to the existing problem of excessive expansion. In contrast, the long-term solution will be accompanied by increased international and interregional competition. Small countries and regions with less favorable conditions will suffer severe consequences.

3.2 Spatio-temporal displacement

Due to the importance and complexity of this third sub variant of spatial and temporal displacement is separated into a separate chapter. A unique feature is the expansion of the geographical horizon. To describe the emergence of time-space displacements, it is necessary to describe the space in which this new model (USA) was created, which will grow into a new economic, neoliberal economic model system. Its specificity is reflected in the double aspect of power; on the one hand, it is the absorption of excessive accumulation and the creation of fictitious capital. On the other hand, as the name suggests, the essential meaning of this model is reflected in the combination of temporal and spatial displacement strategies. To clarify how this model works through borrowing money (mostly fictitious capital), through global financial centers (New York and London), Harvey (1989, 184-188) first asks: "How then did Fordism solve the essential tendency of excessive accumulation in capitalism?"

He considers this a consequence of detailed war planning (after 1945), thus linking the accumulation strategy to stabilize the post-war economic order¹³. Also, a solid macroeconomic system established control of technological and organizational change (mainly through monopolies)—maintained within borders through collective bargaining and state intervention. This also referred to mass production and consumption, which were kept in approximate balance by state intervention. This regulation would not be nearly as successful without state interventionism, nor the strong presence of both dimensions, temporal and spatial shifts. On the other hand, for Schoenberger (1988, 248), the Fordist regime of accumulation encompasses characteristic technologies, production organization, and the nature and mechanisms on which social consumption is based, and briefly define it as an articulation between the production process and consumption. This work process is structured around semi-automatic assembly lines, known as standardized mass production operations, which led to a significant increase in productivity. However, that productivity was also a problem because mass production had to have a counterpart in mass consumption to absorb more and more products. This means that the possibility of mass consumption is directly related to the transformation of working-class living conditions, which are a segment of institutional relations (the relationship between capital and labor) expressed through collective bargaining. This leads to a change in relative labor peace due to wage increases and is in line with productivity growth. This reflects the originality of Fordism, although it was significantly strengthened by strengthening the welfare state and expanding mass consumption to sections of the population who were not employed in these sectors. Similarly, the

¹³ It was built on the basis of devaluation and absorption of excessive accumulation, but it was carried out through a violent change of business cycles, which were brought under control and reduced to constant devaluation.

adoption of Keynesian macroeconomic policy has helped "isolate cyclical fluctuations in the demand system," as international expansion of production has led to competitiveness.

This meant that high wages, which were needed to maintain and stabilize mass consumption, became vulnerable due to the inevitable restructuring. In reality, the American high-wage industry continues to exploit its monopoly because it has the initiative in the domain of new methods. Monopoly wages correspond to monopolistic profits. But the trust will necessarily be limited first and then destroyed by the further spread of new practices within the United States and abroad, and high wages will disappear along with huge profits (Gramsci 1971, 311).

So, what Gramsci¹⁴ said a century ago, today refers to China, which is one step closer to becoming the country with the highest GDP. Therefore, to fully understand the previous Fordist-Keynesian model, it is necessary to look at the issues of debt and long-term investments. This system designed debt servicing to short-term control of business cycles. Still, over time this has become an instrument for their continuous absorption through the expansion of fictitious capital accumulation. Also, the constant development of long-term investments, harmonized by the state, proved to be helpful (until the mid-1960s) to absorb surplus capital or labor. The spatial shift (combined with long-term borrowing) had an even more substantial impact in these circumstances. A radical transformation of metropolitan economies (suburban production and housing) took place in the United States. With the existing spread of these forms of industrialization¹⁵, a vast amount of surplus capital and labor was absorbed. At the same time, the reconstruction of the economies of Western Europe and Japan began, which accelerated the flow of foreign direct investment, and the massive growth of world trade also contributed to the absorption of these surpluses. Post-war "peace with benefits" planning highlighted the need for a global capital accumulation strategy worldwide. Trade and investment barriers needed to be reduced and colonial subordination replaced by an open system of internal growth, progress, and cooperation within a decolonized region capitalist world system. Although some aspects of this program proved ideological and illusory, it made a spatial revolution in global trade. In this way, through spatial and temporal shifts, the Fordist regime of accumulation temporarily solved the problem of excessive accumulation in the conditions of a long post-war boom.

While for Harvey, the Fordism crisis comes with the disappearance of options for solving the problem of excessive accumulation, for Schoenberger (1988, 247-252), it is essential to examine the limits of Fordism as a production system, internationalization of production, and competition, because several factors led to slower productivity minimum wages. These processes began in the late 1960s, laying the groundwork for a systemic crisis. Harvey (1989, 183) connects this with the time shift, which accumulated debt to the point where the only viable strategy was its monetization (government). This was done by printing a large sum of money to cause an inflationary wave, which radically reduced the actual value of debts. At the same time, new geographical centers of accumulation were created, from the United States, Western Europe, and Japan to several newly industrialized countries. As these Fordist production systems matured, they became new and, often, highly competitive centers of over-accumulation. Increased spatial competition (after 1973) has been identified as the ability to address the problem of over-accumulation through geographical displacement. Therefore, the crisis of Fordism was as much geographical and geopolitical as it was a crisis of indebtedness, class struggle, or corporate stagnation within any nation-state. There seemed to be no other option but re-devaluation, which occurred in 1973-75 or 1980-82, as the primary means of dealing with the tendency to over-accumulate.

That is why Harvey (1989, 185) concludes that flexible accumulation appears here as specific recombination and two basic strategies, which Marx defined as prerequisites for making a profit (surplus value). The first is the absolute surplus value, which is based on the extension of working hours¹⁶, followed by a reduction in living standards. It is one side of flexible capital accumulation, also called natural wage erosion. It is created by moving corporate capital from high-wage to low-wage

¹⁴ Antonio Gramsci was a writer and revolutionary, who was 35 years old when Mussolini imprisoned him, although he was a member of the state parliament and secretary of the Central Committee of the Communist Party. He died in prison in 1937.

¹⁵ It means expanding from the developed Northwest to the less developed regions of the South and West of the USA.

¹⁶ In relation to the salary that guarantees the reproduction of the working class at a given standard of living.

regions, bringing Fordism to the periphery, creating peripheral Fordism¹⁷. The second strategy is called relative surplus-value, and it concerns organizational and technological changes that have been initiated to gain quick profit in innovative companies. In this case, too, there was a reduction in employment and labor costs in each branch of industry, which was a visible aspect of capital accumulation during the 1980s. In the end, absolute and relative strategies are combined uniquely because they feed each other at the expense of each other.

Interestingly, the application of new technologies creates a surplus of labor, which leads to the revival of absolute strategies in advanced capitalist countries. In these circumstances, new production technologies and coordinating forms of organization enabled the revival of domestic, family, and paternalistic systems of labor, which Marx assumed would be excluded because of their gross exploitation and dehumanization of the working class. Today, the opposite is true. Such forms are recognized as various additional and domestic chores, teleworking, and there is a growing trend of work practice in the informal sector throughout the capitalist world. However, Marx's account of the logic of capitalist organization and accumulation is the foundation of every capitalist mode of production and is relevant again. It recognizes the possibilities and the dangers and difficulties for the working class, so the current conditions, although very different from Marx's time, show that capitalism is a constant revolutionary force in world history that is constantly reshaping the world into new, often entirely unexpected configurations of which flexible accumulation is just one recent phenomenon. That is why it is essential to recognize a clear connection between urbanization and the historical geography of capitalism because

Partly new systems of flexible accumulation were so successfully embedded in changes within urban processes. But also, as various historians of modernism have pointed out, there is an intimate connection between aesthetic and cultural movement and the changing nature of urban experience. Therefore, it seems reasonable to look at the transition in the urban process as a critical point of integration of the political-economic shift towards flexible accumulation and the cultural-aesthetic trend towards postmodernism (Harvey 1987, 254).

From this, it can be seen that there is too much investment in physical infrastructure, partly caused by time shifts and accelerated payback times, which makes urbanization values extremely sensitive to devaluation. This means that flexible accumulation is associated with investments in the urbanization process, which intensifies social and spatial polarization and antagonism (segregation) between different urban classes. Thus, the intertwining of various social phenomena (economic, geographical, sociological, and psychological) in different ways affects the flexible accumulation, and at the same time, opens completely new questions about the functioning and sustainability of the development of a given space.

4. CONCLUSION

The geography of neoliberalism points to the specifics of the development and consequences of this global process, which emerged in stages between the late 1970s and the early 1990s. This is evidenced by the peculiarities of Great Britain (as the first European) and Sweden (as the last countries of the capitalist West), which led to significant economic and social (and thus geographical) changes in the societies there. Also, the laws of surplus-value are clarified, which leads to the creation of excessive accumulation. This leads to the inevitable crises of capitalism, which occur due to excess capital and inactive labor. Overcoming such a situation is achieved through spatial repair, where the mobility of capital (temporal displacement) and labor (spatial displacement), however, has only a temporary character. The only quality and sustainable solution imply a spatial-temporal shift, but it also requires specific circumstances in which a balance will be achieved between mass production and mass consumption. In order to achieve that, and in addition to numerous assumptions, strong urbanization is necessary, because only the city can efficiently absorb surplus production. This leads to increased migration of the working population on the relation village - city (internal) and periphery - center (external migration). In this way, a new consumer class is created with a pronounced need for a variety of goods, but previously it is desirable for these people to change their habits. In such

¹⁷ New production systems have been standardized and moved from their "innovative hearths" to third world locations, e.g. from Silicon Valley to Southeast Asia.

circumstances, the city becomes a desirable framework within which it is possible to reconcile all visible and invisible antagonisms. Perhaps we now look differently at the current political-geographical processes taking place in the Balkans, in the center of which two opposing processes are opposed. On the one hand, it is the desire to attract a new consumer class to the European center (and therefore some are trying to make the Balkans insecure), and on the other hand, it is the desire to create an environment for flexible accumulation (stability, reindustrialization, urbanization). In any case, the political-geographical reality of the Balkans is the result of forces that are for and against the spatial-temporal shift.

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