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GLOBALIZATION: CONSENSUS AND CONTROVERSIES

"Globalization" is both an historical fact and a political football.

—Stephen Toulmin 1999

Globalization is like a prism in which major disputes over the collective human condition are now refracted: questions of capitalism, inequality, power, development, ecology, culture, gender, identity, population, all come back in a landscape where "globalization did it." Like a flag word globalization sparks conflict. Globalization crosses boundaries of government and business, media and social movements, general and academic interest. As a political challenge, it crosses the ideological spectrum and engages social movements and politics at all levels. It involves a paradigm shift from the era of the nation state and international politics to politics of planetary scope.

This chapter gives an overview of globalization debates, to situate questions of globalization and culture in a wider context and to show that major issues come up in other debates as well. Now some decades into the sprawling globalization debate, is the literature advanced enough to begin to identify areas of consensus and controversy? This

bird's eye overview focuses on the major debates; within each terrain, there are numerous subsidiary debates, but that kind of treatment would require a book in itself.

Among analysts and policy makers, North and South, there appears to be an emerging consensus on at least some features of globalization: globalization is being shaped by technological changes, involves the reconfiguration of states, goes together with regionalization, and is uneven. Another common understanding, that globalization means time-space compression, may be vague and general enough not to cause much stir. It means that globalization involves more intensive interaction across wider space and in shorter time than before, in other words the experience of a shrinking world; yet this may also be too simple and flat an account. There is ample controversy about what these features mean, so it's not easy to draw a line between the consensus and controversies on globalization. Globalization invites more controversy than consensus, and the areas of consensus are narrow by comparison to the controversies. A précis of areas of agreement and dispute is in table 1.1. Questions of globalization and culture are taken up in other chapters. The treatment follows this agenda with brief vignettes under each of these headings.

Table 1.1 Consensus and Controversy in Relation to Globalization

Consensus

- Globalization is being shaped by technological change.
- Involves the reconfiguration of states.
- Goes together with regionalization.
- Is uneven.

Controversy

- Is globalization essentially economic or multidimensional?
- What is "globalization"?
- Is globalization a recent or long-term historical process?
- Does globalization exist or is it rhetoric, "globaloney"?
- Is globalization neoliberal capitalism?
- Is globalization manageable?

Consensus

Globalization is being shaped by technological change. A thread that runs through all globalization episodes and discourses is increasing connectivity. The boom in information and communications technologies (ICT) forms part of the infrastructure of globalization in finance, capital mobility and export-oriented business activity, transnational communication, migration, travel, and civil society interactions.

Information and microelectronics-based computer and telecommunications technologies since the early 1980s provide the technical means for *financial globalization* such as 24-hour electronic trading. They create the conditions for global product information and thus for the *globalization of demand*. Global marketing and the attempt to establish global brand names has made for an increase in global advertising expenditures from \$39 billion in 1950 to \$256 billion in 1990, growing three times faster than trade. By facilitating communications within and between firms, information technologies further enable the *globalization of supply*. For firms, the shortening life cycle of products leads to pressure to expand market shares to amortize growing research and development (R&D) cost. This prompts the *globalization of competition* and intercorporate tie-ups, networking, mergers, and acquisitions to handle the cost and risks of R&D and global marketing.

Together the globalization of finance, demand, supply, and competition form a series of interlocking currents of global circulation of information, which is wired in turn to the flexibilization of production. At issue are not simply the growth of international trade and the role of transnational corporations, but this coincides with a new system of industrial organization, which is variously termed flexible specialization, flexible accumulation, lean manufacturing, just-in-time capitalism, or Toyotism. The shift from standardized mass production to flexible production systems is often characterized as a transition from Fordism to post-Fordism (Harvey 1989). This involves greater flexibility in the organization of production, labor and enterprises, location, and marketing. While these changes apply primarily in advanced economies their effects ramify throughout the international division of labor. The neoliberal trend since the 1980s results in deregulation of economies and informalization. Further developments include the new economy, e-commerce, and dot.com.

At times this is interpreted in the sense that globalization is *driven* by technological change. But technology itself is socially embedded and shaped; technological determinism is not appropriate. What matters is not technology per se but the way it is harnessed by economic, political, and social forces. Technological changes and their ramifications contribute to the impression that globalization is “inevitable,” “unstoppable.” A reality underlying this is that globalization is a *macro-economic phenomenon that is also driven by micro-economic forces*, that is, on the level of firms. The opportunities that new technologies provide apply not merely to transnational corporations but also to small and medium-size firms. Globalization is not merely driven by major corporations, international institutions, and governments but also by social forces, including consumers and social movements.

Globalization involves major changes in the economic landscape that are all intertwined: accelerated globalization comes in a *package* together with informatization, flexibilization, and deregulation. This package effect contributes to the dramatic character of the changes associated with globalization. In effect, globalization serves as the shorthand description of these changes. Since “globalization” per se refers to a spatial process, that is, world-scale effects (precisely of what is not determined), the term itself is inadequate but serves as a stand-in for or flag word signaling wider changes.

Globalization involves the reconfiguration of states. Earlier analyses claimed that globalization leads to the retreat and erosion of states (Strange 1996). According to a radical view, globalization means the onset of a borderless world (Ohmae 1992), the end of the nation state, and the formation of region states (Ohmae 1995). Stephen Kobrin notes, “A critical issue raised by globalization is the lack of meaning of geographically rooted jurisdictions when markets are constructed in electronic space” (1998: 362). Thus, a general account of the political implications of globalization is the erosion of boundaries and the growth of crossborder and supraterritorial relations (Scholte 2000). These arguments now come with more nuanced views about the role of states.

According to sociological perspectives on globalization, the *form* of globalization from the nineteenth century onward was the growing predominance of nation states (Robertson 1992). Between 1840 and 1960, nation states were the leading format of political organization worldwide

(Harris 1990). From the 1960s, regionalization has come into the picture as a significant dynamic; the European Union is the leading example. Over time, state authority has been leaking upwards—in international and supranational forms of pooling of sovereignty, a process that is also referred to as the internationalization of states—and leaking downwards. If the latter happens in a controlled fashion, it is referred to as decentralization; if it happens in an uncontrolled fashion it is termed ethnic or regional conflict, resulting in fragmentation and possibly state disintegration and collapse. The internationalization of the state refers to the blurring of the boundaries between international and domestic politics (producing “intermestic” politics).

What is the scope for state authority in contemporary globalization? States are not merely on the receiving end of globalization but are strategic actors (Boyer and Drache 1996, Mann 1997, Weiss 1998). States may now be leaner but also more active, and in some areas assume greater responsibility (Griffin and Khan 1992, Adams et al. 1999). This unpacks differently for different kinds of states—large or small, central or peripheral, advanced or developing. The question is not so much whether states are more or less important, but rather what *kind* of state; hence the importance of public sector reform. The fiscal crises of states in the wake of recessions and the neoliberal turn of the 1980s have led to cutbacks in government spending. The accompanying growth of market forces has led governments from local to national levels to attract foreign investment, and since they tend to follow similar strategies of fiscal concessions, infrastructure development, and “place marketing,” they have been characterized as “hostile brothers.” In the changing architecture of the state (Cerny 1990), the form of states has changed as they are increasingly involved in international arrangements; the basis of states has changed as they face fiscal crises; and the function of states has changed as they become competitor states. Connectivity and ICT infrastructure as a strategic area inspires the idea that those cities, countries, or regions that have been able to position themselves most successfully in relation to globalization are those which have stressed the development of information and communication infrastructure, such as Singapore, Malaysia, parts of India (Bangalore, Hyderabad), and the Dominican Republic. This is termed the “race to the intelligent state” (Connors 1997).

Does globalization foster democratization through transnational

demonstration effects, growing human rights awareness, and civic activism across borders, or do the economic effects of globalization, by fostering social inequality, outweigh these democratic trends? Since the package deal of globalization coincides with growing social and political inequality *and* with trends towards democratization, the outcome is volatile.

Probably what meager consensus exists could be formulated in the twin processes of the *pooling of sovereignty* at different levels (regional, international, supranational) in combination with the shift from government to *multilevel governance*, from local and municipal, national and regional, to supranational levels. Table 1.2 is a précis of political processes associated with contemporary globalization.

Globalization goes together with regionalization. If between 1840 and 1960 the main political form of globalization was the nation state, presently the leading political form of globalization is regionalization. This takes on forms ranging from regional customs unions (such as AFTA), free market zones (such as NAFTA, APEC, Mercosur, SARC and many others), security alliances (ASEAN, NATO, SEATO), to the deep institutionalization of the European Union (Oman 1994). Beyond this factual account the consensus unravels.

According to one view what is happening is not globalization but regionalization, or the formation of regional free trade or investment zones (Ruigrok and van Tulder 1995), regional trade blocs along with regional neomercantilism, or the "regionalization of competition" (Morrison et al. 1991). As a general scenario, this does not seem likely because trade and capital flows, technological and market interdepend-

**Table 1.2 Globalization and the State
(from late twentieth century)**

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- Leaking of state authority, below
 - Decentralization, or fragmentation
 - And above:
 - Formation of international public sector
 - Pooling of sovereignty—regional, international, supranational
 - "Postinternational politics" (the entry of nonstate actors)
 - State leaner but more active, hence public sector reform
 - Democratization (human rights, crossborder civic activism)
-

ence on the whole run *across* regional zones; which is only logical if a large share of world trade occurs within and between transnational corporations.

Can regional integration strengthen the bargaining position of developing countries in relation to transnational corporations and international institutions, or does it strengthen the orientation towards the market and towards liberalization and deregulation? A more precise question is under what political and international conditions is regional integration enabling for development? Regional formations may be viewed as anchors around which peripheries align—with China and Japan as centers in East and Southeast Asia; North America with Latin America and the Caribbean; and the EU and eastern Europe, the southern Mediterranean and Africa (Stallings 1995). This is a political-spatial perspective on regional organization; a temporal perspective is to view regionalism as a stepping-stone towards growing multilateralism and eventually global governance (e.g., Group of Lisbon 1995).

Globalization is uneven. Like predecessor notions such as internationalization and interdependence, globalization does not refer to a global level playing field or to symmetric or equal international relations. Contemporary globalization is largely concentrated in the Triad of North America, Europe, and East Asia. Income and wealth are extremely unequal in distribution: in the period 1980–1991, 14 percent of the world's population accounted for 80 percent of investment flows and in 1992, for 70 percent of the world's trade (Hirst and Thompson 1996: 15). The ratio of income of the top 20 percent of the population to the income of the bottom 20 percent has jumped from 30:1 in 1960 to 78:1 in 1994. The personal assets of 385 billionaires in the world now exceed the annual income of countries representing 45 percent of the world population (UNDP 1999). This circumstance is captured under headings such as "truncated" or "selective globalization." The idea of globalization as "Triadization," confined to the "interlinked economies" of Europe, North America, and Japan, is being overtaken by the rise of China and East Asian economies.

This prompts the idea that the "Third World" is excluded from globalization; but this would overlook the numerous ways in which the majority world is being affected by global dynamics. It would be too simple to describe these relations as exclusion; they are more accurately

described as relations of asymmetric inclusion or hierarchical integration (see chapter 2 below).

While during the past decades the North-South development gap has widened in several respects, the development gap between advanced economies and new industrial countries has narrowed, but the gap between these and the least developed countries has been widening. Since the late 1970s inequalities within and between societies have been growing steeply (Sutcliffe 2001, Nederveen Pieterse 2002b). Paraphrasing the earlier terminology of uneven development, the present situation may be referred to as combined and uneven globalization.

Controversies

Controversies over globalization range from fundamentals—what is globalization and how important is it?—to downstream questions about the politics and direction of globalization. Disputes over fundamentals are intertwined with everyday globalization politics.

Is globalization multidimensional? A widespread but also rather vague understanding is that globalization refers to complex, multidimensional processes. Attempts are made to distinguish and combine different dimensions of and approaches to globalization (Robertson 1992), but usually this happens in too add-on a fashion (Waters 1995) to meaningfully change the understanding of globalization. Economic, political, cultural, and social dynamics are not simply different facets of a single globalization; rather they are each prisms through which globalization takes shape and is experienced and mapped differently, yet they all mingle and interpenetrate as well. Thus, as each of the social sciences holds a different perspective on globalization, even a multidisciplinary approach to globalization still resembles eating soup with a fork.

Economic globalization is at times referred to as “corporate globalism,” while globalization in the sphere of values is termed “global humanism” (Gurtov 1994). Globalization in politics is viewed as an extension of multilateralism, but also as “postinternational politics,” or the entry of nonstate actors into international politics (Rosenau 1990). Globalization “from above” differs from globalization “from below” (Falk 1994). While none of these terms may be particularly precise, what matters is the general awareness of globalization as a multidimensional process. An implication is that actual representa-

tions of globalization would match a postcubist painting rather than the international trade statistics of economists or gung-ho accounts in business management magazines.

Another controversy runs between quantitative and qualitative perspectives on globalization. Many economists view globalization essentially as an economic phenomenon that can be proven or disproved by statistical measures. The dominant thinking in economics is to reduce globalization to trade, investment, and financial statistics, which constitute “objective” or “real” globalization, and all the rest is myth or fantasy (e.g., Krugman 1996, Sachs 1998). This approach can serve to circumscribe globalization or to deny its occurrence or significance. I don’t dispute the validity of this empirical approach, but I consider it a partial account, if only considering dimensions of globalization such as global consciousness and global projects. More complex assessments of globalization prevail in international political economy (e.g., Palan 2000, Woods 2000). Globalization by its nature requires a multi-perspective and holistic approach. While there are textbooks on globalization (such as Waters 1995, Held et al. 1999, Scholte 2000), there is no textbook consensus on globalization and the available textbooks tend to confine themselves to disciplinary domains and perspectives.

Given the dispersion of social science disciplines, each social science claims globalization, privileges its disciplinary angle, and treats its debates as authoritative without awareness or acknowledgment of their partial status. On the whole, sociology, geography, and cultural studies perspectives on globalization tend to be more inclusive and complex than treatments in economics; and political science and international relations are in between this continuum. The various disciplinary perspectives on globalization typically involve different globalizing actors and domains in which globalization unfolds, different periodizations and different “themes” (table 1.3).

These various diagnostics of globalization involve, of course, profoundly different definitions of globalization; a sample of definitions is in table 1.4.

Is globalization a recent or long-term historical process? With different understandings of globalization come widely different views on the timing of globalization. Is globalization a recent process of the last thirty years or so, as most economists have it, or a long-term historical process?

Table 1.3 Globalization According to Social Science Disciplines

Disciplines	Period	Agency, domain	Keywords
Economics	1970s>	MNCs, banks, technologies	Global corporation, world product, global capitalism
	2000s>		New economy, dot.com
Cultural studies	1970s>	Mass media, ICT, advertising, consumption	Global village, CNN world, McDonaldization, Disneyfication, hybridization
Political science, international relations	1980s>	Internationalization of the state. Social movements, INGOs	Competitor states, post-international politics, global civil society
Geography	1900s>	Space and place, relativization of distance	Global-local dialectics, globalization
Sociology	1800s>	Modernity	Capitalism, nation states, industrialization, etc.
Philosophy	1700s>	Global reflexivity	Planetary ethics, universal morality
Political economy	1500s>	Capitalism	World market
History, anthropology	5000 BCE>	Cross-cultural trade, technologies, world religions. Evolution	Global flows, global ecumene. Widening scale of cooperation
Ecology		Global ecology, integration of ecosystems	Spaceship earth, global risk

Table 1.4 Definitions of Globalization

Discipline	Definitions	Source
Economics	"Similarity of economic conditions and policies across national boundaries"	Gray (1993: 38)
	"Accelerated movement across national and regional barriers of economic 'goods,' i.e. people, products, capital, especially intangible forms of capital (technology, control of assets)"	Oman (1993: 56)
Sociology	"Globalization . . . refers both to the compression of the world and the intensification of consciousness of the world as a whole."	Robertson (1992: 8)
	"A social process in which the constraints of geography on social and cultural arrangements recede and in which people are increasingly aware that they are receding"	Waters (1995: 3)
History, anthropology	"Globalization is a long-term historical process of growing worldwide interconnectedness."	Nederveen Pieterse (1995: 45)

to shape global conditions. It's not always clear *which* globalization is being talked about. Does globalization refer to a general, open-ended trend or does it refer to specific economic and political projects? Does it have a systemic character? Globalization is diverse in itself and there are

Table 1.5 Major Views on the Nature and Timing of Globalization

Time frame	Units of globalization	Disciplines
Short-term (post-1970s)	Firms, production technologies, marketing; media	Economics, cultural studies
Mid-term (sixteenth to eighteenth century)	Capitalism. Modernity	Political economy, sociology
Long-term	Forms of social cooperation	History, historical sociology, anthropology

Table 1.5 is an overview of perspectives on the timing and the character of "globalization" (in quotes because this terminology is not used by all; further discussion is in chapter 4 below). Short of a common definition of globalization, which is just not available, this question cannot be really settled. A compromise position, simply to bracket the issue, is to speak of *contemporary accelerated globalization* to characterize globalization processes since the 1970s.

What is globalization? Globalization is an objective, *empirical process* of increasing economic and political connectivity, a subjective process unfolding in consciousness as the collective *awareness* of growing global interconnectedness, and a host of specific *globalizing projects* that seek

Table 1.6 Perspectives on Globalization

Perspectives	Keywords	Sources
As process (trend)	Growing worldwide interconnectedness	Robertson, etc.
As project	Washington consensus, MNCs, etc.	Ohmae, McMichael, Korten, Seabrook, Chomsky, etc.
As process and projects	Above	Dessouki
As system	Golden Arches and U.S. hegemony	Thomas Friedman, Wallerstein
As discourse	Global babble, turbo capitalism, etc.	Media; Steger

wide discrepancies in the basic understandings of globalization. A précis of several distinctive views is in table 1.6.

Does globalization exist? A fundamental dispute is whether globalization actually exists or is a myth or exaggerated rhetoric. Paul Hirst and Grahame Thompson (1996) criticize “globalization rhetoric” or “globaloney” on several grounds. Their key argument is that before 1914 the world economy was more internationalized than at present. The statistics of trade and investment that are amply documented in their work appear to prove their point.

The period of the new imperialism and belle époque, 1870–1914, was shaped by territorial imperialism. Western countries then controlled as much as 96 percent of the earth’s surface: no wonder that economies at the time seemed highly internationalized and open. What happened since then was the Depression, the Second World War, and decolonization, and this is what contemporary globalization should also be measured against. In taking 1870–1914 as a yardstick one is in effect measuring how internationalized the British Empire was. This further conceals what is distinctive about contemporary globalization: that it is *not* territorial and imperialist in the classic sense (at least until the recent American imperial turn). Hirst and Thompson further argue that the number of genuine transnational corporations (as against multinational corporations as essentially national corporations with an international reach) is small. A rejoinder is that they are trendsetters in production; besides this does not settle the issue of location of foreign direct investments. Hirst

and Thompson are concerned with economic globalization but obviously there is much more to globalization: technological, political, social, cultural dimensions and configurations such as global civil society. Non-economic literatures on globalization are entirely passed over in their argument, including technology. Before and since 1914 there have been several technological changes, in particular transport and communication revolutions, that make higher levels of economic internationalization both possible and necessary (Henderson 1993).

Diagnostics and definitions of globalization correlate with globalization politics. We can distinguish a broad continuum of normative and policy positions in relation to globalization, which are usually interrelated. Table 1.7 outlines the analytic, evaluative, and policy views on globalization of various authors.

Table 1.7 Policy Perspectives in Relation to Globalization

Analysis	Evaluation	Policy	Sources
Does not exist	n.a.	National and regional policy	Hirst and Thompson
Powerful trend	Positive	Borderless world	Ohmae
	Negative	Localism, new protectionism Control capitalism	Hines Samir Amin, McMichael
Powerful system	Both	Golden Arches and U.S. hegemony	Thomas Friedman
Dialectical	Both	Strategic, flexible	Griffin and Khan

Is globalization neoliberal capitalism? In 1998, in response to the Asian crisis that began in Thailand, Alan Greenspan, Chairman of the Federal Reserve, commented: “My sense is that one consequence of this Asian crisis is an increasing awareness in the region that market capitalism, as practiced in the west, especially in the U.S., is the superior model; that is, it provides greater promise of producing rising standards of living and continuous growth.” Citing this, the *Financial Times* editorializes:

The chairman is right. The combination of the stagnation of Japan with the crisis that has engulfed Thailand, Indonesia and South Korea has largely destroyed the glamour of Asian managed capitalism. The

high unemployment of continental Europe has done almost as much damage to its traditional social democracy. What is left is Anglo-Saxon capitalism. It is becoming a "global standard" (18 April 1998).

This attempt to capture all the world's variations under a single heading is a familiar refrain of hegemony in action, featuring U.S. capitalism as the end of history. Brief rejoinders are as follows. First, "American exceptionalism" (Lipset 1996) sheds a light on American capitalism. It is only since the 1980s era of neoliberalism that it has been upheld as the norm of capitalism, as "real capitalism." Second, should we leave the definition of terminology to the global headlines? What prevails in the headlines is analysis squeeze: "globalization" is squeezed so as to fit the knowledge and decision-making frameworks of U.S. policy makers, New York boardrooms and the pages of the *Wall Street Journal* and the *Economist*. Third, the United States should not be essentialized or treated as a single unit. While from the outside the U.S. appears as a superpower steering globalization and manipulating the IMF, World Bank, and WTO, within the U.S. many, such as the labor movement, regard the U.S. as being constrained by globalization (Milner 1998). Fourth, neoliberalism is by no means a homogeneous or coherent project, economically, politically, or culturally (see Pratt 1998). Fifth, the Washington consensus has unraveled. Sixth, in the wake of the Enron episode the mood, from Wall Street to Davos, has changed markedly. Seventh, the American imperial turn in the wake of the September 11 attacks introduces very different logics. It follows that neoliberal capitalism cannot be taken at face value.

While neoliberal globalization is a matter of concern the world over, neoliberalism does not exhaust the varieties of capitalism and capitalism does not exhaust globalization. At an early stage, social movements such as the International Forum on Globalization identified themselves as anti-globalization movements; later they fine-tuned their position as seeking alternative, democratic, or inclusive globalization (Nederveen Pieterse 2001b, Held 2002). This comes with a wider understanding that globalization, taken in a broad sense, is here to stay and that what matters is the character and direction of globalization. That the current *form* of globalization can be negotiated on the basis of the *trend* of globalization is the point of the democratization of globalization.

Is globalization manageable? The inequalities of wealth and power are vast and growing. The status quo powers show a greater proclivity

to warfare than to multilateralism and democratic reform. Nevertheless, a growing consensus favors some form of managing, steering, or shaping globalization. Global laissez-faire may involve greater risks than even the privileged few can afford (cf. Soros 1998, 2002). The advanced nations ponder new global rules on investment, banking, and trade. "Planning globalization," a position at the other end of the spectrum, has takers only among adherents of world socialism. A broad middle ground favors managing globalization, but right away dispute takes over. Should global reform be implemented within the existing structures or through new institutions?

A case in point is the architecture of the international financial system and whether it requires modest adjustments or a new financial architecture. Within the broad reform consensus, a minimum position held by the IMF, World Bank, WTO, and U.S. Treasury, is in favor of "transparency" and the standardization of accounting systems. This is a conservative position that matches the Washington consensus on the alignment of capitalisms. A midway position, held by the World Bank and OECD, considers imposing restrictions such as higher reserve requirements, higher thresholds of access to offshore banks, and modest reforms of international institutions. A stronger reform position held by UN agencies and global social movements favors new international institutions such as a global central bank that should impose restrictions on "hot money" and international taxes (cf. UNDP 1999). Further progressive agendas include "double democratization," simultaneously within societies and in international relations, and "cosmopolitan democracy," including substantive UN reform and the formation of regional parliaments (Held 1995). The ongoing interregnum has been described as one of complex multilateralism (O'Brien et al. 2000).

This review of major debates on globalization shows that different social science disciplines hold quite diverse views on the scope, character, and timing of globalization. The questions of globalization and culture that this book focuses on are part of much wider controversies. This discussion provides a context to the perspective on globalization that I adopt in the following chapters—in brief, a critical, multidimensional, and long-term approach to globalization that is closer to historical sociology, anthropology, history, and global political economy than to mainstream sociology or other disciplines.