

# Concept of globalization

Politics, International Relations



Globalization can be conceived as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions, expressed in transcontinental or interregional flows and networks of activity, interaction and power (see Held and McGrew, et al, 1999). It is characterized by four types of change. First, it involves a stretching of social, political and economic activities across frontiers, regions and continents. Second, it is marked by the intensification, or the growing magnitude, of interconnectedness and flows of trade, investment, finance, migration, culture, etc. Third, it can be linked to a speeding up of global interactions and processes, as the development of world-wide systems of transport and communication increases the velocity of the diffusion of ideas, goods, information, capital and people. And, fourth, the growing extensity, intensity and velocity of global interactions can be associated with their deepening impact such that the effects of distant events can be highly significant elsewhere and specific local developments can come to have considerable global consequences. In this sense, the boundaries between domestic matters and global affairs become increasingly fluid. Globalization, in short, can be thought of as the widening, intensifying, speeding up, and growing impact of world-wide interconnectedness. Three broad accounts of the nature and meaning of globalization can be identified, referred to here as the hyperglobalist, the sceptical, and the transformationalist views. These define the conceptual space of the current intensive debate about globalization. The Hyper-globalists What distinguishes the present era from the past, argue the hyper-globalists, is the existence of a single global economy transcending and integrating the world's major economic regions

(see, for instance, Ohmae, 1990). In variously referring to 'manic capitalism', 'turbo-capitalism', or 'supra-territorial capitalism', these globalists seek to capture the qualitative shift occurring in the spatial organization and dynamics of a new global capitalist formation. Inscribed in the dynamics of this new global capitalism is, they argue, an irresistible imperative towards the de-nationalization of strategic economic activities. Today it is global finance and corporate capital, rather than states, which exercise decisive influence over the organization, location and distribution of economic power and wealth. Since the authority of states is territorially bound, global markets can escape effective political regulation. In this borderless economy, states have no option other than to accommodate global market forces. Moreover, the existing multilateral institutions of global economic surveillance, especially the G7, IMF, World Bank and WTO, largely function to nurture this nascent 'global market civilisation'. In this 'runaway world' nation states are becoming 'transitional modes of economic organization and regulation' since they can no longer effectively manage or regulate their own national economies. Economic globalization spells the end of the welfare state and social democracy. In effect, the hyperglobalists hold, the autonomy and sovereignty of nation-states have been eclipsed by contemporary processes of economic globalization. The Sceptics By comparison the sceptical position is much more cautious about the revolutionary character of globalization (see, for example, Hirst and Thompson, 1999). Whilst generally recognizing that recent decades have witnessed a considerable intensification of international interdependence, the sceptical interpretation disputes its novelty. By comparison with the belle époque of 1890-1914, the intensity of

contemporary global interdependence is considerably exaggerated. Moreover, the spatially concentrated nature of actual patterns of economic interdependence suggest that globalization is primarily a phenomenon largely confined to the major OECD states. Further, these states have been the very architects of a more open liberal international economy. Dismissing the idea of a unified global economy, the sceptical position concludes that the world is breaking up into several major economic and political blocs, within which very different forms of capitalism continue to flourish. The emphasis upon footloose capital and a new global capitalist order is overstated as is the decline of the welfare state. Rather than a new world order, the post Cold War global system has witnessed a return to old style geo-politics and neo-imperialism, through which the most powerful states and social forces have consolidated their global dominance. In presuming the novelty of the present, so the sceptical position suggests, the hyper-globalists ignore the continued primacy of national power and sovereignty. A middle way: Transformationalist Analysis To begin with, it is crucial to acknowledge that globalization does not simply denote a shift in the extensity or scale of social relations and activity. Much more significantly, argue the transformationalists, it also involves the spatial re-organization and re-articulation of economic, political, military and cultural power (see Held and McGrew, et al, 1999). The current debate about globalization ought primarily to be about the question of power: its modalities, instrumentalities, organization and distribution. Globalization can thus be understood as involving a shift or transformation in the scale of human social organization that extends the reach of power relations across the world's major regions

and continents. It implies a world in which developments in one region can come to shape the life chances of communities in distant parts of the globe. Highly uneven in its embrace and impact, it divides as it integrates. Globalization may mean a shrinking world for some but for the majority it creates a distancing or profound disembedding of power relations. As the East Asian crisis of 1998 demonstrated, key sites of global power can be quite literally oceans apart from the subjects and communities whose future they determine. Globalization too has to be understood as a multidimensional process which is not reducible to an economic logic and which has differential impacts across the world's regions and upon individual states. Nor is it a novel process but rather has a long history - from the age of pre-modern empire building to the contemporary era of corporate empires. Of course, its contemporary articulation has many unique and distinctive attributes - not least amongst them near real time communication. Historically, globalization has always been and remains a vigorously contested process - from the struggles against slavery, national independence to the more recent global protest against the WTOs millennium trade round. Indeed, it can be argued that across many domains - from the cultural to the technological - globalization has contributed to a remarkable politicization of social life whilst also creating new modalities and institutional arenas through which its imperatives are contested. Such developments are most in evidence in respect of economic and political globalization. Economic Globalization Contemporary patterns of economic globalization have been strongly associated with a reframing of the relationship between states and markets. Although the global economy as a

single entity is by no means as highly integrated as the most robust national economies, the trends point unambiguously towards intensifying integration within and across regions. Patterns of contemporary economic globalization have woven strong and enduring webs across the world's major regions such that their economic fate is intimately connected. Levels of inter-regional trade are largely unprecedented whilst the form which trade takes has changed considerably. Despite the fact there is a tendency to exaggerate the power of global financial markets, ignoring the centrality of states to sustaining their effective operation especially in times of crisis, there is much compelling evidence to suggest that contemporary financial globalization is a market, rather than a state, driven phenomenon. Reinforced by financial liberalization, the accompanying shift towards markets and private financial institutions as the 'authoritative actors' in the global financial system poses serious questions about the nature of state power and economic sovereignty. Alongside financial integration the operations of multinational corporations integrate national and local economies into global and regional production networks. Under these conditions, national economies no longer function as autonomous systems of wealth creation since national borders are no longer significant barriers to the conduct and organization of economic activity. The distinction between domestic economic activity and worldwide economic activity, as the range of products in any superstore will confirm, is becoming increasingly difficult to sustain. Central to the organization of this new global capitalist order is the multinational corporation. In 1999 there were over 60,000 MNCs worldwide with 500,000 foreign subsidiaries, selling \$9.5 trillion of goods and services across the globe. Today transnational production

considerably exceeds the level of global exports and has become the primary means for selling goods and services abroad. Multinational corporations now account, according to some estimates, for at least 20 per cent of world production and 70 per cent of world trade . It is global corporate capital, rather than states, which exercises decisive influence over the organization, location and distribution of economic power and resources in the contemporary global economy. Contemporary patterns of economic globalization have been accompanied by a new global division of labour brought about, in part, by the activities of multinationals themselves .

Developing countries are being re-ordered into clear winners and losers, as the experience of the East Asian tiger economies shows. Such restructuring is, moreover, replicated within countries, both North and South, as communities and particular locales closely integrated into global production networks reap significant rewards whilst the rest struggle on its margins. Economic globalization has brought with it an increasingly unified world for elites - national, regional and global - but divided nations and communities as the global workforce is segmented, within rich and poor countries alike, into winners and losers. Furthermore, the globalization of economic activity exceeds the regulatory reach of national governments while, at the same time, existing multilateral institutions of global economic governance have limited authority because states, still jealously guarding their national sovereignty, refuse to cede these institutions substantial power. Under such conditions, global markets may effectively escape political regulation. For the most part, the governance structures of the global economy operate principally to nurture and reproduce the forces of economic globalization

whilst also serving to discipline and streamline this nascent 'global market civilisation'. Yet, in some contexts, these governance structures may carve out considerable autonomy from the dictates of global capital and/or the G7 states. Hence, multilateral institutions have become increasingly important sites through which economic globalization is contested, by weaker states and by the agencies of transnational civil society. The G7 states and representatives of global capital have found themselves on many occasions at odds with collective decisions or rule making . Moreover, the political dynamics of multilateral institutions tend to mediate great power control, for instance through consensual modes of decision making, such that they are never merely tools of dominant states and particular social groupings.

Alongside these global institutions, there also exist a parallel set of regional bodies, from APEC to the EU, which represent an additional attempt to shift the terms of engagement with global market forces. Within the interstices of this system operate the social groups of an emerging transnational civil society, from the International Chamber of Commerce to the Jubilee 2000 campaign, seeking to promote, contest and bring to account the agencies of economic globalization. Economic globalization has been accompanied by a significant internationalization of political authority associated with a corresponding globalization of political activity. Political Globalization Two fundamental transformations have shaped the constitution of contemporary political life. The first of these involved the development of territorially based political communities - modern nation-states. The second more recent transformation has by no means replaced the first in all respects, but it has led to a break in the exclusive link between geography and political power. It



can be illustrated by a number of developments. In the first instance, there has been an institutionalization of a fragile system of multilayered global and regional governance. At the beginning of the twentieth century there were 37 intergovernmental organizations (IGOs); by its close, something approaching 300 were delivering important global or regional collective goods. This multilateral system institutionalizes a process of political coordination amongst governments, intergovernmental and transnational agencies - public and private - designed to realize common purposes or collective goods through making or implementing global or transnational rules, and managing trans-border problems, e. g. the WTO. Of course, it is scarred by enormous inequalities of power, and remains a product of the inter-state system. But it has, nevertheless, created the infrastructure of a global polity and new arenas through which globalization itself is promoted, contested or regulated. It has also instigated new forms of multilateral, regional and transnational politics. Associated with this internationalization of the state has been a remarkable transnationalization of political activity. In 1909 there were 371 officially recognized INGOs (from the International Chamber of Commerce, International Trades Unions, to the Rainforest Foundation), by 2000 there were in the region of 25, 000 . These include a proliferation of associations, social movements, advocacy networks - from the womens' movement to nazis on the net - and citizens groups mobilizing, organizing, and exercising people-power across national boundaries. This explosion of 'citizen diplomacy' creates the basis of communities of interest or association which span national borders, with the purpose of advancing mutual goals or bringing governments and the formal institutions of global

governance to account for their activities. Whether it constitutes the infrastructure of a transnational civil society remains open to debate. There has, moreover, been an important change in the scope and content of international law. Twentieth century forms of international law - from the law governing war, to that concerning crimes against humanity, environmental issues and human rights - have created the basis of what can be thought of as an emerging framework of 'cosmopolitan law', law which circumscribes and delimits the political power of individual states. In principle, states are no longer able to treat their citizens as they think fit. Although, in practice, many states still violate these standards, nearly all now accept general duties of protection and provision, as well as of restraint, in their own practices and procedures. This internalization or nationalization of international law has been evident in other areas too. There has, for instance, been an explosive growth of private international and commercial law. These developments have encouraged what some legal scholars refer to as a shift from a monistic conception to a polycentric conception of legal sovereignty. As governments and their citizens have become embedded in more expansive networks and layers of regional and global governance, they have become subject to new loci of authority above, below and alongside the state. Indeed, the form and intensity of contemporary political globalization poses a profound challenge to the Westphalian 'states as containers' view of political life. In particular, political space and political community are no longer coterminous with national territory, and national governments can no longer be regarded as the sole masters of their own or their citizens fate. But this does not mean that national governments or national sovereignty have

been eclipsed by the forces of political globalization; the state is not in decline, as many hyperglobalists suggest. GLOBALIZATION AND THE TRANSFORMATION OF POLITICAL COMMUNITY Contemporary globalization is associated with a transformation of state power as the roles and functions of states are re-articulated, reconstituted and re-embedded at the intersection of globalizing and regionalizing networks and systems. The metaphors of the loss, diminution or erosion of state power can misrepresent this reconfiguration. For whilst globalization is engendering, for instance, a reconfiguration of state-market relations in the economic domain, states and international public authorities are deeply implicated in this very process. Economic globalization by no means necessarily translates into a diminution of state power; rather, it is transforming the conditions under which state power is exercised. Moreover, in other domains, such as the environmental, states have adopted a more activist posture whilst in the political domain they have been central to the explosive growth and institutionalization of regional and global governance. These are not developments which can be explained convincingly through the language of the decline, erosion or loss of state power per se. For such metaphors (mistakenly) presume that state power was much greater in previous epochs; and, on almost every conceivable measure, states, especially in the developed world, are far more powerful than their antecedents. But so too are the demands placed upon them. The apparent simultaneous weakening and expansion in the power of states under conditions of contemporary globalization is symptomatic of an underlying structural transformation. This is nowhere so evident as in respect of state sovereignty and autonomy, which constitute the very

ideological foundations of the modern state. There are many good reasons for doubting the theoretical and empirical basis of claims that states are being eclipsed by contemporary patterns of globalization. We would emphasize that while regional and global interaction networks are strengthening, they have multiple and variable impacts across diverse locales. Neither the sovereignty nor the autonomy of states are simply diminished by such processes. Indeed, any assessment of the cumulative impacts of globalization must acknowledge their highly differentiated character since it is not experienced uniformly by all states. Globalization is by no means a homogenizing force. The impact of globalization is mediated significantly by a state's position in global political, military and economic hierarchies; its domestic economic and political structures; the institutional pattern of domestic politics; and specific government as well as societal strategies for contesting, managing or ameliorating globalizing imperatives. The on-going transformation of the Westphalian regime of sovereignty and autonomy has differential consequences for different states. Whilst for many hyperglobalizers contemporary globalization is associated with new limits to politics and the erosion of state power, the transformationalist argument developed here is critical of such political fatalism. For contemporary globalization has not only triggered and encouraged a significant politicisation of a growing array of issue-areas, but has also been accompanied by an extraordinary growth of institutionalized arenas and networks of political mobilization, surveillance, decision-making and regulatory activity which transcend national political jurisdictions. This has expanded enormously the capacity for, and scope of, political activity and

the exercise of political authority. Neither the hyperglobalists nor the sceptics provide the proper conceptual resources to grasp this. Globalization does not prefigure the 'end of politics', nor the simple persistence of old state ways; instead, it signals the continuation of politics by new means. Yet, this is not to overlook the profound intellectual, institutional and normative challenges which it presents to the organization of modern political communities. Political communities are in the process of being transformed. At the heart of this lies a growth in transborder political issues and problems which erode clear cut distinctions between domestic and foreign affairs, internal political issues and external questions, the sovereign concerns of the nation-state and international considerations. In nearly all major areas of public policy, the enmeshment of national political communities in regional and global processes involves them in intensive issues of transboundary coordination and regulation. Political space for the development and pursuit of effective government and the accountability of political power is no longer coterminous with a delimited national territory. The growth of transboundary problems creates 'overlapping communities of fate'; that is, a state of affairs in which the fortune and prospects of individual political communities are increasingly bound together. Political communities are locked into a diversity of processes and structures which range in and through them, linking and fragmenting them into complex constellations. National governments by no means simply determine what is right or appropriate exclusively for their own citizens. This condition is most apparent in Europe, where the development of the EU has created intensive discussion about the future of national sovereignty and autonomy . But the issues are important not just for

Europe and the West, but for countries in other parts of the world, for example, Japan and South Korea. These countries must recognise new emerging problems, for instance, problems concerning AIDS, migration and new challenges to peace, security and economic prosperity, which spill over the boundaries of nation-states . There are emerging overlapping communities of fate generating common problems within and across the East Asian region. Political communities today are no longer discrete worlds . Growing enmeshment in regional and global orders and the proliferation of transborder problems has created a plurality of diverse and overlapping collectivities which span borders binding together directly and indirectly the fate of communities in different locations and regions of the globe. In this context the articulation of the public good is prised away from its embeddness in the bounded political community: it is being re-configured in the context of global, regional and transnational orders. The contemporary world is no longer 'a world of closed communities with mutually impenetrable ways of thought, self-sufficient economies and ideally sovereign states' (O'Neill, 1991, p. 282). This is not to assert that territorial political communities are becoming obsolete but, rather, to recognize that they are nested within global, regional and transnational communities of fate, identity, association, and solidarity. Political community today is being transformed to accord with a world of 'ruptured boundaries'.