

Economic liberalization and cultural identity essay

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Before the era of economic liberalization, there existed local, autonomous, distinct and well-defined, robust and culturally sustaining connections between geographical place and cultural experience. These connections constituted one's - and one's communities - 'cultural identity'. This identity was something people simply 'had' as an undisturbed existential possession, an inheritance, of continuity with the past. Identity, then, like language, was not just a description of cultural belonging; it was a sort of collective treasure of local communities.

But it was also discovered to be something fragile that needed protecting and preserving, which could be lost. Into this world of manifold, discrete, but to various degrees vulnerable, cultural identities there suddenly burst the corrosive power of economic liberalization. Economic liberalization, so the story goes, has swept like a flood tide through the world's diverse cultures, destroying stable localities, displacing peoples, bringing a market-driven, 'branded' homogenization of cultural experience, thus obliterating the differences between locality-defined cultures which had constituted our identities. Though economic liberalization has been judged as involving a general process of loss of cultural diversity, some of course did better, some worse out of this process. Consumers gain when countries specialize according to their comparative advantage and factors flow to their most productive use - most economists think that these are the effects of international trade and economic liberalization.

A casual look at other social sciences like sociology and political science, or more generally the humanities, shows deep concerns over globalization and economic liberalization (Lumberton (2002); Chan and McIntyre (2002)). Even <https://assignbuster.com/economic-liberalization-and-cultural-identity-essay/>

superficial examination of the related literatures reveals an interesting, if little acknowledged fact. Economists and their critics seem to speak about different phenomena, even though they both refer to economic liberalization. Economic liberalization changes the relative price of cultural goods, which in turn drives social consumption behavior and therefore indirectly also the amount of social punishment, as the latter is a function of how many people conform to the norm. I believe that cultural identity, properly understood, is much more the product of economic liberalization than its victim. Review: It is not, in fact, difficult in the prolific literature of analysis of the concept to find positions which contest the story of identity as the victim of globalization. To take just one example, Manuel Castells, (1997) devoted an entire volume of his celebrated analysis of ' The Information Age' to the proposition that: ' Our world and our lives are being shaped by the conflicting trends of globalization and identity.

For Castells, the primary opposition to the power of globalization lies in ' the widespread surge of powerful expressions of collective identity that challenge globalization on behalf of cultural singularity and people's control over their lives and environment'. Far from being the fragile flower that globalization tramples, identity is seen here as the up surging power of local culture that offers (albeit multi-form, disorganized and sometimes politically reactionary) resistance to the centrifugal force of capitalist globalization. The impact of globalization thus becomes, more plausibly, a matter of the interplay of an institutional-technological impetus towards globality with counterpoised ' localizing' forces. The drive towards ' globality' combines logic of capitalist expansion with the rapid development of deterritorializing

media and communications technologies. But this drive is opposed by various processes and practices expressing different orders of 'locality'.

Amongst these we can count the cultural identity movements that Castells focuses on, but also less formally organized expressions of identity, for example, those involved in local consumption preferences (Howes 1996). The potential conflict of culture and trade takes numerous forms. The principle of non-discrimination, fundamental to WTO procedures, is challenged by the problem of maintaining "a common set of rules among countries with quite different cultural, social, and political systems" (Cable, 1996). As trade policy expands from rules governing goods to a broader agenda, it increasingly intrudes on domestic policy and values (Kahler, 1996). For economists globalization and economic liberalization are good because physical output increases as the result of international specialization, which in turn enlarges the consumption set and hence makes individuals better off. By contrast, many critics are not so much concerned about the quantity of physical goods being consumed.

Rather they fear that the globalization process erodes national cultures and individual identities. From that standpoint, the increase in physical consumption of mass produced goods of western origin like McDonalds hamburgers, Hollywood movies, and pop music, is seen as negative because it crowds out self-produced or locally manufactured goods. Traditional lifestyles vanish. The following quote from Akande (2002) expresses the point very clearly as well globalized "cultural" industries are taking over traditional forms of creation and dissemination of culture.

Local culture's role as a spontaneous and integral part of people's life is eroded and it ceases to serve as the means of constructing societal values, reproducing group identity and building social cohesion. The end result becomes global integration at the expense of local disintegration. This argument is popular both in many developing countries and in industrialized countries like France. Whereas economists do not attach any value per se to consuming locally produced goods, this is an essential part for the survival of national or regional cultures, according to the critics' view.

One might say that economists do not care about what is consumed, but about how much, whereas many globalization critics care about society's pattern of consumption, and rank the amount of consumption as second order. Economists may dismiss most of the globalization critics' arguments as many of their academic studies lack the rigor of a theoretical model and the systematic evidence that economists derive from econometric studies or the different approaches by economists and non-economists as an efficient process of specialization in itself. Let economists worry about the gains from trade, while the humanities deal with cultural aspects. This paper takes a third approach by taking the critics' views seriously for two reasons. First, economists cannot win the debate over globalization without properly responding to the concerns of globalization critics - even if the arguments are often not well formulated.

The second reason is that cultural aspects do matter in real life to most people. Economists often hesitate to incorporate cultural aspects, perhaps because of the difficulty in how to capture it both theoretically and

empirically. The third approach turns out to be useful as it leads to novel insights about the gains from trade and the identity of gainers and losers from economic liberalization. Individuals must choose between consuming either one of two cultural goods.

The loss in identity is zero if all individuals within a country consume the same cultural good (called cultural homogeneity). An example may illustrate this approach. Often people associate certain consumption behavior with a specific country: The French drink wine, while Germans drink beer. Similarly, viewing the same movie (or, more generally, the same art exhibition, theatre performance, etc.) creates a bond among people because it allows them to talk about a common experience.

Yet people differ in their taste for cultural goods and thus may consume the other cultural good (which leads to cultural diversity), i. e. some French drink beer. The degree of non-conforming behavior depends on the difference in prices of the cultural goods as well as the social punishment, perhaps expressed as disrespect by others and leading to feeling of shame by the non-conforming individual. This more complex formulation clearly implies that cultural identity is not likely to be the easy prey of globalization. This is because identity is not in fact merely some fragile communal-psychic attachment, but a considerable dimension of institutionalized social life in modernity. The deterritorializing force of globalization thus meets a structured opposition in the form of what Michael Billig (1995) has called ' banal nationalism' - the everyday minute reinforcement; the continuous routinized ' flagging' of national belonging, particularly through media

discourse - sponsored by developed nation-states. Of course this is not to deny that nation-states are, to varying degrees, compromised by globalization in their capacity to maintain exclusivity of identity attachments, just as they are in their capacity independently to regulate national economies within a global market.

For example, the complexities and tensions introduced by the multiethnic constitution of societies arising from global population movements - a chronic feature of all modern nation-states (Smith, 1995; Geertz, 2000) - pose obvious problems for the continued cultural 'binding' of twenty-first-century nations into coherent identity positions. Note that with cultural affinities present, the overall benefits from economic liberalization may be smaller than when a non-pecuniary cultural benefit is absent. This suggests that we should recognize the presence of culturally motivated resistance to economic liberalization, which will have an impact upon market outcomes even when government regulations are eliminated. The effect of such resistance may be to maintain distortions vis-a-vis the free market case: thus measures of the benefits from economic liberalization countries may be overestimates. All of this suggests that greater attention be paid to the effects of cultural consumption externalities in trade issues, such as policies regarding the protection of domestic media in Canada or the EU than to the consequences of cultural affinities in production, as in policies to protect French farmers or American timber workers. It is a common assumption that identity-formation is a universal feature of human experience.

According to Castells (1997) ' Identity is people's source of meaning and experience'. But whilst it is true that the construction of meaning via cultural practices is a human universal, it does not follow that this invariably takes the form of identity construction as we currently understand it in the global-modern West. Economic liberalization will have a more definite cultural effect, in which society derives a shared benefit from the domestic production of a particular good, rather than when workers within a declining industry have a cultural affinity to work in that sector. As a result economic liberalization in the cultural affinity model does not necessarily lead to the decline of the culturally important industry, whereas economic liberalization in the externality model will lead to such a decline. Analysis of the attitudes and behavior of executives suggests considerable differences in the " cultures of capitalism," which, even within the highly integrated European market, have made successful cross-border corporate mergers exceedingly rare.

There may be a few British, Dutch, Swiss, or Belgian companies that have begun to create a genuine sense of a global identity but most multinationals clearly reflect the ethos of their home country and shareholders. Moreover, many " global" companies are less global than they seem to be or claim to be. Ford, for example, has 80 percent of its fixed assets still in the United States; McDonald's and Pepsi still have a majority of fixed assets at home. Modern culture is less determined by location because location is increasingly penetrated by ' distance'. The more obvious examples of this sort of penetration of localities are in such areas of mundane cultural experience as our interaction with globalizing media and communications

technologies – television, mobile phones, email, the Internet – or in the transformation of local into increasingly ‘ international’ food cultures (Tomlinson 1999). What is at stake in such examples is a transformation in our routine pattern of cultural existence which brings globalized influences, forces, experiences and outlooks into the core of our locally situated life. Conclusion: The fact that virtually all of the world’s six billion population today either enjoy or claim a national identity is itself testament to the power of the globalization of modernity. It is clear from this that the nation and national identity are not in danger of imminent collapse.

Fashion is a significant expression of cultural identity. But what sort of identity does this ‘ classic’ dress style represent for the affluent younger generation of Chinese who choose it in preference to the European fashions or American sportswear brands with which it competes? It is not easy to pin down. Indeed, after the disastrous experiment in cultural engineering symbolized in the so-called ‘ Mao Jacket’ uniform of the Cultural Revolution, it might seem that China has simply lost confidence in a symbolically ‘ traditional’ dress code. The evidence of a more fundamental shift in the grip of the nation-state over our cultural imagination, we may have to look for more gentle, subtle, long-term shifts in identification. The most discussed aspect of this sort of shift – particularly within cultural studies and in post-colonial studies – is the emergence of ‘ hybrid’ cultural identities as a consequence both of the multicultural constitution of the emergence of transnational forms of popular culture (Nederveen Pieterse 1995; Werbner and Modood 1997). Cultural goods differ from other goods in that they create an interdependence among individual consumption decisions, like a network

externality, and thus generate cultural identity. This approach seems a natural way of introducing cultural goods, and is based on ideas in sociology and psychology, as explained in Akerlof and Kranton (2000).

From a modeling point of view, the interdependence of individual consumption decisions is similar to increasing returns to scale in the new trade theory (Krugman (1979); Ethier (1982)). An important feature in this paper is that cultural identity has no value in itself, but rather depends on the economic liberalization and must be worthwhile for some given their taste preference. This feature could be challenged by those who believe that cultural identity, similar to biological identity, is a positive value in itself. For example, even if a person consumes only a particular cultural good, the person may put a large value on the option to consume other cultural goods. The present analysis has not paid any attention to such a positive option value, something that should be explored in the future.

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