What is Globalisation?

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In this module we are tackling a very big subject – it is difficult to think of a bigger one in social science!

The available data and other information is vast, but the time available is not.

What we can reasonably cover in the time available is limited. Hirst & Thompson’s book is for a 20 week course.

In this module priority is placed providing tools to think with – ie appropriate concepts.

Books and other reading must be thought of as resources – things that may be looked at for information and ideas – rather than being holy writ that must be learned.

There is lots of jargon and acronyms – do not be put off!
The Emergence of a World Economy?

- Globalization is often understood simply as the emergence of a world economy and significant associated institutions for governance.

- However, international economic relations have been around for hundreds of years and anyway the economy is not everything.

- Hence, **Globalization is better defined more broadly. We should think in terms of:**
  - The emergence of international relationships of such reach, quantity and significance that they have become more important than domestic exchanges and relationships. (Global relations are to emerge as a new reality that subsumes and supersedes previous arrangements)

- By the above definition, globalization has not developed, but
  - The likelihood of it doing so is clear. Economic and other relationships are becoming more and more internationalized.
  - But the nation and nationalism remains very strong and in particular national trading relations remain extensive and a high proportion of all connections.
All agree that world development is at present very uneven
- Some parts of the world are largely excluded
- Economic flows are very dense in some parts – and not others. Indeed,
- Trading relations are much more across adjacent borders than linking widely disperse regions
- Peripheral economies admitted on terms favourable to the developed regions

For some, links are so partial that it is not reasonable to think of globalisation - Hirst & Thompson tend to take this view

Disagreements between commentators turn on
- the extent of current development and
- The relative importance of different agencies in achieving more global growth. In particular How much direction from the state (or surrogates / proxies ) exists or will be required?
- If globalisation is developing - How are we to develop global institutions that are not partial or biased in favour of particular interests?
Testing Two Different Positions

- There is a tendency to focus mainly on economic functions and relationships (to which the consideration of all other things is subordinated)
- Though economic relations are clearly basic, globalization is much more than a matter of economics
- In this introduction I shall begin by considering two opposing viewpoints on the nature of Globalization
- These are an amalgamation of the 7 accounts offered by H&T in chapter 1 of their book. Thus we have
  - Globalisation as the *natural development* from economic growth which has already proceeded quite far. A global system is now a reality, but not beyond our capacity to steer and to influence. Alternatively
  - Globalization as the *development of world power*. What we see is a system of geo-political power relations in which there is a dominant power and some satellite and subsidiary sites.
I World economic development is inevitable – it needs no regulation

- Globalization will achieve economic development and integration automatically
  - The concept of industrial “take-off” – global development will be as it was in the UK and the US – this will apply globally

- This is a neo-liberal position (as espoused amongst other by Ohmae 1995)
  - Globalization is a spontaneous development
  - It is an inevitable, incremental and beneficial process
  - There will be the primacy of market regulation
    - Limited governmental “interference” is required
    - The role of MNC is pivotal – what is needed is ‘The development of a genuinely footloose capital, without national identification and with an internationalised management’ (Ohmae 1995)

- The current position is one of development along these lines towards a globalised future. Current versions of this position have different emphases, but share the view that development does not need control
TRADITIONAL SOCIETY

- Dispersed population living precariously with little surplus
- They have 'a ceiling... on the level of attainable output per head, due to limited science and technology
- Some areas however move out of this with increased economic transactions and specialisation The idea that economic progress is possible is key.
- Next, education is brought into conformity with this idea, being broadened 'to meet the needs of 'enterprise’
- people become prepared to take risks for the sake of profits;
- the appearance of banks; the emergence of a centralised national state.

TAKE OFF INTO SUSTAINED GROWTH

1. The economy gathers momentum – an increased density of exchanges - and finally is able to 'take off' into sustained growth. Towns, industries and investment expand rapidly.
2. The class of entrepreneurs emerges, as does the expansion of natural resources and new methods of production.
TAKE OFF INTO SUSTAINED GROWTH CONTINUED

3 The technology that powered the take-off is applied ever more widely.
4 It expands beyond the coal and iron and heavy engineering for example, into machine tools, chemicals and electrical equipment etc
5 Eventually, the leading sectors of the economy shift towards consumers' goods and services, as high domestic consumption develops.
6 Incomes rise to where people in general are able to 'consume' beyond the basic necessities, and the proportion of people in skilled or office jobs rises.

CRITICISMS
- This works reasonably well as a description of the path taken by some economies
- Industrialization is necessary – only then may move on to other areas
- Devalues the role of the state and other institutions in supporting / directing growth
- The world is populated by countries in various stages of 'development', all of them travelling the same road,
Other Factors Enhancing ‘Natural Growth’

- Effects of Increasing Information and Communication Technologies (ICT’s) These lead to network forms of Organization (Castells)
  - Networks cross national borders and
  - Produce the increasing density of relationships and exchanges
  - Leading to local dis-embedding

- Global standard setting will be driven by the desire to maximise markets for products.
  - Rise of Meta Organizations

- Increasing juridicalization and constitutionalization will take place without a clear sovereign presence

- A new ‘global cosmopolitanism will also develop demanding political responses to de-territorialisation. (Held, Held and McGrew)
  - Where power is taken in the international arena there will be pressure for democratic reform.
How Economic Growth is Actually Achieved - Lessons

- Domestic Economic Growth is invariably driven by particular interests, industries and particular classes in the lead of change.
- The development of supporting institutions - not simply education – is critical
  - Britain and the USA were highly deficient in education in the industrial revolution and arguably still are so
- Also, institutions to support the possibility of economic growth - such those producing infrastructure (road, rail and other communications) are essential. It is unlikely these will emerge automatically: coordination will be needed
- Also banking, and other specialised financial institutions are necessary to facilitate industrial growth, trading and exchange.
- Finally there is the state. Nationalism is clearly critical to development. Industrialisation first emerged in Britain where the state had a small role. But
  - The role of the state tends to be overlooked and its importance minimised
  - Arguably an active role for the state becomes more and more important as a country develops, not less
The Development of 2\textsuperscript{nd} + 3\textsuperscript{rd} Wave Powers

- The development of 2\textsuperscript{nd} Wave European powers (after UK and the US) depended on a good deal of state direction to foster the emergence of big businesses, appropriate infra-structure and banking.

- Why have some countries (eg Japan and Korea) been able to show spectacular development whilst others (take your pick from Africa) have failed to grow. Answer lie in
  - the group structure for business organisations – which include banking and trading companies in business groups
  - The role of the state in supporting business (or plundering it). Support is not usually given by direct subsidy, but by such things as providing infrastructure and orchestrating business activities.
  - Not to mention providing overt (and covert) protection setting tariffs and making laws against predatory pricing etc.
A Different Approach: Hegemonics

- There was and is a global hegemon leading global development and taking advantage from doing so
  - In the 19th century and down to 1920 it was Great Britain. The pound was the global reserve currency and it was backed by gold
  - There was priority given to specific types of trading relations within a framework of colonialism backed by the forces of the state
  - Other empires were allowed to exist, but only so far as they did not interfere with Britain’s dominance
  - The world wars were fought over this issue, though by 1920 or so the Pax Britanica was broken and the gold standard lost.
  - H & T (and others) make much of the fact that there was more globalised trade in late 19th and early 20th century than at almost any time since

- By the end of the WW II, the USA became the world hegemon
  - Different takes on this are possible: a, the USA as the defender and promoter of ‘world civilisation’ b, the US as the world exploiter c, the US a economic co-ordinator / exploiter
By the end of the WW II, the USA established itself as world hegemon

- Dominance is less obvious and more precarious than before
- Dominance is exerted primarily through the actions and policies of TNC’s
- However the world institutions that are allowed to develop do so under the auspices of the US hegemon
  - The system of commercial law is American and British
  - Other forms of regulation are not encouraged - the HQ of other types on law are located in Europe
  - The world banking operations – the world bank, the IMF, are recognisably neo-liberal institutions and bring along with them very specific policy agendas
  - Global finance is under-regulated / not at all regulated
- Core and periphery as key ideas in economic development. The development of trading regions

- The US hegemon persists through ‘Chimerica’
There is of course the possibility that you want to decide the truth lies somewhere in between the ‘natural growth’ and ‘hegemony’ possibilities, which appear as extremes. This is not unreasonable. However,

If this is your conclusion, you are not let off the hook, as a question arises – to what extent is particular evidence amenable to one account or another? You really have to decide where the balance lies.

It necessary to consider different aspects or dimensions of internationalisation one by one, to see if this brings you some instructive conclusion or effective summation.
Where to from here?

To help you to decide these questions I am going to present material on three aspects of globalisation in the remaining time. These are:

- Is there Global Culture / Ideology? We will consider this today
- Global Economy? Have production, distribution and exchange gone global? Will consider this tomorrow
- Global Finance and Financial Institutions? Treated in our final session.

I ask you to consider as we go through the rest of this program which of the following positions you prefer

- There has been too little development and there is not globalisation
- There has been significant development of globalization and the *natural development approach* is best to understanding the processes
- There has been significant development and the approach of the seeing it as the extension of *world power* is best.
- There has been significant development and the truth lies somewhere in between the last two possibilities.
Has global culture developed to any degree?
- If there is, is it a natural development or Americanization?
- Are educated people right to fear the use of English and reach of the American mass media?
  - It is enlightened for government to subsidize local press and radio - the recent case of News International (Murdoch Inc) in the UK
- Is consumerism eroding traditional habits? Is ‘poor work and vacation’ replacing ‘hard work and vocation’?
- Are US Business values and practices (managerialization, financialization) eroding national diversity. The Position of Lesley Sklair
- Is global culture is weak and inconsequential as some intellectuals believe?