

<b>PPP</b>	purchasing power parity
<b>PUMA</b>	public management section of the OECD
<b>R&amp;D</b>	research and development
<b>RMA</b>	revolution in military affairs
<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>SADC</b>	Southern African Development Community
<b>SADCC</b>	Southern Africa Development Coordinating Conference/Committee
<b>SAP</b>	structural adjustment programme
<b>SDR</b>	Special Drawing Right
<b>SEATO</b>	South East Asia Treaty Organization
<b>SEC</b>	Securities and Exchange Commission (USA)
<b>SOA</b>	sphere of authority
<b>TNC</b>	transnational corporation/company
<b>TRIPS</b>	trade in intellectual property rights
<b>TRO</b>	transgovernmental regulatory organization
<b>UN</b>	United Nations
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNICEF</b>	United Nations Children’s Fund
<b>UNIFEM</b>	Voluntary Fund for the UN Decade for Women
<b>UPA</b>	United Press Association
<b>UPI</b>	United Press International
<b>USAID</b>	United States Agency for International Development
<b>USDA</b>	United States Department of Agriculture
<b>WARC</b>	World Administrative Radio Conference
<b>WID</b>	Women in Development
<b>WMD</b>	weapons of mass destruction
<b>WTO</b>	World Trade Organization

# The Great Globalization Debate: An Introduction

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Much has been made of the consequences for globalization of the cataclysmic events of 11 September 2001. Some observers have proclaimed the events mark the end of globalization, while others suggest they symbolize the beginning of the post-globalization era. As the reassertion of geopolitics and state power has come to dominate international responses to 11 September, it is tempting to conclude that globalization has now reached its historical limits. Such a conclusion, however, overlooks the manifold ways in which the very responses to the events are themselves products of, and conditional upon, a globalizing world. As Stanley Hoffmann has phrased it, the world after 11 September confronts not so much the end of globalization as a growing ‘clash of globalizations’ (Hoffmann 2002). Although the war on terrorism may have displaced it from the media spotlight, the great globalization debate continues apace, no longer just on the streets and in the academy but increasingly within the citadels of global power. Paradoxically, in the aftermath of the terrorist attacks on the United States – the principal architect and icon of a globalizing world – making sense of globalization, and its implications for the twenty-first-century world order, has become a more, rather than less, urgent intellectual and political task.

Although public references to globalization have become increasingly common over the last two decades, the concept itself can be traced back to a much earlier period. Its origins lie in the work of many nineteenth- and early twentieth-century intellectuals, from Saint-Simon and Karl Marx to students of geopolitics such as MacKinder, who recognized how modernity was integrating the world. But it was not until the 1960s and early 1970s that the term ‘globalization’ was actually used. This ‘golden age’ of rapidly expanding political and economic interdependence – most especially between Western states – generated much reflection on the inadequacies of orthodox approaches to thinking about politics, economics and culture which presumed a strict separation between internal and external affairs, the domestic and international arenas, and the local and the global. For in a more interdependent world events abroad readily acquired impacts at home, while developments at home had consequences abroad. In the context of a debate about the growing interconnectedness of human affairs, world systems theory, theories of complex interdependence and the notion of globalization itself emerged as largely rival accounts of the processes through which the fate of states and peoples was becoming more intertwined (Modelski 1972; Wallerstein 1974; Keohane and Nye 1977). Following the collapse of state socialism and the consolidation of capitalism worldwide, academic and public discussion of globalization intensified dramatically. Coinciding with the rapid spread of the information revolution, these developments appeared to confirm the belief that the world was fast becoming a shared social and economic space – at least for its most affluent inhabitants. However, whether the notion of globalization ultimately helps or hinders



our understanding of the contemporary human condition, and strategies to improve it, is now a matter of intense intellectual and public controversy. In short, the great globalization debate has been joined.

Trying to make sense of this debate presents some difficulties, since there are no definitive or fixed lines of contestation. Instead, multiple conversations coexist (although few real dialogues), which do not readily afford a coherent or definitive characterization. Within shared traditions of social enquiry, whether neoclassical economics or world systems theory, no singular account of globalization has acquired the status of orthodoxy. On the contrary, competing assessments continue to frame the discussion. Nor do the dominant ideological traditions of conservatism, liberalism or socialism offer coherent readings of, or responses to, a globalizing era. Just as some conservatives and socialists find common ground in dismissing the significance of globalization, others of similar political persuasion view it as a dramatic new threat to cherished values, whether the nation or social democracy. Indeed, the very idea of globalization appears to disrupt established paradigms and political orthodoxies.

Accepting this heterogeneity, it is, nevertheless, feasible to identify a clustering of arguments around an emerging fissure between those who consider that contemporary globalization is a real and significant historical development – the *globalists* – and those who conceive it as a primarily ideological or social construction which has marginal explanatory value – the *sceptics*. Of course, as used here, the labels – globalists and sceptics – refer to ideal-type constructions. Ideal-types are heuristic devices which help order a field of enquiry and identify the primary areas of consensus as well as dispute. They assist in identifying the principal areas of contention and, thus, in establishing the fundamental points of disagreement. They provide an accessible way into the *mêlée* of voices – rooted in the globalization literature but by definition corresponding to no single work, author or ideological position.

Neither the sceptical nor the globalist thesis, of course, exhausts the complexity or the subtleties of the interpretations of globalization to be found in the existing literature. Even within each position, considerable differences of emphasis exist with respect to matters of historical interpretation as well as normative commitments. Such differences will become apparent throughout the volume. For in selecting the contributions, we have sought to represent fairly both positions in the debate, and also the diversity of views within these dominant schools. A further editorial principle has been the desire to reflect the richness of the different disciplinary contributions of social science in order that the essential interdisciplinarity of the debate is given proper exposure. Accordingly, each of the subsequent parts reflects a representative set of major contributions to the literatures on globalization, while further embellishing, as well as carefully qualifying, the characterization of the globalization debate described below.

In organizing the contributions to the debate, we have constructed the volume around the critical themes which are addressed in the globalist and sceptical literatures alike. Part I (Understanding Globalization) commences with an overview of the historical and conceptual debates surrounding the idea of globalization. Part II (Political Power and Civil Society: A Reconfiguration?) focuses on the controversy concerning the modern nation-state: its continued primacy versus its transformation. Building on this discussion, Part III (The Fate of National Culture in an Age of Global Communication) illuminates the debate about the cultural ramifications of globalization, particularly in respect of the question of national culture and identity. Parts IV (A Global Economy?) and V (Divided World, Divided Nations?) introduce the major contributions to the

discussion concerning the nature of the contemporary global economy and its consequences for patterns of global inequality. Finally, with critical issues of social justice and world order to the fore, Part VI (World Orders, Normative Choices) considers the normative considerations raised in the globalization debate.

## I Understanding Globalization

Globalization has been variously conceived as action at a distance (whereby the actions of social agents in one locale can come to have significant consequences for 'distant others'); time-space compression (referring to the way in which instantaneous electronic communication erodes the constraints of distance and time on social organization and interaction); accelerating interdependence (understood as the intensification of enmeshment among national economies and societies such that events in one country impact directly on others); a shrinking world (the erosion of borders and geographical barriers to socio-economic activity); and, among other concepts, global integration, the reordering of interregional power relations, consciousness of the global condition and the intensification of interregional interconnectedness (Harvey 1989; Giddens 1990; Rosenau 1990; Jameson 1991; Robertson 1992; Scholte 1993; Nierop 1994; Geyer and Bright 1995; Johnston et al. 1995; Zürn 1995; Albrow 1996; Kofman and Youngs 1996; Held et al. 1999). What distinguishes these definitions is the differential emphasis given to the material, spatio-temporal and cognitive aspects of globalization. It is worth dwelling initially on this tripartite cluster of characteristics as the first stage in clarifying the concept of globalization.

### Defining globalization

Globalization has an undeniably material aspect in so far as it is possible to identify, for instance, flows of trade, capital and people across the globe. These are facilitated by different kinds of infrastructure – physical (such as transport or banking systems), normative (such as trade rules) and symbolic (such as English as a lingua franca) – which establish the preconditions for regularized and relatively enduring forms of global interconnectedness. Rather than mere random encounters, globalization refers to these entrenched and enduring patterns of worldwide interconnectedness. But the concept of globalization denotes much more than a stretching of social relations and activities across regions and frontiers. For it suggests a growing magnitude or intensity of global flows such that states and societies become increasingly enmeshed in worldwide systems and networks of interaction. As a consequence, distant occurrences and developments can come to have serious domestic impacts while local happenings can engender significant global repercussions. In other words, globalization represents a significant shift in the spatial reach of social relations and organization towards the interregional or intercontinental scale. This does not mean that the global necessarily displaces or takes precedence over local, national or regional orders of social life. Rather, the point is that the local becomes embedded within more expansive sets of interregional relations and networks of power. Thus, the constraints of social time and geographical space, vital coordinates of modern social life, no longer appear to impose insuperable barriers to many forms of social interaction or organization, as



the existence of the World Wide Web and round-the-clock trading in global financial markets attests. As distance 'shrinks', the relative speed of social interaction increases too, such that crises and events in distant parts of the globe, exemplified by the events of 11 September 2001, come to have an immediate worldwide impact involving diminishing response times for decision-makers. Globalization thereby engenders a cognitive shift expressed both in a growing public awareness of the ways in which distant events can affect local fortunes (and vice versa) as well as in public perceptions of shrinking time and geographical space.

Simply put, globalization denotes the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction. It refers to a shift or transformation in the scale of human social organization that links distant communities and expands the reach of power relations across the world's major regions and continents. However, as the rise of the anti-globalization protests demonstrates, it should not be read as prefiguring the emergence of a harmonious world society or as a universal process of global integration in which there is a growing convergence of cultures and civilizations. Not only does the awareness of growing interconnectedness create new animosities and conflicts, it can fuel reactionary politics and deep-seated xenophobia. Since a significant segment of the world's population is either untouched directly by globalization or remains largely excluded from its benefits, it is arguably a deeply divisive and, consequently, vigorously contested process.

### The myth of globalization

For the sceptics, the very concept is suspect: what, they ask, is the 'global' in globalization (Hirst 1997)? If the global cannot be interpreted literally, as a universal phenomenon, then the concept of globalization lacks specificity. With no identifiable geographical referents, how is it possible to distinguish the international or the transnational from the global, or, for that matter, processes of regionalization from processes of globalization? It is precisely because much of the literature on globalization fails to specify the spatial referents for the global that, so the sceptics argue, the concept becomes so broad as to become impossible to operationalize empirically and, therefore, misleading as a vehicle for understanding the contemporary world.

In interrogating the concept of globalization, sceptics generally seek to establish a conclusive test of the globalization thesis. For the most part this involves constructing an abstract or a priori model of a global economy, global culture or world society and assessing how far contemporary trends match up to it (Sterling 1974; Perlmutter 1991; Dore 1995; Boyer and Drache 1996; Hirst and Thompson 1996). Embedded in many such models is a conception of a globalized economy or global society as akin to a national economy or society writ large. Others critical of the globalist thesis seek to assess how far contemporary trends compare with what several economic historians have argued was the *belle époque* of globalization, namely the period from 1890 to 1914 (Gordon 1988; Jones 1995; Hirst 1997). In both cases, there is a strong presumption that the statistical evidence by itself can establish the 'truth' about globalization. In this regard, the sceptical analysis is decidedly dismissive of the descriptive or explanatory value of the concept of globalization. Rather than globalization, the sceptics conclude that a more valid conceptualization of current trends is captured by the terms

'internationalization' – that is, growing links between essentially discrete national economies or societies – and 'regionalization' or 'triadization' – the geographical clustering of cross-border economic and social exchanges (Ruigrok and Tulder 1995; G. Thompson 1998a; Weiss 1998; Hirst and Thompson 1999). This is an argument for the continuing primacy of territory, borders, place and national governments to the distribution and location of power, production and wealth in the contemporary world order. Yet a puzzle arises: namely, how to explain the disjuncture between the widespread discourse of globalization and the realities of a world in which, for the most part, the routines of everyday lives are still dominated by national and local circumstances?

Instead of providing an insight into the forces shaping the contemporary world, the concept of globalization, argue many sceptics, is primarily an ideological construction; a convenient myth which, in part, helps justify and legitimize the neoliberal global project, that is, the creation of a global free market and the consolidation of Anglo-American capitalism within the world's major economic regions (Callinicos et al. 1994; Gordon 1988; Hirst 1997; Hoogvelt 1997). In this respect, the concept of globalization operates as a 'necessary myth', through which politicians and governments discipline their citizens to meet the requirements of the global marketplace. It is, thus, unsurprising that discussion of globalization became so widespread just at that juncture when the neoliberal project – the Washington consensus of deregulation, privatization, structural adjustment programmes (SAPs) and limited government – consolidated its hold within key Western capitals and global institutions such as the IMF.

Frequently associated with this sceptical position is a strong attachment either to an essentially Marxist or to a realist ontology. Traditional Marxist analysis considers that capitalism, as a social order, has a pathological expansionist logic, since to maintain profits capital constantly has to exploit new markets. To survive, national capitalism must continuously expand the geographical reach of capitalist social relations. The history of the modern world order is the history of Western capitalist powers dividing and redividing the world up into exclusive economic zones. Today, it is argued, imperialism has acquired a new form as formal empires have been replaced by new mechanisms of multilateral control and surveillance, such as the G7 and World Bank. As such, the present epoch is described by many Marxists not in terms of globalization, but instead as a new mode of Western imperialism dominated by the needs and requirements of finance capital within the world's major capitalist states (Van der Pijl 1999).

Realism too presents the existing international order as constituted primarily by and through the actions of the mightiest economically and militarily powerful states (and their agents). Accordingly, the internationalization of economic or social relations is argued to be contingent upon the policies and preferences of the great powers of the day since only they have sufficient military and economic muscle to create and maintain the conditions necessary for an open (liberal) international order (Waltz 1979). Without the exercise of American power, so the argument suggests, the existing liberal world order, which underpins the recent intensification of international interdependence, would eventually collapse (Gilpin 1987). This leads to a further critical point; namely, that liberal orders are historically unlikely to endure, since, in a system in which states constantly struggle for dominance, the power of hegemonic states ultimately has a finite life. As many sceptics are wont to assert, without a hegemon to police a liberal system, as in the period 1919–39, a rush to autarky and the breakdown



of world order will ensue (Gilpin 1981). International interdependence, according to this interpretation, is ultimately a temporary and contingent condition.

### The globalist's response

The globalist account rejects the assertion that the concept of globalization can be simply dismissed either as a purely ideological or social construction or as a synonym for Western imperialism. While not denying that the discourse of globalization may well serve the interests of powerful social forces in the West, the globalist account also emphasizes that it reflects real structural changes in the scale of modern social organization. This is evident in, among other developments, the growth of MNCs, world financial markets, the diffusion of popular culture and the salience of global environmental degradation. Rather than conceiving globalization as a solely economic phenomenon, the globalist analysis gives equal status to the other key dimensions of social relations. This attachment to a differentiated or multidimensional conception of globalization reflects a Weberian and/or post-Marxist and post-structuralist understanding of social reality as constituted by a number of distinct institutional orders or networks of power: the economic, technological, political, cultural, natural, etc. (Mann 1986; Giddens 1990). To reduce globalization to a purely economic or technological logic is considered profoundly misleading since it ignores the inherent complexity of the forces that shape modern societies and world order. Thus, the globalist analysis commences from a conception of globalization as a set of interrelated processes operating across all the primary domains of social power, including the military, the political and the cultural. But there is no a priori assumption that the historical or spatial pattern of globalization within each of these domains is identical or even comparable. In this respect, patterns of cultural globalization, for instance, are not presumed necessarily to replicate patterns of economic globalization. The globalist account promotes a conception of globalization which recognizes this differentiation, allowing for the possibility that it proceeds at different tempos, with distinctive geographies, in different domains.

Central to this globalist conception is an emphasis on the particular spatial attributes of globalization. In seeking to differentiate global networks and systems from those operating at other spatial scales, such as the local or the national, the globalist analysis identifies globalization primarily with activities and relations which crystallize on an interregional or intercontinental scale (Geyer and Bright 1995; Castells 1996; Dicken 1998). This involves globalists in attempting to establish more precise analytical distinctions between the concept of globalization and the concepts of regionalization and localization, that is, the nexus of relations between geographically contiguous states, and the clustering of social relations within states, respectively (Dicken 1998).

This attempt to establish a more systematic specification of the concept of globalization is further complemented by the significance attached to its temporal or historical forms. Rather than trying to assess how contemporary global trends measure up to some abstract model of a globalized world, or simply comparing the magnitude of global flows between different epochs, the globalist account draws on established socio-historical modes of analysis. This involves locating contemporary globalization within what the French historian Braudel refers to as the perspective of the 'longue durée' – that is, very long-term patterns of secular historical change (Helleiner 1997).

As the existence of premodern world religions confirms, globalization is not only a phenomenon of the modern age. Making sense of contemporary globalization requires placing it in the context of secular trends of world historical development (Modelski 1972; Hodgson 1993; Mazlish and Buultjens 1993; Bentley 1996; Frank and Gills 1996; Clark 1997; Frank 1998). That development, as the globalist account also recognizes, is punctuated by distinctive phases – from the epoch of world discovery to the *belle époque* or the interwar years – when the pace of globalization appears to intensify or, alternatively, sometimes regress (Fernández-Armesto 1995; Geyer and Bright 1995). To understand contemporary globalization requires investigating what differentiates these discrete phases, including how such systems and patterns of global interconnectedness are organized and reproduced, their different geographies and histories, and the changing configuration of interregional power relations. Accordingly, the globalist account stretches the concept of globalization to embrace the idea of its distinctive historical forms. This requires an examination of how patterns of globalization, both within and between different domains of activity, compare and contrast over time.

This historicized approach encourages a conception of globalization as a somewhat indeterminate process; for globalization is not inscribed with a preordained logic which presumes a singular historical trajectory or end condition, that is, the emergence of a single world society or global civilization. In fact, teleological or determinist thinking is roundly rejected. Globalization, it is argued, is driven by a confluence of forces and embodies dynamic tensions. As noted earlier, the globalist analysis dismisses the presumption that globalization can be explained solely by reference to the imperatives of capitalism or technology (Axford 1995). Nor can it be understood as simply a projection of Western modernity across the globe (Giddens 1990). Rather, it is considered a product of multiple forces, including economic, political and technological imperatives, as well as specific conjunctural factors, such as, for instance, the creation of the ancient Silk Route or the collapse of state socialism. It harbours no fixed or given pattern of historical development. Moreover, since it pulls and pushes societies in different directions it simultaneously engenders cooperation as well as conflict, integration as well as fragmentation, exclusion and inclusion, convergence and divergence, order and disorder (Harvey 1989; Giddens 1990; Robertson 1992; Hurrell and Woods 1995; Rosenau 1997). Rejecting historicist or determinist interpretations of globalization, the globalist account invites an open-ended conception of global change rather than a fixed or singular vision of a globalized world. It is therefore equally valid to talk of a partially globalized world or processes of de-globalization.

Central to this globalist interpretation is, nonetheless, a conception of global change involving a significant reconfiguration of the organizing principles of social life and world order. Three aspects of this are identified in the globalist literature; namely, the transformation of dominant patterns of socio-economic organization, of the territorial principle, and of power. By eroding the constraints of space and time on patterns of social interaction, globalization creates the possibility of new modes of transnational social organization, for instance global production networks and regulatory regimes, while simultaneously making communities in particular locales vulnerable to global conditions or developments, as expressed in the events of 11 September 2001 and the responses to them.

In transforming both the context of, and the conditions for, social interaction and organization, globalization also involves a reordering of the relationship between



territory and political space. Put simply, as economic, social and political activities increasingly transcend regions and national frontiers a direct challenge is mounted to the territorial principle of modern social and political organization. That principle presumes a direct correspondence between society, economy and polity within an exclusive and bounded national territory. Globalization disrupts this correspondence in so far as social, economic and political activity can no longer be understood as coterminous with national territorial boundaries. This does not mean that territory and place are becoming irrelevant, but rather that, under conditions of contemporary globalization, they are reinvented and reconstructed, that is, increasingly cast in a global context (Castells 1996; Dicken 1998). The latter point connects with the third and final aspect of the transformations identified in the globalist literature; namely, the transformation of power relations.

At the core of the globalist account lies a concern with power: its instrumentalities, configuration, distribution, and impacts. Globalization is taken to express the expanding scale on which power is organized and exercised. In this respect, it involves a reordering of power relations between and across the world's major regions such that key sites of power and those who are subject to them are literally oceans apart. To paraphrase Jameson, under conditions of contemporary globalization the truth of power no longer resides in the locales in which it is immediately experienced (Jameson 1991). Power relations are deeply inscribed in the dynamics of globalization, as the continuing disquisitions on its implications for the nation-state confirm.

## II Political Power and Civil Society: A Reconfiguration?

Contemporary social life is associated with the modern state which specifies the proper form of nearly all types of human activity. The state appears to be omnipresent, regulating the conditions of life from birth registration to death certification. From the policing of everyday activities to the provision of education and the promotion of health care, the steady expansion of state power appears beyond question. Quantitatively, the growth of the state, from the size of its budget to the scope of its jurisdiction, is one of the few really uncontested facts of the twentieth century. On many fundamental measures of political power (for example, the capacity to raise taxes and revenues, the ability to hurl concentrated force at enemies) states are, at least throughout most of the OECD world, as powerful as, if not more powerful than, their predecessors (Mann 1997). The sceptics make a great deal of this, as they do of the rise and dominance of the modern state in general. It is useful to rehearse this position and its many implications for the form and distribution of political power, before examining the globalists' alternative account.

### The formation and rule of the modern state

The claim of the modern state to an overarching role is a relatively novel one in human history, even in the place which gave birth to it – Western Europe. A thousand years ago, for example, an inhabitant of an English village knew little of life beyond it; the village was the beginning and practically the end of his or her world. She or he would have visited the nearest market town but would scarcely have ventured further; would

have probably recognized the name of the king, although would rarely, if ever, have seen him; and may well have had more contact with representatives of the church than with any 'political' or military leaders (Lacey and Danziger 1999). And while five hundred years later two forms of political regime – absolute and constitutional monarchies – were beginning to crystallize across the European continent, Europe resembled more a mosaic of powers, with overlapping political claims and jurisdictions (Tilly 1975; Poggi 1978). No ruler or state was yet sovereign in the sense of being supreme over a bounded territory and population.

Modern states emerged in Western Europe and its colonial territories in the eighteenth and nineteenth centuries, although their origins date back to the late sixteenth century (Skinner 1978; Held 1995: chs 2–3). They distinguished themselves initially from earlier forms of political rule by claiming a distinctive symmetry and correspondence between sovereignty, territory and legitimacy. The distillation of the concept of sovereignty was pivotal to this development, for it lodged a special claim to the rightful exercise of political power over a circumscribed realm – an entitlement to rule over a bounded territory (see Skinner 1978). Modern states developed as nation-states – political bodies, separate from both ruler and ruled, with supreme jurisdiction over a demarcated territorial area, backed by a claim to a monopoly of coercive power, and enjoying legitimacy as a result of the loyalty or consent of their citizens. The major innovations of the modern nation-state – territoriality that fixes exact borders, monopolistic control of violence, an impersonal structure of political power and a distinctive claim to legitimacy based on representation and accountability – marked out its defining (and sometimes fragile) features. The regulatory power of such states expanded throughout the modern period creating – albeit with significant national differences – systems of unified rule across demarcated territories, centralized administration, concentrated and more effective mechanisms of fiscal management and resource distribution, new types of lawmaking and law enforcement, professional standing armies, a concentrated war-making capacity and, concomitantly, elaborate formal relations among states through the development of diplomacy and diplomatic institutions (P. Anderson 1974; Giddens 1985).

The consolidation of the power of leading European nation-states was part of a process in which an international society of states was created, first in Europe itself, and then, as Europe expanded across the globe, in diverse regions as Europe's demands on its colonies were pressed and resisted (Ferro 1997). This 'society of states' laid down the formal rules which all sovereign and autonomous states would, in principle, have to adopt if they were to become full and equal members of the international order of states. The origins of this order are often traced to the Peace Treaties of Westphalia of 1648, which concluded the Thirty Years' War (see Falk 1969; Krasner 1995; Keohane 1995). But the rule system codified at Westphalia is best understood as having created a *normative trajectory* in international law, which did not receive its fullest articulation until the late eighteenth and early nineteenth century. It was during this time that territorial sovereignty, the formal equality of states, non-intervention in the internal affairs of other recognized states, and state consent as the foundation stone of international legal agreement became the core principles of the modern international order (see Crawford and Marks 1998). Of course, the consolidation of this order across the world would, paradoxically, have to wait until the decline of its earliest protagonists – the European powers – and the formal initiation of decolonization after the Second World War. But it is perhaps fair to say that it was not until the late



twentieth century that the modern international order of states became truly global; for it was only with the end of all the great empires – European, American and finally Soviet – that many peoples could finally join the society of states as independent political communities. The number of internationally recognized states more than doubled between 1945 and the early 1990s (www.state.gov, accessed May 2002). The high point of the modern nation-state system was reached at the end of the twentieth century, buttressed and supported by the spread of new multilateral forms of international co-ordination and cooperation, in international organizations like the UN, and new international regulatory mechanisms, such as the universal human rights regime.

Not only has the modern nation-state become the principal type of political rule across the globe, but it has also increasingly assumed, since decolonization and the collapse of the Soviet empire, a particular political form; that is, it has crystallized as liberal or representative democracy (Potter et al. 1997). Several distinctive waves of democratization have brought particular countries in Europe, such as Portugal and Spain, into the democratic fold, while they have also brought numerous others closer to democracy in Latin America, Asia, Africa and Eastern Europe. Of course, there is no necessary evolutionary path to consolidated liberal democracy; the path is fragile and littered with obstacles – the hold of liberal democracy on diverse political communities is still tentative and open to challenge.

Surveying the political scene at the start of the twenty-first century there are good reasons, argue the sceptics, for thinking of this period as the age of the modern nation-state. For states in many places have increasingly claimed a monopoly of the legitimate use of force and judicial regulation, established permanent military forces as a symbol of statehood as well as a means of ensuring national security, consolidated tax raising and redistributive mechanisms, established nation-wide communication infrastructures, sought to systematize a national or official language, raised literacy levels and created a national schooling system, promulgated a national identity, and built up a diverse array of national political, economic and cultural institutions. In addition, many states, west and east, have sought to create elaborate welfare institutions, partly as a means to promote and reinforce national solidarity, involving public health provision and social security (Ashford 1986). Moreover, OECD states have pursued macroeconomic management strategies, shifting from Keynesian demand management in the 1950s to 1970s to extensive supply-side measures in the 1980s and 1990s, in order to help sustain economic growth and widespread employment. Success in these domains has often remained elusive, but the Western nation-state's array of policy instruments and objectives have been emulated recently in many regions of the world.

It certainly can be argued that much of this 'emulation' has been more the result of necessity than of choice. Decolonization clearly did not create a world of equally free states. The influence of Western commerce, trade and political organization outlived direct rule. Powerful national economic interests have often been able to sustain hegemonic positions over former colonial territories through the replacement of 'a visible presence of rule' with the 'invisible government' of corporations, banks and international organizations (the IMF and the World Bank, for example) (Ferro 1997: 349–50). Furthermore, interlaced with this has been the sedimented interests and machinations of the major powers, jostling with each other for advantage, if not hegemonic status (Bull 1977; Buzan et al. 1993). The geopolitical roles of individual states may have changed (for example, the shifts in the relative position of the UK and France during the twentieth century from global empires to middle-ranking powers), but

these changes have been accommodated within the prevailing structures of world order – the modern nation-state system and capitalist economic relations – which have governed the strategic choices open to political communities. The restricted nature of these choices has become even clearer with the collapse of Soviet communism and the bipolar division of the world established during the Cold War. Accordingly, the development programmes of states in sub-Saharan Africa, East Asia and Latin America appear to have acquired a uniform shape – market liberalization, welfare cut-backs, minimal regulation of private capital flows, deregulation of labour markets – and to be governed by political necessity rather than publicly sanctioned intervention.

Yet, however limited the actual control most states possess over their territories, they generally fiercely protect their sovereignty – their entitlement to rule – and their autonomy – their capacity to choose appropriate forms of political, economic and social development. The distinctive 'bargains' governments create with their citizens remain fundamental to their legitimacy. The choices, benefits and welfare policies of states vary dramatically according to their location in the hierarchy of states, but, in the age of nation-states, the independence bestowed by sovereignty, in principle, still matters greatly to all states. Modern nation-states are political communities which create the conditions for establishing national communities of fate; and few seem willing to give this up. Although national political choices are constrained, they still count and remain the focus of public deliberation and debate. According to the sceptics, national political traditions are still vibrant, distinctive political bargains can still be struck between governments and electorates, and states continue, given the political will, to rule. The business of national politics is as important as, if not more important than, it was during the period in which modern states were first formed.

### Towards a global politics

Globalists would generally contest many aspects of the above account. Their argument runs as follows. The traditional conception of the state, in which it is posited as the fundamental unit of world order, presupposes its relative homogeneity, that is, that it is a unitary phenomenon with a set of singular purposes (Young 1972: 36). But the growth of international and transnational organizations and collectivities, from the UN and its specialized agencies to international pressure groups and social movements, has altered the form and dynamics of both state and civil society. The state has become a fragmented policy-making arena, permeated by transnational networks (governmental and non-governmental) as well as by domestic agencies and forces. Likewise, the extensive penetration of civil society by transnational forces has altered its form and dynamics.

The exclusive link between territory and political power has been broken. The contemporary era has witnessed layers of governance spreading within and across political boundaries. New international and transnational institutions have both linked sovereign states together and transformed sovereignty into the shared exercise of power. A body of regional and international law has developed which underpins an emerging system of global governance, both formal and informal.

This transformation can be illustrated by a number of developments, including the rapid emergence of international organizations and regimes. New forms of multilateral and global politics have been established involving governments, intergovernmental



organizations (IGOs) and a wide variety of transnational pressure groups and international non-governmental organizations (INGOs). In 1909 there were 37 IGOs and 176 INGOs, while in 2000 there were 6,743 IGOs and 47,098 INGOs (Union of International Associations 2001). (The 2000 figure for IGOs and INGOs has to be treated with some caution because it includes some inactive or defunct organizations.) In addition, there has been an explosive development in the number of international treaties in force, as well as in the number of international regimes, such as the nuclear non-proliferation regime.

To this pattern of extensive political interconnectedness can be added the dense web of activity within and among the key international policy-making fora, including the UN, G7, IMF, WTO, EU, APEC, ARF and MERCOSUR summits and many other official and unofficial meetings. In the middle of the nineteenth century there were two or three interstate conferences or congresses per annum; today the number totals over nine thousand annually (Union of International Associations 2001). National government is increasingly locked into a multilayered system of governance – local, national, regional and global – and can barely monitor it, let alone stay in command.

At the regional level the EU, in remarkably little time, has taken Europe from the disarray of the post-Second World War era to a supranational polity in which sovereignty is pooled across a growing number of areas of common concern. Despite its contested nature, the EU represents a novel system of governance which institutionalizes intergovernmental collaboration to address collective and transborder issues. There has also been an acceleration in regionalization beyond Europe: in the Americas, Asia-Pacific and, to a lesser degree, in Africa. While the form taken by this type of regionalism is very different from the EU model, it has nonetheless had significant consequences for political power, particularly in the Asia-Pacific (ASEAN, APEC, ARF, PBEC and many other groupings). As regionalism has deepened so interregional diplomacy has intensified as old and new regional groupings seek to consolidate their relationships with each other. In this respect, regionalism has not been a barrier to contemporary political globalization – involving the shifting reach of political power, authority and forms of rule – but, on the contrary, has been largely compatible with it.

The momentum for international cooperation shows no sign of slowing, despite the many vociferous complaints often heard about it. The concerns of regional and global politics already go far beyond traditional geopolitics. Drug smugglers, capital flows, acid rain, the activities of paedophiles, terrorists and illegal immigrants do not recognize borders; neither can the policies for their effective management and resolution. International cooperation and coordination of national policies have become necessary requirements for managing the consequences of a globalizing world.

Fundamental changes have also occurred in the world military order. Few states now consider unilateralism or neutrality as a credible defence strategy. Global and regional security institutions have become more important. Most states today have chosen to sign up to a host of multilateral arrangements and institutions in order to enhance their security. But it is not just the institutions of defence which have become multinational. The way military hardware is manufactured has also changed. The age of 'national champions' has been superseded by a sharp increase in licensing, co-production agreements, joint ventures, corporate alliances and subcontracting. This means that few countries – not even the United States – can claim to have a wholly autonomous military production capacity. The latter can be highlighted also

in connection with key civil technologies, such as electronics, which are vital to advanced weapons systems, and which are themselves the products of highly globalized industries.

The paradox and novelty of the globalization of organized violence today is that national security has become a multilateral affair. For the first time in history, the one thing that did most to give modern nation-states a focus and a purpose, and which has always been at the very heart of statehood, can now only be realized effectively if nation-states come together and pool resources, technology, intelligence, power and authority.

With the increase in global interconnectedness, the scope of strategic policy choices available to individual governments and the effectiveness of many traditional policy instruments tends to decline (see Keohane and Nye 1972: 392–5; Cooper 1986: 1–22). This tendency occurs, in the first instance, because of the growing irrelevance of many border controls – whether formal or informal – which traditionally served to restrict transactions in goods and services, production factors and technology, ideas and cultural interchange (see Morse 1976: chs 2–3). The result is a shift in the relative costs and benefits of pursuing different policy options. States suffer a further diminution in power because the expansion of transnational forces reduces the control individual governments can exercise over the activities of their citizens and other peoples. For example, the increased mobility of capital induced by the development of global financial markets shifts the balance of power between markets and states and generates powerful pressures on states to develop market-friendly policies, including low public deficits and expenditure, especially on social goods; internationally competitive (that is, low) levels of direct taxation; privatization and labour market deregulation. The decisions of private investors to move private capital across borders can threaten welfare budgets, taxation levels and other government policies. In effect, the autonomy of states is compromised as governments find it increasingly difficult to pursue their domestic agendas without cooperating with other agencies, political and economic.

In this context, many of the traditional domains of state activity and responsibility (defence, economic management, health and law and order) can no longer be served without institutionalizing multilateral forms of collaboration. As demands on the state have increased in the postwar years, the state has been faced with a whole series of policy problems which cannot be adequately resolved without cooperating with other states and non-state actors (Keohane 1984; McGrew 1992). Accordingly, individual states alone can no longer be conceived of as the appropriate political units for either resolving key policy problems or managing effectively a broad range of public functions.

These arguments suggest that the modern state is increasingly embedded in webs of regional and global interconnectedness permeated by quasi-supranational, inter-governmental and transnational forces, and unable to determine its own fate. Such developments, it is also contended, challenge both the sovereignty and legitimacy of states. Sovereignty is challenged because the political authority of states is displaced and compromised by regional and global power systems, political, economic and cultural. State legitimacy is at issue because with greater regional and global interdependence, states cannot deliver fundamental goods and services to their citizens without international cooperation, and even the latter can be quite inadequate in the face of global problems – from global warming to the volatile movements of the financial markets – which can escape political regulation altogether. To the extent that



political legitimacy depends on competence and the ability to 'deliver the goods' to citizens, it is under increasing strain. Globalization, conclude the globalists, is eroding the capacity of nation-states to act independently in the articulation and pursuit of domestic and international policy objectives: the power and role of the territorial nation-state is in decline. Political power is being reconfigured.

### III The Fate of National Culture

For long periods of human history most people have lived out their lives in a web of local cultures. While the formation and expansion of the great world religions and premodern empires carried ideas and beliefs across frontiers with decisive social impacts, the most important vehicle for this, in the absence of direct military and political intervention, was the development of networks of ruling class culture (Mann 1986). At points these bit deeply into the fragmented mosaic of local cultures, but for most people, most of the time, their daily lives and routines persisted largely unchanged. Prior to the emergence of nations and nation-states, most cultural communication and interaction occurred either between elites or at very local and restricted levels. Little interaction took place between the court and the village. It was not until the eighteenth century that a new form of cultural identity coalesced between these two extremes.

#### The story of national culture: the sceptic's resource

The rise of the modern nation-state and nationalist movements altered the landscape of political identity. The conditions involved in the creation of the modern state were often also the conditions which generated a sense of nationhood. As state makers sought to centralize and reorder political power in circumscribed territories, and to secure and strengthen their power base, they came to depend on cooperative forms of social relations with their subjects (Giddens 1985; Mann 1986). The centralization of power spawned the dependence of rulers on the ruled for resources, human and financial. Greater reciprocity was created between governors and governed and the terms of their 'exchange' became contested. In particular, the military and administrative requirements of the modern state 'politicized' social relations and day-to-day activities. Gradually, people became aware of their membership in a shared political community, with a common fate. Although the nature of this emergent identity was often initially vague, it grew more definite and precise over time (Therborn 1977; Turner 1986; Mann 1987).

The consolidation of the ideas and narratives of the nation and nationhood has been linked to many factors, including the attempt by ruling elites and governments to create a new identity that would legitimize the enhancement of state power and the coordination of policy (Breuilly 1992); the creation, via a mass education system, of a common framework of understanding – ideas, meanings, practices – to enhance the process of state-coordinated modernization (Gellner 1983); the emergence of new communication systems – particularly new media (such as printing and the telegraph), independent publishers and a free market for printed material – which facilitated interclass communication and the diffusion of national histories, myths and rituals, that is, a

new imagined community (B. Anderson 1983); and, building on a historic sense of homeland and deeply rooted memories, the consolidation of ethnic communities via a common public culture, shared legal rights and duties, and an economy creating mobility for its members within a bounded territory (Smith 1986, 1995).

Even where the establishment of a national identity was an explicit political project pursued by elites, it was rarely their complete invention. That nationalist elites actively sought to generate a sense of nationality and a commitment to the nation – a 'national community of fate' – is well documented. But 'it does not follow', as one observer aptly noted, that such elites 'invented nations where none existed' (Smith 1990: 180–1). The 'nation-to-be' was not any large, social or cultural entity; rather, it was a 'community of history and culture', occupying a particular territory, and often laying claim to a distinctive tradition of common rights and duties for its members. Accordingly, many nations were 'built up on the basis of pre-modern "ethnic cores" whose myths and memories, values and symbols shaped the culture and boundaries of the nation that modern elites managed to forge' (Smith 1990: 180; and see Smith 1986). The identity that nationalists strove to uphold depended, in significant part, on uncovering and exploiting a community's 'ethno-history' and on highlighting its distinctiveness in the world of competing political and cultural values (cf. Hall 1992).

Of course, the construction of nations, national identities and nation-states has always been harshly contested and the conditions for the successful development of each never fully overlapped with that of the others (see Held et al. 1999: 48–9, 336–40). States are, as noted previously, complex webs of institutions, laws and practices, the spatial reach of which has been difficult to secure and stabilize over fixed territories. Nations involve cross-class collectivities which share a sense of identity and collective political fate. Their basis in real and imagined cultural, linguistic and historical commonalities is highly malleable and fluid, often giving rise to diverse expressions and ambiguous relationships to states. Nationalism is the force which links states to nations: it describes both the complex cultural and psychological allegiance of individuals to particular national identities and communities, and the project of establishing a state in which a given nation is dominant. The fixed borders of the modern state have generally embraced a diversity of ethnic, cultural and linguistic groups with mixed leanings and allegiances. The relationships between these groups, and between such groups and states, has been chequered and often a source of bitter conflict. In the late nineteenth and twentieth centuries, nationalism became a force which supported and buttressed state formation in certain places (for example, in France) and challenged or refashioned it elsewhere (for instance, in multi-ethnic states such as Spain or the United Kingdom) (see Held et al. 1999: 337–8).

However, despite the diversity of nationalisms and their political aims, and the fact that most national cultures are less than two hundred years old, these new political forces created fundamentally novel terms of political reference in the modern world – terms of reference which appear so well rooted today that many, if not the overwhelming majority of, peoples take them as given and practically natural (cf. Barry 1998). While earlier epochs witnessed cultural institutions that either stretched across many societies (world religions) or were highly localized in their form, the rise of nations, nationalism and nation-states led to the organization of cultural life along national and territorial lines. In Europe this assisted the consolidation of some older states, the creation of a plethora of new nation-states and, eventually, the fragmentation of multinational empires. The potency of the idea of the 'nation' was not lost on the rest



of the world and notions of national culture and nationalism spread – partly as a result of the expansion of European empires themselves – to the Americas, Asia, Africa and the Middle East. This helped fuel independence movements, cementing once again a particular link between culture, geography and political freedom.

The struggle for national identity and nationhood has been so extensive that the sceptics doubt the latter can be eroded by transnational forces and, in particular, by the development of a so-called global mass culture. In fact, advocates of the primacy of national identity emphasize its enduring qualities and the deep appeal of national cultures compared to the ephemeral and ersatz qualities of the products of the transnational media corporations (see Smith 1990; Brown 1995). Since national cultures have been centrally concerned with consolidating the relationships between political identity, self-determination and the powers of the state, they are, and will remain, the sceptics suggest, formidably important sources of ethical and political direction (see section VI below). Moreover, the new electronic networks of communication and information technology which now straddle the world help intensify and rekindle traditional forms and sources of national life, reinforcing their influence and impact. These networks, it has been aptly noted, ‘make possible a denser, more intense interaction between members of communities who share common cultural characteristics, notably language’; and this provides a renewed impetus to the re-emergence of ‘ethnic communities and their nationalisms’ (Smith 1990: 175).

Furthermore, the sceptics argue, while new communication systems can create access to distant others, they also generate an awareness of difference; that is, of the incredible diversity in lifestyles and value orientations (see Gilroy 1987; Robins 1991; Massey and Jess 1995). Although this awareness may enhance cultural understanding, it often leads to an accentuation of what is distinctive and idiosyncratic, further fragmenting cultural life. Awareness of ‘the other’ by no means guarantees intersubjective agreement, as the Salman Rushdie affair only too clearly showed (see Parekh 1989). Moreover, although the new communication industries may generate a language of their own, a particular set of values and consumption patterns, they confront a multiplicity of languages and discourses through which people make sense of their lives and cultures (J. B. Thompson 1990: 313ff.). The vast majority of the products of the mass-market cultural corporations which flood across borders originate within the US and Western societies. But the available evidence, according to the sceptics, suggests that national (and local) cultures remain robust; national institutions continue in many states to have a central impact on public life; national television and radio broadcasting continues to enjoy substantial audiences; the organization of the press and news coverage retains strong national roots; and foreign cultural products are constantly read and reinterpreted in novel ways by national audiences (Miller 1992; Liebes and Katz 1993; J. B. Thompson 1995).

Finally, defenders of national culture point out that there is no common global pool of memories; no common global way of thinking; and no ‘universal history’ in and through which people can unite. There is only a manifold set of political meanings and systems through which any new global awareness must struggle for survival (see Bozeman 1984). Given the deep roots of ethno-histories, and the many ways they are often refashioned, this can hardly be a surprise. Despite the vast flows of information, imagery and people around the world, there are few signs of a universal or global culture in the making, and few signs of a decline in the political salience of nationalism.

## Cultural globalization

Globalists take issue with most of the above, although they by no means dismiss the significance of ‘the national question’. Among the points they often stress are the *constructed* nature of nationalist cultures; if these cultures were created more recently than many are willing to recognize, and elaborated for a world in which nation-states were being forged, then they are neither immutable nor inevitable in a global age. Nationalism may have been functional, perhaps even essential, for the consolidation and development of the modern state, but it is today at odds with a world in which economic, social and many political forces escape the jurisdiction of the nation-state.

Given how slow many people’s identities often are to change, and the strong desire many people feel to (re)assert control over the forces which shape their lives, the complexities of national identity politics are, globalists concede, likely to persist. But such politics will not deliver political control and accountability over regional and global phenomena unless a distinction is made between cultural nationalism – the conceptual, discursive and symbolic resources which are fundamental to people’s lives – and political nationalism – the assertion of the exclusive political priority of national identity and national interests. The latter cannot deliver many sought-after public goods and values without regional and global collaboration. Only a global political outlook can ultimately accommodate itself to the political challenges of a more global era, marked by overlapping communities of fate and multilayered (local, national, regional and global) politics. Is there any reason to believe that such an outlook might emerge? Not only are there many sources for such an outlook in the present period but, globalists would argue, there are precedents to be found in the history of the modern state itself.

While the rise of nation-states and nationalist projects intensified cultural formation and interaction within circumscribed political terrains, the expansion of European powers overseas helped entrench new forms of cultural globalization with innovations in transport and communications, notably regularized mechanical transport and the telegraph. These technological advances helped the West to expand and enabled the secular philosophies which emerged in the late eighteenth and nineteenth centuries – especially science, liberalism and socialism – to diffuse and transform the cultural context of almost every society on the planet.

Contemporary popular cultures may not yet have had a social impact to match this but, globalists argue, the sheer scale, intensity, speed and volume of global cultural communications today is unsurpassed. For instance, the value of cultural exports and imports has increased many times over the last few decades; there has been a huge expansion in the trade of television, film and radio products; national broadcasting systems are subject to intensifying international competition and declining audience shares; and the figures for connections and users of the Internet are growing exponentially as communication patterns increasingly transcend national borders (UNESCO 1950, 1986, 1989; OECD 1997). The accelerating diffusion of radio, television, the Internet, satellite and digital technologies has made instant communication possible. Many national controls over information have become ineffective. People everywhere are exposed to the values of other cultures as never before. Nothing, not even the fact that we all speak different languages, can stop the flow of ideas and



cultures. The English language is becoming so dominant that it provides a linguistic infrastructure as powerful as any technological system for transmitting ideas and cultures.

Beyond its scale, what is striking about today's cultural globalization is that it is driven by companies, not countries. Corporations, argue the globalists, have replaced states and theocracies as the central producers and distributors of cultural globalization. Private international institutions are not new but their mass impact is. News agencies and publishing houses in previous eras had a much more limited impact on local and national cultures than the consumer goods and cultural products of today's global corporations.

For the globalists the existence of new global communication systems is transforming relations between physical locales and social circumstances, and altering the 'situational geography' of political and social life (Meyrowitz 1985). In these circumstances, the traditional link between 'physical setting' and 'social situation' is broken. Geographical boundaries are overcome as individuals and collectivities experience events and developments far afield. Moreover, new understandings, commonalities and frames of meaning are elaborated without direct contact between people. As such, they can serve to detach, or disembed, identities from particular times, places and traditions, and can have a 'pluralizing impact' on identity formation, producing a variety of hyphenated identities which are 'less fixed or unified' (Hall 1992: 303, 309). While everyone has a local life, the ways people make sense of the world are now increasingly interpenetrated by developments and processes from diverse settings. Hybrid cultures and transnational media corporations have made significant inroads into national cultures and national identities. The cultural position of the modern state is transformed as a result (cf. McLuhan 1964; Rheingold 1995).

Those states which seek to pursue rigid closed-door policies on information and culture are certainly under threat from these new communication processes and technologies, and it is likely that the conduct of socio-economic life everywhere will be transformed by them as well. Cultural flows are transforming the politics of national identity and the politics of identity more generally. These developments have been interpreted, by some global theorists, as creating a new sense of global belonging and vulnerability which transcends loyalties to the nation-state, that is, to 'my country right or wrong' (see, for instance, Falk 1995b). The warrant for this latter claim can be found, it has been argued, in a number of processes and forces, including the development of transnational social movements with clear regional or global objectives, such as the protection of natural resources and the environment, and the alleviation of disease, ill-health and poverty (Ekins 1992). Groups like Friends of the Earth and Greenpeace have derived some of their success precisely from their ability to show the interconnectedness across nations and regions of the problems they seek to tackle. In addition, the constellation of actors, agencies and institutions – from regional political organizations to the UN – which are oriented towards international and transnational issues is cited as further evidence of a growing global political awareness. Finally, a commitment to human rights as indispensable to the dignity and integrity of all peoples – rights entrenched in international law and championed by transnational groups such as Amnesty International – is held to be additional support of an emerging 'global consciousness'. These factors, it is also maintained, represent the cultural foundations of an incipient 'global civil society' (Falk 1995b; Kaldor 1998).

## IV A Global Economy?

Assessing competing claims about the fate of national cultures is complicated by the fact that, in part, it involves subjective questions of meaning for which systematic and reliable cross-cultural evidence is difficult to acquire. By contrast the debate about economic globalization suffers from almost the opposite problem: namely, the existence of a multiplicity of data sources on diverse global trends, from merchandise trade and migration to foreign direct investment and child labour. At times, this tends to lend the debate a certain spurious objectivity as appeals to 'hard' evidence seek to establish the basis for conclusive judgements about competing claims. In practice, the discussion revolves as much around conflicting assessments of the validity of existing evidence and the value of different types of data as it does around issues of theoretical interpretation.

Although the debate about economic globalization has produced a voluminous literature, with contributions covering all the main traditions of economic and social analysis, the critical points of contention cluster around four fundamental questions. Put simply, these embrace:

- the extent to which the evidence shows that economic activity is being globalized;
- whether a new form of global capitalism, driven by 'the third industrial revolution', is taking hold across the globe;
- how far economic globalization remains subject to proper and effective national and international governance; and
- whether global competition spells the end of national economic strategy and the welfare state.

These four questions preoccupy both globalists and sceptics. A critical dialogue has opened up concerning the historical evidence about economic globalization; the dominant regime of capitalist accumulation; the modes and effectiveness of contemporary economic governance; and the robustness of national economic autonomy and sovereignty.

### The persistence of national economies

The sceptical position reflects a cautious interpretation of contemporary global economic trends. Rather than a truly global economy the sceptics argue that, judged in historical terms, the present world economy remains far from closely integrated. By comparison with the *belle époque* of 1890–1914 both the magnitude and geographical scale of flows of trade, capital and migrants are currently of a much lower order (Gordon 1988; Weiss 1998; Hirst and Thompson 1999). Although today gross flows of capital between the world's major economies are largely unprecedented, the actual net flows between them are considerably less than at the start of the twentieth century (Zevin 1992). Many of these economies are less open to trade than in the past, and this is also the case for many developing countries (Hoogvelt 1997; Hirst and Thompson 1999). In addition, the scale of nineteenth-century migration across the globe dwarfs that of the present era by a significant magnitude (Hirst and Thompson 1999). In all these respects, the contemporary world economy is significantly less open and globalized



than its nineteenth-century counterpart. It is also, argue the sceptics, significantly less integrated.

If economic globalization is associated with the integration of separate national economies, such that the actual organization of economic activity transcends national frontiers, then a global economy might be said to be emerging. Theoretically, in a globalized economy world market forces take precedence over national economic conditions as the real values of key economic variables (production, prices, wages and interest rates) respond to global competition. Just as local economies are submerged within national markets so, suggests the strong sceptical position, the real test of economic globalization is whether world trends confirm a pattern of global economic integration, that is, the existence of a single global economy (Hirst and Thompson 1999). In this respect the evidence, it is argued, falls far short of the exaggerated claims of many globalists. Even among the OECD states, undoubtedly the most interconnected of any economies, the contemporary trends suggest only a limited degree of economic and financial integration (Feldstein and Horioka 1980; Neal 1985; Zevin 1992; Jones 1995; Garrett 1998). Whether in respect of finance, technology, labour or production the evidence fails to confirm either the existence or the emergence of a single global economy (Hirst and Thompson 1999). Even multinational corporations, it is concluded, remain predominantly the captives of national or regional markets, contrary to their popular portrayal as 'footloose capital' (Tyson 1991; Ruigrok and Tulder 1995).

In contrast to the globalists, the sceptics interpret current trends as evidence of a significant, but not historically unprecedented, internationalization of economic activity, that is, an intensification of linkages between separate national economies. Internationalization complements, rather than displaces, the predominantly national organization and regulation of contemporary economic and financial activity, conducted by national or local public and private entities. All economics is considered principally national or local. Even the trend towards internationalization repays careful scrutiny; for it betrays a concentration of trade, capital and technological flows between the major OECD states to the exclusion of much of the rest of the world. As Hoogvelt (1997, 2001) notes, in the post-war period (1950–95) developing countries' share of world exports and outward foreign investment declined from 33 per cent to 27.7 per cent and from 50 per cent to 16.5 per cent respectively. The structure of world economic activity is dominated (and increasingly so) by the OECD economies and the growing links between them (Jones 1995). By far the largest proportion of humanity remains excluded from the so-called global market; there is a growing gap between North and South.

Far from an integrated global economy, the sceptical analysis confirms the increasing concentration of world economic activity within three core blocs, each with its own centre and periphery; namely, Europe, Asia-Pacific and the Americas. This triadization of the world economy is associated with a growing tendency towards economic and financial interdependence *within* each of these three zones at the expense of integration between them (Lloyd 1992; Hirst and Thompson 1999). This growing regionalization of economic activity is further evident in the evolution of the formal structures of APEC, NAFTA, MERCOSUR, ASEAN and the EU and in the regional production and marketing strategies of multinational corporations and national firms (G. Thompson 1998a). Far from the present being an era of economic globalization, it is, especially by comparison with the *belle époque*, one defined by the growing segmentation of the world economy into a multiplicity of regional economic

zones dominated by powerful mercantilist forces of national economic competition and economic rivalry (Hart 1992; Sandholtz et al. 1992).

If the sceptical argument dismisses evidence of a globalized economy, it is equally critical of the proposition that the current era is defined by the existence of a nascent global capitalism. While not denying that capitalism, following the collapse of state socialism, is the 'only economic game in town' or that capital itself has become significantly more internationally mobile, such developments, it is argued, should not be read as evidence of a new globalized ('turbo') capitalism, transcending and subsuming national capitalisms (Callinicos et al. 1994; Ruigrok and Tulder 1995; Boyer and Drache 1996; Hirst and Thompson 1999). On the contrary, distinct capitalist social formations continue to flourish on the models of the European social-democratic mixed economy, the American neoliberal project and the developmental state of East Asia (Wade 1990). Despite the aspirations of its most powerful protagonists, the neoliberal tide of the 1990s has not forced a genuine or substantive convergence between these; nor can it claim a serious victory over its competitors (Scharpf 1991; Hart 1992). The 'end of history', in this respect, has turned out to be short-lived. The idea of global capitalism, personified by the business empires of figures such as George Soros and Bill Gates, may have great popular appeal but it is, ultimately, an unsatisfactory and misleading concept since it ignores the diversity of existing capitalist forms and the rootedness of all capital in discrete national capitalist structures.

Although the images of foreign exchange dealing rooms in New York or London reinforce the idea that capital is essentially 'footloose', the reality, suggest the sceptics, is that all economic and financial activity, from production, research and development to trading and consumption, has to take place somewhere. To talk of the 'end of geography' is a serious exaggeration when place and space remain such vital determinants of the global distribution of wealth and economic power. Granted that, in a world of almost real-time communication, corporate capital and even small businesses may have the option of greater mobility, the fate of firms, large or small, is still primarily determined by local and national competitive advantages and economic conditions (Porter 1990; Ruigrok and Tulder 1995; G. Thompson 1998b). Even among the most substantial multinationals, competitive advantages are largely rooted in their respective national systems of innovation, while production and sales tend to be strongly regionally concentrated (Ruigrok and Tulder 1995; Thompson and Allen 1997). In effect, multinationals are little more than 'national corporations with international operations' since their home base is such a vital ingredient of their continued success and identity (Hu 1992) – a point British Airways learnt to its cost when its frequent flyers (predominantly of non-British origin) forced the airline to reconsider its policy of replacing the Union Jack with global images on its aircraft tailplanes. Furthermore, a brief glance at the Fortune 500 list of the world's largest companies would confirm this since few are headquartered outside the US, UK, Germany or Japan. Indeed, closer inspection of the list would reveal the 'myth' of global capitalism as a convenient cover for the internationalization of American business above all else (Callinicos et al. 1994; Burbach et al. 1997). Governments, or at least the more powerful among them, thus retain considerable bargaining power with MNCs because they control access to vital national economic resources.

In dismissing the idea of 'footloose capital', the sceptical argument undermines the proposition that there is a new pattern of interdependence emerging between North and South. There is, the sceptics acknowledge, a popular belief that the



deindustrialization of OECD economies is primarily a consequence of the export of manufacturing business and jobs to emerging economies and less developed economies, where wage rates are lower and regulatory requirements much less stringent. This interdependence between North and South is taken by some to define a new international division of labour in which developing economies are moving away from primary products to manufacturing, while the OECD economies are shifting from manufacturing to services. But the actual evidence, the sceptics suggest, does not bear out such a dramatic shift, while the argument overgeneralizes from the East Asian experience (Callinicos et al. 1994; Hirst and Thompson 1996). The bulk of the world's poorest economies remain reliant on the export of primary products, while the OECD economies continue to dominate trade in manufactured goods (Hirst and Thompson 1999). Deindustrialization cannot be traced to the effects of foreign trade, especially cheap exports from the developing world, but rather is a consequence of technological change and changes in labour market conditions throughout the OECD economies (Rowthorn and Wells 1987; Krugman 1994, 1995). By exaggerating the changes in the international division of labour there is a serious risk of overlooking the deeper continuities in the world economy. Despite internationalization and regionalization, the role and position of most developing countries in the world economy have changed remarkably little over the entire course of the last century (Gordon 1988). The present international division of labour is one Marx would instantly recognize.

If the international division of labour has changed only marginally, so also has the governance of the world economy. Although the post-1945 era witnessed significant institutional innovations in international economic governance, especially with the creation of a multilateral system of economic surveillance and regulation – the Bretton Woods regime – the actions of the US, as the world's largest single economic agent, remain critical to the smooth functioning of the world economy. In effect, the governance of the world economy still remains reliant, especially in times of crisis, on the willingness of the most powerful state(s) to police the system – as the East Asian crash of 1997–8 demonstrated so dramatically. However, even in more stable times, it is the preferences and interests of the most economically powerful states, in practice the G7 governments, that take precedence. Economic multilateralism has not rewritten the basic rules of international economic governance, argue the sceptics, for it remains a realm in which might trumps right: where the clash of competing national interests is resolved ultimately through the exercise of national power and bargaining between governments (Gilpin 1987; Sandholtz et al. 1992; Kapstein 1994). In this respect, multilateral institutions have to be conceived as instruments of states – and the most powerful states at that.

Of course, it is not part of the sceptical argument that the governance of the world economy has not changed at all in response to growing internationalization and, especially, regionalization (Hirst and Thompson 1999). There is, on the contrary, a strong recognition that the most pressing issue confronting the guardians of the world economy, in the aftermath of the East Asian crash, is how to reform and strengthen the Bretton Woods system (Kapstein 1994; Hirst and Thompson 1999). Furthermore, there is an acknowledgement of growing tensions between the rule-making activities of multilateral bodies, such as the WTO, and regional bodies such as the EU. New issues, from the environment to food production, have found their way on to the governance agenda too. Many of these are highly politicized since they bite

deep into the sovereign jurisdiction of states – the very core of modern statehood itself.

Nevertheless, national governments, the sceptics hold, remain central to the governance of the world economy, since they alone have the formal political authority to regulate economic activity. As most states today rely, to varying degrees, on international flows of trade and finance to ensure national economic growth, the limits to, and the constraints on, national economic autonomy and sovereignty have become more visible, especially in democratic states. Historically, however, these constraints are no greater than in previous epochs when, as noted previously, international interdependence was much more intense. Paradoxically, the *belle époque* was precisely the era during which nation-states and national economies were being forged (Gilpin 1981; Krasner 1993). Thus, contemporary conditions pose no real threat to national sovereignty or autonomy. Far from economic interdependence necessarily eroding national economic autonomy or sovereignty, it can be argued to have enhanced the national capabilities of many states. Openness to global markets, many economists argue, provides greater opportunities for sustained national economic growth. As the experience of the East Asian 'tigers' highlighted, global markets are entirely compatible with strong states (Weiss 1998). But even in those contexts where state sovereignty appears to be significantly compromised by internationalization, as in the case of the European Union, national governments, according to the sceptical interpretation, effectively pool sovereignty in order to enhance, through collective action, their control over external forces. Rather than conceiving of national governments as simply captives of external economic forces, the sceptical position acknowledges their critical role (especially that of the most powerful) in creating the necessary national and international conditions for global markets to exist in the first place. In this respect, states are both the architects and the subjects of the world economy.

As subjects, however, states do not respond in identical ways to the dynamics of world markets or to external economic shocks. While international financial markets and international competition may well impose similar kinds of economic disciplines on all governments, this does not necessarily prefigure a convergence in national economic strategies or policies. Such pressures are mediated by domestic structures and institutional arrangements which produce enormous variations in the capacity of national governments to respond (Garrett and Lange 1996; Weiss 1998). States can and do make a difference, as the continuing diversity of capitalist forms indicates. This is especially the case in relation to macroeconomic and industrial policy, where significant national differences continue to exist even within the same regions of the world (Dore 1995; Boyer and Drache 1996; Garrett 1998). Nor is there much convincing evidence to suggest that international financial disciplines by themselves either preclude governments from pursuing progressive and redistributive economic strategies or, alternatively, prefigure the demise of the welfare state or robust policies of social protection (Garrett 1996, 1998; Rieger and Liebfried 1998; Hirst and Thompson 1999). The fact that levels of national welfare spending and social protection continue to differ considerably, even within the EU, points to the absurdity of the latter argument. In the judgement of the sceptics, national governments remain, for the most part, the sole source of effective and legitimate authority in the governance of the world economy, while also being the principal agents of international economic coordination and regulation – a condition reinforced by the growing reassertion of state power following the events of 11 September 2001.



## The new global economy

For the globalists this conclusion is hard to credit, for it overlooks the ways in which national governments are having to adjust constantly to the push and pull of global market conditions and forces. Contesting both the sceptics' evidence, and their interpretation of world economic trends, the globalist account points to the historically unprecedented scale and magnitude of contemporary global economic integration (O'Brien 1992; Altvater and Mahnkopf 1997; Greider 1997; Rodrik 1997; Dicken 1998). Daily turnover on the world's foreign exchange markets, for instance, currently exceeds some sixty times the annual level of world exports, while the scale and intensity of world trade far exceeds that of the *belle époque*. Global production by multinational corporations is considerably greater than the level of world exports, and encompasses all the world's major economic regions. Migration, though perhaps slightly smaller in magnitude than in the nineteenth century, nevertheless has become increasingly globalized. National economies, with some exceptions, are presently much more deeply enmeshed in global systems of production and exchange than in previous historical eras, while few states, following the collapse of state socialism, remain excluded from global financial and economic markets. Patterns of contemporary economic globalization have woven strong and enduring webs across the world's major regions such that their economic fates are intimately connected.

Although the global economy, conceived as a singular entity, may not be as highly integrated as the most robust national economies, the trends, argue the globalists, point unambiguously towards intensifying integration within and across regions. The operation of global financial markets, for example, has produced a convergence in interest rates among the major economies (Fukao 1993; Gagnon and Unferth 1995). Financial integration also brings with it a contagion effect in that economic crisis in one region, as the East Asian crash of 1997–8 demonstrated, rapidly acquires global ramifications (Godement 1999). Alongside financial integration the operations of multinational corporations integrate national and local economies into global and regional production networks (Castells 1996; Gereffi and Korzeniewicz 1994; Dicken 1998). Under these conditions, national economies no longer function as autonomous systems of wealth creation since national borders are increasingly marginal to the conduct and organization of economic activity. In this 'borderless economy', as the more radical globalists conceive it, the distinction between domestic economic activity and global economic activity, as the range of products in any superstore will confirm, is becoming increasingly difficult to sustain (Ohmae 1990).

Accordingly, the contemporary phase of economic globalization, the globalists suggest, is distinguished from past phases by the existence of a single global economy transcending and integrating the world's major economic regions (Geyer and Bright 1995; Dickson 1997; Scholte 1997; Dicken 1998; Frank 1998). By comparison with the *belle époque*, an era distinguished by relatively high levels of trade protectionism and imperial economic zones, the present global economy is considerably more open and its operations impact upon all countries, even those nominally 'pariah' states such as Cuba or North Korea (Nierop 1994). Nor has the growth of regionalism produced a sharp division of the world into competing blocs; for the regionalization of economic activity has not been at the expense of economic globalization (Lloyd 1992; Anderson and Blackhurst 1993; Anderson and Norheim 1993). On the contrary, regionalism has

largely facilitated and encouraged economic globalization since it offers a mechanism through which national economies can engage more strategically with global markets (Gamble and Payne 1991; Hanson 1998). Furthermore, there is little evidence to suggest, as do many sceptics, that a process of triadization is occurring in so far as economic interdependence between the three major centres of the global economy – the US, Japan and Europe – appears itself to be intensifying (Ohmae 1990; Dunning 1993; Greider 1997; Perraton et al. 1997; Dicken 1998; Haass and Liton 1998). Although the contemporary global economy is structured around three major centres of economic power – unlike the *belle époque* or the early postwar decades of US dominance – it is best described as a post-hegemonic order in so far as no single centre can dictate the rules of global trade and commerce (Gill 1992; Geyer and Bright 1995; Amin 1996). Of course, it remains a highly stratified order in that by far the largest share of global economic flows – such as trade and finance – are concentrated among the major OECD economies. But the dominance of OECD economies is being diluted as economic globalization significantly alters the geography of world economic activity and power.

Over the last few decades developing economies' shares of world exports and foreign investment flows (inwards and outwards) have increased considerably (Castells 1996; Dicken 1998; UNCTAD 1998a, 1998c). In 2000 they accounted for 27 per cent of world manufactured export, by comparison with 17 per cent in 1990; and by 2001 their share of FDI (inflow) was 28 per cent compared to 18 per cent in 1986 (WTO 2002; UNCTAD 2002). The NICs of East Asia and Latin America have become an increasingly important destination for OECD investment and an increasingly significant source of OECD imports – São Paulo, it is sometimes quipped, is Germany's largest industrial city (Dicken 1998). By the late 1990s almost 50 per cent of total world manufacturing jobs were located in developing economies, while over 60 per cent of developing country exports to the industrialized world were manufactured goods, a twelvefold increase in less than four decades (UNDP 1998). Contrary to the sceptical interpretation, contemporary economic globalization is neither solely, nor even primarily, an OECD phenomenon but, rather, embraces all continents and regions (UNCTAD 1998c).

By definition, the global economy is a capitalist global economy in that it is organized on the basis of market principles and production for profit. Historically, apart from the division of the world into capitalist and state socialist camps during the Cold War era, many would argue this has been the case since early modern times, if not since much before that (Wallerstein 1974; Braudel 1984; Fernández-Armesto 1995; Geyer and Bright 1995; Frank and Gills 1996; Frank 1998). However, what distinguishes the present global capitalist economy from that of prior epochs, argue the globalists, is its particular historical form. Over recent decades, the core economies in the global system have undergone a profound economic restructuring. In the process they have been transformed from essentially industrial to post-industrial economies (Piore and Sabel 1984; Castells 1996). Just as the twentieth century witnessed the global diffusion of industrial capitalism, so at the century's end post-industrial capitalism began to take its place.

With this restructuring has come a dramatic alteration in the form and organization of global capitalism. In variously referring to 'global informational capitalism', 'manic capitalism', 'turbo-capitalism', or 'supraterritorial capitalism', commentators seek to capture the qualitative shift occurring in the spatial organization and dynamics of this new global capitalist formation (Castells 1996; Greider 1997; Scholte 1997; Luttwak



1999). In the age of the Internet, to simplify the argument, capital – both productive and financial – has been liberated from national and territorial constraints, while markets have become globalized to the extent that the domestic economy constantly has to adapt to global competitive conditions. In a wired world, software engineers in Hyderabad can do the jobs of software engineers in London for a fraction of the cost. Inscribed in the dynamics of this new global capitalism is a powerful imperative towards the denationalization of strategic economic activities.

Central to the organization of this new global capitalist order is the multinational corporation. In 2001 there were approximately 65,000 MNCs worldwide with 850,000 foreign subsidiaries selling \$18.5 trillion of goods and services across the globe (UNCTAD 2002). Today transnational production considerably exceeds the level of global exports (\$7.4 trillion) 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, 11 per cent of world GDP (compared to 7 per cent in 1990), 54 million direct jobs and 70 per cent of world trade (Perraton et al. 1997; UNCTAD 2002). They span every sector of the global economy from raw materials, to finance, to manufacturing, integrating and reordering economic activity within and across the world's major economic regions (Gill 1995; Castells 1996; Amin 1997). In the financial sector multinational banks are by far the major actors in global financial markets, playing a critical role in the management and organization of money and credit in the global economy (Walters 1993; Germain 1997). It is global corporate capital, rather than states, contend the globalists, that exercises decisive influence over the organization, location and distribution of economic power and resources in the contemporary global economy.

Contemporary patterns of economic globalization, the globalists also argue, have been accompanied by a new global division of labour brought about, in part, by the activities of multinationals themselves (Johnston et al. 1995; Hoogvelt 1997). The restructuring (deindustrialization) of OECD economies can be directly related to the outsourcing of manufacturing production by multinationals to the newly industrializing and transition economies of Asia, Latin America and Eastern Europe (Reich 1991; Wood 1994; Rodrik 1997). NICs now account for a significant proportion of global exports and, through integration into transnational production networks, have become extensions of, as well as competitors of, businesses in metropolitan economies. In this respect, globalization is reordering developing countries into clear winners and losers. 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 while the rest survive on the margins. Thus, contemporary economic globalization brings with it an increasingly unified world for elites – national, regional and global – but increasingly divided nations as the global workforce is segmented, within rich and poor countries alike, into winners and losers. The old North–South international division of labour is giving way, suggest the globalists, to a new global division of labour, which involves a reordering of interregional economic relations and a new pattern of wealth and inequality, transcending both post-industrial and industrializing economies (Reich 1991; Amin 1997; Hoogvelt 1997; Rodrik 1997; Castells 1998; Dicken 1998).

One of the central contradictions of this new order pertains to its governance. For 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, jealously guarding their national sovereignty, refuse to cede them substantial power (Zürn 1995). Under these conditions, assert some of the more radical globalists, world markets effectively escape political regulation such that economic globalization is in danger of creating a 'runaway world' (Giddens 1999). Governments, therefore, have no real option other than to accommodate to the forces of economic globalization (Amin 1996; Cox 1997). Furthermore, the existing multilateral institutions of global economic governance, especially the IMF, World Bank and WTO, in so far as they advocate and pursue programmes which simply extend and deepen the hold of global market forces on national economic life, have become the agents of global capital and the G7 states (Gill 1995; Korten 1995; Cox 1996). For the most part, the governance structures of the global economy operate principally to nurture and reproduce the forces of economic globalization, while also acting to discipline this nascent 'global market civilization' (Gill 1995; Korten 1995; Burbach et al. 1997; Hoogvelt 1997; Scholte 1997).

While accepting many of the precepts of this radical globalist position, others conceive the governance structures of the global economy as having considerable autonomy from the dictates of global capital and/or the G7 states (Rosenau 1990; Shaw 1994; Shell 1995; Cortell and Davies 1996; Castells 1997; Hasenclever et al. 1997; Milner 1997; Herod et al. 1998). According to these authors, multilateral institutions have become increasingly important sites through which economic globalization is contested, by weaker states and the agencies of transnational civil society, while the G7 states and global capital find themselves on many occasions at odds with their decisions or rules. 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 social forces (Keohane 1984, 1998; Ruggie 1993a; Hasenclever et al. 1997; Roberts 1998). Alongside these global institutions also exist a parallel set of regional bodies, from MERCOSUR to the EU, which constitute another dimension to what is an emerging system of multilayered economic governance (Rosenau 1990, 1997; Ruggie 1993b). Within the interstices of this system operate the social forces 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 (Falk 1987; Ekins 1992; Scholte 1993; Burbach et al. 1997; Castells 1997; Rosenau 1997). In this respect, the politics of global economic governance is much more pluralistic than the sceptics admit in so far as global and regional institutions exercise considerable independent authority. Economic globalization has been accompanied by a significant internationalization of political authority associated with a corresponding globalization of political activity.

Since national governments are deeply embedded in this system of multilayered economic governance, their role and power continues to be qualified decisively by economic globalization (Reich 1991; Ohmae 1995; Sassen 1996; Rosenau 1997). Some fervent globalists regard nation-states as increasingly 'transitional modes of economic organization and regulation' since, in an age of global markets, it is believed they can no longer effectively manage or regulate their own national economies (Ohmae 1995). Sandwiched between the constraints of global financial markets and the exit options of mobile productive capital, national governments across the globe have been forced to adopt increasingly similar (neoliberal) economic strategies which promote financial discipline, limited government and sound economic management (Gill 1995;



Strange 1996; Amin 1997; Greider 1997; Hoogvelt 1997; Scholte 1997; Yergin and Stanislaw 1998; Luttwak 1999). As global competition intensifies, governments are increasingly unable to maintain existing levels of social protection or welfare state programmes without undermining the competitive position of domestic business and deterring much-needed foreign investment (Reich 1991; Cox 1997; Greider 1997; Scholte 1997; Gray 1998). Borrowing to increase public expenditure or raising taxes to do so are both equally constrained by the dictates of global financial markets (Gourevitch 1986; Frieden 1991; Garrett and Lange 1991; Cox 1997; Germain 1997). Some globalists interpret economic globalization as prefiguring the end of the welfare state and social democracy, while others point less dramatically to a growing convergence across the globe towards more limited welfare state regimes (Gourevitch 1986; Rodrik 1997; Gray 1998; Pieper and Taylor 1998). Nevertheless, there is agreement that the economic autonomy, sovereignty and social solidarity of contemporary states are being transformed by contemporary processes of economic globalization (Zacher 1992; Ohmae 1995; Cable 1996; Sassen 1996; Strange 1996; Altvater and Mahnkopf 1997; Amin 1997; Castells 1997; Cox 1997; Greider 1997; Jessop 1997; Rosenau 1997; Scholte 1997; Shaw 1997).

## V Divided World, Divided Nations

Contemporary economic globalization, according to a recent UNDP report, is associated with an accelerating gap between rich and poor states, as well as between peoples, in the global economy (UNDP 1999). By determining the location and distribution of wealth and productive power in the world economy, globalization defines and reconfigures worldwide patterns of hierarchy and inequality. This has profound implications for human security and world order in so far as global inequalities condition the life chances of individuals and collectivities, not to mention creating the preconditions for a more unstable and unruly world (Herod et al. 1998; Hurrell 1999). Not surprisingly, the problem of global inequality has become one of the most pressing and contentious issues on the global agenda.

While there is considerable public and academic debate about global inequalities, the discussion does not readily crystallize into a neat dialogue between sceptics and globalists. There is much disagreement among both sceptics and globalists about the causes of, as well as the appropriate remedies for, global inequality.

In analysing contemporary patterns of global inequality, globalists tend to identify economic globalization as the primary culprit. In contrast, the sceptics tend to deny its significance, emphasizing instead the historical reality of imperialism and/or geopolitics. Yet, these contrasting interpretations are also associated within each camp with quite different ethical positions and distinctive assessments of the consequences of economic globalization for both national and international solidarity and, ultimately, the governance and stability of the present world order.

### One world or many?

Among those globalists of a neoliberal persuasion contemporary economic globalization is taken to embody the creation of a single global market which, through the

operation of free trade, capital mobility and global competition, is the harbinger of modernization and development (Ohmae 1990, 1995; Perlmutter 1991). Pointing to the East Asian economic miracle and the Latin American experience of the early to mid 1990s (and, indeed, to the quick recovery of many of these economies from the economic turmoil of 1997–8), neoliberals emphasize that the solution to global inequalities is to be found in pursuing policies of openness to global capital and global competition, and in seeking closer integration within the global economy. While there is a recognition that economic globalization generates losers as well as winners, neoliberals stress the growing diffusion of wealth and affluence throughout the world economy. Global poverty, by historical standards, has fallen more in the last fifty years than in the past five hundred and the welfare of people in almost all regions has improved significantly over the last few decades (UNDP 1997). The world has become increasingly middle class. Rather than the old North–South fracture, a new worldwide division of labour is said to be replacing the traditional core–periphery model of global economic relations. As a result, the ‘Third World’ is becoming increasingly differentiated as more states, taking advantage of open global markets, become industrialized; South Korea, for instance, is now a member of the OECD, the Western club of ‘rich’ nations, while many other industrializing states aspire to membership. Recognizing both economic and moral limits to the pursuit of global equality, neoliberals remain willing to accept the ‘natural’ inequalities created by the global market when measured against the loss of liberty – and economic efficiency – entailed by multilateral intervention to redress the consequences of uneven economic globalization (Ohmae 1995).

Amongst neoliberals, economic globalization is associated with growing global affluence: extreme poverty and global inequality are regarded as transitional conditions that will evaporate with market-led global modernization. Economic globalization, it is argued, establishes the preconditions for a more stable and peaceful world order since enduring economic interdependence, as relations between Western states confirm, makes the resort to military force or war increasingly irrational and, therefore, increasingly unlikely (Mitrany 1975; Howard 1981; Mueller 1989; Russett 1993).

Those globalists of a social democratic or radical persuasion offer a rather different interpretation. Economic globalization, they argue, is directly responsible for widening disparities in life chances across the globe – a deepening polarization of income and wealth (Beetham 1995; Commission on Global Governance 1995; Falk 1995a; Gill 1995; Bradshaw and Wallace 1996; Castells 1997; Greider 1997; Hoogvelt 1997; Gray 1998; UNDP 1999). Three related patterns are evident: the segmentation of the global workforce into those who gain and those who lose from economic globalization; the growing marginalization of the losers from the global economy; and the erosion of social solidarity within nations as welfare regimes are unable, or governments unwilling, to bear the costs of protecting the most vulnerable (Lawrence 1996; Castells 1997; Cox 1997; Dicken 1998; Gray 1998; Scharpf 1999). Economic globalization creates a more affluent world for some at the expense of growing poverty for others. That poverty, however, is no longer confined to the South, the developing world, but is on the rise in sectors of the affluent North as well (Birdsall 1998; UNDP 1999).

Furthermore, globalization, it is argued, is responsible for the growing globalization of poverty, not simply inequality. Within OECD economies, unemployment and social exclusion have increased as many low-skilled and semi-skilled jobs have been relocated to more profitable ventures in developing countries (Rodrik 1997; Castells



1998). This global economic restructuring brings with it a horizontal segmentation of the workforce, within rich and poor countries alike, into winners and losers from global capitalism (Castells 1997). This divides nations, forcing some into poverty, and erodes the basis of social solidarity. In advanced economies global competition undermines the social and political coalitions necessary for strong welfare regimes and policies of social protection while, in the developing world, SAPs overseen by the IMF and World Bank severely limit government welfare spending. Today the globalization of poverty, it is suggested, is increasingly a matter of vital and shared global concern (Dickson 1997). By dividing states and peoples it engenders a deepening fragmentation of world order and societies, generating the conditions for a more unstable world. Unless economic globalization is tamed, so the argument goes, a new barbarism will prevail as poverty, social exclusion and social conflict envelop the world.

What is required is a new global ethic which recognizes 'a duty of care' beyond borders, as well as within them, and a global new deal between rich and poor states. This involves rethinking social democracy as a purely national project, recognizing that if it is to remain effective in a globalizing economy, it has to be embedded in a reformed and much stronger system of global governance which seeks to combine human security with economic efficiency (Held 1995; Giddens 1999; UNDP 1999). A reconstituted social democratic project requires the coordinated pursuit of national, regional and global programmes to regulate the forces of economic globalization – to ensure, in other words, that global markets begin to serve the world's peoples rather than vice versa. Extending social democracy beyond borders also depends on strengthening solidarities between those social forces, in different regions of the world, that seek to contest or resist the terms of contemporary economic globalization. Just as the Bretton Woods system established a world economic order conducive to the pursuit of national social democracy, a new global (social democratic) compact is required, argue many globalists, in order to tame the forces of economic globalization and to create a more just and humane world order.

### The challenge of enduring inequality

To the sceptics, especially of a traditional Marxist disposition, the prospect of a global New Deal is decidedly utopian. While acknowledging that contemporary capitalism is creating a more divided and unruly world, it is, many would argue, sheer political naivety to assume that those states, corporations and social forces that benefit most from the present liberal world order are ever likely to consent to its effective reform, let alone its transformation (Callinicos et al. 1994; Burbach et al. 1997). In this account, core and periphery – First World and Third World – remain very much a fundamental feature of the current world order. Rather than international capital creating 'one world' it has been accompanied by deepening global inequality through the marginalization of most Third World economies, as trade and investment flows among OECD economies intensify to the exclusion of much of the rest of the globe. Rather than a new global division of labour, this radical sceptical account points to a deepening North–South fracture (Burbach et al. 1997).

Central to this account is a conception of contemporary economic internationalization as a new mode of Western imperialism. Today 50 per cent of the world's population and two-thirds of its governments are bound by the disciplines of the IMF or the World

Bank (Pieper and Taylor 1998). As the East Asian crisis demonstrated, even the most affluent industrializing states are subject to the rule of G7 governments, particularly the US. Economic internationalization reinforces, rather than replaces, historical patterns of dominance and dependence such that the possibilities for real development remain effectively blocked. As poverty increases, the conflict between North and South deepens, while the affluent West, through various mechanisms from NATO to the World Bank, resorts to a form of 'global riot control' to consolidate its power and secure its economic fortunes. The internationalization of capital is creating an increasingly unruly and violent world in which poverty, deprivation and conflict are the daily reality for most of the world's peoples. In this context, reforming the architecture of the present economic order is a futile gesture when what is required to end imperialism is national revolutionary change in both the metropolises and the periphery. Only a socialist international order, in which socialist states are the essential building blocks, can eradicate global poverty through the determined redistribution of wealth and privilege (Callinicos et al. 1994).

By contrast, those sceptics of a more realist disposition regard such prescriptions as pure idealism, if not fantasy, in a world that has recently witnessed the complete collapse of state socialism. The problem of global inequality, they suggest, is actually one of the more intractable international issues on the global agenda and one which denies effective resolution (Krasner 1985). In this respect, while they may concede that economic internationalization is associated with a growing polarization between rich and poor states, they do not consider it to be the sole, or even primary, cause of growing inequality. National factors, from resource endowments to economic policies, are just as, if not more, important as determinants of the pattern of global inequality (Gilpin 1987). To presume that it can be moderated, let alone eradicated, through coordinated international intervention, or the creation of a socialist world order, is a categorical mistake. For inequality is inscribed in the very structure of world order since a global hierarchy of power is a consequence of a system which ranks states according to their national economic and military endowments (Gilpin 1981; Krasner 1985; Clark 1989; Krasner 1993; K. W. Thompson 1994). Moreover, the hierarchy of power, realists argue, is essential to the maintenance of a stable international order, since in an anarchic – that is, self-help – states system peace and security ultimately depend on the willingness of the most powerful states to police the system. Hierarchy, and thereby inequality, is a vital ingredient of the realist conception of world order, and the basis for effective international governance (Woods 1999). Moderating global inequalities may be a moral aspiration but it is not necessarily a rational one if it undermines the principal basis of international order. Nor, in a system in which states constantly struggle to maintain their power and influence over others, is it a feasible aspiration. Multilateral attempts to redress global inequalities, by taming the power of global markets, are doomed necessarily to failure, since the weak have no effective means to coerce the strong into taking actions which by definition threaten their power and wealth (Krasner 1985). For these reasons, among others, sceptics express a certain antipathy towards, and reservations about, grand projects to establish a more equal and just world order (Woods 1999). Paradoxically, they reason, such a world order is likely to be neither more secure nor more peaceful than the present unjust one. This does not mean that those of a realist persuasion necessarily regard rising inequality as either morally defensible or politically sustainable in the long run, but they consider that it remains a problem without any effective means of international resolution (Krasner 1985).



It is only within the borders of the nation-state – the nation as a moral community of fate – that legitimate and effective solutions to the problem of global inequality can be realized. Such solutions will always be partial and limited since governments cannot realistically aspire to redress all the external sources of domestic inequality. Although international cooperation between states may make it feasible to redress some of the worst excesses of the global market, in the end inequalities can only be moderated successfully and legitimately through the apparatus of national welfare regimes and the determined pursuit of national wealth and economic power. National governments, conclude the sceptics, remain the only proper and proven structures for mediating and redressing the worst consequences of uneven economic internationalization and, thereby, realizing the ‘good community’ (Hirst and Thompson 1999).

## VI World Orders, Normative Choices

Throughout the modern period concepts of the political good have generally been elaborated at the level of state institutions and practices; the state has been at the intersection of intellectually and morally ambitious conceptions of political life (Dunn 1990: 142–60). Political theory, by and large, has taken the nation-state as a fixed point of reference and has sought to place the state at the centre of interpretations of the nature and proper form of the political good. Relations among states have of course been analysed; but they have rarely been examined, especially in recent times, as a central element of political theory and political philosophy. The central element has been the territorial political community and its many possible relations to what is desirable or politically good.

### The ethically bounded political community

The theory and practice of liberal democracy has added important nuances to this position. For within the framework of liberal democracy, while territorial boundaries and the nation-state demarcate the proper spatial limits of the political good, the articulation of the latter is directly linked to the citizenry. Theories of the modern state tend to draw a sharp contrast between the powers of the state and the power of the people (Skinner 1989). For theorists of the state such as Hobbes, the state is the supreme political reference point within a specific community and territory; it is independent of subjects and rulers, with distinctive political properties (1968: chs 16–19). By contrast, theorists of democracy tend to affirm the idea of the people as the active sovereign body with the capacity, in principle, to make or break governments. As Locke bluntly put it, ‘the *Community* perpetually retains a *Supream Power*’ over its lawmakers and legislature (1963: 413; see also 1963: 477). The political good inheres in, and is to be specified by, a process of political participation in which the collective will is determined through the medium of elected representatives (Bobbio 1989: 144). Rightful power or authority, that is, sovereignty, is vested in the people, subject to various entrenched rules, procedures and institutions which constitute national constitutional agreements and legal traditions. The democratic good unfolds in the context of these delimiting or self-binding mechanisms (Holmes 1988; Dahl 1989).

The theory of the political good in the modern territorial polity rests on a number of assumptions which repay an effort of clarification (see Miller 1999). These are that a political community is properly constituted and bounded when:

- 1 Its members have a common socio-cultural identity; that is, they share an understanding, explicit or implicit, of a distinctive culture, tradition, language and homeland, which binds them together as a group and forms a (if not the) basis (acknowledged or unacknowledged) of their activities.
- 2 There is a common framework of ‘prejudices’, purposes and objectives that generates a common political ethos; that is, an imagined ‘community of fate’ which connects them directly to a common political project – the notion that they form a people who should govern themselves.
- 3 An institutional structure exists – or is in the process of development – which protects and represents the community, acts on its behalf and promotes the collective interest.
- 4 ‘Congruence’ and ‘symmetry’ prevail between a community’s ‘governors’ and ‘governed’, between political decision-makers and decision-takers. That is to say, national communities exclusively ‘programme’ the actions, decisions and policies of their governments, and the latter determine what is right or appropriate for their citizens.
- 5 Members enjoy, because of the presence of conditions 1–4, a common structure of rights and duties, that is, they can lay claim to, and can reasonably expect, certain kinds of equal treatment, that is, certain types of egalitarian principles of justice and political participation.

According to this account, which in this context can be referred to as the sceptical analysis of the political good, appropriate conceptions of what is right for the political community and its citizens follow from its cultural, political and institutional roots, traditions and boundaries. These generate the resources – conceptual, ethical and organizational – for the determination of its fate and fortunes. Underpinning this understanding of the bounded community is a principle of justification which includes a significant communitarian line of thought: ethical discourse cannot be detached from the ‘form of life’ of a community; the categories of political discourse are integral to a particular tradition; and the values of such a community take precedence over individual or global requirements (Walzer 1983; Miller 1988; MacIntyre 1981, 1988).

### A global ethic

Globalists take issue with each of the above propositions, concluding that the political good today can only be disclosed by reflection on the diversity of the ‘communities of fate’ to which individuals and groups belong, and the way in which this diversity is reinforced by the political transformations globalization has brought in its wake. According to this globalist interpretation, the political good is entrenched in overlapping communities, and in an emergent transnational civil society and global polity. Disputes about the political good should be disputes about the nature and proper form of the developing global order. The basis of this globalist view can be grasped from a critique of the above five points.

First, shared identity in political communities historically has been the result of intensive efforts of political construction; it has never been a given (see pp. 14–16; cf. Gellner 1983; B. Anderson 1983; Smith 1986, 1995). Even within the boundaries of old-established communities, cultural and political identity is often disputed by and



across social classes, gender divisions, local allegiances, ethnic groupings and the generations. The existence of a shared political identity cannot simply be read off vociferously proclaimed symbols of national identity. The meaning of such symbols is contested and the 'ethos' of a community frequently debated. The common values of a community may be subject to intense dispute. Justice, accountability, the rule of law and welfare are just a few terms around which there may appear to be a shared language, and yet fiercely different conceptions of these may be present (Held 1991: 11–21). In fact, if by a political consensus is meant normative integration within a community, then it is all too rare (Held 1996: part 2; and see below). Political identity is only by exception, for instance during wars, a singular, unitary phenomenon. Moreover, contemporary reflexive political agents, subject to an extraordinary diversity of information and communication, can be influenced by images, concepts, lifestyles and ideas from well beyond their immediate communities and can come to identify with groupings beyond their borders – ethnic, religious, social and political (J. B. Thompson 1995; Held et al. 1999: ch. 8; Keck and Sikkink 1998). And while there is no reason to suppose that they will uncritically identify with any one of these self-chosen ideas, commitments or relations may well be more important for some people's identity than 'membership in a community of birth' (J. Thompson 1998: 190; cf. Giddens 1991; Tamir 1993). Cultural and political identity today is constantly under review and reconstruction.

Second, the argument that locates the political good firmly within the terrain of the nation-state fails to consider or properly appreciate the diversity of political communities individuals can value; and the fact that individuals can involve themselves coherently in different associations or collectivities at different levels and for different purposes (J. Thompson 1998). It is perfectly possible, for example, to enjoy membership and voting rights in Scotland, the UK and Europe without necessarily threatening one's identification or allegiances to any one of these three political entities (see Archibugi et al. 1998). It is perfectly possible, in addition, to identify closely with the aims and ambitions of a transnational social movement – whether concerned with environmental, gender or human rights issues – without compromising other more local political commitments. Such a pluralization of political orientations and allegiances can be linked to the erosion of the state's capacity to sustain a singular political identity in the face of globalization. In the first instance, globalization is weakening the state's ability to deliver the goods to its citizens, thus eroding its legitimacy and the confidence of its citizens in its historic legacy. At the same time, the globalization of cultural processes and communications is stimulating new images of community, new avenues of political participation and new discourses of identity. Globalization is helping to create new communication and information patterns and a dense network of relations linking particular groups and cultures to one another, transforming the dynamics of political relations, above, below and alongside the state. Increasingly, successful political communities have to work with, not against, a multiplicity of identities, cultures and ethnic groupings. An overlapping consensus, which might underpin such communities, is often fragile and based purely on a commitment to common procedures – for instance, procedural mechanisms for the resolution of conflict – not a set of substantive, given values. A national political ethos may, at best, be skin-deep.

Third, globalization has 'hollowed out' states, undermining their sovereignty and autonomy. State institutions and political agents are increasingly like 'zombies', acting out the motions of politics but failing to determine any substantive, welfare-

enhancing public good (Beck 1992, 1997). Contemporary political strategies involve easing adaptation to world markets and transnational economic flows. Adjustment to the international economy – above all, to global financial markets – becomes a fixed point of orientation in economic and social policy. The 'decision signals' of these markets, and of their leading agents and forces, become a, if not the, standard of rational decision-making. This position is linked, moreover, to the pursuit of distinctive supply-side measures – above all, to the use of education and training as tools of economic policy. Individual citizens must be empowered with cultural and educational capital to meet the challenges of increased (local, national, regional, global) competition and the greater mobility of industrial and financial capital. States no longer have the capacity and policy instruments they require to contest the imperatives of global economic change; instead, they must help individual citizens to go where they want to go via provision of social, cultural and educational resources. The terms of reference of public policy are set by global markets and corporate enterprise. The pursuit of the public good becomes synonymous with enhancing adaptation to this private end. Accordingly, the roles of the state as protector and representative of the territorial community, as a collector and (re)allocator of resources among its members, and as a promoter of an independent, deliberatively tested shared good are all in decline.

Fourth, the fate of a national community is no longer in its own hands. Regional and global economic, environmental and political processes profoundly redefine the content of national decision-making. In addition, decisions made by quasi-regional or quasi-supranational organizations such as the EU, WTO or the North Atlantic Treaty Organization (NATO) diminish the range of political options open to given national 'majorities'. In a similar vein, decisions by particular states – not just the most economically or militarily powerful nations – can ramify across borders, circumscribing and reshaping the political terrain. National governments by no means determine what is right or appropriate for their own citizens (Offe 1985). National policies with respect to interest rates, the harvesting of rainforests, the encouragement or restriction of the growing of genetically modified food, arms procurement and manufacture, incentive provisions to attract inward investment by multinational companies, along with decisions on a huge range of additional public matters from AIDS to the problems faced by a post-antibiotic culture, can have major consequences for those in neighbouring and distant lands. Political communities are thus embedded in a substantial range of processes which connect them in complex configurations.

Fifth, national communities are locked into webs of regional and global governance which alter and compromise their capacity to provide a common structure of rights, duties and welfare for their citizens. Regional and global processes, organizations and institutions undercut, circumscribe and delimit the kinds of entitlements and opportunities national states can offer and deliver. From human rights to trade regimes, political power is being rearticulated and reconfigured. Increasingly, contemporary patterns of globalization are associated with a multilayered system of governance, the diffusion of political power, and a widening gap between the influence of the richest and poorest communities. A complex constellation of 'winners' and 'losers' emerges. Locked into an array of geographically diverse forces, national governments are having to reconsider their roles and functions. Although the intensification of regional and global political relations has diminished the powers of national governments, it is recognized ever more that the nurturing and enhancement of the public good requires coordinated multilateral action, for instance, to prevent global recession and enhance



sustainable growth, to protect human rights and intercede where they are grossly violated, to act to avoid environmental catastrophes such as ozone depletion or global warming. A shift is taking place from government to multilevel global governance. Accordingly, the institutional nexus of the political good is being reconfigured.

Each of the five propositions set forth by the sceptics – the theorists and advocates of the modern nation-state (see p. 33) – can be contrasted with positions held by the globalists. Thus, the political community and the political good need, on the globalists' account, to be understood as follows:

- 1 Individuals increasingly have complex loyalties and multilayered identities, corresponding to the globalization of economic and cultural forces and the reconfiguration of political power. The movements of cultural goods across borders, hybridization and the intermingling of cultures create the basis of a transnational civil society and overlapping identities – a common framework of understanding for human beings, which progressively finds expression in, and binds people together into, interlocking collectivities capable of constructing and sustaining transnational movements, agencies and legal and institutional structures.
- 2 The continuing development of regional, international and global flows of resources and networks of interaction, along with the recognition by growing numbers of people of the increasing interconnectedness of political communities in diverse domains – including the social, cultural, economic and environmental – generate an awareness of overlapping 'collective fortunes' which require collective solutions. Political community begins to be reimagined in both regional and global terms.
- 3 An institutional structure exists comprising elements of local, national, regional and global governance. At different levels, individual communities (albeit often imperfectly) are protected and represented; their collective interests require both multilateral advancement and domestic (local and national) adjustment if they are to be sustained and promoted.
- 4 Complex economic, social and environmental processes, shifting networks of regional and international agencies, and the decisions of many states and private organizations cut across spatially delimited, national locales with determinate consequences for their political agendas and strategic choices. Globalization decisively alters what it is that a national community can ask of its government, what politicians can promise and effectively deliver, and the range of people(s) affected by governmental actions. Political communities are 'reprogrammed'.
- 5 The rights, duties and welfare of individuals can only be adequately entrenched if, in addition to their proper articulation in national constitutions, they are underwritten by regional and global regimes, laws and institutions. The promotion of the political good and of egalitarian principles of justice and political participation are rightly pursued at regional and global levels. Their conditions of possibility are inextricably linked to the establishment and development of robust transnational organizations and institutions of regional and global governance. In a global age, the latter are the necessary basis of cooperative relations and just conduct.

In contradistinction to the conception of the political good promulgated by advocates of the modern nation-state, what is right for the individual political community and its citizens, in the globalists' account, must follow from reflection on the processes which generate an intermingling of national fortunes and fates. The growing fusion of worldwide economic, social, cultural and environmental forces requires a rethinking of the politically and philosophically 'isolationist' position of the communitarians and sceptics. For the contemporary world 'is not a world of closed communities with mutually impenetrable ways of thought, self-sufficient economies and ideally

sovereign states' (O'Neill 1991: 282). Not only is ethical discourse separable from forms of life in a national community, but it is developing today at the intersection and interstices of overlapping communities, traditions and languages. Its categories are increasingly the result of the mediation of different cultures, communication processes and modes of understanding. There are not enough good reasons for allowing, in principle, the values of individual political communities to trump or take precedence over global principles of justice and political participation.

Of course, the globalists, like the sceptics, often have very different conceptions of what exactly is at stake here, that is, they hold very different views of what the global order should be like and the moral principles which might inform it. But they draw a clear-cut distinction between their conception of where the political good inheres and that of the sceptics. While for the latter ethical discourse is, and remains, firmly rooted in the bounded political community, for the former it belongs squarely to the world of 'breached boundaries' – the 'world community' or 'global village'.

## Conclusion

The great globalization debate, summarized in table 1, identifies some of the most fundamental issues of our time. Despite a propensity for hyperbole on both sides, the protagonists have generally elaborated highly important and carefully considered arguments. These pose key questions about the organization of human affairs and the trajectory of global social change. They also raise matters which go to the centre of political discussion, illuminating some of the strategic choices societies confront and the constraints which define the possibilities of effective political action.

Are the two main positions fundamentally at odds and contradictory in all respects, or is a productive synthesis possible? It is not the purpose of this Introduction, or of the volume for that matter, to answer this question. Indeed, we have sought to do this at length elsewhere and it would take us far beyond the scope of this volume to map out this terrain here (see Held et al. 1999; Held and McGrew 2002). A number of points, however, are worth emphasizing by way of a conclusion.

In the first instance, the debate raises profound questions of interpretation. But while it highlights that facts certainly do not speak for themselves, and depend for their meaning on complex interpretative frameworks, it would be wrong to conclude that the marshalled evidence is of secondary importance. There are clashes involving the conceptualization and interpretation of some of the most critical evidence. However, often the kind of evidence proffered by both sides differs markedly. For example, sceptics put primary emphasis on the organization of production and trade (stressing the geographical rootedness of MNCs and the marginal changes in trade-GDP ratios over the twentieth century), while globalists focus on financial deregulation and the explosive growth of global financial markets over the last twenty-five years. Sceptics stress the continuing primacy of the national interest and the cultural traditions of national communities which sustain their distinct identity, while globalists point to the growing significance of global political problems – such as worldwide pollution, global warming and financial crises – which create a growing sense of the common fate of humankind. A considered response to the debate would have to weigh all these considerations before coming to a settled view.



Table 1 The great globalization debate: in sum

	Sceptics	Globalists
1 Concepts	Internationalization not globalization Regionalization	One world, shaped by highly extensive, intensive and rapid flows, movements and networks across regions and continents
2 Power	The nation-state rules Intergovernmentalism	Erosion of state sovereignty, autonomy and legitimacy Decline of nation-state Rise of multilateralism
3 Culture	Resurgence of nationalism and national identity	Emergence of global popular culture Erosion of fixed political identities Hybridization
4 Economy	Development of regional blocs Triadization New imperialism	Global informational capitalism The transnational economy A new global division of labour
5 Inequality	Growing North–South divide Irreconcilable conflicts of interest	Growing inequality within and across societies Erosion of old hierarchies
6 Order	International society of states Political conflict between states inevitably persists International governance and geopolitics Primacy of the ethically bounded community	Multilayered global governance Global civil society Global polity Cosmopolitan orientations

Secondly, although there are, of course, very significant differences between (and within) each camp, there is some common ground. The debate does not simply comprise ships passing in the night. Indeed, both sides would accept that:

- 1 There has been some growth in recent decades in economic interconnectedness within and among regions, albeit with multifaceted and uneven consequences across different communities.
- 2 Interregional and global (political, economic and cultural) competition challenges old hierarchies and generates new inequalities of wealth, power, privilege and knowledge.
- 3 Transnational and transborder problems, such as the spread of genetically modified food-stuffs, mass terrorism and money laundering, have become increasingly salient, calling into question the traditional role, functions and institutions of accountability of national government.
- 4 There has been an expansion of international governance at regional and global levels – from the EU to the WTO – which poses significant normative questions about the kind of world order being constructed and whose interests it serves.

- 5 These developments require new modes of thinking about politics, economics and cultural change. They also require imaginative responses from politicians and policy-makers about the future possibilities and forms of effective political regulation and democratic accountability.

Thirdly, we believe that the debate highlights that there is much to be learned from both sides; it would be implausible to maintain that either side comprises mere rhetoric and ideology. The sceptical case has significant historical depth and needs to be carefully dissected if a globalist position is to be adequately defended. Many of the empirical claims raised by the sceptics’ arguments, for example, concerning the historical significance of contemporary trade and direct investment flows, require detailed and rigorous examination. But having said that, globalism, in its various forms, does illuminate important transformations going on in the spatial organization of power – the changing nature of communication, the diffusion and speed-up of technical change, the spread of capitalist economic development, and so on – even if its understanding of these matters sometimes exaggerates their scale and impact.

Finally, the political issues raised by the debate are profound and merit the most serious consideration. We would like to reflect briefly on these now, and specify what we think of as the core challenges posed by globalization and its critics – challenges that will remain at the centre of the great globalization debate for some time to come.

The challenges of globalization

(1) Contemporary processes of globalization and regionalization create overlapping networks of power which cut across territorial boundaries; as such, they put pressure on, and strain, a world order designed in accordance with the Westphalian principle of exclusive sovereign rule over a bounded territory.

(2) The locus of effective political power can no longer be assumed to be simply national governments – effective power is contested and bartered by diverse forces and agencies, public and private, at national, regional and international levels. Moreover, the idea of a self-determining people – or of a political community of fate – can no longer be located within the boundaries of a single nation-state. Some of the most fundamental forces and processes which determine the nature of life-chances are now beyond the reach and control of individual nation-states.

A distinctive aspect of this is the emergence of ‘global politics’ – the increasingly extensive form of political activity (see section II of this Introduction). Political decisions and actions in one part of the world can rapidly acquire worldwide ramifications. Sites of political action and/or decision-making can become linked through rapid communications into complex networks of political interaction. Associated with this ‘stretching’ of politics is a frequent intensification of global processes such that ‘action at a distance’ permeates the social conditions and cognitive worlds of specific places or policy communities (Giddens 1990: ch. 2). As a consequence, developments at the global level – whether economic, social or environmental – can acquire almost instantaneous local consequences, and vice versa.

The idea of global politics challenges the traditional distinctions between the domestic and the international, and between the territorial and the non-territorial, as



embedded in modern conceptions of 'the political' (see Held et al. 1999: chs 1, 2 and 8). It highlights the richness and complexity of the interconnections which transcend states and societies in the global order. Global politics today, moreover, is anchored not just in traditional geopolitical concerns but also in a large diversity of economic, social and ecological questions. Pollution, drugs, human rights and terrorism are amongst an increasing number of transnational policy issues which cut across territorial jurisdictions and existing political alignments, and which require international cooperation for their effective resolution.

Nations, peoples and organizations are linked, in addition, by many new forms of communication which range across borders. The revolution in micro-electronics, in information technology and in computers has established virtually instantaneous worldwide links, which, when combined with the technologies of the telephone, television, cable and satellite, have dramatically altered the nature of political communication. The intimate connection between 'physical setting', 'social situation' and politics, which distinguished most political associations from premodern to modern times, has been ruptured; the new communication systems create new experiences, new modes of understanding and new frames of political reference independently of direct contact with particular peoples, issues or events.

In the past, nation-states principally resolved their differences over boundary matters by pursuing 'reasons of state' backed by diplomatic initiatives and, ultimately, by coercive means. But this power logic is singularly inadequate to resolve the many complex issues, from economic regulation to resource depletion and environmental degradation, which engender – at seemingly ever greater speeds – an intermeshing of 'national fortunes'. We are, as Kant most eloquently put it, 'unavoidably side by side'. In a world where powerful states make decisions not just for their peoples but for others as well, and where transnational actors and forces cut across the boundaries of national communities in diverse ways, the questions of who should be accountable to whom, and on what basis, do not easily resolve themselves.

(3) Existing political institutions, national and international, are weakened by three crucial regulatory and political gaps (Kaul et al. 1991: xixff.):

- a jurisdictional gap – the discrepancy between a regionalized and globalized world and national, discrete units of policy-making, giving rise to the problem of externalities such as the degradation of the global commons and who is responsible for them;
- a participation gap – the failure of the existing international system to give adequate voice to many leading global actors, state and non-state; and
- an incentive gap – the challenges posed by the fact that, in the absence of any supranational entity to regulate the supply and use of global public goods, many states will seek to free ride and/or fail to find durable collective solutions to pressing transnational problems.

(4) These political disjunctures are conjoined by an additional gap – what might be called a 'moral gap'; that is, a gap defined by:

- a world in which more than 1.2 billion people live on less than a dollar a day; 46 per cent of the world's population live on less than \$2 a day; and 20 per cent of the world's population enjoy over 80 per cent of its income;
- commitments and values of, at best, 'passive indifference' to this, marked by UN expenditure per annum of \$1.25 billion (minus peace-keeping), US per annum confectionery

expenditure of \$27 billion, US per annum alcohol expenditure of \$70 billion, and US per annum expenditure on cars that is through the roof (more than \$550 billion).

This is not an anti-America statement, of course. Equivalent EU figures could have been highlighted.

Seemingly obvious questions arise. Would anyone freely choose such a state of affairs? Would anyone freely choose a distributional pattern of scarce goods and services, leading to hundreds of millions of people suffering serious harm and disadvantage independent of their will and consent (and 50,000 dying every day of malnutrition and poverty related causes), if these individuals did not already know that they had a privileged stake in the current social hierarchy? Would anyone freely endorse a situation in which the annual cost of supplying basic education to all children is \$6 billion, of water and sanitation \$9 billion, and of basic health to all \$13 billion, while annually \$4 billion is spent in the USA on cosmetics, nearly \$20 billion on jewellery and \$17 billion (in the US and Europe) on pet food?\* Before an impartial court of moral reason (testing the reasonable rejectability of claims), it is hard to see how an affirmative answer to these questions could be defended. That global inequalities spark conflict and contestation can hardly be a surprise, especially given the visibility of the world's lifestyles in an age of mass media.

(5) There has been a shift from relatively discrete national communication and economic systems to their more complex and diverse enmeshment at regional and global levels, and from government to multilevel governance, as the globalists contend. This can be illustrated by a number of developments, including, most obviously, the rapid emergence of multilateral agencies and organizations. New forms of multilateral politics have been established involving governments, IGOs, a wide variety of transnational pressure groups and INGOs (see Union of International Associations 2001). In addition, there has been a very substantial development in the number of international treaties in force, as well as in the number of international regimes, altering the situational context of states (Held et al. 1999: chs 1–2). Political communities can no longer be conceived, if they ever could with any degree of accuracy, as simply discrete worlds or as self-enclosed political spaces; they are enmeshed in complex structures of overlapping forces, relations and networks.

Yet, as the sceptics argue, there are few grounds for thinking that a parallel 'globalization' of political identities has taken place. One exception to this is to be found among the elites of the global order – the networks of experts and specialists, senior administrative personnel and transnational business executives – and those who track and contest their activities – the loose constellation of social movements (including the anti-globalization movement), trade unionists and (a few) politicians and intellectuals. But these groups are not typical. Thus, we live with a challenging paradox – that governance is becoming increasingly a multilevel, intricately institutionalized and spatially dispersed activity, while representation, loyalty and identity remain stubbornly rooted in traditional ethnic, regional and national communities (Wallace 1999).

One important qualification needs to be added to the above arguments, one which focuses on generational change. While those who have some commitment to the global

\* These figures are drawn from the US economic census (1997) and from [http://www.wwlearning.co.uk/news/features/0000000\\_354.asp](http://www.wwlearning.co.uk/news/features/0000000_354.asp).



order as a whole and to the institutions of global governance constitute a distinct minority, a generational divide is evident. Compared to the generations brought up in the years prior to 1939, those born after World War II are more likely to see themselves as cosmopolitans, to support the UN system and to be in favour of the free movement of migrants and trade. Examining Eurobarometer data and findings from the World Values Survey (involving more than seventy countries), Norris concludes that 'cohort analysis suggests that in the long term public opinion is moving in a more international direction' (2000: p. 175). Generations brought up with Yahoo, MTV and CNN affirm this trend and are more likely to have some sense of global identification, although it remains to be seen whether this tendency crystallizes into a majority position and whether it generates a clearly focused political orientation, north, south, east and west.

Hence, the shift from government to multilayered governance, from national economies to economic globalization, is a potentially unstable shift, capable of reversal in some respects and certainly capable of engendering a fierce reaction – a reaction drawing on nostalgia, romanticized conceptions of political community, hostility to outsiders (refugees) and a search for a pure national state (e.g., in the politics of Haider in Austria, Le Pen in France and so on). But this reaction itself is likely to be highly unstable, and perhaps a relatively short- or medium-term phenomenon. To understand why this is so, nationalism has to be disaggregated.

(6) As 'cultural nationalism', it is, and in all likelihood will remain, central to people's identity; however, as political nationalism – the assertion of the exclusive political priority of national identity and the national interest – it cannot deliver, as noted previously, many sought-after public goods without seeking accommodation with others, in and through regional and global collaboration (see pp. 39–40). In this respect, only an international or, better still, cosmopolitan outlook can meet the challenges of a more global period, characterized by overlapping communities of fate and multilevel/multilayered politics. Unlike political nationalism, cosmopolitanism registers and reflects the multiplicity of issues, questions, processes and problems which affect and bind people together, irrespective of where they were born or reside. Whether cosmopolitanism can ever rival nationalism as a great cultural force is, however, at best an open question. Excessive optimism here would be a mistake and underestimate the severe political difficulties that lie ahead (see Part VI of this volume).

The Reader elaborates on these issues and positions, drawing on the most sophisticated arguments from both sides of the debate. The quality and originality of the contributions are of the highest order and they offer, together, a comprehensive introduction to the globalization literature.

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# Part I

## Understanding Globalization

Globalization, writes George Modelski, is the history of growing engagement between the world's major civilizations. It is best understood as a long-term historical process that can be traced back to the sporadic encounters amongst the earliest civilizations. However, it is modernity, and most especially the rise and global expansion of the West, which has shaped decisively the contemporary epoch of globalization. As the third millennium unfolds, the world's major civilizations find themselves enveloped in enduring webs of global economic, cultural, political and technological interconnectedness. Globalization, for Modelski, is a concept which captures this historical process of the widening and deepening of systemic interdependencies amongst nations, civilizations and political communities. It is a process which has come to define the contemporary condition and one which ultimately raises profound political questions as to whether it prefigures the emergence of a world society or global community.

For Tony Giddens too, globalization is largely synonymous with modernity, since in the modern era 'the intensification of worldwide social relations' is far greater than in any previous historical period. To understand globalization requires an examination of the driving forces of modernity; namely, how the intersecting processes of industrialization, capitalism, militarism and statism have an inherently globalizing impetus. This global momentum generates worldwide systems and infrastructures which now connect the lives and prospects of communities and households across distant parts of the globe. While the emergence of a global media infrastructure produces a developing awareness of how local and global events are interwoven, it is this dialectic between globalizing systems and local conditions which, in Giddens's analysis, constitutes the defining feature of the contemporary epoch.

David Held, Anthony McGrew and colleagues offer a distinctive conceptualization of globalization, along with a methodology for exploring its historically unique features. Defining globalization as 'a process which embodies a transformation in the spatial organization of social relations . . . generating transcontinental or interregional flows and networks', they advance an analytical framework which offers a methodology for comparing its various historical forms whilst avoiding a determinist account, i.e. a conceptualization of globalization understood as the progressive unification of humanity. In focusing attention on its spatial and organizational attributes, this approach provides insights into the unique character of contemporary patterns of globalization and its transformative consequences. Moreover, by explicating globalization in relation to power, the authors set out an approach to the subject which avoids a reductionist interpretation which portrays it as simply a spatial, rather than a social, process.

Robert Keohane and Joseph Nye further explore the unique aspects of contemporary globalization. Drawing upon an analytical distinction between globalization, as a