WB globalized the strategy by requiring other societies to adopt similar policies. The results were to intensify and extensify global connectivity.

Conclusion

The often-used quotation from Thomas Friedman is a fruitful way to conclude this chapter. In his book *The Lexus and the Olive Tree* (2000, xxi–xxii), Freidman argues, "I feel about globalization a lot like I feel about the dawn. Generally speaking, I think that it's a good thing that the sun comes up every morning. . . . But even if I didn't much care for the dawn there isn't much I could do about it." Yet, is this an accurate description of globalization? As we have argued in this chapter, the current globalization trajectory, based on maximal market freedom and minimal state intervention, was neither inevitable nor apolitical; rather, it evolved within the context of changing technical, economic, and political conditions after the Second World War.

Changes in the role of the Bretton Woods Trio have been central to this process. None of these conditions alone would have produced the present globalization trajectory. In combination, however, they created what many still see as an inevitable and natural process of change that is much like the "dawn." The intertwining of these factors is evident on two levels:

The societal level: Governments seeking international loans were compelled to adopt neoliberal policies of financial and market deregulation and privatization. These reforms created neoliberal states by opening often closed or heavily state-directed societies to global pressures.

The global level: Neoliberal states pursuing neoliberal policies accelerated global capital mobility, global integration, and hence globalization.

Thus, as the basic forces of profit and competition operated under the emergent conditions of the post-1970s period, the present globalization trajectory took shape. Yet, even among those who agree that these dramatic changes have been a political construction, there is disagreement over whether these processes of change constitute globalization. As we discuss in the next chapter, the fundamental point of debate is whether *globalization* is an accurate term to capture these changes evident in the past 30 years.

CHAPTER 3

The Globalization Debate

In 1997 Max Perelman, a young U.S. college student, was traveling through remote regions of China. While stranded by winter weather in west Sichuan, fifteen hundred miles from Beijing, he encountered a group of Tibetans bound for Lhasa, their capital. Perelman recalled that these young Tibetans had never strayed far from their native village, and apparently had never seen anything like his camera. As they shared with him bites of meat from an unspecified animal retrieved from their rucksacks, the group began to discuss things American. Just how, one of the Tibetans asked Perelman, was Michael Jordan doing (LaFeber 2002, 14)?

Such vignettes are suggestive of the world in which we live. As Anthony Giddens (2003, 7) writes, "We are being propelled into a global order that no one fully understands, but which is making its effects felt upon all of us." Attempting to capture the nature of these effects, globalization has emerged as *the* concept by which we are to understand the transition of human society into the third millennium (Waters 1995, 1).

Intense disagreements over the meaning and usefulness of globalization have spawned a tremendously rich and often contradictory body of literature that does not neatly fit into existing categories, such as conservative, liberal, or socialist. Equally discomforting, no one account has achieved the status of orthodoxy (Held and McGrew 2000, 2–3). In this chapter, we sort through these inconsistencies and contradictions by focusing on how writers conceptualize and explain the economic, political, cultural, and inequality outcomes. Taking the lead from David Held and Anthony McGrew (2000), we categorize the authors into two general groups, distinguished by their assumptions and understandings of the processes of change: the **globalists** and the **skeptics** (see also Sklair 2000, Michalak 1994).[1] We begin by describing the positions of the skeptics and globalists and follow with an assessment of these arguments in the next chapter.

Table 3.1 Perspectives: Skeptics and Globalists[a]

	ACTORS	PROCESS	GOALS
Globalists			
Liberalists[b] (neoliberalists)	Individuals are the dominant actors.	Individuals strive to maximize individual utility, free markets create options for individuals to make choices which lead to the highest level of subjective satisfaction.	To maximize happiness. Individuals are rational utility maximizers, making trade-offs among various goods and services to maximize happiness.[c]
Social democrats	Classes are the dominant actors.	Classes strive to maximize their economic interests. Global structures and rules favor the most powerful classes, but the system can be reformed to produce more equitable outcomes.	To equalize social, political, and economic outcomes. To reform the system so that a more equitable distribution of costs and benefits of change is achieved.
Skeptics			
Marxists	Classes are the dominant actors.	Classes strive to maximize their economic interests. Structures and rules of the global system favor the most powerful classes. Globally a capitalist–labor split crosscuts political boundaries, where a global capitalist class strives to maximize extraction of surplus value (i.e., profits) and the working class, to minimize exploitation.[d]	To create a new sociopolitical–economic system. System cannot be reformed and must be replaced.
Realists	Sovereign nation-states are the dominant actors. There is no higher authority than the nation-state.	States exist within a geopolitical international system that is anarchical and arranged in a hierarchy with the most powerful state(s) on top. Each state is solely dependent upon its own resources for survival; no state is obligated to help another. International order is based on a state hegemony or balance of power.	To maximize power[e] and independence. Power is a zero-sum game. Failure to maximize power increases the threat from competing states. States are rational actors and use cost–benefit analyses to determine which policies will maximize power.

[a] Social democracy is similar to the Marxist perspective; the social democrats, however, believe that capitalism can be reformed. Markets are an important source of innovation and wealth. It is not necessary to nationalize the basic industries of society under true social democracy. Regulatory and institutional control over capital, however, is essential to minimizing the negative externalities of markets and to reducing poverty and inequality created by the operation of the capitalist system.

[b] See Chapter 1.

[c] In the classic liberal scenario, there is no basis for conflict. Under conditions of free markets, everyone will have the opportunity to be as well off as possible, supply always equals demand, and a harmony of interests will prevail. Therefore, the need for state intervention in the economy and society is limited (see Hayek 1944).

[d] The wealthy, powerful classes in the advanced industrialized societies ally with wealthy, powerful classes in the less industrialized societies.

[e] Power is not just economic but also political and military.

Perspectives on Globalization

Following Held and McGrew (2000), we define *globalists* as those who consider contemporary globalization a real and significant historical development, while the *skeptics* are those who understand "globalization" as primarily an ideological or mythical construction that has marginal explanatory value. The level of analysis for the globalists is the transnational (global) processes, with the nation-state existing within a global web of supranational actors and institutions. Among these are the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA), as well as transnational economic and financial corporations such as General Motors, Deutsche Bank, and Bank of Tokyo-Mitsubishi. In comparison, the skeptics emphasize the national level, with the nation-state understood as the major actor within an interstate system.

Three points are important. First, although there is disagreement over the specifics of change, both the skeptics and globalists agree that capitalism has radically transformed in the last 25 years. Second, depending on the particular political, economic, or cultural issue, the skeptic and globalist categories further break down into skeptics who are either Marxists or realists and globalists who are either neoliberals or social democrats. For instance, skeptics reject the notion of globalization; rather, they understand the root of current changes to be either internationalization (in the case of realist skeptics) or **imperialism** (in the case of Marxist skeptics). In a similar fashion, globalists disagree about whether globalization is increasing inequality, which is the opinion of the social democrats, or decreasing it, which is the position held by the neoliberals. Third, these categories are ideal-type constructs[2] and, as such, do not exhaust the complexities or subtleties in the literature (Held and McGrew 2000, 2). Table 3.1 provides an overview of these four perspectives.

Conceptual Issues

Conceptually, both skeptics and globalists agree that we are living in a world that is more intensively and extensively "global." There is, however, no agreement between them as to whether the concept "globalization" is a useful construct for understanding the processes. The basic positions are summarized in Table 3.2.

Skeptics: Conceptual Issues

Skeptics generally understand globalization as primarily an economic or geopolitical process, viewing change as internationalization, regionalization, or a new form of imperialism (see Gilpin 1987; Gwynne, Klak, and Shaw 2003; Hirst and Thompson 1999; Krasner 1993; Vilas 2002). For the realist, the central actors are sovereign competing nation-states embedded in an

Table 3.2 Conceptualization of Globalization

	NATURE OF CHANGE	LEVEL OF ANALYSIS	FUNDAMENTAL PROCESS
Globalists			
Neoliberals	Globalization, a global age. A positive process in which all will benefit equally.	Transnational processes.	Global economic processes.
Social democrats	Globalization processes and an emerging global age. A contradictory and uneven process, not all benefit equally.	Transnational processes, classes, and institutions.	Numerous multilayered global through the local links among economic, cultural, and political interests.
Skeptics			
Marxists	Imperialism. Continued process of exploitation of the peripheral ("Third World" or "South") by the core ("First World" or "North").[a]	Capitalist system; classes and institutions at the national and international levels.	Exploitative class system: the haves versus the have-nots.
Realists	Internationalization or regionalization. An internationalization process created and maintained by the most powerful state(s).	International relations between nation-states.	Interstate (geopolitical) system.

[a] From the 1950s to the 1990s, the terms *Third World* and *First World* were commonly used when discussing countries within the rich, industrialized regions—the First World—and those outside the rich industrialized regions. Today, the more common term is *emerging markets* to describe the former Third World countries.

interstate system characterized by anarchy insofar as the sovereignty of the nation-state rules out the possibility of any overarching (global) authority (Waltz 1979). The goal of any nation-state is to maximize military, economic, and political power, which will increase its autonomy within this system of competing nation-states. The basic relation is a horizontal one between sovereign nation-states with growing cross-border flows of trade, investment, and financial capital that are increasing international economic integration (*Economist* 1997, 4; Keohane and Nye 2001). Integration, however, is not occurring along the lines that would suggest globalization.

First, integration is limited to the major industrialized countries that make up the **Organization for Economic Cooperation and Development** (OECD),[3] to the exclusion of the rest of the world (Jones 1995). Second, exchange is increasingly organized within three core blocs, comprising Europe, the Pacific Rim, and the Americas; obstacles to exchange are decreased *within* these blocs and increased *between* them. Thus, integration within these blocs

is at the expense of integration between them (Hirst and Thompson 1999; Held and McGrew 2000, 20). Both trends point to the continued importance of geography. Third, there remains a great deal of diversity in terms of economic and political institutions among societies. State–society relations in Sweden remain very different from those in the United States, for example, indicating that states retain autonomy within the international system. This continued diversity runs counter to the globalists' argument that globalization is creating policy and institutional convergence across nation-states. Thus, it is not globalization we are witnessing but something different and best conceptualized as *internationalization*—or a deepening of interstate relations and international economic integration—or *regionalization* in blocs.

Marxists, as you might expect, understand the existing order as driven by the most powerful economic interests, specifically by the financial capitalists within the most powerful states (the OECD countries, e.g.). For Marxists, globalization is a myth or an ideological justification for renewed imperialism. Illustrating this perspective, Carlos Vilas (2002) begins an essay by stating that globalization has been "invented" as a way to conceal U.S. attempts to increase economic penetration into other nations (see also Tabb 2001, 2002; Yates 2003). For the Marxists, globalization is used to maintain the old division of labor, whereby the world's poorest societies continue to export primary products in exchange for manufactured goods from the wealthy ones. Thus, it is the continual expansion of capitalism that "compels all nations, on the pain of extinction, to adapt" (Marx [1848] 1955). Globalization, then, is nothing more than the most recent manifestation of capitalism and imperialism (Vilas 2002).

Globalists: Conceptual Issues

Globalists respond that current changes reflect something more than internationalization or imperialism. As Scholte (2000b) argues, social space is reconfigured and no longer wholly mapped in terms of territorial places, distances, and/or borders; it is a process of deterritorialization that reflects supraterritoriality (e.g., global flow of ideas). Time and space are being compressed as space is dislocated from place and time is separated from space (Giddens 1990, 18–19). A convergence of political (neoliberal) policies among nation-states is redistributing power and reducing the autonomy of national governments. These changes embody a transformation in the spatial organization of the social relations and transactions that generate transcontinental flows and networks of activity, interactions, and the exercise of power (Held et al. 1999, 16). In other words, these are distinct transformations accurately captured by the concept of "globalization."

Within this general conception, neoliberal globalists understand these changes as inevitably driven by uncontrollable but progressive market forces that will ultimately bring wealth and democracy to all. For the social democrats, however, this is an unequal and indeterminate "yet to be written"

process. Thus, the neoliberals see globalization in uncritical and positive terms, while the social democrats remain unconvinced that globalization is necessarily benign.

Two points underlie the conceptual disputes that structure the larger debate in the literature. First, for the globalists, we are in the midst of a process—consisting of a series of phases—that appears to be leading to some form of political, economic, and cultural convergence. In contrast, the skeptics assess change in relation to how it conforms to the ideal-type of "globalization" and respond that the evidence does not support the conclusion that a global socio-economic system exists. Moreover, these conceptual differences reflect profound disagreements over the economic, political, cultural, and distributional outcomes. Let's begin with the economic and political issues.

Economic–Political Issues

Recall our discussion of the basic forces of, and conditions for, globalization in the previous chapter. Clearly, profits and competition are central to these changes; yet, as we have argued, shifting conditions are responsible for shaping the present trajectory. But do these changes truly identify the onset of a new phase of global change—or globalization—or are these changes better conceptualized as an intensification of internationalization or imperialism? The answer hinges on two related questions:

Economic: Is a global economy emerging, and is it subsuming national economies?
Political: Is globalization eroding democracy? How autonomous is the nation-state?

These questions are interrelated: if a global economy is emerging, by definition the nation-state is losing its autonomy to determine the course and pace of change. If the nation-state is losing its autonomy, then the democratically determined process that vests it with control of the economic sphere is undermined. A summary of the economic and political positions of the skeptics and globalists appears in Table 3.3.

Skeptics: Economics

Note from Table 3.3 that, according to the skeptics, there has been little change regarding the basic political and economic relationships. Skeptics base their conclusions on a comparison with the 1870–1913 period, the so-called **belle époque** of globalization or the most recent era of rapid global integration. In terms of the openness and the magnitude and geographical scale of the flows of trade and capital, the international economy is not as globalized today as it was toward the end of the gold standard in 1913 (Thompson 1996, 123; Hirst and Thompson 1999, Chapter 2; Held and McGrew 2000, 19–23). Flows of

Table 3.3 Economic and Political Processes

	ECONOMIC	POLITICAL	POWER
Globalists			
Neoliberals	Fully developed borderless global economy. National economies are redundant, and all economic actors are driven by the need to be globally competitive.	Dissolved national borders. Nation-state in the process of disappearing.	Posthegemonic order with growing integration between major world centers: United States, Europe, Japan. Diffusion of power is mainly upward toward transnational economic actors.
Social democrats	Intense interdependent, integrated, and restructured global informational economy. New global division of labor: industrialization of the "Third World."	Erosion of state sovereignty, autonomy, and legitimacy. National policy making is constrained, welfare state in decline. Hollowed-out state (democratic) institutions. Emergence of a democratic deficit.	Diffusion of power upward (to transnational capital), outward (privatization), downward (transnational groups in civil society). Emergence of global civil society and multilayered institutional structure of global governance.
Skeptics			
Marxists	New imperialism and continuation of the old division of labor between core (First World) and periphery (Third World).	Capitalist system with politics driven by class struggles at the national and international levels.	Class system dominated by global capitalists allied with local capitalists.
Realists	Separate national economies exist but with a trend toward regional blocs.	International relations between nation-states. Continuation of unitary nation-states protecting the interests of citizens. National-level policies determined by citizens.	Continuance of a hegemonic world order based on a hierarchy of nation-states. The politically, economically, and militarily most powerful state enforces order throughout the system.

investment capital continue to be concentrated within the advanced capitalist states, meaning the persistence of the old core–periphery inequalities (and international division of labor). Moreover, the popular portrayal of capital as "footloose" is false. The world's major corporations remain confined to the major world powers, with their fate heavily determined by local and national laws and conditions. This reflects the persistence of a hegemonic world order where the most powerful national governments govern and enforce order in the world economy since they alone wield sufficient power to control and regulate economic activity (Held and McGrew 2002). While there may be an

intensification of internationalization for realists or a deepening of imperialism for Marxists, national economies remain viable and nation-states control national, regional, and international economic and financial activity.

Globalists: Economics

Conversely, globalists insist that global market conditions and forces have dramatically altered the autonomy of nation-states and national economies. They point out that in comparison with the 1870–1913 period the daily turnover of the world's foreign exchange markets exceeds some 60 times the annual level of world exports (Held and McGrew 2000, 23). Daily foreign exchange transactions now amount to $1.2 trillion per day—some 65 times more than the value of international trade, a staggering amount of money shifted around the globe at the click of a button (Williamson 2002). Financial integration has produced a convergence in interest rates among the major economies, and global integration means local crises spread rapidly: witness the Mexican peso crisis of the early 1990s and the Asian crash in the late 1990s (Held and McGrew 2000, 23–24). Changes in the past 25 years mean that outsourcing and capital mobility have significantly reduced the ability of the democratic state to control capital movements. Moreover, any policy initiative that might affect the rate of return on investment—interest rate policy, taxation, social and ecological regulation—has to be considered carefully in light of the risk of capital flight or reduced inward investment (Koenig-Archibugi 2003, 4).

Globalists conclude that we live in a posthegemonic order of diffused power. States may still be the "gatekeepers" to the territory over which other states recognize their authority, but "if no foreign firms want to go through their gate," there is little chance of keeping up with more welcoming governments for world shares of investment (Strange 1997, 368). The result is to increase the leverage of corporations, enabling them to effectively subordinate the national economy to global exigencies.

Local Politics: The Democratic Deficit

So what does all this mean politically? Is globalization eroding democracy? What are the national/local effects on political participation and ultimately on democracy? Are global processes reducing the ability of citizens to influence public policy? Not all scholars see globalization as a challenge to democracy.

Skeptics: Politics

For skeptics, the process of change is being driven by choices made at the level of the nation-state. Although they admit there may be a loss of control, they claim that "bargains" are still struck between governments and electorates

and policies are still articulated at the national level. For instance, political leaders of individual OECD states decided to pursue Keynesian policies in the 1950s to the 1970s, and the same states engineered the transition to neoliberalism in the 1980s and 1990s.

Realists argue that governments retain the legitimate right to rule in the international system. States are not passive victims of "global" changes; rather, they are the primary architects of the present world system. The national-level political system determines policies, and governments enforce them as a means to maximize state power within the international system. Marxists also see the state as central to the creation of the present system, although the goal is to further the interest of the capitalist class. In fact, the policies of privatization and deregulation have been pursued in the interest of big business, meaning that the state remains a primary site of struggle over political policies. Thus, both the realists and the Marxists understand the state as a principal actor in setting policy and furthering "globalization." In the capitalist's quest for international "competitiveness" (Marxists) or in the state's quest for power (realists), production costs, social conflict, and disorder must be kept at a minimum. A principal point of contention between the two positions is that Marxists believe democracy in capitalist societies is a privilege of the rich.

Globalists: Politics

Globalists respond that the nation-state is less and less a unitary autonomous actor; rather, it is one fragmented and permeated by transnational networks. As proof, the globalists point to the growth of global and regional institutions (e.g., WTO, NAFTA, **nongovernmental organizations**) that have decreased the state's autonomy and ability to control the movement of goods, services, and money. For instance, the number of international nongovernmental organizations (INGOs) increased from under 20 in the 1940s to over 120 by the 1970s (cited in Boli and Thomas 1997, 176) to nearly 5,500 in the mid-1990s (Held and McGrew 2000, 11). Another example of the erosion of state power is the proliferation of offshore banks and corporate subsidiaries. Locating the headquarters of a firm offshore or using offshore banking facilities allows corporations (and individuals) to hide their assets, which in turn creates strong tax competition in the private sector of the world's major economies. A way to entice big business (and individuals) to stay "onshore" is to reduce the tax rates for corporations and high-income individuals.

Globalists see these developments as evidence of the growing inability of national and state/provincial governments to control global economic and political forces. In both views, transnational forces are eroding the sovereignty, autonomy, and legitimacy of the nation-state and diminishing the state's role as a central entity in people's lives. Neoliberals dismiss this issue based on their belief that globalization *spreads* democratic cultural values to nondemocratic societies (note here the argument that political freedom is predicated

upon economic freedom). In fact, they argue that globalization has been responsible for the "third wave" of democracy that has recently swept across the globe. Social democrats counter that privatization and deregulation reduce local democratic control, shifting power *upward* to transnational economic actors and *outward* to private actors as public services—water, education, health care, fire protection—are outsourced to private capital.

A second difference between neoliberals and social democrats is the role of agents in the globalization process. Neoliberals think of globalization as an inevitable process with many players and no dominant actor(s), a process in which states react to pressure in much the same way as billiard balls. The social democrats place more emphasis on the constructed nature of these processes and on the central importance of political policies. On this point, the social democrats and the Marxists agree; both perspectives understand globalization as being driven by the world's most powerful economic and political actors, where the most powerful global actors write the rules of the game to further their (geo)political and economic interests with little or no regard for local interests. They disagree, however, over whether the system can be reformed (Marxists, no; social democrats, yes) and over terminology—the *Washington Consensus*, a *global elite*, or a *global class* (see Gailbraith 1999, Naím 2000, Robinson and Harris 2000, Faux 2001, Tabb 2001, Stiglitz 2002, Vilas 2002).

Cultural Patterns

The debate over the relationship between globalization and culture is no less contentious than the economic or political discussions. Culture is in many respects the most direct, obvious, and visible way in which we experience the changing interconnections in our daily lives. Culture provides not only a "blueprint" to guide us in our daily lives but the means by which we can understand the world around us. Until the eighteenth century and the emergence of the modern nation-state and nationalist movements, however, most people lived out their lives in a network of highly localized or community-level cultures (Held and McGrew 2002, 25). Today, the signs of global culture are everywhere, reflected in the worldwide proliferation of consumer brands, such as Nike, Coca-Cola, and CNN.

So what does globalization mean for national cultures? Does it mean that people are no longer living out their lives within their own national cultures? Conclusions differ widely. From the neoliberal perspective, globalization is bringing the era of national cultures to an end. In a similar fashion, Marxists argue that globalization represents the homogenization of the world under the auspices of the United States or of Western culture and consumerism. Conversely, social democrats suggest that a global hybrid culture is emerging through an intense mixing of local cultures. In contrast to all three, realists insist that "global culture" is too thin and artificial to supplant national

cultures (see Mann 1986, Anderson 1991, Huntington 1996, Featherstone 1995, Waters 1995, Barber 1996, Rothkoph 1997, Cowen 2002).

You may have noticed that these questions do not neatly fall into our basic skeptic/globalist categories. There is overlap between the Marxists and the globalists, for instance. Both see globalization as undermining local cultures, though for neoliberal globalists this is a positive development. Neoliberals theorize not only that globalization spreads democratic values but also that increasing cultural homogeneity translates into fewer global cultural (ethnic) clashes in the future (sort of a global melting pot). In contrast, Marxists understand cultural globalization as a process of imperialism that is reducing everyone to mere consumers of corporate mass-produced products and materialist values and ideas. Social democrats propose a more nuanced view, arguing that globalization will supplement, rather than displace, national culture, thereby producing a global hybrid culture. Only the realists clearly emphasize the tenacity and continued viability of local cultures. We lay out these basic positions in Table 3.4.

Skeptics: Culture

In general, skeptics understand cultural forms and institutions as deeply rooted in national (local) myths, memories, values, and symbols that are inexplicable at the global level. Skeptics work on the supposition that nations are based on a national culture that was built on the history and culture of communities within a particular territory. These local "ways of life" provided a *common* basis for codifying a national identity that later became essential to the forging of nation-states. Over generations, these identities served to *differentiate* one nation-state from another. Although the media is making us more aware of the diversity of lifestyles and values throughout the world, the media remains nationally regulated and nationally produced and, thus, reinforces the national identity (see Smith 2003). If anything, the growing awareness of cultures born of global communication networks may sharpen differences among cultures rather than nurture understanding.

Skeptics do not dismiss the globalists' argument that cultural patterns are historical products of international interaction. For Marxists, however, the fundamental issue is power. The distribution of global power is highly unequal and makes its presence felt in the intersection of cultures. As a result, cultural interchanges have never been equal. Rather, these interchanges evolve in ways consistent with the interests of the more powerful actor, in this case the United States and other Western societies. These interactions alter global tastes in ways that increase the demand for Western-style foods and consumer products.

Realists respond that even though many products and ideas that flood across borders originate in the United States and other Western societies, local cultures remain robust. Television and radio broadcasts retain strong national roots, and local cultural understandings continue to affect how

Table 3.4 Culture and Cultural Processes

	NATURE OF CULTURE	IDENTITY	PROCESSES
Globalists			
Neoliberals	Trend toward a homogeneous global culture and the decline of national culture. Globalization of culture will spread democratic values and create stability and community.	Decline of national political and cultural identities. Homogeneous cultural identities based on Western language and cultural attributes.	Technologically driven process; rapid and intense volume of global cultural communication.
Social democrats	Global culture supplements, but does not supplant, national- and subnational-level culture. Emergence of global pluralism.	Emergence of new global identities based on the subjective realization that all people share a common (global) fate. Global identity coexists with national- and subnational-level identities. Emerging notion of global citizenship.	Cultural borrowing and hybridization of different cultures, though increasingly shaped by global corporations. Growth of a transnational civil society.
Skeptics			
Marxists	Cultural imperialism. "Globalization" of Western values and consumer culture.	Identity of the world's population is increasingly compelled toward Western language and culture.[a]	Profit-driven process dominance of Western (mainly U.S.) capitalists. Imbalanced and unequal cultural flows.
Realists	Persistence of a national culture and identity.	Members of society continue to share a common political and cultural identity tied to the nation. Citizenship rights guaranteed and enforced by the state.	Resurgence of nationalism and inevitable clash of different cultural civilizations.

[a] Notice the similarities with neoliberalism. Both see the globalization of culture as leading to cultural homogeneity, but the Marxists see this as a negative outcome driven by the profit motives of global capitalists, while the neoliberals see this as positive, contributing to the restoration of community.

national audiences read and interpret foreign cultural products (Held and McGrew 2002, 30). Even McDonald's is "reinvented" when introduced into a different cultural context.

In the end, skeptics argue that there is no global cultural process comparable to the national one. There is no common global pool of memories, no common global way of thinking, and no common or universal global history upon which to create a global culture capable of uniting people. In other words, there is no *global* basis on which to create a *global identity* that could mirror *national identities*.

Globalists: Culture

Globalists do not dismiss the significance of nationalism or national-level culture. What the skeptics ignore, the globalists argue, is the constructed nature of culture. Local culture is a product of a multitude of interactions over thousands of years. With globalization accelerating the movement of images, ideas, data, and people across regions and intercontinental space, people are increasingly exposed to the ideas and values of other cultures. There may be inequities in these exchanges, as the Marxists insist, but that does not mean these processes are not happening; in fact, global communication networks are intensifying cross-cultural borrowing.

For globalists, a key to an emerging global culture is the information infrastructure. Global communications are severing the traditional links between the "physical setting" and "social situation." In other words, geographical boundaries are overcome and individuals and groups increasingly "experience events and developments far afield" (Held and McGrew 2002, 36). Moreover, globally sourced news and information intensifies our *subjective* awareness and understanding of world events. As we become more aware of global issues and global problems, we become conscious of how we are intimately connected to something larger than our immediate communities or even to the nation-state.

Central to the emergence of a global culture is a growing subjective awareness that is linked to the way in which globalization is creating a "risk society," a world in which biological and ecological risks are no longer confined to local areas but "endanger all forms of life on this planet" (Beck 1992, 22). With the spread of television, radio, and print media, we begin to understand that such problems as nuclear accidents, acid rain, and the destruction of the rain forests, severe acute respiratory syndrome (SARS), mad cow disease, and violations of human rights are not localized.

As we interact globally, sharing new understandings, commonalities, and frames of reference, local and national identities are transformed into a more complex global hybrid form. Thus, just as a national culture—nationalism—was essential to the building of the nation-state and the nation-state was essential to the operation of an international system, globalists argue that a process is under way which may create a global history and a transnational civil society critical to a global system.

Globalization and Inequality

As we suggested in the Chapter 1, one of the most heavily debated issues in the globalization literature is the effect of globalization on inequality. Three major points frame the discussion of inequality. First, there is little disagreement that patterns of wealth and income distribution are associated with the location and distribution of productive capabilities; what causes the

distribution of these capabilities, however, is hotly disputed. A second point is the measurement of inequality that in most studies centers on the distribution of wealth and income, typically changes in gross domestic product (GDP) per capita over time. Social variables, such as education and health, are often ignored (notable exceptions include the United Nations Development Program's Human Development Index, or HDI). The scale of human tragedy caused by material inequalities (as well as social—i.e., health, education) is a third factor in the debate. These issues create a more complex overlapping dialogue among the four perspectives.

For the neoliberal globalists, inequality has been declining as a direct result of the free-market (neoliberal) strategy that has guided the process of globalization. Inequality and poverty still exist but can be solved by accelerating economic growth, which is itself a product of increased transnational investment, of the opening up of markets, and of increasing global integration (Ohmae 1990). Social democrats respond that inequality has actually increased due to the same free-market strategy, but since globalization cannot be reversed, new global institutions need to be created (and existing ones reformed—e.g., the United Nations) that are capable of altering the globalization process (Bradshaw and Wallace 1996, Castells 1997, Held 1997, Giddens 1999).

Skeptics agree with the social democrats that inequality is problematic, though they differ on why it exists or how to solve it. For realists, international inequality is inevitable in a world of competing nation-states with different resource endowments. At the same time, international inequality creates the basis for stability in the anarchical international system by "allowing" the most powerful states to enforce the rules of order on the system as a whole (Gilpin 1981, Krasner 1985). For the realists, inequality can be improved only by political policies at the *level of society*. The Marxists agree that inequality is generated as part of the system, though it is integral to the *capitalist* system (Burbach, Nunez, and Kagarlitsky 1997; Vilas 2002). Reducing inequality for the Marxists requires a new socioeconomic system.

Thus, in three of the four positions, local (within nation-states) inequality is a problem connected in some way to globalization and, among these three, only realists reject the idea that globalization exacerbates (between nation-states) inequality. Table 3.5 summarizes these basic positions.

Globalization as Beneficial

For neoliberal globalists, globalization is a harbinger of modernization and development (Ohmae 1990). Globalization diffuses the requisite wealth, affluence, and political values central to economic growth, democracy, and a more stable world order. As a result of globalization, global poverty has fallen more in the last 50 years than in the past 500, which has significantly improved the lives of people in almost all regions of the world (Held and McGrew 2000, 28). Moreover, the global spread of democratic values and

Table 3.5 Globalization and Inequality

	INEQUALITY AND POVERTY	LOCATION/SOURCE	SOLUTION
Globalists			
Neoliberals	Declining	Global system	Accelerate globalization
Social democrats	Increasing: central issue	Global system	Creation of a global social-welfare system
Skeptics			
Marxists	Increasing	Capitalist system and imperialism	New sociopolitical system
Realists	Increasing at the national level but inevitable at the international level	A function of national resource base and geopolitics	Increase the nation's economic, political, and military power; create national-level programs

free-market policies underlies the "third wave" of democracy that has swept across the globe. According to Razeen Sally of the London School of Economics, globalization is growth-promoting: "Growth, in turn, reduces poverty . . . [and] the liberalisation of international transactions is good for freedom and prosperity. The anti-liberal critique is wrong"; poverty and marginalization are in large part caused by not enough, rather than too much, globalization (see Porter n.d.). In general, the current wave of globalization, which started around 1980, has actually promoted economic equality and reduced poverty (Dollar and Kraay 2002). We see this specifically in South and East Asia, where increasing participation in the global economy has encouraged foreign investment, stimulated growth, raised income, and reduced inequality.

Globalization as Harmful

For the social democrat globalists and Marxist skeptics, economic globalization is directly responsible for an increasingly polarized world. Beyond this basic agreement, the two positions diverge. The globalization myth, Marxists argue, has been used to *reinforce* the global divide between the wealthy core societies and the poor peripheral societies. Social democrats warn that the *vertical* core–peripheral structure of stratification is transforming into a *horizontal* one. For these scholars, globalization is intensifying inequality *across* national political boundaries. Thus, levels of poverty and marginalization once confined to South Asia or Central America are increasingly present in the United States and Western Europe, while the prosperity once associated with the United States and Western Europe is growing in South Asia and Central America.

To solve the problem of increasing inequality, social democrats propose a new set of global rules, a global "new deal" which would reform the system and ensure a minimum standard of living. The new deal would rely on

multilateral cooperation and coordination through a new set of global institutions to regulate the forces of economic globalization and ensure that markets work for people—not the other way around (Faux 2001, Derber 2002, Stiglitz 2002, Held 2004). Demand for a global new deal, according to the social democrats, is growing within an emerging transnational civil society, which includes labor organizations, environmental and gender-based groups, and progressive elites, among other social movements.

Realists and Marxists respond that such a new deal is utopian. Marxists point out that it is naive to believe that those benefiting from the system will consent to its reform (see Burbach, Nunez, and Kagarlitsky 1997). It is impossible to create a system of global governance that would solve the problem of inequality because the present system is *already* governed by the global wealthy and powerful. Marxists instead propose seizing state power in a number of societies and, through an international alliance among these societies, working at altering the process of "globalization." Thus, in contrast to the social democrats, Marxists consider the state the fundamental building block of the new order, as well as the object of the struggle and the ultimate source of change (Callinicos 1994; Burbach, Nunez, and Kagarlitsky 1997).

Globalization as Insignificant

For the realists, the recent collapse of state socialism suggests that the Marxist solution is equally a fantasy. Realists insist that inequality is a function of national factors—from resource endowments to economic policies—that determine the patterns of inequity (Gilpin 1987). The realists add a twist to the Marxist position by arguing that inequality is not only inherent in the international system but *necessary* to create international stability. Societies are ranked in terms of national-level economic, political, and military power. This inequality is the basis for international order as the most powerful nations enforce order throughout the system. Any attempt to resolve international inequality will destabilize the entire system.

Can inequality be solved for realists? Yes, but only at the national level. Recall that realists believe that the nation-state retains autonomy in the international system and can pursue its own political policies. Thus, states must take seriously policy alternatives as a means to alter the way in which society is inserted into the international system. As David Dollar and Aart Kraay (2002) argue, in cases where inequality has increased, shifts in inequality "stem more from domestic education, taxes, and social policies" than globalization. In general, higher growth rates in globalizing developing countries have translated into higher incomes for the poor. The cases of South Korea and Taiwan are illustrative: both were able to improve the problems of poverty and inequality through policy initiatives that essentially "renegotiated" their relationship with the global (international) system. Therefore, states (governments) matter and, unlike for the social democrats, the solution to inequality and poverty exists at the national level.

Conclusion

We began this chapter by pointing out that these four positions agree that the world was changing more rapidly and dramatically at the start of the twenty-first century than ever before. We can see these changes manifested in the emergence of new inequalities and growing economic interconnectedness reflected in new regional alliances (NAFTA and the European Union) as well as cultural changes. However, do these changes constitute "globalization"?

As you think through this question, you should keep these points in mind. First, despite occasional overlap between the skeptic and globalist positions, skeptical Marxists and realists reject globalization as a fruitful concept, while globalist social democrats and neoliberals believe it reflects fundamental economic, political, and cultural changes. Second, as Held and McGrew (2000) point out, we cannot reduce any position to rhetoric and/or ideology. All four positions illuminate important issues, situate the processes within the historical context, and identify important present trends. Third, the issues that drive this debate are fundamentally about how to create a more just, humane, democratic, and stable world. Because these issues are important, complex, and difficult, the literature on globalization is equally complex.

At this point, you may be thinking: OK, I understand the basic arguments of these positions, but what does all this have to do with reality? After all, we do not live in a theoretical, ideal-type construct but in the real world, where real people live with real problems. This is the basic question of assessment, or how will we know globalization when we see it. We take up this issue in the next chapter.