

On the Role of Paradigms in Understanding Economic Globalization

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Abstract Any adequate analysis of economic globalization necessarily requires fundamental understanding of the worldviews underlying the views expressed with respect to the nature and role of economic globalization. This paper is based on the premise that any worldview can be associated with one of the four basic paradigms: functionalist, interpretive, radical humanist, and radical structuralist. It argues that any view expressed with respect to economic globalization is based on one of the four paradigms or worldviews. It, therefore, discusses four views with respect to the nature and role of economic globalization which correspond to the four broad worldviews. The paper emphasizes that the four views expressed are equally scientific and informative; they look at the nature and role of economic globalization from a certain paradigmatic viewpoint. Emphasizing this example in the area of economic globalization, the paper concludes that there are opportunities for each paradigm to benefit from contributions coming from the other three paradigms.

Keywords Globalization · Economics · Philosophy · Worldview · Paradigm · Diversity · Methodology · Education

Introduction

Any adequate analysis of economic globalization necessarily requires a fundamental understanding of the worldviews underlying the views expressed with respect to the nature and role of economic globalization. The paper discusses four general views with respect to economic globalization that correspond to four broad worldviews.¹ The paper argues that the four views with respect to the nature and role of economic

¹This work borrows heavily from the ideas and insights of Burrell and Morgan (1979).

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globalization are equally scientific and informative; each looks at the nature and role of economic globalization from a certain paradigmatic viewpoint.

The paper takes the case of economic globalization as an example and emphasizes that, in general, any phenomenon may be seen and analyzed from different viewpoints and that each viewpoint exposes a certain aspect of the phenomenon under consideration. Collectively, they provide a much broader and deeper understanding of the phenomenon. Therefore, each paradigm can benefit much from contributions coming from the other paradigms.

These different perspectives should be regarded as polar ideal types. The work of certain authors helps to define the logically coherent form of a certain polar ideal type. But, the work of many authors who share more than one perspective is located between the poles of the spectrum defined by the polar ideal types. The purpose of this paper is not to put people into boxes. It is rather to recommend that a satisfactory perspective may draw upon several of the ideal types.

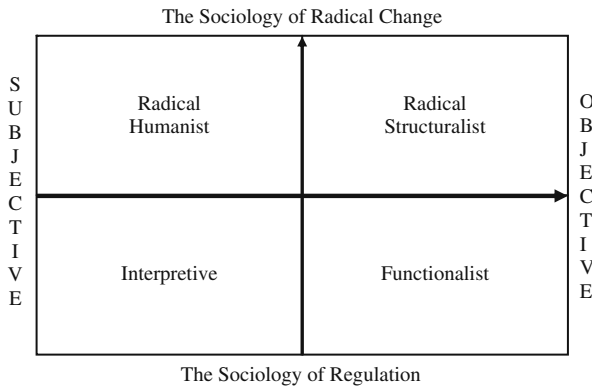
The ancient parable of six blind scholars and their experience with the elephant illustrates the benefits of paradigm diversity. There were six blind scholars who did not know what the elephant looked like and had never even heard its name. They decided to obtain a mental picture, i.e. knowledge, by touching the animal. The first blind scholar felt the elephant's trunk and argued that the elephant was like a lively snake. The second blind scholar rubbed along one of the elephant's enormous legs and likened the animal to a rough column of massive proportions. The third blind scholar took hold of the elephant's tail and insisted that the elephant resembled a large, flexible brush. The fourth blind scholar felt the elephant's sharp tusk and declared it to be like a great spear. The fifth blind scholar examined the elephant's waving ear and was convinced that the animal was some sort of a fan. The sixth blind scholar, who occupied the space between the elephant's front and hind legs, could not touch any parts of the elephant and consequently asserted that there were no such beasts as elephant at all and accused his colleagues of making up fantastic stories about non-existing things. Each of the six blind scholars held firmly to their understanding of an elephant and they argued and fought about which story contained the correct understanding of the elephant. As a result, their entire community was torn apart, and suspicion and distrust became the order of the day.

This parable contains many valuable lessons. First, probably reality is too complex to be fully grasped by imperfect human beings. Second, although each person might correctly identify one aspect of reality, each may incorrectly attempt to reduce the entire phenomenon to their own partial and narrow experience. Third, the maintenance of communal peace and harmony might be worth much more than stubbornly clinging to one's understanding of the world. Fourth, it might be wise for each person to return to reality and exchange positions with others to better appreciate the whole of the reality.²

The aim of this paper is not so much to create a new piece of puzzle as it is to fit the existing pieces of puzzle together in order to make sense of it. "[Paradigms](#)" lays down the foundation by discussing the four paradigms. "[Economic Globalization](#)" discusses the nature and role of economic globalization from the point of view of the four paradigms. "[Conclusion](#)" concludes the paper.

² This parable is taken from Steger (2002).

Exhibit 1 The four paradigms. Each paradigm adheres to a set of fundamental assumptions about the nature of science (i.e., the subjective-objective dimension), and the nature of society (i.e., the dimension of regulation-radical change)



Paradigms

This section discusses the four paradigms: functionalist, interpretive, radical humanist, and radical structuralist. It is useful to begin by understanding the notion of “paradigm.” Burrell and Morgan (1979) regard the:

... four paradigms as being defined by very basic meta-theoretical assumptions which underwrite the frame of reference, mode of theorizing and *modus operandi* of the social theorists who operate within them. It is a term which is intended to emphasize the commonality of perspective which binds the work of a group of theorists together in such a way that they can be usefully regarded as approaching social theory within the bounds of the same problematic.

The paradigm does ... have an underlying unity in terms of its basic and often “taken for granted” assumptions, which separate a group of theorists in a very fundamental way from theorists located in other paradigms. The “unity” of the paradigm thus derives from reference to alternative views of reality which lie outside its boundaries and which may not necessarily even be recognized as existing. (pages 23–24)

Each theory can be related to one of the four broad worldviews. These adhere to different sets of fundamental assumptions about; the nature of science (i.e., the subjective-objective dimension), and the nature of society (i.e., the dimension of regulation-radical change), as in Exhibit 1.³

Assumptions related to the nature of science are assumptions with respect to ontology, epistemology, human nature, and methodology. The assumptions about ontology are assumptions regarding the very essence of the phenomenon under

³ See Burrell and Morgan (1979) for the original work. Ardalan (2008) and Bettner et al. (1994) have used this approach.

investigation. That is, to what extent the phenomenon is objective and external to the individual or it is subjective and the product of individual's mind. The assumptions about epistemology are assumptions about the nature of knowledge—about how one might go about understanding the world, and communicate such knowledge to others. That is, what constitutes knowledge and to what extent it is something which can be acquired or it is something which has to be personally experienced. The assumptions about human nature are concerned with human nature and, in particular, the relationship between individuals and their environment, which is the object and subject of social sciences. That is, to what extent human beings and their experiences are the products of their environment or human beings are creators of their environment. The assumptions about methodology are related to the way in which one attempts to investigate and obtain knowledge about the social world. That is, to what extent the methodology treats the social world as being real hard and external to the individual or it is as being of a much softer, personal and more subjective quality. In the former, the focus is on the universal relationship among elements of the phenomenon, whereas in the latter, the focus is on the understanding of the way in which the individual creates, modifies, and interprets the situation which is experienced.

The assumptions related to the nature of society are concerned with the extent of regulation of the society or radical change in the society. Sociology of regulation provides explanation of society based on the assumption of its unity and cohesiveness. It focuses on the need to understand and explain why society tends to hold together rather than fall apart. Sociology of radical change provides explanation of society based on the assumption of its deep-seated structural conflict, modes of domination, and structural contradiction. It focuses on the deprivation of human beings, both material and psychic, and it looks towards alternatives rather than the acceptance of *status quo*.

The subjective-objective dimension and the regulation-radical change dimension together define four paradigms. Each paradigm adheres to a set of fundamental assumptions about the nature of social science and the nature of society. Each paradigm has a fundamentally unique perspective for the analysis of social phenomena.

Functionalist Paradigm

The functionalist paradigm assumes that society has a concrete existence and follows certain order. These assumptions lead to the existence of an objective and value-free social science which can produce true explanatory and predictive knowledge of the reality “out there.” It assumes scientific theories can be assessed objectively by reference to empirical evidence. Scientists do not see any roles for themselves, within the phenomenon which they analyze, through the rigor and technique of the scientific method. It attributes independence to the observer from the observed. That is, an ability to observe “what is” without affecting it. It assumes there are universal standards of science, which determine what constitutes an adequate explanation of what is observed. It assumes there are external rules and regulations governing the external world. The goal of scientists is to find the orders that prevail within that phenomenon.

The functionalist paradigm seeks to provide rational explanations of social affairs and generate regulative sociology. It assumes a continuing order, pattern, and coherence and tries to explain what is. It emphasizes the importance of understanding order, equilibrium, and stability in society and the way in which these can be maintained. It is concerned with the regulation and control of social affairs. It believes in social engineering as a basis for social reform.

The rationality which underlies functionalist science is used to explain the rationality of society. Science provides the basis for structuring and ordering the social world, similar to the structure and order in the natural world. The methods of natural science are used to generate explanations of the social world. The use of mechanical and biological analogies for modeling and understanding the social phenomena are particularly favored.

Functionalists are individualists. That is, the properties of the aggregate are determined by the properties of its units. Their approach to social science is rooted in the tradition of positivism. It assumes that the social world is concrete, meaning it can be identified, studied and measured through approaches derived from the natural sciences.

Functionalists believe that the positivist methods which have triumphed in natural sciences should prevail in social sciences, as well. In addition, the functionalist paradigm has become dominant in academic sociology and mainstream academic fields. The social world is treated as a place of concrete reality, characterized by uniformities and regularities which can be understood and explained in terms of causes and effects. Given these assumptions, the individual is regarded as taking on a passive role; his or her behavior is being determined by the economic environment. Functionalists are pragmatic in orientation and are concerned to understand society so that the knowledge thus generated can be used in society. It is problem orientated in approach as it is concerned to provide practical solutions to practical problems.

In Exhibit 1, the functionalist paradigm occupies the south-east quadrant. Schools of thought within this paradigm can be located on the objective-subjective continuum. From right to left they are: Objectivism, Social System Theory, Integrative Theory, Interactionism, and Social Action Theory.

Interpretive Paradigm

The interpretive paradigm assumes that social reality is the result of the subjective interpretations of individuals. It sees the social world as a process which is created by individuals. Social reality, insofar as it exists outside the consciousness of any individual, is regarded as being a network of assumptions and intersubjectively shared meanings. This assumption leads to the belief that there are shared multiple realities which are sustained and changed. Researchers recognize their role within the phenomenon under investigation. Their frame of reference is one of participant, as opposed to observer. The goal of the interpretive researchers is to find the orders that prevail within the phenomenon under consideration; however, they are not objective.

The interpretive paradigm is concerned with understanding the world as it is, at the level of subjective experience. It seeks explanations within the realm of individual consciousness and subjectivity. Its analysis of the social world produces sociology of regulation. Its views are underwritten by the assumptions that the social

world is cohesive, ordered, and integrated. Interpretive sociologists seek to understand the source of social reality. They often delve into the depth of human consciousness and subjectivity in their quest for the meanings in social life. They reject the use of mathematics and biological analogies in learning about the society and their approach places emphasis on understanding the social world from the vantage point of the individuals who are actually engaged in social activities.

The interpretive paradigm views the functionalist position as unsatisfactory for two reasons. First, human values affect the process of scientific enquiry. That is, scientific method is not value-free, since the frame of reference of the scientific observer determines the way in which scientific knowledge is obtained. Second, in cultural sciences the subject matter is ideational in nature. That is, human beings cannot be studied by the methods of the natural sciences, which aim to establish general laws. In the cultural sphere human beings are perceived as free. An understanding of their lives and actions can be obtained by the intuition of the total wholes, which is bound to break down by atomistic analysis of functionalist paradigm.

Cultural phenomena are seen as the external manifestations of inner experience. The cultural sciences, therefore, need to apply analytical methods based on “understanding;” through which the scientist can seek to understand human beings, their minds, and their feelings, and the way these are expressed in their outward actions. The notion of “understanding” is a defining characteristic of all theories located within this paradigm.

The interpretive paradigm believes that science is based on “taken for granted” assumptions; and, like any other social practice, must be understood within a specific context. Therefore, it cannot generate objective and value-free knowledge. Scientific knowledge is socially constructed and socially sustained; its significance and meaning can only be understood within its immediate social context.

The interpretive paradigm regards mainstream academic theorists as belonging to a small and self-sustaining community, which believes that social reality exists in a concrete world. They theorize about concepts which have little significance to people outside the community, which practices social theory, and the limited community which social theorists may attempt to serve.

Mainstream academic theorists tend to treat their subject of study as a hard, concrete and tangible empirical phenomenon which exists “out there” in the “real world.” Interpretive researchers are opposed to such structural absolutism. They emphasize that the social world is no more than the subjective construction of individual human beings who create and sustain a social world of intersubjectively shared meaning, which is in a continuous process of reaffirmation or change. Therefore, there are no universally valid rules of science. Interpretive research enables scientists to examine human behavior together with ethical, cultural, political, and social issues.

In Exhibit 1, the interpretive paradigm occupies the south-west quadrant. Schools of thought within this paradigm can be located on the objective-subjective continuum. From left to right they are: Solipsism, Phenomenology, Phenomenological Sociology, and Hermeneutics.

Radical Humanist Paradigm

The radical humanist paradigm provides critiques of the status quo and is concerned to articulate, from a subjective standpoint, the sociology of radical change, modes of

domination, emancipation, deprivation, and potentiality. Based on its subjectivist approach, it places great emphasis on human consciousness. It tends to view society as anti-human. It views the process of reality creation as feeding back on itself; such that individuals and society are prevented from reaching their highest possible potential. That is, the consciousness of human beings is dominated by the ideological superstructures of the social system, which results in their alienation or false consciousness. This, in turn, prevents true human fulfillment. The social theorist regards the orders that prevail in the society as instruments of ideological domination. The major concern for theorists is with the way this occurs and finding ways in which human beings can release themselves from constraints which existing social arrangements place upon realization of their full potential. They seek to change the social world through a change in consciousness.

Radical humanists believe that everything must be grasped as a whole, because the whole dominates the parts in an all-embracing sense. Moreover, truth is historically specific, relative to a given set of circumstances, so that one should not search for generalizations for the laws of motion of societies. The radical humanists believe the functionalist paradigm accepts purposive rationality, logic of science, positive functions of technology, and neutrality of language, and uses them in the construction of “value-free” social theories. The radical humanist theorists intend to demolish this structure, emphasizing the political and repressive nature of it. They aim to show the role that science, ideology, technology, language, and other aspects of the superstructure play in sustaining and developing the system of power and domination, within the totality of the social formation. Their function is to influence the consciousness of human beings for eventual emancipation and formation of alternative social formations. The radical humanists note that functionalist sociologists create and sustain a view of social reality which maintains the *status quo* and which forms one aspect of the network of ideological domination of the society.

The focus of the radical humanists upon the “superstructural” aspects of society reflects their attempt to move away from the economism of orthodox Marxism and emphasize the Hegelian dialectics. It is through the dialectic that the objective and subjective aspects of social life interact. The superstructure of society is believed to be the medium through which the consciousness of human beings is controlled and molded to fit the requirements of the social formation as a whole. The concepts of structural conflict, contradiction, and crisis do not play a major role in this paradigm, because these are more objectivist view of social reality, that is, the ones which fall in the radical structuralist paradigm. In the radical humanist paradigm, the concepts of consciousness, alienation, and critique form their concerns.

In Exhibit 1, the radical humanist paradigm occupies the north-west quadrant. Schools of thought within this paradigm can be located on the objective-subjective continuum. From left to right they are: Solipsism, French Existentialism, Anarchistic Individualism, and Critical Theory.

Radical Structuralist Paradigm

The radical structuralist paradigm assumes that reality is objective and concrete, as it is rooted in the materialist view of natural and social world. The social world, similar to the natural world, has an independent existence, that is, it exists outside the minds

of human beings. Sociologists aim at discovering and understanding the patterns and regularities which characterize the social world. Scientists do not see any roles for themselves in the phenomenon under investigation. They use scientific methods to find the order that prevails in the phenomenon. This paradigm views society as a potentially dominating force. Sociologists working within this paradigm have an objectivist standpoint and are committed to radical change, emancipation, and potentiality. In their analysis they emphasize structural conflict, modes of domination, contradiction, and deprivation. They analyze the basic interrelationships within the total social formation and emphasize the fact that radical change is inherent in the structure of society and the radical change takes place through political and economic crises. This radical change necessarily disrupts the *status quo* and replaces it by a radically different social formation. It is through this radical change that the emancipation of human beings from the social structure is materialized.

For radical structuralists, an understanding of classes in society is essential for understanding the nature of knowledge. They argue that all knowledge is class specific. That is, it is determined by the place one occupies in the productive process. Knowledge is more than a reflection of the material world in thought. It is determined by one's relation to that reality. Since different classes occupy different positions in the process of material transformation, there are different kinds of knowledge. Hence class knowledge is produced by and for classes, and exists in a struggle for domination. Knowledge is thus ideological. That is, it formulates views of reality and solves problems from class points of view.

Radical structuralists reject the idea that it is possible to verify knowledge in an absolute sense through comparison with socially neutral theories or data. But, emphasize that there is the possibility of producing a "correct" knowledge from a class standpoint. They argue that the dominated class is uniquely positioned to obtain an objectively "correct" knowledge of social reality and its contradictions. It is the class with the most direct and widest access to the process of material transformation that ultimately produces and reproduces that reality. Radical structuralists' analysis indicates that the social scientist, as a producer of class-based knowledge, is a part of the class struggle.

Radical structuralists believe truth is the whole, and emphasize the need to understand the social order as a totality rather than as a collection of small truths about various parts and aspects of society. The empiricists are seen as relying almost exclusively upon a number of seemingly disparate, data-packed, problem-centered studies. Such studies, therefore, are irrelevant exercises in mathematical methods.

This paradigm is based on four central notions. First, there is the notion of totality. All theories address the total social formation. This notion emphasizes that the parts reflect the totality, not the totality the parts. Second, there is the notion of structure. The focus is upon the configurations of social relationships, called structures, which are treated as persistent and enduring concrete facilities. The third notion is that of contradiction. Structures, or social formations, contain contradictory and antagonistic relationships within them which act as seeds of their own decay. The fourth notion is that of crisis. Contradictions within a given totality reach a point at which they can no longer be contained. The resulting political, economic crises indicate the point of transformation from one totality to another, in which one set of structures is replaced by another of a fundamentally different kind.

In Exhibit 1, the radical structuralist paradigm occupies the north-east quadrant. Schools of thought within this paradigm can be located on the objective-subjective continuum. From right to left they are: Russian Social Theory, Conflict Theory, and Contemporary Mediterranean Marxism.

Economic Globalization

This section discusses the nature and role of economic globalization from the point of view of the four paradigms.

Functionalist View

The functionalist paradigm is linked to the laissez-faire economics approach.⁴ In laissez-faire economics, emphasis is placed on the importance of the free market, private property rights, and a limited government role in economic affairs. Primary players are the individual consumer, firm, and entrepreneur. The inalienable natural rights of individuals must be protected from private and public entities such as labor unions, churches, and the state. Free individuals can pursue their own political and economic interests, which in turn will improve the welfare of their society. Thus, the “invisible hand” translates the individuals’ selfish interest into improvement for society as a whole.

Under such conditions, each individual tries to find the most lucrative employment for his capital. Although he acts based on his own advantage and not that of society, his action naturally and necessarily leads to the most advantageous outcome to society. Markets inherently tend toward the most socially beneficial equilibrium. Therefore, the state should not interfere with the self-regulating and efficient invisible hand of the market.

Freely-operated international economic interactions are beneficial to all participants, i.e., they are positive-sum games, where a positive-sum game is a form of variable-sum game in which all participants gain. All states and individuals gain from open and free economic relationships, even though they do not gain equally. Therefore, one should be less concerned with distributional issues between rich versus poor or large versus small states. The international economic system performs most efficiently when it is based on the free-market price mechanism. This certainly concerns values such as liberty and efficiency. The ultimate goal of international economic activity is the achievement of the most efficient use of the world’s scarce resources in order to maximize economic growth and prosperity. Therefore, one should primarily be concerned with aggregate outcomes and data such as the growth of gross domestic product, trade, foreign investment, and per capita income. Under free functioning of markets, all states gain, and therefore absolute gains in the level of foreign trade and investment are more important than relative gains among states.

⁴ For this literature, see Friedman (1962), Friedman and Friedman (1980), Fukuyama (1992), Hayek (1978), Naisbitt (1995), and Ohmae (1990, 1995). This section is based on Cohn (2005), Scholte (2000), Steger (2002, 2003), and Wriston (1992).

The argument in favor of free trade was originally based on the theory of absolute advantage. In an unregulated international economy, each state finds a productive niche based on absolute advantage. That is, each state benefits by specializing in those goods it produces most efficiently and trading them with other states. This entails an international division of labor. The theory of absolute advantage was subsequently strengthened by the theory of comparative advantage. That is, two countries would benefit from trade based on comparative advantage. This means that even if one country does not have absolute advantage in the production of any commodity, it should specialize in, produce, and export those commodities in which it has relative advantage (i.e., the least cost disadvantage). Later, the theory of comparative advantage was strengthened by adding a different, though less integrated, theory called social Darwinism to state that free market economies constitute the most civilized form of human competition in which the fittest would naturally rise to the top.

These theories support the idea that market is a self-regulating mechanism which leads to the equilibrium of supply and demand and the most efficient allocation of resources. Government interference with free competition and the natural efficiency of market mechanism inevitably leads to social stagnation, political corruption, and unresponsive state bureaucracies. Free markets require: (1) Privatization of government-run enterprises, (2) Deregulation of the economy, (3) Liberalization of trade and industry, (4) Tax cuts, (5) Control over inflation, (6) Strict control on labor union, (7) Minimization of public expenditures and social spending, (8) Down-sizing of government, (9) Expansion of international markets, and (10) Deregulation of international financial flows.

When the world becomes a single open marketplace, global trade not only enhances efficiency and economic growth but also enhances consumer satisfaction, distributing more products to more people at lower prices. Global investment creates jobs in host countries, and technological advances in conjunction with globalization reduce the burdens of human labor in many industries. Globalization also serves as the primary vehicle for economic development. In short, globalization leads to unprecedented material prosperity around the world. During the transition to a globalized world, some classes and countries may struggle and some classes and countries may gain more than others. However, in the long run, substantial benefits accrue to all.

Politics and economics are separable and autonomous areas of activity. This is because free market produces aggregate social benefits and therefore governments should not interfere in domestic and international economic exchanges. The role of the government is to create an open environment in which individuals and private firms can freely express their economic preferences for the smooth functioning of markets. More specifically, the state should promote competition and free trade, should protect members of society from injustice or oppression, and should provide public goods and public institutions. Public goods include national defense and infrastructure, e.g., roads and railways which facilitate the transport of goods and people. Public goods are not provided by private individuals and groups on their own.

Less-developed countries face the same basic challenges that advanced industrial countries did during the nineteenth century. Less-developed countries can benefit from the advanced industrial countries' advanced technology and modern forms of organization. Less-developed countries can accomplish this by integration with the

advanced industrial countries. In short, all states, including both advanced industrial countries and less developed countries, benefit from the growth of interdependence and globalization if they follow liberal policies.

Economic globalization involves interdependencies of national economies through trade, financial flows, and foreign direct investment by multinational firms. Thus, expanding economic activity forms the primary aspect of globalization and acts as the engine behind its rapid development.

Two major aspects of economic globalization are the internationalization of financial transactions and the changing nature of the production process. The increase in international capital flows is a favorable development because global savings and resources move to their most productive economic locations and financial markets impose necessary discipline on states. Furthermore, the significant level of globalization is eroding states' economic control. The other important aspect of globalization is the changing nature of global production. The manufacturing of a product value is added in several countries.

Interpretive View

According to the interpretive paradigm the international relationship among nation-states is anarchic because there is no central authority on the world scale above nation-states.⁵ In contrast to most domestic societies, the international relationship among states is a self-help phenomenon in which each state must look after its own interests. Thus, the state is the principal or dominant actor in the international context and is responsible for the preservation of its own national sovereignty. Therefore, the state gives top priority to its power, security, and ability to survive and pursue its national interests.

Each state must look after its own survival, security, and interests. To these ends, each state desires relative gains, i.e., to improve its position vis-à-vis other states. Thus, in a situation which two states may be gaining wealth in absolute terms, it is the effect of these gains on relative power positions which is of most concern. This concern stems from the idea that international relationship among states is often a zero-sum game in which one state's gain means another state's loss. Non-state actors generally operate within the state's policies and guidelines.

Politics has priority over economics and powerful states can structure international economic relations. States determine whether globalization should occur and to what extent. The powerful states have the ability to open or close world markets, and they can use globalization to gain more power relative to smaller and weaker states. The impressive economic growth of some nation-states is related to their success in enhancing a symbiotic relationship with the competitive marketplace.

A detailed historical analysis shows that the current economic globalization is limited in nature. That is, the world economy is not a truly global phenomenon, but a regional one centered on North America, Europe, and East Asia. The economic activity around the world is mostly national in origin and scope. Recent increased

⁵ For this literature, see Gilpin (2001), Hirst and Thompson (2000), Krasner (1978, 1993, 1999), Waltz (1970, 1979), and Weiss (1998, 2003). This section is based on Cohn (2005), Held and McGrew (2002), Steger (2002), and Zysman (1996).

level of economic interaction among advanced industrial countries, as evidenced from data on trade, foreign direct investment, and financial flows, should not lead one to draw global conclusions. In fact, the data lead one to argue against the existence of economic globalization and to prevent the general misuse of the concept. Since there does not exist a truly global economic system there does not exist globalization, i.e., globalization is a myth.

A careful interpretation of contemporary global economic trends shows that, in historical terms, the present world economy rather than being a truly global economy it is only loosely integrated. The current magnitude and geographical scale of flows of trade, capital, and migrants are much lower than what they were in the *belle époque* of 1890–1914. Today, capital flows among the world's major economies are unprecedented. However, the net capital flows among them are much less than what they were at the beginning of the twentieth century. Many of the world's major economies, as well as many developing countries, are less open to trade than they were in the past and, therefore, they are less dependent on foreign capital. In addition, migration across the globe in the nineteenth century was much more significant than that of the present era. Overall, the world economy is currently significantly less open, less integrated, and less global than what it was in the nineteenth century.

The current trends are evidence of a significant, but not historically unprecedented, internationalization of economic activity. That is, they represent an intensification of linkages among discrete national economies, rather than a global economy. Internationalization complements rather than displaces the predominantly national economies. National or local public and private entities conduct the organization and regulation of contemporary economic and financial activity, i.e., all economies are principally national or local. The general trend towards internationalization reflects a concentration of trade, capital, and technological flows among the major OECD states and to the exclusion of much of the rest of the world. The OECD economies and the growing links among them increasingly dominate the structure of the world economic activity. Currently, the largest proportion of world population is excluded from the so-called global market and the gap between North and South is growing. Statistics on trade, investment, and migratory flows show that the core of the world economy is now less integrated with its periphery than before the industrial revolution. By these historical standards, the world economy is imploding rather than expanding its coverage.

Similar to the global economy, global capitalism is also a myth. There is no denying that capitalism, following the collapse of state socialism, is the only alternative economic system and that financial capital is significantly more internationally mobile. However, these developments should not be taken as evidence of a new capitalism that transcends and subsumes national capitalisms. In contrast, distinct forms of capitalism continue to flourish similar to the formation of European social democratic mixed economy, the American neo-liberal project, and the developmental states of East Asia. The neo-liberal version neither has been able to create a genuine or substantive convergence among these forms of capitalism nor has won over its competitors. The idea of global capitalism is misleading because it ignores both the diverse forms of capitalism and the discrete national formations of capital.

The media images of trading rooms in major world financial centers which reinforce the idea that capital is essentially “footloose” are misleading. The idea of

the “end of geography” is also misleading because place and space are vital determinants of the wealth and power of nation-states. Although advances in information technology have provided large and small business corporations with greater mobility, the success of these firms is still largely determined by local and national competitive advantages and economic conditions. In other words, multinationals may be viewed as national corporations with multinational operations because their home country plays such a fundamental role in their identity and success.

There is an institutional foundation and the persistence of national form that links institutional and social contexts to the dynamics of national market systems. Each national market economy is defined by the institutions and rules that permit it to function. The institutional structure of the economy shapes the organization of production, buying, and selling. The institutional structure has crucial elements such as markets for capital, markets for labor, and the state as the maker of rules. The institutional structure of the economy, together with its industrial organization, defines the options of each actor. The institutional organization of politics and markets specifies incentives and constraints. These define the interests of the actors and shape their behavior. In turn, these induce nationally specific political and economic dynamics. Since the national institutional structures are different, consequently, there are a variety of market economies. The interaction of the major players generates specific “policy logic” and “market logic”. The market logic shapes corporate choice, strategy, product development, and production processes in a national system. The corporate strategy encourages internal features of companies: routine approaches to problems and shared-decision rules that create predictable patterns in running their business which are unique to that country. A similar role is played by the “policy logic” in the formation of activities of the government. Differences in national corporate strategy and access to markets and technology create patterns of international trade competition.

Radical Humanist View

According to the radical humanist paradigm globalization is the rise of supra-territoriality, which involves a significant range of trans-border activities in contemporary social life, though it has not affected all of the world’s people in the same ways and to the same extent.⁶ Advances in technology, communications, and transportation are facilitating the globalization process at an unprecedented speed. The role of the multinational corporations in enhancing foreign direct investment, trade, and technology is historically unsurpassed. The capitalist economic system is spreading throughout the globe, including what used to be the eastern bloc. International economic organizations are becoming truly universal in membership.

Globalization is more encompassing than it was at any time in the past, including the nineteenth and early twentieth centuries during which there was a high degree of economic interdependence among states and societies. But, it is not the case that with globalization the world is becoming borderless, that multinational corporations are losing their national identities, and that nation-states are losing their distinctiveness.

⁶ For this literature, see Cox (1996), Gill (1993, 1995), Held (1995), Held and McGrew (2002), Held et al. (1999), and Mittelman (1996, 2000). This section is based on Cohn (2005) and Scholte (2000).

Globalization affects some states and regions more than others. It reduces government's autonomy in some respects but does not prevent it from making policy decisions. It involves fragmentation and conflicts as well as unity and cooperation.

With globalization, states share authority with other entities, such as multinational corporations, international institutions, and non-governmental organizations. States increasingly share authority with regional and local governments. In other words, state authority is compromised in every direction, i.e., upwards, sideways, and downwards. Globalization also limits the ability of the state to regulate the national economy.

In the age of global communications, markets, production, monies, finances, organizations, ecological developments and thoughts, and social conditions and change cannot be understood in terms of territorial geography alone. In explaining societal organization and change, the importance of economics relative to political, social, ideological, institutional, and cultural factors should not be exaggerated as it reduces the analysis to economism. The domination of capitalism only partly depends on economic factors, such as the private ownership of the means of production. It also depends on the political, ideological, cultural aspects of society, and class struggle. Similarly, in the reorganization of society under socialism, it is necessary to consider politics and culture as well as economics.

Hegemony is not simply the domination of one class over another. If the dominant class rules only by coercion then it can be overthrown simply by the use of physical force. This is because the basis of its domination does not penetrate into all aspects of social life of society. Hegemony of a dominant class obtains when the dominant class legitimates its power through institutions and makes compromises to encourage subordinate classes to support its preferred social structure. That is, hegemony obtains more through social-moral leadership than coercion. The ruling dominant class gains the active consent of subordinate classes through shared values, ideas, and material interests. Under capitalism, the bourgeoisie often provides the subordinate classes with a range of limited concessions, such as social and economic benefits and support for workers' efforts to organize labor unions, to obtain their consensus. In exchange, the subordinate classes accept and support the continued leadership of the bourgeoisie.

Historic bloc refers to the congruence between state power and the prevailing ideas, which guide the society and the economy. Under bourgeoisie hegemony it is difficult for subordinate classes to replace the established historic bloc because it is supported not only by physical power but also by the power of ideas. It is through a strong commitment to political action as well as theory that building counter-hegemony among subordinate classes is possible. Counter-hegemony is an ethical view of society which is an alternative and challenge to the bourgeoisie's dominant ethical view of society. When subordinate classes are sufficiently dissatisfied, then a counter-hegemony organized around socialist ideas can pose a challenge to the bourgeoisie hegemony. When the proletariat succeeds in replacing bourgeoisie hegemony with their own counter-hegemony, then they can construct their own historic bloc based on socialism.

In this age of globalized production and exchange a transnational historic bloc is developed. It mainly consists of the largest multinational corporations, international banks, international organizations such as the IMF and World Bank, and international business groups in the most powerful capitalist states. With the

development of this transnational historic bloc, class relations are to be viewed on a global scale. After World War II, for a few decades the interventionist liberal policy was mostly followed by states, that is, states balanced movement towards greater openness in the international economy with attention to the well-being of those groups who were vulnerable to such openness, through such programs as social welfare and unemployment insurance. This interventionist liberal compromise has been threatened by the transnational historic bloc.

Transnational capital, with its power and mobility, is the crucial element of the current transnational historic bloc. In the 1950s–1960s, the advanced industrial states imposed controls on the flows of capital, but they gradually removed their controls beginning in the 1970s. The increased mobility of transnational capital and multinational corporations across countries enables them to contest the immobile national labor groups against one another. Moreover, the transnational historic bloc is constraining governments' autonomous policy decisions. It induces governments to competitively deregulate their national capital markets and accelerate the reduction of barriers to capital mobility in order to attract more foreign investment. Furthermore, this transnational historic bloc is solidified by a hegemonic ideology, which portrays capital mobility as contributing to economic efficiency, consumer welfare, and economic growth. The increased capital mobility has a highly negative consequence. This is because governments who are fearful of capital outflows adopt policies that adversely affect the poorest and weakest in society. If governments do not adopt policies which favor capital, then multinational corporations and international banks move their funds to other more favorable countries.

The current transnational historic bloc has a solid foundation. However, resentment with respect to the transnational liberal forces can eventually generate a counter-hegemonic response. A major possible reaction to the transnational historic bloc may come from civil society. An example of such reaction is the civil society's protests at meetings of the International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO). Globalization has developed a transnational historic bloc composed of the largest multinational corporations, international banks, international economic organizations, and international business groups in the most powerful capitalist states. To counter the transnational historic bloc, the only way is to develop a counter-hegemonic bloc composed of the disadvantaged groups, such as labor, human rights, environmental, consumer, development, and women's groups. This counter-hegemonic bloc is committed to replacing the current liberal corporate view of globalization with a more democratic, participatory model based on socialism.

Radical Structuralist View

According to the radical structuralist paradigm economic relations are conflictual and zero-sum in nature.⁷ The exploitation of one class in society by the other has been common in human history. Under capitalism, the owners of the means of production extract surplus value from wage laborers. The owners then invest this

⁷ For this literature, see Baran (1957), Baran and Sweezy (1966), Magdoff (1969, 1992), Radice (1999), Sweezy (1942), Thomas (1997), and Wallerstein (1974, 1979, 1984). This section is based on Scholte (2000).

surplus value in new means of production to further extract surplus value from wage laborers. After decolonization, capitalism continued to demonstrate resilience. Although the imperial powers had transferred political control over to their former colonies, they have continued to control the newly independent less-developed countries economically. The exploitation of the workers under imperialism can disappear only with the establishment of socialism.

The current modern capitalist economy has been global since the inception of modernization. The capitalist world system has been driven by the exploitative logic of capital accumulation and has created global inequalities, in which modernizing Western core countries have dominated non-western peripheral countries. The global integration is a process driven largely by economic forces, and culture and ideology play a subordinate role.

Capitalism is a structure of production which is based on surplus accumulation. Globalization has significantly changed how the surplus accumulation occurs. These changes reflect both the scope of commodification and the organizational context of accumulation. With respect to commodification, globalization has increased the growth of consumer capital, finance capital, and communication and information capital. That is, increasingly more economic activities have acquired the capitalist logic. With respect to organizational context of accumulation, globalization has enhanced accumulation through offshore centers, trans-border companies, corporate mergers and acquisitions, and concentration of capital. In short, globalization has caused important changes within capitalism, but the general structure of capitalism has remained as robust as before.

Commodification refers to the process through which resources are commodified. A resource is commodified, i.e., becomes a commodity, when it is subjected to the capitalist accumulation processes. A commodity is the object through whose production and exchange surplus value is created, extracted, and amassed. One of the key indicators of intensity of capitalism in a given social context is the range of resources that have become commodified.

The range of commodities has expanded throughout the history of capitalism. That is, continually a widening range of economic activity has become capitalist. In the early stages, surplus accumulation mostly involved commercial capital, i.e., profit was mainly made through trade in agricultural products and mining output. Starting in the late eighteenth century, commercial capital was supplemented with industrial capital, i.e., commodities additionally included items from large-scale factory production. Starting in the late nineteenth century, commercial capital and industrial capital were joined by finance capital, i.e., financial instruments, such as stocks and bonds, were added to the range of commodities. In other words, financial assets became to some degree divorced from the real assets which they were representing and became a means of surplus accumulation in their own right.

The scope of commodities has widened in three general areas due to accelerated globalization since the 1960s. First, consumer capital has extended the range of industrial capital, much of which is global products. That is, in addition to what previously constituted industrial capital—e.g., textiles, steel, chemicals, and armaments—it now includes an array of branded manufactured products which are used for immediate personal consumption. Second, finance capital has been greatly expanded by the growth of supra-territoriality. That is, global banking, global

securities, and global derivatives business have drastically increased both the volume and the variety of financial instruments whose main purpose is not to facilitate production, but it is to be used for surplus accumulation in their own right. Third, information and communication capital has been introduced and expanded as a result of the advances in technology and globalization. That is, computer software, telephone calls, and many more items have also been added to the list of objects of accumulation.

Consumer capital refers to the surplus accumulation which results from hedonistic consumption. Nowadays, people buy and quickly consume goods which provide them with instant gratification. This consumption is based on the satisfaction of transitory desires for novelty, entertainment, fantasy, fashion, and pleasure. Currently, it involves a long list of articles, such as brand-name foods and beverages, designer clothing, health aids, motor cars, legal and illegal recreational drugs, tourism, audio-visual productions, lotteries, and sporting fixtures, most of which have short life.

Consumer capital has been closely connected to globalization in three ways. First, most of the major such consumption goods have been trans-world products. Second, many consumption articles have been directly related to the technologies of globalization. Electronic methods of shopping have been made possible by cable television and online communications. Third, consumption thrives on hedonistic desires which have been largely promoted by advertising through supra-territorial mass media, such as radio, television, and trans-world magazines.

Finance capital refers to dealings in foreign exchange, securities, derivatives, and the like which are not made to further capitalist production, but are made as a means of surplus accumulation in their own right. For example, foreign exchange might be bought and sold in the hope of making profit rather than consummating international commerce. Likewise, investors may buy and sell stocks and bonds with the expectation of making profit from shifts in the prices of stocks and bonds rather than from receipts of dividends and interests. Financial derivatives have turned into objects of investment in themselves as well as tools of risk management. Therefore, financial instruments have minor relation to real assets and trade in financial instruments has become a means of surplus accumulation.

Finance capital has been greatly expanded by the current large-scale globalization. The variety of financial instruments, the number of financial markets in the world, the magnitude of investments in financial instruments, and the volumes of their trading have all surpassed well beyond their previous levels. Most of this extraordinary expansion of financial activity has been made through electronic, supra-territorial transactions.

Communication and information capital has grown as a result of globalization. Global electronic networks facilitate the circulation of data, messages, ideas, and images in supra-territorial space. In recent decades, telecommunications, digital data processing, and mass media have become primary sources of surplus accumulation. Communication and information capital enjoys commodification in four major respects: hardware, software, servicing, and content.

The organizational setting of surplus accumulation has been enhanced as a result of globalization. Major developments in this regard are the growth of offshore centers, formation of trans-border companies, increased merger and acquisition activity, and greater concentration of capital in many sectors.

Conclusion

This paper briefly discussed four paradigms (as is summarized in Exhibit 2) and their views with respect to the nature and role of economic globalization (as is summarized in Exhibit 3). The functionalist paradigm views economic globalization as the globalization of markets which benefits everyone, the interpretive paradigm views economic globalization as really being regionalization of markets, the radical humanist paradigm views economic globalization as benefitting some people while harming others, and the radical structuralist paradigm views economic globalization as globalization of exploitation.

The diversity of theories presented in this paper is vast. While each paradigm advocates a research strategy that is logically coherent, in terms of underlying assumptions, these vary from paradigm to paradigm. The phenomenon to be researched is conceptualized and studied in many different ways, each generating distinctive kinds of insight and understanding. There are many different ways of studying the same social phenomenon, and given that the insights generated by any one approach are at best partial and incomplete,⁸ the social researcher can gain much by reflecting on the nature and merits of different approaches before engaging in a particular mode of research practice.

All theories are based on a philosophy of science and a theory of society. Many theorists appear to be unaware of, or ignore, the assumptions underlying these philosophies. They emphasize only some aspects of the phenomenon and ignore others. Unless they bring out the basic philosophical assumptions of the theories, their analysis can be misleading; since by emphasizing differences between theories, they imply diversity in approach. While there appear to be different kinds of theory, they are founded on a certain philosophy, worldview, or paradigm. This becomes evident when these theories are related to the wider background of social theory.

In order to understand a new paradigm, theorists should explore it from within, since the concepts in one paradigm cannot easily be interpreted in terms of those of another. The four paradigms are of paramount importance to any scientist, because the process of learning about a favored paradigm is also the process of learning what that paradigm is not. The knowledge of paradigms makes scientists aware of the boundaries within which they approach their subject.

Scientists often approach their subject from a frame of reference based upon assumptions that are taken-for-granted. Since these assumptions are continually affirmed and reinforced, they remain not only unquestioned, but also beyond conscious awareness. The partial nature of this view only becomes apparent when the researcher exposes basic assumptions to the challenge of alternative ways of seeing, and starts to appreciate these alternatives in their own terms.

Researchers can gain much by exploiting the new perspectives coming from the other paradigms. An understanding of different paradigms leads to a better understanding of the multi-faceted nature of the phenomenon researched. Although a researcher may decide to conduct research from the point of view of a certain

⁸ For instance, the mainstream Economics and Finance limit their perspective to the functionalist paradigm. On this matter see Ardalan (2008).

Exhibit 2 Comparisons of the four paradigms

	Functionalist	Interpretive	Radical Humanist	Radical Structuralist
Nature of Science				
Ontology	Phenomena are objective and external to the individual	Phenomena are subjective and are the product of individual's mind	Phenomena are subjective and are the product of individual's mind	Phenomena are objective and external to the individual
Epistemology	Knowledge has to be acquired and science is value-free	Knowledge has to be personally experienced and science is value-laden	Knowledge has to be personally experienced and science is historical	Knowledge has to be acquired and science is class-specific
Human Nature	Humans are the product of their environment and are viewed as individuals	Humans are the creators of their environment and are viewed in their socially-determined relationships with other humans	Humans are the creators of their environment and are viewed as dominating other humans through society's ideological superstructure	Humans are the product of their environment and are viewed as members of antagonistic classes
Methodology	The social world is real hard and external to the individual. One needs to find the universal relationships among elements of the phenomenon	The social world is soft, personal, and subjective. One needs to understand the way the individual creates, modifies, and interprets the situation experienced	The social world is soft, personal, and subjective. One needs to understand the way the individual creates, modifies, and interprets the situation experienced	The social world is real hard and external to the individual. One needs to find the universal relationships among elements of the phenomenon
Nature of Society	Society has unity and cohesiveness	Society has unity and cohesiveness	Society has deep-seated conflicts and modes of domination	Society has deep-seated structural contradictions

Exhibit 3 Comparisons of the implications of the four paradigms for economic globalization

		Functionalist	Interpretive	Radical Humanist	Radical Structuralist
Economic Globalization	Its Driving Force	Advances in technology, communication, and transportation	States and multinational corporations	Advances in technology, communication, and transportation; States and multinational corporations; and Ideology	Exploitative logic of capital accumulation
	Its Operation	Based on free markets, where states act as independent entities to enhance smooth functioning of markets	States structure international economic relations, i.e., whether globalization should occur and to what extent	International economic relations are negotiated among states, multinational corporations, transnational capital, non-governmental institutions, and international institutions	Based on capitalism, where states and international institutions act as the agents of the corporations
	Its Role	Globalization of markets benefits everyone	Current internationalization of economic activity is limited to certain national economies such that the gap between the North and the South has been growing	Economic globalization has benefitted some people and harmed others	Globalization of capitalism is the globalization of exploitation and has created global inequalities

paradigm, an understanding of the nature of other paradigms leads to a better understanding of what one is doing.

The plea for paradigm diversity is based on the idea that more than one theoretical construction can be placed upon a given collection of data. In other words, any single theory, research method, or particular empirical study is incapable of explaining the nature of reality in all of its complexities.

It is possible to establish exact solutions to problems, i.e., truth, if one defines the boundary and domain of reality, i.e., reductionism. For instance, functionalist research, through its research approach, defines an area in which objectivity and truth can be found. Any change in the research approach, or any change in the area of applicability, would tend to result in the break-down of such objectivity and truth. The knowledge generated through functionalist research relates to certain aspects of the phenomenon under consideration. Recognition of the existence of the phenomenon beyond that dictated by the research approach, results in the recognition of the limitations of the knowledge generated within the confines of that approach.

There is no unique evaluative perspective for assessing knowledge generated by different research approaches. Therefore, it becomes necessary to get beyond the idea that knowledge is foundational and can be evaluated in an absolute way. Researchers are encouraged to explore what is possible by identifying untapped possibilities. By comparing a favored research approach in relation to others, the nature, strengths, and limitations of the favored approach become evident. By understanding what others do, researchers are able to understand what they are not doing. This leads to the development and refinement of the favored research approach. The concern is not about deciding which research approach is best, or with substituting one for another. The concern is about the merits of diversity, which seeks to enrich research rather than constrain it, through a search for an optimum way of doing diverse research. The number of ways of generating new knowledge is bounded only by the ingenuity of researchers in inventing new approaches.

Different research approaches provide different interpretations of a phenomenon, and understand the phenomenon in a particular way. Some may be supporting a traditional view, others saying something new. In this way, knowledge is treated as being tentative rather than absolute.

All research approaches have something to contribute. The interaction among them may lead to synthesis, compromise, consensus, transformation, polarization, completion, or simply clarification and improved understanding of differences. Such interaction, which is based on differences of viewpoints, is not concerned with reaching consensus or an end point that establishes a foundational truth. On the contrary, it is concerned with learning from the process itself, and to encourage the interaction to continue so long as disagreement lasts. Likewise, it is not concerned with producing uniformity, but promoting improved diversity.

The functionalist paradigm regards research as a technical activity and depersonalizes the research process. It removes responsibility from the researcher and reduces him or her to an agent engaged in what the institutionalized research demands. Paradigm diversity reorients the role of the researchers and places responsibility for the conduct and consequences of research directly with them. Researchers examine the nature of their activity to choose an appropriate approach

and develop a capacity to observe and question what they are doing, and take responsibility for making intelligent choices which are open to realize the many potential types of knowledge.

It is interesting to note that this recommendation is consistent, in certain respects, with the four paradigms: (1) It increases efficiency in research: This is because, diversity in the research approach prevents or delays reaching the point of diminishing marginal return. Therefore, the recommendation is consistent with the functionalist paradigm, which emphasizes purposive rationality and the benefit of diversification. (2) It advocates diversity in research approach: This is consistent with the interpretive paradigm, which emphasizes shared multiple realities. (3) It leads to the realization of researchers' full potentials: This is consistent with the radical humanist paradigm, which emphasizes human beings' emancipation from the structures which limit their potential for development. (4) It enhances class awareness: This is consistent with the radical structuralist paradigm, which emphasizes class struggle.

Knowledge of Economics and Finance, or any other field of the social sciences ultimately is a product of the researcher's paradigmatic approach to the multifaceted phenomena he studies. Viewed from this angle, the pursuit of social science is seen as much an ethical, moral, ideological, and political activity as a technical one. Since no single perspective can capture all, researchers should gain more from paradigm diversity.

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