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Globalization and the MCO World-View

The Multi-Centric Organizational model presents the view point that flaws exist in thinking that only market forces are important when discussing economic relationships. However important as this is, it is more notable that power interactions between different groups and institutions have an important role in the overall politically economic system. Many different institutions are discussed among some of the main intergovernmental institutions by Joseph Stiglitz in *Globalization and Its Discontents* (10). The United Nations, International Labor Organization, World Health Organization, are some among other economic institutions like the International Monetary Fund, the World Bank, and the World Trade Organization. The description of seeded structure of, what I will refer to as the economic institutions, is especially relevant since it includes the possibilities of development strategies (Stiglitz, 10). Overall, the reading provides an in-depth analysis that supports the view point of Multi-Centric Organizational models, or the MCO model, and thus this viewpoint should be noted as a possible to solution to the economic hardships of today.

The MCO model discusses the role of organizations as main actors. The struggle for power is to benefit the strictly organizations. By contrast, the market model views corporations, the main beneficiary, as an individual. The clearest difference is that the corporation is the sovereign player in the MCO model and is only an actor in the market model. Consumers make up organizations in the MCO model and are instead the sovereign player in the market model. This might explain how Stiglitz mentioned several times how the situation created two separate perceptions of the world. Perhaps these two separate viewpoints are already in use.

Before delving too deep into the different model perspectives, a clear understanding of Globalization is necessary. The analogy used by Stiglitz is a perfect representation of what went wrong out of an attempt to create a successful global market: “Rapid capital market liberalization...amounted to setting [states and their economies] off on a voyage on a rough sea, before holes in their hulls have been repaired, before the captain has received training, before life vests have been put on board...” as they get hit by a cataclysmic wave that sinks their economy. Unfortunately for them, the economic institutions were not there to bail them out (17). In fact, these institutions were busy supporting the economies that their members belonged to and, in the light of this analogy, resemble the clueless parent who lets their child drown. Originally discussed by Ann Kruger, “‘rent seeking’ [was] how special interests use tariffs and other protectionist measures to increase their incomes at the expense of others” (Stiglitz, 13). Unfortunately for the world, that is what happened.

This was only made possible to the organization-driven institutions forming. If the market model held true, in this case, these organizations would not form and would not be able to interfere with supply and demand. In reality, a power driven negotiation process occurred. In fact, to make matters worse, the IMF failed in “promoting global stability” and other economic organizations simply added to the instability (Stiglitz, 15). Due to the formation of power rivalries from political actors, strong non-limited governments, increasing rise of both economic and political organizations, and overall economic inequality inevitability, the view of the MCO model is ever more present. The market model does not fully address these viewpoints where the MCO model does.

However true and disappointing this might be, this is not the first time a global expansion has occurred. Therefore, history can be a guide. “The experience of the United States during the

nineteenth century makes a good parallel for today's globalization" since at the time the United States was a rapidly developing country (Stiglitz, 21). Small markets were protected in conjunction with overall protectionist policies. "The federal government began to regulate the financial system, set minimum wages and working conditions, and eventually provided unemployment and welfare systems to deal with the problems posed by a market system" (Stiglitz, 21). Of course, already in this example the market model is being broken since the government has more than a limited role. Compared to current economic institutions role in the global market, the government as a whole has a very powerful role, and especially when more powerful governments and organizations want to exert power on their lesser counterparts. Since an overall understanding of the current economic system can be derived from the MCO model, the general task of finding solutions could be found.

Not only is the market model being used, but the MCO model is already being seen. Many might take the personal venture to say that many organizational components are present for the MCO model to exist. Their thought process would also suggest that they view the MCO model as a viable alternative; it is not something that dismisses the market model, however. The MCO model compensates for the holes that exist in the market model, and is more of a patchwork model, similar to plugging a hole in a roof. When the hole is plugged, the problem is one step closer to being solved, and in this case, that hole means another generation of economic prosperity. Developing countries might have their shot at economic success, especially if they can navigate the troublesome institutions that are currently in place and in the favor of historical victors.