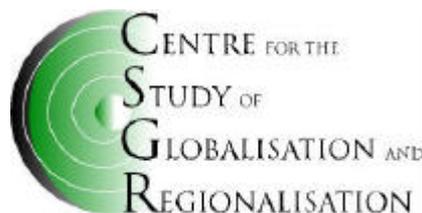


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Towards Definition and Taxonomy**

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CSGR Working Paper No. 01/98

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## **Abstract:**

'Globalisation' is rapidly replacing the 'Cold War' as the most overused and under-specified explanation for a variety of events in international relations. For some, it represents a natural, indeed inexorable, progression towards a 'borderless world' signalling the end of the modern international state system as we know it. Analysis is underwritten by faith in, and exhortation to, the future. For others, the concept is over-stated and its benign influences are exaggerated. Indeed, globalisation is dangerous and perhaps even non-existent as a phenomenon. Furthermore, its invocation generates fear and resistance. This difference in interpretation has given rise to a dispute between those who see the emergence of a number of salient alternative authority structures, especially in the corporate world, that compete (increasingly successfully) with states in determining the direction of the global political economy (globalisers or globalists) and those who still see the states as the principal actors in global political and economic orders (internationalists) with security issues as still paramount.

It is more accurate (albeit less parsimonious for theorising) to see state and non-state authority existing in a much more contingent, interactive and dynamic manner. We identify four definitions of globalisation in common use in both the scholarly and the policy community. These are we call (i) globalisation as historical epoch; (ii) globalisation as the confluence of economic phenomena; (iii) globalisation as the triumph of American values; and (iv) globalisation as sociological and technological revolution. Then we identify four propositions central to any understanding of the emerging field of 'globalisation studies' in international relations: (i) the Redistributive thesis, (ii) the Regionalism thesis, (iii) the Modernisation thesis and (iv) the Internet thesis. As analytical approaches they reflect the ontologies and epistemologies of the definitions from which we argue they are derived and help identify the arenas of power and policy contest and the principal actors involved in the changing relationship between market power and state authority thereby revealing significant contextual, empirical and normative variation in the authoritative relationship between states, markets and civil society.

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**Globalisation and Sites of Conflict:  
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## Introduction

'Globalisation' is rapidly replacing the 'Cold War' as the most overused and under-specified explanation for a variety of events in international relations. For some, it represents a natural, indeed inexorable, progression towards a 'borderless world'<sup>1</sup> signalling the end of the modern international state system as we know it. Analysis is underwritten by faith in, and exhortation to, the future. For others, the concept is over-stated and its benign influences are exaggerated. Indeed, globalisation is dangerous and perhaps even non-existent as a phenomenon. Furthermore, its invocation generates fear and resistance. It is a subterfuge to justify cuts in employment and welfare. As Hirst and Thompson suggest, "Globalisation is a myth suitable for a world without illusions, but it is also one that robs us of hope" leading to "the pathology of over diminished expectations".<sup>2</sup>

This difference in interpretation has given rise to the debate between those who characterise the world as 'going global' and those who see it 'remaining international'. The essence of this dispute is between those who see the emergence of a number of salient alternative authority structures, especially in the corporate world, that compete (increasingly successfully) with states in determining the direction of the global political economy (globalisers or globalists) and those who still see the states as the principal actors in global political and economic orders (internationalists)<sup>3</sup> with security issues as still paramount.<sup>4</sup>

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<sup>1</sup> Kenichi Ohmae, The Borderless World, New York, Fontana, 1990 and The End of the Nation State: The Rise of Regional Economies, New York: The Free Press, 1995 and The Evolving Global Economy: Making Sense of the New World Order (Boston: Harvard Business Press, 1995)

<sup>2</sup> Paul Hirst and Grahame Thompson, Globalisation in Question, (Cambridge: Polity Press, 1995), p.6.

<sup>3</sup> Ohmaesque popularisers include work such as Lowell Bryan and Diana Farrell in Market Unbound: Unleashing Global Capitalism (NY: John Wiley, 1996); Henry Wendt, Global Embrace: Corporate Challenges in A Transnational World (NY: Harper Business, 1993). But, in addition, there are serious scholars such as Susan Strange who make strong arguments about the terminal decline of the state. See The Retreat of the State (Cambridge, Cambridge University Press, 1996). Among the internationalists, Paul Hirst and Graeme Thompson, *op. cit.*, make a strong polemical case in favour of this position. Robert Keohane and Helen Milner (eds) Internationalisation and Domestic Politics, Cambridge: Cambridge University Press, 1996) present a series of reasoned scholarly papers in defence of the liberal internationalist position on this question. Louis W. Pauly and Simon Reich present an empirical defense of this position by examining the question of whether multinational corporations from the world's three largest economies are converging in their behavior. See their 'National Structures and Multinational Corporate Behavior: Enduring Differences in a Globalizing World', International Organisation, Winter 1997, Volume 51, No. 1, pp.1-30. For comparative essays on these two positions see Robert Boyer and Daniel Drache (eds) States Against Markets: The Limits of Globalisation, (London: Routledge, 1996) and Susan Berger and Ron Dore, (eds) National Diversity and Global Capitalism, Ithaca: Cornell University Press, 1996).

At their boldest, both positions are caricatures. In this paper we argue that it is more accurate (albeit less parsimonious for theorising) to see state and non-state authority existing in a much more contingent, interactive and dynamic manner.

Firms, social forces, international regimes, international institutions, and NGOS do not always operate in either ignorance of, or defiance of, the state. Similarly, the state is not always too weak to combat activities it does not like. In the abiding search for parsimony, scholarship to date has sought to develop a one-dimensional conception of the cause and effect of globalisation. Contingency has been sacrificed to generalisation. The result is that we have yet to provide a satisfactory taxonomy of the study of globalisation. In this paper we try to provide a multi-perspectival, but ordered, formulation in which the relationship between definition, proposition, the location of politics and the form of contest are linked by a common ontological and epistemological underpinnings. Simply put, there is a strong thread between how globalisation is defined on the one hand, and the form, manner, location and practice of policy towards it on the other. The paper is divided into three sections.

In section one, we attempt to bring some definitional order to the concept of globalisation. We identify four definitions of globalisation in common use in both the scholarly and the policy community. These are we call (i) globalisation as historical epoch; (ii) globalisation as the confluence of economic phenomena; (iii) globalisation as the triumph of American values; and (iv) globalisation as sociological and technological revolution. In section two, we identify four propositions or theses--mirroring the multi-perspectival definitions offered in section one--that we consider to be central to any understanding of the emerging field of 'globalisation studies' in international relations. We call these (i) the Redistributive thesis, (ii) the Regionalism thesis, (iii) the Modernisation thesis and (iv) the Internet thesis. As analytical approaches to globalisation studies, they reflect the ontologies and epistemologies of the definitions from which we argue they are derived. In section three we identify the arenas of power and policy contest and the principal actors involved in these contests in an era of globalisation. In so doing, we focus on the changing relationship between market power and state authority and the role of both state and non-state actors in this process, thereby revealing significant contextual, empirical and normative variation in the authoritative relationship between states, markets and civil society.

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<sup>4</sup> See for example, John Mearsheimer, 'Back to the Future: Instability in Europe after the Cold War', in Sean Lynn Jones (ed) The Cold War and After: Prospects for Peace, (Cambridge: MIT Press, 1991.)

### **(1) So What is Globalisation? Towards a Fourfold Taxonomy**

Globalisers argue that both quantitative and qualitative changes are taking place in the relationship between economic activity in the realm of global markets and political activity in the realm of inter-state relations. For globalisers, these activities represent more than just the simple *internationalisation* of economic activity. They represent a fundamental evolution in the relationship between *market power* and *state authority*. In the major governance structures of the global order we are witnessing a shift from public to private regulation and from territorial to trans-territorial forms of authority. To proponents of this view it represents an epochal stage in the development of capitalism.

The expansion of international economic activity relative to state based activity offers the prospect for efficiency gains through specialisation. In addition, to the extent that regionalism is barrier-reducing and trade-inducing rather than trade-restricting, it too possesses positive qualities. Yet not all share this image of globalisation as both existent and benign. Indeed, the benign view of globalisation is contested in a range of quarters, focusing in many cases on an apparent paradox; if globalisation is redefining the boundaries of state power in a way that makes its 'retreat' so apparent, why does the state play such a prominent role in the adjudication of contested claims in the retrenchment of the welfare state? Consistent with Polanyi's seminal study of the development of the market in the context of the British economy,<sup>5</sup> sceptics suggest that the state retains a central role, one that it has either chosen in part to relinquish (for ideological reasons<sup>6</sup>) or has been redefined to be incorporated in the context of bargaining within a supranational organisational structure.

On one side of this equation is therefore the sustained focus on the behavior of the states in various institutional contexts, both with each other and with the private and non-profit sectors. On the other side of this internationalist equation lies the relationship between the

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<sup>5</sup> Karl Polanyi, The Great Transformation: The Political and Economic Origins of Our Time (Boston: Beacon Press, 1944).

<sup>6</sup> See Steven Lukes, Power: A Radical View (New York: Macmillan, 1974). This would be construed as Luke's third face of power according to which after coercion and the capacity to set the agenda for decisionmaking comes the capacity to influence values--thus often defining choices in a manner consistent with the greater power's interests.

state, the market and representatives of civil society including subordinated classes, ethnic groups, racial minorities and women. In both the developed and the developing world, workers in declining industries see globalisation as an economic threat to their welfare. The same logic applies to the relationship between the state and recipients of welfare, and within states that are the potential destinations for migrant workers. In this realm, opponents of globalisation divide between the 'haves' and the 'have-nots', stressing the redistributive consequences of globalisation both between and within states.

The essence of the paradox identified above--the apparent retreat of the state in the context of privatisation on the one hand when contrasted with evidence of the emboldening of the state in some other domains on the other--is encapsulated in the debate between globalisers and internationalists. If the state is retreating, globalisers propose, then the study of globalisation should concentrate primarily on the private or non-profit sectors rather than the public sector. But this is not the case in much of the scholarly, or policy oriented, literature most of which does not take us beyond the banal characterisation of globalisation as a contested concept. The substantive realm of what we wish to term 'globalisation studies' may best be described as in intellectual disarray. This disarray cannot be transcended as long as we have a 'definitional deficit' in which many studies fail to adequately differentiate the relationship between the state and supranational or inter-governmental actors on the one hand and the state and non-state actors on the other. We need to ask therefore how we may we substantively and analytically frame the field of 'globalisation studies' so as to include the diverse research programmes that cohabit under its general rubric?

Understandings of globalisation are multi-dimensional--political, ideological, economic, cultural--and often caricatures of complex arguments. Rarely, however, is it defined in other than narrow economic terms--usually by reference to the change in the ratios of trade and FDI as a share of GDP. In order to provide a meaningful taxonomy, we have to locate definitions of globalisation within two initial broad modes of understanding often offered, too imprecisely we would argue, as definitions of globalisation themselves. These two initial modes of understanding (as opposed to definitions) are of globalisation as: (i) the emergence of a set of sequences and processes that are unhindered by territorial or jurisdictional barriers and that indeed enhance the spread of trans-border practices in economic, political, cultural and social domains, (ii) as a discourse of political knowledge offering views of how to make the post-modern world manageable. For many policy makers, globalisation as knowledge, however defined, constitutes a new reality that renders

redundant the language and imagery of a state-centric world and identifies globalisation, with its underlying assumptions, as the determinant of a policy makers understanding of what is possible and thinkable.

Yet even with this first cut, the 'meaning' of globalisation still remains illusive. The reason for this is obvious. Globalisation needs to be viewed differently through different normative and theoretical lenses. In order to offer some greater clarity we therefore offer four alternative understandings of globalisation. The superiority of this approach, we suggest in the later sections of this paper, is both theoretical and practical. At the theoretical level it allows us to proceed from the four definitions to highlighting the disciplinary assumptions that underpin them. From the disciplinary assumptions we can then move to a taxonomy of the sub fields of globalisation studies and--importantly for an insight into the policy implications of the competing definitions--on to a taxonomy of the sites of policy contest in which the differing definitions and assumptions can be seen to have either heightened or diminished salience.

### **Figure 1: Four Definitions of Globalisation**

*(A) Globalization as a historical epoch.* In this context, globalisation is a specific period of history--rather than a sociological phenomenon or a theoretical framework. It is broadly dated from the beginning of detente and the end of the Cold War, and is immortalised in the destruction of the Berlin wall.<sup>7</sup> It is in effect the first clear historical phase after the end of the Cold War. This is a temporal definition--time is the crucial factor. Whether causally related or not, globalisation as a period might be said to 'succeed' the Cold War historically. The economic counterpart to the bi-polar strategic conflict of the Cold War was the post world war two, post colonial 'developmentalist project' through which the capitalist economy was stabilised.<sup>8</sup> Like the Cold War before it the term 'globalisation' serves as a time bound template for describing a context in which events occur. Globalization might be considered (retrospectively) as a historical period -- comparable to Ernst Nolte's claim that fascism represented an epoch and not a

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<sup>7</sup> T. Garton Ash, *In Europe's Name: Germany and the Divided Continent* (NY: Random House, 1993).

<sup>8</sup> Philip McMichael, 'Globalization: Myths and Realities', *Rural Sociology*, 61 (1), 1996, p.29.

specific form of political regime,<sup>9</sup> or that the 'Depression' remains a distinct phenomenon.<sup>10</sup>

By adopting a temporal approach globalisation can be said to begin with the simultaneous introduction of detente between the United States and Soviet Union and the breakdown of what John Ruggie called the 'embedded liberal compromise'<sup>11</sup> between capital and labour in many OECD countries. This saw the ascendancy of a neo-liberal market oriented approach to economic management at the expense of the Keynesian welfare statist approach that had dominated for much of the post world war two era.

**(B) Globalisation as a confluence of economic phenomena:** Alternatively, globalisation, rather than being seen historically, might be characterized functionally as an intrinsically related series of economic phenomena. These include the liberalisation and deregulation of markets, privatization of assets, retreat of state functions (particularly welfare ones), diffusion of technology, cross-national distribution of manufacturing production (foreign direct investment), and the integration of capital markets. In its narrowest formulation, the term refers to the world-wide spread of sales, production and manufacturing processes, all of which reconstitute the international division of labour. This is what we might call an economically defined, process, definition of globalisation.<sup>12</sup>

While it focuses on the distribution of finance, production, technology, regulation, and authority as indicators of change, it argues that many of these activities are not historically 'new'<sup>13</sup> Rather, their volume scope and clustering makes them significant.<sup>14</sup>

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<sup>9</sup> See Ernst Nolte, The Three Faces of Fascism New York: Holt, Rinehart and Winston, 1966.

<sup>10</sup> Peter Gourevitch for example, when discussing comparable phenomena, terms the period after the "Great Crash of 1929" as 'The Depression'. Politics in Hard Times Ithaca: Cornell University Press, 1986..

<sup>11</sup> John Ruggie, 'International Regimes, Transactions and Change: Embedded Liberalism in the Post War Economic Order', International Organisation, 36 (4) 1982: 379-415.

<sup>12</sup> See Winfried Ruigrok and Rob van Tulder, The Logic of International Restructuring (London and New York: Routledge, 1995), pp.131-146.

<sup>13</sup> Many are identified as early as 1944 by Karl Polyanyi in The Great Transformation: The Political and Economic Origins of our Time, Boston: Beacon Press, 1944

<sup>14</sup> See inter alia, Dave Broad, 'Globalization Versus Labor', The Monthly Review, December 1995, 20-21 and The Group of Lisbon, Limits to Competition Cambridge, MA: MIT Press, 1995, 68-77.

They have never occurred with such depth, breadth and speed in the past. 1970 and beyond is not similar to the period prior to the outbreak of world war one in 1914.<sup>15</sup> Market reform and the retreat of the state may have occurred previously, but never in combination with the explosive growth of FDI, multilateral institutions and the spread of a single ideology. A corollary of this definition is that globalisation leads to convergence<sup>16</sup>

**(C) *Globalization as the hegemony of American values:*** An understanding of this definition is best captured in the triumphalist tone inherent in the title of Frances Fukayama's book The End of History and the Last Man.<sup>17</sup> The end of the 'cold war' represented the outcome of an ideological battle that had begun at the end of world war two. It stresses the diffusion and assimilation of western--for which read 'American'--technological capability, finance and institutions (political and economic ones in the public sector, and 'best business practices' in the private sector.)

In this definition, globalisation is a normatively good thing that represents the triumph of modernisation and democracy defined as industrialized economic development involving the characteristic features of a limited state apparatus, representative government and a liberal concept of freedom and choice. In this regard, current proponents of globalisation hardly sound distinct from their intellectual forebears in the modernisation tradition in American political thought according to which a homogenisation of values occurs around the principles of capitalism and democracy.<sup>18</sup> But it is a particular form of capitalist economic development--the Anglo-Saxon classicism of Adam Smith rather than the

<sup>15</sup>see Johnathon Perraton et al, 'The Globalisation of Economic Activity', New Political Economy, 2(2) 1997: 251-78..

<sup>16</sup> Jeffrey G. Williamson, 'Globalization, Convergence and History', Journal of Economic History, 56 (2) 1996. p.278. For good critical reviews of the convergence hypothesis see the essays Suzanne Berger and Ron Dore (eds) National Diversity and Global Capitalism (Ithaca, NY: Cornell University Press, 1996.)

<sup>17</sup> New York, Free Press, 1991. Fukayama's views are comparable to Daniel Bell's argument of nearly four decades ago that modernity in America signaled the end of ideology. See The End of Ideology: On the Exhaustion of Political Ideas in the 50s Glencoe, Ill: Free Press, 1960.

<sup>18</sup> See, for examples, David E. Apter, The Politics of Modernization (Chicago: University of Chicago Press, 1965) and Seymour Martin Lipset, 'Some Social Requisites of Democracy: Economic Development and Political Legitimacy', American Political Science Review, March 1959, pp. 69-105.

‘Continentalism’ of Friedrich List.<sup>19</sup> Similarly, it is a specific form of liberal democracy-- again, that of the Englishman John Locke not the Frenchman Jean Jacques Rousseau.

This is, of course an ironic reading of globalisation. Marxists, especially in the neo-Gramscian variant, offer a similar analytical, if not normative argument in support of convergence. They see the triumph of liberalism as but a modern variant of the struggle for capitalist hegemony. In this variation, neo-Gramscians emphasise the notion of a formation of a transnational capitalist class. Supported by complimentary transnational economic institutional structures such as the World Bank and International Monetary Fund, and fortified intellectually by organic intellectual structures such as the Trilateral Commission. Analysts such as Stephen Gill argue that this transnational class of elites exports a set of values consistent with the American variant of liberalism and capitalism.<sup>20</sup>

**(D) Globalisation as technological and social revolution.** This view directly contradicts the second definition of globalisation as being but a new cluster of activities. Rather this view argues that globalisation is a new form of activity in which a decisive shift from industrial capitalism to a post-industrial conception of economic relations is taking place. This shift is driven by a revolution among techno-industrial elites that will eventually consolidate a single global market. It is a comprehensive process of globally integrated production; of specialised but interdependent labour markets; of the privatization of state assets; and of the linkage of technology across conventional national borders.

Unlike definition A, time has no meaning and space has been compressed as a result of technological and communication revolutions giving rise to the 'networked economy', although the effect of such compression may be to enhance heterogeneity, captured in the notion of 'glocalisation'. Glocalisation is the localisation of economic and political relations, shifting authority from the national level downward in a manner that enhances

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<sup>19</sup> Popularised versions of this distinction between contrasting forms of capitalism and polity are offered by James Fallows Looking at the Sun: The Rise of the New East Asian Economic and Political Systems, (New York 1994). See also the now dated texts of Jeffrey J. Garten, A Cold Peace: America, Japan, Germany and the Struggle for Supremacy, (New York, Random House, 1992) and Lester Thurow, Head to head: The Coming Economic Battle Among Japan, Europe and America, (London: Nicholas Brealey, 1992.)

<sup>20</sup> Stephen Gill, American Hegemony and the Trilateral Commission Cambridge: Cambridge University Press, 1990 and 'Globalisation, Market Civilisation and Disciplinary Neo-Liberalism', Millennium: Journal of International Studies, 24 (3) 1995: 399-423.

responses to globalisation. Globalisation de-emphasises the importance of geography while glocalisation enhances it as a counter tendency and geographic linkages in a regional, trading sense become of key importance.<sup>21</sup> Ruigrok and van Tulder see the globalisation-glocalisation debate as one of conflicting firm strategies. Globalising firms pursue strategies aimed at a worldwide intra-firm division of labour while glocalising firms seek to replicate production within specific regions, thereby generating geographically concentrated inter-firm divisions of labour while at the same time avoiding the risks associated with the formation of trade blocs.<sup>22</sup>

This fourth definition suggests that a revolution is taking place not only in relations between the state and the economy, but also with civil society. In its most naive form proponents of this view contend that:

In the developed countries of the West, new technology will lead to big productivity increases that will cause high economic growth -- actually, waves of technology will continue to roll out through the early part of the 21st century. And then the relentless process of globalisation, the opening up of national economies and the integration of markets, will drive the growth through much of the rest of the world. An unprecedented alignment of an ascendant Asia, a revitalised America, and a reintegrated greater Europe -- including a recovered Russia -- together will create an economic juggernaut that pulls along most other regions of the planet. These two metatrends -- fundamental technological change and a new ethos of openness -- will transform our world into the beginnings of a global civilisation, a new civilisation of civilisations, that will blossom through the coming century. <sup>23</sup>

This view is more influential amongst representatives of the 'networked economy' of the international managerial policy elites (Davos Man) vertically linked into the global

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<sup>21</sup> For a discussion see Richard Higgott and Simon Reich, 'Putting Intellectual Order into the Global Order: Nonstate Actors and Authority in the Global System', A paper presented at the Inaugural Conference of the Warwick University Economic and Social Research Centre for the Study of Globalization and Regionalization, University of Warwick, October 31-November 1, 1997.

<sup>22</sup> The Logic of International Restructuring op cit; pp. 9-10.

<sup>23</sup> Peter Schwartz and Peter Leyden, 'The Long Boom: A History of the Future, 1980-2020', Wired, July 1997, p.116.

economy in a flexible fashion, leading to dramatic improvements in their own influence and standards of living. It finds voice amongst McKinseyesque auteurs of the borderless world. It is a technologically driven definition that is bereft of any sense of serious political theory that might lead to a realisation of the problematic nature of the teleology espoused. It has little or no appreciation of the countervailing pressures that globalisation calls forth--be they at regional or local levels discussed later in this paper.

The movement from our definitions (A) to (D) of globalisation presents an increasingly revolutionary understanding of the effects of globalisation on economic and social relations. Definition (A) identified a shift in political and economic relationships between erstwhile superpowers on the one hand and capital and labour on the other. It remains, in essence, an historical argument in the realist tradition in international relations. State authority rest largely untrammelled. Definition (B) represents an aggregation and acceleration of change across a range of areas of modern economic life. It is an approach very much in the genre of modern liberal interdependence theorising in international political economy. Definition (C) reflects a belief in the triumph of one single ideology in the dominant ideas battle of the twentieth century. Depending on normative preference it can be seen through both liberal and Marxist lenses.

In short as we move through these definitions we move from a historical to sociological formulations. While all four definitions are systematically intellectually ambitious interpretations they nevertheless differ as to the order of magnitude of the change in the international system they describe of anticipate. As we move from (A) to (D) the definitions become less state centric and increasingly revolutionary in their analysis of the effect of globalisation on economic and social relations until definition (D), mixing sociological and technological analysis in a manner that would prevent them from being unravelled, goes so far as to suggest a global paradigmatic shift in political, economic and social relations. As we move from (A) to (D) the definitions become harder to reverse.

Each definition offer an alternative interpretation about what is distinct about globalisation and suggest what we may ultimately decide to study. But none of the formulations, however, offers a theory of change in their present form, nor indeed, even an explanation of the linkages between the disparate substantive realms studied under the rubric of globalisation. We attempt to rectify this latter problem in the next section by locating the substantive fields within a comparative framework.

## (2) So, What to Study? Four Discourses of Globalisation

By offering a multi perspectival set of definitions of globalisation, we have tried to suggest that there is no single dynamic at work and that the central propositions of globalisation must be seen as contested. This does not however tell us how the varied nature of substantive research that clusters under the rubric of globalisation studies, stretching thematically, functionally and geographically with little sense of coherence through definition (A)-(D), may be provided with a sense of order. Whether studying migration flows, welfare reform, liberalisation of trade and investment or the dialectic of globalisation and regionalism, scholars can claim to be engaged in what we loosely term 'globalisation studies'. In what follows we offer a framework for understanding the contested central propositions in four substantive sub-fields of research.

It is worthwhile recalling the explicit distinction made earlier between internationalists and globalists. This implied not only an analytic distinction between those who bear a scepticism as to whether globalisation indeed exists as an empirical phenomenon, but also a normative distinction between those scholars who consider globalisation as prescriptively benign and those who are suspicious of its manipulation by elites--either within or across national frontiers. To be specific, our definitions (A) and (C) are internationalist in tenor and they see the development of globalising forces in zero-sum terms. As a consequence they can see globalisation as a force to be resisted. Definitions (C) and (D) are globalist in spirit and put a positive-sum gloss on globalisation as a force to be enhanced.

A further implicit distinction exists. Although not discussed extensively in the literature, much of the distinction in substantive terms follows disciplinary lines. Thus although much of the major focus on globalisation lies within the *field* of international political economy,<sup>24</sup> significant differences exist according to the disciplinary and paradigmatic assumptions scholars make about the primacy of economics or politics. Figure 2 attempts to capture this analytic and disciplinary variance.

### Figure 2: The Propositions and Disciplinary Assumptions of Globalisation

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<sup>24</sup> The case for seeing IPE as a field of study rather than a sub discipline of either economics or political science is made in James Caporaso, 'International Political Economy: Fad or Field', International Studies Notes, 31 (1) 1987.

As seen in Figure 2, substantive research in each of the boxes houses one of our four theses, which in turn draws on one of our four definitions. In each realm, debates are contested over their central hypotheses. Thus, for example, the Regionalism hypothesis in Box B is largely a critical position offered by political scientists or, more generally, those interested in promulgating the primacy (but not exclusivity) of political explanations. It is drawn from the definition of globalisation as the confluence of economic phenomena.. It suggests that there is only a limited degree of convergence in the institutional and behavioural components of both polities and economies, and that--correspondingly--there are multiple forms of capitalism. In contrast, the 'internet' thesis (Box D)--derived from the definition of globalisation as sociological and technological revolution--offers a radical alternative proposition consistent with this formulation in which the role of the state is usurped and 'progress' through the discipline of market structures is advocated.

In practice, the propositions located diametrically across from each other contradict one another. For example, proponents of the regionalism or comparative capitalism thesis contradict those of the 'internet thesis'. Likewise those of the modernisation thesis contradict the redistribution thesis. Most effort is spent on defending the viability of a research programme rather than critically examining that of the alternative. Is this a sign of the underdeveloped nature of these research programmes? We think so. Thus we ask, how the hypotheses look when viewed in substantive terms. An illustrative list of the policy issues in each strand of globalisation studies is provided in Figure 3 and developed in section three.

### **Figure 3: The Sub Fields of Globalisation Studies**

*(A) Social Democracy: The Redistributive Thesis.* While economic pressures may build, social democrats (and even some Marxists) now recognize that political will and policy competence do offer the opportunity for meaningful levels of policy autonomy. Political and social development are not purely structurally determined. The agency of actors is important in bringing about change, albeit path-dependent. The seeds of structural constraint of the kind emanating from processes of globalisation have their roots in the actions of agents--be they public or private, state, regional, international or even individual (cf. the influence of George Soros on Britain's exit from the EMS).

Social democrats and Marxists thus now focus their attention on redistribution in the context of globalisation.<sup>25</sup> But for them, globalisation is not simply an unfettered economic phenomenon but also a politico-ideological one that acts as a rationalisation for emerging trends in contemporary governance. To the extent that globalisation is declared to be 'market driven' it has to-date been largely devoid of serious analysis of its political contexts or potentials for resistance from those adversely affected by it. But this denies the manner in which Globalization has speeded up the long term secular tendency of governance--driven by socio-economic theories of rationality and efficiency--to be transferred from the state to the individual. This is not the same as saying that the state is becoming less intrusive, rather that greater responsibility is placed on individuals to organise their lives. In this context, debates about the 'end of', 'retreat of' or 'decline of' the state need to be reformulated. Marxists and Social Democrats argue that the end of the Keynesian welfare state and the rise of the neo-liberal one in many countries is not the same as the end of the state itself, but the end of a particular form of state as we grew to understand it in the developed democracies.

The most developed variant of this argument--certainly the most over theorised--is to be found in the neo-Gramscian analysis of the relationship between the state and globalisation. A process of internationalisation of the state has taken place which, according to Robert Cox, '...gives precedence to certain state agencies--notably ministries of finance and prime minister's offices--which are key points in the adjustment of domestic to international economic policy.'<sup>26</sup> The state no longer fulfils the Keynesian function of defending domestic welfare from exogenous pressures. Rather, it is a 'transmission belt' in which neo-

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<sup>25</sup> The radical and Marxist tradition in this regards extends from J. A. Hobson, Imperialism: A Study (London: George Allen and Unwin, republished 1938) from 1902 original and V. I. Lenin, Imperialism: The Highest Stage of Capitalism (New York: International Publishers, republished 1939) to scholars such as Paul M. Sweezy, A Theory of Capitalist Development: Principles of Marxian Political Economy, (New York: Oxford University Press, 1942); Paul A. Baran, The Political Economy of Growth, (New York: Monthly Review Press, 1957); Paul A. Baran and Paul M. Sweezy, Monopoly Capital: An Essay on the American Economic and Social Order (New York : Monthly Review Press 1966. It can be seen in the dependency literature of the 1960s and 1970s such as Andre Gunder Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (New York: Monthly Review Press, 1969); and Immanuel Wallerstein, The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century (New York : Academic Press, 1974). Peter Evans, Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil (Princeton: Princeton University Press, 1979), pp.14-54. The quintessential analysis of globalisation of the current period in this genre is Hirst and Thompson's Globalisation in Question, op cit.

<sup>26</sup> Robert Cox, 'Social Forces, States and World Order: Beyond International Relations Theory' in Robert O. Keohane (ed) Neorealism and its Critics, New York: Columbia University Press, 1986

liberal policy passes from the 'global to the national' policy domain.<sup>27</sup> The irony of this approach is that it is, in some ways, as determinist as the liberal 'Internet thesis' in its view of the state. It sees the state primarily as a receptor. More orthodox Marxists reject the Gramscian position. Instead, they see the state having the ability to 'author' and 'encode' modern capitalism.<sup>28</sup> As such the state is an instrument of globalisation. The major analytical (as opposed to normative) difference between Marxists and Liberals is that Marxists reject the state-market dichotomy that is the starting point for liberal analysis.<sup>29</sup>

The emergence of globalisation as an issue of inquiry has caused Marxist scholars to revisit debates from a previous age.<sup>30</sup> A more detailed exegesis of these arguments is not relevant for the general positions adopted in this paper. The important practical point--the Social Democratic or redistributive position suggests--is that in its policy response to globalisation the modern developed (capitalist) polity has undermined the fragile 'embedded liberal compromise' between state and society.<sup>31</sup> Welfare capitalism, as the normalising rationality of governance, has been the victim of globalisation:<sup>32</sup>

Unlike proponents of the regionalist or comparative capitalism thesis, proponents of the social democratic thesis bemoan a functional convergence taking effect. The essence of the 'convergence thesis'--given the imperatives of a neo-liberal ideology, increasing competition, capital mobility and the diffusion of 'best practice'--leads to this convergence across nations of the operating relationships between the economy, state and civil society.

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<sup>27</sup> See Robert Cox, 'Global Perestroika', in Ralph Miliband and Leo Panitch (eds) New World Order? The Socialist Register, London: The Merlin Press, 1992: 26-43. But see also Stephen Gill, (ed) Gramsci, Historical Materialism and International Relations, (Cambridge: Cambridge University Press, 1993)

<sup>28</sup> See Leo Panitch, 'Globalisation and the State', in Ralph Miliband and Leo Panitch (eds) New World Order? The Socialist Register, London: The Merlin Press, 1992: 60-93

<sup>29</sup> See Peter Burnham, 'Open marxism and Vulgar international Political Economy', Review of International Political Economy, 1 (2) 1994: 221-31.

<sup>30</sup> Most notable being that between Nicos Poulantzas and and Ralph Miliband in the late 1960s and early 1970s. See Nicos Poulantzas, 'The Problem of the Capitalist State', New Left Review, 58: pps 67-78 and Ralph Miliband, 'The Capitalist State: A Reply to Poulantzas', New Left Review, 59: pps. 53-60

<sup>31</sup> John G. Ruggie, 'At home abroad: international liberalisation and domestic stability in the new world economy', Millennium, 24, 1995 pps 507-26. See also John G. Ruggie, Winning the Peace: America and the World Order in the New Era, New York: Volumbia University Press, 1996.

<sup>32</sup> Richard Falk, 'Will Globalisation Win Out?'. International Affairs, 73 (1) 1997, p. 130.

Students of globalisation who stress the 'terminal nature' of the state--essentially convergence theorists--miss the point. For example in 1970, Susan Strange castigated international relations and international economics for their mutual neglect<sup>33</sup>. She was justifiably critical of the determinist nature of much economic analysis. In her most recent work, she appears to have forgotten her own admonition of 27 years earlier. As she now says 'markets win, governments lose'.<sup>34</sup> But this is far too blunt an analytical instrument.

**(B) The Comparative Regionalism Thesis.** This is quite clearly a variant on what is known in other circles as the comparative capitalism thesis. As suggested, fundamental to this approach is the central notion that systems are not converging.<sup>35</sup> As we indicated in our definitional section, what is driving this definition is the *confluence, not the fusion*, of economic and political activity. While 'capitalism' and 'democracy' can be defined in an abstract, inclusive manner the concepts remain different in practice. The central proposition of the comparative capitalism thesis is that the purpose of an economy and polity remains highly contested, even as liberal democratic forms apparently spread in influence. In its most extreme formulation, this approach finds voice outside the realm of IPE in Samuel Huntington's polemic on comparative civilisations.<sup>36</sup> Cultures (or civilisations) and IPE do coincide in the vast debate on what it is that makes the combination of capitalism and 'Confucian values' (if that is indeed the case) such a potent force.<sup>37</sup>

Rather than abandoning economic processes to the instability of markets, work in the realm of Box B re-emphasises the role of the state in stressing rules of conduct as a means to

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<sup>33</sup> Susan Strange, 'International Economics and International Relations: A Case of Mutual Neglect' *International Affairs*, 46 (3) 304-315.

<sup>34</sup> *The Retreat of the State* *op cit*, p. 5

<sup>35</sup> On 'convergence' see Suzanne Berger, 'Introduction' in Suzanne Berger and Ronald Dore (eds.), *National Diversity and Global Capitalism* (Ithaca, Cornell University Press, 1996), pp.1-25.

<sup>36</sup> *The Clash of Civilisations and the Remaking of World Order* (New York: Simon and Schuster, 1996).

<sup>37</sup> For a competing set of discussions see *The East Asian Miracle: Economic Growth and Public Policy*, A World Bank Policy Research Report, New York: Oxford University Press, 1993 and Richard Robison (ed) *Politics and Economics in the Twenty First Century: Is there an Asian Model?* A Special Edition of *The Pacific Review* 9(3) 1996.

avoid conflict and to arbitrate fissures in contrasting forms of capitalism. Whether on a systemic, regional or local basis, this approach reasserts the importance of inter-governmental negotiation in the functioning of markets. But the challenge posed to globalisation by each differs markedly. The development of multilateralism implies a usurpation of authority to the degree that it recognises that states must bargain not only with their counterparts but also often with the private and non-profit sector over the rules of behaviour. It signals a shift towards cooperation rather than harmony.<sup>38</sup>

The harmonisation of rules would be consistent with the views of proponents of globalisation of a progressive, natural and thus unmediated convergence. Consonant with Miles Kahler's analysis, cooperation is reflected in one three options--institutional competition (mutual recognition), 'harmonization' (in the sense of imposing standards), or managed trade--all involving recognition of the differences that are negotiated and eventually considered legitimate by all signatures to an agreement.<sup>39</sup> For internationalists, capitalism thus requires a sustained international governance in which states continue to play a central role. While economic sovereignty may indeed have eroded, states continue to negotiate and arbitrate the international rules of economic conduct and thus define the parameters of interaction. It is only, perhaps, the effective promulgation of specifically American values--liberalism, individualism, and a specific form of entrepreneurial capitalism--that suggests otherwise.

A comparable dynamic is at work in the context of *regionalism*, also a contested term. Scholars and practitioners of international relations and international economics understand it as inter-state activity ranging from enhanced, albeit rudimentary, policy co-ordination of the kind taking place in the Asia Pacific via APEC through to the full blown integration of states within a common market such as the EU. Yet for most practitioners of governance, especially the majority not involved in the rarefied atmosphere of international relations and diplomacy, regionalisation represents sub-state or sub-national activity in which the 'local' becomes more closely involved with the regional (that is sub-national) economic and political processes. One popular view sees regionalism as a way of manoeuvring separate forms of capitalism through the maze of global integration--evidence being the

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<sup>38</sup> Robert Keohane, After Hegemony: Cooperation and Discord in the World Political Economy (Princeton: Princeton University Press, 1984), p.12.

<sup>39</sup> Miles Kahler 'Trade and Domestic Differences' in Berger and Dore, op. cit., especially p.300.

fundamentally different degree and form of institutionalisation evident in NAFTA, the EU and APEC. Regionalism is a way of preserving differences yet compromising with the global economy. A stronger formula suggests regionalism is not a compromise but an act of resistance to globalisation.<sup>40</sup>

The countervailing response to this thesis is to see regionalism as complementary to the spread of globalisation, a stepping stone in the process of enlargement. Despite his professed agnosticism, Robert Z. Lawrence points to such a conclusion in his assertion that closed trading blocs are no longer possible, and that this signals a fundamental distinction between historic and contemporary regional trading arrangements.<sup>41</sup> Proponents of such views contend that at the governmental level regionalism has resulted in states introducing policies to enhance competition, innovation and especially investment. As such, one of the aims of regionalisation is to enhance the overall credibility of members of a region vis-à-vis external actors, especially important potential sources of FDI. This is the case in the regionalisation of investment that affected the nature of manufacturing and trade patterns in East Asia (taken to mean both South and Northeast Asia), at least prior to 1997.<sup>42</sup> In this sense, regionalisation is a response to globalisation. Accordingly, we should see a trend towards regionalisation as an intermediary and mitigating stage in the relationship between states on the one hand and the globalising economy on the other. If globalisation is both a set of processes and an ideology of economic management, then regionalism is a manifestation of globalisation. It intersects with globalisation and one cannot be understood in the absence of the other.

Localisation represents a counter tendency to globalisation leading to different understandings of space and territoriality. Globalisation de-emphasises the importance of land and territory, localisation enhances it. This fact generates one of the major political tensions of the late twentieth century. It is in localisation that opposition to globalisation is at its greatest. Growing sentiments of local identity, enhanced economic activity and the changing nature of political activity at this level are part and parcel of a process of larger

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<sup>40</sup> Hazel Johnson, Dispelling the Myth of Globalisation: A Case for Regionalisation (NY: Praeger, 1991).

<sup>41</sup> Regionalism, Multilateralism and Deeper Integration (Washington D.C.: Brookings, 1996).p.20. The OECD contends that regionalism and globalisation are mutually reinforcing phenomena. See Regional Integration and the Multilateral Trading System: Synergy and Divergence (Paris: OECD, 1995), p.14.

<sup>42</sup> See Walter Hatch and Kuzo Yamamura, Asia in Japan's Embrace: Building a Regional Production Alliance, (New York: Cambridge University Press, 1996).

scale structural transformation that is taking place in the global economy. Internationalist proponents of the comparative capitalism thesis do not deny that global change is occurring. But they remain sceptical about the extent of the diminution of state authority.

We must contend with a complex of: (i) *de facto* processes of economic integration, firm-led and network-led within markets, at both the global and the regional levels on the one hand and *de jure* processes of state-led institutionalised governance on the other; (ii) emerging (vertical) meso-levels of authority between the state and the global order (trans or supra-national regionalisation); between the state and the local level (sub-national regionalisation) and (iii) emerging (horizontal) authority across extant territorial jurisdictions (NETS or growth triangles).<sup>43</sup> These processes are an outcome of the relationship between states and markets. But changing forms of power are not the same as changing distributions of power.

Explanations recognising this shift lack discipline. In the context of localism, for example, we should not lose sight of the fact that the increasingly popular identification of the 'new medievalism' in international relations<sup>44</sup> is but a metaphorical, not an analytical, device. Specifically, there are no clearly articulated theoretical linkages between (i) the 'political economy' of these processes, focusing on the influence of production and exchange; (ii) the 'public policy' of these processes, focusing on the politics of subsidiarity within the wider international political theory of geo-governance; and (iii) the socio-ideological aspects of this process as detailed in the recent literature of identity studies and the emergence of meso levels of loyalty both 'above' and 'below' the level of the state.

***(C) Developmental Politics: The Modernisation Thesis.*** Work by globalists in this realm represents a political contrast to the internationalist tendency of the regionalism and comparative capitalism thesis. At its core is a focus on the hegemony of American values--either implicitly or explicitly. It repackages many of the notions originally articulated in variants of liberal theory, such as the early modernisation theory literature.<sup>45</sup> Most

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<sup>43</sup> For an elaboration see Richard Higgott, 'Mondialisation et Gouvernance: l'Emergence du Niveau Regional', *Politique Etrangere*, 62 (2) 1997: 277-92.

<sup>44</sup> Cf Philip Cerny, 'Neo-Medievalism, Civil War and the New Security Dilemma: Globalisation as Durable Disorder', *Civil Wars*, 1(1) 1998

<sup>45</sup> For a discussion see Richard Higgott, *Political Development Theory*, London Routledge, 1996.

prominently it restates the importance of the diffusion capital, technology and culture and an expectation of convergence. This occurs via the assimilation of political and economic institutions in the public sector, and ‘best business practices’ in the private sector.<sup>46</sup>

In the modernisation literature, the convergence is towards liberal democracy and modernity defined as industrialised economic development--one that involves the characteristic features of a limited state apparatus. Furthermore, the failure to follow this normative prescription risks a moral failure. How else could one interpret the title (and, of course, contents) of books such as Edward Banfield’s The Moral Basis of A Backward Society or David Apter’s comment, in describing the theme of the Politics of Modernisation, that “Despite an emphasis on methods of comparing governments and studying their political growth and adaptation, analysis begins with moral content. My contention is that, in political life, that which is significant (both from the standpoint of the observer and from that of the participant) can only be understood in moral terms.” Thus the “difference between scientific work in the social sciences and the natural sciences” is “a difference in moral point of view...beyond science lies moral intuition...Knowledge of experience requires the commitment of all our senses.” And thus concludes Apter, “the overriding purpose of this book is to bring together some general methods and their moral implications”, the eventual objective being the formation of “representative government” (a concept of freedom and choice defined as morality)<sup>47</sup> which Apter equates with liberal democracy.<sup>48</sup>

Contemporary work on this field looks remarkably familiar, even if the locus of area studies has shifted away from a predominant focus on Africa and Latin America in the 1960s and 1970s to Eastern Europe and Asia today. The common core is the assertion of a positive relationship between democracy and development. Domestic political institutions in differing countries increasingly assimilate each other. In tandem, the values of liberalism and free market capitalism, professed by the earlier modernisation theories, bear a notable resemblance to this popular stream of contemporary ‘globalisation theory’. The

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<sup>46</sup> For a comprehensive and insightful discussion of the application of the notion of convergence in the contemporary globalisation literature see Suzanne Berger, ‘Introduction’ in Suzanne Berger and Ronald Dore (eds.), National Diversity and Global Capitalism (Ithaca, NY: Cornell University Press, 1996), pp.1-25.

<sup>47</sup> Apter, op. cit., pp. xiii-xiv. and p.3, 10-12.

<sup>48</sup> Ibid., pp.450-458 passim.

contemporary popular(ist) equivalents to the earlier modernisation literature are exemplified in the work of Francis Fukayama, especially his End of History and the Last Man<sup>49</sup> which is replete with the teleological sentiments found in much of the earlier modernisation literature. Its arguments about the triumph of liberalism are directly comparable to Daniel Bell's arguments of nearly four decades earlier that modernity in America signalled the end of ideology.<sup>50</sup>

The counter hypothesis to this professed convergence finds its voice in political terms in Box A, which is concerned with redistributive issues. What remains clear in the eyes of critics is the lack of any causal or mutually-reinforcing relationship between the onset of democracy and patterns of economic development. Barrington Moore suggested that modernization, if defined in narrow terms as industrialisation, can take many political and economic forms.<sup>51</sup> Similarly, observations of Asia and by Asian leaders themselves have been critical of the institutional definitions of democracy offered by western observers. In many Asian context while the technological aspects of globalisation have been enthusiastically embraced, the notion of the diffusion of western cultural traits has been specifically resisted. Nowhere was this better illustrated than in the exhortation of 'Asian values' by the likes of Mohammed Mahathir in the hubristic era of pre-economic crisis Southeast Asia<sup>52</sup>

**(D) Liberalism: The Internet Thesis.** The central elements were introduced in our earlier definition of globalisation as scientific and technological revolution. It is the paradigm of the business/ corporate community (of Ohmae and McKinsey). It sustains the notion of a social and technological revolution, substantively involving the liberalisation and deregulation of markets, privatisation of assets, dismantling of state functions (particularly welfare ones), diffusion of technology, cross-national distribution of manufacturing production (foreign direct investment), and the integration of capital markets. In its narrowest formulation, the term refers to the world-wide spread of sales, production

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<sup>49</sup> (New York: Free Press, 1992)

<sup>50</sup> Daniel Bell, The End of Ideology: On the Exhaustion of Political Ideas (Glencoe, Ill: Free Press, 1960).

<sup>51</sup> Barrington Moore Jr., The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World (Boston: Beacon, 1966), p. XIV-XV

<sup>52</sup> See for example Mohammed Mahathir and Shintaro Ishihara, The Asia That Can Say 'No' (details) See also the essays in "Politics and Economic in the Twenty-First Century: Is There an Asian Economic Model?" The Pacific Review, Special Edition 9 (3) 1996.

facilities, and manufacturing processes, all of which reconstitute the international division of labour.

Its most extreme theoretical perspective posits the view that we are witnessing a decisive shift away from industrial capitalism to a post-industrial conception of economic relations. The same economic phenomena identified earlier are important not just because they represent a unique *cluster* of activity but because they represent a new *form* of activity. This view depicts a striking revolution among techno-industrial elites, that ultimately render the globe a single market.<sup>53</sup> This is a comprehensive and complex vision: of globally integrated production; of specialised but interdependent labour markets; of the rapid privatisation of state assets; and of the inextricable linkage of technology across conventional national borders.<sup>54</sup>

A paradigmatic shift is taking place that influences the way we reconceptualise not only the importance of traditional factor endowments--land, labour and capital--in the context of new 'knowledge based industries', but also reconceptualise a variety of social and economic relations. In a manner not dissimilar to the Modernisation thesis discussed earlier, the Internet thesis generates the notion that globalisation offers the prospect of 'the end of history'.<sup>55</sup> But also like the modernisation approach, it similarly fails to acknowledge the neoliberal ideological strain at the heart of the globalisation process.

Normatively and prescriptively, most economists and policy makers--imbued with an (unrecognised or at least unacknowledged) ideology of liberalism--take an optimistic view of globalisation, consistent with this thesis. The expansion of international economic activity relative to state based activity offers the prospect for efficiency gains through specialisation. They play down any potential negative redistributive consequences or argue

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<sup>53</sup> Carnoy, Castells, and Cohen, *The New Global Economy*, *op cit*, p. 4-5 use the term in a generic sense to refer to investment, production, management, markets, labour, information, and technology now "organised across national borders." See also Manuel Castells, *The Informational City: Information Technology, Economic Restructuring and the Urban Regional Process* (Oxford: Basil Blackwell, 1991).

<sup>54</sup> Some analysts label the latter process "glocalisation," where the an extensive reorganisation of economic activities is underway at regional/local levels, while an explosion of information/communication and commodities/services flows is occurring across cities, regions, and nations. Note that it is not just business enthusiasts who speak in such terms, but also spokesmen for non-governmental organisations who seek to rally constituencies for globe-spanning environmental, labour, and other sorts of policies.

<sup>55</sup> see Fukuyama, *op cit*.

that a raising tide lifts all ships. Costs to displaced individuals, they argue, are off-set by overall welfare gains. Furthermore, although many of the policy prescriptions focus on tight monetary policy, much work in this area focuses on the corporation as the central actor. Firms develop strategies that try to transcend borders and institutionalise themselves, thus enhancing their flexibility and establish geographically dispersed corporate networks.

At its worst, the 'internet thesis' can descend into a crude form of technological determinism. It is here that critics castigate the assertion of inevitability that lies behind the transference of authority to the market mechanism. They contend that the change in the position of the modern state in this global context has not been simply structurally determined. In part it has been self-induced and it should be recognised that states have been significant contributors through their own 'regulatory reforms' which some now fear have led to a growing ungovernability of some global markets--especially financial markets, and especially since the currency crises of East Asia. A backlash against the liberalising tendencies inherent in the Internet thesis may be coming, and not only in victim countries. Even free markets champions such as the Financial Times are now calling for greater regulation of financial markets.<sup>56</sup>

### **(3) Arenas of Power and Policy Contest in an Era of Globalisation**

In this section we discuss some of the sites of contest--or policy arenas, if preferred--in which various actors address the policy issues of contest identified in the previous section. We attempt to demonstrate the manner in which different understandings of globalisation may determine which actors privilege which kinds of issues and the domains in which they will choose to advance or resist chosen issues. Firstly, however we note, several general trends that tend to apply in the current era.

Most governments struggle in contests with markets, but they have not yet lost all their strategic assets. Moreover, to see the relationship between states and markets as simply a

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<sup>56</sup> The Financial Times March 5 1997, p., 13.

contest is to ignore the mutually receptive nature of many aspects of the relationship. For many political leaders, including those of a social democratic persuasion, dealing with globalisation is not an exercise in the 'politics of helplessness' as much as one in the 'politics of accommodation'. There are few governments nowadays that are not receptive to the privileging of the global market and that have not acquiesced in the logic of global competition in a neo-liberal era. This tendency is exemplified by the rhetoric and the practice of the former Mitterand government in France, New Labour in the UK; and even government of East and Southeast Asia that have recently seen their economies savaged by the financial markets.

An effect of globalisation in advanced industrialised economies, is an acceptance that citizens will not have the same access to the job security (for white collar as well as blue collar workers), services and redistributive arrangements that prevailed under the welfare state system. While it may have created more jobs than it has destroyed, globalisation has been particularly hard for organised labour in traditional manufacturing sectors in the old industrialised countries. <sup>57</sup> As the American waitress says “Sure President Clinton has created millions of new jobs--I have three of them!”

Labour--unlike capital, technology and knowledge is not mobile--and this has diminished its political power. This has implications for politics at the local--or sub-state--level. Semi and un-skilled labour does not have the same stake in, or share the benefits of, globalisation that the educated, moneyed and skilled sections of the community receive. Moreover, liberalising governments will not, or cannot, implement policies that might alleviate their deteriorating position. Protectionist policies, advocated by nationalists of both the left and right, might help unskilled workers but they are known to be welfare reducing overall.

The optimum strategy--reducing the relative supply of unskilled labour via enhanced education and training, supported by subsidies to overcome wage rigidities<sup>58</sup>--is either too

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<sup>57</sup>This accounts for why unskilled workers are the major losers as the relocation of firms and FDI from developed to developing countries takes place. This leads to major changes in the labour markets of the advanced industrial countries such as the UK. A strong downwards pressure on wages in OECD countries--especially for unskilled workers--can be identified. No matter how one distinguishes skilled from unskilled workers, OECD countries are exhibiting rises in income inequality as enhanced technological innovation and substitution move employment levels in favour of skilled workers. Income distribution is becoming increasingly bi-modal. See Marina Wes Globalisation: Winners and Losers, (London: IPPR, 1995).

expensive for governments to contemplate, given the effects such spending might have on their credibility with the international financial markets, or it is deemed politically incorrect in the current ideological climate. Thus government takes on many of the characteristics of what some call 'the new public management'<sup>59</sup>--seeking to reorganise the business of government along the lines of the government of business--and the authority and legitimacy of the state is diminished. Governmental priority is to maintain the confidence of the international markets.

What is less evident is that--by default, if not by design--this process is invariably at the cost the authority of governments. While citizen allegiance does not vanish, it is transferred to other sources. Primordial identities of an ethnic, religious, or linguistic basis begin to take precedence over those of a more inclusive nation-state variety and that do not conform to patterns of political understanding of the 'left/right' variety that consolidated in the heyday of the welfare state system.<sup>60</sup>

These general changes in identity and action, take on specific political and economic form in the variety of different arenas in which they are contested. Analysts of globalisation often speak in undifferentiated terms about the emergence of a global or international civil society. In similar generalised and non differentiated fashion, 'non-state actors' are asserted to be an important vehicle for the development of this global civil society. There is, however, often a confusion of what is meant by non-state actors. Some analyses conflate inter-governmental organisations (INGOs) such as the WTO, IMF, WB, EBRD and the like, with NGOs such as Greenpeace, MNCs such as Motorola and TNCs such as Phillips.

A more comprehensive analysis would need to consider in addition, the role of trade unions, pressure groups, the media and much more difficulty to define, that emerging range of policy networks and policy communities that now operate across frontiers in semi organised but non formalised fashion. All these bodies to a greater or lesser degree impinge--negatively or positively--on the contemporary forms of governmental authority.

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<sup>58</sup> See A. Wood, North-South, Employment and Inequality: Changing Fortunes in a Skill Driven World, Oxford: Oxford University Press, 1994

<sup>59</sup>Patrick Dunleavy, "The Globalisation of Public Service Production: Can Government be the "Best in the World?""', Public Policy and Administration 9 (Summer) 1994.

<sup>60</sup> For a discussion of the emergence of new forms of political solidarity see Vincent Cable, The World's New Fissures: The Politics of Identity, London: Demos, 1994.

Yet their objectives, institutional structures and modus operandi, remain largely undifferentiated. The end product of this lack of differentiation is an obfuscation of the changing nature of authority in a rapidly evolving international system of governance. Thus what follows is a broad brush taxonomy of these various bodies. Our aspiration here is exploratory and modest. As set in figure 4, we identify the relevant sites of policy contest in the struggle for authority in this unstable environment.

We distinguish two types of non-state actors; (i) private sector corporate actors in which we will further differentiate between Multinational Corporations (MNCs) and Transnational Corporations (TNCs) and (ii) non profit organizations--extending from NGOs to what we call trans-national and trans-regional policy communities (TNPCs and TRPCs). It therefore covers a heterogenous collection of actors with markedly distinct characteristics that are impossible to capture in a useful manner under the residual category of 'non-state' actors. That said, our framework depicted in Figures 1 and 2 allows us to differentiate between the various organisations based on both their substantive concerns and functions in Figure 3.

#### **Figure 4: Actors and Sites of Policy Contest<sup>61</sup>**

Figure four demonstrates the relationship between the actors and the institutions in our four discourses of globalisation. We deviate, however, in the order of our discussion of these relationships. We reverse the order. For purposes of clarity, we discuss them in the order D, C, B, A as a reflection of the direction and pressure for change towards greater globalisation. It is in boxes D and C that the pressure for change is greatest. It is in Boxes B and A that resistance to globalisation would appear to be developing its strongest arguments. Moreover, we would suggest that there is a commonality of interest that flows across the border between boxes D and C. This is not necessarily repeated across the border between Boxes B and A.

***(D) The Internet Discourse: TNCs, and the Universalisation of Market Structures*** One commonly identified aspect of globalisation is the tendency towards *glocalisation* and the most celebrated instrument of that same phenomenon is the multinational corporation. In

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<sup>61</sup>These boxes are ideal types that offer a heuristic devise rather than a set of water-tight analytical categories. The borders are porous, especially on the left (politics) and right (economics) boxes on the top rung. The discursive distinction between them is whether political change or economic change is the prime mover in the shift towards capitalist liberal democracy of a Smithian/Lockian hue and the degree of inevitability of that process. Both see this marriage of Lockian politics and Smithian economics as the normatively desired outcome.

this paper, however, we locate both as being distinct from, and resistant to, the propensity towards globalisation. This apparent paradox reflects a misnomer in the lexicon of contemporary advocates of globalisation.

The paradox is well accounted for by Winfried Ruigrok and Rob van Tulder. They draw a distinction between globalising firms that pursue a strategy that strives for a *worldwide intra-firm division of labour*, while glocalising firms pursue an alternative strategy in which they seek to replicate production *within a number of regions*, thereby avoiding the risk associated with the formation of trade blocs.<sup>62</sup> Glocalising companies seek to generate a *geographically concentrated inter-firm division of labour*. In this regard, their activities can be found to exhibit the characteristics of our Comparative Regionalism/Capitalism thesis identified in Box B in Figures 2-4. Glocalising firms, seeking to replicate themselves on a regional basis, we term 'multinational corporations' and discuss at B below.

Globalising firms are better labelled transnational corporations (TNCs) which consider more accurately to be the true progenitors of globalisation in the context of the Internet thesis (Box D of figures 2, 3 and 4. Amongst their most devoted advocates TNCs are considered small in number but reflect a growing trend. Such firms are '...transnational in operation, ownership, and often in origins...[and]...decisive not only for the way individuals live and work, but for the way in which the politics and economics of the world are bound together'.<sup>63</sup>

Rather than replicating production on a regional basis. Borders are of little consequence in political terms: 'transnationals...exceed national boundaries, transcend definitions of national identity, and regard the entire globe as a single theatre of operations.' In economic terms, geography only becomes consequential when location enhances competitive advantage and economies of scale. Thus 'these corporations locate factories, office staff, and research where they make the most sense for the global unit they serve'.<sup>64</sup>

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<sup>62</sup> Winfried Ruigrok and Rob van Tulder, The Logic of International Restructuring (London: Routledge, 1995) pp. 9-10.

<sup>63</sup> Wendt, op.cit., p.3.

<sup>64</sup> Ibid., p.5-13, passim.

Such production strategies are matched by a decentralisation of decision making in which authority is allocated functionally. If R&D is located in one place, then it bears responsibility within the company for all R&D decisions, as does the management responsible for manufacturing located elsewhere. Divided facilities will correspondingly lead to divided powers. Of course such a strategy is heavily contingent on the assumption that markets are truly global in nature and tastes are standardized, with little need for customisation.<sup>65</sup> Mass consumer products such as Coca-cola, the Big Mac and Levi jeans are among the few that reflect universal tastes and avoid concerns about local regulations.

Yet problems with the claims made on behalf of TNCs are apparent. Many concern TNCs focus on a set of by-now well worn examples; Shell, Unilever, Volvo-Renault, Asea Brown Boveri, Arjo Wiggins Appleton, Sony, IBM and Nestl . <sup>66</sup> Few others are ever cited, posing the question that maybe transnationalism is not a growing tendency. A second related concern focuses on the geographical mal-distribution of the companies listed above. Most, it should be noted originate from small markets--the Netherlands, Sweden and Switzerland--begging the question as to whether such firms have been transnationalised by the very nature of their domestic context; small markets, limited research facilities and expensive labour forces in the contemporary context of evaporating trade and investment barriers.

Proponents may argue that globalisation and glocalisation strategies are consistent. We have suggested otherwise. Indeed, consolidating this point, Ford's abandonment of a 'world car' strategy, and Ruigrok and van Tulder's specific claim that neither Sony nor Honda have the structure of TNCs and the more generalised claim that U.S, Japanese and European firms that appear more transnationally-oriented have simply mastered the "subtle balance" of central control and regional initiative<sup>67</sup> all cast doubt on the TNC component of the Internet Thesis.

Despite these reservations, we argue that the implications of globalisation for authority within the system remain evident. States are ironically characterised, by economists and business-types alike, as monolithic and intrusive in the workings of markets. States are in a

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<sup>65</sup> Ruigrok and van Tulder, op.cit., pp.180-182.

<sup>66</sup> Wendt, op.cit., p.12.

<sup>67</sup> Ibid.

zero-sum conflict with TNCs. Their power is retreating in scope and domain in the face of a growing intra-firm division of labour. Prescriptively, states should evacuate; doing so via the deregulation of markets, liberalisation of trade and investment barriers, and the privatisation of assets. Proponents of transnational corporate activity see individuals, defined as consumers--rather than states--as the true representatives of civil society. But as states have taken this ideology on board, particularly in Eastern Europe, the effect may well have been to create a vacuum in authority, rather than alternative source of authority--the market.<sup>68</sup>

Advocates of our Internet Thesis prescribe a solution to the vacuum via the authority and discipline established by market structures. It is in essence a normative economic theory for the enhancement and consolidation of globalisation. It is, however, poor political theory. There is, however, a political corollary to the internet thesis. It is to be found in the consolidation of neo-liberal agenda in which the principle actors are NGOs and state sponsored IGOs, especially the international economic inter-governmental organisations, such as the World Bank Group, the International Monetary Fund the Bank of International Settlements. Their influence also crosses over into Box C via the modernisation discourse. These organisations, if often only implicitly, strive to secure political-institutional convergence as the corollary to market convergence envisaged in the Internet thesis.

***(C) The Modernisation Discourse: IGOs and the Consolidation of Liberalism:*** Promotion of the notion of the triumph of the American liberal values takes place within a range of structures of both a state and societal nature. Within state structures, as discussed in the preceding section, it is reflected in the supranational organisations in which sovereignty can be, and often is, pooled. Whether through the UN, IMF or WBG the purpose of the project is unerring. Having triumphed in the first global ideological contest--the Cold War--advocates of this specific brand of capitalist liberal democracy now fight the successor war to establish the hegemony of liberal democratic values in those states of the world recently liberated from communism or where liberal democracy and capitalism are currently practiced, but in forms that deviate from the Lockian-Smithian variant.

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<sup>68</sup> For a sceptical view of the capacity of the market to penetrate the civil societies of Eastern Europe see Alice H. Amsden, Jacek Kochanowicz and Lance Taylor, The Market Meets its Match: Restructuring the Economies of Eastern Europe, Cambridge: Harvard University Press, 1994

Nowhere is this better illustrated than in recent the economic crisis in East Asia. The adjustment packages for Korea, Thailand and Indonesia in the early parts of 1998 appear to be designed to consolidate the Smithian approach to capitalist development as a 'second triumph' of liberalism; this time in the battle between Anglo-Saxon laissez faire capitalism and that of the East Asian 'developmental state model' that, prior to the crisis, was thought to be posing a major challenge to a neo-liberal hegemony of the global economic order.<sup>69</sup>

Yet the activities of the IFIs in East Asia are but part of what one recent study sees as a wider contest between global economic institutions and global social movements '...to influence the structures of international governance'<sup>70</sup> This can also be characterised as a contest between old and new multilateralisms. The old being the top down activities of the existing structures of international governance identified in the international institutions such as th IMF, WTO and the WBG. The new being the attempt by global social movements to '...reconstitute civil societies and political authorities on a global scale, building a system of global governance from the bottom up'<sup>71</sup>

The preferred strategy of the international insitutions is to incrementally extend their remit geographically (extended membership of bodies such as the WTO), functionally (greater coverage of issues) and inclusively (by the cooption of erstwhile recalcitrant actors--securing their socialisation into the dominant ideological mode which in the contemporary case is neo-liberal market liberalism). Global Social Movements (and especially NGOs in developing countries that fit in Box A of figure 4 as discussed below) are at the core of the alternative approach as they attempt to change the prevailing organising assumptions of the contemporary global order and thus alter the policy outcomes.<sup>72</sup> While multilateralism is not imperialism as an organisational form,<sup>73</sup> a working assumption of many NGOs is that

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<sup>69</sup> See Richard Higgott, 'Globalisation and Region building: Some Lessons from the East Asian Economic Crisis' in Peter Dicken, Lilly Khong, Kris Olds and Henry Wei Chen Yeung, (eds) *The Logics of Globalisation in Asia*, London: Routledge, 1998.

<sup>70</sup> Robert O'Brien, Anne Marie Geotz, Jan Aart Scholte and Marc Williams, Complex Multilateralism: The Global Economic Institutions-Global Social Movements Nexus, Sussex, Report Prepared for the UK Economic and Social Research Council, Global Economic Institutions Programme, 1998, p. 3.

<sup>71</sup> Robert Cox, (ed) The New Realism: Perspectives on Multilateral and World Order, Basingstoke: Macmillan, 1997 xxxvii.

<sup>72</sup> O'Brien et al, op cit, p. 17.

many existing multilateral institutions are instruments , if not of US hegemony, then at least of OECD dominance of the existing world order.

As we argued earlier, assertions about the consolidation of the hegemony of the liberal discourse in an era of globalisation bring together a series of strange bedfellows ranging from scholars of a radical liberal variety such as Frances Fukayama on the one hand to the Gramscian analysts of contemporary capitalism on the other. The central argument is that the end of the Cold War represented, at least in the short term, the triumph of the political theory of liberalism. This is the strong individualist, market-led liberal theory of a peculiarly American variety (as opposed to a more European understanding of liberalism). The advancement of this normative position finds its infrastructural support amongst of range of both public, but mainly private, non-state actors that may once have operated nationally but, as befits an era of globalisation, now operate in an increasingly in trans-national fashion.

For heuristic purposes only, we make a parsimonious distinction between NGOs, mostly from the developed world, that are primarily societally sponsored (Box C of figure 4.) and the emergence of primarily state sponsored or directed bodies that have emerged strongly in East Asia for example and that are referred to increasingly in the literature as GONGOs (Governmental organised non governmental organisations), MANGOs (manipulated non governmental organisations) or GRINGOs (governmentally regulated and initiated non-governmental organisations)<sup>74</sup> and that are to be found inhabiting boxes A and C. They are reflective of the dominant mode of political responses to the globalisation processes, especially since the end of the Cold War that we discuss in these two different categories

Secondly, unlike earlier discussions of the role of developed country MNCs and TNCs in developing countries--under written by rationalistic and economic assumptions of a supposedly value neutral kind--the current discussion of the behaviour on NGOs is avowedly normative, politically prescriptive and increasingly internationalised.<sup>75</sup> At a general theoretical level, trans-national networks of NGOs are vehicles to empower

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<sup>73</sup> John Gerard Ruggie, 'Multilateralism: Anatomy of an Institution, in Ruggie (ed) Multilateraism Matters, New York Columbia University Press, 1993, p. 8.

<sup>74</sup> We are indebted to Diane Stone, Warwick University, for assisting us to differentiate among NGOs

<sup>75</sup> See for example, Margaret Keck and Katherine Sikkink, Transnational Issue Networks in International Politics, (Ithaca: Cornell University Press, 1997)

domestic NGOs in a range of issue areas. The internationalisation of NGOs allows them to challenge governmental policy from outside the state as well as from within the state.

In the discourse of contemporary policy science, the role of NGOs in these processes is to assist 'cross national policy transfer'<sup>76</sup> The alternative normative interpretation is to be found in Gramscian analyses that see a stronger process at work--'disciplinary Neoliberalism' as Stephen Gill would argue.<sup>77</sup> NGOs are not, of course, the only institutions involved in this process. Indeed, the strongest influences may come from the IGOs such as the World Bank and the International Monetary Fund. But it is the international interaction with members of the policy making communities of the target states, and especially the socialisation experiences they offer, that makes the non governmental sector of think tanks, research organisations and foundations, important actors in the geographical widening and societal deepening of economic and political liberalism. NGOs offer both sites of resistance to, and strategies for, the mitigation and modification of the policy making process.

Key sites for the advancement of the modernisation discourse are predominantly societally driven. Exemplars of kinds of societally sponsored NGOs germane for the argument we wish to advance are bodies such as Greenpeace and Amnesty International on the one hand that would appear to be trying to universalise a given value--be it global environmental well-being, a common standard of human rights; or, on the other hand, those organisations such as the Heritage Foundation and the Cato Institute from the USA driven by the desire to privatise welfare systems--or, more generally, to export US style market liberalism and democratic values to the former states of the Soviet bloc in a post Cold War context.

It is of course not simply in the USA that these kinds of organisations are to be found. Similar bodies such as the Adam Smith Institute or the Institute of Economic Affairs in the UK have 'internationalised their mission' since the end of the Cold War<sup>78</sup> and the German Stiftung (such as the Friedrich Ebert and Konrad Adenauer Foundations) that have always

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<sup>76</sup> for a discussion see Diane Stone, Capturing the Political Imagination: Think Tanks and the Policy Process, London: Frank Cass, 1996.pps. 166-183.

<sup>77</sup> Gill, 'Globalisation, Market Civilisation and Disciplinary Neo-Liberalism', op cit.

<sup>78</sup> See Stone, Capturing the Political Imagination op cit.. See also Tony Smith, America's Mission--check title

had an international dimension but now place special emphasis on establishing civil society--the 'indispensable ingredient of market democracy' in East and Central Europe.<sup>79</sup>

'Democratisation assistance'--enhancing the ability of states emerging from communism, underdevelopment or both--has become the central activity of a range of think tanks and foundations in a post Cold War context. Their aim is to secure the reconstitution or even the creation of civil society of an American liberal variant, as the major source of authority in transitional polities. The importance of the establishment of liberal political culture and institutions in Eastern Europe, as the prerequisite to economic development, mirrors exactly the central tenets of the dominant modernisation theory orthodoxy of the immediate post colonial era of the 1960s and early 1970s

The activities of these bodies put a new spin on our contemporary understanding of transnational relations in world politics. Firstly, they cause us to refine earlier, more state centric, or trans-governmental understandings of complex interdependence and transnational relations.<sup>80</sup> Nowadays, non state actors of both the political and economic variety, are seen to have a much greater role in trans national relations. Indeed, complex interdependence may be about to receive its second wind in international relations given the increasingly variable geometry of international relations and the growing dynamic of the relationship between state and non state actors in the closing stages of the twentieth century.<sup>81</sup>

**(B) *The Regionalisation Discourse and Glocalisation*** When contrasted with TNCs discussed at D above, multinational firms are much less agents of globalisation than is often assumed in the literature. Bearing in mind our original distinction, their behaviour is in fact more internationalist than global. They may decentralise production and sales, but their

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<sup>79</sup> Ann L. Phillips, Transplanting Civil Society: German Political Foundations in Central-East Europe, Washington D. C. School of International Service, American University May, 1997, mimeo. Notwithstanding similarities in their modus operandi, we are not suggesting that the German Stiftung reflect in an uncritical fashion the behaviour and values of the American foundations and think tanks.

<sup>80</sup>See the initial formulations of complex interdependence in R. O. Keohane and J. Nye, (eds) Transnational Relations and World Politics, 1971 and Power and Interdependence, Boston, Little Brown, 1977

<sup>81</sup>See Thomas Risse Kappen, (ed) Bringing Transnational Relations Back In, Cambridge: Cambridge University Press, 1995.

decision making structures remain firmly centralised in a hierarchical organizational form. This, in behavioural terms, is reflected in their propensity to retain the overwhelming majority of R&D facilities at home and, in the case of manufacturing firms, as much of the high value added component of production as sectoral determinants allow.<sup>82</sup>

While not in any sense explicit 'national champions', multinational corporations reflect the rudimentary institutional characteristics and values of the countries from which they emanate. American firms may engage in offshore production to capture lower labour costs with greater eagerness than their Japanese counterparts, but firms from both countries retain fundamental elements identifiable as national traits (U.S. firms, for example, still sacrifice employment first; Japanese firms do so last). But in this instant, what they share in common is more important than what distinguishes them--a propensity towards avoiding the amelioration or dilution of centralised authority.

Principal examples of such firms are to be found in the cases of Toyota, Hoescht and Motorola. Of the three, Toyota may be the most surprising inclusion, given the company's own replication of the much-vaunted Toyota production process in its subsidiary plants. Yet empirical study of the company reveals the extent and more importantly, the limited degree of the globalisation of the production process.<sup>83</sup> With the exceptions of Honda and Sony, Japanese firms personify a glocalisation strategy. Most European firms, like Hoescht in Germany, may differ little in this regard and Motorola demonstrates that the tendency toward multinationalism (not transnationalism) among firms is not specific to non-American companies. It exemplifies the American variant of this model, employing its Japanese plants for the purpose of customisation and producing in Japan where appropriate, but engaging in an all-out assault on Japanese governmental authority on a series of issues such as the allocation of frequencies in Tokyo's cellular phone market. Such an approach is consistent with Ruigrok and van Tulder's comment that:

Glocalisation pertains to a company's attempt to become accepted as a 'local citizen' in a different trade bloc while transferring as little control as possible

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<sup>82</sup> Pauly and Reich, *op.cit.*

<sup>83</sup> See U.S. Congressional Office of Technology Assessment, Multinationals and the U.S. Technology Base, OTA-ITE-612, Washington, DC: U.S. Government Printing Office, September 1994. For a further discussion of this treatment of Toyota see Simon Reich, "'Manufacturing' Investments? National Variations in the Contribution of Foreign Direct Investors to the U.S. Manufacturing Base in the 1990s", Review of International Political Economy, Vol. 3, No. 1, 1996.

over its area of strategic concern. Glocalisation is first of all a political and only in the second place a business location strategy: a company following a strategy of glocalisation will localise activities abroad (1) only if the company otherwise risks being treated as an 'outsider', or being hit by trade or investment barriers thus losing market share, and (2) to the extent that the company can exert more control over its host governments than vice-versa".<sup>84</sup>

This facet of glocalisation is also reflected in the tendency of firms to pursue strategic alliances or joint ventures, notwithstanding that these phenomena are generally regarded as signs of globalisation, not an alternative. But this view fails to capture the notion that strategic alliances are a tacit admission of the continuation of distinct and sustained forms of capitalism. It is the lack of market expertise and institutional access in the face of non-tariff barriers on the one hand, coupled with a capacity to generate trading partners that generates strategic alliances. Risks are shared because of critical investment factors. In a globalised world in which tastes are increasingly homogenised and barriers rendered irrelevant, the demand for strategic alliances and joint ventures would be significantly reduced. Yet as an analysis of the behaviour of US firms in Japan demonstrates, they are not.<sup>85</sup> When coupled with the propensity towards the centralisation of authority and R&D expenditures, the urge towards strategic alliances and co-development and production, distinguishes MNCs from a TNCs, reflecting a glocalising strategy.

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<sup>84</sup> Ruigrok and van Tulder, op.cit., p.179.

<sup>85</sup> See the data in Dennis Encarnation, Rivals Beyond Trade: America Versus Japan in Global Competition (Ithaca: Cornell University Press, 1992) and U.S. Congressional Office of Technology Assessment, op. cit.

If the discussion of the activities of MNCs represents the *de facto* process of regionalisation, or glocalisation. Then the other key site for the advancement of the regionalism discourse is to be found in the *de jure* processes of institution building that is one of the preeminent characteristics of international relations in the last quarter of the twentieth century. The scope and domain of the enhancement of regional institutional cooperation clearly differs--from the multi-level exercises in geo-governance in the development of the European Union, through the hub-and-spoke activities of NAFTA, the looser institutional associations developing in Latin America (Mercosur) to the even looser institutional arrangements of the Asia Pacific writ large (APEC) or writ small (ASEAN). In the EU context, there clearly has been sovereignty pooling, but in the newer, southern institutions regionalism as a project is geared towards sovereignty enhancement. Given the overlap, some of these tendencies are elaborated in the next section.

**(A) *The Redistribution Discourse: Sites of Resistance to Liberalism*** Key sites for the advancement of the redistributive discourse--which is many ways is a euphemism for resistance to globalisation--are old style labour unions in those industries adversely affected by globalisation; subnational political locations such as state and provincial actors and particularistic groups drawing their strength from factors such as ethnicity and other forms of parochial identity building

While there are identifiable secular tendencies in train in the aims and behaviour of non state actors in an era of globalisation, the specific relationship between the state and these actors varies from one part of the world to another. In Box C we demonstrated the efforts of non state actors from the developed world to universalise certain values or to consolidate the political dynamics of global liberalism that are not spontaneously generated by the activity of the market. But alternative aims and strategies are developing in other parts of the world. By way of an illustration we can point to the particularly unique relationship between the agents of economic power and political authority that would appear to be consolidating in the East Asian region. In this relationship, NGOs emerge less from within civil society. Rather they are induced via a process of significant state sponsorship.

A principle characteristic of the contemporary political economy of East Asia has been the emergence of a series of inter-connected economic networks of production and exchange that underwrite the processes of de-facto market led economic integration in combination with the emergence of an increasingly sophisticated and influential set of multiple and overlapping trans-regional policy communities (TRPCs) emerging out of the dialectical

relationship between globalisation and regionalisation and that provide a site for the articulation of various responses to the liberal project. The end product of these responses, of both a receptive and resistive nature, is modification and transformation of the liberal agenda. This can be illustrated in two ways. One obvious example has been the influence of a networked based approach to economic production and exchange in the wider East Asian region.<sup>86</sup>

A second example is the manner in which the development of a so-called 'Asian Way' towards the conduct of foreign policy (in both the economic and the security domain) by Asian states in contemporary international relations had begun to develop throughout the late 1980s and 1990s. Mobilised through regional think tanks and research organisations such as the ASEAN Institutes of Strategic and International Studies, the Pacific Economic Cooperation Council and a range of other bodies and organisations with a trans-regional membership. They have played an increasingly important role in the articulation of a range of Asian policy positions--on matters such as labour standards and human rights in Asia--that have attempted to advance the liberal economic agenda yet resist the liberal political one.<sup>87</sup>

The aims and structure of these organisations cannot be discussed in detail here save to reiterate that they are less societally driven, more state sponsored, NGOs. Members of these organisations invariably share common philosophical positions on a range of key issues such as the nature of economic and security cooperation. Their activities at the regional level are not, in the language of Europe, geared towards sovereignty pooling, rather than towards sovereignty enhancement and regime maintenance. In both a rhetorical and a practical sense, they are invariably resistive to the notion of enhancing policy influence from within the wider reaches of civil society. Indeed, they play an important second track role in the development of a limited form of civil society in the region that differs significantly from that which is understood in a 'western context'.<sup>88</sup> These are elite

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<sup>86</sup> See Richard Higgott, 'Libre Echange at Regionalisme Asiatique« in David Camroux and Jean Luc Domenach (eds) *l'Asia Retrouvee*, Paris: Le Seuil, 1997, Peter Katzentsein, (ed) *Network Power: Japan in Asia*, Ithaca: Cornell University Press, 1997 and East Asia Analytical Unit, *Overseas Chinese Business Networks in Asia*, Canberra: Australian Department of Foreign Affairs and Trade, 1995.

<sup>87</sup> See Kishore Mahbabunai, 'The Pacific Way', *Foreign Affairs*, 74 (1) 1995: 100-110 and Amitav Acharya 'Multilateralism in Asia: From ASEAN Way to Asia Pacific Way', *The Pacific Review*, 10 (4) 1997: 319-46.

activities, that have failed (indeed failed to try even) to-date to make inroads into their wider societies.

The development of resistant Asian positions vis-a-vis those emanating from the United States and Europe is not to be confused with Huntington's assertion of the prospect of a clash of western and Asia/Confucian values. Huntington is far too rhetorical and denies the vestigial importance of individual state identities, especially in East Asia. Rather, the development of Asian positions is an instrumental and nuanced contest in specific policy domains, rather than an ideological battle.

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<sup>88</sup> For an empirical listing and description of these bodies on a country by country basis in the region see the essays in Tadashi Yamamoto, (ed) Emerging Civil Society in the Asia Pacific, Community, Tokyo: Centre for International Exchange, 1996. For a discussion of the philosophical and intellectual underpinnings of them see Lawrence T Woods, Asia Pacific Diplomacy: Non Governmental Organisations and International Relations, Vancouver: University of British Columbia Press, 1993 and Richard Higgott, 'Ideas, Interests and Identity in the Asia Pacific', The Pacific Review, 7 (4) 1994; ; on their modus operandi see Diane Stone, 'Networks, Second Track Diplomacy and Regional Cooperation: The Role of Southeast Asian Think Tanks, Toronto, 38th International Studies Association Convention, 22-26 March, 1997.

There may well be an emerging cognitive dimension to the positions adopted by Asian trans-regional policy elites generated via a process of systemic interaction both internally to the region.<sup>89</sup> and externally vis a vis other actors. For example, it is the identification of American space and policy positions and European space and policy positions that gives substance to emerging Asian conceptions of space and collective policy responses on a range of issues. Perhaps the best illustration of this is the articulation of 'Asian' positions as identified via the arguments advanced by those 10 states that comprise the East Asian Economic Caucus within APEC<sup>90</sup> or recently as the Asian members of the Asia Europe Meeting process. These activities aspire to shift the balance of power in the system more in favour of the state policy making elites of the East Asian region, especially vis-a-vis the USA, than was the case during the discipline period of the Cold War. Trans-regional policy networks are the crucial actors in the development of these regional positions. While these positions are 'statist', they have in fact emerged from the socialisation processes inherent in the dense systemic interaction at the non-state level that have recently developed in East Asia.

Resistance to Globalisation is not, of course simply a developing country phenomenon. Political actors in the developed world, and not only those of a nationalist persuasion, see globalisation as a threat to national identity and economic autonomy and--to the degree that state institutions are inadequate to deal with these threats--globalisation is a challenge to governmental sovereignty and legitimacy. In their most extreme forms, some critics of globalisation see it as a threat to the very existence of life as we have known it on this planet. This has given rise to a range of new socio-political trends, politico-cultural identities and actors ranging from radical conservative nationalists like Newt Gingrich in the USA to radical greens or displaced Amazonian Indians.<sup>91</sup> Opposition to globalisation is to be found under a range of different collective rubrics such as 'the new economic nationalists', 'the new populists', 'the new mercantilists' or 'positive nationalists'. It is given intellectual voice in a range of such as nationalist think tanks such as the Cato Foundation in the US.

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<sup>89</sup> On the importance of systemic interaction in constructing identity see Alex Wendt, 'Collective Identity Formation and the National State', American Political Science Review, 88 (2) 1994: 384-396.

<sup>90</sup> Richard Higgott and Richard Stubbs, 'Competing Conceptions of Economic Regionalism: APEC versus EAEC', Review of International Political Economy, 2 (3) 1995: 516-35.

<sup>91</sup> Many of these views are articulated by the Society for International Development, one of the oldest and most important of international NGOs. See Dieter Brauer, 'Global NGOs challenges to Globalisation: SID World Conference in Spain', Development and Cooperation (Berlin) 4, 1997: 25-27.

As a consequence, the agenda of politics changes. Governments become more populist in their appeals to nationalism in the face of a loss of sovereignty and policy autonomy. This can be seen in the rise of Euroscepticism in the major European states as well as the strident nationalisms that have re-emerged in Central Europe and the former Soviet Union since 1989; and, in discriminatory behaviour towards minorities or migrants such as the Turks in Germany or the Chinese in Malaysia and Indonesia since the economic collapse of late 1997.

In contrast to those sectors of the community dispossessed by globalisation who turn inwards (or localise) many of those involved in the contemporary international governance processes (both public and private)--that is those beneficiaries of globalisation in a range of different ways as we suggested at D-C above--are engaged in reinforcing their strategic position as policy making elites. As they become increasingly internationalised and transnationalised they eschew social responsibility within side the nation state and identify increasingly with similar groups beyond the nation state.<sup>92</sup> It is this group we are referring to when we talk of transnational policy communities.

### **Conclusion: Globalisation and Authority in Twenty-First Century**

Our purpose has been to suggest that just as the complexion and purpose of actors varies by area, so does the form and purpose of power in an era of globalisation. Globalisation has many facets and we have offered one taxonomy of how to identify these facets and the domains in which each operates. The paper has aspired to four tasks. The first has been to bring some conceptual clarity to the overused and under-specified concept of globalisation. The second has been to take advantage of this clarification to instil some coherence and discipline to the realm of globalisation studies. The third objective has been to flesh out those underlying theses of globalisation central to each area of study. Finally, we have located the participation of various state and non-state actors in the four respective substantive areas identified. What should be apparent, at least in embryonic form, is that each type of non-state actor characterises the state in a unique form and as a

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<sup>92</sup> Christopher Lasch, *The Revolt of the Elites and the Betrayal of Democracy*, New York: Norton and Company, 1995.

consequence interacts with it in a specific way. Power in each context is, therefore, correspondingly defined in peculiar terms.

For proponents of the Comparative Regionalism/Capitalism thesis and the multinational actors which become so important in it, the state needs to be seen as a series of related institutional structures marked by varied access points in a pluralist form. Both the institutional structures and non-state actors here interact with and feed off each other in an organic process whereby values are shared and rules are codified. For example, even as Japanese firms form subsidiaries these, in turn, replicate similar modes of behaviour--not simply in production systems but also in labour policies. Corporate concerns to sustain employment at home remain paramount. Here power is shared, unwittingly or not, and the degree of cooperation or conflict varies by national, sectoral and even issue context.

In the realm of the Modernisation thesis it is NGOs which are the predominant non-state actors. The corresponding distinction is between the state and civil society, the state's role being to reconstitute an erstwhile illegitimate, edifice, which has hitherto stood above civil society with increasingly unstable structures of support. Here the purpose of power for civil society is not to resist the state but to change its fundamental character, reinventing it with both Smithian and Lockean faces in a post-Keynesian welfare era. Whether this is done by consciously exporting the American liberal model or by attempting to universalise human rights, labour or environmental standards, the product is anticipated to be that of an active citizenry engaged in a civic polity rather than as subjects of the state.

The Internet Thesis differs again, focusing on supposedly borderless and boundless TNCs as its major instrument of change. Conflict is between amorphous market structures--which, at least nominally, represent society through a reflection of the tastes and wants of consumers--and a monolithic state apparatus. The conflict is clear-cut; power is defined, ironically for liberals, in realist terms, as a zero-sum concept, unable to be shared. In yet another irony, Polanyi is inverted; the market is seen as the defender of civil society and the state as the oppressor. Markets instil the discipline and order desired by consumers, while providing the additional benefits of wealth and--eventually--democracy. The state can either surrender peacefully or be destroyed.

Finally, the redistributive thesis threatens the most upheaval. It defines power either in nationalistic, class or other particularist terms. Resistance is organized nationally or regionally through groups such as transregional policy communities designed to modify (at least) the liberal hegemonic agenda for largely their own instrumental purposes. Far from a clash of civilisations, this is contest for cold hard cash. Dressed in arguments about 'Confusion values' or the 'Japanese ideology of globalisation'<sup>93</sup> lies a fear of--and growing recognition of the possibility of countering--American power. This new found assertiveness is expressed through a multiplicity of state and non-state actors. The most significant of the non-state actors are the GONGOs and MANGOs that provide the second track structure through which the trans-regional managerial communities articulate their positions on a range of policy issues.

The economic crisis in East Asia over the last 12 months has delivered--at least in the short run--a serious blow to Asian regional efforts to enhance their voice in global economic and political affairs and offered renewed optimism to the assertion of Anglo-American laissez faire. It is a moot point at this stage whether the economic crisis of late 1997/98 will detract from, or continue to enhance, the development of collective regional positions. The crisis exhibited precisely the dilemmas inherent in the relationship between globalisation and regionalisation for erstwhile Tiger economies. Their acceptance of the neo-liberal agenda of globalisation has gone only so far. The need for short term remedial action offered no alternative to the acceptance of more neo-liberal medicine, administered by the international financial institutions. In the longer run, however, the deregulatory impulses present in the neo-liberal agenda may prove less attractive to Asian policy elites than it did throughout the 1980s and search for alternative policies may emerge.

Traditional understandings of politics assume that authority resides in the state. In similar historical vein, traditional understandings of politics also assume that legitimacy too resides in the state. In this paper we have rejected such absolutist analytical positions in favour of those which argue that the relationship between power on the one hand, and authority and legitimacy on the other, are fluid and varied in substance and contingent in form. Globalisation, while over-hyped in some instances does represent a challenge to our accepted understanding of the relationship between power and authority. This is not to

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<sup>93</sup> See Ruigrok and van Tulder, *op. cit.*, pp.133-137.

simply to imply that we are witnessing the passing of the Westphalian system nor that states are retreating on every front. States are not passive actors, nor are they always in retreat, but their room for manoeuvre is always contingent. We have attempted to explore the conditions under which they maintain, share and even secede authority to other actors of both an inter-state and non-state variety.

**Figure 1: Four Definitions of Globalisation**

<i>Globalist</i>	(C) Triumph of American Values	(D) Sociological and Technological Revolution
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**Analytic  
Assumptions**

<i>Internationalist</i>	(B) Confluence of Economic Phenomena	(A) Historical Epoch
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**Figure 2: Central Propositions of Globalisation  
Disciplinary Assumptions**

	<i>Politics</i>	<i>Economics</i>
<i>Globalists</i>	(C) Developmental Politics  The Modernisation Thesis	(D) Liberalism  The Internet Thesis
<b><u>Analytic Assumptions</u></b>	(B) Comparative Regionalism	(A) Social Democracy
<i>Internationalists</i>	The Comparative Political Economy Thesis	The Redistributive Thesis

**Figure 3:**  
**The Sub-Fields of Globalisation Studies**  
**Functional Agendas**

	<i>Politics</i>	<i>Economics</i>
<b>Globalists</b>	<p><b>(C)</b> Democratisation &amp; Development  <b>Function:</b> Consolidating the Liberal Discourse</p>	<p><b>(D)</b> Deregulation of Markets            Diffusion of Technology            Privatisation of Assets            Liberalisation of Trade &amp; Investment  <b>Function:</b> Universalising Market Structures</p>
<b><u>Analytic Assumptions</u></b>		
<b>Internationalists</b>	<p><b>(B)</b> Multilateralism            Migration, Welfare            Localism            Nat' Comp'nness  <b>Function</b>            Glocalisation:            Segmenting market            Discourse</p>	<p><b>(A)</b> Debt, Dependency    <b>Function:</b>            Reconstituting and            Resisting the Liberal</p>
structures		

**Figure 4**  
**Actors and Institutional Sites of Policy Contest**

	Politics	<-----cross-over----->	Economics
<i>Globalist</i>	<p><b>(C) Modernisation Discourse</b> <i>Institutions and Actors:</i> NGOs, Liberal Foundations and Think Tanks</p>		<p><b>(B) Internet Discourse</b> <i>Institutions and Actors</i> TNCs, International Governmental Organisations</p>
<b><u>Analytic Assumptions</u></b>			
<i>Internationalist</i>	<p><b>(B) Regionalism Discourse</b> <i>Institutions and Actors</i> MNCs, Regional Orgs APEC, EU, ASEAN, NAFTA, Mercosur</p>		<p><b>(A) Redistribution Discourse</b> <i>Institutions and Actors</i> Labor Unions Localised Ethnic Movements Conservative Foundations CATO /Heritage (Buchaninism)</p>

