

Whatever happened to the idea of globalization? A small defence of the idea.

Written by Ray Kiely

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RAY KIELY, FEB 11 2011

I have a lot of sympathy for Peter Vale's requiem for globalization. Too often, the idea means all things to all people, and it too easily became an apology for neo-liberalism, taking this form of social rule as an established fact and in the process depoliticising what was a highly political project. That it was also promoted in Britain by a messianic liberal interventionist, leading a political party that used to have at least some principles, didn't help.

Much of what I say in this blog supports Vale's arguments. However, at the same time I want to make some defence of the idea of globalization as well. I will do so via engagement with the work of Justin Rosenberg, who talks of a theoretical and historical post-mortem. What I want to do in the rest of this piece is argue that while the theoretical post-mortem is convincing, the historical post-mortem is not, and that some, limited defence of the idea of globalization can be made.

Rosenberg's argument concerning globalization theory is quite straightforward. Much of the literature on globalization conflates two things – the social and the spatial, and explanation and description. The early debate on globalization was between first wave hyper-globalizers and second wave sceptics. The former argued that mobility – of people, goods, capital, information – was so great that it rendered the nation state, if not irrelevant, than far weaker than it once was. Sceptics responded by pointing to continued policy differences – on taxation, welfare and so on – particularly in the developed world, and limits on the mobility of capital. Rumours of the death of the nation state were thus greatly exaggerated. Transformationalists – Rosenberg's particular target – claimed to have developed a new, supposedly more open-ended approach, which argued that globalization was not moving in any single direction but it still represented important social, economic and political change in the international order. Globalization was visible all around us – in the growth of international institutions of global governance, in our increased consciousness that we lived in one world, in potential environmental catastrophe, in political resistance, in trade, investment and financial liberalization. As Rosenberg among others has pointed out, this kind of argument rested in part on accepting at least some of the claims of the hyper-globalization arguments. But the transformationalist position – with its superficial appeal, based on finding a middle ground between the supposed excesses of neo-liberals on the one hand, and Marxists on the other – actually betrays a fundamental weakness which goes to the heart of the problems of the idea of globalization. That is its claim to explanatory status. For what transformationalists essentially argue is that liberalization, global governance and so on add up to something called globalization. And what then explains these things – that too is globalization. Essentially then, we are left with the tautology that globalization is caused by globalization. Furthermore, the expansion of spatial relations is conflated with changes in social relations, and sovereignty is assumed to exist in a (realist) past when the nation state really was at the centre of the international order, in contrast to the globalist present. But quite when the nation state was so centred is not clear – particularly in the context of empires and colonies, and enormous constraints placed on all states by social and economic forces, such as in the 1930s Depression. Similarly, while we now might point to different institutions of global governance, or the economic constraints placed on states by financial markets, we might also point out that states are the main representatives at such institutions and states have carried out policies which have promoted the liberalization of financial capital. The transformationalists thus exaggerate both a supposedly realist past as well as a global present.

For all these reasons then, globalization does appear to be highly problematic. Sceptics tend to appear in two forms –

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realists who suggest that the state remains the principal actor in the international order, and Marxists who want to suggest that imperialism better characterizes the international order than any spurious notion of globalization. Rosenberg himself belongs to the latter but, despite early work critical of realism, his arguments also overlap with the former. Where both agree is that the international geo-political order is characterized by competition and conflict between states, and especially great or imperialist powers. For the realist, this is ultimately explained by the anarchical nature of international order, while for the Marxist, it is explained by the uneven (and combined) development of international capitalism, and the international state system within this international capitalist order.

However, both generally and specifically, these arguments are problematic. Realism too easily dismisses evidence of international cooperation as being ultimately explained by the coercion of powerful states: one can recognise the existence of power relations between states without reducing this to the security concerns of the most powerful. Marxism's focus on geo-political competition or inter-imperialist rivalries is based on a rejection of Kautsky's argument that ultra-imperialist cooperation is possible between states, even in the context of uneven development and what he called an unholy alliance of imperialists. But why should this be so – uneven development takes place within as well as between states, and no one seriously argues that this renders the existence of nation states impossible. The function of states within a capitalist order is to coordinate and make possible the accumulation of capital; this entails competition between capitals, but not necessarily between states. And this point can be applied to the international order – it is possible (I stress possible not inevitable – but then neither is conflict inevitable) for states to cooperate in the coordination of international capitalism, and states have essentially done this since 1945, with one state – the US – taking a leading role. Contrary to the expectations of both realists and orthodox Marxists, the end of the Cold War did not lead to a revival of inter-imperialist rivalries, but rather the intensification of open door policies of liberalization – of trade, investment and finance – and thus the internationalization of capital.

And this is where we must locate the idea of globalization. It is not something that has happened above nation states (though of course some states have been more powerful agents of globalization than others), but it has involved the making of a global capitalism. Contrary to neo-liberal 'flat earthists', or indeed some Marxist accounts of empire and globalization, this has not eroded global hierarchies, as the most lucrative investment tends to cluster and concentrate in established locations – and here uneven development can be utilized effectively, in order to explain spatial hierarchies, relative marginalization and indeed (neo-liberal) imperialism.

Why however should we call this globalization? Why not simply neo-liberalism for example? This is a valid question and globalization – especially in the hands of the transformationalists – was guilty of trying to explain everything and ultimately ended up explaining nothing. We can identify certain features – liberalization, financialization, the internationalization of the state – which together all form part of globalization. These I think are sufficient to challenge Rosenberg's historical post-mortem, and certainly any account which argues for a revival of accounts which focus on inter-imperialist rivalries, and I share Andrew Gamble's view that much of Rosenberg's historical outline actually provides a telling case for talking about a new period of capitalist development. And this is the essential argument of Bill Robinson's Marxist-inspired work on globalization. Robinson's theory of transnational capitalism certainly underestimates the continued centrality of the nation states, and especially the hegemonic US state in the international capitalist order, and he tends towards a view which suggests that spatial hierarchies (such as the North-South divide) are ending, which I think is simply wrong. On the other hand, his focus on the changing political economy of global capitalism is useful. What he shows is that the internationalization of capital has altered the balance of geo-political relations between states, and that it has involved the globalization of production. The latter should be examined carefully because it involves the rise of manufacturing in the developing world, something well described – but not explained – by global transformationalists. What this means is that parts of the developing world are now industrializing and this has changed the international division of labour. Of central importance here is the rise of manufacturing goods that are produced in more than one country, via global production networks. In other words, globalization refers to increased global interdependence – and indeed is a major reason for the rise of China in recent years. This does not however mean that interdependence has eroded power relations between states, and certainly there are lines of conflict and contestation between developed capitalist states. However, these are nowhere near as great as they were in 1914 or 1939, and this partly reflects the greater interdependence that has resulted out of the globalization of production, and the flows of finance between certain states – above all, China and the US, which is central to explaining the financial crisis of recent years. And while this might give rise to tensions, these reflect

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differences over how to manage global interdependence more than any real sustained efforts to end it, some protectionist pressures notwithstanding.

This does not mean the end of geo-political fault-lines however, but these are less between great or imperialist powers, and more between the winners of globalization and those relatively marginalized from it. For the globalization of production does not mean any simple convergence between rich and poor, as the value added in these global production networks tends to concentrate in the developed world and in parts of East Asia. Simplistic notions that refer to the opportunities presented by globalization should be seen in this light, because it is not the case that globalization is simply an opportunity for the poorer world; rather the dominant forms of globalization actually serve to marginalize the poor. Imperialist powers have periodically attempted to incorporate poorer regions through so-called 'globalization friendly' policies but these assume globalization is a choice rather than an unequally structured reality. Ironically, these very same policies lie at the heart of the rationale for liberal humanitarian intervention and, even if we leave aside the brutal and counter-productive methods used in these cases, are doomed to failure for precisely the same reasons as the promotion of globalization friendly policies.

Globalization can thus be regarded as a new period of capitalism (and imperialism), closely linked to neo-liberalism but not necessarily supportive of it.

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