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The Dynamics of Globalization

The dreams of modernization are coming true in many parts of the world, even in remote areas of underdeveloped countries, but, ironically, not as social scientists had envisaged and certainly not through the formal channels that some of them helped to build. In lieu of policy instruments or international agencies, globalizing structures interacting with individuals, households, and communities are delivering modernity to some—but not all—peoples formerly far removed from meaningful participation in cross-border flows of capital, knowledge, information, and consumer goods. A massive transformation is being compressed into a short time—a few years rather than many generations—and often despite officially managed processes.

The speed and direction of change in Pakistan's rural economy and social relations exemplify this transformation. Like many labor-exporting countries, Pakistan has in some years received more capital in migrants' remittances than the state has allocated for national development at the federal and local levels. From 1971 to 1988, Pakistani workers in the Middle East generated \$20 billion in foreign exchange through official channels—a sum that exceeded the country's entire gross national product in a single year. In the peak year (1982), official remittances outstripped export earnings and represented more than half the foreign exchange costs of imports (Addleton 1992: 117, 120).

Reported remittances do not include remittances in kind (commodities purchased overseas and sold in the informal economy) or black market remittances, a category of funds that may be regarded as a form of resistance to the state's efforts to capture income flowing into rural areas. Unlike foreign aid, these flows come without strings attached and are not directed by the dominant classes. By strengthening the underground economy, remittances may undermine authoritative preferred modes of development and contribute to the state's loss of control within what had been portrayed as the national or domestic unit (Addleton 1992).

Individuals, households, and rural communities thereby become directly involved in global processes. For individual families drawn into transnational flows, there are vast changes in consumption patterns, exposure to a more diversified economy when sectors such as construction and retailing

services expand, and new stresses on transformed social structures, especially marked in Pakistan by an overall decline in poverty and increased measures of inequality. This chain of far-reaching events is but one element in the whole pattern known as globalization.

Globalization is crucial to understanding international political economy, for it directs attention to fundamental changes under way in the post-Cold War era. The manifestations of globalization (some of them evident in the Pakistan example) include the spatial reorganization of production, the interpenetration of industries across borders, the spread of financial markets, the diffusion of identical consumer goods to distant countries, massive transfers of population within the South as well as from the South and the East to the West, resultant conflicts between immigrant and established communities in formerly tight-knit neighborhoods, and an emerging worldwide preference for democracy. A rubric for varied phenomena, the concept of globalization interrelates multiple levels of analysis: economics, politics, culture, and ideology.

But what explains globalization? What are its causes, mechanisms, and possibilities for transformation? Where can one focus an analysis? On the inner workings and logic of capital itself? On strategies and actors seeking to optimize their positions? On empirical indicators or trends said to constitute this process? On the complementary and contradictory interactions among localization, regionalization, and globalization? On the social and political consequences? These questions are central to the chapters that follow. The contributors to this volume—a diverse group of authors from seven countries (by origin if not current citizenship) who represent various academic disciplines—will present different hypotheses and interpretations as well as evidence. I have asked each of them to use my introductory series of questions and analytical propositions as a target to attack and a springboard for their own studies.

To open the conversation among the authors, I contend that world society is entering a new era in the relationship between power and the division of labor, which is globalized. What sets the context for conflict and cooperation in the post-Cold War period is an integrating yet disintegrating process known as globalization. Although any given world problem has many sources, globalization establishes novel challenges and opportunities for solutions.

In developing this argument, I will first explore varied meanings of the concept of division of labor and the multilayer character of the globalization process. Then I will anchor the discussion by examining one region—East Asia—within this framework; this section is obviously not a detailed account but a synopsis of the impact of globalization on a specific regional division of labor. Finally, I will turn to the seeds of future conflict sown by globalization and will discuss the implications for adaptation to a rapidly changing and highly competitive environment.

THE GLOBAL DIVISION OF LABOR

In *The Great Transformation*, Karl Polanyi analyzed the socially disruptive and polarizing tendencies in the world economy driven by what he called the self-regulating market, not a spontaneous phenomenon but the result of coercive power in the service of a utopian idea. He traced the tendencies in the global economy that generated the conjuncture of the 1930s and produced—out of a breakdown in liberal-economic structures—the phenomena of depression, fascism, unemployment, and resurgent nationalism, collectively a negation of economic globalization, leading to World War II (Polanyi 1957b). The specific form of globalization providing the structural preconditions for world war included production focused primarily within territorially bounded spaces and linked to international finance; convergence between productive and statist forces; autarchic spheres of influence within economic blocs; and growing political rivalries. A Polanyian framework of “double movement” encapsulates unprecedented market expansion entailing massive social dislocation and a sharp political reaction in the form of society’s demands on the state to counteract the deleterious effects of the market. Perhaps similar to the global economy of the 1930s, the contemporary globalization process appears to be approaching a conjuncture in which renewed liberal-economic structures will generate large-scale disruptions as well as sustained pressure for self-protection. The opportunities and challenges arising from globalization are integral parts of this contradiction.

A worldwide phenomenon, globalization is a coalescence of varied transnational processes and domestic structures, allowing the economy, politics, culture, and ideology of one country to penetrate another. The chain of causality runs from the spatial reorganization of production to international trade and to the integration of financial markets (on the impetus for globalization, see Griffin and Khan 1992; Waters 1995). Driven by changing modes of competition, globalization compresses the time and space aspects of social relations.¹ In short, globalization is a market-induced, not a policy-led, process.

To examine this pattern, the choice of avenue of inquiry is crucial because it sets one’s sights on research questions and provides a perspective on data. An appropriate starting point is the nature of the labor process and its products on a global level, for conflicts between capital and labor, and commerce and consumer tastes reflect what is produced and how it is produced. Hence, attention must focus on how whole societies and their constituent groups try to influence and adjust to changes in the organization of production.

Although first studied by classical political economists and their followers, with implications for comparative advantages in trade, nowadays the global division of labor differs radically from the allocation of work and its reward in Adam Smith’s time. In *An Inquiry into the Nature and Causes of*

the Wealth of Nations, Smith contrasted the isolated producer and modern industry. He posited a subrational or nonutilitarian origin for specialization (but not its intensification) in a "propensity to truck and barter" innate in humankind. A novel form of specialization, modern industry separates the production process into compartments, each performing a different task, with implications for the rates of profit. To the extent that these separated producers and buyers and sellers are identified with nations, the international division of labor refers to the specialization of a country in a particular trade or product (e.g., Portugal in wine and England in textiles) (Smith 1970; Mittelman 1994b). Hence, the international division of labor highlights a set of relationships associated with an exchange of goods produced by individual units, namely, nation-states. As the old international division of labor evolved, a small number of industrial countries provided capital goods and consumer goods to exchange for the Third World's primary products.

However, a basic change in the international division of labor occurred in the 1960s: a restructuring involving the formation and expansion of a world market for both labor and industrial sites. Beginning in the 1960s, Asia's Four Dragons achieved spectacular economic growth by exporting not raw materials but manufactured goods. As an empirical study by Arrighi and Drangel shows, in the period from 1965 to 1980 the "core" deindustrialized in terms of the average percentage of the labor force employed by industry and the average portion of manufacturing in gross domestic product (GDP). By the late 1970s, the "semiperiphery"—an intermediate tier of countries—actually surpassed the core in share of GDP generated by industry (Arrighi and Drangel 1986: 55–56; Gereffi 1990a: 8–9). Manufactures relative to export volume in East Asia jumped 13.2 percent per year from 1980 to 1985, 19.3 percent in 1986, 23.8 percent in 1987, and 11.2 percent in 1988 (World Bank 1989b: 148–150). The core of course developed new technologies and began to convert to service industries, while growth in the semiperiphery occurred in the context of smaller economies.

With industrial upgrading, the newly industrializing countries (NICs) sought to transform their structures of production from an emphasis on labor-intensive to capital- and technology-intensive goods centering on high-value-added products. No longer was there a dichotomy between a small number of industrial countries and a Third World providing primary products. An emerging world market for labor and production entailed massive industrial relocation, the subdivision of manufacturing processes into multiple partial operations, major technological innovations, large-scale migratory flows, and the feminization of labor. From Asia's export processing zones to Mexico's maquiladora (assembly plants as subsidiaries or subcontracting firms for the manufacture of export-oriented goods) program, a barometer of the changing character of the labor force is the increasing number of women employed in manufacturing. Jobs take on characteristics iden-

tified with female employment: a minimum level of skills, low wages, and limited possibilities for promotion.

To explain this restructuring, scholars have devised the construct of "the new international division of labor." The title of a seminal study by Fröbel, Heinrichs, and Kreye, this thesis focuses on the "overriding pressure of competition" as the mainspring of a distinct set of conditions for global capital accumulation. These authors hold that observable changes in the international division of labor (the transfer of plants to the Third World, the fragmentation of production processes, etc.) are the result of "the conditions for the valorization and accumulation of capital" (Fröbel, Heinrichs, and Kreye 1980: 46; see also Lipietz 1985 and Amsden 1990).

This new international division of labour is an institutional innovation of capital itself, necessitated by changed conditions, and not the result of changed development strategies by individual countries or options freely decided upon by so-called multinational companies. (Fröbel, Heinrichs, and Kreye 1980: 46)

For these authors, national strategies and the policies of multinational corporations are consequences, not causes, of new conditions, especially the need for additional industrial sites around the world.

This thesis centers on the expansion of capital and hence production as the force behind an international division of labor that is deemed new in that it restructures the classical division of labor between hewers of wood and drawers of water—Third World countries—and industrialized nations. Emphasis is placed on the spatial reorganization of production and increasing differentiation within the Third World. Clearly this mode of explanation advances understanding by providing a fruitful way to examine the relationships between developed and developing countries. However, some of the key tenets of the concept of the new international division of labor are flawed.

To begin with, exactly what is new about the new international division of labor? The claim that industrialization in the Third World is new overlooks the establishment of import-substituting industries in Argentina, Brazil, and Mexico in the 1930s and 1940s. In fact, industrial growth in some parts of Latin America stems from the interwar period (Gereffi 1990a: 3). Fröbelians give little attention to the role of the state during this period and underestimate the importance of international finance. Additionally, the new international division of labor has not replaced the old international division of labor. Properly understood, they coexist. In countries such as Mexico, jobs in export industries account for less than 10 percent of total employment. In many parts of the Third World, the share of primary goods in exports is more than half of all exports. The variance in job allocation among and within regions is sufficiently large to call into question the con-

cept of the new international division of labor. What is more, to stress that cheap labor drives the movement of capital around the globe runs the risk of a mechanical and economistic explanation. It depoliticizes important aspects of production—namely, the specific forms of power relations and challenges to them in diverse industries and sectors.

By focusing so strongly on the logic of capital to the detriment of local social forces, the new international division of labor mode of inquiry is too abstract, too top-down. It is a useful starting point for investigation but neglects a fine-grained analysis of different spatial divisions of labor within various industries and sectors. Innovation and technological developments take place in certain industries and sectors but also transcend national boundaries. Within a globalizing division of labor, technological and managerial cores form specifically regional divisions and redivisions of labor and generate their own peripheries subject to both constraints and developmental opportunities (Cohen 1987; Henderson 1989: 22, 27). Distinct regional divisions of labor—a phenomenon ignored by new international division of labor theorists—provide diverse modes of coordinating capital flows but are ultimately subordinate to the globalization process. Macro regions—the European Union, the North American Free Trade Agreement [NAFTA] area, and Asia Pacific—may be regarded as loose spatial units larger than the state with some political and cultural bonds, however varied, tenuous, and sometimes conflictual. As we shall see, states—and indeed the interstate system—while diminished in scope in a global division of labor, may not be treated as mere epiphenomena.

PRODUCTION, THE STATE, AND NEW SOCIAL MOVEMENTS

The global division of labor may be conceived in a Braudelian manner as a system of interactions on a world scale. The French economic historian Fernand Braudel indicated that the world economy is not the ontology of world society but those entities, individual and corporate, that interact with and thus create patterns that may be called global structures (Braudel 1980b: 55; Helleiner 1990: 74; Cox 1986; Mittelman 1994a). Following Braudel's emphasis on interactions, but without invoking his whole method of different axes for analysis, one can conceptualize the implications of evolving divisions of labor as a series of relationships: economic globalization and the state; pressures on the state; globalization and democratization; and resistance to globalization.

Economic Globalization and the State

In recent decades, several states sought to protect their domestic economy against external forces and to limit the net outflow of surplus by adopting

acts of economic nationalism: the nationalization of key industries, indigenization decrees, requirements for local incorporation of a portion of foreign capital, and so on. Some states (e.g., China under Mao; Burma; Tanzania) also professed a more radical course of self-reliance as a means of insulation from the world system. Today, however, there is little to commend strategies of economic nationalism or delinking, for transborder flows (migration, communications, knowledge, technology, etc.) have circumvented the globe and permeate the state.

The scope for state autonomy—a concept that drew considerable attention from scholars in the 1970s and 1980s—is reduced in the context of economic globalization. Additionally, the drive to bring the state back to the forefront of social theory requires fresh analysis in light of globalization (Evans et al. 1985). In a globalized division of labor, the state no longer primarily initiates action in, but rather reacts to, worldwide economic forces. To realize material gain from globalization, the state increasingly facilitates this process, acting as its agent (Cox 1987: 253–265). Surrounded by impersonal and unaccountable forces beyond leaders' control, their capacity to lead is diminished (Hughes 1990). Faced with the power of globalized production and international finance, including debt structures, leaders are constrained to concentrate on enhancing national conditions for competing forms of capitalism. Statecraft, tested as it is by nonstate actors, is reduced in efficacy relative to transnational forces. Among the public in different zones of the world economy, the politics of disillusionment is rife.

The state is at risk because of challenges to sovereignty in the aftermath of the Cold War. With the disintegration of socialist regimes came the eruption of subsurface tensions formerly stifled by the state. Now, state borders are subject to revision (Halliday 1990). East Germany has disappeared, the fifteen republics the former Soviet Union comprised have achieved independence, and Yugoslavia, now dismembered, is riven with ethnic conflict. Predating the end of the Cold War, separatist movements in Quebec, Northern Ireland, Basque country, and Corsica are challenging the status quo. While North Korea could be absorbed by South Korea, Balkanization is always a danger in Africa, where colonizers arbitrarily drew borders without regard to ethnic distribution and natural frontiers such as rivers and mountains. Ethiopia, for example, is a dubious proposition as a unified country.

Pressures on the State

This explosion of pluralism involves a renewal of historical forces—a maze of religious loyalties, ethnic identities, linguistic differences, and other forms of cultural expression. As noted, the state, especially in the former Soviet Union and Eastern Europe, had restrained these tensions. While globalization limits state power, there is a reassertion of historical forces. Just as

globalization gives impetus to cultural homogenization (e.g., the diffusion of standard consumer goods throughout the world), so too does a global thrust undermine state power and unleash subterranean cultural pluralism.

This contradictory process merges with a dialectic of subnationalism and supranationalism. Many polities are disrupted by substate actors and simultaneously seek advantage in global competition through regionalization. Despite the past failings of regional groupings, regional cooperation is widely regarded as a way to achieve mobility in the changing global division of labor. Thus, the state is being reformed from below by the tugs of subnationalism and from above by the pull of economic globalization.

Globalization and Democratization

Pressured by nonstate actors, the state seeks to fortify itself by adopting such measures as computerized surveillance in finance and establishing transnational police forces (e.g., Europol) to regulate migration. Nonetheless, the state must accommodate the new pluralism and allow for demands for political reforms. With the revolution in Eastern Europe, the release of Nelson Mandela from prison, and the assertiveness of the human rights movement, the drive toward democratization has won legitimacy. Equally important, pro-democracy forces have gained confidence. But what type of democracy is appropriate for the late twentieth century? While democracy is a universal concept, there are different versions of democratic theory.

From a liberal perspective, democracy centers on the principle of accountability: in some manner the right to rule should be based on the consent of the governed. Liberal democracy calls for public influence on government through such institutions as political parties, regular elections, and an alternation in power. However, critics point out that in practice, liberal democracies exclude some groups from both meaningful participation in politics and the distribution of economic benefits. In the Third World, it is often recognized that democracy is necessary for development, if democracy is understood to imply increasing social equality—an ingredient missing from ethnocentric and Western conceptions of democratization (Moreira Alves 1988: 9–13).

A restricted type of democracy has emerged in Latin America, most notably in Brazil and Argentina, which have experienced authoritarian and democratic phases of development. Authoritarian democracy (other qualifying adjectives, such as *limited*, *guided*, and *protected*, are sometimes attached to the term *democracy*) is an expression of the state's efforts to expand its links to civil society. In view of a regime's lack of legitimacy and weak economic performance, proponents of authoritarian democracy advocate a more flexible system of political representation and gradual liberalization. Class alliances are broadened, and the state makes concessions to pressure groups. However, such attempts to modernize the state leave

unchanged the basic structures of power and domination. Programs for slow democratization typically include measures to restrain calls for social equality so that they can be accommodated by the political system. Armed with the power to enforce order, the state wields the means of coercion to safeguard the nation against "chaos." The transparency of this domination and its social ramifications engender mounting conflict: protests against abuses of human rights and demands for the pursuit of substantive justice (Mittelman 1990: 67; Moreira Alves 1988: 9-13).

A challenge to democracy as an ideology of domination emerges from the mobilization of social movements seeking to assert popular control. The self-aggrandizing individualism characteristic of liberal and authoritarian democracy, coincident to the lack of accountability to the governed integral to economic globalization, is rejected in favor of a belief that the individual depends on society for development. The liberal-economic conceptualization of globalization allows for tolerance of social inequality, a formulation that critics regard as inconsistent with democracy understood as the provision for all people to develop their potential (Macpherson 1977; Mittelman 1990: 67). In terms of actual performance, the ultimate test of democratization is whether a party, or in some cases the military, will relinquish its preeminent role in political life, disengage from the state, and permit real dissent. The alternative preferred by some critics, popular democracy, while noble in theory, has yet to be proven viable at the national level, surely because of a combination of internal and external pressures. These pressures coagulate into one seemingly supreme challenge: how both to manage the socially disruptive costs of economic reform and to democratize. Put differently, the major problem is how to make economic revitalization compatible with democratization.

At bottom, the question of democratization centers on contradictory forms of accountability. To whom are elected officials responsible? Whereas in theory democracy means accountability to the governed, in practice leaders are accountable to market forces, most notably debt structures and structural adjustment programs. Closely related, there is a marked contradiction between the emerging global preference for electoral democracy and the increasing economic polarization generated by world capitalism, which is not held accountable to elected officials.

Resistance to Globalization

In the drive for rapid economic growth, the East Asian NICs placed severe restraints on democratic rights. These states retained authoritarian controls to try to prevent the eruption of social tensions. Little dissent was tolerated, and the strong state is touted as a prerequisite for good government and modernization.

Citing the examples of Taiwan, Singapore, and South Korea, Deng

Xiaoping and his cohorts sought to justify their contention that restraining democratic rights is essential for successful economic development. In crushing the pro-democracy movement in 1989, the Dengists held that too much freedom promotes disruption and impedes economic reform. Silent on the matter of political reform, the leaders voiced concern that given the chaos and turmoil experienced by China in this century, disorder is the gravest threat to development. In the absence of effective links between the state and civil society, the regime could rely only on guns and terror. In fact, the economic reform program required more flexible political structures to deal with increasingly autonomous groups in civil society—families detached from cooperatives by decollectivization, private entrepreneurs and industrialists, international traders, and students and intellectuals attracted by novel ideas entering China's open door (MacFarquhar 1989: 8).

Just as autonomous groups are emerging in Chinese society, so too are new social movements bringing pressure to bear in global civil society. The globalization of civil society involves resistance from disadvantaged strata in a changing division of labor. The losers in global restructuring seek to redefine their role in the emerging order. In the face of the declining power of organized labor and revolutionary groups, the powerless must devise alternative strategies of social struggle. They aim to augment popular participation and assert local control over the seemingly remote forces of globalization. New social movements—women's groups, environmentalists, human rights organizations, etc.—are themselves global phenomena, a worldwide response to the deleterious effects of economic globalization.

With the globalization of social conflict, observers have been quick to celebrate the formation of autonomous movements within civil society. Relatively little attention has been given to the coalescence of these movements. Coordination is a crucial matter precisely because the proliferation of new social movements can splinter civil society, perhaps culminating in the Lebanonization of political life. The push for regional autonomy in areas such as Kurdistan has the potential to open a global Pandora's box. Another reason for caution is that new social movements can have a repressive side—e.g., the resurgence of Islamic fundamentalism in Africa and Asia and of anti-Semitism in the former Soviet Union and Eastern Europe. Before the disintegration of socialist regimes in 1989, the Soviet Union and its Eastern European allies adopted anti-Zionist and anti-Israeli policies. Although the state did not sanction popular expressions of anti-Semitism, Jews were subject to discrimination in the bureaucracy. With the demise of socialism, however, anti-Semitism is flagrantly exhibited at many levels, with little sign of restraint, the impetus coming from autonomous groups in civil society. In sum, not only production and the state but also civil society itself is being globalized.

REGIONALISM AND GLOBALIZATION: EAST ASIA

Paradoxically, regionalism both shields domestic society from and integrates it into the global division of labor, as evident in East Asia. Although each regional division of labor has its distinctive features, all regional experiences are fluid and tethered to the global division of labor. The linkages differ substantially from one region to another and provide an important comparative basis for better understanding globalization.

As noted, one common element among diverse regions is that the state is increasingly a mechanism in the globalization process and thus intervenes directly in the economy to promote capital accumulation. Outflanked by transnational flows partly beyond its control, the state adapts to a changing global division of labor by tightening the fit between the local economy and technological innovation, research and development (R&D), and natural resource exploitation. With a lessening of the state's ability to harness external forces, there has been a strengthening of regional groupings—largely a *de facto* process spearheaded by the private sector in the Pacific Rim, substantially a *de jure* process in Europe, and a mix of the two in North America, Mexico, and the Caribbean. The effects of regional cooperation as a means to enhance participation in globalization are not yet known. But it is clear that many Asian countries and firms look to improve regional cooperation for access to a burgeoning regional market and as a sound base for sharing in globalization (OECD 1989: 10–11, 26). The economic growth generated by the Japanese-led “flying geese” pattern of regional integration, involving countries at very different levels of development, suggests important distinctions among generations of countries to have penetrated global markets in diverse industries and sectors. In East Asia, there is a highly stratified division of labor among Japan, the Four Dragons, the countries constituting ASEAN (the Association of Southeast Asian Nations), southern China, and Indochina.

In the Japanese model of state capitalism, the government subsidizes favored industries and shields them from market forces, especially imports. The state acts more by guidance than by edict, giving capital a major role in setting directions. As is well known, the state helps coordinate industries, the financial system, and technological innovations. Remarkable economic gains by Japanese business have prompted corporations in other countries to experiment with switching from a *just-in-case* manufacturing system to a *just-in-time* method. This method requires precise synchronization and continual supply of materials to reduce storage and other overhead costs as well as to improve productivity. Just-in-time also implies tight discipline over labor—or else it might be *just-too-late* (Gill 1993c). Important in terms of the regional division of labor, the just-in-time method places a premium on spatial proximity between suppliers and producers. In other words, it is a

system that seeks advantage through labor and spatial hierarchies. With this form of managerial and technological upgrading, Japanese industry has fanned out in East Asia in search of low-cost manual labor for such tasks as assembly operations.

Having negotiated financial and technological alliances between private capital and the state, other manufacturers in the region are attempting to follow in Japan's footsteps to establish protected domestic and expanding international markets. In light of the Japanese experience, the Hong Kong government initially sought to keep labor costs low, partly by its welfare provisions in such areas as public housing and also through its policies of taxation, a form of indirect subsidies. Moreover, there was little history of militancy in Hong Kong's trade union movement. Hong Kong also had the advantage of being able to deliver highly skilled technical engineering at a cost considerably below that of the advanced countries. In terms of sourcing, there emerged a cluster of components, materials, and skilled labor in Hong Kong (Henderson 1989: 102-117).

Another global city, Singapore, has similarly followed a path from low-cost, labor-intensive production to capital-intensive industries and is now attempting to convert its economy to a knowledge center. As Singapore climbed the value-added ladder, it invested increasingly large sums in R & D activities. The state, especially its Economic Development Board (EDB) arm, has created a propitious zone for direct foreign investment (DFI), a catchment for transnational corporations offering ready technologies. As one EDB official summarized Singapore's development strategy, "Inner globalization," or regionalization, "and outer globalization benefit each other. Outer globalization improves inner globalization" (Lee 1991). Too small to be anything but a regional power, Singapore lacks economies of scale to build large industrial parks and extensive facilities for a scientific culture. Unable to be on the cutting edge of R & D, Singapore emphasizes the D component, refining what others have invented. In other words, its technological capacity is borrowed, not indigenous. Singapore is a global power only to the extent that it has a DFI-driven economy. Optimizing its spatial advantages as a crossroads of major sea and air routes, Singapore has developed excellent infrastructure and state-of-the-art industrial services, making it a regional maintenance center that repairs equipment and provides aircraft services. With a large concentration of transnational corporations, numbering over three thousand in 1992, Singapore is an attractive location for banking, finance, distribution networks, and telecommunications operations. Today Singapore offers global technology and aspires to become an "information node" in the globalization process, but its own products are competitive primarily in regional markets (Economic Development Board 1992: 1; Wong 1991).

To gain advantage, Singapore promotes subregional integration. Within

ASEAN, there is a move to link three nodes—the city-state of Singapore, Johor state in peninsular Malaysia, and Indonesia's Riau Islands—in a “Growth Triangle.” This strategy of subregional integration seeks to combine Singapore's highly skilled human capital and well-developed infrastructure, Johor's land and semiskilled labor, and Riau's land and low-cost labor. The Singapore-Johor-Riau growth triangle is derived partly from the experience of the twinning of Hong Kong and Shenzhen, reputedly China's fastest growing city. Also to pull subregional entities into a tighter web are the plans for twinning the city-states of Hong Kong and Singapore. Thus, while Singapore upgrades its industrial and technological capacities, low-value-added activities are shifted to neighboring countries, not unlike the strategy pursued by Hong Kong and Taiwan.

In addition to triangular ties among Hong Kong, Taiwan, and China's provinces of Guangdong and Fujian, the Greater South China Economic Zone includes the participation of the ASEAN countries, with their powerful Chinese business communities, as investors in South China. An emerging Chinese transnational division of labor builds on Hong Kong's and Taiwan's extensive kinship networks with Guangdong and Fujian. The fusion of these networks and subregional culture forms strong economic linkages among Hong Kong, Taiwan, the ASEAN countries, and South China. The frequent movement of population, industry, and capital across borders is establishing a “transfrontier metropolis.” China's economic integration with the region is furthered by its coast-oriented development strategy, most notably granting special favorable policies to select provinces and designating fourteen coastal “open cities” to further attract DFI (Xianming citing Herzog 1990).

In a changing regional division of labor, China faces competition from other low-wage countries such as the Philippines and Indonesia, and some of the Four Dragons' neighbors, particularly Malaysia and Thailand, are experiencing remarkable economic growth. While the latter countries increasingly serve as magnets for DFI, questions are nevertheless raised about the NICs' future viability as industrial societies. Until recently viewed as the next Japan, South Korea is losing competitiveness in some key industries. Industries that fueled South Korea's economic dynamism—such as shoes, clothing, and simple consumer products—are now relocating in countries with lower wages. The shift from low-tech, labor-intensive industries is being hastened by democratic reforms demanded by formerly suppressed workers. Strikes in the 1980s led to a tripling of wages in some industries, causing Nike, Reebok, and other big firms to seek alternative production sites. Similarly, exports of personal computers from South Korea plummeted more than 57 percent in the first half of 1992 from the comparable period in 1991 (“After Stall . . .” 1992). The policy debate now rife in South Korea, just as in Singapore and other NICs, concerns how to jump the elu-

sive last hurdle in the race toward developed-nation status. The challenge is to move up in the technological division of labor, which requires indigenous, not merely imported, capacity for innovation.

Meanwhile, resistance to restructuring is mounting, not least in South Korea from critics who challenge government assistance to a few huge conglomerates, known as *chaebol*. There are complaints about state subsidies favoring the *chaebol* and protecting them from imports, especially short of any reform of the financial system. In Hong Kong, worker mobility, most apparent among women in factories, is a sign of discontent. Notwithstanding economic growth for the country as a whole, Singapore faces disquiet among various ethnic groups and social movements. With English as the national language, and given a highly Westernized culture, many Chinese-educated members of Singapore's Chinese community feel that they have been left behind in economic development. Clearly the Singaporeans who are the chief beneficiaries of the system are English-educated Chinese. The share of wealth accruing to Singapore's Indian community, relative to that of the country's other ethnic groups, has declined in recent years. Singapore's Malays have found it hard to break into Chinese businesses, the upper echelons of the civil service, and the military. Flanked by two predominantly Islamic countries, Malaysia and Indonesia, Singapore has established barriers for its Malays who seek to join the air force. Some Singaporean Malays claim to be caught in a spiral: poverty lessens the opportunity for education, and a low level of education begets poverty. It is not surprising that Singapore's ethnic and Christian fundamentalist movements are gaining a following (Correspondents 1991).

The developmental routes mapped here are unlikely to be replicated elsewhere, because global trends articulate with regional conditions in very different ways. The Four Dragons integrated into a "new international division of labor" when the world economy was robust and when the Cold War generated not only extraordinary superpower conflict but also material assistance for allies in a strategically key region. On the fringes of the Third World, meanwhile, a strategy of subsidizing nonexistent infant industries and protecting small markets within the ambit of heavy debt structures is of little use (Mittelman 1991). Although the external and domestic obstacles encountered by parvenus are now greater than in the past, the nature of the interactions between the contemporary globalization trend, which has superseded the "new international division of labor" of bygone decades, and social conflict offers important lessons for the future.

FUTURE DIRECTIONS

I began this chapter by suggesting that the nation-state and social strata are embedded in a world society propelled by the unparalleled productive

capacities of economic globalization. Formulating the problematic of globalization in this way directs attention to a Polanyian method of focusing on an expansion of the market and responses from regional and local entities that directly encounter its disruptive and socially polarizing effects. This chapter has tried to extend Polanyi's conceptualization to a world scale, showing interactions and the implications of globalization for conflict and cooperation.

Further, I have argued that the evolution of the theory of division of labor provides a key to comprehending globalization, its opportunities, and its challenges. The discussion of this theory has concentrated on two theses, while taking the opportunity to propose a third and alternative conceptualization. First, classical political economy focused on efficiencies stemming from specialization of functions, with implications for developing particular products for trade and thus deriving comparative advantages on the international level. Although Adam Smith adumbrated a notion of interest-based politics centering on the division of labor, as did David Ricardo and Karl Marx, the concept of division of labor remained largely dormant and, notwithstanding Max Weber's and Émile Durkheim's contributions to sociological theory, did not advance significantly until the second half of the twentieth century.

A conversation about "the wealth of nations" began anew in the 1960s. The emergence of the NICs sparked interest in the prospects for mobility in the international division of labor. Setting forth a structural analysis, the new international division of labor theorists sought to explain the shift of manufacturing from advanced capitalist to developing countries. In their view, the process is driven by declining profits in industrial centers, causing firms to seek new investment opportunities where labor costs are cheap. Hence, manufacturing operations are fragmented, with low-skilled tasks being transferred while the bulk of R & D activities is retained in the heartlands of capitalism. To this day, technological development, especially basic research, continues to be far less globalized than are manufacturing and sales.² Also, the control centers of international finance are confined to Tokyo, London, and New York, with a second tier in Frankfurt and Paris, followed by offshore facilities in such escape hatches as the Cayman Islands.

As we have seen, the new international division of labor thesis underlines the supposed logic of capital itself but does not examine the interactions between global trends and varied local circumstances. In fact, during the 1980s global restructuring entailed an unprecedented correlation of economic forces, political power, and social structure. Along with a change in emphasis from a Fordist model of mass production and mass consumption to a post-Fordist (or perhaps one might say "Toyotaist") system of flexible production for niche markets came important technological innovations in certain industries, enabling NICs to move into higher-value-added and

upgraded operations, deepening the production structure in select countries, partly as a result of their own initiatives, and opening the way for integrated industries. The decomposition of the production process was accompanied by technological devolution to the NICs in crucial sectors linked to transport and communications: major strides in containerized shipping making the spread of production facilities more profitable, improved engineering techniques speeding operations, and pervasive computer applications providing instantaneous data processing to augment the efficiency of global business (Hoogvelt 1987). Important in this transformation is the relatively "borderless" nature of technology and of a region, where complementary operations can easily be mounted and, if need be, transferred from country to country.

Beyond a "new" international division of labor, there have been remarkable changes in the global political economy in the past decade. In the emerging global division of labor, there are regional coordinating centers in specific industries in such hubs as Hong Kong and Singapore, with offshore assembly and natural resources situated in neighboring countries. The regional centers have upgraded and moved into even higher-value-added operations. They have sought to gain a technological edge by investing in R & D capacity. Although there is no technological quick fix for adjusting to an extremely competitive global environment, raising spending on R & D promotes access to qualified scientists and engineers with advanced training, enhanced facilities for the reproduction of this form of labor, as well as other sources of investment in local universities and research institutes (Chalmers 1991; Henderson 1989: 45). A handful of countries has used the impetus of the market and tried to cushion its full impact. Nonetheless, upward mobility in the global division of labor remains relatively limited. It still takes place at the margins of the global political economy and is only partially determined by policy initiatives.

Globalization encompasses contradictory trends. On the one hand, the unaccountable forces of globalization—such as cross-border flows of undocumented workers and modern communications with instantaneous speed—are partially beyond the control of effective state regulation. To adjust, the state responds to the globalization process by more fully integrating the domestic economy into world markets. On the other hand, the state pulls in the opposite direction by using a variety of government interventions to create a competitive edge. All countries industrializing late rely on large-scale interventions—most important, direct involvement in the production process, establishment of social and economic infrastructure, generous terms of credit, and material support for shifting from imitative to indigenous technological capacity. The options are clearly restricted, and the question is not whether the state should intervene in the economy but what type of state and what interventions are most appropriate in a specific context? And policy initiatives in whose interest? Will state intervention be sub-

ject to popular control? Given the limits on state policies and the promise of unprecedented productive capacity, new small states such as Georgia, the Baltic countries, Slovenia, or Croatia can do no better than negotiate the channels of globalization, recognizing that freer markets entail greater social costs and hence must be popularly controlled. For these new states, as for all others, globalization limits the range of choice. Only within its ambit may actual possibilities and specific limitations be gauged.

As countries maneuver for position within the global division of labor, conflicts erupt anew because the opportunity for ascent is quite constrained. It is constrained precisely because in a post-Cold War world there is one, and only one, metastructure—capitalism—establishing the rules for mobility, whether upward or downward. Intraregional inequality is spearheaded by increased levels of interaction with the global economy. Hence, contradictions and conflicts have emerged among the Asia Pacific countries, with heightened regional disparities, new competitors, and changing spatial orientations. Within China itself, the uneven distribution of DFI, interacting with state policies of encouraging some areas and localities to be more integrated in the global division of labor, have either exacerbated economic differences or reconfigured them. Empirical research shows that the overwhelming proportion of DFI in China is directed to coastal provinces and municipalities, with the vast interior beset by underdevelopment (Xianming 1993).

The global division of labor is also marked by interregional differences centered on three axes: Asia Pacific, Europe with the impending participation of erstwhile socialist countries, and North America joined by Mexico and the Caribbean. The emergence of competing regional blocs could lead to increased global conflict, probably originating with instability in the Third World. Poverty and nondemocratic rule are the main sources of this instability. A host of proximate issues could ignite regional and global conflict—among others, a resurgence of ethnic or religious rivalries, a crisis of legitimacy, and the proliferation of advanced weaponry. In the absence of superpower restraints that were meant to head off a confrontation between the United States and the Soviet Union, regional powers now have greater leeway to pursue their own agendas. (Hence, Iraq marched into Kuwait partly because Saddam Hussein sought to fill what he regarded as a power vacuum.) Paradoxically, globalization engenders the regionalization of conflict.

With globalization, power is dispersed among more actors and interregional competition is heightened. Given the instability characteristic of triads, an alliance between two of the three macroregions is a likely outcome. With the vast size of the European single market, the United States and Japan represent counterbalancing economic power. Currently first and second in size in GNP, the United States and Japan have mutual interests in a new world order. However, a new world order based on military superpower cannot be sustained by outside financing. The world's largest debtor

nation, the United States derives jobs and investment capital from Japan, which in turn relies on its North American ally for innovation in industry and military power to guarantee the supply of vital resources, especially oil from the Middle East.

Yet for large numbers of people there is no hint of a new world order or upward mobility in a changing division of labor. Rather, life is marked by a deepening divide between rich and poor. The mosaic of globalization reflects a transformation of poverty in which three continents were most adversely affected by globalization to the marginalization primarily of a single world region and of enclaves in other regions. According to projections by the World Bank, in Asia the number in poverty will fall from 805 million in 1985 to 435 million by the end of this century; and in Latin America and the Caribbean, from 75 million to 60 million in the same period. In sub-Saharan Africa, the number of poor will rise by 85 million, to 265 million in the year 2000. Thus, Asia's share of the world's poor will decline to 53 percent from 72 percent in 1985; Latin America's and the Caribbean's will drop to 11.4 percent from 19.1 percent; and sub-Saharan Africa's will double from 16 percent to 32 percent (World Bank 1990: 139). In other words, there are holes in the global mosaic. Although the data point to a net reduction of poverty-stricken people, polarization is evident among regions—truncated globalization debars the bulk of Africa from gaining access to world society's productive processes. For the countries of Africa, the greatest challenge is to demarginalize when national options are severely constrained by the forces of globalization.

Against a backdrop of transformation from a hegemonic and state-centered structure to a multipolar and politically decentered world system, globalization is both an agent and a product of social conflict. Globalization sets in train conflicts among competing capitalisms, generates deeper or reconfigured intraregional disparities, engenders interregional rivalries among neomercantilist coalitions, and has combined with local forces to consign, at the end of this millennium, 265 million people on one continent to poverty, with little hope for escape in sight. The foremost contradiction of our time is the conflict between the zones of humanity integrated in the global division of labor and those excluded from it.

Embedded in the foregoing overview are various analytical propositions that require scrutiny. Subsequent chapters will deepen the discussion by confronting my interpretations and reformulating the discourse over globalization. For the contributing authors, the ultimate challenges are to reconceptualize globalization and delimit alternative globalization projects. Going one step further, the task is to anticipate postglobalization by identifying the bearers of change and their strategies in a new double movement: the integration wrought by market forces and a transnational protectionist reaction against the disintegration of extant forms of social and political organization.

NOTES

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1. The definition of *globalization* as a compression of time and space builds on the theoretical lineage of D. Harvey (1989), Giddens (1990), Robertson (1992), and others. Following Polanyi, I have attached a notion of social embeddedness.

2. Comparing present-day trends with those of "the decades of American technological hegemony," the *New York Times* ("Technology without Borders Raises Big Questions for the U.S.," 1 January 1992) reports that despite various transnational flows, only 10 percent of U.S. corporate research and development funds is spent overseas. Motorola, for instance, derives half its revenue from international sales and stations 40 percent of its workforce abroad, but only 20–25 percent of product development and 5 percent of basic research are conducted outside the United States.

A Perspective on Globalization

Globalization compresses the time and space aspects of social relations. —James H. Mittelman (Chapter 1)

The world at the end of the Short Twentieth Century is in a state of social breakdown rather than revolutionary crisis.

—Eric Hobsbawm (1994)

It is particularly important to take some distance from a term that has become fashionable in both academia and mass media in order to place it in historical perspective. The word *globalization* invokes this challenge. James Mittelman, in setting forth the guidelines for the symposium that resulted in this book, did well to stress the time and space dimensions within which the term is to be understood.¹

For world-systems theorists, capitalism has always been global, whether its origins are traced to the seventeenth-century Eurocentric world or to more ancient civilizations—global in vocation if not in geographic extent. In this perspective, there is nothing essentially different about the last three decades of the twentieth century.

During what Eric Hobsbawm calls the *Short Twentieth Century* (1914–1991), capitalism was challenged by another potentially global force: “real socialism,” in its own terms, or “world communism,” in the perception of its capitalist opponents. (For world-systems theory, consistent with its own premises, this was merely a deviant face of capitalism.) By the end of the Short Twentieth Century, *real socialism* was a spent force, leaving capitalism as the only apparent claimant to global reach. World-systems theory seemed vindicated. Real socialism had been just a blip on the screen.

THE CRISIS OF THE MID-1970s

Nevertheless, in a closer perspective than that of megahistorical world-systems theory, there was a significant breaking point in the mid-1970s when

the specific form of economic and social relations that are now referred to as "global" began to be apparent. My first recollection of it was in reading an article by Bernadette Madeuf and Charles-Albert Michalet entitled "A New Approach to International Economics" (1978). The authors argued that it had become necessary to make a distinction between international economy and world economy. The international economy was what classical economic theory had concerned itself with: movements in trade, investments, and payments crossing national frontiers that were regulated by states and by international organizations created by states. The world economy, in contrast, was the sphere in which production and finance were being organized in cross-border networks that could very largely escape national and international regulatory powers.

The perception of this distinction coincided with a number of changes in world political economy accentuated by the recession that hit the developed capitalist economies from 1973 and affected by extension the less developed countries. There was also a growing sclerosis of the economies of real socialism. The late 1970s was an era of generalized economic crisis.

The crisis put an end to the hopes of what was still called the Third World for a new international economic order. Indeed, First World financing of Third World development was substantially reversed. Third World countries abandoned import substitution in favor of export promotion, which also meant sacrificing production for domestic consumption and satisfaction of basic needs in favor of earning foreign exchange. The conditions for rolling over foreign debt also required these countries to cut state expenditures, devalue their currencies, and remove restrictions on the movement of capital, all of which made the burden of adjustment fall most heavily on the poor and on national and local enterprises. It accentuated the separation between those small, privileged groups integrated with the world economy and the larger part of the population that remained outside.

The more developed capitalist societies also felt financial and market discipline. Perhaps its major effect was to accelerate a restructuring of production away from mass production of standardized goods toward less energy- and labor-intensive methods and more capital- and knowledge-intensive ones. The Fordist mode of production—which had been based on a well-paid labor force able to buy its own products and protected by institutionalized collective bargaining and by redistributive state policies acting as an economic stabilizer—came under attack. The new strategies emphasized a weakening of trade union power, cutting of state budgets (especially for social policy), deregulation, privatization, and priority to international competitiveness. Advances in technology in production and communications, always the servant of dominant capital, enhanced all of these tendencies.

The impact of these tendencies in different parts of the world accelerated migratory movements of populations, the direct causes of which were the

struction of previous means of existence (e.g., peasant agriculture in poor countries displaced by export-oriented capitalist farming, job loss in the mass production industries of richer countries from "restructuring") and political repression associated with regimes prepared to enforce the new economic rules by sacrificing the welfare of most of their people.

All of these interacting and mutually reinforcing tendencies constitute one meaning of *globalization*—the complex of forces, born of the crisis of the mid-1970s, that reversed the different complex of forces that had become consolidated during the three decades following World War II. These were decades of economic growth, buttressed in the advanced capitalist countries by a corporatist social consensus, which also recognized the desirability of some minimal transfer of resources to aid development in the Third World.

GLOBALIZATION AS IDEOLOGY

The relationship between international and world economies has been dialectical. The world economy grew by taking advantage of the territorial fragmentation of the international economy. This allowed capital to choose the most propitious sites in which to locate diverse phases of a geographically disseminated production process, taking account of differences in labor costs, environmental regulations, fiscal incentives, political stability, and so on. It also allowed capital to manage its accounts so that profits would accrue where the lowest taxes prevailed.

The multinational corporations and banks, principal agents of globalization, henceforth represented themselves (and after a time were perceived by many governments and academic theorists) as primary agents of economic development. They were also a growing force for national and international deregulation in trade and finance. Globalization began to be represented as a finality, as the logical and inevitable culmination of the powerful tendencies of the market at work. The dominance of economic forces was regarded as both necessary and beneficial. States and the interstate system would serve mainly to ensure the working of market logic.

Thus, in a second meaning, *globalization* became an ideology. The forces and policies that sustained the complex of tendencies just mentioned came to be regarded as inevitable ("there is no alternative") and in the long run beneficent, at least for some people. For others, different policies would be required (it must be recognized that many people, not just in poor countries but also in those that had been relatively rich, would remain outside the integrated sphere of the world economy). The ideology of globalization left understood but unstated the need for repressive police and military force to prevent destabilization of the world economy by outbursts of protest from the disadvantaged outsiders.

GLOBALISM AND THE BIOSPHERE

Another concern emerged also in the mid-1970s with a distinct and to some extent competing implication for the role of states: an ecological concern that the planet was reaching the limits of its capacity to sustain human settlement under prevailing conditions of production, resource depletion, and attendant pollution. This concern also had global implications in both senses of that term—it involved the entire planet and it raised questions about the total organization of human life and work within the larger realm of nature. This concern is sometimes referred to as “globalism” (“think globally, act locally”). Globalism and globalization arose together as orientations for thought and action.

Globalization and globalism were thus the product of specific historical conditions in the last three decades of the twentieth century. They emerged first in the advanced capitalist societies, and with the knowledge, prestige, and resources present in these societies they were disseminated as objective truth among these societies’ subordinate classes and to peoples in the rest of the world.

Among these subordinate classes and other peoples the contradictions of both globalization and globalism became apparent. Globalization widened the gap in living conditions between most of the world’s population and the relatively small segment integrated into global production and financial networks. Globalism raised the ethical question of what the rich, who were already consuming the lion’s share of the world’s resources and had done most of the polluting, could offer to meet the aspirations of the poor for development and higher living standards.

SPACE AND TIME

In 1889 the French philosopher Henri Bergson published his *Essai sur les données immédiates de la conscience* (which has been translated into English as *Time and Free Will*). Bergson broke with both Cartesian and Kantian traditions on the question of time; for him, there were two meanings of *time*. There was what we could call “clock time,” which was a uniform, homogeneous, medium measuring from outside whatever was happening. This, in effect, was time reduced to space. The sequence of events is spread out over this homogeneous medium. Time in this sense is nature’s way of making sure that everything that is going to happen does not happen all at once.

The other kind of time Bergson rendered by the French word *durée*, of which “duration” is perhaps a misleading translation. If it is taken to mean just the period elapsing between the beginning and end of a series of events, we fall back into the spatial view of time. By *durée* Bergson meant lived

experienced time—the subjective feeling of acting and choosing and pressures limiting action and choice—time from within, the time in which we experience both freedom and constraints.

This distinction is important when it comes to thinking about social and political change. The historian who tries to explain an event, a revolution, or the inertia of a society attempts an imaginative reconstruction from the evidence of individual actions, of the meanings of collective actions for participants in social movements, and of the mental and physical constraints on action. All this is *durée*. This is the time through which we may understand historical structural change. It is time reexperienced by the historian and social analyst from within the process of change itself.

Bergson's thoughts about time referred to individual psychology. More than half a century later, Fernand Braudel (1980a) spelled out categories of time as an aid to thought in historiography and the social sciences. He identified different flows of time in different fields of human activity—politics, economy, culture, technology, the structuring of society, and the development of language. Time in these different fields moved at different speeds—sometimes slowly, then accelerating, and then again more slowly. These fields interacted but did not move in concert. The momentum of culture, for instance, might continue after politics had ceased to be creative. Such was the case, for instance, with seventeenth-century Spanish high culture and possibly for U.S. pop culture today.

Moreover, Braudel saw three levels of time. Events time is the immediately perceptible level—instantaneous time, or cybernetic “real time.” But events do not explain themselves. They have to be placed within the context of what Braudel called *conjunctures*, or the set of forces that prepare the ground for events and account for their consequences. Conjunctural time is medium term, the span of an economic cycle, of a certain configuration of social forces, or of a certain paradigm of scientific knowledge. The shift from the complex of forces that characterized the postwar decades to those that characterized the emergence of globalization discussed earlier was such a change in conjunctural time.

At the deepest level is what Braudel called the *longue durée*, which involves structures of thought (*mentalités*) that are very slow to change: economic organization, social practices, political institutions, language, and values. These structures are all cohesive and interdependent, yet each moves at a different pace. Conjunctural changes that become consolidated and stabilized could signal a change in the *longue durée*.

Structural change, for Braudel, results from a “dialectic of duration.” Events are conditioned and shaped by the structures of the *longue durée*, but events may also cumulatively challenge, undermine, and transform these structures. The explanation of historical structural change involves the interaction of all three levels of time. Well-grounded strategies for making a better future—for a realistic application of collective free will—involve as a

starting point an understanding of the limits of the possible through an awareness of the *longue durée*.

Time in the Braudelian sense is the medium in which the collective creative powers of human society continually invent the future within the limits of the possible. Space (and spatially conceived time) orients the mind toward the present complex of relationships. The present seems fixed, determined. Within the spatial orientation of mind, the future is imaginable only as the further development of tendencies apparent in the present. The ideology of globalization is sustained by space-oriented thinking. The possibility of transcending this ideology will depend on recovering the time dimension in thought that will enable human action to use the contradictions of globalization to envisage a possible alternative future. The time dimension is the remaining medium of freedom.

THE CONTRADICTIONS OF GLOBALIZATION

One contradiction of globalization is that social polarization exists both among and within countries. The social structure of the world shaped by globalization takes the form of a three-part hierarchy. At the top are people who are integrated into the global economy, including everyone from the global economy managers down to the relatively privileged workers who serve global production and finance in reasonably stable jobs. The second level in the hierarchy includes those who serve the global economy in more precarious employment—an expanding category segmented by race, religion, and sex as a result of the “restructuring” of production by post-Fordism. The bottom level consists of superfluous labor—those excluded from the global economy and who serve it only as a potentially destabilizing force; at this level are the objects of global poverty relief and riot control.

Whole regions of Africa belong to the bottom level. Most of the former Soviet sphere is joining this category as well, with excessive polarization of new rich and new poor. The success stories of the former Third World (the newly industrializing countries [NICs]) constitute a very small population. Most significant, perhaps, is that polarization is increasing within so-called rich countries with high levels of unemployment, a decrease in high-paying (integrated) jobs and an increase in low-paying precarious work, erosion of social services (health and education), and fiscal attack on redistributive policies. Tiny segments of poor-country populations are integrated into the world economy network, while rich countries are generating their own internal Third Worlds (UNRISD 1995; Galbraith 1992).

Another contradiction concerns the loss of autonomous regulatory power by states. States and intergovernmental organizations play a role in enforcing the rules of the global economy and in enhancing national com-

effectiveness, but their powers of shielding domestic economies from negative effects of globalization have diminished. The cure for these negative effects is generally regarded as more globalization. Is there any regulatory power at the level of the global economy itself? There appears to be a mechanism for arriving at general policy consensus among rich-country political managers (through various unofficial and official bodies, from the Trilateral Commission and regular Davos meetings to the OECD and G7 summits). I have referred to this partially visible, or transparent, complex as a *nébuleuse* (see Chapter 5). The visible form is a photo opportunity accompanied by an anodyne press communiqué. Far from being a sinister occult power, the *nébuleuse* may turn out to be a Wizard of Oz. Perhaps no one, or no coherent structure, is really in control.

A third contradiction of globalization is that there is a widespread but uneven tendency toward decomposition of civil society. This takes the form both of a fragmentation of social forces and of a growing gap between the base of society and political leadership. References to the "political class" imply an alienation of people from their political institutions. The politicians are thought of as a distinct category of beings, serving their own interests, probably both corrupt and incompetent. This is markedly evident by recent events in Italy and Japan and in varying degrees in other advanced capitalist countries. People have lost confidence in politicians because of widespread corruption and, more specifically linked to the globalization effect, because of a conviction that politicians do not understand and cannot resolve the major problems confronting their societies. Where a break appears in this skepticism, it may be populist illusion propagated by a rich and powerful controller of mass media promising salvation—a Ross Perot or Silvio Berlusconi. In the poorest countries, there is evidence that people are turning their backs on the state and international organizations, which they see as their enemies rather than as possible supports.

This tendency toward decomposition is accompanied by a resurgent affirmation of identities (defined by, for example, religion, ethnicity, or gender) and an emphasis on locality rather than wider political authorities. Locality here can be seen as a product of "globality" insofar as globalization has undermined the authority of conventional political structures and accentuated the fragmentation of societies. There is an open challenge as to whether new bases of political authority can be constructed from these fragments.

POTENTIAL FOR TRANSFORMATION

Thought in the time dimension is dialectical. It begins with an understanding of the contradictions and proceeds to identify the potential for transformation based on concerted action by self-conscious social forces. It seems

fairly evident that transformation is not going to come from the summits of power in the state system and global economy. The *nébuleuse* will at best succeed in ad hoc confrontation of crises to sustain the status quo. For transformative potential we have to look both at latent tendencies within the summits of power and especially at the possibility of a recomposition of civil society at the base. We must also examine the long-term relationship of society with nature.

I would signal three elements worthy of attention in a time-oriented perspective. The first is a tendency toward a differentiation of what Karl Polanyi (1957a) called substantive economies within the overarching concept of globalization. Both liberal and Marxist economics represent capitalism in formal terms as a single system with its own laws of motion. But we can see several distinct substantive capitalisms, all of which have significant differences for people living within them: a hyperliberal Anglo-American form (Cox 1987), a social market central and northern European form (Albert 1991), and an East Asian form with several variants (Johnson 1982; Fallows 1994). Large geographic zones may be organized very differently from the standpoint of the social and ethical content of the economy. The issues today in the European Union focus on the choice between the hyperliberal and the social market forms for future European society.

Second, the process of decomposition and recomposition of civil society in all parts of the world, which will underpin any new forms of political authority and world order, will not follow a uniform pattern. This is where civilizations become an important object for study. We can think of civilizations as distinct realms of intersubjectivity rather than as geographic zones or religious or ethnic communities. By intersubjectivity, I mean the basic unarticulated assumptions shared by people concerning the nature of the real world; they are unarticulated because they are so naturally taken for granted.

These visions of reality are represented through different mental structures, but these structures in turn have to be understood as distinct ways social practices have responded to material conditions of existence. Civilizations constitute the mental frameworks through which peoples understand and interpret their world and contrive their responses to the challenges that confront them.

A new consensual world order could arise from an encounter of civilizations in a spirit of mutual respect. On this basis it should be possible to work toward a supraintersubjectivity that, while being aware of and respecting the intersubjectivities of different civilizations, would be capable of defining some common principles of consensual coexistence.

The third object of concern is how to reconcile the complex mutation of human organization and the coexistence of different intersubjectivities with the biosphere (i.e., the interaction of humanity with other forms of life and

sustaining substances within that thin envelope encompassing the planet (from the upper atmosphere to the seabeds). Only recently have we begun to understand the ways the biosphere has become an actor in the human drama. To the difficulty of mutual understanding among differently constituted human minds, expressed through different civilizations, is added the difficulty of achieving some mutual understanding of the role the biosphere plays in world politics. This will involve revision of our own mental frameworks. In formal economics, nature, represented by land, has been subordinated to market logic. Nature, however, has its own logic, based on the interdependencies of different forms of human and nonhuman life. So long as economic logic did not lead to a destabilization of nature, so long as there was enough slack in nature for the consequences of economic logic to be tolerated, this subordination of nature to the market went unnoticed.

Now, however, the limits to nature's tolerance are being tested. The hole in the ozone layer, global warming, deforestation, soil erosion, the depletion of fish stocks, the loss of biodiversity—all these phenomena articulate nature's protest and imply that we need to rethink economics as being subordinate to a science of nature. This is more than an intellectual task. It implies a revision of our ways of producing and our model of consumption—our ways of life and work.

This endeavor raises the ultimate challenge to the ideology of globalization. Consumption is the motor of capitalism, and the motivation of consumer demand is indispensable to capitalism's continuing development. There are significant cultural variations—for instance, Japanese people seem to have a greater propensity to save and North Americans a greater propensity for debt and consumption—but on the world scale, aspiration toward the U.S. and Western European consumption model has been the dynamic behind market liberalization in the Third World, China, and the former Soviet empire, and the driving force of economic globalization.

It would seem that a fairly radical change in patterns of consumption will become essential to maintenance of the biosphere. Preparing for the 1992 Rio de Janeiro Earth Summit, U.S. president George Bush said, "Our lifestyle is not open to negotiation." He was implicitly acknowledging that a change of lifestyle is necessary to biospheric survival and at the same time that political survival in modern democracies makes it highly dangerous for politicians to advocate such change.

All this leads to some pessimistic conclusions. As Eric Hobsbawm (1994) reasoned, the late twentieth century is in a state of social breakdown rather than revolutionary crisis. The forces that polarize society and fragment opposition among the disadvantaged and dispossessed remain dominant. They are sustained by the hegemonic ideology of globalization. Instances of revolt, such as has occurred in Chiapas in the south of Mexico, can be dealt with in isolation by dominant power so long as concerted

transnational opposition remains weak. Furthermore, the seduction of consumerism turns people away from opposition and makes them accomplices of the globalizing forces.

I end this chapter with a measure of hope. Perhaps awareness of the consequences of globalization, advanced by work such as is embodied in this book, may shift thinking away from a passive, space-oriented present-mindedness toward a time-oriented strategy for action. If revolution is but a dim prospect, social breakdown is a dangerous and depressing condition. Only realistically based action can ensure that globalization has not brought us to the "end of history."

NOTE

1. Etymologically, the word *global* has two meanings that tend to become merged in the neologism *globalization*. One meaning refers to the planet earth (the French term *mondialisation*, used as an equivalent to *globalization*, is confined to this meaning). The other refers to a whole, or a set of factors conceived as a whole, giving *globalization* a totalizing connotation. The latter meaning is evoked by the consequences often perceived as those of the globalization process: a world increasingly homogenized—economically, socially, and culturally. The dialectical response to homogenization has been the affirmation of difference, equally present if lacking the material force of the apparently dominant homogenizing tendency. *Globalization*, in current usage, is to be understood in this dialectical manner.