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World Development Studies 5

The Limits of the Global Village
Globalization, Nations and the State

Hernando Gómez Buendía



September 1995

UNU World Institute for
Development Economics Research
(UNU/WIDER)

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The Limits of the Global Village

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Hernando Gómez Buendía

This study has been prepared within the UNU/WIDER project on the Challenges of Globalization, Regionalization and Fragmentation under the 1994-95 research programme.

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UNU World Institute for Development Economics Research (UNU/WIDER)

Katajanokanlaituri 6 B

00160 Helsinki, Finland

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PREFACE

In the 1994-95 research programme of UNU/WIDER, the consequences of the theoretical and empirical aspects of the globalization process were an important guideline for the programme as a whole.

Research on the current global economy revealed that three simultaneous, interrelated and interacting processes can be observed in the system; globalization, regionalization and fragmentation. Processes which are shaping events and affecting change in people's lives, the states, and of the international community. These processes are not necessarily developing as contradictory ones crowding each other out. Globalization has its roots in the increasing role and ongoing transformation of the capital and money markets, in the global diffusion of new technology, in the global consequences of environmental changes, in the development of global organizations, intergovernmental cooperation regimes, transnational corporations, and in the consequences of their policies and actions. Globalization brings about forces in the framework of the nations, the interests of which can be best harmonized in a regional framework. As for the process of fragmentation, it is not just the disintegration of multiethnic states. Today's world of close to six billion people, almost 200 states and thousands of nations and ethnic groups, is becoming increasingly diverse. The microprocesses of the globe cannot be controlled and managed from global centres, or by regional and national bureaucracies. The importance of the grassroot institutions, organizations and activities is growing.

It is, however, the process of globalization which is the strongest regulatory force in the system and represents the greatest challenge for all the regions and countries. It is a multidimensional process. In its political dimension, it must be understood as a long historical process, characterized by intense competition between the main global centres of power, especially between the global powers; 'global' because of their power projection. Globalization of power reflects the main sources on which it is based and also the distribution and diffusion of power in global politics. During the Cold War period, the bipolar character of power was conditioned to a large extent by military capabilities.

In its economic dimension, globalization is also an extremely complex process. Globalization reflects the evolving economic centres of power. It can be interpreted and understood as the integration of states into a structure, approximating a single, unified international economic system or as the intensification of economic ties, interactions and interdependence of states. On the level of the firms, the concept is used for characterizing territorial expansion and the building up of integrated multi-tier networks.

A typical global company is owned by the citizens or institutions of several countries. It owns or controls foreign affiliates and engages in business alliances (direct investments) in each of the continents and in each major economy, and pursues a geocentric governance strategy towards its foreign activities and affiliates. It will source

its new ideas, products, inputs of manpower, capital, raw materials and intermediate products from the most advantageous base, and it will sell its goods and services in each of the main markets of the world. The activities of these companies are creating a number of new linkages which do transcend national frontiers. They replaced the traditional foreign trade by a transnational system of product development, design, product universalization and marketing. Globalization of the markets is also closely related to the transnational economic centres of power, which are pushing for constant expansion, for new markets and for relatively liberal and uniform rules for the environment of business. It is also related to the fact that the role of international trade of goods and services, capital flows, and increasingly the movement of people, became vitally important for the vast majority of the countries. The globalization of the markets is helped by the development of an information infrastructure which increases the speed and reduces the costs of transactions. This information infrastructure also promotes the global conversion of prices for goods and capital, and influences exchange rate movements. The global spread of the information technology made intellectual capital also extremely mobile. Globalization also has a cultural dimension, and in which the powerful electronic mass media plays a crucial role.

All these and other factors and forces which are shaping the global village are also related to different social groups, political and economic interests. This village is therefore not a harmonious and equitable place.

The progress toward globalization has always been unequal. There are major sectoral and territorial differences in its sources and consequences. While the process influences all the countries, governments, policies and actions by which the resources and capabilities within the jurisdiction of states are created, upgraded and allocated among different uses and the efficiency at which these are deployed for the given use, the implications differ greatly. The national and/or regional responses are also different. Some of those want to limit the implications of globalization and protect some groups in their society from the adverse effects, others whether voluntarily or in their response to external or domestic pressures widely 'open the doors'.

The research work of Professor Hernando Gómez Buendía, who spent a year in Helsinki as a Distinguished UNU/WIDER-Sasakawa Professor, has been focusing on the globalization process from a Latin American perspective. Latin American belongs to the hemisphere which has probably been more exposed, and for a longer period, to the different dimensions of globalization than the other regions of the developing world. The first part of his studies dealing with some of the general aspects of the globalization process are in this publication. The second publication will contain the region specific implications of globalization.

As the Director of UNU/WIDER, I should like to express both my thanks to Professor Gómez Buendía for his valuable contribution to our research work, and also my gratitude to the Sasakawa Peace Foundation for sponsoring this important programme.

Mihály Simai
Director, UNU/WIDER

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Hernando Gómez Buendía
August 1995

I THE SHRINKING GLOBE

1.1 What globalization is not

We are not yet sure of what it is, but we know that it is different. This is why we so often choose to define our time in terms of discontinuity and departure: the economics of post-Fordism, the culture of post-Modernism, the geopolitics of the post-Cold War era. One thing, however, we are certain of – the emerging world is smaller. All the economic, cultural and geopolitical novelties permeate and cut across the borders of countries, regions, and continents in a manner of bewildering intensity and complexity.

Thus, while the universe continues to expand, our own earth seems to contract. This intensified social interaction over and across the geographic boundaries of nations is fashionably and loosely called 'globalization'. Words like 'transnationalization', 'cross-nationalization', or plain old 'internationalization' are also in use, although these do not necessarily amount to one and the same thing. Hence, as with all concepts which become fashionable, it is best to start out by defining what globalization is not, rather than what globalization is.

- First, globalization is not a terminal state or the reunion of the entire human species under a single society. As Peter Worsley once put it tersely: 'Until our day, human society has never existed' (1984:1). Globalization is an ongoing trend.
- Second, globalization is not a question of all or nothing. It is a matter of degree, so that practically any statement referring to it, including, of course, the ones in this writing, should be taken to be relative or comparative.
- Third, globalization is not a linear or uninterrupted process. It abounds in contradictions and contradictors. There are plenty of actors resisting globalization, just as there are plenty of factors and processes reinforcing local, national and regional interests, some of which were activated by globalization itself.
- Fourth, globalization is not a one-dimensional process. It is a composite of several, partly independent, uneven, and often disjoint trends (Appadurai 1990).
- Fifth, globalization is not necessarily a new phenomenon. In the first century BC, Polibius noticed in his *Universal History* how 'formerly the things that happened in the world had no connection among themselves... However, since then all events are united in a common bundle' (Kohn 1971:121).

It does matter when globalization began. Yet, depending on what trend one is looking at, and how one looks at it, some scholars would pick out dates like the year 1350 (Wallerstein 1974), 1789 (Johnson 1992) or 1880 (Robertson 1987), while others would rather remember days like 27th October 1986 (the 'Big Bang' in the stock markets) or 9th November 1989 (the fall of the Wall). However, these dates – and even the earlier years – are meant as points of inflection, as no-one seriously contends that globalization is a long-run process.

1.2 Two precipitants

Neither does anyone challenge the peculiarities of these past few years. The pace of objective globalization has stepped-up and our perception of a *world-as-whole* has sharpened intensely. Many believe that a new epoch has just begun – the 'information society' (Lyon 1987), the era of 'disorganized capitalism' (Kothari 1989), or more fundamentally, the 'post-modern' age (Lyotard 1984). And, whatever the case for history and its epochs, it must be recognized that globalization refers to 'the concrete structuration of the world-as-whole' (Robertson 1990:20), and may therefore take on different forms at different junctures in human history. Thus, these past few years have witnessed two major developments that have vastly accelerated and significantly altered the concrete structuration of the world-as-whole, namely the technological revolution and the end of the Cold War.

1.2.1 *A technological explosion*

Prompted by the exponential growth in knowledge, especially in subatomic physics and in biochemistry, the production frontier is expanding at a feverish pace with many new techniques and industries. The innovative wave is not only invading the market with wonder products, but perhaps more importantly, it is revolutionizing the whole spectrum of processes for the elaboration and distribution of practically any goods or services one can think of. Eight specific sectors stand out as the fastest and farthest reaching in technical change: microelectronics and semiconductors; biotechnology; man-made materials; telecommunications; artificial intelligence; robotics; propulsion; and energy. This mounting wave of innovations has three main impacts on the concrete structuration of the world-as-whole.

- First, it alters the comparative advantage of nations in reducing the economic importance of natural resources including, to a different degree, oil. A noteworthy illustration is the fact that the US economy used less steel in 1990 than in 1960 when its total industrial product was two and a half times smaller. Also, the structural surplus of agricultural products in the OECD countries, which have less than 4 per cent of the working population engaged in agriculture, is nearly 30 per cent of (the free market) demand (Council of Economic Advisers 1990:296; Avery 1991).
- Second, the technological revolution puts an even higher premium on intelligence, education, and training. 'Each of the leading industries of the 21st century' writes Lester Thurow, 'depends on brain capacity. Any one of them

may be installed anywhere in the planet. Where they will end up going depends on who has the brain capacity to take advantage of them. In the coming century, the comparative advantage of nations will be entirely a human creation' (1992:52).

- Third, and more obvious, the new technological revolution is literally building a global village. Microelectronics has had the most spectacular role in this regard so that information concerning the information revolution is itself a topic in the media. To quote but a colourful piece from *Business Week*:

In the 1920s, 'high frequencies' denoted the upper usable bounds of the radio spectrum. Before long, though, the term became obsolete. As technology advanced, it became possible to use higher frequencies. Those were called 'very high frequencies'-VHF. Another step forward in electronics, and still more virgin airwaves opened up. With a stab at finality, scientists dubbed them 'ultrahigh frequencies' or UHF. Turns out they weren't ultra after all. Today, two regions lay beyond UHF: super high frequencies and extremely high frequencies... Progress is so rapid that what is powerful today will be passé tomorrow. Million dollar vacuum tube computers with fearsome names like ENIAC that awed people in the 1950s couldn't keep up with a 1990s pocket calculator. In 1956, the first transatlantic phone cable carried 50 compressed voice circuits. Now, optical fibres carry 85,000, an improvement of 170,000%.

1.2.2 *And a political implosion*

No less startling, manifold or topical in the media are the consequences of the downfall of historic socialism and the collapse of the Soviet Union. Once again, the little-expected ending of the Cold War has had two main impacts on the current structuration of the world-as-whole.

- First, as the Russian empire, the greatest continental empire in all of modern history, crumbled under the weight of sheer economic failure, a wave of national disintegration, reintegration, realignments, and uncertainty spread from Eurasia throughout the globe.
- Second, all of a sudden, the geopolitical divide that used to split the planet into a 'first world' and a 'second world' yielded to the many bridges of a multipolar order and to the many cleavages of a multipolar disorder. The almost daily emergence of new alliances and new conflicts, both as facts and as spectacles, has brought to light or underlined the plurality, diversity and intensity of linkages and flows that knit nation to nation or set nation against nation. What ideology used to simplify as friend or foe, is now diffused in a series of multi-sided and shifting sets of partial coincidence, partial dissidence, among peoples and among states.

1.3 What globalization is

Our concrete *world-as-whole* is structured by three overlapping and intertwined fields of human interaction: (i) the *international* field which is the net of relationships among nation-states, or among individuals or groups residing in different nation-states; (ii) the *transnational* field, or interactions created by actors who are themselves international in character (as, for example, multilateral institutions and transnational corporations), and (iii) the *supranational* field, or interactions associated with processes that recognize no frontiers (as, for example, world religions and global warming). Since the geographic spans of different interactions are so uneven, globalization is usually meant to describe both the most encompassing of these, and to underline the fact that current interactions are of an increasingly wider scope.

Globalization involves realities as well as concepts, the growing density and complexity of the international, the transnational and the supranational fields, and the heightened awareness of such tighter interconnectedness (Robertson 1992). Speeded-up and dramatized by the end of the Cold War and by the technological revolution, the current process of globalization includes three main trends, namely, the globalization of markets, the globalization of culture, and the globalization of security.

The three trends are not even. In general, the globalization of markets is more comprehensive, more solidly grounded, and more advanced than the globalization of culture, and they are both ahead of the globalization of security.

Each trend is in many ways independent from the other two, but they share many facets of interdependence and complementarity. Furthermore, and not to indulge in any naive form of economic determinism, it is an undeniable fact that globalization of markets has been the leading trend and the single most powerful factor in today's concrete structuration of a world-as-whole.

1.4 The globalization of markets

The exchange of goods and services among nations has long tended to grow faster than the combined product of all nations. Thus, the careful compilation of historic statistics for his *Phases of Capitalist Development* led Maddison to conclude that between 1720 and 1820, total output grew at around 0.6 per cent per year while international trade (measured by volume of exports) expanded at 0.9 per cent yearly. Between 1820 and 1979, the gap became even larger, as trade rose on the average by 3.7 per cent and output by only 2.5 per cent per annum.

However, since 'trade has been subject to major disturbances of a cyclical nature, it has not always moved faster than output' (Maddison 1982:60). After an expansionary phase in 1820-1913 and the relapse into 'neo-mercantilism' of 1913-1950, the 'golden age' of capitalism (1950-1973) witnessed a growth in global output of a full 5 per cent a year, and a still more impressive expansion in international trade, at 7.2 per cent annually. The slow-down in overall economic growth over the following fifteen years

(from 5.2 per cent in the 1960s to 3.7 per cent in the 1970s and to 2.0 per cent in 1980-1985) was mirrored by a slow-down in trade, yet surpassing the rate of economic growth (between 1970 and 1985, the volume of exports grew by 4.1 per cent on average every year). Finally, in each year since 1985, international trade has grown faster than the total value of produced goods and services (UNCTAD 1992; UN 1994).

Hence, for the best part of almost three centuries, the exchange of goods and services across nations has been expanding about one and a half times faster than their overall product. Furthermore, in the years since the end of World War II, the constant-dollar value of global trade has multiplied four times. Against such a background of a long-term and accelerated (if unstable) expansion of international trade, the current stage of globalization entails major changes in five dimensions of the worldwide division of labour: namely, the basket of products traded; the main trading partners and partnerships; the mobility of capital; the organization of productive units; and the emerging occupational structure.

1.4.1 A changing basket of trade

In the market of products, the human content and the knowledge content of goods and services traded across the globe are experiencing truly remarkable increases.

- In the few years between 1980 and 1992, the share of manufactures in the total value of merchandise exports jumped from 45 per cent to 73 per cent. Meanwhile, the share of agricultural products decreased from 15 to 12 per cent and that of mining products plummeted from 28 to 12 per cent.
- By 1992, high-tech industrial products already constituted some 18 per cent of all exports, or about three times more than in 1982. Between 1980 and 1992, the share of office and telecommunication equipment in global exports more than doubled (from 4.2 to 9.6 per cent) and that of machinery and transport equipment increased by half (from 25 per cent to 37 per cent).
- During the period 1981 to 1991, the world exports of commercial services, most of which require qualified human power, increased 2.2 times; thus, growing one-third faster than physical trade.
- All in all, it is estimated that high-tech goods and services represent some 27 to 30 per cent of world's trade today (GATT 1993; UNCTAD 1993a; Simai 1994:211). According to another estimate, the communication and information industries together account for almost 20 per cent of world trade (Centre for International Research on Communication and Information Technologies 1992).

1.4.2 Changing partners and partnerships

In the early 1950s, when the US alone produced more than half the world's total value of goods and services, nearly one-third of all international trade consisted of imports from, or exports to, the American market. In the decades since, however, Germany and Japan have emerged to rival in size the US in global trade, and the 'tigers'

from Asia have aggressively entered the most dynamic branches of the world market. At the same time, in a trend of ambivalent significance for globalization, a number of regional trade partnerships were forged and strengthened.

- Between 1950 and 1980, the volume of US exports increased 5.4 times. Over the same 30-year period, German exports multiplied 19.5 times and Japanese sales overseas swelled 42 times. By 1992, the three countries had nearly equal shares in the world merchandise trade: 12.0 per cent for the US, 11.5 per cent for Germany, and 9.1 per cent for Japan (Thurow 1992:66; Maddison 1989; UNCTAD 1994a).
- Even though international trade is concentrated largely among industrial countries, the emerging Asian economies have managed and sustained an impressive increase in their share of the world market and, specifically, of the world market of manufactures. Between 1970 and 1992, Hong Kong expanded its exports by 23 per cent every year; Singapore by 20 per cent; the Republic of Korea by 15 per cent and Chinese Taipei by 13 per cent a year. As a result, by 1992 the 'Gang of Four' accounted for 6.8 per cent of all world exports, yet their combined economies amounted to less than one per cent of the globe's product. The growth in industrial exports from larger Asian countries is of more recent vintage but just as remarkable. In a period of only five years between 1987 and 1992, the overseas manufacturing sales of Thailand multiplied 3.1 times, those of Malaysia expanded 2.4 times while China recorded a 2.3 times growth and Indonesia doubled its manufactured exports (Asian Development Bank 1989 and 1991; UNCTAD 1994a; World Bank 1994).

The nature of economic regionalization and the factors behind the current proliferation of regional arrangements are subjects of considerable debate. No less debated are the implications of such a trend for the structuration of the world-as-whole. The optimists claim that regionalism is the first step in the creation of a smoothly functioning multilateral trading system; the pessimists argue that preferential agreements are only a form of collective mercantilism (Hettne and Inotai 1994; Baldwin 1993). Hence, while the optimists *may* prove to be right in the long run, the pessimists *are* right in the short run. If economic blocking did not exclude third countries, there would simply be no reason to form the block in the first place. And the issue is of no little importance, since trade among the members of the European Community accounts for 56 per cent of their total trade, and 42 per cent of the exports of the NAFTA countries are already intra-regional (World Bank 1991b:9).

1.4.3 *The 'brave new world' of capital*

It all originated rather inconspicuously, as Richard Nixon in his 1972 bid for re-election attempted to please the industries hit by Japanese competition. The move to devalue the dollar would eventually put an end to the system of fixed exchange rates the world had inherited from Bretton Woods. As speculation regarding their currencies climbed, the industrial countries reacted with ill-coordinated macroeconomic policies

that resulted in dramatic shifts in exchange and interest rates, the price of financial assets, and in the spiral direction of capital flows dubbed as 'casino capitalism' by one observer (Strange 1986). The volume of transactions further escalated as the OPEC countries poured their surplus into the market; the US – instead of adjusting like mortals – struggled to finance its mounting fiscal and current account deficits; reunited Germany reduced its rate of savings; the multinational corporations extended their reach, and new financial markets opened up in the transition and the emerging economies during the 1990s. The most diversified and imaginative repertoire of financial assets, mechanisms, and institutions, coupled with instant communication, added up to the truly most global, and by far, largest market of them all – the market of financial capital (Gill and Law 1988; Goldstein and Folkerts-Landau 1994). To say it with a few figures:

- Between 1981 and 1992, borrowing on international financial markets posted a 204 per cent cumulative increase, double the growth in world trade (94 per cent) and six times the increase in the total product of the world (34 per cent) (Iglesias 1994).
- Discounting inflation, the value of international banking activities multiplied 18 times between 1970 and 1990 (Simai 1994:228).
- Trading in the late 1980s in the foreign exchange markets amounted to USD 650 billion a day (that is, USD 500 million a *minute*), or some 40 times the value of international commercial transactions (Frieden 1991:428).
- Towards the end of the 1980s, over 90 per cent of all currency exchanged was speculative in nature, that is, unrelated to either trade or capital investment (Bergsten 1988).

1.4.4 *The transnational corporations*

If technology is the main single factor to change our world, then the transnational corporation is the main single actor to shape our world-as-whole. This explains the wealth of recent literature on the subject, and the abundance of unsettled issues concerning the microeconomic rationale, the inner functioning, and the broader implications of multinational firms for the countries and the states concerned. Do firms transnationalize because they are oligopolies, because the technological life-cycle of their product forces them to do so, or just because they try to adapt to location-specific advantages? Is the very term 'corporation' becoming empty, as we are left with just tactical and changing alliances among the most heterogeneous arrays of business units in order to perform each step in the process of production and distribution of goods or services? Do the transnationals further economic growth or merely exploit their host country? The answers to such questions would most likely boil down to the fact that there are very different kinds of transnational firms acting in very different contexts.

However, the broad direction of recent quantitative and qualitative changes in the realm of transnational corporations appears to be well established. Prior to World War II, foreign direct investment originating mostly in Great Britain was concentrated in the extractive industries and plantations and by the mid-1950s it totalled some USD 50

billion. By 1978, this value had jumped to USD 386 billion, chemical and auto industries had taken the lead, and the US accounted for 46 per cent of total overseas investment (Dunning 1986:7). However, the era of explosive growth was yet to begin. From 1975 onwards, the transnationals excelled in information technology, communications, and services, noticeably banking and finance, but also in sectors as unlikely in appearance as the retailing of cloth or food. The annual rate of growth in total direct foreign investment jumped from 4 to 24 per cent during the late 1980s. Japan's investments featured a 62 per cent yearly rise and in a single year, 1992, the value of new foreign investment peaked at a total of USD 180 billion.

The United Nations Centre on Transnational Corporations considers 'any enterprise which controls assets in two or more countries' to be a multinational. Using this definition, a recent UN survey provides striking documentation of their significance for today's global economy (UNCTC 1992; UNCTAD 1993b).

- There are some 36,000 parent transnational corporations with approximately 172,000 national branches. The multinationals span the globe: 46 per cent of the branches are located in industrial countries, 41 per cent of them are in developing countries, and a remarkable 13 per cent already are in ex-socialist Europe.
- Transnational firms control about one-third of all the privately owned productive assets in the world and contribute about one-fourth of the global economic product.
- The value of sales by multinational firms outside their country of origin equals 140 per cent of the total value of world trade.
- The multinationals are responsible for one half of the trade taking place amongst industrial countries and nearly 40 per cent of all trade in the world.

1.4.5 The new class

The picture has now become familiar. It is no longer the time of blue collar workers. The assembly line and Taylorism are relics of the past when productivity could be increased by doing or by moving physical things faster. But it is not the time of white collar workers either. The service economy and the 'human relations' style of management are remnants of a time when bureaucracies were expected to deliver standardized attention to their customers. It is not even (or so some observers claim) the time of capitalists: owning the material means of production is less important now that knowledge and personal ability have become the strategic means of production (Drucker 1992). Thus, the critical gains in productivity no longer come from a better handling of things, of people, or of money – they come from the better handling of symbols. And those most capable of handling symbols are bound to be the winners of the new economic game.

Robert B. Reich, US Secretary of Labour, has portrayed the emergence of the new 'class of symbol analysts' in a particularly cogent fashion. According to his

reasoning, the global competitive edge has shifted from high volume to high value industries, that is, from the mass production of goods and services to the highly individualized attention awarded to complex and demanding customers. In this economy of niches, the distinction between products and services is blurred, as complete packages of merchandise, technical support and maintenance have to be provided. Furthermore, the leading economic activities are no longer performed by national individual firms but by flexible international nets under a wide variety of contractual schemes.

Such a drastic reorganization of production has deprived manual and routine work of its previous importance, but has made three crucial new dexterities: the ability to identify unique and complex problems or needs, the ability to offer tailor-made solutions to such problems and needs, and the ability to bring together the problem identifier with the problem solver. The symbol analysts are those professionals and specialists endowed with the capacities to diagnose and to solve problems or to match needs, and their occupational titles consist of something like any combination of words from the following three columns:

Planning	Financial	Engineer
Creative	Administrative	Director
Communications	Process	Designer
Systems	Development	Coordinator
Projects	Strategy	Consultant
Business	Policy	Manager
Resources	Utilization	Advisor
Product	Research	Planner

American symbol analysts constitute some 20 per cent of the labour force, up from the 8 or so per cent they represented in the 1950s. Employment in the legal profession alone rose from 343,000 in 1971 to 1 million in 1990, and the number of employees on Wall Street doubled from 182,000 in 1979 to 364,000 in 1987. The share of symbol analysts in the economic pie is likewise enlarging. For want of census data, the point may be illustrated in the fact that payments to the 'think work' make up over 85 per cent of the total costs of producing a semiconductor chip, with only 6 per cent going to the routine workers, 5 per cent to capital, and 3 per cent to energy and raw materials. Even a classic like the automobile has seen the combined share of factory workers and factory owners in total costs fall from over 85 per cent in 1950 to under 60 per cent in 1990 (Reich 1992).

Figures on employment, or the income of the symbol analysts as such, are not available for countries other than the US, but it seems obvious that their ranks and their participation in national income have climbed substantively in the other industrial, and even in most of the non-industrial, countries. This brings us to the specific point of globalization. No other category of workers has ever been as globe-oriented as symbol analysts are. They work on the inside and belong to occupational networks that transcend national frontiers. Instead of the traditional pyramid of a closed bureaucracy, they relate to customers, suppliers, competitors and peers dispersed throughout the

world. Their professional success depends on connections, on knowing who knows what they need to know, on a mode of communication that insures personalized on-the-spot interactive information. They share a common working language (English), a common knowledge of technical know-how, and a common intellectual outlook of pragmatism, velocity, and systemic thinking. They have common interests vested in many economic, social and political trends. They are the human avant-garde of globalization and the leading bearers of the global culture.

Whether symbol analysts deserve to be considered a class is, of course, debatable. In the classic, if narrow, version of Marxism, classes are reduced to the dichotomy of owners or non-owners of the means of production so that even an expression like middle-class seems problematic. In this perspective, symbol analysts would at best constitute a cadre class, or a technical group subordinate to the global capitalists (Van der Pijl 1994). In general, non-Marxist theories of stratification would more readily recognize symbol analysts to be a class, for example, because of their functional uniqueness, their privileged relationship to knowledge, or the specificity of their social interests. Whatever the case, symbol analysts are a significant new group to emerge from globalization, and the present analysis does not depend on whether or not they constitute a class *strictu sensu*.

1.5 The globalization of culture

A global market is an auspicious stage for a global culture. In an instant, and practically cost free, information flows across the globe. Add to it the availability at your local market of goods and services of any origin, the pervasive activity of 172,000 multinationals, and the ranks of globe-oriented professionals emerging simultaneously in different countries and you will have come a long way towards the global village. Although culture should not be regarded as a mechanical reflection of the market, it is bound to reflect and react to the formidable set of transformations in the way we humans learn, consume, work, and think.

The concrete structuration of our world-as-whole is built upon the many imagined worlds that result from the sometimes lasting, but often ephemeral, interactions among persons, objects, interests, images, news, and ideas originating in different corners of the globe. Quite apart from being homogeneous (as some assert) or of being highly heterogeneous (as others claim), global culture is first and foremost a unified *space* for symbolic interactions between people otherwise attached to cultures isolated by geography. Within this space, there is *opportunity* both for the expression or creation of supranational cultures, and for the integration or conflict among national or regional cultures (Feathersome 1990).

A single space for symbolic interactions between people of different cultures is as old as trade, travel, and literacy. However, the current surge of globalization has magnified the density and the complexity of that space by means of five principal factors: (i) the spread of mass literacy throughout the world; (ii) the transnational media; (iii) the expansion of transnational organizations; (iv) the revolution in long-distance

transportation; and (v) the new technology in communications. According to the most popular opinion, these factors have been instrumental in spreading an homogenous culture – a culture global in content, not just in space.

To begin with, there is a series of *ethical, legal and political values* endowed with universal (or practically universal) recognition: actions that are regarded as criminal, or *mala in se* (such as homicide); human rights of the 'first generation' (exclusion of torture) or even of the 'second generation' (such as the right to work); social justice; democracy; national sovereignty; and development, are among such universal values. The questions, of course, remain open as to whether these values are inherently universal (derived from natural law) or simply the result of Western diffusionism, whether they actually mean or do not mean the same everywhere, and whether they are as relevant to public action as they are to public rhetoric. However, not even the relativists can ignore that many such values are officially enshrined in the constitutions and laws of all contemporary nation-states, nor that the actions of the international community (such as the United Nations) are discussed or appraised in reference to them. Some values are global in that they have global consequences.

There is a series of *occupational subcultures* that cut across nations. To us college professors, the most respectable example is, of course, the transnational culture of intellectuals who 'have friends all over the world, and who now fly to visit one another as easily as their counterparts two hundred years ago rode over to the next town to exchange ideas' (Konrad 1984:209). Then there are the traditional, grey-suited members of the jet-set such as diplomats, chairpersons, and assorted bureaucrats. And there is the perhaps not so respectable, but certainly more profitable, coterie of new openings for *yuppies, puppies*, and even *yumpies* ('p', for post-industrial, 'm' for 'Marxist'), corporate accountants, international lawyers, financial wizards, entertainers, designers, brokers, consultants, advertisers, and other symbol analysts whose function, for the most part, is to smooth and spread around the uses and practices of American business (Dezalay 1990).

There are the *cosmopolitans*, some connoisseur, some amateur, some willing, some unwilling, and most ambivalent, many of whom are in the above mentioned transnational occupations, many more in such categories as guest workers, expatriates, exiles, or ordinary tourists. However diverse, the cosmopolitans are numerous. Some 123 million persons live outside their home country, some 300,000 passengers fly across borders every day (Hannerz 1990).

There is the English language, the *lingua franca* of the global village, spoken as a mother tongue by 400 million people in twelve countries, by another 500 million people as a second language, and with official or semi-official status in some 60 countries. An estimate has it that English is the language for some 60 per cent of the world's radio broadcasts, 70 per cent of international mail, 85 per cent of the international telephone conversations, 70 per cent of the book-printed ideas, and 80 per cent of the information stored in computers around the world. Meanwhile, the internationally minded youth keep enriching linguistics with mixtures such as Spanglish,

Sovangliski, Hinglish, and even Franglais-hélas! (Naisbitt and Aburdene 1990; Naisbitt 1994).¹

There is the global *media*, with sellers like the French magazine *Elle* printed in sixteen national editions (voilà!); *The Economist* with readers (not all of them professors) in 170 countries; and of course CNN 'viewed by over 120 million people in 210 countries and territories'. The cultural impact of the transnational media varies according to its hardware (electronic or pre-electronic), its mode (documentary or entertainment), and its audience (general or specialized, global or regional). Cable and satellite television have had the most spectacular role of them all in creating a kaleidoscope of 'imagined worlds' with the endless collage of facts, semi-facts and fictions that encapsulate events and pieces of local life and project them for the eyes of an ubiquitous, then un-situated, and then non-existent, observer (Marcuse 1964).

Last but not least, there is the cornucopia of *objects*, styles and trade names which all over the world are as fashionable, as functional, or just as available. From the AK-47 preferred by terrorists of all convictions to the sushi bar, from an Intercontinental Hotel to Donald Duck, from Mastercard to the voice of Madonna, our daily worlds are increasingly populated by things that serve, taste, smell, feel, look or sound exactly alike. At last count, McDonald's operated 10,500 restaurants in fifty countries; Kentucky Fried Chicken was selling at 7,750 stores in fifty-eight countries; Japan had 7,366 US franchise outlets; Benetton had opened 4,500 stores in seventy countries; and Harrod's catalogue went out to 145,000 American customers.

Cultural 'homogenization' is almost always used as a synonym for 'Americanization', and both are regarded as identical to the 'commoditization' of culture. This is not quite so. In the global village there are things as un-American as reggae, the croissant or Mazda, and values as uncommercial as human rights. However, the mainstream argument focuses on the close connections indeed between the current globalization of culture, capitalism, and the American way of life. Thus it follows:

- i) The expanding capitalist market and the large transnational corporations have, of course, done much to establishing uniformity in our habits of work, consumption and thought. And they have also done much to bring, bribe or coerce many third world governments to adopt standard legislation to favour the legitimate and the less legitimate interests of capitalism and of cultural imperialism (Mattelart 1983).
- ii) However, there are competitive advantages in the globalization of culture that are unique to American capitalism. The self-perception of the US as a 'world nation', in Walt Whitman's celebrated words – no other country in modern history has received so many migrants from so many origins; the dominance of the English language, building upon the footsteps of the British Empire; a brand of capitalists who learned early how to sell anything to a culturally segmented yet monolithically consumerist public; the tradition of a democratic

¹ Most of the specific figures quoted in this and the following paragraphs come from Naisbitt and Aburdene (1990) or from Naisbitt (1994).

culture, more amenable for export than either an elite culture or a folk culture. Or, if you wish, the superficial kind of pop culture, the one that makes banal even the outrageous, that entertains and makes money instead of expressing the sublime or of proposing a meaning to human existence (Rieff 1993). For it is precisely the summation of all this that makes culture a marketable commodity (and also, as we shall see, what makes non-marketable culture so resilient to globalization).

1.6 The globalization of security

Granted, the case for globalization of security rests on ground even less solid than the case for globalization of culture. Ours, if anything, is a time of intensified uncertainty and *fin de siècle* confusion regarding prospects for world peace and global order. Thus, while a renowned British writer rejoices at the demise of East European communism as the 'springtime of nations' (Ascherson 1990:63), an equally renowned French intellectual fears that the vacuum left behind by the USSR could be the 'seeding ground of the next Hecatomb' (Attali 1994:37).

Such night and day contradictions stem much from the obvious: 'security is a vague concept, even if qualified as 'national', 'international', 'collective', etc. The question who is to be secured against what is often left open; and, as with all open-ended concepts, their contents depend on who has the power of definition' (Hettne 1986: 32-24). In fact, the current globalization of security appears to have three different meanings – to the large industrial countries, it basically means that their military security is less and less confined to their own territory; to the average nation-state, it means that the national security of each country tends to depend increasingly on the international community; and to the human species as a whole, it means that collective survival is under imminent threat.

In the first two and more conventional meanings, the globalization of security may be traced back to three main trends, namely:

- i) The evolution of military technology;
- ii) The growing interdependence among states; and
- iii) The evolving qualification of national sovereignty.

On the other hand, in the third and less conventional meaning of global security, the new threat to humankind stems from:

- iv) Combining oversized populations with life styles that abuse our natural environment.

1.6.1 *The impact of military technology*

It sounds paradoxical, yet it is simple: armies were invented to defend territory and the civilian population, but military progress all along has rendered territory irrelevant, and the civilian population more vulnerable. Since the time of bows and arrows, the name of the game has been to kill from further afar and to endanger more of the non-combatants. To grasp the entire picture, it suffices to complement the list with such niceties as gunpowder, cannon, armoured tanks, aircraft, missiles, Stars War gadgetry and the 'Nintendo war' over Iraq. Hence, in the heyday of the Cold War, it was estimated that the geographic areas of critical significance (military bases, weapon sites, command posts, and strategic supplies) for the nuclear 'security' of the two superpowers to outlast the enemy constituted less than one thousandth of their combined territories. In fact, the non-territorial areas, namely, overseas bases, the high seas, submarine platforms, telecommunication orbits, and outer space, are as vital to national security as the national territory itself (Blight and Welch 1989). Earth, to the superpowers, literally became home. If a single force helped to shape an imaged community to encompass the world-as-whole, it was our collective fear of a nuclear holocaust.

1.6.2 *The growing interdependence*

Europe, after many years of religious bloodshed, was in shambles when Hugo Grotius, a law professor of the time, came up with the magic formula: *cuius regio eius religio* – let each country follow the faith of its prince – and let all other princes mind their own business. The princes met at Westphalia in 1648 to sign the seminal treaty of modern history. Each state was sovereign within its boundaries and international order consisted of voluntary agreements among states. Thereupon derived the theory and practice known as 'realism' in international relations. The system lacks central authority (anarchy); international law is built on consensus; each state rationally strives to attain maximum power; and alliances are formed in order to counterbalance the front-runner (balance-of-power politics).

Realism (whose modern classic is Morgenthau 1948, re-edited 1978) continues to be the dominant model in international relations, but it has been challenged from various quarters, noticeably because of its assumption of a one-minded, rational state (Jervis 1976), and for not paying sufficient attention to interdependence among nations. As a influential study carefully phrases this last point: '...employing force on one issue against an independent state with which one has a variety of relationships is likely to rupture mutually profitable relations in other areas. In other words, the use of force has costly effects on non-security goals' (Keohane and Nye 1977:29).

From this point we come back to the globalization of markets and the globalization of culture. The number and complexity of mutually profitable relations among states has increased vastly with trade, the mobility of capital, multinational corporations, the community of symbol analysts, and the spread of an homogeneous culture. As a matter of fact, with France and Germany glued together by the potent forces of EuroUnion, no-one bothers to keep track of the military balance between the historic arch-rivals of Europe. Japan does not need to mobilize its token army of

238,000 soldiers in order to secure huge investments in either a sugar refinery in Brazil, a resort complex in Spain, or an electronic plant in Thailand. Each country nowadays has the same vested interest in the smooth functioning of the market and of democracy in some form (that is, a non-socialist brand of democracy). And the converse is (or was) also true – the value of trade between the US and the USSR did not reach its 1913 level in any given year between 1945 and 1990 (Sanders 1991).

The interdependence among states has been underlined by developments other than the expansion of the world market. The United States debacle in Vietnam hinted that military power was not enough to win a war. The equilibrium of Mutually Assured Destruction (MAD) had the insane benefit of insuring peace in the absence of a supranational authority. The energy crises and the endemic stagflation since 1973 has time and again pointed to the global vulnerability of the advanced industrial countries. The revolution in communications has already made us more aware of 'spaceship earth'. Then came the collapse of the Soviet Union, and the sudden transit from a bipolar world fighting over 'vital' interests to a trilateral hegemonial system where world powers compete exclusively on economic grounds and other issues which at least so far are 'non-vital' (Cumings 1991).

The international system to emerge from the trends and events listed above may be described as one of complex interdependence. In contrast to the realist order, the new global system is seen by many as one in which:

- i) Military power is not dominant in the relationship between states;
- ii) There are multiple channels of contact among states, organized through many institutions and not always coordinated by them; and
- iii) The policy goals of each state are not cast in iron, but subject to trade-offs and to negotiations (Keohane and Nye 1977).

1.6.3 Sovereignty qualified

To make a long story short, the Westphalian notion of sovereignty has lived long and basically well until this very day, but with three qualifications of rather recent vintage, as they are associated mostly with the activity of the United Nations.

- i) The epitome of classic sovereignty was, of course, the sovereign right of each state to declare war against any other state. Yet, however cynical one may remain about the true motivations of the 130 or so wars the world has waged since the creation of the United Nations, a restriction on the right to declare war for the purpose of a 'clear and present need of self defence' has been signed by the 185 member states of the organization. From the standpoint of international law, this is precisely the significance of the Gulf War: collective and large-scale military action was taken against one sovereign state on the specific grounds of it having attacked another sovereign state without the valid argument of self defence (Finnie 1992).

- ii) The exercise of sovereignty in issues less vital than war is being increasingly limited by a wide variety of international regimes – that is, by the 'networks of international rules, norms and procedures that regularize behaviour and controls its effects' (Keohane and Nye 1977:19). Even though the enactment of such regimes needs the consent of the states concerned, they occasionally 'continue to constrain and condition the behaviour of states toward one another, despite system change and institutional erosion; in this light, international regimes... seem to enjoy a relative autonomy, though of unknown duration' (Rood 1989:64).
- iii) The accelerated pace of globalization after the end of the Cold War introduced a deeper and farther reaching restriction to the classic concept of sovereignty – the possibility of multilateral intervention to protect 'the human rights' of a people against its government, or on behalf of 'the highest interests of humankind' (Boutros-Ghali 1992; Perez de Cuellar 1990). The princes of the world no longer stick to their own business, or their business now includes the 'highest interests of humankind'. This epoch-making turn in international law (with the still hazy and just baptized institutions of the *droit d'ingerence* and the right to intervene) has cast the United Nations in an increasingly more active role. In the 45 years between its constitution and the end of the Cold War, the UN had launched 14 blue helmet operations. In a period of only the four years since, 13 additional operations have been initiated. Not only has the role of the international community become more active, it has wider scope and increasing sensitivity as well – from invitations to mediate and supervise formal treaties to end civil war ('peacekeeping' in Angola, Mozambique, Angola, and El Salvador), to the profile of 'peacemaker' and the consent to military or military-like operations in order to restore the boundaries of an invaded state (Kuwait), to avoid the dissolution of a nation (Somalia), to stop genocide (Bosnia-Herzegovina, Rwanda), to reinstall a democratically elected President (Haiti), etc. The touchy question is, of course, where, how, and who should draw the line between the 'higher interests' of humanity and the particular interests of particular states.

1.6.4 *The global enemy*

It is one thing for human society to have never existed, it is another for the Homo Sapien species to be threatened with extinction. In this sense, environmental degradation represents a pressing and genuinely global challenge to human security, comparable only to the risk of nuclear self-destruction. Not in the sense that a large part of the world population is deprived of such essential rights as nutrition, health, jobs or freedom – that is, not in the recently advocated sense of human security – but that the continued destruction of the environment is a direct menace to the physical survival of humankind as a whole.²

² The concept 'human security' has been elaborated in the context of human development theory (UNDP 1994).

Environmental degradation is not new. It affects different countries in different fashions, and different countries have different degrees of historic and current responsibility for the deterioration of the global environment. For instance, each inhabitant of the United States causes twice as much environmental damage as each inhabitant of Sweden, 3 times as much as each Italian, 13 times as much as each Brazilian, 35 times as much as each Indian, and 280 times as much as each Haitian or Chadian (Ehrlich and Ehrlich 1990:134). Furthermore, the scientific community is not in full accord about the extent, the prospects, or the biological effects of pollution. As last reported by serious researchers, however, the essentials are alarming enough (Brown *et al.* 1993; Postel 1992:3; Kennedy 1993; WHO 1990):

- Every year, the world population grows by 92 million people, a number equal to the population of Mexico.
- Every week, more than 1,000 plant and animal species become extinct.
- Every month, the earth's supply of usable water decreases by a volume equivalent to the Mississippi River.
- Every year, about 17 million hectares of forest disappear, an area about half the size of Finland.
- By the year 2000, three-fourths of the tropical forests and half the living species of Latin America will have vanished.
- The cumulative output of irradiated fuel from nuclear plants is now 20 times what it was in 1970.
- The surface of the earth was warmer in 1990 than in any year since record keeping began in the mid-nineteenth century. Seven of the eight warmer years on record have occurred since 1980.
- In the US alone, the depletion of the ozone layer is projected to cause 200,000 skin cancer fatalities in fifty years.

Because of it all, and in spite of it all, there is also a slow but certain awakening of global willpower to fight the global enemy. Although old fashioned nowadays, it is still sobering to recall a quotation from Marx: 'Humankind only faces a problem when it has found its solution' (1968:49).

And so, as we approach the global village from the roads of a global market, global culture and global security, some feel that our fragmented earth will be a paradise of universal liberty and prosperity, some fear that our journey will end up in a hell of worldwide monotony and decadence. Ideology, left or right, has been seemingly replaced by prophecy – paradise or hell. And globalization, in addition to being a pervasive form of reality, has turned out to be a pervasive form of imagining and anticipating reality.

II A REQUIEM FOR THE NATION-STATE

2.1 At the end of history

The face of G.W.F. Hegel did not seem likely to make the cover of *Time* magazine, let alone as the herald of paradise to come, anymore than his abstruse 'dialectics of lordship and bondage' seemed a likely topic to spark conversation at cocktail parties. Yet a young Japanese-American consultant to the State Department managed both feats with the daring message in a short and rather cryptic article:

'What we are now witnessing is not just the end of the Cold War, or the passing of a particular period of the post-war history as such: (it) is the end of history, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government' (Fukuyama 1989:18).

In embracing liberal democracy, humankind has entered its terminal state, Hegel's stage of Absolute Reason.

The consultant, as it turned out, had misread Hegel or worse: he had misread Alexander Kojève, one of the more tractable interpreters of Hegel (Kojève 1969). No matter, after perestroika and all of that, the world was eager to believe and so, *The End of History?* became a famous overnight. Its author had to go on record to explain that the phrase did not mean the arrival of paradise nor the end of histories, *id est*, of events, even large and grave events, but of history: that is, history understood as a single, coherent, evolutionary process...'. The end of history meant 'only' that liberal democracy, the rational form of government, had finally become universal (Fukuyama 1989a).

Even if not paradise, planet earth after the end of history certainly deserves three cheers. However, not to aggravate the misunderstandings surrounding Fukuyama's initial article, it is safer to quote from the more carefully worded book he prepared to make himself perfectly clear:

Why does universal democracy amount to the end of history? Because 'while earlier forms of government were characterized by grave defects and irrationalities that led to their eventual collapse, liberal democracy (is) arguably free from such fundamental internal contradictions'.

Why did democracy become universal? For '...two separate reasons. One has to do with economics: ...Technology makes possible the limitless... satisfaction of an ever-expanding set of human desires. This process guarantees an increasing homogenization of all human societies, regardless of their historical origins or cultural inheritances... (Such) logic... seems to dictate a universal evolution in the direction of capitalism... (The second reason) is based on Hegel's "struggle for recognition":... Man differs

fundamentally from the animals... (in that) he wants to be recognized as a *human being*, that is, a being with a certain worth or dignity... (With democracy) history comes to an end because the longing that has driven the historical process – the struggle for recognition – has now been satisfied in a society characterized by universal and reciprocal recognition'.

What of the new global order? 'A world made of liberal democracies... should have much less incentive for war, since all nations would reciprocally recognize one another... And indeed, there is substantial empirical evidence... that liberal democracies do not behave imperialistically to one another'.

And what of culture after the end of history?

The religious believer seeks recognition for his particular gods or sacred practices, while a nationalist demands recognition for his particular linguistic, cultural, or ethnic group. Both of these forms of recognition are less rational than the universal recognition of the liberal state, because they are based on arbitrary distinctions ...For this reason, religion, nationalism, and a people's complex of ethical habits and customs (more broadly 'culture') have traditionally been interpreted as obstacles to the establishment of successful democratic institutions and free-market economies (Fukuyama 1992: XI-XX, and 273-5).

Let there be no misunderstanding. The end of history is Western liberal democracy turned universal, with the accompaniment of global free market capitalism, international peace and a requiem for such irrational institutions as religion, culture and nation. Did anybody notice that 'some present day countries might fail to achieve stable liberal democracy, and others may lapse back into other, more primitive forms of rule, like theocracy or military dictatorship'? Again, no matter; Fukuyama is candid enough to explain that the end of history consists not in the *reality* of democracy, but in the fact that 'the *ideal* of liberal democracy cannot be improved upon' (1992:XII). If only he had saved us so much reading and arguing! By the time Hegel was born, history had long since been dead, perhaps – who knows – since the days of Pericles.

Had Fukuyama not been a well-timed ideologue, his article would have gone unnoticed, and the rebirth of democracy after the end of the Cold War would have been explained on grounds less grandiose than the death of history. Sir Winston Churchill, for one, had long discovered that democracy is the worst form of government, with the sole exception of all other forms of government. After the appalling economic and political failure of Stalinism, the populations of former socialist countries had nowhere to turn but to elected governments. Meanwhile, after the war between capitalism and communism was over, the armies of the third world had much less reason to step-in in defense of national security – facts which cannot assure us that a genuine democratic culture already flourishes in the ex-socialist countries of Eurasia, nor that a full grown democracy is now evident all over Asia, Africa and Latin America. Unfortunately if you will, history is alive and well.

2.2 A little history of a grand idea

If not a reality, the end of history is an ideology – that is, an ideology with its own history. The grand idea of ecumenism has been around for a long time, for as long as any culture or organization has thought of itself as responsible for spreading a message of universal validity. Whether the message in question has or does not have universal value is not an issue. Ideologies are not necessarily false; they are simply emotionally-charged beliefs.

A short history of ecumenism nonetheless begins before history began, that is, before Hegel's emergence of modern 'reason', because Christendom as a culture and the Catholic Church as an organization are based on an ecumenical ideology – Saint Paul's preaching to the Gentiles, Saint Augustine's City of God, the Pontifical bulls, the chiliastic unrest of the millennium, the Crusades, and the past or present Christian missionaries throughout the world, are all witnesses to eschatology, the very this-worldly end of history for believers (Danielou 1978).

The French Revolution was fast to export its subversive motto '*liberté, égalité, fraternité*', even as the Crown heads of Europe were hastening to have their Holy Alliance forged in 1815. The American Revolution blossomed in a more enduring sense of national mission, the willingness to 'bear any cost and fight any foe' to spread liberty and prosperity across the world. As these particular words are Kennedy's, they are part and parcel of Wilsonianism and its long lasting influence on the ideology of American foreign policy (Fromkin 1994).

The opposite camp was no less ecumenical. From the day Engels pronounced nations to be 'ethnographic monuments' with their dying customs, creeds and languages in the face of capitalist expansion, socialism and its successive 'internationals' preached and fought on a worldwide scale (Connor 1984). Notwithstanding the irony of 'socialism in one country', and the Soviets' grand failure to solve the problem of nationalities (Brzezinski 1990), the Marxist end of history remains a universal communist society, without the nuisances of nation and state.

The uncontested ideal of a lasting peace among nations has, of course, inspired many visions and some actual institutions. Since Emeric Cruce's proposal of a permanent congress of ambassadors in the seventeenth century to Kant's federation of nations in the eighteenth century and all the way to the League of Nations and the present Charter of the United Nations, the search for mechanisms to prevent international war has been extensive (Simai 1994). Even though most such initiatives stop short of anything like a world government, there are the Utopians who strive for it, and there is even the cold-blooded scholar who foresees its painful arrival. 'The struggles embracing the whole globe', wrote the respected historian Norbert Elias in 1939, 'are the preconditions for a worldwide monopoly of physical force, for a single central political institution and thus for the pacification of the earth' (Elias 1939:332).

2.3 Ideology is alive

Sociologists are in discord almost on everything including, of course, the life expectancy of ideologies. Already in the nineteenth century, Auguste Comte, regarded by many as the founding father of the discipline, was convinced that the positivistic scientific spirit in humankind had forever buried its childish ideological illusions of the religious and metaphysical stages (Comte 1953). As ideology was progressively reduced to mean 'the wrong ideology' – that is, as the word itself was ideologized – sociologists became increasingly fond of announcing its imminent expiration. The way Marxists saw it, an ideology was a more or less obvious and complex by-product of the mode of production, ergo the ideologies of capitalism would ultimately disappear with capitalism itself (Kolakowski 1978). The way conservatives saw it, industrialism had a built-in tendency to assert technological rationality over political prejudice so that the *End of Ideology*, as Daniel Bell entitled his famous book (1962), was to come hand in hand with economic progress. In an unwilling tribute to Marx, however, conservatives had to locate the missing link between the passing of (communist) ideology and industrialism (post-industrialism, as years came and went by) in the salutary effects of material improvements upon the consciousness of proletarians (Goldthorpe 1972).

Reluctantly, therefore, sociologists came to agree on what ideologies are basically all about (Newcomb 1985). First, an ideology is an empirically grounded yet oversimplified understanding of social reality. Second, it builds upon an underlying and value-loaded perception of the social world. Third, it coincides in signification with the objective interests of certain social groups. Fourth, it stands in contradiction to a rival understanding of that same social reality. Fifth, it carries on into contested claims for political action. And sixth, a major change in the economic organization of society brings about major changes in the ideological make-up of that society.

In anybody's book, globalization is precisely that kind of major change in the economic organization of society. True, the abridged history of ecumenism already showed how old the ideals and ideologies of globalization are, but the *ideologization of globalization* must be considered new to our times – that is, in today's daily life and collective decision making, globalization is asserted as a fact so overriding and so all-important that, in the face of it, anyone with a voice must take sides. Either you stand for international openness, democracy, and market, or you stand for isolationism, nationalism, and interventionism. Such is the living ideological divide in this most post-ideological era of post-Fordism, post-Modernism, and the post-Cold War.

The newness of the ideological split consists less in the rival catalogues of specific policies demanded by each side than it consists in splitting across nations, when old ideologies used to split within nations. Thus, whatever their country of residence, the better-off from all over the world tend to be unanimous in their praise for openness, democracy and market, whereas the not-so-well-off tend to suspect and fear globalization as a menace to their job, their faith or their motherland, and the truly worse-off remain, as always, voiceless. In transcending the frontiers of nations, ideology is the fourth dimension of globalization, in addition to market, culture and security. Regardless of the country you live in, you tend to side with triumphant globalism if your

gut instincts are 'right'. If they happen to be 'left', then you lean towards defensive isolationism.

Globalism is 'right' and triumphant because it is the ideological expression of the newly emerging social class, the symbol analysts. Like any of its preceding classes in history, symbol analysts tend to develop a world view that they considered scientific, yet it happens to display 'coincidences in signification' with their own interests in society. Such a world view is articulated by what one neo-Marxist scholar labels 'globalizing elites', that is

... grouping of organic intellectuals and political leaders... constituted by their positions in key strategic locations in transnational companies, banks, universities, think tanks, media companies, governments, and international organizations such as the IMF, the World Bank, and OECD, and by the discourse of neo-liberal globalization. Their activities seek to make transnational capitalism a class 'for itself' by theorizing the world order and by synthesizing strategy (Gill 1994:182).

Thus, globalism meets precisely each of the above six conditions for a mode of thought to be branded as an ideology. It is a simplified description of the evolving social order; simplified, but not necessarily false. It serves the interests of the emerging class of symbol analysts. It calls for political measures so concrete and contested as out-and-out liberalization of the economies, and it stands in sharp contradiction to isolationism and state interventionism. The underlying value of globalism is futurism, and a rosy picture of the global village as a place where:

- i) Worldwide competition will benefit everyone;
- ii) The global culture will sustain freedom and respect for human rights everywhere; and
- iii) The increased interdependence among states will insure international peace.

Isolationism, on the other hand, serves as the voice of those groups most threatened by globalization, and therefore calls for preservation of the national frontiers in terms of markets, culture or security. As a counter ideology, isolationism overstates the costs and risks of current globalization, that is:

- i) The deleterious effects of international economic competition;
- ii) The threat to 'national identity' (for example, in the case of Islamic fundamentalism); and
- iii) The geopolitical disarray of the post-Cold War, where your neighbour may re-ignite old hatreds or a regional power may harbour new imperialistic ambitions. The isolationists' underlying view of the social world leans to the apocalyptic, to a picture of growing exclusion and intensifying conflict around and within the global village.

2.4 The end of the nation

All of us (most of us, at any rate) are rather staunch globalists when it comes to nationalisms of the wrong kind. They are as irrational as Fukuyama said, and as dangerous as history keeps reminding. Yet all of us (most of us, at any rate) are isolationists at heart when it comes to the right kind of nationalism, the one we name patriotism and implies loyalty to our own nation. This ageless ambivalence underscores the ideological strain that both nationalism and supra-nationalism have carried all along; but instead of alleviating that ambivalence, globalization has only made it the more striking.

Oddly enough, the global village turned out to be a house divided by the bursting assertion of many old or rediscovered nations. Globalists deem nationalism a sure sign of backwardness, a malady long outgrown by Western liberal democracies. Outside the West (that is, in the ex-second and the still-third worlds) the new ideologues admit to an illness so extended that a standard bearer for globalism like *The Economist* warns of 'the virus of tribalism as the AIDS of international politics lying inactive for years, then flaring up to destroy countries'. Within the West, however, nationalism is a thing of the past, one that 'flourished from the beginning of the Industrial Revolution to the end of World War Two' (Gellner 1983:22).

As the new conventional wisdom has it, forty-five million deaths were the toll of nationalism in Germany, Italy and Japan (nationalism among the Allies was non-existent, or miraculously irrelevant to the War). Luckily enough, however, *that* irrational and dangerous feeling has since faded, thanks to the costly lesson, the homogenous global culture, and the many new interconnections among countries and nationalities (Fukuyama 1992; Naisbitt 1994). Thus, the ideologues of globalism choose to be unaware of some rather conspicuous events, including the patriotic mood of the American public when Americans were kept hostage in Iran or, again, when Saddam Hussein challenged the American might; the popular rallying behind the Union Jack when Argentina advanced on the Malvinas/Falkland; the exhilaration in Germany, East and West, as the Fatherland was being reunited; the 'skin heads', or the electoral support for the Freedom Party in Austria; Le Pen's National Front in France; the Republican Party in Germany; and Fini's Italian Socialist Movement; the barely contained bursts of anti-Nipponism by Western heads of State; or Proposition 187 endorsed by the most globe-oriented voters of sunny California, etc. After all, keeping you unaware of certain unpleasant aspects of reality is one of the nicest things that an ideology is meant for.

In the advanced industrial countries, fear for one's nation is not confined to the spurs of patriotism or the vociferous activity of extreme-right minorities. It creeps into the writings of full time liberals and self-asserted enthusiasts of the global village. Robert B. Reich, while praising the new class of symbol analysts, provides a telling example of this ideological ambivalence:

There abound in history the examples of people who want to break their alliances to other people... Something like that has happened in the US. Symbol analysts have been de-linking from the rest of the nation. Their secession has taken

different forms, but it has happened because of the same underlying economic reality. This group of Americans does not anymore depend on the economic activities of the rest of Americans – as they used to. Instead, symbol analysts are closely linked to the international managerial networks, to which they, directly, add value... Even though these analysts proclaim their loyalty to the nation with as much sincerity and determination as before, the world sources of their economic well-being have subtly modified their concept about their economic functions and their responsibilities towards society (Reich 1992:247-8).

What evidence is there to substantiate the view that symbol analysts are indeed drifting away from the American nation? No doubt, they are oriented increasingly towards a transitional net of economic, and even of cultural, transactions. In addition, Reich convincingly points out how symbol analysts, acting upon 'a certain measure of rational calculus' are successfully opposing higher taxes on their income; pressuring the government for measures favourable to globalization; and moving into segregated neighbourhoods with their own provision of public goods such as private guards and security systems. However, none of the above is truly new nor detrimental to the nation. For one thing, the US has long been 'a nation of many nations', the renowned, if questionable, 'melting pot' of integration through diversity (Glazer and Moynihan 1975). For another, it is not only the symbol analysts, but any emerging class or portion of a class, which has always 'rationally' tried to minimize taxes, to press the state for measures favourable to them, and to appropriate public goods to their own exclusive advantage.

Or could it be that Reich has in mind a more radical secession of the symbol analysts, that is, of their joining together with peers from other countries and creating a new political entity of some sort? So far, however, no symbol analysts have come up with the idea of a political system that could conceivably replace their national states of origin. Would they be willing to transfer their allegiance (and pay their taxes) to a universal government of some kind? Moreover, would they not be 'rationally' worse-off, in having to share the public goods they finance, not just with poor Americans but with all the poor on earth? Or could we be speaking of a state inhabited exclusively by the rich and highly educated? If so, who would provide them with personal services and take care of their menial tasks? Where could such state be located, or which legitimacy would protect it from the sheer invasion of the poor?

In any case, there is no need to worry about secession within your nation. Ideology can even work out a solution to the effect that your old nation is the same place as the global village, so no-one has to go anywhere. This viewpoint, more extended than one would imagine, is aptly articulated in the same journal to publish Fukuyama's classic of sorts. Granted, writes James Kurth, 'the era of the nation-state has recently come to an end', but then 'the United States was never a nation-state, after the style of the five great nation-states (England, France, Germany, Italy and Japan)'. As a matter of fact, the United States is neither a nation nor a state: it is a melting pot of nations and a federal state. Furthermore, the classic nation-state had its economy based on the factory, its culture based on the school, and its security based on the conscript army. The US economy is post-industrial, its culture is based on the media and its security consists of

the nuclear umbrella. On all accounts, therefore, the United States is perfectly shielded against the decay of the nation-state. From its beginnings, it was the exception. It is 'the maker of history' and of 'international institutions' and it will remain the actor and 'the stage of the post-modern world' (Kurth 1992). And we have come a full circle – nations may be dying, but ours is not a nation – ours is the world.

The ideologues of isolationism, on the other hand, are not concerned over a problem so abstract as the end of nations. Instead, they are in a panic over a very concrete menace to their own nation. Hence, the isolationists do not share a conventional wisdom to contradict the globalists. Each isolationist needs only be wise enough to argue the rightful cause of his or her own people, threatened by some sort of unfair competition from foreigners.

Professor Maurice Allais won the Nobel prize for economics in 1988, but that did not allay his standing nationalism or make him shy to call 'insidious' what the vast majority of his colleagues worship as hero of the day – free international trade. In a series of articles for *Le Figaro*, Mr Allais has lent respectability to the notion that underdeveloped countries are guilty of 'social dumping', a new brand of commercial malpractice, whereby a poor country cheats the rich country by exporting its lower wage goods. So much for Ricardo and the whole edifice of comparative advantages, not to mention those who once dared portray rich countries as exploiters! Let us frankly restrict our trade to countries as industrialized as ours, adds the Anglo-French politician Sir James Goldsmith. Let us stop the 'giant sucking sound' of American jobs flying out to Mexico, Mr Ross Perot quips in his tirade against NAFTA. And the list of isolationists in the Western liberal democracies keeps growing.

Beyond the West, isolationism is not usually in need of Nobel laureates to achieve respectability. Throughout the third world, nationalism takes the familiar form of old and often bitter grievances between countries or between ethnic and religious groups. From Rwanda to Sri Lanka, from Chiapas to Papua New Guinea, and from Sudan to Iraq, these murderous conflicts continue to serve witness to the power of militant nationalism. This list is growing too. As the Cold War ended and left open the doors of the 'jail of nationalities' (as Tsarist Russia was defined by Marx himself), the 104 ethnic groups officially recognized in the Soviet Union joined the 13 nationalities of ex-socialist Eastern Europe in a stridency of self-assertion and reciprocal recrimination.

Anywhere on the globe, any number of such assertions and grievances can be founded in ethics or in history. However, ideologies again are not necessarily right or wrong – they are charged with emotions. Historians and anthropologists have collected enough evidence to the effect that nationalism is created, enhanced, or manipulated by emerging elites in search of self-assertion. Thus, even if the case for artificiality tends to be overstated, there is no question that ideology is at the very roots of nationalism (Gellner 1983; Anderson 1983).

2.5 The simplifications

Ideologies are built on simplifications; the main subject of ideological simplification within the global village is the nation-state. The crucial simplifications beneath globalism and isolationism are two: globalization is bringing the 'era of the nation-state' to an end and the state is tantamount to bureaucratic interventionism.

2.5.1 *End of an era*

Globalists celebrate the event and isolationists regret it, but they both share the conviction that the 'age of the nation-state' is over – *id est*, the role of this secular institution as a paramount force in global affairs and in the daily life of ordinary people is rapidly declining under globalization. Says John Naisbitt, a best-selling champion for the liberalization of world markets, 'We live in a time of great change, a time of new beginnings. We live in a time when many things are coming to an end... A world of 1,000 countries is my metaphor for moving beyond the nation-state. Countries will become more and more irrelevant... The central government as the most important part of governance is obsolete' (Naisbitt 1994:37, 42). Equally best-selling, but decidedly interventionist, Professor Paul Kennedy concurs, 'These global changes are calling into question the very utility of the nation-state... The state is too big to function efficiently in some matters and too small to operate in others... The fact is that pressures are growing to redistribute the authority of the state, upwards as much as downwards' (Kennedy 1993:69). Those pressures are real enough, and they spring simultaneously from the globalization of markets, of culture and of security.

To begin with the single new and most powerful constraint on the nation-state to emerge from current globalization, the volume of transactions in the global financial market (USD 650 billion) is twice the amount of the combined foreign reserve holdings of the United States, Japan, and the United Kingdom (Webb 1991:320). The mobility of capital is thus making a mockery of any government's attempt to tamper with exchange or interest rates. It has drastically reduced the degrees of freedom for monetary, fiscal and commercial national policy making (Bryant *et al.* 1989). This glaring loss of economic sovereignty to a transnational force (not just international or interstate) goes to the very heart of state management and politics, since the ramifications of fiscal, monetary and foreign trade policies are so sensitive and so manifold. However, one should qualify that loss in at least three regards. First, the nation-states were never that sovereign in the face of international capital (remember the loans to European Kings since the early days of banking). Second, states do conserve some initiative at selecting macroeconomic strategies, and especially so if they choose to coordinate among themselves (as certified by the European Union or even the G-7). Third, some states are far more equal than others in facing globalized capital.

The volume of assets and trade controlled by the transnational corporations probably ranks second among the new constraints facing the old nation-state. To put it simply, no country today can exempt itself from the keen competition to attract foreign investment – the multinationals are riding on a seller's market. However, to the three qualifications mentioned above, two more can be added. One, the local branches of

transnational corporations remain under the jurisdiction and supervision of local governments; and two, the corporation also needs the nation-state for order, infrastructure and a gamut of direct and indirect economic supports (see, for example, Gill and Law 1988).

The globalization of financial capital, of production, and of trade is introducing another and more encompassing trend towards reduced autonomy of nation-states in domestic law making and enforcement. International accounting procedures and health standards, intellectual property rights and banking supervision, currency convertibility and exploitation of the oceans, codes of conduct for transnational enterprises and the placement of communication satellites in orbit are just a few examples of the many fields that have recently become subject to international law and monitoring by international agencies. Needless to add, the scope of such transfers of sovereignty is much wider in the case of regional processes of integration like the European Community. And yet, all such international bodies originate in the willing consensus among states, and practically all international laws are subject to ratification by the member states (quite exceptionally, the 'regulations' issued by the European Council of Ministers do not require national endorsement).

The implications of global *culture* for the autonomy of the nation-state are more difficult to specify, that is, they are more open to ideological simplifications. Wanted or feared, there is no doubt that the national states are under growing pressure to pursue economic and political openness by the rather formidable combination of global media (for example, the demonstration effect in the fall of Eurasian socialism), global public opinion (the Tiananmen Square episode), global trend towards self-assertion of ethnic and cultural minorities, local communities, and grassroots (Maignashca 1994), telephones and faxes, tourists and travellers, consumerism, transnational brands and corporations, international treaties, and ethical values that are genuinely universal in content. However, countries such as Albania, Burma, Cuba, Iraq and North Korea remain, at least on the surface, aloof to global pressures. The question remains: How really global (or just how American, that is, how national) is global culture? And, to be discussed in Section III, the issue of how weak indeed have the national cultures become through globalization still remains.

As for *security*, the very first historic function of the nation-state was to provide military protection against rivals (Elias 1939). Hence, the actual globalization of security would literally entail an end to the era of the nation-state. The advances in military technology, the heightened interdependence among states, and the emerging qualifications to the classic notion of sovereignty mentioned in Section I have certainly added military constraints to the old nation-state. Nowhere have these international constraints advanced further than in Europe where:

- i) Interdependence reached the point of an integrated military command of NATO, endowed with its own political and administrative structure;
- ii) Countries formally agreed to 'take the first steps for the collective enforcement of certain... of the (Human) Rights'; and

- iii) 'In the not too distant future, no country in Europe will be able to mount a unilateral conventional military campaign that can defeat any adversary able to conduct modern military operations' (Held and McGrew 1994:63).

At its best, however, this all will imply the appearance of a unified nation-state among the nations of Europe, not of course, the universal disappearance of the nation-states. As a matter of fact, the number of nation-states has changed greatly during the era of the nation-state, and just in the years since Europe began its current integration, the United Nations has grown from 51 to 185 countries.

2.5.2 *State or bureaucracy*

As reviewed above, the effects of globalization on the autonomy of the nation-state are highly uneven. Still, and however simplified the picture, globalists and isolationists are not far from the mark in their underlying hope or fear that the old nation-state is weakened by globalization. However, here comes what ideologies are for – each side extracts exactly opposite practical implications from a fact they both acknowledge. Globalists without shame are pro-market and isolationists are warmly pro-state, so that the time-honoured controversy between liberals and interventionists has only been re-edited by globalization.

Liberal economists have one respectable advantage to begin with: they are closer to the heart of the founding father, because Smith meant his seminal *Wealth of Nations* to be a relentless attack on mercantilism, the state interventionism of his day (Teichgraeber 1986). Since that day, as Mrs Robinson once said, 'An anarchist lies dormant inside every true economist'. The whole apparatus of neo-classical theory is built upon the premise that government intervention should be exceptional and suppletory, even in the textbook case of a closed economy. The open economy (not to mention the global economy) stands in even lesser need of help from the state, that is, if one wants to reap the full fruits of comparative advantages and international specialization. The case against interventionism has been expanded in quite a number of directions, including:

- i) The Austrians' thesis that in a world as uncertain as ours, no-one can pretend to be all-wise – and that also goes for the state (see, for example, Mises 1929);
- ii) The monetarist onslaught on Keynes-like management of demand (Friedman 1969);
- iii) The principal-agent theorists' mistrust in bureaucracy (see, for example, Niskanen 1973);
- iv) The emphasis of contractarian-libertarian authors on individual choice (Nozick 1974);
- v) The mistrust of 'new political economists' in politicians at large (Krueger 1974:225-343); and
- vi) The institutionalists' claim that the state is bound to become hostage to pressure groups (Olson 1982).

Hence, neo-liberals are not short of theoretical reasons to celebrate the demise of state interventionism under globalization, nor to go on demanding the further removal of controls from all markets, especially those for foreign exchange, financial capital, labour and agricultural commodities (Choksi and Papageorgiou 1986).

The theoretical advocates for interventionism have their own advantage to begin with. The market competition is as efficient in economic terms as it is ruthless in social terms. When the socially disadvantaged from competition became too numerous, economists began increasingly to question the wonders of an uncontrolled market. Heirs to Marx or to Keynes, the interventionists succeeded in justifying trade unionism, the establishment of the welfare state, macroeconomic activism and, with specific regard to an open economy, the protection of infant industries. If defensive nowadays, the interventionists still cling to their old faith in public institutions and the presence of the state as fundamental conditions for effective, efficient and, at any rate, equitable development (see, for example, Banuri 1991).

Aged and battered as the case might be, the nation-state remains young and challenging in the eyes of economists of either conviction. Neo-liberals denounce the many inefficiencies of state bureaucracy, and rightly so. Interventionist fear the social costs of a market untamed by the hand of the state, and again, rightly so. This is the trademark of an ideology – it is usually right in what it claims, it is usually wrong in what it silences.

Thus, for all the relevance and complexity of the current debate between economic liberalism and interventionism, it tends to obscure the fact that the nation-state, besides economic interventionism and bureaucracy, is several things. Certainly, a nation-state is an administrative apparatus in charge of a variety of functions (including law making and enforcement) that imply more or less direct, intentional, pervasive and appropriate interference with the otherwise spontaneous workings of the market. You may want this administrative apparatus to be big or small, or to interfere more, less, or better, with the inertia of the market. However, in addition to bureaucratic-managerial dimension of the nation-state, one should distinguish three other dimensions.

First, getting back to the classicists, there is Hegel's definition of the state as 'the realization of the moral idea' (*die Verwirklichung der sittlichen Idee im Staat* 1936:iii), the state in the abstract but essential sense of the organizing principle of society, or, in practice, the set of institutionalized norms that regulate social life. Thus understood, it makes little sense to discuss the size or intrusiveness of the state unless one means by such, the degree of complexity achieved by the respective society. Among equally complex or equally simple societies, the state can only be different in content, not in size. In this context, globalists do not really stand for less state, but for norms less detailed and with less discretionary powers for elected bureaucrats; nor do isolationists stand for more norms, as much as they stand for old norms.

Second, and staying with the classicists, there is Marx and Lenin's conception of the nation-state as the arena for the political expression and articulation of class interests and class struggles, *id est*, the institution that in the final analysis holds together a

society divided by unsolvable contradictions (Poulantzas 1968). Thus understood, what matters is not the size of the state nor how much it tampers with the market. What matters is which side is the state for, and how effective it is at expressing and negotiating the conflicting claims of social groups. In this regard, globalists and isolationists alike are not for more or for less state; they are each for a state more of their own.

Third, there is the modern nation-state in the sense of a sovereign territorial entity extending jurisdiction over a range of regions or culturally differentiated nationalities. Defining a nation is so tricky that estimates as to their current number fall anywhere between 3,500 and 10,000. In any case, the issue of unity in the face of cultural pluralism is crucial to understanding the nation-state. 'Less than 10 per cent of today's states are truly homogenous, and in only half is there a single ethnic group that constitutes even 75 per cent of the population' (Barber 1993:48).

It is apparent now that the current assertion of nationalism and the worldwide demand for increased decentralization of governments convey a major challenge to the existing nation-states. As one observer aptly puts it, 'It is no longer on the basis of individual national self-determination but on the basis of multicultural collective self-determination that the political framework called the state will retain its resilience and legitimacy' (Sakamoto 1994:6). However, it is equally apparent that the issue of cultural pluralism does not stop at how large the state bureaucracy (even the central bureaucracy) is, nor at how much that bureaucracy tampers with the daily functioning of markets.

The belief that globalization heralds an end to the era of the nation-state would need to be (further) qualified in light of the above mentioned dimensions of the state. To say the least, there are no obvious ways in which globalization may diminish the need for institutionalized patterns of behaviour, nor the need for a system to negotiate class tensions within society; and cultural assertiveness seems to be at odds with globalization, or to be related in a manner more complex than implied in the dilemma of market versus state. No matter, globalists continue to call for downsizing of the state, and isolationists continue to ask for upsizing of the state, both meaning bureaucracy and economic interventionism. Hence, the major ideological issue in our post-ideological time is the question of how big should the nation-state be – small enough to leave the global market unimpeded or large enough to defend the economic, cultural and geopolitical borders of one's nation?

Globalism is, of course, the triumphant ideology, and the worldwide neo-liberal revolution has seen to it that the nation-state is trimmed of much bureaucracy and much administrative interventionism. Quite eloquently, President Reagan himself voiced the ideological reduction of the state in its bureaucracy. His slogan stated, 'Government is not the solution to our problems; government is our problem'. And he himself went on with downsizing the state, not perhaps noticing that the aim of his neo-liberal revolution was precisely to strengthen the American state for its historic confrontation with the 'Empire of Evil', namely the Soviet state.

Indeed, that paradoxical wish to improve the geopolitical and economic performance of each nation in the face of global competition has been the leading rationale for the neo-liberal revolution. We have to lower the dead weight of the state if we want to compete successfully with other nations, is the battle-cry of globalists in all countries (to which isolationists reply with an equally nationalist wish: the state is not dead weight, it is the weight of our national well-being against competition from other nations).

The United States finally won the open geopolitical battle against the Soviet Union. Yet, as former Secretary of State James Baker remarked, 'The Cold War between us and the USSR is over, and the winners... are Germany and Japan' (Tonelson 1993:169). Indeed, the literature on US decline and the new trilateral 'economic war' has turned into a growth industry (see, for example, Kennedy 1987; Garten 1989; Nau 1990; Thurow 1992). This literature is full of controversial issues, but the grounds for a neo-liberal simplification are unmistakably there. In the US, state expenditure had grown from 21 per cent of GDP in 1950 to 33 in 1980, the tax bite in pre-Reagan times reached as high as 75 per cent of income, and social welfare expenditures (health included) had peaked a full 41 per cent of GDP in 1981 (Eisinger 1988). Prime Minister Thatcher followed suit because of the British uneasiness over geopolitical decline, as well as the fact that government expenditure had swollen to 53 per cent of GDP in 1978; the highest tax bracket had escalated to 98 per cent and social expenditure had grown to 62 per cent of the public budget in the late 1970s (Overbeek 1986). And so, much in a domino effect, one industrial country after another embarked on a more or less drastic programme of privatizations, deregulation and similar methods to curtail state bureaucracy and economic interventionism, with the ultimate aim of strengthening their economic competitiveness against the next nation. Pushed by the domino inertia, and compounded by the demonstration effect and the debt crisis in many developing countries, the neo-liberal wave extended throughout the third world within a few years. And then came the spectacular state failure in Eastern Europe and the turmoil of the transition economies, resulting in the competition among nation-states intensifying to a global scale battle against the nation-state.

III NATION-STATES REVIVED

Despite the power of globalization, the nation-state remains within the global village a formidable reality to be contended with. There are indeed many ways in which we all inhabit the same world-as-whole, but there are many other ways, even more pressing, in which we all continue to inhabit countries of our own. Thus, even in the face of intense globalizing pressures from market, culture, security and ideology, the individual nation-states continue to be the predominant spaces and the major actors in economic, cultural and geopolitical life alike. What is more, globalization has brought new meanings to, but not diminished, the overall significance of the national states as the main spaces and actors of political life.

3.1 Spaces for market

It could be obvious, yet the fact is worth recalling: the domestic market is far more important than the foreign market for practically any country on earth. The renowned country builder, Sir Joseph Chamberlain, put it neatly, 'A country is, first and foremost, a market' (Johnson 1992:215). And in fact, the transition from feudalism to the age of the nation-state was stimulated by the attempts to widen and consolidate a unified national market. A common monetary unit, open roads built at public expense, a single legal and jurisdictional framework, and similar features of the nation-state were introduced to facilitate domestic trade over and above international trade (see, for example, Tilly 1975), and continue to do so to this day. Economic theory accounts for the predominance of domestic markets on a variety of grounds, ranging from the rather obvious non-tradable nature of many goods or services (due to technological or other barriers to transportation), to the rather less obvious but manifold incidence of higher transaction costs in trade involving more than one state (Milgrom *et al.* 1990).

The preceding generalization calls for two immediate and no less obvious qualifications. One, the national economies have long and significantly been opening to international trade, as is amply documented in Section I. Two, exports often play a strategic role in economic development, over and beyond their quantitative share in total sales. The export-led theories of growth and the success stories of Asia sufficiently attest to this point (Bhagwati 1986).

Furthermore, the initial proposition is subject to exceptions. The *entrepôt* economies trade more than they produce. In 1991, Singapore exports amounted to an impressive 2.1 times its GDP and in Hong Kong, the value of exports was 1.75 times the value of the domestic product. Economies extremely dependent on a natural resource may border on the same situation. During the oil price boom of 1973-1974, Kuwait exported the equivalent of 92 per cent of its GDP and Saudi Arabia followed suit with 89 per cent. At the opposite end of the scale, countries severely indebted may have to tighten belts and increase sales much more than they increase consumption. For

example, Poland's average propensity to export climbed from 17 per cent to 29 per cent between the early 1980s and the early 1990s.

However, such qualifications and exceptions do not erase the obvious fact. As recently as 1991, out of all goods and services produced in the world, only 16 per cent were traded internationally. Not counting the members of the European Community, in only 7 of 146 reporting countries did exports represent more than 25 per cent of the total product. The United States sales overseas amounted to 11 per cent of its GDP, and Japan sold the equivalent of 10 per cent (the mutual recriminations between the two countries notwithstanding). The existence of the European Union elevates Germany's exports to 34 per cent of its product, the United Kingdom's to 27 per cent, France's to 23 per cent, and Italy's to 20 per cent. Big exporters from the south include Chile (34 per cent), the Republic of Korea (29 per cent) and very small economies such as Barbados' remarkable 64 per cent. On the whole, however, the average propensity to export among northern countries is just 19 per cent, and among southern countries it is only 14 per cent (World Bank 1993a and 1993b; UN 1994).

True – and fortunately so – the liberalization of world trade has been sustained since the end of World War II. Average tariffs on imports fell from 40 per cent in 1940 to 5 per cent in 1990, and the conclusion of the Uruguay Round will further reduce them to about 3 per cent in ten years' time. A GATT study suggests that overall trade will be boosted by 12 per cent (and world income by 1 per cent) as a net result of the Uruguay agreement. Furthermore, the negotiations encompassed a wide range of new topics and achieved important progress in such sensitive areas as agriculture, textiles, intellectual property, subsidies and safeguards (UN 1994).

Nonetheless, the commercial sovereignty of nation-states is still far from extinct. Despite the advances embodied in the Uruguay's *Understanding on Rules and Procedures Governing the Settlement of Disputes*, there are no real measures to enforce the decisions of the newly created World Trade Organization. Admits the Secretary General of GATT:

Major economic powers are still ready to take the unilateral approach to trade problems. We have clearly not heard the last of managed trade, an idea which is the antithesis of an open multilateral system. Arguments for protectionism based on the alleged threat of low-cost competition to production and jobs will not just fade away because the Round was a success (Sutherland 1994:3).

Nor is there a paucity of other arguments and issues for countries to keep asserting their commercial sovereignty in practice, if not in theory. Discretionary national rules and decisions about third party dumping and unfair traders, sanitary requirements, environmental standards, foreign investment and capital flows, services, banking, insurance, entertainment and cultural industries are prominent among such issues.

3.2 Spaces for culture

The recent rebirth of nationalism has become a growth industry among scholars and popular writers alike. The contrast between globalization and resurgent nationalism is striking enough to justify the title of an international best-seller, *Global Paradox*. 'All over the world people are agreeing to trade more freely with each other; and all over the world people are asserting their independence, their sovereignty, their distinctiveness' (Naisbitt 1994:11). The contrast is also intriguing enough to direct a leading theorist on globalization to the hypothesis that globalization and nationalism are just two sides of the same coin: 'In an increasingly globalized world, characterized by historically exceptional degrees of societal and other modes of interdependence, as well as the widespread consciousness of these developments, there is an exacerbation of civilizational, societal and ethnic self-consciousness' (Robertson 1987a:29).

The above fact in itself would sufficiently prove the strength of nations – that is, show how naive and superficial the theory of a homogenous global culture has turned out to be. However, in fairness to that theory, one should note that in overselling the revival of nationalism, popular writers and scholars have been equally guilty of sheer Eurocentrism. The truly impressive wave of new nationalistic assertion is pretty much confined to the former USSR and ex-socialist Europe; and this reasserting should be explained more with reference to the specific Soviet collapse than to the general process of globalization.

Before making far reaching generalizations of these events, one has to recognize the fact that each nationalism has a history – centuries old – of ethnic, linguistic and religious differentiation, segregation, oppression, hatred, and outright mass murder. The USSR forcefully inhibited the expression of age-old nationalisms during the seven decades of its existence. And its fearsome resurrection has sensitized global public opinion (that is to say, largely northern public opinion) towards nationalistic expressions in other corners of the world. For the most part, nationalism is anything but new – it is simply that the north has a new ear for old Islam, old Maya, old Tutsi or even for old Quebecois, old Catalan, and old Welsh.

Another obvious point should be recalled in the context of global versus national cultures. Simply, there was never a perfect match between nations and cultures because cultural traits can extend both below and above the social units of nationhood and statehood. Local and regional varieties of culture abound even in the most highly homogenized nation-states (Kuklinski 1990); and there are many boundary-transcending and overlapping motifs or traditions (such as language, religion or pan-nationalism) that group several nations or states into a single cultural family (Smith 1990). Hence, the definition of what constitutes a global cultural trait as opposed to a national or even nationalistic trait (and beyond that, a local or localistic one) is, to say the least, a moot question.

That much having been said, the bulk of what is commonly considered global culture is rather different in nature and in function from what is usually considered as national in culture. A matter of fact, global culture is composed of two opposite layers

of meaning: culture is universal either because its contents are intrinsically and profoundly human, or, on the contrary, it is universal because most people find it useful or fun. Ethic and political values such as respect for human dignity and liberty, can be argued from quite different philosophical perspectives to be inherently universal (see, for example, Cortina 1992). On the other hand, the English language, PCs, fast food, rock music and American jeans have become global simply because they are functional, fun, advertised, and do not imply serious personal commitment of any kind.

The national cultures stand somewhere in between the two layers of the global culture mentioned above. Composed of more profound or more folkloric layers, national culture lacks the universal validity of inherently global values, but implies a deeper personal involvement than mere utilization or amusement. National cultures are relativistic as well as serious and this peculiar combination colours both ends of their relation with the global culture. Universal values, on the one hand, are usually interpreted to fit the peculiarities (or even the short-sighted interests) of each nation and its ruling elites. On the other hand, expedience and recreation stop short of replacing national values in the inner fulfilment and direction of personal or collective life.

The case of global values has been examined at length by Williams (1976), even if with too relativistic an overtone. According to his interpretation, values widely accepted in today's world such as freedom, rights, sovereignty, welfare, representation, and the master expression, democracy – had a common origin in the Enlightenment conception of society. While these values formed a coherent, logical unity in Europe, they were dispersed throughout the non-Western world in a series of independent, and therefore vague, keywords that serve as incentive for each nation to organize and justify its own political culture.

Global culture in its lighter dimensions has been the subject of much witty criticism, but few compare with Hannah Arendt's lament that 'we have been brought to a global present without a common past' (1957:37). Global culture, in fact, is presented as timeless. Cut off from history, 'in the perennial pursuit of an elusive present or an imagined future', it contradicts national cultures which essentially are made of memories and traditions. Global culture is presented as effectively neutral because it is purely functional and undemanding emotionally. National cultures are expressive, value ridden and emotional by nature. Global culture is presented as universal. National cultures deliberately emphasize their uniqueness. In short, global culture cannot introduce substitutes for the feeling, identity and direction that come from national cultures, as only these provide continuity from generation to generation. With shared memories of events and personages which have been the turning points in its collective history, national culture provide a sense of common destiny (Smith 1990).

Thus, even at its fuzzy borderline, there is a difference in the quality of global and national cultures. The folkloric motifs borrowed from national culture by the global culture tend to be softened and stylized out of context. For example, Chinese food does not taste Chinese and airport music is no longer music. On the other hand, when exposed to global culture, people display an amazing and often fascinating ability to handle, rearrange or reinterpret a wide variety of clothing, architectural styles, songs, or

even TV series in a way congenial to their indigenous culture (see, for example, Feld 1988; Robinson *et al.* 1991). As a matter of fact, in stressing the resilience of national and popular discourses, codes and practices to the homogenizing pressures of a global culture, post-modernism itself is a global symptom and a vindication of the vitality of national cultures (Lyotard 1984).

3.3 Spaces for security

Armies are, of course, the militant proof that nation-states are very much alive within the global village – as a research committee for the League of Nations was ironically forced to conclude in its search for a definition, 'A state is a political unit capable of waging war against other states' (Rood 1989:67). With the exceptions of Costa Rica and Switzerland, and Germany and Japan (each for a reason and to a degree of its own) the national army everywhere is considered the *ultima ratio* of sovereignty. Thus, globalization has increased the degree of interdependence among states and for some countries, especially those in the north, it has also emphasized the geo-economic factors over the geo-military aspects of national security. But globalization has done little to weaken the basic role of states as survival units, to use a classic formula (Elias 1987:227).

The United States is not shy at setting an example. There is a long-standing bipartisan consensus to the principle 'together if we may, alone if we must'. The official American attitude towards the United Nations can best be characterized as 'ambivalent' (Simai 1994:299) and the question of national interest was, of course, openly aired in the decision to intervene in Somalia or Haiti but not in, say, Sudan or Eastern Timor where the violations of human rights are no less severe. In light of the Gulf War and recent American consultations within the United Nations, it is believed that

... it has now become increasingly difficult and undesirable for even a hegemonic military power to engage in a relatively large-scale military operation without creating the impression that legitimacy based on democratic consent has been accorded by the international community (Sakamoto 1994:3).

Unfortunately, it is exactly the opposite – the creation of an impression of legitimacy for a superpower was as desirable, if not more so, during the Cold War as it is today. Finding international endorsement for a military operation was, if anything, more difficult in the past when the veto power was used 279 times to block otherwise agreed upon 'democratic consents' within the Security Council.

National interests, if not the forbidden expression national security, have been no less influential in shaping the policies of Japan and Germany when it comes to collective security. Consequently Japan joined the Gulf War and the United Nations peace operation in Cambodia. Public appeals to 'assume greater responsibility and roles in international security' are becoming frequent, and 'Japanese leaders and élites still appear to be obsessed with the vulnerability concept in formulating and executing their foreign economic policies' (Kamo 1994:118-9). Meanwhile, the highly active diplomacy

of *Ostpolitik*, conducted 'in the name of Europe' since the mid-1960s, has played an important role in the revolutions in Eastern Europe, the Soviet demise, and the final reunification of Germany (Ash 1994).

Needless to add, throughout the rest of Europe and all of the third world, national security is a prime, fully legitimized, and quite effective responsibility of the nation-state. Despite its advances toward supranationalization in Europe, the Maastricht Treaty explicitly leaves the issues of national defense and foreign policy to the individual nation-states. The recently-born Commonwealth of Independent States is plagued with 'national security' problems as is evident in Georgia and Chechnya. Furthermore,

... in the developing countries, defense absorbs, on the whole, a larger share of central government revenue than in the developed market economies, excluding the United States – 13 per cent as against 7.5 per cent.... In 1989, only two major armed conflicts were identified as taking place in Europe; the other 30 conflicts all took place in developing countries and were fought by troops of developing countries (UN 1991:171 and 178).

3.4 The unlikely substitutes

It does not take a hard-headed realist in international relations to recognize the necessity of the nation-state. Even economists as liberal as the radical libertarians are forced to welcome the visible hand of the state in the most obvious cases of market failure – that is, when private agents alone cannot fulfil the conditions of competitive market equilibrium (Nozick 1974). Providing security is one instance of such market failure. If each individual had to bear the costs of self-defense, there would be no security at all. However, there are sufficient cases of discrepancy between private and social costs and benefits, to justify the survival of the old nation-state in our era of triumphant liberalism.

Certainly, current globalization has implied the transference of some additional state functions, resources, and powers to the growing number of international bodies. These organizations, known as IGOs in recognition of their 'inter-governmental' character, now number in the hundreds. They may cover most states or just a handful; they may perform a wide selection of technical, economic or political tasks, and may claim different measures of jurisdiction among the member countries. Some IGOs are, in fact, endowed with quasi-coercive means to persuade reluctant governments. This has certainly happened with the UN Security Council and is not uncommon with the International Monetary Fund or the World Bank, and perhaps with some specialized entities like OPEC or the Telecommunication Union, and hopefully with the new World Trade Organization.

The European Community is the textbook example of an IGO taking over functions and powers from the old national states. In the carefully worded language of the European Court of Justice:

By creating a Community of unlimited duration, having its own institutions, its own personality... and, more particularly, real powers stemming from a limitation of sovereignty or a transfer of powers from the States to the Community, the member States have limited their sovereign rights' (Held and McGrew 1994:68).

All the same, the European Union is governed by representatives of the nation-states; its decisions are subject to national ratification and its budget amounts to less than 3 per cent of public expenditures in the region. Furthermore, the Community derives its powers from a delegation of willing member states and pains were taken at Maastricht to enshrine the principle of subsidiarity, whereby collective action could be initiated 'only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states' (Simai 1994:63).

Eventually, however, Brussels could be empowered to intervene beyond the principle of subsidiarity. Thus, despite the lasting controversy between De Gaulle's *Europe des patries* and the full federation of European States, despite the current difficulty in delimiting the frontiers of 'Europe', and despite the birth-pangs and the slowdowns, most observers agree that the continent is firmly on course towards fuller unification in the long run. From the political standpoint,

... the process of homogenization in Europe has gone through three recent phases: in the south, the disappearance of fascist regimes in the mid-1970s; in the West, the self-assertion of the Atlantic partners in the early 1980s; and in the East, the downfall of the communist regimes in the late 1980s (Hettne and Inotai 1994:138).

From the economic point of view, the adoption of a European system to stabilize the exchange rates in order to facilitate international investments led to the coordination of monetary policies which, in turn, 'will increasingly imply the coordination of fiscal policies... approximately the same taxes, the same pattern of government expenditures... and the same levels of social security and well being' (Thurow 1992:83). In brief (and for argument's sake at least) Europe could be in possession of a one-way ticket towards a unified system of central government, that is, towards a common state – a big, pluralistic, wealthy and powerful nation-state. But it would, after all, be one nation-state among many within the global village.

With the exception of only the European Union, IGOs cannot even initiate actions in default of the nation-states. Hence, there are numerous actions needed on a global scale that cannot be undertaken by just anyone. This no-owner land begins with the key regulatory issues posed by the very processes of (i) security, (ii) cultural and (iii) market globalization:

- i) Most worrisome of all (and in spite of Rio) is the fact that there is no global authority empowered to assess and collect the costs of environmental protection or restoration – that is, there is no security at all against a truly global enemy. And in spite of the United Nations General Assembly, equally worrisome for countries in the south is the lack of a crystal-clear definition on

whether, under which circumstances, and by which means, can collective coercion or military intervention be applied against a given nation-state.

- ii) In the context of cultural globalization (and in spite of UNESCO), there is need for a system to insure pluralism and openness in telecommunications, and to define some means of accountability for the global media, particularly with regard to the non-Western and the southern regions.
- iii) In the realm of markets, and despite G-7, there is a lack of effective coordination in macroeconomic policies amidst huge fiscal deficits and imbalances in the external accounts of the largest countries, the consequences of which are paid for by all countries (Blanchard *et al.* 1989). In spite of the Uruguay Round, there still are restrictions to international trade, especially those associated with large subsidies to domestic agriculture in Europe, Japan and the United States. And last but not least, there are big gaps in the legal fabric regarding the regulation of the transnational corporations and, maybe more sensitive still, the flow of capital across countries.

Nor is there a paucity of contentious bones within the global village that nothing short of a global state could effectively dispose of. Obviously, these include the 250 odd territorial disputes among neighbouring states, many of which have been part of the 130 or so wars in the post-war years, resulting in deaths in the magnitude of 20 million or thereabouts (Independent Commission on International Humanitarian Issues 1988). There are also some dark clouds over the seemingly cooperative relationship among the new big powers. As a matter of fact, during the Cold War the security system of the West was designed with the double function of not only confronting the enemy (the Soviet Union) but also containing the allies (Germany and Japan). Now this second function can only evolve in the direction of greater difficulties. The list of trouble spots and issues of global division can be long indeed, as they concern market, culture and security relationships among the main partners (United States versus Japan on trade, France versus United States on culture, NATO on military in-action in Bosnia-Herzegovina) as much as between major (north) and minor (south) partners in the global village (e.g., debt for markets, racism for culture, arms traffic for security).

Actual need and wishful thinking notwithstanding, there is no evidence to indicate that a worldwide state is about to emerge out of the current process of globalization. For it to happen, *each* existing nation-state – not just some or many – would have to relinquish or be forced to relinquish its core sovereignty and to accept its dissolution. As the classicist Bodin saw it, that core of sovereignty consisted of the power to tax, to coin money (since this is a source of easy revenue that economists later baptized 'seigniorage'), to recruit an army and order its manoeuvres, and to independently adopt legal norms (Bodin 1936). The importance of these functions has changed in the centuries since. Parts of these functions may have passed somehow into private hands (such as banks creating money) and some IGOs may nowadays partially perform some other duties, but no worldwide organization is likely to achieve autonomous control over all four classic functions, or to claim direct jurisdiction over all residents of the global village.

Standing on coercion and legitimacy – the two final pillars of sovereignty – the nation-states thus remain in full authority. The legal embodiment of sovereignty is still intact, that is, 'no State can be sued in the courts of another State for acts performed in its sovereign capacity', and no person acting as a *bona fide* agent for a state may be held accountable to the laws of another state (Cassese 1988). Furthermore, and contrary to common interpretations, the IGOs may in fact be there to augment, not to diminish, the powers of national states: first, because power is not necessarily a zero-sum game; second, because there is new power in influencing other governments or the private transnational sector via an IGO; and third, because this way smaller players can cushion themselves better against the big player, just as it was under the discredited 'balance of power' models.

3.5 Old functions anew

Although not truly instrumental in bringing about an overall weakening of the national state, the current phase of globalization has profoundly affected its functions and its functioning. Thus, nation-states everywhere, instead of disappearing, are assuming the strategic role of renegotiating the inclusion of each country in the emerging global order. In the process, the states are being forced to move on to new issues and to restructure according to new profiles. None of the essential political functions of the nation-state, namely internal legitimization, regulation, allocation, and control have been eroded by the globalization of markets, culture or security. On the contrary, they have been strengthened by the acceleration of domestic change and the consequent exacerbation of internal political conflicts prompted by the growing pressures of globalization. To express it briefly – in this era of globalization and neo-liberalism, the nation-state and interventionism are perhaps more prominent now than at any other point in the history of the modern nation-state; the new state only has a different outlook and the new interventionism has a different content.

In the face of current globalization, the main form of state activism and interventionism is precisely the neo-liberal dismantling (or, if you prefer, 'reinventing') of the state. In effect, it is more decisive intervention on the part of the state to sell a publicly-owned company than to continue to operate it on a daily basis; deregulating a market calls for farther-reaching regulation; cutting taxes has as much impact on income distribution as raising taxes; and so forth. Moreover, it appears that the elimination of one public job creates the need for another public job, so that the neo-liberal downsizing of governments during a period of fifteen years or so has not resulted unmistakably in either an overall reduction of public spending or an overall improvement in the quality of public services (the spotty evidence that exists on this point is conflicting, see, for example, Eisinger 1988; Osborne and Gaebler 1993). At any rate, it takes only the distinction between state and bureaucracy to appreciate the highly interventionist bent in the neo-liberal revolution. What we are dealing with is not merely administrative reform, it is an ambitious and all-encompassing political project which, like any political project, can only be carried out through the state and with the power of the state. Neo-liberalism is a vision, a path proposed to a nation, and every bit as much a political

ideology as, say, mercantilism, welfarism, or state-induced industrialization in the style of Japan or Germany.

However, in many countries the pendulum is swinging back from neo-liberalism or in others, it simply never went that way. On behalf of a concrete national interest, a whole series of new strategies and instruments to intervene openly in the markets is being adapted across the length and width of the global village.

- Some such interventions improve upon tradition, like the USD 500 billion operation of the United States government to rescue the savings and loan associations. Some others convey the notion of first-aid to the globalized financial capital, as in the periodic panic-stopping interventions in the foreign exchange and stock markets of countries ranging from Britain to Mexico, and from India to Russia (Pringle 1992).
- Somewhat paradoxically, globalization has opened a whole new industry for state activism in the negotiation of international treaties and international relations which are, if anything, more vital (and more secretive) than any other matter of state interventionism. The costs of research, consultations, travel, and public action needed to sign (and, presumably, to execute) the nearly 30,000 interstate treaties so far deposited with the United Nations, have not been estimated, but cursory observation suggests that the ministries of foreign affairs have typically been spared the bureaucratic trimming of neo-liberalism.
- A related area of increased big-time interventionism concerns the legal regulation and the multimillion state contracts with transnational corporations, particularly (but not solely) in the south and in such classic areas as oil and mineral extraction, assembling industries, and telecommunications. Again, overall estimates are not available but the worldwide wave of privatizations (7,000 enterprises between 1980 and 1991 [UNDP 1993:5]) has certainly increased the number of such contracts, and case studies suggest they are always complex and often costly for the host country (Gill and Law 1988).
- There is a veritable rediscovery of mercantilism by the same governments that champion liberalization of world trade. Since macroeconomic policies are no longer as effective as they once were, this neo-mercantilism has turned to microeconomics. A host of regulations and governmental actions extends to anti-dumping policies, tax incentives, disguised export subsidies, public procurement, manpower training, technological assistance, differential or selective trade tariffs, and comprehensive support of pioneering export industries, to mention a few (Agosin and Tussie 1993).
- Neo-mercantilism is, in fact, growing into a post post-ideological ideology. Much recent research and influential literature has focused on rediscovering the critical role of the state behind the historic and contemporary miracles of Germany, the Scandinavian countries, Japan, and the Asian Tigers, to recommend an updated but comprehensive governmental strategy in support of national competitiveness (Wade 1989; Porter 1990; Albert 1991; Thurow 1992; Vernon 1992). If not evident in actual policy decisions, this ideology is already

forming a part of political rhetoric, starting with – but, by no means, ending with – President Clinton's promise of renewed public investments in technology, human capital and physical infrastructure.

It has become popular to think that globalization entails a crisis or even the end of politics, because 'political leaders have ceased to be very important' (Naisbitt 1994: 42). In fact, whatever one thinks of politicians, politics has achieved paramount importance under globalization – that is, if politics ever gain or lose importance. The reason, as dramatized by the political turmoil in Russia and the transition economies, is fundamental enough. Any major economic transformation implies a new set of property rights in the general sense of 'rights individuals appropriate over their own labour and the goods and services they possess' (North 1993:33) and the legal definition and enforcement of alternative property rights is the core of politics. Now, the structure of property rights to emerge from globalization is significantly different from that prevailing in a closed economy, because the technological revolution and international competition tend to benefit or to penalize different groups of property owners.

In the industrial societies of the north, the main beneficiaries from globalization are the symbol analysts described in Section I. Open worldwide competition typically threatens the employment and income of farmers as well as low skilled and routine workers and employers, particularly in traditional manufacturing.

- The overall eventual hardship for farmers can be estimated from a single figure: the weighted average of effective protection for agricultural products in Japan is 144 per cent, in the European Community 54 per cent, and in the United States 16 per cent. Moreover, opening the doors to the imports of dairy products to the United States would slash domestic prices to one half; with liberalization, beef and lamb prices in Europe would fall 47 per cent, and in Japan the prices of these same goods would plummet by 75 per cent (World Bank 1986).
- There is sufficient evidence of a two-decade loss of employment opportunities and of relative wages for urban workers at the lower end of the educational ladder in most of the northern countries (Reich 1992; UN 1994). Some econometric analyses lay the blame solely on the technological revolution and the ensuing methods which make the use of unskilled labour obsolete (see, for example, Lawrence and Slaughter 1993). Others point to competition caused by imports from developing countries (Wood 1994). On either account, globalization puts the unskilled worker at an disadvantage.

Empirical studies on the distributional impact of globalization in countries of the south are not very systematic and much too specific-country with regard to sector and time to be able to provide any comprehensive numerical information. However, from the broad picture to emerge from these disperse references, one can rather clearly identify some winners and some losers.

Once more, the typical group of winners includes the symbol analysts, whose education and occupational position affords them strategic influence on public opinion

and on politics; the upper to middle-class consumers, who benefit most from cheaper imports from the north; the importers and retailers of these goods; the entrepreneurs and workers in emerging industrial exports and reconverted industries; the financial intermediaries; the owners of urban land and those associated with the construction industry, as a non-tradable good; and the transnational corporations and private investors buying out state firms.

The group of losers typically includes fewer but larger categories of people. One must include the public employees faced with the neo-liberal downsizing of the state as well as workers and employers in the formerly protected manufacturing. Farm owners, farm workers and peasants, due globalization, tend to be under ever increasing pressure (except those in new exports such as fruits or forestry). Some unskilled workers are drawn in by the new exports but seemingly this is offset by close-downs and the overall impact of technological innovation (jobless growth has been a prominent trend in the south, as less than one-third of the gains in output between 1960 and 1987 came from increased use of labour [UNDP 1993:35]).

With these stakes, it is no surprise that politics (and politicians) are alive and well in our global village. Far from intoning the requiem for state activism and interventionism, globalization everywhere is enriching the public debate with themes and songs to last for a while. In industrial and non-industrial countries alike, the political issues of the day are commercial protectionism, unemployment, education, retraining of workers, social subsidies, environmental standards, modernization of government, productivity, and any other topic which arguably might be related to global competition and competitiveness. And they are each appraised through the rosy tinted glasses of globalism or of isolationism – the political ideologies of our post-ideological time.

The final proof of the pudding is in the eating, but the final proof of what nation-states do within the global village might be in the non-eating. One prominent exception to today's farthest reaching globalization remains – the free movement of human beings across the borders of nations. In flight or in search of a better life, there is a global drift of 123 million people, but the flow would no doubt turn diluvial, should the gates of the north be opened to the south. That, of course, is unthinkable. Japan remains cemented shut, Germany has just approved a major reversal to the constitutional right of asylum, the French Minister of Interior openly advocates 'zero immigration', and politicians across the United States offer to follow the example of California's Resolution 187. The Universal Declaration of Human Rights explicitly concedes the right to leave your country, but not the right to arrive in a new one. Hence, after you have managed physically to enter a country, to even find a job (that is, if you are a brain-drain escapee or happen to fill a quota), it is only to discover that the real frontier was not at the port of entry but at the net of social and political benefits strictly limited to citizens. The global village, after all, remains a metaphor.

IV A VILLAGE NOT SO GLOBAL

4.1 The stubborn border

For all the power of metaphors (and all the silence of ideology) globalization does not englobe everyone. Many people continue to live, and to think they live, in relative isolation from the world-as-whole. Nor does globalization englobe everyone equally. In terms of market, culture, security, or ideology, the effects of globalization are quite different for different people. There are, of course, many persons or groups in the non-industrial countries of Africa, Asia, and Latin America who have joined the process of globalization, and there are many others in the industrial countries who remain isolated from the world-as-whole. However, the general rule is crystal clear: people from the north are more affected, feel more affected, and are more favourably affected by globalization than people from the south.

No question about it, the standard of living for the human species as a whole has experienced spectacular improvements. In the century between 1880 and 1980, average life expectancy for males has increased about twenty-five years (UN 1982) and adult literacy rates have gone from about 20 per cent to approximately 70 per cent during the same period (World Bank 1991a).³ It is estimated that half the value of goods and services ever produced by Homo Sapiens during their 500,000 years on earth, has been produced in the past 50 years (Kennedy 1993:35 and 127). In the two decades between 1970 and 1991, the per capita gross world product jumped from USD 871 to USD 4,271 at an average yearly growth rate of 2.2 per cent. And the list of achievements can be enlarged.

However, the degree of inequality within the global village is no less striking. Life expectancy at birth ranges from a high of 79 years in Japan to a low of 39 years in Guinea-Bissau. Adult literacy rates fluctuate between the 100 per cent of the industrial countries and the 26 per cent of Nepal or the 23 per cent of Benin. Per capita GNPs range all the way from USD 33,610 in Switzerland to USD 80 in Mozambique, or from USD 350 for the group of 40 lower income countries to USD 21,530 for the group of OECD countries (World Bank 1993b). Again, the list of inequalities can also be enlarged.

Furthermore, the current process of globalization has done little to spread the fruits of economic progress more evenly. On the contrary, between 1960 and 1991, the share of the richest 20 per cent of the world population in world product climbed from 70.2 per cent to 87.4 per cent, and the Gini coefficient rose from an already poor 0.69 to

³ The calculation is based on a group of 10 countries, industrial and non-industrial, for which census data were available.

a dramatic 0.87. Although the results are sensitive to the method used to convert national currencies into a common currency, most of the newly revised figures (UNDP 1992; UN 1994).⁴ would support the conclusion that 'these changes are so large that there can be no doubt that world inequality has increased dramatically since the 1960s' (Griffin and Khan 1992:2).

Of course, the relative standing of individual countries and regions has changed significantly in recent times. In the north, Japan and Germany have remarkably caught up with the United States. In 1950, the American per capita income was four times that of Germany and fifteen times that of Japan (Thurow 1992:33) and in 1993, both Japan and Germany surpassed the United States figure. Beyond the north, the 'tigers' and some larger countries in Asia (China included) performed so well that the per capita GDP of the region climbed from 28 per cent of the world average in 1970 to 47 per cent in 1991. At the same time, however, the USSR and the ex-socialist countries of Europe plummeted from a 146 per cent of the global average to 81 per cent of that level, going from relative development to underdevelopment. Sub-Saharan Africa dropped from underdevelopment to starvation, as its per capita GDP declined from a low 23 per cent of the world's average in 1970 to a mere 12 per cent in 1991 (UN 1994).

However, despite the heterogeneity and internal movements within north and south, globalization remains predominantly northern in origin and in scope. Thus, a closer look at the geographical distribution of each major factor or process structuring today's world-as-whole indicates that globalization is a phenomenon ostensibly tilted to the north.

4.1.1 *A local global market*

The *technological* revolution that somehow set it all in motion, originated in the north and is still basically confined to the north. Up until 1989, a full 98 per cent of inventions patented internationally were registered in northern countries (no data were available for the Soviet Union). The number of scientists and engineers per 1,000 people is 9 times larger in the north than in the south. Although endowed with over 80 per cent of the global population, the south owns only 5 per cent of the world's computers and contributes to only 4 per cent of global expenditure in R&D, most of which comes from Korea, China and India (Gómez 1991; UNDP 1992).

Except for unprocessed natural resources, the *competitive advantage* in almost any leading economic sector or subsector belongs to a country in the north. One seminal study on the subject covers such specific fields as software development, advertising, commercial airplanes, and credit cards – areas where the US enjoys advantage on a truly global scale; Germany's worldwide competitive sectors include the production of lenses, knives, pens, and chemical drugs; Japan is noted for its fax machines, watches and sewing machines; Great Britain for biscuits, insurance, and electrical generation

⁴ The data in the text correspond to US dollars converted to market exchange rates, that is, to the traditional method of comparing international product and income figures. Other methods of comparison yield different results, including one case of slight improvement in international equality when 'price adjusted rates of exchange' are used.

equipment; Italy competes with ski boots and ceramics; Sweden with heavy transport and environmentally clean equipment; Denmark with milk products and agricultural machinery; and Switzerland with banking, chocolates and thermoregulators. From the south, only Korea with automobiles and pianos, and Singapore with portfolio management and drinks are emerging on the global marketplace as partners, albeit minor (Porter 1990).

In spite of short term fluctuations, *international trade* remains concentrated in the north. By 1970, countries with the richest 20 per cent of the world's population accounted for 81 per cent of global trade; by 1989, their share had risen to 85 per cent; and by 1993, it had come down slightly to 83 per cent. All in all, countries with the poorest 20 per cent of the population account for a mere 1 per cent.

North-to-north trade tends to grow faster than south-to-north trade. Exports among industrial countries rose from 71 per cent of their total trade in 1980 to 77 per cent in 1989. Yet, between 1990 and 1993, northern exports to the south grew much faster than southern exports to the north, so that the third world is the 'locomotive' pulling the north out of its recession (Griffin and Kahn 1992:13; UNCTAD 1994c).

Naturally, foreign direct investment comes mostly from the north. In 1970, 95 per cent of all investments abroad were owned by the United States, Great Britain, Japan, Germany, Switzerland, Holland, Canada, France and Italy. By 1990, these 9 countries still accounted for 91 per cent of the investments but the American share had fallen from 46 to 33 per cent, while Japan's had jumped from 5 to 13 per cent.

In spite of the low costs in the south, *foreign direct investment* stays mostly within the north. The industrialized countries themselves received 74 per cent of the funds in 1970, and 76 per cent in 1990. The United States became a popular destination and its share rose from 11 to 30 per cent, while Western Europe lost some of the attraction it had traditionally held, going from 40 per cent to 31 per cent. Japan remained a closed economy (1 and 2 per cent, respectively). Once again, the countries with the poorest 20 per cent of the world population have received during the last two decades only 0.2 per cent of international investments (UNCTC 1992).

It is estimated that the 100 top companies, all of which belong to the north, own 40 to 50 per cent of all assets under the control of the *transnational corporations* (*The Economist* 1993). Furthermore, out of the 36,000 parent multinationals in the world today, only 9 per cent have headquarters in a developing country. The United States, Great Britain, Japan, Germany, France and Italy are home to nearly 60 per cent of these, and the remaining 31 per cent are located in other countries in the north.

The transnational corporations employ 12 million workers in the south and 61 million workers in the north, yet the total working age population in the north is 542 millions and in the south 2,334 millions (UNCTC 1992; UNCTAD 1993b and 1994b; UN 1991).

The effective interest rate for international *loans* charged to the southern countries during the 1980s was 17 per cent a year. The northern countries, meanwhile, paid 4 per cent a year (UNDP 1992).

There are no reliable estimates on the national origin and destination of movements of *speculative capital*. However, the major financial centres are, of course, New York, Tokyo, London, Frankfurt, Toronto, Sydney, and Paris, even though Hong Kong and Sao Paulo should be added to the list. It may be reasoned that the current globalization of 'casino' capital markets works to the disadvantage of small business, labour unions, and older and lesser educated workers throughout the world (Strange 1994).

For the most part, the emerging global class of *symbol analysts* is northern. Although occupational statistics are not available, this point is sustained by all indirect evidence. Thus, from the standpoint of supply, the ratio of college enrolment in the north is 4.5 times larger than in the south, and the ratio of post-graduate enrolment can be 30 times larger. In addition, the quality of tertiary education in the north – however measured – vastly outranks the quality of education in the south (Gómez 1991; UNDP 1993). From the standpoint of demand, as indicated above, the distribution of technological know-how, of competitive advantages, and of employment opportunities in transnational corporations, attest to the same conclusion.

4.1.2 *A local global culture*

The global popular culture is essentially a northern, or more specifically, an American subculture. With the exceptions of Hong Kong's now declining movie industry, Indian films for the Indian Diaspora, and Mexican *telenovelas*, the international cinema and TV are under the exclusive control of the north. With the exception of regional broadcasting or circulation in Arab or Spanish, the truly global media are monopolies of the north. If not actually originating in the north, global music, pop and classic alike, fashion, sports, and fast food are almost always commercialized by transnational corporations from the north.

The number of television sets per 1,000 people in the north is 545 while in the south it is 55. The corresponding figure for radios is 1,130 and 180. Even in daily newspaper circulation, north and south respectively, stands at 304 and 50 per 1,000 inhabitants (UNDP 1992).

With regard to the culture of consumers, the world's forty best-known brands, according to a survey in nine countries, include Coca-Cola, IBM, Sony, Porsche, Honda, McDonald's, and Nestlé. Seventeen of the forty were American companies, fourteen European, nine Japanese, and none from the south (Naisbitt 1990:119).

The very political and economic values that have now become global, may be traced back to the particular history of Western culture, from Greco-Roman times, Jewish-Christian times, Enlightenment times, or even post-modern times. Democracy,

human rights, sovereignty, progress, and – if you will – consumerism or concern for the environment are all values spreading from the West, that is, essentially, from the north.

4.1.3 *And a local global security*

Without dwelling on the worldwide nuclear umbrella, global *security* is to a large extent security for the north. Inhabited by 24 per cent of the world population in 1989, the north (including the countries in the Warsaw Pact) enlisted 40 per cent of the world's armed forces, 53 per cent of its combat aircraft, 69 per cent of its main battle tanks, and accounted for 86 per cent of all military expenditure. The end of the Cold War, however, has eased the burden of military expenditure proportionally more in the north than in the south, so that the gap may have decreased somewhat (UN 1991). Still, the United States – through its military alliances with Europe (NATO), Japan, and industrialized Australia-New Zealand (ANZUS) – is the formidable authority of the global village.

4.2 **The trilateral globe**

As a matter of fact, it could almost be said that today's globalization is a fancier name for trilateralism. To a large extent, the global village is the internationalization, transnationalization and supranationalization of markets, culture, security and ideology among the three industrialized poles that outlived the Cold War.

The United States occupies the centre of the trilateral, but not so global, world. Granted, much has been said to the effect that the United States is losing economic grounds and that its imperial decline is underway (see, for example, Kennedy 1987). However, the hypothesis has been contested ardently (Nau 1990) and, at any rate, the accumulated disproportion is far too large to be dismissed lightly. First, in 1993, the American economy alone accounted for 25.1 per cent of the world's gross product, and still produced as many goods and services as Japan and Germany together (World Bank 1993b). Second, as discussed before, the global culture is essentially a synonym for the Americanization of world culture. And third, the United States is the world's uncontested geopolitical hegemon, the only country with military power having authentic global reach, and the main partner in all the regional security systems it has endorsed.

It was the Belgian Foreign Minister Mark Eyskens who described the European Union as 'an economic giant, a political dwarf, and a military worm' (*New York Times* 1991). An economic giant it is. During the last fifteen years, the total product of the European Community has been on par with that of the United States, give or take a few billion dollars every year and not counting the product of Austria, Sweden and Finland. Germany contributes somewhere around 35 per cent of the Community's economy, followed by France, Italy and the United Kingdom, each with about 20 per cent (UN 1994; World Bank 1993b). The very fact of Europe being divided in 15 independent nation-states, plus a host of uncertainties and disagreements on world affairs, naturally are not conducive to Europe's performing as a global political or military power. However, beyond the ups and downs of Euro-scepticism, there has been a long-run

overall trend towards convergence; and, for want of it, Germany is a natural candidate to assume regional power in Central Europe. As for culture, Europe is the cradle of the West and, should anyone need reminding, it is the region with the most diversified historical influences throughout the globe.

To repeat the previous quotation, Japan has grown to be an economic mammoth, even though it remains a midget military-wise and an island culture-wise. Once again, there is room to argument on the longer-run prospects of the Japanese economy (von Wolfereel 1989) but the achievements so far are beyond any question. In 1993, Japan produced 16.1 per cent of all the goods and services in the world, or an equivalent of two-thirds the American production (when in 1951, it amounted to less than 5 per cent of the United States economy [Kennedy 1993:168]). The strategic location of Japan within the global village is reinforced by a number of vital advantages. One, it may well have the best educated population of the world, with a high school graduation rate over 90 per cent, and the highest proportion of scientists and engineers in its workforce. Two, Japan boasts of a competitive edge in a number of high-tech subsectors such as robotics and semiconductors. Three, the total value of Japan's physical exports already equals that of the United States (World Bank 1993a) while its propensity to import manufactured goods is but one-twelfth of the American figure (Thurow 1992:136). Four, the flow of Japanese direct investment overseas has been larger than any other country's every year since 1988 (UNIDO 1993). Five, Japan may become, and in some respects is already becoming, a political world power on its own merits – Japan's position as the head of an emerging regional economic block in Asia; the largest donor nation to the developing countries; a slight but real increase in its military expenditure, a culture unique yet capable of perfect assimilation with many cultural inputs, are among the reasons for such a hypothesis.

Hence, a second and related point can almost be made – the global village has its own town government. It consists of a mayor elected by some 253 million people (the US population), and by five council members respectively elected by the districts of Japan (124 million inhabitants), Germany (80 million), France, Italy, and the United Kingdom (58 million each). If you take this total of 629 million persons, give some away who do not belong and bring in some who do belong, chances are that you would be pretty close to the actual population of the global village. These six countries, with 12 per cent of the inhabitants of the world, produce 64 per cent of all goods and services in the world, perform about 69 per cent of all investments, and export nearly 70 per cent of all merchandise sold overseas (World Bank 1993a and 1993b; UN 1994). The global culture is pretty much their culture, and the global security is pretty much their own national security.

V POST SCRIPTUM

Readers with enough patience to reach the last paragraph are likely to be under the two critical impressions that too much diverse information has been compressed into too short a space, and that the relative importance assigned to globalization vis-à-vis the nation-state varies from one section to the next. Both criticisms are valid and, demand at least brief explanations.

The excess of information is basically due to the fact that this publication was prepared as Part One of a book intended for general audiences on the impact of globalization on Latin America. A relatively short but thorough assessment of what globalization implies and what the new roles of the nation-state are, is of course a necessary preamble to appraising the current situation and perspectives of the twenty nation-states composing Latin America.

The second issue reflects a deliberate choice of method. Let us first find the arguments to support globalization at its best, because it is the emerging and the fashionable theory. Then, let us see if the old nation-state can re-claim the roles it actually performs in our presumably globalized village. This, however, may have caused some confusion in the fact that four exclusive hypotheses were seemingly proposed, namely:

- i) Globalization of markets, culture and security is a worldwide trend which severely weakens the nation-states (Section I);
- ii) The impact of globalization is largely an invention of ideologies (Section II);
- iii) The nation-state has retained its functions and powers, or even more, they have increased with globalization (Section III), and
- iv) Globalization is not worldwide but confined to the United States, Europe and Japan (Section IV).

Yet, these four propositions are not as contradictory as they sound. Globalization, to be sure, is a matter of degree. Hence, the technological revolution and the sudden ending of the Cold War precipitated longer-run trends towards the internationalization, transnationalization and supranationalization of certain aspects of the market, the culture, and the security of humankind (Section I). Consequently, ideologies – which are exaggerations rather than falsehoods – turned to debate and magnified the social impacts of such processes (Section II). Even though these trends are truly world-wide in scope, they originated mostly from the north and are more intensely concentrated there than elsewhere (Section IV). In addition, these changes have eroded some of the key functions, or have added key constraints to the autonomy of nation-states (Section I). At the same time, however, nation-states have adapted to the new situation, and taken on the strategic function of mediating the inclusion of a country

in the new global order (Section III). In short, the issue of globalization vis-à-vis nations and the state is not a matter of quantity; it is first and foremost a matter of quality. The realities of a world-as-whole, a plurality of nations, and a set of states acting as prime political units have, after all, been interacting for at least seven centuries – or so asserts the one uncontested proposition of the vast intellectual effort known as the 'world system' perspective (Wallerstein 1974). Little wonder, the quality of their interaction has changed significantly in light of the remarkable events of these last few years.

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