*Confronting Globalization**

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Everyone is talking about globalization — a phenomenon all the more significant because it is generally considered inevitable and beyond anyone's control. What does it mean? Although there are many works on this subject,[2] the concept remains unclear. For some, globalization is a development beyond the nation-state. For others, it defines a new type of opposition between capital and labor brought about by the rise of finance capital, or a new separation between skilled and unskilled labor. Some see it as the expansion of world-trade with the inclusion of new players from the South (accompanied by the globalization strategy of multinational corporations), while others emphasize the broadening of exchange caused by the information revolution. What is it really?

First of all, *cultural* globalization must be distinguished from *economic* globalization. These two phenomena overlap, but are not the same. One of the most obvious features of economic globalization is the explosion of financial exchange. Today, international business is growing more rapidly than the various GNPs. In 1990 international exchange was

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* "Face a la Mondialisation," translated by John Lambeth and Deborah Shair

2. See Robert Reich, *L'Économie Mondalisée* (Paris: Dunod, 1993); Francois Chesnais, *La Mondialisation du Capital* (Paris: Syros, 1994); Jacques Adda, *La Mondalisation de l'Économie*, 2 Vol. (Paris: Decouverte, 1996); Samir Amin, *Les Défis de la Mondialisation* (Paris: L'Harmattan, 1996); Anton Brender, *L'Impératif de Solidarité. La France Face à la Mondialisation* (Paris: Decouverte, 1996); Jean-Yves Carfantan, *L'Épreuve de la Mondialisation. Pour une Ambition Européene* (Paris: Seuil, 1996; François Chesnais, ed., *La Mondialisation Financière. Genèse, Coût et Enjeux* (Paris: Syros, 1996); Elie Cohen, *La Tentation Hexagonale. La Souverainaité à l'Épreuve de la Mondalisation* (Paris: Fayard, 1996); Philippe Engelhard, *L'Homme Mondial. Les Sociétés Humaines Peuvent-elles Survivre?* (Paris: Arlea, 1996).

already 15% of world business. In only five years, from 1985 to 1990, exports increased by 13.9%. Between 1960 and 1989, the exchange of manufactured products doubled while the flow of capital increased fourfold. During that time the nature of financial flow changed: the continuous development of direct foreign investment was accompanied by the ready availability of short term capital. These direct investments are also increasing more rapidly than world wealth. The annual rate of growth has gone from 15% between 1970 and 1985 to 28% from 1985 to 1990, during which time direct investments quadrupled in volume, going from $43 billion in 1985 to $167 billion in 1990. A global economy has emerged with an increasing share of GNP directly dependent on foreign exchange and international capital flow.

The other important factor is obviously the growing role of computers and electronics. By reducing the costs of long distance transactions and permitting communication in “real time” anywhere in the world, thus providing instantaneously information crucial to price structuring — information that used to take weeks to reach a few financial centers — the new communication technologies have made possible an unprecedented financial flow. The sun no longer sets on interconnected stock markets. Currency moves from one end of the globe to the other, searching for the best returns at the speed of light. This globalization, however, is exclusively financial: the currency market is the only one where instantaneous arbitrage makes sense.

Thanks to this increased mobility, made possible by computers, transactions on currency markets have experienced a fantastic growth. They now exceed a trillion dollars per day. These funds come from commercial bank holdings, multinational corporations, floating currency reserves held by central banks especially created for this type of transaction. The foundation of the system is the exchange of currency which, from day to day, or even hour to hour, may result in considerable gains, far higher than those derived from traditional industrial or commercial activity. In anticipation of moving exchange rates, computerization allows for the immediate virtual displacement of enormous amounts of currency, almost completely independent of the central banks. This is why this new phenomenon is called the “casino-economy.”

Some commentators locate the origins of globalization in the early 1970s, at the time of the double shock of skyrocketing petroleum prices and the crisis of the international monetary system. At that time, the slowing of productivity and growth-rate, the progressive saturation of demand for durable consumer goods, the increasing burden of foreign financial constraints, along with the abandonment of fixed exchange rates and the explosion of the American trade deficit, led to a rise in purely speculative financial products. This process continued into the 1980s, with the growing public debt favoring the development of a vast currency market — especially with the wave of deregulation that, beginning with the Reagan Administration, rapidly spread to all developed nations. At that time, states began to retreat in the face of financial integration by adopting the "three Ds" — decompartmentalization, dumping the middleman, and deregulation. By liberalizing the capital market, this strategy allowed arbitrage at a global level and opened consumer markets and large corporations to foreign dealers. Then, at the beginning of the 1990s, the sudden collapse of the Soviet Union and the brutal switch in the former communist countries to unbridled capitalism translated into the entry of 2.5 billion additional people in the world market, while at the same time spreading the illusion of a unified planet within a single bloc.

The Monopolization of Capital

This series of events must be placed within a broader chronology. Far from being an aberration or a radical innovation, or even the result of some plot, globalization is simply part of a long term dynamic of capitalism. As Karl Marx already observed during the last century, "the tendency to create a world market is part of the very concept of capital,"[3] For Philippe Englehard, "globalization is undoubtedly only the grand finale of the explosion of Western modernity."[4] It justifies a whole series of metamorphoses throughout the long history of the mercantile economy — an economy based from the very beginning on open exchange within a climate of individualism and universalism, predicated on a metaphysics of subjectivity and material success. It began with the development of long term business at the time of the Italian city states in the 14th century, continued with the "great discoveries" and the industrial revolution, then with colonialism. Between 1860 and 1873, England had already succeeded in creating the beginning of a global commercial system. In July 1885, Jules Ferry declared to the Chamber of Deputies that "founding a colony means creating a market." By contributing to the disintegration of traditional cultures and societies in Africa and Asia, colonialism allowed the penetration of

3. Philippe P. Engelhard, *Principes d'une Critique de l'Économie Politique* (Paris: Arléa, 1993).

4. *Ibid*., p. 543.

Western products and opened new trade centers, a practice that would not be abandoned until it had lost its profitability, i.e., when the colonies began to cost more than they were bringing in.[5]

The market as an institution is itself inextricably bound with the internationalization of exchange. In classic 18th century economic theory, the free circulation of goods and services is already supposed to lead to the equalization of systems of production and living standards. As such, capitalism appears as a nomad from the very beginning. Thus, as Adda notes, globalization "merely brings capitalism back to its original vocation, more transnational than international, which is to play with borders as with states, with traditions as with nations, in order to better subsume all things under the single law of value."[6] Yet globalization also exhibits a number of new features. In addition to the fact that, in international exchange, it is now manufactured products that take precedence over raw materials, the financial sphere has acquired an extraordinary degree of autonomy in relation to real economic production. The great market deregulation of the 1980s effectively heralded the arrival of a capitalism no longer primarily industrial but speculative. The monetary mass circulating in the world today is estimated to be more than 15 times the value of production. This financial "bubble" aggregates funds from the private as well as the public sectors, be it the management of public debt by individual nations or retirement pension funds. It naturally encourages speculative and illegal logics: drugs and corruption become integral parts of the new economic order.

Another novelty is the universalization of the market. Transactions now involve previously independent sectors. Culture, services, natural resources, intellectual property are now part of the free trade mechanism. All things are now being transformed into currency. What enters the system as a living thing comes out as a commodity, a dead product. Furthermore, the players are no longer the same. Yesterday, these players were primarily nations. Today, they are multinational corporations that dominate investment and trade, while financial markets dictate the rules and the banks control a financial sector increasingly disconnected from the real economy. A world organized around nation-states is giving way to a "world-economy" structured by global players. This is a fundamental

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5. "The rest of the events," said Marcel Mauss in 1920, "goes in the sense of a growing multiplication of loans, exchanges, identifications all the way to the detail of moral and material life." See his "La Nation," in *Oeuvres*, Vol. 3: "Cohésion Social et Divisions de la Sociologie," (Paris: Minuit, 1969), p. 625.

6. Adda, *op. cit.*, Vol. 1.

transformation. Some decades ago, nation-states were still the natural political and social frameworks for managing the national systems of production. Capitalist competition played itself out basically among nations. The dominant trait of the capitalist system was thus territorialization, i.e., its attachment to a particular industrialized nation. Although expanding, the market was primarily national. Even for companies with foreign subsidiaries, it was crucial to have a mother-company located in a powerful nation. Economics and politics basically coincided, making national economic policy decisions all the more important. Finally, the Third World had not yet become part of the industrial system and there was a stark contrast between industrial centers and peripheries.

Today, the global integration of capital has broken down national production systems and has restructured them as so many segments of a global production system. The various components of production are now scattered far from the corporation's geographic location and sometimes even independent of its financial control. Products incorporate technological components of such varied origins that one can recognize neither the specific contribution of each nation nor the nationality of the labor force producing the merchandise. Robert Reich notes that when an American buys a car from General Motors for $20,000, less than $800 returns to American producers. Globalization is creating a reorganization characterized primarily by a generalized deterritorialization of capital. "Space of places" is being displaced by a "space of flux." In other words, *territory* is being replaced by *network*,[7] which no longer corresponds to a particular territory but is inscribed within the world market, independent of any national political constraints. For the first time in history, economic and political space are no longer bound together. This is the deeper meaning of globalization.

The appearance of industrial firms able to plot their development on a global scale and to implement integrated world strategies is one of the most characteristic traits of globalization. Multinational companies are those that do more than half of their business abroad. In 1970, there were 7,000 of them. Today there are 40,000 and they control 206,000 subsidiaries while employing only 3% of the world's population (about 73 million people). The budget of these corporations in 1991 was greater than all of the world's exports of goods and services ($4.8 trillion); they control either directly or indirectly a good third of the world's revenue and the top 200 of these companies monopolize a quarter of the world's economic activity. Nearly 33% of world trade now takes place among the subsidiaries of the same corporations, not between

7. Bertrand Badie, *La Fin des Territories* (Paris: Fayard, 1996).

different corporations. These network corporations have immense resources at their disposal. The budget of General Motors ($132 billion) is greater than the GNP of Indonesia; Ford's ($100.3 billion), greater than the GNP of Turkey; Toyota's greater than the GNP of Portugal; Unilever's greater than the GNP of Pakistan; Nestlé's greater than the GNP of Egypt, etc.

These corporations, whose national origin is now merely a formal reference, have long since learned to replace minimal profitability objectives with objectives that maximize financial gain, whatever the social consequences. Less preoccupied with production than with market and patent control, they are above all financial groups that place most of their profits in currency or in by-products, instead of distributing the profits among shareholders or investing them in productive activities. Moreover, since they are wealthier than many nations, it is not difficult for them to purchase politicians and to corrupt government officials. To become more competitive, multinational corporations have also developed a new strategy. To avoid massive and brutal devaluations, as in the 1930s, they have been forced to seek other outlets for the surplus of floating capital, since production profits from classical investments are no longer sufficiently high. The struggle for market share has led them to include ill-qualified and poorly paid workers in the world labor force in order to better maximize profits.[8]

Where earlier Western nations were content to exploit the internal markets of Southern countries, multinational companies are now busy reexporting to Western markets products assembled or produced at low cost in the South. Globalization is taking place through the repatriation of a portion of the economic activity in Southern countries, through a global reorganization of the production cycle and the transformation of a local labor force into salaried workers. This phenomenon, called dislocation, has become generalized since the 1980s and is merely the extension-reorganization on a global scale of labor relations, another step toward the creation of a global labor market. It goes without saying that, from this viewpoint, the free movement of currency is essential in order to siphon off profits to decision-making centers — a process that has the double effect of reducing local accumulation and restricting purchasing power.[9]

8. Charles-Albert Michalet, *Le Capitalisme Mondial* (Paris: PUF, 1985).

9. "The liberalization of international transfers of capital," writes Samir Amin, "the adoption of floating exchanges, the high rate of interest, the deficit in the American balance of payment, the Third World's external debt, and privitization, constitute a perfectly rational policy that offers floating capital the outlet for speculation, thereby downplaying even the major danger of a massive devaluation of surplus capital." See "Les Vrais Enjeux de la Mondialisation," in *Politis-La Revue* (October-December 1996), p. 70.

Simultaneously, from Asia and, to a lesser extent, from Latin America and the former Soviet empire, new players are beginning to emerge in global trade. In the past, gaps between wages in the North and the South reflected similar gaps in productivity and quality. The emergence of new industrialized nations and the sudden appearance of multinationals in some of the Southern nations have radically altered this situation. In 1995, the per capita income in Singapore had already surpassed that of France. This trend obviously will only continue to grow. The success of these newly industrialized nations in no way supports liberalism's claims. The "Asian miracle" is primarily a result of specific cultural characteristics, be it in Japan, China, Korea or Singapore.[10] It may also be explained in terms of the ingenuity of the industrial policies of these countries. Far from uncritically accepting the theory of the comparative advantages of specializing in low cost production forced on them, without worrying about actual demand, they have focused on the production of goods for which there is high world-wide demand. Of course, globalization changes competition among nations. As soon as businesses and funds can move freely in the world, the competitiveness of national businesses is no longer automatically linked to that of nations. The transnational space in which these large corporations operate no longer coincides with the optimal organization of national space. The position of a country in the world is only defined by the level of competitiveness its products have in the global market place — its businessmen being obliged to position themselves in this market according to the best benefit/risk or advantage/cost ratio. One might even say that nations are nothing more than points in the production space of large corporations. The very notion of comparative advantage is becoming obsolete.

Nations no longer have any choice but to fall back on policies of pure competition, to the detriment of social cohesion. That is precisely what happened in Europe beginning in the 1980s, first under the influence of Ronald Reagan's and Margaret Thatcher's liberal theories, then as a result of the Maastricht Treaty. This acceptance of globalization's demands has translated into generalized deregulation and liberalization, with priority given to foreign over domestic markets, the privatization of publicly- owned corporations, the opening to international investments, the fixing of wages and prices by the world market, the progressive elimination of aid and subsidies,

10. As Engelhard notes, "those peoples' cultural systems were the least brutalized by western modernity or, at least, they opened themselves up to it and did so with care, and with an eye on the best economic performances. Such is the case with Japan, but also with certain peoples of South-East Asia and China." See *Principes d'une Critique*, *op. cit.*, p. 23.

and, lastly, the reduction of expenditures designed to slow competition — such as education, social welfare and the protection of the environment. One after another, European nations have adopted strictly monetarist policies (called competitive deflation) that amount to fighting inflation through high interest rates, the clearest result of which has been slow growth and increased unemployment. Taxed at a lower rate than wages, finance capital, meanwhile, contributes less and less to the general welfare.

At the same time, the debt crisis has forced Third World countries to make similar adjustments: the structural realignments the IMF and the World Bank have demanded have led most of these countries to use the same recipes as the industrialized nations — with even more catastrophic results. International organizations themselves have become instruments of globalization. The role of the IMF and the World Bank is to impose deregulation, to manage the fluctuation of money and to force Third World economies to submit to the absolute imperative of servicing the debt. The G7 is trying to coordinate the crisis management policies of large industrialized nations, without attacking the root problems. But a very particular role is reserved for the organizations overseeing world trade.

In the past, trade negotiations among nations dealt with a small number of national practices, such as import quotas, custom tariffs, control over the transfer of funds, etc. Today, the stakes of trade diplomacy go far beyond questions of borders. Negotiations now include institutions within countries: the structure of their banking system, the terms of their right to private property, their social legislation, their regulations concerning competition, concentration or industrial property. The underlying principle of these negotiations is that international trade will bind together nations with more or less the same institutions. In the attempt to reduce uncertainty and risk of direct foreign investment it encourages further uniform systems of property and regulations often consistent with American legislation. The negotiating power of multinational corporations is thus reinforced by a new lobbying power that allows them to demand special arrangements in matters of regulation, wages or taxes in order to increase profitability and competitiveness. In the final analysis, "through a growing number of local and international negotiations, societies are confronted with the demand to transform their domestic rules and institutions in order to conform to an externally-imposed model."[11]

The clauses of the GATT or of the WTO go far beyond the traditional

11. Suzanne Berte, "Le Rôle des Etats dans la Globalisation," in *Sciences Humaines* (September- October 1996), p. 55.

objectives of fair-trade agreements. Their primary objective is to promote capital mobility. The agreements they reach are actually not so much fair-trade agreements as agreements for the free circulation of funds, with the intention to establish new international property rights for foreign investments and to create new limits to national and government regulations. As Ian Robinson has written, "the agreements on the free circulation of funds may be understood as instruments that, in the name of the reduction of obstacles to trade, alter or allow the renegotiation of laws, policies and practices that block the path toward a global market economy."[12]

Finally there is another novelty which facilitates understanding of the nature of cultural globalization: capitalism no longer sells just commodities and goods. It also sells signs, sounds, images, software, connections and links. It does not just fill up houses: it colonizes the imagination and dominates communication. In the 1960s, consumer society thrived on identifiable material goods, cars, household appliances, etc. The system that Benjamin R. Barber calls "McWorld" — like in Macintosh or McDonald — is a virtual world resulting from the intensification of all sorts of transnational transactions that converge to homogenize life-styles. "The props of the McWorld system," says Barber, "are no longer cars, but the Eurodisney amusement park, MTV, Hollywood films, software packages. In short, concepts and images as much as objects."[13]

This generalized commodification makes the consumption of advertising-spectacle the sole form of social integration, while at the same time intensifying feelings of exclusion and aggressive tendencies in those left out. Through a flood of universal images and sounds, it contributes to the standardization of lifestyles, to the reduction of differences and particularities, the conformity of attitudes and behaviors, the eradication of collective identities and traditional cultures. But more than this, it goes so far as to modify our perception of space and time. Under the network of stationary satellites, under the influence of economic empires that multiply alliances and mergers, under the effect of information highways that carry the same global sub-culture to the farthest reaches of the earth, the planet is shrinking. Dominated by fewer and fewer monopolies, which are more and more powerful, the space in which commodities, investments and currency circulate is being increasingly unified. Furthermore, while up until now all

12. "Mondalisation et Démocratie: un Point de Vue Nord-Américain," in *M* (March-April 1996), p. 16.

13. "Internet et Tchador, Même Combat," in *La Vie* (November 14, 1996), p. 58. See also Benjamin R. Barber, *Jihad versus McWorld* (Paris: Desclée de Brouwer, 1996).

societies have lived time both as a succession of moments and subjective duration, this distinction is being erased. The technological revolution of "real time" accelerates the circulation of material and immaterial flux, with no possibility of a reference point or contextualization. This compression of time makes immediacy the only remaining horizon of meaning. As René Char put it, "Abolishing distance kills." The closeness that new communication technologies create ends up crushing things and confusing forms.

We are in fact witnessing a redefinition of reality. The Internet is a good example. While classic media are limited to showing what happens elsewhere, the Internet allows its users to virtually transport themselves to this elsewhere. The occupant of the McWorld system thus sees both everywhere and nowhere. The Internet inaugurates a new lifestyle that one could call electronic nomadism, but which is also an electronic colonialism. As Nelson Thall, Marshall McLuhan's successor at the University of Toronto, points out, "in the end, the power of the Internet is . . . that it allows the entire world to think and to write like North Americans."

Thus globalization should not be confused with simple internationalization, which was the system created and organized by nations to define international relations.[14] It is better defined as the shift from an international economy conceived as an aggregate of national and local economies that differ in the ways they function and are regulated, to a true planetary market economy governed by a system of uniform rules, in Karl Polanyi's sense.[15] It describes "the growing interdependence uniting all the components of space in order to lead them to an increasingly restrictive uniformity and integration."[16] Those at the controls are new extra-state and extra-national players, whose only ambition is to maximize their profits by planning the planetary organization of their activities, and eliminating all that can be an obstacle to their freedom of action. These new players strengthen their autonomy each day, and are therefore increasingly interdependent, to the point of constituting a single immense market organism.

Immiseration of the Masses

Once the exact nature of globalization is understood, it is easy to

14. Marcel Mauss already noted, 'the internationalism worthy of this name is the opposite of cosmopolitism. It does not deny the nation. It situates it. Inter-nation, this is the opposite of a-nation." See 'La Nation et l'Iinternationalism' (1920), in *Oeuvres*, Vol. 3, *op. cit.*, p. 630.

15. *The Great Transformation* (New York: Octagon Books, 1975 [1944]).

16. Bertrand Badie, "Mondialisation et Société Overte," in *Après-demain* (April-May, 1996), p. 9.

understand the consequences. The first is a tragic increase of economic disparity. Hegel already said that rich societies are not rich enough to reduce the excessive misery they generate. Today, poverty no longer results from scarcity but from the poor distribution of wealth and from a psychological and cultural mind-set which cannot conceive of wealth other than in terms of work and production.

Between 1975 and 1985, the gross world product rose 40%; since 1950, world trade has increased eleven-fold; economic growth, five-fold. However, during the same period, there has been an unprecedented increase in poverty, unemployment, social disintegration and environmental destruction. The real GNP per person in the Southern hemisphere today is only 17% of that in its Northern counterpart. The industrial world, which represents only a quarter of humanity, possesses 85% of the world's wealth. The G7 nations constitute 11% of the world population but two thirds of the planet's GNP. New York City alone uses more electricity than all of sub-Saharan Africa. Between 1975 and 1995, American wealth increased by 60%, but this increase was monopolized by 1% of the population. One last revealing figure: the holdings of the 358 billionaires on the planet today is more than the cumulative annual revenue of the 2.3 billion poorest individuals, or the equivalent of nearly half of humanity. This means one thing: the more wealth, the more poverty — which refutes the liberal theory whereby the whole of society should end up benefiting from the profits of the wealthiest. In reality, because it gives a quasi-monopoly back to market forces, globalization contributes to the development of inequities and of social exclusion, thereby threatening social cohesion.

Similarly, colonialism continues by other means. Aid to the Third World perfected the technique of usury as a means of control. The WTO is now requiring Southern countries to treat foreign investors as if they were local by eliminating any legislative obstacles to work, the environment or health. Wherever liberal structural adjustments have been made, the results have been a worsening of the masses' living conditions and an increase in social instability. A logical consequence of all this is the flight of capital, which allows the measurement of the fundamentally parasitic character of globalization. As for countries that refuse to satisfy these demands, they are simply marginalized, ignored and finally expelled from international circuits. Obviously these consequences are not felt only in Southern countries. In the North, globalization translates into exacerbated transnational competition that, by means of exports and direct investments, is causing a leveling of wages and employment. All goods or services produced locally that could be produced elsewhere are vulnerable to the pressures exerted by capital to lower wages and benefits.

On the other side of the ledger, diminishing human capital and the progressive aging of the labor force have increased cost, thereby encouraging entrepreneurs to relocate their operations in countries whose labor force is the least expensive and the most flexible. Because the competitive production of developing countries is found especially in areas that require considerable unskilled labor, this labor force is encouraged and exploited in the South, and increasingly excluded from work in the North, contributing to the rise in structural unemployment. In the absence of an increasing number of commercial outlets, companies can only achieve the critical size they need to survive in global markets by taking market share from their competitors and by constantly improving their level of competition, which translates into a continuous movement of industrial restructuring and downsizing with devastating social consequences.

These dislocations are just beginning. In 1990, manufactured products exported by the newly industrialized countries of Southeast Asia to the developed countries still represented only 1.61% of the latter's GNP. In France, commercial exchanges with newly industrialized countries account for about 1% of the current unemployment rate. But this tendency is likely to grow. Between 1970 and 1990, the share emerging countries had in the stock exchanges of advanced countries went from .7% to 6.44%. At this rate, it could reach 55% in twenty years.

Whereas the industrial revolution allowed the integration of unskilled labor, globalization tends to systematically exclude those who do not have the right kind of know-how. From the viewpoint of the previous tendencies of capitalism, this represents a fundamental break that calls into question all social compromises adopted by the Keynesian welfare state. Globalization of wages and financial globalization combine to reverse the course of economic and social policies prevalent during the decades of post-war growth. During the thirty years following WWII, which correspond to the apogee of the Fordist system, capitalism had to come to terms with social demands formulated in industrial societies, as well as the determination of nations to create the foundations of an international economic order. The welfare state was the result of this historical compromise between capital and labor. It was a strategic adjustment of capital to meet a number of social demands. Globalization broke this social contract. Beginning in the 1970s, the economic logic of capitalism began to disconnect itself from social preoccupations, which led to the questioning of the hierarchy of wages and of mechanisms of social cohesion.

This disconnection of the economic and the social goes hand in hand with the loosening of the connection between the welfare state and the middle class around which the growth of preceding decades was built. Globalization is leading to the rise of an hourglass model of society in which the large majority of the occupants tend to fall towards the bottom, succumbing to a precarious existence, while money is polarized in the higher spheres, signaling the destructuration of the middle classes, i.e., of those classes "that capitalisms of the early 20th century not only generated but on which founded their growth."[17] During the thirty years following WWII, these middle classes became consolidated, leading to the integration of increasingly large portions of the population and thus to the relative reduction of inequities.

Today, this model of an irreversably expanding middle class is obsolete. The result is a profound transformation of class relations and interests within capitalist countries. In fact, the destructuration of the middle classes corresponds to a destructuration of the lower classes, which are seeing their traditional defense mechanisms obliterated. Unions are obviously unable to pressure multinational firms, used to playing on wage differences on the world market, as they did their traditional negotiating adversaries.

This change signals an astonishing regression — a return to situations of over-exploitation comparable to those the workers' movement faced at the dawn of industrial capitalism. Despite his faulty philosophy of history, Marx at least saw that the logic of the monopolization of capital leads to the reification of human relations. One can appreciate the irony of history. Precisely when the communist system collapses, Marx's theses are partly confirmed not only in the ruthless logic of profit but in the fact that unemployment and poverty are once again, as in the 19th century, becoming structural features of society, that social uncertainty and exclusion are growing each day, that the revenues of capital are increasing as the revenues for labor are decreasing, and that the guarantees won by the workers after decades of struggle are now all being questioned.

The Decline of the State

The last consequence of globalization is the nation-states' growing loss of power. In view of the increasing mobility of international capital, the globalization of markets, and the integration of economies, state

17. Pierre-Noel Giraud, *L'Inégalité du Monde. Économie du Monde Contemporain* (Paris: Galimard-Folio, 1996).

governments are seeing their possibilities of macro-economic action diminish in the blink of an eye. In currency matters, their impact is already almost nil because the interest and exchange rates are now controlled by independent central banks that make their decisions according to markets. A country deciding on a unilateral decrease in its interest rates would immediately witness a flight of currency to countries offering the possibility of higher gains. At the same time, the range of monetary mobilization of the central banks has become less than the volume of transactions: in July 1993, in a single day of speculative attacks against the franc, the Bank of France lost all of its exchange reserves. In budgetary matters, states see their margin of freedom similarly reduced, owing to increased public debt that prevents any non-legislated stimulation. Finally, regarding industrial policy, governments have no solution to resist competition other than to attempt to attract foreign business through subsidies and special fiscal privileges, which leaves them at the mercy of the multinationals.

However, these firms are not satisfied merely to break through barriers: they also bend the legislative framework meant to regulate their operations. High wages and taxes or costly labor conditions make them leave. The result is that "any form of regulation may be a victim of the market's downward pressures simply because transnational companies see a cost."[18] The fiscal power of the states is then no longer sovereign but contractual, because it must be negotiated with an increasingly erratic capital in an ever better position to dictate its conditions. "No government, even in the North," explains Edward Goldsmith, "has control over multinational corporations any more. If a law disturbs their expansion, they threaten to leave and they can do so immediately. They are free to run all over the planet to choose the cheapest labor, the environment least protected by the law, the lowest taxes, and the most generous subsidies. There is no longer any need to identify themselves with a nation or to allow a sentimental attachment to hinder their projects. They are totally out of control."[19] In the end, concludes Adda, "financial globalization may be analyzed as a process of getting around the rules instituted by the most developed states through a multilateral system of world economic regulation."[20]

The globalized economy thus weighs so heavily on nation-states that they see their traditional means of action gradually relegated to modalities

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18. Robinson, *op. cit.*, p. 19.
19. "Seconde Jeunesse pour les Comptoirs Coloniaux," in *Le Monde Diplomatique* (April 1996).
20. *Ibid.*, Vol. 1, p. 94.

of adherence. Confronted by a growing difficulty to control the rich, they find themselves deprived of an essential political lever: the coherent development of their territory. Since all budgetary efforts in the social realm means less ability to compete economically, they can no longer fulfill their historical role of managing social compromises. Politicians thus become powerless and the state changes its role. From a social mediator, it now merely manages territorial affairs beyond its control. Reduced to the role of spectator, it is like "a court clerk who notes decisions made elsewhere."[21]

Such a change is revolutionary in that it undermines one of the foundations of modern politics: national sovereignty. According to Badie: "globalization destroys sovereignties, cuts through territories, abuses established communities, challenges social contracts and renders obsolete earlier concepts of international security. . . . Thus sovereignty is no longer the undisputed fundamental value it was, while the idea of outside interference slowly but surely changes connotation."[22] As soon as the concept of sovereignty is challenged, however, the question of identity comes to the fore with all the social anonymity it brings along. Democratic principles are also threatened. There is a direct link between the loss of national sovereignty and the weakening of democracy. On the one hand globalization tends to generalize multiple loyalties to the detriment of civic allegiance. On the other, the ruling class' democratic legitimacy is called into question as soon as it no longer has the means to intervene between the demands of capital and social needs. Finally, the free circulation of currency also limits democratic control over economic and social policy because such policy is subject to external pressures the government can no longer ignore and because there is a transfer of decision-making power to worldwide unaccountable economic players. Citizenship thus becomes meaningless to the point where one wonders what "taking power" means any more.

The Dissolution of Modernism

Globalization is not what Ernst Jünger called the "universal state,"[23] constituted by the progressive fusion of the "red star" and the "white star,"

21. Ricardo Petrella, in *Le Monde Diplomatique* (May 1995). On the way in which globalization reduces the power of the nation-states, see also Kenishi Ohmae, *The Borderless World* (New York: Harper Collins, 1990); Vincent Cable, "The Diminishing Nation-State," in *Daedalus* (Spring 1995); Kenishi Ohmae, ed., *The Evolving Global Economy: Making Sense of the New World Order* (Cambridge, MA: Harvard University Press, 1995).

22. "Mondialisation et Sociétée Overte," *op. cit*., p. 9.

23. Jünger hinted that "the difference between the red and the white star is only the fluttering which accompanies the rising of a star on the horizon. Let it rise into the sky, and let unity be unveiled." See *L'Etat Universal* (Paris: Gallimard, 1962), p. 35.

i.e., the East and the West. Globalization is the result of a modernization which takes the form of a structural adjustment seeking to integrate each society in the world market. It is a process which presents itself as a response to the crisis of modernity stemming from the Enlightenment.[24] But this response consists only in hypostatizing the market economy, in turning all capital into *finance* capital, and in increasing the power of technoscience. The general idea is that science will allow an understanding of everything; technical expertise, a resolution of everything; and the market, the purchase of everything. But that is not the way it is. Polanyi forecast that the market would destroy society. The time has arrived. The "soft trade" which, according to Adam Smith, was supposed to pacify human relations, transplants war to the heart of exchange. The dictatorship of the economic, the primacy of the private sector in the conduct of public affairs, leads to the dissolution of social ties. The universe of generalized deregulation leads to cultures of the lowest common denominator: the same consumerist model. "The eye with no prejudices," noted Jünger over thirty years ago, "is surprised by the growing vast conformity, which little by little extends to all countries — not only as a monopoly by one of the competitive powers, but as a global life-style."[25] "The contemporary shock of globalization is the consequence of a universalist liberalism which, despite appearances, loathes differences. Its implicit program is the homogenization of the world through the market and, consequently, the eradication of both nation-states and cultures. . . . The arrival of liberal society cannot bear cultural slag nor community membership. The maximalist liberal program seeks the eradication of differences, whatever their nature, because they create an obstacle to the big market and social peace. In fact, it is not only cultural residue which is too much, but the social fact itself. . . . Basically, the logic of Western modernity rests on the universal *a-cultural* character of all markets."[26]

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24. Gustave Massiah, "Quelles Reponses a la Mondialisation?" in *Après-demain* (April-May 1996), p. 6.

25. *Ibid.*, p.34.

26. Engelhard, *Principes d'une Critique, op. cit*., pp. 199, 250 and 256. "In the same way that differences in wealth, talent or whatever, are ineliminable, it is necessary that individuals become absolutely the same . . . This occasionally unbearable lack of difference is latent in the neoclassic paradigm, which postulates the absolute separability of individual preferences. In other words, my things have to be independent and incomparable to those of my neighbor . . . This lack of difference, which culminates in the absolute separability of personal choices, is closely connected with the denial of culture. In effect, all cultural or communitarian belonging amounts to reducing personal preferences to being part of a group." *Ibid*., pp. 251 and 256.

But globalization is not universality either. In certain respects, it is even the opposite, because the only thing that it universalizes is the market, i.e., a mode of economic exchange that corresponds to a historical moment of a particular culture. In this regard globalization is only the imperialism of the Western market expanding to cover the entire planet — an imperialism internalized by the very people who are its victims. Globalization is the mass imitation of Western economic behavior. It amounts to turning the entire planet into this market religion, whose theologians and high priests operate as if the only goals were profitability.[27] It is not a universalism of *being* but of *having.* It is the abstract universalism of a splintered world, where individuals are defined only by their ability to produce and consume. Capitalism proposes to succeed where communism failed: to create a planet with no borders, inhabited by a "new man." But this new man is no longer the worker or the citizen but the "plugged in" consumer who shares the common destiny of an undifferentiated humanity connected only by the Internet or the supermarket.

"The Portuguese writer Miguel Rorga," Zaki Laïdi wrote, "once defined the universal as 'a place without walls.' By this, he meant that the values of universality could not be promoted and defended unless people already felt connected in a real, solid place. Globalization, however, develops an inverse dynamic. Individuals feel uprooted by globalization. Feeling powerless, they erect walls, even if fragile and laughable."[28] On the psychological level, individuals now feel dispossessed by overwhelming mechanisms, an increasingly fast pace and even heavier constraints — variables so numerous that they are no longer able to grasp where they stand. That this happens at a time when individuals are lonelier than ever, abandoned to themselves, when all great world-views have caved in, only intensifies this feeling of a nothingness. "Globalization," says Laïdi, "strangely reproduces the Freudian mechanism of the crowd in the grips of infection and panic: infection, to the extent that globalization engenders conformity and uniformity; panic because everyone feels alone, faced with mechanisms beyond their understanding." Accordingly, globalization resembles a puzzle of splintered images. It provides no vision of the world and it rules out any representation, while public powers, which declare it

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27. On this, see Philippe Lancon, "L'Économie, comme Theologie de la Contrition," in *Liberation* (June 3, 1996), p. 5.

28. "Qu'est-ce que la Mondialisation?" in *Liberation* (July 1, 1996), p. 6. See also Zaki Laïdi, *Un Monde Prive de Sens* (Paris: Fayard, 1996); "Pour une Pedagogie de la Mondialisation," in *Après-demain* (April-May 1996).

irreversible, are unable to deploy even symbolic resistance to it. "The depths of the problem of globalization result from interaction between a borderless world and one with no markers. . . . It is this dialectic between a world with no borders and a world with no markers that explains the crisis of meaning and that reinforces our perception of a disordered world."[29] This is reminiscent of what Peguy wrote in 1914, just before dying: "everyone is unhappy in the modern world."

The more globalization grows, the more societies try to reconstruct their particularity. But they have great difficulties doing so. Some invent identities from thin air. Others try to recreate an artificial internal dimension in a world where everything is becoming purely external. Fed by all types of frustrations, many undertake marginal projects which lead irreparably to irredentism and xenophobia. The result is what Benjamin R. Barber has dubbed "Jihad versus McWorld."[30] On the one hand, a planet on the road to uniformity, progressively homogenized by the market and by global communication; on the other, regrouped under the convenient title "Jihad," an ensemble of identity spasms, of aggressive ethnic or religious affirmations, which generate civil wars and tribal conflicts all over.[31] Such an outburst of convulsive identitarianism is understandable, because it is only the logical consequence of the transformation of the entire planet into an "open society": too much openness inevitably leads to too much closure. The reinvention of tribalism, clanism or ethnocentrism can thus be interpreted as a desperate reaction against a threat of dispossession.

Since through their excuses both reactions discredit each other, they cannot be sustained. It would be fairer to consider them, with Barber, as epiphenomena of globalization which mutually reinforce and justify each other. In so doing they turn their excesses outward and redirect them — in the same way that increasing inequality resulting from the constraints of a generalized economy pushes the poorest into extremism. Once the ethno-religious wars are over, however, the banner of McWorld returns even more forcefully. Moreover, in many respects, these two antagonistic forces

29. "Pour une Pedagogie de la Mondialisation," *op. cit.* p. 4.

30. *Jihad versus McWorld*, *op. cit.*

31. These are the convulsive reactions which led to Samuel Huntington's thesis, according to which the world is heading toward a cultural or civilizational war. See "The Clash of Civilizations?" in *Foreign Affairs* (Summer 1993); and *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996). This thesis must be taken with a grain of salt, since culture determines the specificity of conflicts less than "the specificity of conflicts conditions the role of culture and the perception the actors have of it." See Panajotis Kondylis, in *Frankfurter Allgemeine Zeitung*, cited in *Courrier International* (October 10, 1996), p. 42.

are two different forms — the soft and the hard — of one and the same totalitarian tendency. They both conspire to extinguish all forms of democracy and any active participation in public life. Finally, one can only be struck by the manner in which certain fundamentalist movements, be they the Talibans of Afghanistan or those involved in African ethnic conflicts, reject modern Western ideas in the name of their traditional values and at the same time open themselves to all sorts of Western technological and cultural products: listening to CNN, wearing jeans, drinking Coca-Cola.

Thus the extremes meet. As early as 1920, the Russian linguist Nicolas S. Trubetzkoi pointed out the paradoxical relation between cosmopolitanism and chauvinism. "One has only to consider chauvinism and cosmopolitanism," he wrote, "in order to realize that there is no radical difference between the two, that they are only two aspects of one and the same phenomenon."[32] Cosmopolitanism, he added, only denies national differences based on an idea of humanity derived from a specific model. It only invites civilized humanity to form a single entity by universalizing the model of a particular civilization, in this case Western civilization, implicitly considered the most complete "stage" of civilization. "Thus there is a parallelism between the chauvinist and the cosmopolitan. . . . The difference is simply that the chauvinist takes into consideration a smaller ethnic group than the cosmopolitan."[33] But both know only one thing: "What resembles us is best and better than what is different from us."[34]

A Political Response: Sovereign Europe

It is clear that the unchecked growth of financial capitalism is not the only outcome of today's crisis and that regulations are necessary at all levels to meet the challenges of globalization. First of all, financial markets can be regulated at the international level. Originally proposed by Tobin, taxing financial currency movements is already under way. A tax of .05% on world currency operations would discourage a number of short-term speculative operations and produce $150 billion per year — double the current amount of international aid. Thus, such a sum would allow the creation of a fund for social protection or for environmental defense. It is also possible to envision international organizations that would manage the world economy differently than existing ones, whose task would be to impose substantial redistribution of the profits of globalization for the

32. *L'Europe et l'Humanité* (Mardaga: Liege-Siprimont 1996), p. 47.
33. *Ibid*., p. 49.
34. *Ibid*., p. 65.

benefit of those most victimized by it. Engelhard proposes the creation of a world currency. The establishment of a planetary floating currency, the return to a stable international standard of value would obviously prevent speculation primarily feeding off differences of exchange.

All the same, if "the phenomenon of globalization is seen as the revenge of the economy over the social and the political,"[35] it is equally obvious that an economic response to globalization is not enough. Then the question is how to fill the gap between the incredible expansion of the world economy and the fact that there are no organizations able to deal with this phenomenon. If politics must control and regulate economics, it follows that a planetary economy must be confronted politically at the world level. In other words, as soon as the economy expands world-wide, should not politics do the same? Unfortunately, a world state is a pipe dream and it would create more problems than it would solve.[36]

Similarly, to oppose the nation-state to globalization would be a double error. First, because globalization spreads a process of homogenization to the entire planet, which in the past state bureaucracies have already achieved at the national level. Second, and more important, because the nation-state today operates at a level of intervention and decision which is completely paralyzed by the mere fact of globalization. Subject to external constraints exceeding its capacities, the nation-state is simply no longer able to take on global problems by itself. To believe that the nation-state can still decide about the opening or closing of its borders to financial fluxes, to believe that it is possible to reconstruct a cohesive society sheltered by walls which would isolate its inhabitants from the external world, is either a utopian dream or a lie.[37]

Political Europe and, more broadly, the regionalization of a number of large continental ensembles, could effectively confront globalization. Without being a panacea (because there is always the risk that, through direct investment, the countries concerned might be in competition inside their

35. Adda, *op. cit.*, *Oeuvres*, Vol. 1, p. 62.

36. See Danilo Zolo, *Cosmopolis. La Prospettiva del Governo Mondiale* (Milan: Feltrinelli, 1995).

37. To resist globalization does not necessarily imply a reassertion of the territoriality typical of the nation-state. A large number of particularistic social dynamics are opposed to territoriality. One need only consider the example of Islamic fundamentalism, which challenges all grounding in particular nations. Similarly, identitarian, religious, ethnic, linguistic or cultural solidarities are transnational. From this viewpoint, threatened at the same time by globalization and the new forms of particularism, the nation-state appears more or less as an obsolete identitarian horizon. See Bertrand Badie, "Entre Mondalisation et Particularismes," in *Sciences Humaines* (May 1996), pp. 22-25.

borders with foreign multinational corporations), European integration would allow the response to a sufficiently broad range of market needs, while constituting a pole of sufficient size to confront world financial fluxes. The European economic space is potentially the largest world market in terms of population and global buying power. A European political authority, controlling and coordinating monetary and budgetary policies, would make it easier to abandon the politics of external as opposed to internal growth, without abandoning social protection. Similarly, a single currency used advisedly could reduce the prerogative of the dollar and similarly become an element of power and of a regrounding of sovereignty.

But is it still necessary to strive for a truly sovereign Europe, where each stage of integration of national markets would be accompanied by a greater ability to make decisions and not simply constitute a market space of free exchange? Today this is hardly the case. European institutions can just as easily resist globalization as further it. For the moment, the acts of the European Community, which the member states impose upon themselves, are not predicated on true European sovereignty.[38] Finally, daily life remains local, which is the only place where politicians can still see the effects of their policies. Faced with the globalization of exchange and the universalization of signs — this tidal wave which erases all differences and values — what remains is the singularity of forms: languages, cultures and other social links patiently recreated from day to day. Engelhard writes of "the rehabilitation of politics passes, from one moment to the next, by a reconstruction of the social and of the cultural, and vice versa. But this is possible only as long as culture is not seen as static but as a creative tension, both a carrier of meaning and a process for deepening the art of living together."[39] Jean Baudrillard recently remarked that "all cultures worthy of this name lose themselves in the universal. All cultures which universalize themselves lose their singularity and die. It was so for those we have destroyed by assimilating by force, but it is the same for ours in its pretense to universality." He added: "all that matters today does so against the universal — against this abstract universality."[40]

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38. See Arlette-Doat, "Les Institutions Européennes: Pôle de Résistance ou Facteur d'Accélération?" in *Après-domain* (April-May, 1996), pp. 44-45.

39. Engelhard, *Principes d'une Critique, op. cit.*, p. 365.

40. "Le Mondial et l'Universel," in *Libération* (March 18, 1996), p. 7.

A story in the Washington Post said â€œ20 years ago globalization was pitched as a strategy that would raise all boats in poor and rich countries alike. In the U.S. and Europe consumers would have their pick of inexpensive items made by people thousands of miles away whose pay was [...]Â The Pros And Cons Of Globalization. Mike CollinsContributor. Opinions expressed by Forbes Contributors are their own. 1 Confronting Globalization in the Twenty-first Century: An Introduction Patrick Hayden and Chamsy el-Ojeili. 1. Part I Understanding Globalizationâ€™s Challenges: Post-Marxism and Beyond. 2 Postmodern Socialism Revisited Peter Beilharz. 3 Despotic Enlightenment: Rethinking Globalization after Foucault Roger Deacon. 4 Just Deconstruction? Derrida and Global Ethics James Brassett and Federico Merke. Globalization is simply the process through which integration and interaction of countries, companies and people occurs across the globe. Globalization is an economic concept that works by easing the movement of goods and people across borders. To ease the process, all investments, trade, and markets get integrated Globalization, or globalisation (Commonwealth English; see spelling differences), is the process of interaction and integration among people, companies, and governments worldwide. Globalization has accelerated since the 18th century due to advances in transportation and communication technology. This increase in global interactions has caused a growth in international trade and the exchange of ideas and culture. Globalization is primarily an economic process of interaction and integration that is