

RUNAWAY WORLD

LECTURE 1 - GLOBALISATION - LONDON

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GLOBALISATION

A friend of mine studies village life in central Africa. A few years ago, she paid her first visit to a remote area where she was to carry out her fieldwork. The evening she got there, she was invited to a local home for an evening's entertainment. She expected to find out about the traditional pastimes of this isolated community. Instead, the evening turned out to be a viewing of *Basic Instinct* on video. The film at that point hadn't even reached the cinemas in London.

Such vignettes reveal something about our world. And what they reveal isn't trivial. It isn't just a matter of people adding modern paraphernalia - videos, TVs, personal computers and so forth - to their traditional ways of life. We live in a world of transformations, affecting almost every aspect of what we do. For better or worse, we are being propelled into a global order that no one fully understands, but which is making its effects felt upon all of us.

Globalisation is the main theme of my lecture tonight, and of the lectures as a whole. The term may not be - it isn't - a particularly attractive or elegant one. But absolutely no-one who wants to understand our prospects and possibilities at century's end can ignore it. I travel a lot to speak abroad. I haven't been to a single country recently where globalisation isn't being intensively discussed. In France, the word is *mondialisation*. In Spain and Latin America, it is *globalizacion*. The Germans say *globalisierung*.

The global spread of the term is evidence of the very developments to which it refers. Every business guru talks about it. No political speech is complete without reference to it. Yet as little as 10 years ago the term was hardly used, either in the academic literature or in everyday language. It has come from nowhere to be almost everywhere. Given its sudden popularity, we shouldn't be surprised that the meaning of the notion isn't always clear, or that an intellectual reaction has set in against it. Globalisation has something to do with the thesis that we now all live in one world - but in what ways exactly, and is the idea really valid?

Different thinkers have taken almost completely opposite views about globalisation in debates that have sprung up over the past few years. Some dispute the whole thing. I'll call them the sceptics. According to the sceptics, all the talk about globalisation is only that - just talk. Whatever its benefits, its trials and tribulations, the global economy isn't especially different from that which existed at previous periods. The world carries on much the same as it has done for many years.

Most countries, the sceptics argue, only gain a small amount of their income from external trade. Moreover, a good deal of economic exchange is between regions, rather than being truly world-wide. The countries of the European Union, for example, mostly trade among themselves. The same is true of the other main trading blocs, such as those of the Asia Pacific or North America.

Others, however, take a very different position. I'll label them the radicals. The radicals argue that not only is globalisation very real, but that its consequences can be felt everywhere. The global marketplace, they say, is much more developed than even two or three decades ago, and is indifferent to national borders. Nations have lost most of the sovereignty they once had, and politicians have lost most of their capability to influence events. It isn't surprising that no one respects political leaders any more, or has much interest in what they have to say. The era of the nation state is over. Nations, as the Japanese business writer Kenichi Ohmae puts it, have become mere 'fictions'. Authors like Ohmae see the economic difficulties of last year and this as demonstrating the reality of globalisation, albeit seen from its disruptive side.

The sceptics tend to be on the political left, especially the old left. For if all of this is essentially a myth, governments can still intervene in economic life and the welfare state remain intact. The notion of globalisation, according to the sceptics, is an ideology put about by free-marketeers who wish to dismantle welfare systems and cut back on state expenditures. What has happened is at most a reversion to how the world was a century ago. In the late 19th Century there was already an open global economy, with a great deal of trade, including trade in currencies.

Well, who is right in this debate? I think it is the radicals. The level of world trade today is much higher than it ever was before, and involves a much wider range of goods and services. But the biggest difference is in the level of finance and capital flows. Geared as it is to electronic money - money that exists only as digits in computers - the current world economy has no parallels in earlier times. In the new global electronic economy, fund managers, banks, corporations, as well as millions of individual investors, can transfer vast amounts of capital from one side of the world to another at the click of a mouse. As they do so, they can destabilise what might have seemed rock-solid economies - as happened in East Asia.

The volume of world financial transactions is usually measured in US dollars. A million dollars is a lot of money for most people. Measured as a stack of thousand dollar notes, it would be eight inches high. A billion dollars - in other words, a million million - would be over 120 miles high, 20 times higher than Mount Everest.

Yet far more than a trillion dollars is now turned over each day on global currency markets, a massive increase from only 10 years ago, let alone the more distant past. The value of whatever money we may have in our pockets, or our bank accounts, shifts from moment to moment according to fluctuations in such markets. I would have no hesitation, therefore, in saying that globalisation, as we are experiencing it, is in many respects not only new, but revolutionary.

However, I don't believe either the sceptics or the radicals have properly understood either what it is or its implications for us. Both groups see the phenomenon almost solely in economic terms. This is a mistake. Globalisation is political, technological and cultural, as well as economic. It has been influenced above all by developments in systems of communication, dating back only to the late 1960's.

In the mid-19th Century, a Massachusetts portrait painter, Samuel Morse, transmitted the first message, "What hath god wrought?", by electric telegraph. In so doing, he initiated a new phase in world history. Never before could a message be sent without someone going somewhere to

carry it. Yet the advent of satellite communications marks every bit as dramatic a break with the past. The first communications satellite was launched only just over 30 years ago. Now there are more than 200 such satellites above the earth, each carrying a vast range of information. For the first time ever, instantaneous communication is possible from one side of the world to the other. Other types of electronic communication, more and more integrated with satellite transmission, have also accelerated over the past few years. No dedicated transatlantic or transpacific cables existed at all until the late 1950's. The first held less than 100 voice paths. Those of today carry more than a million.

On the first of February 1999, about 150 years after Morse invented his system of dots and dashes, Morse code finally disappeared from the world stage, discontinued as a means of communication for the sea. In its place has come a system using satellite technology, whereby any ship in distress can be pinpointed immediately. Most countries prepared for the transition some while before. The French, for example, stopped using Morse as a distress code in their local waters two years ago, signing off with a Gallic flourish: 'Calling all. This is our last cry before our eternal silence'.

Instantaneous electronic communication isn't just a way in which news or information is conveyed more quickly. Its existence alters the very texture of our lives, rich and poor alike. When the image of Nelson Mandela maybe is more familiar to us than the face of our next door neighbour, something has changed in the nature of our everyday experience.

Nelson Mandela is a global celebrity, and celebrity itself is largely a product of new communications technology. The reach of media technologies is growing with each wave of innovation. It took 40 years for radio in the United States to gain an audience of 50 million. The same number were using personal computers only 15 years after the PC was introduced. It needed a mere four years, after it was made available for 50 million Americans to be regularly using the Internet.

It is wrong to think of globalisation as just concerning the big systems, like the world financial order. Globalisation isn't only about what is 'out there', remote and far away from the individual.

It is an 'in here' phenomenon too, influencing intimate and personal aspects of our lives. The debate about family values, for example, that is going on in many countries, might seem far removed from globalising influences. It isn't. Traditional family systems are becoming transformed, or are under strain, in many parts of the world, particularly as women stake claim to greater equality. There has never before been a society, so far as we know from the historical record, in which women have been even approximately equal to men. This is a truly global revolution in everyday life, whose consequences are being felt around the world in spheres from work to politics.

Globalisation thus is a complex set of processes, not a single one. And these operate in a contradictory or oppositional fashion. Most people think of it as simply 'pulling away' power or influence from local communities and nations into the global arena. And indeed this is one of its consequences. Nations do lose some of the economic power they once had. However, it also has an opposite effect. Globalisation not only pulls upwards, it pushes downwards, creating new pressures for local autonomy. The American sociologist Daniel Bell expresses this very well when he says that the nation becomes too small to solve the big problems, but also too large to solve the small ones.

Globalisation is the reason for the revival of local cultural identities in different parts of the world. If one asks, for example, why the Scots want more independence in the UK, or why there is a strong separatist movement in Quebec, the answer is not to be found only in their cultural history. Local nationalisms spring up as a response to globalising tendencies, as the hold of older nation-states weakens.

Globalisation also squeezes sideways. It creates new economic and cultural zones within and across nations. Examples are the Hong Kong region, northern Italy, or Silicon Valley in California. The area around Barcelona in northern Spain extends over into France. Catalonia, where Barcelona is located, is closely integrated into the European Union. It is part of Spain, yet also looks outwards.

The changes are being propelled by a range of factors, some structural, others more specific and historical. Economic influences are certainly among the driving forces, especially the global financial system. Yet they aren't like forces of nature. They have been shaped by technology, and cultural diffusion, as well as by the decisions of governments to liberalise and deregulate their national economies.

The collapse of Soviet communism has added further weight to such developments, since no significant group of countries any longer stands outside. That collapse wasn't just something that happened to occur. Globalisation explains both why and how Soviet communism met its end. The Soviet Union and the East European countries were comparable to the West in terms of growth rates until somewhere around the early 1970s. After that point, they fell rapidly behind. Soviet communism, with its emphasis upon state-run enterprise and heavy industry, could not compete in the global electronic economy. The ideological and cultural control upon which communist political authority was based similarly could not survive in an era of global media.

The Soviet and the East European regimes were unable to prevent the reception of western radio and TV broadcasts. Television played a direct role in the 1989 revolutions, which have rightly been called the first "television revolutions". Street protests taking place in one country were watched by the audiences in others, large numbers of whom then took to the streets themselves.

Globalisation, of course, isn't developing in an even-handed way, and is by no means wholly benign in its consequences. To many living outside Europe and North America, it looks uncomfortably like Westernisation - or, perhaps, Americanisation, since the US is now the sole superpower, with a dominant economic, cultural and military position in the global order. Many of the most visible cultural expressions of globalisation are American - Coca-Cola, McDonald's.

Most of giant multinational companies are based in the US too. Those that aren't all come from the rich countries, not the poorer areas of the world. A pessimistic view of globalisation would consider it largely an affair of the industrial North, in which the developing societies of the South play little or no active part. It would see it as destroying local cultures, widening world

inequalities and worsening the lot of the impoverished. Globalisation, some argue, creates a world of winners and losers, a few on the fast track to prosperity, the majority condemned to a life of misery and despair.

And indeed the statistics are daunting. The share of the poorest fifth of the world's population in global income has dropped from 2.3% to 1.4% over the past 10 years. The proportion taken by the richest fifth, on the other hand, has risen from 70% to 85%. In Sub-Saharan Africa, 20 countries have lower incomes per head in real terms than they did two decades ago. In many less developed countries, safety and environmental regulations are low or virtually non-existent. Some trans-national companies sell goods there that are controlled or banned in the industrial countries - poor quality medical drugs, destructive pesticides or high tar and nicotine content cigarettes. As one writer put it recently, rather than a global village, this is more like global pillage.

Along with ecological risk, to which it is related, expanding inequality is the most serious problem facing world society. It will not do, however, merely to blame it on the wealthy. It is fundamental to my argument that globalisation today is only partly Westernisation. Of course the western nations, and more generally the industrial countries, still have far more influence over world affairs than do the poorer states. But globalisation is becoming increasingly de-centred - not under the control of any group of nations, and still less of the large corporations. Its effects are felt just as much in the western countries as elsewhere.

This is true of the global financial system, communications and media, and of changes affecting the nature of government itself. Examples of 'reverse colonisation' are becoming more and more common. Reverse colonisation means that non-western countries influence developments in the west. Examples abound - such as the Latinising of Los Angeles, the emergence of a globally-oriented high-tech sector in India, or the selling of Brazilian TV programmes to Portugal.

Is globalisation a force promoting the general good? The question can't be answered in simple way, given the complexity of the phenomenon. People who ask it, and who blame globalisation for deepening world inequalities, usually have in mind economic globalisation, and within that,

free trade. Now it is surely obvious that free trade is not an unalloyed benefit. This is especially so as concerns the less developed countries. Opening up a country, or regions within it, to free trade can undermine a local subsistence economy. An area that becomes dependent upon a few products sold on world markets is very vulnerable to shifts in prices as well as to technological change.

Trade always needs a framework of institutions, as do other forms of economic development. Markets cannot be created by purely economic means, and how far a given economy should be exposed to the world marketplace must depend upon a range of criteria. Yet to oppose economic globalisation, and to opt for economic protectionism, would be a misplaced tactic for rich and poor nations alike. Protectionism may be a necessary strategy at some times and in some countries. In my view, for example, Malaysia was correct to introduce controls in 1998, to stem the flood of capital from the country. But more permanent forms of protectionism will not help the development of the poor countries, and among the rich would lead to warring trade blocs.

The debates about globalisation I mentioned at the beginning have concentrated mainly upon its implications for the nation-state. Are nation-states, and hence national political leaders, still powerful, or are they becoming largely irrelevant to the forces shaping the world? Nation-states are indeed still powerful and political leaders have a large role to play in the world. Yet at the same time the nation-state is being reshaped before our eyes. National economic policy can't be as effective as it once was. More importantly, nations have to rethink their identities now the older forms of geopolitics are becoming obsolete. Although this is a contentious point, I would say that, following the dissolving of the cold war, nations no longer have enemies. Who are the enemies of Britain, or France, or Japan? Nations today face risks and dangers rather than enemies, a massive shift in their very nature.

It isn't only of the nation that such comments could be made. Everywhere we look, we see institutions that appear the same as they used to be from the outside, and carry the same names, but inside have become quite different. We continue to talk of the nation, the family, work, tradition, nature, as if they were all the same as in the past. They are not. The outer shell remains, but inside all is different - and this is happening not only in the US, Britain, or France, but

almost everywhere. They are what I call shell institutions, and I shall talk about them quite a bit in the lectures to come. They are institutions that have become inadequate to the tasks they are called upon to perform.

As the changes I have described in this lecture gather weight, they are creating something that has never existed before, a global cosmopolitan society. We are the first generation to live in this society, whose contours we can as yet only dimly see. It is shaking up our existing ways of life, no matter where we happen to be. This is not - at least at the moment - a global order driven by collective human will. Instead, it is emerging in an anarchic, haphazard, fashion, carried along by a mixture of economic, technological and cultural imperatives.

It is not settled or secure, but fraught with anxieties, as well as scarred by deep divisions. Many of us feel in the grip of forces over which we have no control. Can we re-impose our will upon them? I believe we can. The powerlessness we experience is not a sign of personal failings, but reflects the incapacities of our institutions. We need to reconstruct those we have, or create new ones, in ways appropriate to the global age.

We should and we can look to achieve greater control over our runaway world. We shan't be able to do so if we shirk the challenges, or pretend that all can go on as before. For globalisation is not incidental to our lives today. It is a shift in our very life circumstances. It is the way we now live.