Globalization: Causes and Effects

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International Relations is one of the most intensely studied and debated areas of intellectual inquiry. This is, in part, due to the distinctive theories and theoretical debates which have enriched research and writing in the field since World War II. Neorealist, neoliberal, constructivist, and structuralist schools of thought all contribute insights which advance the leading research agendas. Despite the occasional frustration and wasted effort created by clearly different theoretical perspectives, International Relations as a whole has benefited profoundly from extensive theoretical deliberation and debate. Consider the scholarly output and understanding triggered by controversy in only two key domains of research, the democratic peace and globalization.

International Relations also benefits from a wide range of research approaches. Sharp increases in the quality and availability of data and quantifiable information have triggered improved formal analysis and modeling. The internet has catalyzed standardization of, and access to, data sources, as well as fruitful cross national and transnational research efforts. At the same time, emphasis on the role of ideas, communication, and identity have stimulated invaluable institutional analysis, process tracing, and case studies. Bargaining and game theory, as tested and applied in many different ways, have generated a series of critical insights and fertile research agendas.

The field has also grown in salience and prominence by engaging students and scholars from multiple disciplines on key sets of questions. Questions of peace, war and security engage sociologists, psychologists, physicists, physicians, and anthropologists in addition to political scientists. Issues of globalization and political economy are tackled by economists, political scientists, and sociologists, among others. Civil society, transnational issue networks, and cultural identity and change are studied intensively by almost all of these disciplines. International institutions and treaty systems are analyzed by scholars of law, political science, and business alike.

Finally, International Relations is also contested because it is increasingly important to citizens, immigrants, students, public officials, workers, private sector managers, teachers and scholars in countries worldwide. Many aspects of life inside countries are ever more affected by the decisions and actions taken by people in other countries. In this environment, being an informed voter, student, official or manager requires at least basic and renewed understanding of International Relations and foreign policies. One key tool for developing this understanding is the articles published in scholarly journals.

A substantial share of the leading work in International Relations has been published in scholarly journals. The Library of Essays in International Relations captures these crucial articles, organizes them into coherent, structured volumes with each editor’s Introduction, and represents the field as a whole with volumes for each of its eleven main sub-areas. Students and teachers alike will find The Library to be an invaluable tool for both research and pedagogy. The editor of each volume has carefully reviewed a large literature to select the pieces which substantially advanced thinking in the field at the time of publication and, in turn, proved to
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be of enduring value to students and scholars. The result is a highly accessible, organized, and authoritative Library of the most important articles ever published in International Relations.

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Transnational Relations and World Politics:

An Introduction

JOSEPH S. NYE, JR., AND ROBERT O. KEOHANE

Students and practitioners of international politics have traditionally concentrated their attention on relationships between states. The state, regarded as an actor with purposes and power, is the basic unit of action; its main agents are the diplomat and soldier. The interplay of governmental policies yields the pattern of behavior that students of international politics attempt to understand and that practitioners attempt to adjust to or control. Since force, violence, and threats thereof are at the core of this interplay, the struggle for power, whether as end or necessary means, is the distinguishing mark of politics among nations. Most political scientists and many diplomats seem to accept this view of reality, and a state-centric view of world affairs prevails.

It is obvious, however, that the interactions of diplomats and soldiers do not take place in a vacuum. They are strongly affected by geography, the

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2 International lawyers and economists seem less prone to accept the state-centric paradigm as much of the literature in international economics and international law indicates. See, particularly, the works of Richard Cooper, Raymond Vernon, and Philip Jessup.
Globalization, Convergence, and History

JEFFREY G. WILLIAMSON

There were three epochs of growth experience after the mid-nineteenth century for what is now called the OECD "club": the late nineteenth century, the middle years between 1914 and 1950, and the late twentieth century. The first and last epochs were ones of overall fast growth, globalization, and convergence. The middle years were ones of overall slow growth, deglobalization, and divergence. Thus history offers an unambiguous positive correlation between globalization and convergence. When the pre-World War I years are examined in detail, the correlation turns out to be causal: globalization played the critical role in contributing to convergence.

THEORY NEEDS HISTORY

Two important features of the late twentieth-century international economy characterized the late nineteenth century as well. First, the earlier period was one of rapid globalization: capital and labor flowed across national frontiers in unprecedented quantities, and commodity trade boomed as transport costs declined sharply. Second, the late nineteenth century underwent an impressive convergence in living standards, at least within most of what we would now call the OECD club. Poor countries at the periphery of the European club tended to grow faster than the rich industrial leaders at the center of the Old World and often even faster than the richer countries overseas in the New World. This club excluded, of course, most of the Third World and eastern Europe, and even around this limited periphery there were some who failed to catch up. But whereas Spain and Portugal lagged behind the leaders, others—like Ireland, Italy, and the Scandinavian countries—underwent a spectacular catch-up from the Great Famine to the Great War. To what extent were globalization and convergence connected?

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The most important causes of globalization differ among the three major components of international market integration: trade, multinational production, and international finance. The information technology revolution has made it very difficult for governments to control cross-border capital movements, even if they have political incentives to do so. Governments can still restrict the multinationalization of production, but they have increasingly chosen to liberalize because of the macroeconomic benefits. Although the one-time Ricardian gains from freer trade are clear, whether trade is good for growth in the medium term is less certain. In the case of trade, the increasing interest of exporters in opening up domestic markets has had a powerful impact on the trend to liberalization. Cross-national variations in market integration still endure, but these are more the product of basic economic characteristics (such as country size and level of development) than political factors (such as regime type or the left-right balance of power).

There is little disagreement these days that globalization is changing the world rapidly, radically, and in ways that may be profoundly dis-equilibrating. But beyond this already trite cliché, almost everything else concerning the phenomenon is subject to intense debate—in the context of an explosion of interest in and research on the subject.¹ This article explores what we know about the causes of globalization. In a follow-up article, I will address globalization's consequences for domestic societies (in terms of inequality and economic insecurity), national autonomy (with respect to regulation, spending and taxation, exchange rate regimes, etc.), and international governance (International Monetary Fund [IMF], World Trade Organization [WTO], etc.). Throughout, I define globalization somewhat narrowly as the

¹ In 1980, there were fewer than 300 articles or books with the word global or globalization in the title. In 1995, the number was over 3,000 (Guillen, in press, Table 2).

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The End of History?
Francis Fukuyama

IN WATCHING the flow of events over the past decade or so, it is hard to avoid the feeling that something very fundamental has happened in world history. The past year has seen a flood of articles commemorating the end of the Cold War, and the fact that “peace” seems to be breaking out in many regions of the world. Most of these analyses lack any larger conceptual framework for distinguishing between what is essential and what is contingent or accidental in world history, and are predictably superficial. If Mr. Gorbachev were ousted from the Kremlin or a new Ayatollah proclaimed the millennium from a desolate Middle Eastern capital, these same commentators would scramble to announce the rebirth of a new era of conflict.

And yet, all of these people sense dimly that there is some larger process at work, a process that gives coherence and order to the daily headlines. The twentieth century saw the developed world descend into a paroxysm of ideological violence, as liberalism contended first with the remnants of absolutism, then bolshevism and fascism, and finally an updated Marxism that threatened to lead to the ultimate apocalypse of nuclear war. But the century that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning full circle to where it started: not to an “end of ideology” or a convergence between capitalism and socialism, as earlier predicted, but to an unabashed victory of economic and political liberalism.

The triumph of the West, of the Western idea, is evident first of all in the total exhaustion of viable systematic alternatives to Western liberalism. In the past decade, there have been unmistakable changes in the intellectual climate of the world’s two largest communist countries, and the beginnings of significant reform movements in both. But this phenomenon extends beyond high politics and it can be seen also in the ineluctable spread of consumerist Western culture in such diverse contexts as the peasants’ markets and color television sets now omnipresent throughout China, the cooperative restaurants and clothing stores opened in the past year in Moscow, the Beethoven piped into Japanese department stores, and the rock music enjoyed alike in Prague, Rangoon, and Tehran.

Francis Fukuyama is deputy director of the State Department’s policy planning staff and former analyst at the RAND Corporation. This article is based on a lecture presented at the University of Chicago’s John M. Olin Center for Inquiry Into the Theory and Practice of Democracy. The author would like to pay special thanks to the Olin Center and to Nathan Tarcov and Allan Bloom for their support in this and many earlier endeavors. The opinions expressed in this article do not reflect those of the RAND Corporation or of any agency of the U.S. government.
Globalization and the Decline of the Welfare State in Less-Developed Countries

Nita Rudra

Is the welfare state withering away, or will it survive current globalization trends? Recent literature framing this academic debate has extolled the resilience of this institution, despite the pressures of international market integration. These studies have reversed doomsday scenarios from the 1980s and 1990s that contemplated the ultimate demise of the welfare state. Yet trends in welfare spending in developed and developing countries have diverged. During the past quarter century, globalization penetrated both groups. However, while the more developed countries were expanding resources devoted to this form of safety net, the average share of gross domestic product (GDP) allocated in a sample of fifty-three less-developed countries (LDCs) began much lower and fell lower still (see Figure 1). My analysis goes beyond existing studies by providing an original model of the determinants of welfare spending in LDCs. I focus on how globalization can affect rich and poor countries differently and present a model that includes a new measure of labor strength. I show that in the face of globalization labor in LDCs has been unable to

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1. Economic globalization is operationalized by the level of international trade and the level of capital flows as a share of GDP.
4. Bernauer and Achini 2000; Garrett 2001; Rodrik 1998 and 1997b; and Quinn 1997 are exceptions who include developing countries in their samples. This study, however, moves beyond these analyses in two very important ways: (1) LDCs are treated as conceptually distinct from developed countries; and (2) important institutional variables expected to affect welfare expenditures, such as labor power, are included. Note that after this paper was accepted for publication; Kaufman and Segura (2001) published an analysis of the effects of globalization on Social Spending in Latin America.
Regulating Globalization? The Reinvention of Politics

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Abstract: This article explores the political implications of the growing enmeshment of human communities with each other over time and the way in which the fate of peoples is determined increasingly by complex social, economic and environmental processes that stretch across their borders. Examining the growing interconnections between states and societies, the article focuses on the transformations that are under way in the form and nature of political community. It does not argue that globalization has simply eroded the nature of sovereignty and autonomy. Rather, it seeks to show how there has been a reconfiguration of political power, which has created new forms of governance and politics — both within states and beyond their boundaries. The consequences of globalization for democracy and accountability are also examined. While the article shows that the idea of government or of the state can no longer be simply defended as an idea suitable to a particular, closed political community or nation-state, it sets forth how new forms of governance are emerging — regionally, internationally and globally — that can be built upon and further elaborated. The last part explores how a 'cosmopolitan conception of democratic governance' might meet the political challenges created by globalization. Both the general principles and institutional implications of this form of governance are set out, disclosing both short- and long-term possibilities.

Keywords: accountability, democracy, globalization, political community

Political communities are in the process of change. Of course, change is nothing new in this domain. The history of political communities is
Abiding Sovereignty

STEPHEN D. KRASNER

ABSTRACT. Over the several hundred years during which the rules of sovereignty including non-intervention and the exclusion of external authority have been widely understood, state control could never be taken for granted. States could never isolate themselves from the external environment. Globalization and intrusive international norms are old, not new, phenomena. Some aspects of the contemporary environment are unique—the number of transnational non-governmental organizations has grown dramatically, international organizations are more prominent; cyber crime could not exist without cyber space. These developments challenge state control. A loss of control can precipitate a crisis of authority, but even a crisis of authority is only a necessary but not a sufficient condition for developing new authority structures. New rules could emerge in an evolutionary way as a result of trial and error by rational but myopic actors. But these arrangements, for instance international policing, are likely to coexist with rather than to supplant conventional sovereign structures. Sovereignty’s resilience is, if nothing else, a reflection of its tolerance for alternatives.

Keywords: Globalization • Sovereignty • State system

Introduction

The defining characteristic of any international system is anarchy, the absence of any legitimate hierarchical source of authority. Anarchical systems can, however, vary with regard to the specific substance of rules and institutions and the extent to which these rules are recognized and consequential. Writers in the English School tradition have made a distinction between an international system, one lacking a hierarchical structure of authority, and an international society, an international system in which there are shared rules. In The Anarchical Society Bull