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THEORIZING "GLOBALIZATION" SOCIOLOGICALLY FOR MANAGEMENT

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Globalization: 'tendencies to a worldwide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors'

Therborn (2000b, 154)

'Globalization' is the most immediate legacy to the new century of the social sciences of the outgoing 20th century. Basically it is a concern of the second half of the 1990s . . . In the major dictionaries of English, French, Spanish and German of the 1980s the word is not listed. In Arabic at least four different words render the notion. Whereas in Japanese business the word goes back to the 1980s, it entered academic Chinese only in the mid-1990s. The Social Science Citation Index records only a few occurrences of 'globalization' in the 1980s but shows its soaring popularity from 1992 onwards, which accelerated in the last years of the past century.

In comparison with the preoccupations of the social sciences 1000 years earlier, the current overriding interest in globalization means two things. First of all, a substitution of *the global* for *the universal*; second, a substitution of *space* for *time*.

Therborn, (2000a, 149)

Although I have made a fortune in the financial markets, I now fear that untrammelled intensification of laissez-faire capitalism and the spread of market values to all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat.... Too much competition and too little cooperation can cause intolerable inequities and instability.... The doctrine of laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest. Unless it is tempered by the recognition of a common interest that ought to take precedence over particular interests, our present system... if liable to break down.

Soros, (1997: 45, 48)

RESUMO

Desde os primórdios da civilização o mercado entre diferentes fronteiras e regiões vem ocorrendo. Mas é apenas no final do século XIX e início do século XX que atividades transacionais significativas tiveram início. A primeira conseqüência da globalização parece ser trabalhadores com baixa qualificação em países industrializados que vêem seus trabalhos serem transferidos para o exterior, ou vivenciam um doloroso corte em seus salários, ao mesmo tempo em que seus empregadores lutam para reduzir custos. A Segunda, países inteiros percebem que devem unir forças em mercados comuns regionais e, ao invés de experimentarem crescimento e benefícios crescentes da economia globalizada, acabam por se deparar com um grande sentimento de dependência e isolamento. Particularmente vulneráveis são os relativamente mal qualificados e com baixa educação formal, especialmente nos sistemas de mercado que não desenvolvem atitudes intervencionistas nas políticas de mercado.

Palavras-chave: globalização, organização, trabalho, política de mercado.

ABSTRACT

Since the time of the earliest civilisations trade across frontiers and regions has occurred but it was only at the end of the 19th century and the beginning of the 20th century that significant transnational activity emerged. The primary casualties of globalization appear to be low skilled workers in traditional manufacturing countries who either see their jobs slip away overseas, or experience a painful slide in their wage rates as their employers strive to reduce costs. Secondly, whole countries and regions find they have been sidelined by the forces of international trade and investment and, instead of experiencing a growing involvement and benefit from the global economy, may encounter a greater sense of dependence and isolation. Particularly vulnerable are the relatively unskilled and under-educated, especially in labour market systems that do not develop very active and interventionist labour market policies.

Key-words*: globalization; organizations; labour; market policies.*

1. INTRODUCTION

Since the time of the earliest civilisations trade across frontiers and regions has occurred. The internationalization of economy and society, which commenced with the dawn of civilization and the commencement of trade, meant exchange of raw materials, semi-finished and finished goods, services, money, ideas, and people. From the 16th century onwards this pattern of exchange, split between the European core state systems and their offshoots, involving the world's major trading companies (and organized religions), and local comprador chiefs and traders, defined international trade for several hundred years. Though the world trading system developed considerably from the 16th century onwards, it was only at the end of the 19th century and the beginning of the 20th century that significant transnational activity emerged. This transnationalization of economy and society is characterised by the transfer of resources, especially capital and to a lesser extent labour, from one national economy to another. Typically this involves the creation of production capacities of a firm in another country through direct subsidiaries, acquisitions, or various types of co-operation (commercial, financial, technological and industrial).

Hirst and Thompson (1996:74; 2-3) have argued that the present highly internationalised economy is not unprecedented and, in some respects, is less open and generalised than that which existed in the previous high-water mark of the global economy of 1870-1914. Genuinely transnational companies are comparatively rare. Most companies are nationally based and trade internationally on the strength of national locations and activities. Yet, as Sklair (1999: 146) suggests, their position "entirely ignores the well-established fact that an increasing number of corporations operating outside their `home' countries see themselves as developing global strategies . . .You cannot simply assume that all `US', `Japanese' and other `national' TNCs somehow express a `national interest'. The world economy is far from yet being truly 'global'."

Hirst and Thompson (1996) are correct in as much as trade, investment and financial flows remain concentrated in the Triad of Europe, Japan and North America, and this dominance is likely to continue, despite their being significant regional players emerging in Latin America, East Asia and elsewhere. These major G3 economic powers have the capacity if they co-ordinate policy, to exert powerful governance pressures over financial markets and other economic activities. Thus, what is distinctive about the concept of globalization that has burst into prominence in the last decade of the 20th century is its economic magnitude and pace.

While the extent of globalization varies markedly in different economies and industries, the net result, however, is considerable. Capital, people and ideas are increasingly mobile. The electronic movement of capital has vastly increased financial flows while making them more difficult to detect or regulate. The international flow of expert migrant professional and knowledge workers, as well as non-expert (personal and domestic) service workers, has helped to create a global labour market in a growing number of occupations. Ideas and brand names travel the world, moving immediately around the world through the global media, and infrastructure is created globally to support new products and influence practices. Globalization means time lags in the introduction of products and services are declining precipitously. Instantaneous communication technologies eclipse time as they compress space – at least in the here-and-now of communication.

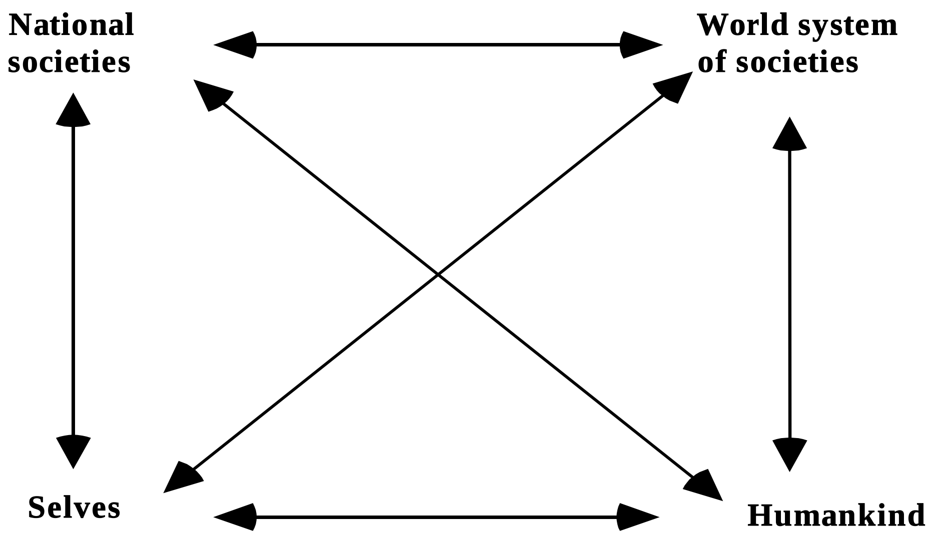
Once national markets were relatively well established. Now there are now numerous alternative routes for businesses to reach and service customers, taking away the advantage of those firms that dominate particular channels. Cellular and satellite telecommunications systems bypass land based systems; the Internet bypasses established sales channels. New international networks provide new opportunities and proliferating choices for consumers. Activities once concentrated in a few places disperse to multiple centres of expertise and influence. In finance, telecommunications, car manufacture and a range of other industries the traditional centres of control and technology are encountering the growth of multiple centres of innovation and influence. Corporations are under pressure to disperse headquarters expertise to reflect the changes taking place in markets and industries. For proponents of the globalization thesis it is such phenomena as these, as the elements in globalization, that make possible the design, production, distribution and consumption of processes, products and services on a world scale, using patents, databases, advanced information, communication and transport technologies and infrastructures. The global economy creates ‘winner-take-all markets’ in which comparative advantage can be exploited on a world scale, and in which only a privileged minority benefit.

The images of globalization are so powerful that they are often presented as dissolving national cultures, national economies and national borders. It is not surprising that, in the view of some theorists of globalization, the world has apparently become ‘boundaryless’, despite the continued existence of borders between states and all the administrative devices that maintain them. However, some critics of the reckless use of the concept of globalization suggest there are some real limitations of the emergent phenomena of globalization.

To the extent the world is becoming globalized it is between the Triad countries: Japan and the newly industrialised countries of South East Asia; Western Europe, and North America. Technological, economic and cultural integration is developing within these three regions and between the three regions and is evident in the pattern of international trade and investment flows. Inter-firm strategic alliances are heavily concentrated among the companies from these Triad countries. The ‘Triadization’ of the world economy concerns scientific power, technological supremacy, economic dominance and cultural hegemony, and therefore the ability to govern the world into the future (Petrella 1996:77)

While writers such as Petrella stress economic factors, other theorists, such as Robertson (1992: 27) see globalization as concerned with the problematic and creative conjunction of different forms of life. 'In an increasingly globalized world there is a heightening of civilizational, societal, ethnic, regional and, indeed, individual, self consciousness'. Robertson proposes capturing this through a model that relate national societies, the world system of societies, selves and humankind. The key aspect linking these together is relativization (see figure 1).

Figure 1 - **The Structural Relativization of Globalization**



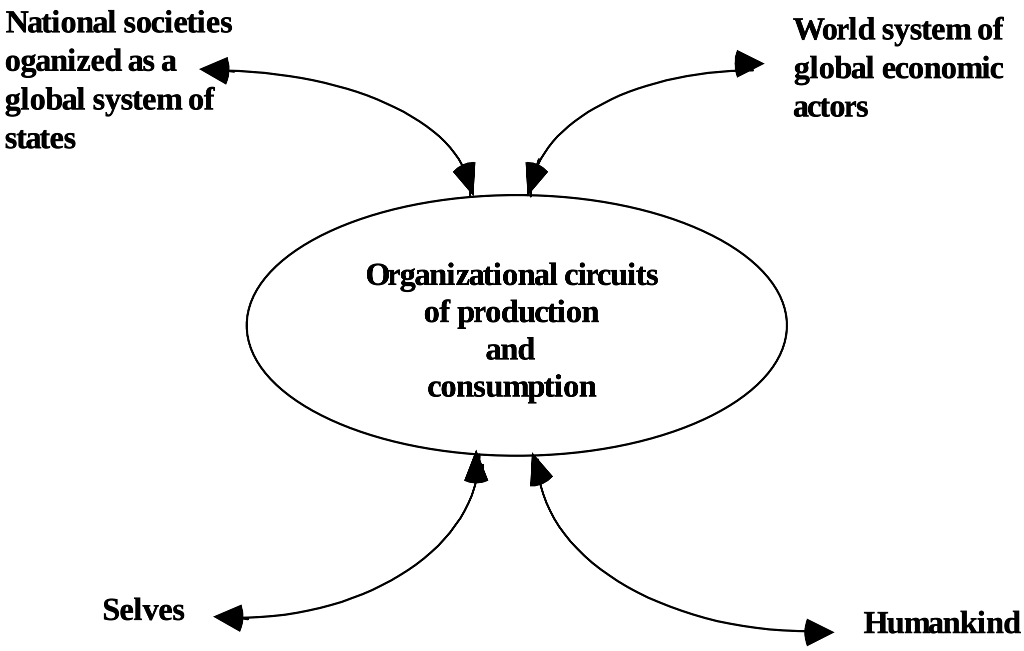
Each arrow represents an aspect of relativized connectivity. On the top, linking national societies and the world system, is the relativization of societies. Along the bottom, linking selves with humankind, there is the relativization of self-identities. Linking national societies to selves there is the relativization the problematic of the relation of individuals to society. Linking the world system of societies there is the relativization of the relationship between the *Realpolitik* of the world system and the rights of humankind within that world system. Linking national societies to humankind is the relativization of citizenship. Linking the world system to selves, is the relativization of societal relevance.

Globalization, rather than foreclosing questions of identity in convergence on one form, opens them all up in a thoroughly postmodern way, which we can see in a number of features that develop from the 1970s onwards. These include the emergence of an increasing separation of the 'real' economy of production and its simulacra in the 'symbol economy' of financial flows and transactions. There was an emergence of a new international division of labour and a new international financial system, the latter centred on London or Hamburg, New York and Tokyo. This new international division of labour is truly global, compressing and fragmenting both space and distance such that not only the sphere of production but also the sphere of circulation, such as the various business-service industries, is globalizing. These new divisions restructure geographic space in ways that introduce both relativism and tension to the settlement of space through nation-state forms. In the value-sphere there is the rise of postmaterialism. More complex notions of personal identity emerge, attendant upon the revolution in gender, sexual, ethnic and racial mores. The interpenetration of culture and economy produces new markets of microtization, increasingly premised on the differentiation of identity. With the demise of the Cold War the globalization of problems of 'rights' occurs in a world that is no longer politically bipolar. There is an increase in global institutions, organizations and initiatives and the emergence of global communication through e-mail, satellite TV, CCN etc. These help to give rise to a global ecological consciousness, manifested through phenomena such as the Rio Earth Summit, and the appreciation of the global warming threat posed by the thinning of the ozone layer. Old questions of identity re-emerge in the modern era, partially as a consequence of the break-up of State Socialist hegemony, principally in the former USSR and the Balkans, but also through the assertion of religious identities founded in Islam, Orthodox Christianity and, sometimes, as in East Timor, Catholicism.

Globalization leads to complexity, relativity, compression, collision, and postmodern plurality. However, the global economy has been viewed principally through forms of fundamentalism (Robertson, 1992). As we shall see, much of the focus on globalization has been constructed in terms of an agenda dominated by global business interests and formal political responses to them. How can one rectify the basic theoretical assumptions that undergird such reductionism? Let us focus first on what is appropriate in Robertson: that is, the reflexive autonomy of selves, societies, world systems and humankind. What is lacking, is a conception of the circuits or conduits through which this autonomy is reflexively intermediated.

In the past such intermediation might most frequently have been through warfare but, in these postmodern times, the promise that theorists such as Spencer held out for modern times, seems to be materializing. Warfare as a form of societal interaction in the postmodern conjuncture is a form of sociability in decreasing frequency – at least between the core nations. In the peripheries it is another matter. Today, while it is by no means always the case that intermediation is through circuits of organized production and consumption, although it is increasingly so. It is the organizational aspects that Robertson misses. To correct this, in place of his model, we propose Figure 2.

Figure 2 - **The Organizational Relativization of Globalization**



These organizational circuits may take many shapes, many forms. However, a limited architectrony characterizes their structuration. Transnational Corporations structures much of the changing shape of this global circuitry, as we have argued previously. Such organizations have significant control over both production and consumption in more than one country. They have an ability to take advantage of geo-political differences between countries and dominate world trade through their internal trade, amounting to about 25% of world trade. A single centre of calculation dominates them and they have a geographical flexibility that enables them to shift resources and operations between global locations.

The existence of a single centre of calculation in TNCs as key actors in the globalizing economy might suggest a sovereign power but it would not be appropriate to think this. There is a plurality of TNCs, which do not necessarily dominate national industrial sectors in all markets, and operate across more or less sovereign states. The world system of both states and TNCs involves relations that are not only concertative but also competitive. Only a small number of TNCs are truly global nor are all TNCs necessarily 'large' in conventional definitions of that term. Global patterns of transnationalization differ markedly according to the national origin of the transnationalizing firms. New supplies and sources of TNCs evolve as the world economy evolves, so that we now have the case of emergent NIC TNCs. New forms of disciplinary power emerge as changes in generic technology systems develop, often in relation to 'long wave' phenomena, such as the emergence of information technology.

There is little doubt that the major players are the transnational (or as they are sometimes referred to, multinational) companies that have acquired a new significance and assertiveness as individual nation states apparently have diminished in their capacity to influence the economic events of the international economy. These companies have transformed themselves to become ‘global’ players and therefore operate at the most influential level of decision-making. The world economy gives top priority to technology and to those who research, develop and produce technology, overwhelmingly the transnationals. Transnational companies are considered to be the key actors in the production of wealth, ensuring employment, and therefore, individual and collective well being. Transnationals stand at the core of globalization arguments that stress the actions of business and the rise of markets.

Petrella (1996) defines the characteristics of contemporary globalization in terms of a number of organizational characteristics. These include the internationalization of financial markets and corporate strategies and the diffusion of technology and related R&D and knowledge worldwide. Among the impacts of these are the transformation of consumption patterns into cultural products through world-wide consumer markets as well as the internationalization of the regulatory capabilities of national societies into a global political economic system, and a diminished role of national governments in designing the rules for global governance. Other implications include the emergence of socio-critical responses to a highly competitive global economy as well as the cultural and ecological impact of these tendencies (Therborn, 2000b). Additionally, we need to be able to identify the winners and losers in globalization. Consideration of these aspects of globalization is illustrated in Table 1, reflecting the weight given to transnational enterprises, which will be used to structure this entry.

Table 1 - **Concepts of Globalization in the Organization of Production and Consumption**

Concept	Category	Main Elements/Processes
World system of global economic actors	Globalization of finances and capital ownership	Deregulation of financial markets, international mobility of capital, rise of mergers and acquisitions. The globalization of shareholding is at its initial stage
	Globalization of markets and strategies	Integration of business activities on a world-wide scale; establishment of integrated operations abroad (including R&D and financing); global sourcing of components, strategic alliances.
	Globalization of technology and linked R&D and knowledge	Technology is the primary catalyst: the rise of information technology and telecoms enables the rise of global networks within the same firm and between different firms. Globalization as the process of universalization of lean production.
National societies organized as a global system of states	Globalization and the influence of government policies; Changing States	State centred analysis of the integration of world societies into a global political and economic system led by a core power
Global production of concepts of selves	Globalization of consumption patterns and cultures	Transfer and transplantation of predominant modes of life. Equalization of consumption patterns. The role of the media. Transformation of culture in 'cultural food,' 'cultural products'. GATT rules apply to cultural flows.
Humankind	Globalization of perceptions and consciousness	Socio-cultural processes as centred on 'One Earth.' The 'globalist' movement. Planetary citizens. Ecological consciousness.

2. WORLD SYSTEM OF GLOBAL ECONOMIC ACTORS

Globalization of Finances and Capital Ownership

Globalization is marked by the integration of deregulating markets and technology and facilitated by telecommunications and ease of transport. The active agents in this process of globalization are firms involved in international circuits of exchange involving international investment, trade and collaboration for purposes of product development, production and sourcing, and marketing. These international activities enable firms to enter new markets, exploit their technological and organizational advantages, and reduce business costs and risks. Underlying the international expansion of firms, and in part driven by it, are technological advances, the liberalization of markets and increased mobility of production factors. Successful firms operating internationally usually have technological and organizational advantages over purely domestic ones. Foreign affiliates tend to have higher labour productivity, are more investment-intensive and trade-oriented than the average for domestic firms. These are due to the high-technology, high-wage and capital-intensive industries in which international firms operate, their larger size, and their use of advanced production and management methods and a more skilled workforce (OECD 1996:16).

Industrial globalization is changing the scope and distribution of world business and expanding the presence and influence of foreign companies in national economies. Firms and industries are being restructured and rationalised at transnational level as production factors become increasingly mobile and communication costs decline. New patterns of industrial specialization and new competitors emerge rapidly, changing the competitive position of firms and countries. At the same time, economies are being increasingly linked and integrated through the global strategies of firms (OECD 1996:17).

It is a familiar comment that the economic scale of the largest of these giant corporations now exceeds the gross domestic product of most countries. Unsurprisingly these companies are exclusively domiciled in Triad countries. International financial flows and foreign currency exchanges now dwarf the value of international trade in goods. The global financial system has become extremely volatile and very complex. The implications of this for the global economy are enormous, because financial services are circulation services, they are fundamental to the operation of every aspect of the economic system. Each element of the production chain depends upon necessary levels of finance to keep the chain in operation. This is true not just true of manufacturing but of all intermediate and consumed services in the system (Dicken 1992:358).

The intensified competitiveness of international financial markets is due to a number of factors. During the 1970s and 1980s rising inflation, accompanied by rising interest rate charges, made corporate borrowers more inclined to make investments or raise capital without going through the intermediary channels of the traditional financial institutions. Their preference was for the commercial paper market for short-term funds, and the bond market for long-term financing. Deregulation of financial markets by national governments led to the opening up and liberalization of new geographical markets, new financial products, and changes in pricing policies. Internationalization of financial markets created a growth in international trade, which increased the demand for commercial financial services on an international scale, and the spread of transnational operations created a demand for other international financial services. Increased institutionalization of saving created an enormous pool of administered investment capital seeking the best return on an international basis.

The array of new financial instruments that emerged provided new methods of lending that facilitated greater spreading of risk, increasing the diversity of international financial markets. The global integration of financial markets collapsed time and space, creating a potential for virtually instantaneous financial transactions in loans, securities and other innovative financial instruments (Dicken 1992:364). The deregulation and internationalization of financial markets created a new competitive environment (Harvey 1992:161) in which the global integration of financial markets brought many benefits in speed and accuracy of information flows and rapidity and directness of transactions.

The increasing coordination of the world's financial system emerged to some degree at the expense of the power of nation states to control capital flows and hence fiscal and monetary policy, powers. In a world of floating exchange rates, many governments have had occasion from time to time to quickly rewrite their political programs in the face of strong capital flight from their country. At times when confidence in a national currency is tested it is evident that the definition of a weaker nation state is that it can no longer hold the line. Instantaneous financial trading means that shocks felt in one market are communicated immediately around the world's markets. The global financial system is more sensitive and volatile as a result of the telecommunications revolution, as demonstrated in the South East Asian monetary collapses of late 1997. How near to the 'edge of chaos' the international financial system has moved is an open question (Cohen

1997:27-9) The speculative basis of much of the system suggests that those protective mechanisms that exist have simply rescheduled a global financial crisis rather than prevented it (Harvey 1992; Niederhoffer 1997).

Harvey (1992:194) suggests the financial system has achieved an unprecedented degree of autonomy from real production. The global economy has in many ways become dominated by an economy of signs representing capital flows, rather than an economy of things. Of course manufactured and other tradeable products and services are important, but at the core of the key decision-making in the contemporary globalized economy, are intangibles, such as trust in a currency's future value, and bets hedged against those judgements of trust. What makes this possible, what globalises an economy of signs, are the instantaneous representational possibilities afforded by a wired world. For many authors, such as Harvey (1992), it is these possibilities that open the door on a more postmodern analysis.

Globalization of Markets and Strategies

Globalization is not a totally new phenomenon. However globalization now is both quantitatively and qualitatively different from before. First, since the eighties, when faced with a slowdown in growth, national governments have accepted the necessity of keeping markets open in spite of the cost, whereas in the 1930s countries built high tariff walls to keep competition at bay. Second, the deregulation of financial markets has unleashed new forces not previously seen in the tightly regulated financial institutions of the recent past (Boyer and Drache 1996:13). What changed through the 1980s and 1990s, is that firms have used new combinations of international investment, trade and collaboration to expand internationally and achieve greater efficiencies. They are uneven in their development, however.

The growth in international trade has been outstripped by the growth in the flows of international direct investment (despite the downturn in the early 1990s) and in the number of international collaboration agreements. Cross-border operations are still largely concentrated in the OECD area, but have involved an increasing number of firms from more OECD source and destination countries. Outside the OECD area, the dynamic Asian Economies and China have increasingly been involved in the process of globalization. Previous historical patterns of cross-border transactions linking firms to raw materials and final markets have been re-shaped by international intra-firm and inter-firm operations, focused on technological development and co-operation, different phases of production, and external sourcing and intra-firm trade in intermediate outputs (OECD 1996:20

The growth of trade as a measure of globalization is becoming replaced in significance by the rapid expansion of international foreign direct investment (FDI). A large part of foreign direct investment takes the form of mergers and acquisitions. International expansion of firms has increased the relative importance of foreign ownership in OECD countries. Foreign ownership is most evident in high technology industries. Foreign enterprises account for a large share of production in most of these industries in the major OECD countries, with the important exceptions of Japan and the United States. In the case of Japan it has been difficult for foreign capital to become established in productive investments. The United States attracts substantial amounts of overseas investment but this still represents only a small share of the largest national economy in the world.

Developing countries are becoming players in foreign investment themselves. The largest TNCs from the developing countries come principally from Brazil, South Korea, Hong Kong and Taipei. However dozens of countries are not receiving any significant foreign direct investment, and there is strong and continued concentration of FDI in a handful of countries, principally the US, followed by the UK, Germany, and Canada (Weiss 1997: 10). Political instability, poor market prospects, and severe debt servicing problems in some parts of Latin America, almost all of Africa and parts of the Middle East are still excluding them from membership of the globalization club. In contrast South East and East Asia have experienced an inward investment boom with a doubling of investments between 1980 and 1991 (although this has to be seen less in comparison with its past and more in contrast to the present state in the US and Europe). In Latin America extensive privatization of major public industries has kicked inward investment forward, with, for example, 80 per cent of the inflows into Argentina resulting from the acquisition of shares in privatised firms (OECD 1996: 56). Although, more recently, Argentina has not been a case that anyone would want to recommend as a successful example of globalisation as it's feckless governmental and banking institutions have reduced the middle-classes to a poverty they could never have imagined in the heady days of dollarization. They are hardly the success story for free market economies that they were once held up as, as a success story sucking in foreign capital. Rather more a black hole these days.

More European North American and Japanese companies – though not so many from elsewhere – are becoming increasingly international in their operations and interests though few companies have reached the stage of being truly global concerns. The progress toward internationalization can be typified in a number of ways, the OECD (1996:21) suggesting a series of stages that could resemble the life cycle of growing companies as they stretch their wings from the domestic to the international market.

Today, global companies have integrated international operations in all major regions including management, financial control, product and process R&D, production, and marketing.

For Alfred Chandler in *Scale and Scope* (1990) the evolution of the global corporation is the final stage in transformation of industries in search of economies of scale, economies of scope, and national differences in the availability and cost of productive resources. In many industries, economies of scale are such that volumes exceeded the sales levels individual companies could achieve in all but the largest countries, forcing them to become international or perish. The minimum efficient level for capital intensive plants is 80 to 90 per cent of capacity, in contrast to labour intensive industries. The costs and profits of capital intensive industries are determined by plant utilization and throughput, rather than by the simple amount produced.

Less capital-intensive industries are not as affected by scale economies. But opportunities exist for scope economies through worldwide communication and transportation networks. Trading companies handling the products of many companies can achieve greater volume and lower unit cost. With changes in technology and markets came requirements for access to new resources as lower factor costs. It is misleading to assume that the search for cheaper labour in itself is the central driving force of the increasing internationalization of many industries. In most industries there are more important factors than labour costs, including access to markets, technology and other resources. Increasingly industry requires more highly skilled labour and the possession of relevant skills is more immediately important than the price of labour. Of course labour intensive industries survive, in which reducing the cost of the labour input to the barest minimum is a primary motivation. However the international search for cheap labour is a short-term strategy, as the conditions which create cheap labour are eliminated. No country will ever build a competitive advantage based on cheap wages, even if, for a short time, some companies that operate in it might.

Striving to succeed in fast-moving markets requires most companies to be involved in frequent collaboration in order to compete. Hence the importance of building strategic alliances. Yoshino and Rangan (1995:17) define alliances as 'cooperation between two or more independent firms involving shared control and continuing contributions by all partners.' They identify the major strategic objectives of alliances as maximising value; enhancing learning; protecting core competencies and maintaining flexibility. 'The more a company becomes globalized, the more it is likely to lose its own identity within a tangle of companies, alliances and markets' (Petrella 1996:76).

Particularly in industries where there is a dominant worldwide market leader, strategic alliances and networks allow coalitions of smaller partners to compete against the leading companies rather than each other. TNCs face a dual challenge to compete in global markets and to produce tailored solutions, in this context strategic alliances help transfer technology across borders. Access to new markets is facilitated by using the complementary resources of local firms, including distribution channels, and product range extensions. Sometimes inter-firm cooperation is a second best option to direct investment, particularly to smaller companies, which allow the exploration of market opportunities that may be approached later with more elaborate market strategies. Partners pooling resources provides the benefits of economies of scale, and an increased rate of learning. Alliances allow partners to leverage their specific capabilities and saves costs of duplication.

Apart from the direct promotion of international collaboration, as for example in European Community programs, government policies may indirectly favour co-operation in the same way they stimulate direct investment. Where there are limits on local participation of foreign companies, joint ventures and minority equity participation becomes prevalent. Where there are national differences in intellectual property, environmental standards, and other regulations, inter-firm agreements may products to be accepted by local regulatory authorities. Finally, competition policy limiting collaboration in the home market may encourage firms to seek foreign partners and expand internationally.

Strategic alliances are a way of focusing investments, efforts and attention only on those tasks that a company does well. All other activities can be out-sourced either through alliances or subcontracting. Another way of looking at virtual companies, alliances and joint ventures is as the out-sourcing of risk, allowing organizations at arms length from the parent companies to take risks more freely, something which the parent firms wish to avoid. However, while the vast majority of cross-company collaborations are founded on a basis of trust and shared commitment, even the most carefully constructed alliance can become risky. Often strategic alliances become short-term solutions that mask deeper deficiencies in the companies concerned, and these cause problems later when the company is still vulnerable.

Inter-firm collaboration may also carry the cost of strategic and organizational complexity. There are different mentalities in different companies, for example an accounting emphasis in US and UK companies, which are very stock price oriented. In contrast Japanese, Dutch and Swiss companies are indifferent to stock price. Alliances are essentially an intermediate strategic device, and part of a web that includes many other transactions. Around half of all cross-border strategic alliances terminate within seven years. One or other of the partners finally purchases most alliance businesses and termination of the alliance does not mean failure. But the prevalence of early terminations suggests it is important to consider whether parties are likely to be buyers or sellers.

Globalization of Technology and linked R&D and Knowledge

Globalization is driven by the strategic responses of firms as they exploit market opportunities and adapt to changes in their technological and institutional environment, and attempt to steer these changes to their advantage. There are a number of important technology related factors that have contributed to the emergence of globalization, including declining computing, communication, co-ordination, and transport costs. Additionally, there is the increased importance of R&D, and the speed up of product development cycles, leading to reduced product lives and the shortening of imitation time lags. New types of industry have emerged that are knowledge-intensive, such as financial services, and there has been an increased customization of both intermediate and finished goods, as well as of customer-oriented services.

The most important competitive force in the global economy is the capacity for innovation, a thesis powerfully illustrated by Michael Porter (1990) in *The Competitive Advantage of Nations*. Porter correlates the advance of knowledge, achievement in innovation and national competitive advantage. In his search for a new paradigm of national competitive advantage Porter starts from the premise that competition is dynamic and evolving, whereas traditional thinking had a static view on cost efficiency due to factor or scale advantages. But static efficiency is always being overcome by the rate of progress in the change in products, marketing, new production processes, and new markets.

The question is why do industries in some countries invest in innovation more vigorously and successfully than others? Firms do not simply maximise within fixed constraints but 'gain competitive advantage from changing the constraints.' The crucial issue for firms, and nations, is how they 'improve the quality of the factors, raise the productivity with which they are utilised, and create new ones' (Porter 1990: 21). The capacity to successfully innovate on a worldwide basis becomes the key defining competency of leading international companies (Porter 1995:123).

According to the OECD (1996:46) the main motives for setting up technology related agreements focuses upon the search for technological complementarities. These might be to extend R&D capabilities; reduce innovation time-spans; increase efficiency in getting new products and processes to markets; gain market access, and to restructure mature technologies and slow growth industries. One consequence is that high technology industries are converging, for example in the integration of computers and telecommunications, bio and chip technologies, and advance materials and aerospace/autos manufacturing. Thus, in the industrial countries there is higher import penetration in high technology industries, followed by medium-technology industries, with domestic production satisfying demand in low technology industries with the exception of clothing and footwear. That is high-wage industries are more heavily represented in imports, which contradicts the impression that the imports of the industrial countries are largely composed of low technology, low-wage goods. Industrial countries increasingly specialise in high technology industries, which consequently feature more prominently in both their imports and exports.

International sourcing of parts and materials is a major feature of global production systems and accounts for a large part of total trade. With increasing globalization, intra-firm trade grows, as firms move components and parts to the location of final assembly and finished products to the final market. Intra-firm trade (IFT) refers to products that stay within a transnational enterprise. Market imperfections and high transaction costs provide an incentive for firms to internalise international transactions of goods that embody firm-specific knowledge and expertise. Over one third of US trade is intra-firm trade and approximately 25 per cent globally takes place inside companies (Ruigrok, 1991).

In terms of macro-economic factors, there are a several important drivers of globalization, including the long-term postwar drift downwards in the price of the majority of commodity factor inputs and their substitution by new technology products, such as fibre-optic cable and silicone chips. These are clearly related to the innovation factors already addressed. The rapid development of knowledge-intensive skills and capabilities in some countries, regions and industrial sectors lead to significant productivity differentials between firms in different locations. The shift, from the early 1970s onwards, to a global regime dominated by a fluctuating market in exchange rates, exacerbated these underlying differences as mobile capital moved to those regions of the world economy offering the best return.

The present context for business is one of heightened competitiveness due to more optimal location of production and greater firm efficiencies, particularly in intermediate inputs and components. Additionally, there is more foreign investment and trade in domestic markets, and increased competition in foreign markets, with overall more operations by all kinds of foreign firms in all national markets. Such economic activity at present is concentrated in the advanced industrial countries. Firms from the developing world are increasingly competing on the basis of the same high quality inputs, however, and are becoming closely linked to the existing industrial markets, through international investment, contracting and supply networks in high technology industries, as well as in traditional industries.

3. NATIONAL SOCIETIES ORGANIZED AS A GLOBAL SYSTEM OF STATES

Globalization and the Influence of Government Policies

Government policies favouring globalization included the lliberalization of international trade and capital movements, as well as the promotion of regional integration through bodies such as NAFTA and the EC, and national competition policies. Within these blocs, especially the EU, the development of inward investment incentives and R&D, technology, small firm and related industry policies, lead to significant developments in previously less-advantaged regions, such as Eire. Governments have developed an increased awareness of intellectual property rights and effective patent life.

Governments throughout the world have struggled with the policy implications of having to deal with such dramatic and seemingly perpetual industrial restructuring caused by the impact of globalization. The OECD records a broad shift by member governments by the end of the 1980s away from general investment, short-term crisis aid, and subsidies for sectors facing over-capacity and structural problems. Industry support expenditure by governments has become more strategic and shifted towards R & D, trade and support for foreign expansion. There was increasing focus on improving the operating conditions for companies and supporting intermediaries who deliver services to business.

As for the future the OECD recommends a series of economic and technical policy measures for countries to make an adequate response to the competitive pressures of globalization. Business performance will be enhanced by: improving investment incentives in intangible assets, particularly human capital; promoting international co-operation in long term generic research; helping innovation by diffusing new product technologies and new production methods; encouraging incentives for the flow of finance to small firms, and promoting investments in the service infrastructure.. Additionally, the OECD recommends the adoption of international best practice; improving management performance, and promoting industrial modernization with targeted programs for problem areas to help deal with lack of skills, poor technology, and financing barriers.

The policy frame within which the OECD (1996:63) makes its recommendations focuses on ‘widening and deepening liberalization on all fronts.’ What happens to countries and companies that despite their best efforts, for reasons beyond their control, are less able to compete, at least at the present time? It is doubtful that the older ‘industry policies’ premised on protection will be useful. The collapse of the East Asian economies during 1997 underscores this point. Today, protectionist remedies are less effective than they may have seemed to be in the past.

At the very time political action may be necessary to remedy some of the more destabilising impacts of globalization on the world system the significance of the nation state has been considerably weakened. The largest twenty transnational corporations have a turnover in excess of the GNP of most nation states. The onset of globalization questions profoundly the traditional role and viability of the nation state. National institutions have lost some of their principal importance whereby they represent a genuine shared community of economic interests concerning such matters as public finance, trade policy, wealth creation, and civil rights. Kenneth Ohmae (1993:78) insists the nation state ‘has become an unnatural, even dysfunctional unit for organising human activity and managing economic endeavour in a borderless world . . .it defines no meaningful flows of economic activity. ‘The reasons for this are evident in the seeming triumph of markets over politics: as Drache (1996:32) insists, ‘Efficiency has become the universal belief of all major corporations and most leading industrial powers. In their view, capital has to be free to move across national boundaries if the world economy is to recover its past *élan.* Firms have to reorganise their production to take advantage of the new opportunities. People are expected to accept these new employment conditions to accommodate to a world where business is no longer bound by national borders.’ This is the underlying belief of those who argue for free trade. Bhagwati (1988: 33) defines this as a covenant between governments and markets such that ‘the logic of efficiency has to determine the allocation of activity among all trading nations.’

In a world where the rules of international trade are being redefined, and traditional protectionism is not an option, states have to make a choice between the prospects of free trade with associated costs, or developing the conditions for managed trade. Many countries have sought to join a trade bloc, whilst building a regulatory environment which offer incentives for economic growth through institutional arrangements that protect national economies from international economic disorder (Tyson 1992). Meanwhile there is a push to dismantle existing social programs in the advanced industrial countries, coming from businesses concerned about the need to change cost structures to compete internationally. Governments find it difficult to reconcile their existing social programs for health, education, and retirement with the demands of footloose business to make their economy more competitive. What is in danger of being lost is, in Drache's (1996:44) words, ‘any viable notion of social responsibility — the institutional capacity for the achievement of a more equitable society.’ Also at risk are those many fibres of a civil society, its ‘social capital’, that enable a market economy to operate efficiently.

TNCs often represent important external sources of investment, technology, and knowledge for national governments that may further national priorities, including regional development, employment creation, import substitution, and export promotion. To the company the government offered access to local markets or resources, and opportunities for profit growth, as well as improved competitiveness. However, a fundamental tension exists between national governments and TNCs in their operating objectives. Transnationals want unrestricted access to resources and markets throughout the world and freedom to integrate manufacturing and other operations across national boundaries, as well as an unimpeded right to co-ordinate and control all aspects of the company on a world-wide basis. Thus, governance of the corporation, especially as a taxable entity, can frequently cut across government of the territories in which it operates, especially as a taxing authority (Bartlett and Ghoshal 1995:119):

These objectives do not always appear compatible with government priorities to develop prosperous national economies that can hold their own in world competition. The difficulty is that governments conceive of capturing global competitiveness within the national economy, and TNCs think of it in terms of the global system. The logics of action of governments and TNCs differ greatly: the TNC has a bottom line that it can reduce costs and benefits to, while governments have a far more complex and ambiguous set of life-chances to deal with.

As rising import penetration became perceived as a serious economic threat to national economies in the 1980s, even those governments which advocated free trade, such as the United States, began to negotiate voluntary restraint and orderly trade agreements. At the same time the industrial policies of governments became more sophisticated. They sought to prevent the use of 'screwdriver plants' to evade trade restrictions, through simple assembly of products essentially manufactured overseas. Such plants offered low skilled employment, with little local value added, and minimal new technology. To prevent this some governments applied investment regulations that defined specific levels of local content, technology transfer, and a variety of other conditions, in an effort to make TNCs increase the extent of their local activities.

The concept of global corporations as roaming stateless organizations staffed by functionaries who are global citizens, working out of a laptop while living in identical hotel bedrooms in whatever part of the world they happen to be in today, are somewhat wide of the mark. ‘Companies can out-source; they can decentralise operations; they can relocate. But when all is said and done, even transnational giants have to put down roots and build strong ties with communities if they expect to excel’ (Drache 1996, 57). Which means working with governments. Of course, government actions often work well for transnationals: for instance, downsizing of the state often produces new commercial opportunities in fields such as defence contracting and telecommunications.

Changing States

Can pressures for a smaller state be associated simultaneously with a responsible rethinking of the role of the state in a global economy? There is a view that suggests that their has been a serious diminution of national sovereignty as a result of globalization, such that the capacity of states “to function as autonomous national policymakers has been seriously eroding. Few governments in the world today risk a serious confrontation with the economic policies dear to the IMF and World Bank” (Markoff, 1999: 827). In short, states are weakening in the global marketplace, according to this hypothesis.

However, despite the weakening hypothesis, most of the social and economic programs of national governments, even though they have been subject to severe efficiency drives, and a transformation in management, resourcing, and methods of delivery, are still in existence. Even after the great waves of privatization that have swept the world, as Drache (1996:54) contends, ‘it is premature to announce the death of the nation state. Countries remain in charge of the essential part of their national sovereignty: law making and jurisprudence; macro-economic policy, including money, finance and taxation.' Considerable evidence, from many different countries, suggests the emergence of a new paradigm of public management, one that is results-oriented rather than inward-looking, one that sees the state role as that of an enabler rather than provider (Clarke 1994). It is less the death of the state that we are witness to but more the decline of politics as compared to markets, and the increasing incursion of the former on the latter.

The belief in the superiority of "the market" over "the state" has, as Markoff (1999: 288) suggests, "many components ranging from ethical claims about human freedom to technical claims about efficiency." Private sectors, local communities, families, individuals, or free markets are the political actors favoured in various new political rhetorics, for whom there are a consistent set of losers – those individuals identified as state welfare claimants.

The claims of some of the losers on state resources, such as the unemployed and the poor, may be in the process of being diminished, but other claims remain strong. Among the willing clients of national governments are the transnational corporations themselves, as Petrella claims, who, despite employing the rhetoric of the market enterprise, expect rather a lot from the state. Transnationals expect states to cover the costs of basic infrastructures. These include things such as: funding of basic and high-risk research; universities and vocational training systems; to promote and fund the dissemination of scientific and technical information and technology transfer. Additionally, they expect them to provide tax incentives for investment in industrial R & D and technological innovations, as well as guarantee that 'national' enterprises from the given country have a stable home base. Privileged access to the domestic market via public contracts (defence, telecommunications, health, transport, education, and social services) is also often required. Some transnational firms also require what they regard as an appropriate industrial policy, particularly for those in the high technology strategic sectors (defence, telecommunications, and data processing). Such a policy would protect designated sectors of the domestic market from international competition, as well as support and assistance (regulatory, commercial, diplomatic and political) for local companies in their efforts to survive in international markets.

Often these expectations will be represented in terms of a logic of capital mobility. That is, if the local state does not provide the required sweeteners, mobile capitalism will simply exit the scene and set-up where the benefits sought can be ensured. The thesis is overstated because in terms of the important criteria of share of assets, ownership, management, employment and the location of R&D, home bases remain important. Very few firms are genuinely transnational in these respects (Weiss 1997: 10, citing Hu [1992]). With Petrella (1996) and Weiss (1997) we can conclude that the proponents of strong globalization eroding state capacities oversell the proposition: they emphasise the extent and the novelty of international investment while underrating the capacities of states to adapt and to innovate around their specific national institutional frameworks. Globalization is itself in part a consequence of these adaptations and innovations, especially in the cases of the most successful NICs of East Asia, such as Japan, implementing internationalization strategies. These are particularly evident in the development of global financial markets.

4. Global production of concepts of selves

Globalization of consumption patterns and cultures?

If the proposition that globalising strategies form a universal force of unilinear dimensions were true the homogenization of taste and consumption would inevitably lead to standardization of products, manufacturing, marketing and trade. This saturation of markets, with a few common products gaining enormous profit, is manifested in the 'cola culture'. Coca-Cola is the world's most famous expression (after OK), has the world's most famous brand name (worth an estimated US $39 billion), and is sold in almost 200 countries. Another similar example is MacDonalds (Ritzer, 199X). However, standardization has its limits, and there are important cultural, political and economic forces for local differentiation that have emerged powerfully in recent years to question the logic of globalization.

Not only have TNCs begun to realise the limits to the homogenization of worldwide tastes; consumers have stubborn inherent preferences for a degree of aesthetic and cultural distinction. The arrival of flexible manufacturing systems, including computer aided design and manufacture, enabled the cost-effective pursuit of smaller, more highly differentiated market niches wherever they appeared. Technology enables a fit between the global and micro markets in this respect. Flexible manufacturing technologies offer TNCs a viable means to begin to respond more effectively to local consumer preferences, and national government restraints, while sustaining productive efficiency.

The spread of the mass media, especially television, means that in principle almost everyone can be instantaneously exposed to the same images. However, the world is becoming less a `global village' and more a 'global market, in which privileged commodities for sale are often based on the hybridization and creolization, created from the intermingling of peoples and items from different cultures. Music is perhaps the best example of this with the huge growth in the 'World Music' market in the 1990s, when Third World musicians, especially, became global stars in the new niche market. But to do so they had to move through the circuits of power whose obligatory passage points were the global recording companies, such as BMG, Sony and so on.

One exception to this hybridization and creolization, although contested, is in the areana of rights. Globalization in the cultural sphere has meant the global proliferation of norms of individualized values, originally of Western origin, in terms of a discourse of 'rights' (Markoff 1996). Such discourse is not unproblematic: it meets considerable opposition from religious, political, ethnic, sexual and other rationalities tied to the specificities of local practices, but it does provide a framework and set of terms through which resistance to these might be organized. Moghadam (1999: 368), for instance, suggests that

> [T]he singular achievement of globalization is the proliferation of women's movements at the local level, the emergence of transnational feminist networks working at the global level, and the adoption of international conventions such as the *Convention on the Elimination of All Forms of Discrimination Women* and the *Beijing Declaration and Platform for Action of the Fourth Conference on Women*.

These are clear expressions of a global discourse of rights, in this case applying to just over a half of humankind. However, at the same time as these rights documents are issued globally, other aspects of globalization have contradictory effects. In many ways, suggests Moghadam (1999: 376) working class and poor urban women have been the "shock absorbers" of neoliberal economic policies. Structural adjustment policies which increase prices, eliminate subsidies, diminish social-services and increase fees for essentials hitherto provided by the state place women at greater risk.

Globalization + Localization

A paradoxical consequence of increasing globalization is the concentration of clusters of world class expertise in specialist industries in different local economies around the world. This significant local dimension of the globalization phenomenon consists of local economies built upon inter-linked networks of relations among firms, universities and other institutions in their local environment (see OECD 1996; de Vet 1993; Storper and Scott, 1993). Early specialization is reinforced by the growth of similar firms and institutions to create highly competitive industrial and service clusters. Local geographic concentrations of three broad groups of industrial and service activities have been noted. Highly competitive traditional, labour intensive industries, which are highly concentrated, including textiles and clothing in some areas of Italy and the United States, furniture production, shoes etc. High-technology industries often cluster around new activities. Well-known examples include biotechnology in San Francisco, semi-conductors in Silicon Valley, scientific instruments in Cambridge (UK) and musical instruments in Hamamatsu (Japan). Services, notably financial and business services, concentrate in a few big cities, such as advertising, films, fashion design, and R&D activities.

The OECD (1996:52) explains the rationale for the local concentration of specialist I n terms of the advantages of being in the same location as are similar firms, specialised suppliers and contractors, and knowledgeable customers. Additionally, these locations tend t provide a good technological infrastructure, and specialist research institutions, as well as a highly skilled labour force, where specialization within firms enables extensive out-sourcing (vertical disintegration) and encourages similar new firms to be set up in the location (horizontal disintegration).

Globalization increases the competitiveness of these local economies by attracting international firms with their own specific advantages, and enhancing established sourcing and supply relations. Local firms individually may respond to heightened competition through improving their innovative performance. Innovation may be extended through developing greater interactions between firms, suppliers, users, production support facilities, and educational and other institutions in local innovation systems. Additionally, they may adopt lean production methods, more efficient management techniques, greater local out-sourcing and increase the use of local production networks, to increase efficiency and spread risks and costs, by taking advantage of local specialization in regional networks and industrial districts. Through building these they can improve production and service links with international firms investing locally. Local firms, particularly if they are highly specialised, will cooperate with international firms seeking complementary resources in the specialised assets of small firms. Globalization measured by incoming foreign investment tends to reinforce regional specialization, accentuating the development of special local economies and enhancing the clustering of similar activities. Some writers, following Robertson (1992), such as Clarke and Clegg (1998) and Helvacioglu (2000), have referred to this phenomenon of the interpenetration of the global in the local and visa versa, as 'glocalization'.

5. HUMANKIND

Not surprisingly, reviewing the discussion thus far, one can note that business disciplines seem to view globalization in an almost one-dimensional manner, almost unreflectively, hardly addressing broader social themes. Seen from this perspective globalization is a one way street, in which more and more of the world becomes sucked into the vortex of the global economy. Advocates of the convergence position supposed that all societies were heading towards a future whose contours were clearly discernible in the shape of the most advanced parts of the most advanced societies. The reason was that the drivers of globalization were universal: hence there would be universal responses. (Echoes of this turned up again in the 1990s in the 'end of history' thesis of Fukuyama [199X].)

Globalizations

The success of East Asia in the 1970s, despite the nostrums of development theory, questioned aspects of the global convergence interpretation, as Berger (1987) was not slow to realize in his book on *The Capitalist Revolution*. Just as surely, so did the crisis of 1997 and the subsequent unravelling of many of the economic miracles that had been lauded previously. Partly in light of this debate, partly inspired by a broader debate about culture, a number of writers have suggested, more or less implicitly, that the strengths of indigenously embedded ways of doing things need re-evaluation (Yeung, 2000). In some respects such reappraisal often attaches itself to postmodern themes where there is the implicit idea that stages may be jumped and that societies can move from premodernity to postmodernity (Clegg, 1990). In this phase of thought, which characterizes the current sociological thinking about globalization, there is a realization that convergence is neither necessary nor desirable. Individual identities, it is realized, differ greatly across national societies as well as within them. Culture is increasingly seen as critical and convergence is less likely and less productive than divergence.

One particular category of this is in the struggles of indigenous peoples (Friedmann, 1999: 390). Although he recognises the many injustices that have occurred to indigenous peoples, globally, he sees the situation as changing with the latest developments in globalization, "because the indigenous is now part of a larger inversion of Western cosmology." The traditional otherness of indigenous peoples is now seen as "a voice of Wisdom, a way of life in tune with nature, a culture in harmony, a *gemeinschaft*, that we have all but lost. Evolution has become devolution, the fall of civilized man." Yet, a terrible irony attaches to this: either the indigene conforms to role in some kind of indigenously protected, and hence "natural", theme park or becomes more like us but with the patina of existential exoticism.

Globalization of perception and consciousness?

Unreflexive analysis, focused on the economic dimension considered only in relation to those selves whose profits are served by corporate power, leads to anthropocentrism, suggests Purser (1994), in relation to the global constituents of the environment, including other selves, humankind and the natural environment. Globalization of this reductionism is a 'death threat to the environment'. This will be the case particularly where there is a high degree of separation of the simulacraic from the real economy. Real economies root themselves in place; simulacra are free-floating signifiers. The free float of signification burns, wounds, scars and mars aspects of place that it settles on, suggests Purser. Against this Purser proposes a new kind of 'search conference', a new kind of 'community therapy' attuned to local issues. The prioritizing of localism occurs in the context of the compression of the world and the intensification of consciousness in the world as a whole. While localism may be an appropriate point of intervention qua resistance, it is likely that more strategically pointed intervention oriented to the locus of calculation could be more efficacious. A great deal depends on the practical correlates of the stress on localism as a project that seeks not to intervene from the 'West' into all those spaces that this signification constitutes as 'Other' but to enable these other ways of doing things to be recognized as authentic, useful and exemplary. One risk that such a project runs is that the 'other' will simply learn the new, therapeutic and mutualistic discourse that is proposed as another tutelary means, one where the subjects who embrace the process have, perhaps, a better grasp of disciplinary power than do ingenuous and unreflexive 'postmodern experts'. As Diawara (2000) stresses (in a discussion of western agencies and their work in the Malian Sahara), there is a need to work with and integrate local knowledge and culture with expert knowledge – not to oppose them as mutually impermeable spheres.

Some subjects cannot grasp the momentous changes occurring in their constitution. We think of whales, seals, (or 'mad' cows whose 'rights' to be ruminants have been violated by organized agri-industry and reasserted by government policies), and other species subject of organized campaigns to represent or save them in some way. The ecosystem as a whole is now often ascribed rights and interests as are other entities incapable of interest representation, such as foetuses, those who are on life-support systems, and so on. All of these are represented as global subjects with assigned rights and interests that some violate, others ignore and a few choose to represent (Meyer, 2000, 239). It matters not whether a cow is British or French in an economy where meat, sperm, livestock, and meat derived products, such as gelatine and cosmetic additives trade globally. Greenpeace, as an organization for expressing a standardized moral consciousness that can mobilize activists anywhere, can represent Canadian seals as easily as those that are Russian and, through global media, can act its way into the global consciousness.

Globalization, rather than foreclosing questions of identity in convergence on one form, opens them all up in a thoroughly postmodern way (Meyer, 2000). Yet, it is simultaneously a process of compression of space and time and, consequent upon this, an exacerbation of relativities between narratives of self, society, the globalizing world and the increasingly transparent ways of being human, one to the other, that this complex of compression and relativization presents. And these are not free-floating, signifiers of equal weight in dreamtime stories that imagine futures now rather than pasts. They are stories that lodge in different forms of consciousness, encoded in the lore of the elders, the wisdom of the tribe, the news on the airwaves, the sights and sounds that come down the tube, the transmissions through the satellites, optical cables and microwaves.

Some global significations route more global imagination than others. The Murdoch News Corporation satellite now spreads its footprint all over the Asian region – except China, which his recent marriage may well be a strategic move towards remedying. Certainly, there is considerable fixity to the messages that the media transmits but, recalling the error with which McLuhan (1964) started the whole globalization debate, there is also considerable diversity in the way in which they are interpreted, instantiated and used. Fixity in forms of production and distribution does not mean closure in forms of cultural consumption. Murdoch discovered this when he found that his analysis of the digital age meant the end of dictatorship was a message received extremely coolly in Beijing. His subsequent ditching of the BBC from his satellite broadband, for unfriendly reporting, helped appease sensibilities somewhat, as have critical remarks about the Dalai Lama, and the diplomatic efforts of Wendy Deng, the new Mrs. Rupert Murdoch. News Corp is an undoubted winner of globalization – but there are also losers.

6. Conclusion: Winners and Losers in Globalization

The primary casualties of globalization appear to be low skilled workers in traditional manufacturing countries who either see their jobs slip away overseas, or experience a painful slide in their wage rates as their employers strive to reduce costs. Secondly, whole countries and regions find they have been sidelined by the forces of international trade and investment and, instead of experiencing a growing involvement and benefit from the global economy, may encounter a greater sense of dependence and isolation. Particularly vulnerable are the relatively unskilled and under-educated, especially in labour market systems that do not develop very active and interventionist labour market policies.

At the other end of the labour market are some of the main beneficiaries of globalization. One category of these people are the employees of the TNCs and those professionals who service these companies; lawyers, researchers, consultants, IT experts, and so on. Meyer (2000, 240-1) is unequivocal that those who are the subjects of the organization of scientific and professional activity on a global scale are the real winners. Professional associations represent such people, international knowledge-businesses, universities and research laboratories employ such people as do international governmental associations and agencies. These are the people at home in airport lounges, with frequent flyer programs, and airline cards as global talismans of their universality. The category also includes not just those whom he identifies as being able to make universalistic claims (whether about rights, science or any other form of expert knowledge). It also includes those who are able to practice as universal experts in various global sports and achieve representational status from their sponsors – Nike, Adidas, and those other transnational sports companies whose brands are ubiquitous.

Wood (1994) reckons that trade with developing countries is the prime suspect for the increase in inequality *within* industrial countries. He estimates that it has reduced the demand for low-skilled workers in rich economies by more than a fifth. In evidence, he points to figures showing that 'between 1970 and 1990 those countries which saw the biggest increase in manufactured imports from developing countries also suffered the sharpest drop in manufacturing's share in total employment.' It must be recognised though that most jobs are still in non-tradeable sectors. Unemployed truck drivers from China cannot relieve a shortage of truck drivers in America. And even for the 16% of American workers who make their living in manufacturing, the overlap of production with low wage countries is relatively small. America's main competitors in most sectors are other high wage countries, as is true of most OECD states.

Classical trade theory assumed that capital and technology were not readily mobile between countries. As a result developed countries made capital-intensive, high-tech products, while developing countries were confined to low-tech, labour intensive activities. But a global capital market has given poor countries better access to capital, and technology has become more transferable. Information technology allows knowledge to be codified and diffused across borders more rapidly, making it easier for developing countries to catch up. More jobs and skills are entering the tradeable sector. As the prospects for those without skills diminish, the opportunities for those with highly specialised skills suddenly become global. "Winner-take-all markets are spreading to more and more occupations, such as lawyers, doctors, bankers, academics and chief executives . . . increasing the opportunity for the rich to become even richer." (*Economist* 1996a: 33).

This comparative advantage of the developed countries however may well be slipping away in significant sectors of service employment. Some people fear the new super-competition because the growth of information technology allows for the increasing codification of knowledge reducing the need for physical contact between producers and consumers, Call centres are the perfect example – they can be located anywhere. Routines are cheapened by routinization of existing tasks; re-engineered tasks can then be moved to places where wages are cheaper. The transaction costs associated with doing so do not appear to be great: satellites and computers can ensure virtual linkage.

Despite the attention drawn to wages and associated cost of taxes, issues raised by journalists and politicians, the truth is that TNCs do not, by and large, invest where wages and taxes are the lowest. If they did the theory of comparative costs would work far better than it does. The reasons are self-evident: wages are often a minor cost-factor in TNC calculations; greater transaction costs are associated with the presence or absence of densely embedded networks for business in particular locales. Additionally, domestic linkages institutionally frame businesses in embedded relationships with universities, financial institutions, government institutions, and so on. Government-business relations typically have an exclusive rather than open character and can be an important component in building national competitive advantage (Porter 1992).

An emerging danger is that competitive advantage in the future will open up the possibility of global domination more rapidly than it was ever achieved in the past. Brian Arthur (1996) argues that in a growing number of industries there is a natural tendency for the market leader to get further ahead, causing a monopolistic concentration of business.

If the aim of international competition is to win, only a few can be winners. A real danger is that the losers are excluded and abandoned to their situation. The winners come together and increasingly integrate with one another. Where such processes occur within societies serious consequences may result in terms of increased poverty, unemployment, alienation and crime. But the consequences are of a higher order of magnitude when the processes of exclusion and alienation involve countries and whole regions of the world.

The share of world trade in manufactured goods of the 102 poorest countries of the world is falling as the share of the three regions of the Triad increases. There is a 'de-linking' of the less from the more developed world, particularly in Africa. The Triad seem to be composing the core of an increasingly globally integrated world economy from which the countries outside the Triad blocs are excluded. One can only speculate on the political consequences of such a new global division: they are unlikely to be integrative for the world system as a whole (Petrella, 1996:80-1).

The cultural implications of economic analysis remain somewhat underdeveloped. Attitudes toward the overwhelming political and economic forces for globalization range from enthusiastic integration, to determined isolation, and from a belief that the free market will resolve all resulting tensions, to a commitment for comprehensive social, economic and environmental regulation. A motley collection of "new right" actors, including the anti-globalization political parties, such as in Australia, the Hanson One Nation Party, or the Buchanan wing of the republicans in the US, are in part founded on the spatializing and moralizing effects of fragmenting political identities. Ethnically distinct identities can be denounced and marginalized as belonging to people who deny the majority of "ordinary people" their rights (those who do not share their identity but share some other xenophobic conception of "national" identity) – to the surplus, relief, jobs, housing or whatever. But we also find S11 anarchists, agreeing, in Sklair's (1999:158) words that "globalisation is often seen in terms of impersonal forces wreaking havoc on the lives of ordinary and defenceless people and communities." As he goes on to say, it "is not coincidental that interest globalization over the last two decades has been accompanied by an upsurge in what has come to be known as New Social Movements (NSM) research (Spybey 1996, chapter 7, Sklair 1998)." NSM theorists argue for the importance of identity politics (of gender, sexuality, ethnicity, age, community, and belief systems) in the global era. S11 are a perfect example of this – and their strategies are based on global tactics. They do not seek to build effective conventional political alliances and positions but use the tools of globalization, such as the internet, to create activist 'happenings' as spectacular media events whenever the leading global players meet internationally.

The continuing impulse of markets and technology to integrate the world will require a considered response. Elements of each of these can be found in the ideologies and practices of companies as well as governments. Representing the integrationists are the liberal international organisation such as the IMF, World Bank, World Trade Organisation and OECD, who stress the inevitability of further globalization and the significance of the role of international agencies in fostering understanding and agreement. In the isolation wing are those people who yearn for the days of national self-sufficiency and international trade supremacy. Among the optimists are those such as Kenichi Ohmae (1990) and the *Economist*, seduced by the opportunities of winner-take-all global markets, if only free trade can become a reality. Finally there are those, including political bodies such as the European Community, and some businesses, that acknowledge the irresistible force and many attractions of further globalization but insist on a considered range of regulation to sustain communities, economies and the environment against the most damaging effects of globalization. It is this response to globalization that we find the most acceptable basis for dealing with the most profound economic and political phenomenon at the turn of the millennium. That is recognising the significance of enhanced international opportunities involves improving investment in internal and collaborative research and development, investing in human capital, and ensuring world class processes and state-of-the-art products and services in order to compete. But also these new international opportunities bring new responsibilities, and respecting international social and environmental regulations, and the integrity of different cultures is an essential prerequisite to becoming a global corporate citizen. It is these tendencies that George Soros, who more than anyone is an unequivocal winner from globalization, fears will not emerge in time. Without the recognition of a common interest taking precedence over particular interests, our present system will break down, he suggests. That we have at the present no organized capacities that would seem able to produce such an outcome may be the ultimate challenge for globalization.

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NOTAS

[i] Some of these ideas were first developed in concert with Thomas Clarke in *Changing Paradigms* (Clarke and Clegg, 1998), although much of the paper reflects some long standing sociological concerns, going back to work I did in the 1980s and 1990s.

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