

# COMMENTARY

---

## Globalization?

**Simon Bromley**

**F**orecast: global gales ahead.' Thus were BBC Radio 4 listeners warned by Paul Kennedy of coming storms in the world economy. Their size and vigour, he predicted, would endanger the prosperity, the social contracts, and possibly even the political democracy of the advanced capitalist world. And Kennedy is not alone in arguing that an increasing pace of integration in the world economy is radically altering the global landscape, threatening the very survival of the nation-state. To be sure, not all the prophets of globalization are as gloomy. Indeed, many contend that the new 'borderless world' will bring unrivalled prosperity, making real material advancement a genuinely universal condition as political obstacles to market miracles diminish. But whether reckoned in apocalyptic or benign register, it is widely accepted across the political spectrum that globalization is proceeding apace and producing profound changes in the nature and principles of the international system.

### **Whither the world economy?**

There are in fact so many different characterizations of 'globalization', so many conflicting discourses of change, that the central message is difficult to define. Nevertheless, several common themes may be identified. In the first place, it is claimed that, although there have been periods of great openness in the international system in the past, present trends represent, if not a quantitative, then a qualitative departure. Obsessed by the speed of contemporary electronic transactions, by the anonymity of flows across virtual spaces, and generally fixing on the spatio-temporal forms of interconnections rather than their social and economic content, globalists tend towards a unilateral and ahistorical appreciation of the present. Second, the scale, scope and rate of increase of global interconnectedness are generally judged to be not only unprecedented but also irreversible. Globalists are much given to linear extrapolations from partial and poorly understood evidence, and hence to assertions that nationally based understandings of economics and politics are redundant. All too often these supposed new insights, sage-like *obiter dicta* on the limits of 'conventional' wisdom, evince an embarrassing economic illiteracy – recently dissected with great verve in Paul Krugman's *Pop Internationalism* (1996). Finally, and most importantly, it is asserted that the combination of novel forms of connectedness with the extent, speed and irreversibility of these changes is inducing a decline of the nation-state, an erosion of sovereignty, as political and social forces operate more and more at regional, transnational and supranational levels. While the Right celebrates the limits given by the global market on collective action through the state, the Left typically argues the need for transnational political strategies to combat the global power of capitalism.

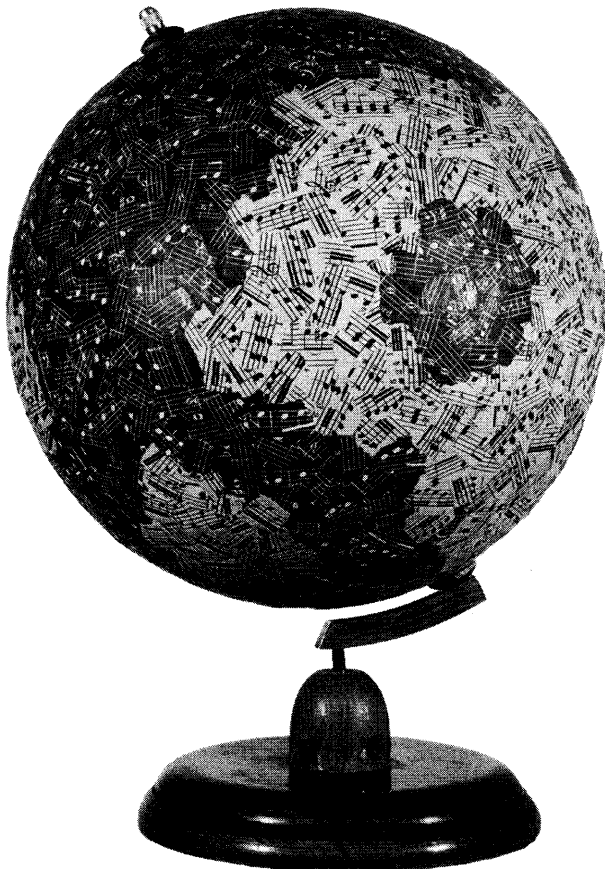
One way of interrogating the claims of the globalists is to subject them to historical and empirical scrutiny. Is it the case that a truly global economy is

emerging, one which has globalized in its basic dynamics, is dominated by uncontrollable market forces, and populated by truly transnational corporations as its major actors? Certainly capitalism has become more global in the postwar period. But what exactly does this mean and how does it compare with other periods of capitalist development? Andrew Glyn and Bob Sutcliffe (*Socialist Register 1992*) have pointed out that 'globalization' can mean two different things. In the first instance, it can refer to the geographical diffusion of capitalist market relations, as well as their expansion into new realms of social reproduction. In this sense, capitalism has clearly become more global: the spread of capitalism to the South and the East; the commercialization of much of world agriculture; the large-scale entry of women into wage-labour; and the commodification of increasing areas of social life – all of these mean that, both absolutely and relative to the population, more people than at any time in world history secure their livelihoods by participation in wage-labour, under broadly market-based, capitalist relations.

Yet these are not the primary concerns of the globalists. Globalization can also refer to increasing international economic interdependence and growing openness – a growing *density* of connection *within* the capitalist world. It is in this manner that the globalists argue that the world economy is more 'global', more interdependent, and more open in terms of macroeconomic connections, through the integration of patterns of production and consumption arising from an increasingly ramified international division of labour and the mingling of national markets for goods and services, for capital, currencies and labour, and by the transnational organization of production within firms. Here the picture is altogether more ambiguous. Detailed reviews of the comparative and historical evidence by Glyn and Sutcliffe, and by Paul Hirst and Grahame Thompson (*Globalisation in Question, 1996*), suggest that while the world economy is considerably more integrated and open than it was after the Second World War, it is no more integrated – and by some measures less so – than before the First. In short, it is only by comparison with the extreme nationalization of economic activity occasioned by the interwar slump and the

policies of total war that the present state of affairs appears exceptional. There is, then, very little evidence that we are yet witnessing the emergence of a truly global, as distinct from a highly interdependent, international economy, in which levels and sensitivities of connection are returning to those characteristic of the 1890s, albeit on a much wider geographical and social scale (though one still confined to the OECD bloc at most).

If the economic case for globalization is at best ambiguous, the political aspects of the debate demonstrate even deeper levels of confusion. The contention that the power of the nation-state is being undermined – that sovereignty is being eroded from above and below – forms the basis of the political case for globalization. This is a somewhat strange claim, given that each phase of expansion of the world economy since the late nineteenth century has been followed by a major geopolitical convulsion that has resulted in an expansion of the nation-state system – the age of empire and the First World War, the interwar years and the Second World War, the



long boom and the end of the Cold War. The apparent paradox of an expansion of sovereign polities on the one hand, and regular announcements of the supersession of the nation-state on the other, rests on a recurrent confusion about the very character of sovereignty in the modern nation-state.

### **The state remains the same**

The dominant powers of the modern world economy, the states which did most to shape its patterns of development, were *liberal* states. Liberal, constitutional states embody a particular notion of sovereignty, based not on a justification or a realization of the power of the political community, but on the constitutional, law-based legitimation of ultimate political power. Thus the doctrine and practice of liberal sovereignty are primarily concerned with the location and nature of rule. It is not centrally a claim about the capacities of either the political community or state institutions. Of course, liberal sovereignty does presuppose some powers on behalf of the nation-state – namely those essential to the maintenance of this form of rule. It entails that the legitimate locus of ultimate rule-making and enforcement is the nation-state; that the state can extract sufficient resources to carry out its essential functions; and that the state can maintain a sufficient monopoly of coercion to enforce its rule.

By its very nature liberal sovereignty is especially permeable to cross-border exchanges. Precisely because it is primarily concerned with abstract questions of the rule of law, and the provision of unified legal, monetary and administrative arrangements, the consolidation of the liberal state was coincident with the development of an *inter*-national economy. In order to secure their sovereignty, as well as to promote their economic expansion, *from the outset* liberal-capitalist states evolved networks of bilateral arrangements for the mutual support of national jurisdiction and specific multinational organizations for the co-ordination of state functions. (It was the retreat into protectionist and nationalist solutions in the interwar slump, and the advance of state control during the Second World War, that interrupted this process.)

Thus liberal sovereignty is not to be confused with the unlimited power of the political community, or with national autonomy vis-à-vis the world market and other states. (Indeed, liberal sovereignty has been in permanent tension with the popular – democratic – claims for such power and autonomy.) And once we see that the capacities which matter to the state are those sovereign prerogatives that effect rule over a liberal capitalist society, then we can also question the supposition that the power of the state has been eroded by the development of an international market. It is only by confusing the legal idiom of sovereignty with the power and autonomy of the political community that the globalists can identify the shift to the ‘market’ as a diminution of the ‘state’. On the contrary, liberal-capitalist states, and the social forces supporting them, are *strengthened* by a transition to market regulation.

Not only has the nation-state form expanded with the development of the international economy, but the number as well as the dominance of liberal powers has steadily grown. The expansion of liberal states in the world economy, their participation in international organizations, and the development of international law are not threats to sovereignty, but rather the forms of its consolidation on an increasingly global basis. It is an exercise, not a supersession, of sovereignty to subscribe to such limits as may arise from the interaction of a multiplicity of sovereign authorities. Participation in international and transnational organizations to conduct these activities is not an instance of surrendering national competencies to trans- or supranational bodies. Rather it is a process of creating powers at an inter- or trans-state level, capabilities exceeding those that might be held in aggregate by states acting alone, in which each state then shares. (As Alan Milward

has so persuasively argued, even the formation and development of the European Community was fundamentally aimed at *The European Rescue of the Nation-State*, 1992.)

In general, we do not see processes and institutions of global centralization, but movement in an altogether different direction: states are using their sovereignty to redefine their rights and duties in the international system (F.H. Hinsley, *Sovereignty*, 1986). In the postwar period, and especially since the stagflation of the 1970s perhaps, the direction and content of this redefinition of sovereign rights and duties has, as many of the advocates of globalization have implicitly recognized, been towards more liberal, market-based forms of regulation. But in principle this is no different from the formulation of international rights and duties in the second half of the nineteenth century, when the modern *inter-national*, not global, economy was born. As in the 1890s, so a century later, sovereignty and the rule of law remain central to the regulation of commercial society (based on markets and private property) in an increasingly internationalized world economy. The proliferation of sites and fora of decision-making, and the shift of power to the market, do not undermine the sovereignty of the nation-state. For only states can legitimize and authorize such delegations; the role of the state as originator and agent of international law is expanding with such grants; and the state is the sole political form capable of creating, observing and enforcing such law.

All too often a very basic point is overlooked in discussion of proliferating sites of decision-making and authority, in the fanciful assertion of a new medievalism: in the modern international economy there is a sharp structural constraint upon the degree to which contract enforcement, self-regulation and the like may be delegated upwards and downwards, from public to private. The constraint arises from the fact that efficient market regulation presupposes a mechanism of rule-making and, critically, *enforcement* with sufficient legitimacy to ensure that neither the costs of transactions, nor the requisite levels of coercion to enforce them, are too high. To date, by far the most successful means to this end has been the rule of the liberal sovereign state, and neither the major powers of the G7 nor the dominant actors in international markets have shown the slightest sign of wanting to alter this arrangement. (The alternative *is* a new medievalism: the mafia-style enforcement of contracts found in Yeltsin's Russia.) Thus there is no necessary contradiction between growing worldwide economic integration and the sovereignty of the nation-state. Indeed, one might even reverse the conventional wisdom and say that it is only the global spread of sovereignty in the more or less liberal form of the constitutional law-based state that has enabled the consolidation of an international economy to the extent that it exists. Whether liberal sovereignty affords sufficient latitude for *popular-democratic* control over the market is, of course, another matter.

## a call for papers — **BODY MATTERS II**

a call for papers

The Body Matters conference continues to offer an open forum for the exchange and consideration of conceptions, experiences and uses of the body as seen in a diversity of practices and disciplines.

Papers are sought on all aspects of the body from all areas, be they theoretical, practical, artistic or political.

**Deadline for abstract submission: January 31 1997**

**Conference dates: 4-5 July 1997**

Enquiries, Abstracts and Papers to: Body Matters II,  
Philosophy Department, University of Hull, Hull, UK HU6 7RX  
Phone: 01482 465995,

e-mail: S.A.Burwood@phil.hull.ac.uk, Fax: 01482 466122

Contacts: Stephen Burwood, Lawrence Nixon