



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor: 5.2  
IJAR 2017; 3(6): 1188-1191  
www.allresearchjournal.com  
Received: 26-04-2017  
Accepted: 28-05-2017

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## Reviewing globalisation: Its challenge and impact

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### Abstract

Globalisation is one of the forces that have been shaping our lives for a long time. This research paper will make a clear line of Literature review that how has been affected the economic, political and social conditions in globalisation era. The article argues that positive and negative impact of the new paradigm, its globalisation is extremely questionable and the convergence argument does little to advance its cause.

**Keywords:** Globalization, Imperialism, Neo-Imperialism, Economic, Capitalist

### 1. Introduction

This essay reviews five articles on globalisation. Most of the authors selected here argue against global capitalism, while there is one who argues in favor. All of them agree that there is a definitional anarchy when it comes to globalization. And for the purpose of this debate, the words globalization and global capitalism are used interchangeably. To begin with, all the anti-globalization scholars agree on some broad points about globalization-

- a. It is not a new phenomenon. Global interconnectedness can be traced centuries back.
- b. However, this globalization is new in the sense that it encourages global capitalism.
- c. It has led to weakening of the State. (Samir Amin disagrees with this point. For him, global capitalist globalizations is all the more anchored in different nationalisms.)
- d. It propagates global inequality by creating a structure of dependency between the global North and the global South.
- e. It has led to the creation of a transnational capitalist class.
- f. Most of them see the US hegemony as an empire and they also foretell its impending collapse, reason being it's a strategic over-reach.

### 2. Arguments against globalisation

A common feature of all these authors is that they all end their essays with a prescription for change or a premonition of a tumultuous transition which would end the era of global capitalism. Arrighi points to the transition to an "unknown destination" i.e. a new empire with its nucleus lying somewhere between the U.S. and East Asia. Harvey, on the other hand, asks for an alliance between the global justice movement, the anti-war movement, movements against expanded reproduction and *accumulation by dispossession*. He also calls into question the right to private property. As far as his prediction is concerned, he thinks that US dominance will most likely be replaced either by a world government (the hints of which can be seen in international groupings like the G7 and the G8) or by an ultra-imperialism (the concept of which was given by Kautsky). The Marxist leanings of these authors is all too apparent here. All of them unflinchingly point to the contradictions inherent in capitalism (in this case, global capitalism/globalization).

#### 2.1 Crisis of globalization

The anti-globalisation scholars use crisis as a signifier of change. Arrighi does a brilliant comparison between all major historical hegemonic transitions and links them up with a crisis i.e. the financialization of capital. Amin calls it "the abstract capital"- a new mechanism of the core to draw mega-surpluses from the peripheries. Leslie Sklair devotes the maximum space to crisis. He shows how the crisis of class polarization and that of ecological unsustainability can lead to the undoing of capitalist globalization.

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However, compared to Arrighi, Harvey and Samin, Sklair takes a somewhat benign stance towards capitalist globalization. He is not against the idea of globalization *per se*. In fact, he asks for a “globalization of human rights and responsibilities” and “more humane and communal forms of globalization”. Besides, all these articles are also similar in the sense that none of them elaborates on any concrete plan of action.

*Giovanni Arrighi* argues for adopting a world-systems perspective in studying globalization. There are two main substantive points made by the world-systemists:

- a) The core-periphery structure of the global political economy still persists, despite all the claims to the contrary made by the globalists. The inter-country inequality today is higher than the intra-country inequalities around the world.
- b) One needs to adopt a multi-century time-frame in order to understand as to how the current order of global political economy will be superseded by an alternative.

### 2.2 Perpetuation of global income divide

Arrighi's contention is that although manufacturing has dispersed across the globe and although the South has been consistently industrializing since the 1960's, the income gap between the North and the South has not reduced. This, he attributes to the “adding up/composition effect” which he explains through Schumpeter's theory of Competition and Vernon's Product Cycle theory.

He differentiates between structural globalization and ideological globalization. While the former is an old phenomenon, the latter is rather new. The ideology referred to here is the neo-liberal political ideology, the one reified by the “Washington Consensus”. Arrighi's brilliance lies in the way he connects all past hegemonic crises with the financialization of capital (“the last refuge ” as Schumpeter puts it) and then uses this historical analysis to show how over-financialization of American capital over the past 30 years (the article was written during the Bush Jr. regime) will spell doom for U.S. hegemony. This article is very portentous in the sense that it almost predicted the global financial meltdown of 2008.

Next, he goes on to show the peculiarities of the current phase of globalization:

- a) The bifurcation of military and financial capabilities of the hegemon i.e. the US. So while the US is the biggest debtor nation in the world, it maintains its hegemonic status through its overwhelming military might.
- b) The financial expansion has resulted in an explosion of social conflicts
- c) For the first time in modern history, the epicenter of the global economy has shifted to East Asia.

The last point is somewhat problematic. While East Asia may have achieved impressive economic feats and may have taken the lead in manufacturing, it is still the Euro-Atlantic zone which remains the epicenter of global economy.

### 2.3 Globalization: a new form of imperialism

David Harvey, a Marxist geographer, in his essay “From Globalization to the New Imperialism”, shows that globalization is not a neutral phenomenon of global interconnectedness based on the principles of equal opportunity and competitiveness. It is rather a new form of imperialism. He calls it “the capitalist form of imperialism”.

His contention is that globalization aids in the accumulation of surplus capital which in turn has established this neo-imperialism. It has come out starkly in the open since the US switched from multilateral neo-liberalism to unilateral militarism. He says that the US has shifted its strategy of dominance from low-level global warfare to that of a frontal military assault. Besides, in order to avoid social conflict at home, the US routinely resorts to appeal to nationalism by raising the bogey of terrorism, Human rights, Weapons of mass destruction, Rogue/Failed states etc. Using Hannah Arendt's statement “A never-ending accumulation of property must be based on a never-ending accumulation of power”, he connects the territorial and the capitalist logics of power. “The accumulation of control over territory”, he says, “as an end in itself has plainly economic consequences.”

Like other anti-globalization scholars, he also predicts that this imperialism won't last long and much like Arrighi, he also believes in the balancing power of East and South-east Asia. Similarly, like Arrighi, he also questions the right to private property. He goes on to show that capitalism leads to imperialist practices in three ways: Firstly, by forcing open hitherto closed economies. This situation arises whenever there is a crisis of overproduction in a capitalist economy. So in order to create new markets, regimes of openness are created. Secondly, In order to compensate for domestic failures, governments often adopt adventurism in their foreign policies. To buttress this point, he gives the example of 1990's US foreign policy. Although the threat of communism was gone and there was no clear enemy of the US left, the decade turned out to be troublesome so far as domestic situation was concerned. Hence in order to undo that, the Bush Sr. regime went into a war with Iraq. Thirdly, it is the class struggle at home that drive the State's impulses for imperialism.

### 2.4 Accumulation by dispossession

Then he shows how imperialism functioning as accumulation by dispossession has played itself out in different parts of the world, how the common resources in Latin America, Russia and Asia were released into private hands and made susceptible to American finance in 1997-98. Finally, Harvey assesses the situation of the US in the world today. The US hold over OPEC countries is one of the crucial ways in which it maintains its pre-dominant position in the world i.e. control over strategic resources.

Samir Amin believes that globalization is not even an appropriate term. He calls it “collective imperialism” instead. And he points to the fact that scholars hesitate to use the term imperialism shows that there is also an element of ideological aggression in globalization. The collective imperialism being talked about is that of “the triad” (the three major economic groupings of the world- North America, Far East and West Europe).

Leslie Sklair in his article focuses on a narrow but important factor in globalization politics today, i.e. the transnational capitalist class. Sklair too, like other authors under this review uses the terms capitalist globalization and globalization interchangeably. He argues that generic globalization is a new concept and it is characterized by 4 features: The electronic revolution, the post-colonial revolution, new transnational social spaces and a new cosmopolitanism. In the essay, he focuses mainly on the

transnational- that which transcends state borders and is not anchored in any one nation.

### 2.5 Creation of a ‘transnational bourgeoisie’<sup>[1]</sup> and denigration of the worker

The ideology of consumerism is the bedrock on which capitalism rests and it is the transnational capitalist class (TCC) which own the Transnational Corporations (TNCs) that further this ideology. Sklair then, evaluates the situation of workers in the global capitalist system. In the economic sphere, they have limited freedom. The TCC holds a strict control over labour practices, unions etc. In the political sphere, this system denies or constricts the space of the worker. But it is in the sphere of culture and ideology, Sklair points out, that the global capitalist system wants maximum co-operation of the working class. It wants the worker to buy completely into the ideology of consumerism. “I shop, therefore I am” is the mantra here. The working class is encouraged to by over and above its biological needs.

Sklair divides the TCC into 4 fractions:

- a) The owners of the TNCs
- b) The globalizing state bureaucrats
- c) Globalizing professionals
- d) Merchants and media

The interests of all these classes are in sync with each other. Those features of TCC which make it transnational are:

- a) The economic interests of all its members coincide.
- b) The members are more global than local in their perspectives.
- c) They see themselves as citizens of the world
- d) Members of the TCC, no matter where they are located, lead similar lifestyles and have similar tastes. Even their career trajectories tend to be similar.

In this way, Sklair shows the TCC to be one coherent whole, although it is geographically scattered. Finally, he turns to evaluate whether the politics of globalization is valid or not. This he says is contingent upon whether this globalization can solve two of its most important crises, i.e. the crisis of polarization and the crisis of class. To solve these two, he recommends that globalization take on a “more human and communal” form.

Samir Amin, a marxist intellectual, takes issue with globalization. In his article under review, he posits that historical capitalism has always been globalised. Still the scholars believe that this phase is new in the sense that it is leading to withering away of the nation-state. Amin disagrees at this point, saying that high levels of inter-penetration of capital notwithstanding, transnational capitalism is still anchored in nationalisms. He gives the example of big European banks. Choosing banks to instantiate his point is very clever on his part as they are the hub of capital. He says that these banks are strongly national in character as compared to other corporations. In the same vein, he disagrees with scholars like Sklair and Carroll who believe in the existence of a TCC.

He also critiques the European integration project. The Franco-German alliance, which is the primary driver of this project shall hold, he says, only until the weaker partner (i.e. France) keeps itself in line with interests of the stronger partner (i.e. Germany). “Europe is still conjugated in the

<sup>1</sup> William Carroll invented this term to refer to what is otherwise called the Transnational Capitalist Class.

plural.” He also uses the oft-heard political rhetoric which the Greek have repeatedly been using ever since Germany began to crack its financial whip following the global financial crisis of 2008- “Germany is trying to achieve through economic means what it failed to do twice militarily”. Disproving the European integration is important here because it is often held up as a shining example of withering away of the nation-state under the influence of forces of globalization. EU members, he says, are acting more in competition than they are complementing each other.

Although he does concede that the transatlantic capitalism has indeed become very interdependent. And to build up on this point he uses Carroll to show that this increased interdependence in the North has meant increased marginalization of economies of the South.(Carroll:2010). In the same breath, he also criticizes Carroll for believing in ‘reformist’ international institutions which are in fact only serving to maintain the status quo. Outwardly though, they claim to be ‘anti-systemic’<sup>[2]</sup>. Like a quintessential Marxist, Amin rejects some of these as co-options and others as compromises between labour and capital. The latter, he says, alleviate only some superficial problems of global capitalism without questioning the fundamental contradictions of capitalism per se. borrowing from Chossudovsky<sup>[3]</sup>, he calls these ‘manufactured’ institutions. Any kind of alternative, he says, ought to be “radical and socialist-driven.”

### 2.6 International Institutions

The transnational bourgeoisie (or the TCC), which is at the helm of contemporary globalization has come up with some international institutions of political control. Amin uses Carroll’s analysis to highlight the activities of some of them. These include organizations like WTO, IMF, World Bank, World Economic Forum, the Bilderberg Conference (or The Mont Pelerin Society), International Chamber of Commerce, the Trilateral Commission, World Business Council for Sustainable Development, European Round Table of Industrialists etc. For example, he says that the WBCSD was created to “dress green” new programmes of capitalist expansion.

### 3. Arguments in favour of globalization

Jagdish Bhagwati, an Indian-American scholar comes out in defence of globalization. He focuses primarily on the global trade aspect of it. He disproves of the tendency to blame globalization for all social ills. He does concede at one point though that globalization may have its “occasional downsides”. He also responds to those who say that globalization needs a human face. For him, it already has a human face. From here on, he goes to show how globalization has helped in alleviate problems like child labour, gender inequality etc. He does sound a bit insensitive at a point where he says that if poverty exists in the world, what has globalization got to do with it? He argues that increased trade has strong links with increased per capita incomes in nations of the South. To instantiate his point, he borrows from Arvind Panagariya’s example of the

<sup>2</sup> These institutions are: (i) the International Trade Union Confederation (ITUC); (ii) the Transnational Institute Amsterdam, itself a branch of the Institute for Policy Studies based in Washington; (iii) Friends of the Earth International (FoEI); and (iv) the World Social Forum (WSF)

<sup>3</sup> ‘Manufacturing Dissent’, website Chossudovsky, 2010

“miracle” economies. In the same vein, he argues in favour of outsourcing of jobs to cheaper destinations and rebuffs the “race to the bottom” theory.

He also identifies some problems with the current form of globalization. For example, he points to the difficulties economies of the South have when it comes to structural adjustment. Thus, he argues for structural adjustment grants for these countries much like nations of the North have. So, even in his work one may see an undercurrent of a demand for justice and redressal.

#### 4. Conclusion

Interestingly, on both sides of the debate one finds a strong revulsion for compromise. And this is exactly why both deride the “Third Path” which is Social Democracy. While the anti-globalization scholars consider it to be a co-option rather than a true alternative, the pro-globalization scholars view social welfare as “doles”, “populist/vote-bank politics” etc.

Similarly, both sides demand policy interventions in the market. While one demands it to scrap away globalization altogether, the other demands it in order to open up yet newer sectors to private capital.

Overall, the arguments from the anti-globalization side are more convincing because they are buttressed by more facts and figures. Nonetheless, there is much rhetoric in them. One can't help but notice a tinge of utopianism in them when they talk about a “global justice movement”. Does such a thing exist as one concretely identifiable whole? There are movements for change all over the world. But aren't the movements in the North pretty much in conflict with the aims of the movements in the South?

Bhagwati's arguments fall short of convincing the reader. Although his point of increased global trade leading to higher GDP is true (especially in case of India- an economy which he uses as his example), however, he conveniently forgets to dwell upon the issue of stark domestic inequality that it has engendered (something that Giovanni Arrighi repeatedly raises in his essay). He totally escapes the question of “the rich are getting richer and the poor poorer”.

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