

## **Globalization: Good or Bad?**

**LSE October 11 2000**

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This event was chaired by Lord Desai and took place on 11 October 2000 at the London School of Economics. Each speaker spoke for around 7 minutes, and at the end had a chance to respond. Unfortunately only two of the responses were recorded.

Professor Lord Desai:

"Welcome to this first big seminar of the millennium academic year. Today, we have an unusual event. It is an innovation. Ever since Anthony Giddens came to the LSE he has been holding lunchtime lectures open to students, which has been an excellent tradition. This year, we thought we would have some other people present as well. This is the inaugural lecture of this year by Anthony Giddens, along with three other distinguished members of the LSE faculty. All will tackle the problem of globalisation. This is just the beginning. There will be many more lectures to come."

### **Anthony Giddens Globalization: Good or Bad?**

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"In its simplest sense globalisation can be defined as increasing global interdependence. The globalisation debate has moved through two phases.

Up to approximately three or four years ago, the core of the debate on globalisation concerned whether the phenomenon existed at all. Many people felt that all the talk about globalisation did not signify a reality. These people have sometimes come to be called globalisation sceptics. They argue that if, for example, you look back to the late nineteenth century there were already open markets, a good deal of trade in currencies and much migration across the world where, for the most part, people did not even need passports. Thus, they questioned whether there was anything new about the contemporary phase, suggesting all the talk about globalisation is simply hype. There has been a lot of research since then.

My view is that that debate is over. The first globalisation debate is now over.

Anyone who has studied the phenomenon in depth recognises that this is a new era. Whatever affinities it might have with it, the current global age is not merely a replica of the past. There are massive changes affecting our world. The globalisation debate itself has become global in a way that would simply not have been possible before the advent of recent global communication systems.

The second globalisation debate is now underway. That debate is not about whether globalisation exists, but what the consequences of globalisation are. That debate is not just an intellectual debate. It is not just an academic discussion. That debate has brought people out into the streets. Since the meetings in Seattle, through to the anti capitalist carnivals in London, massive demonstrations in Buenos Aires when the IMF were there and more recently Prague, there is a massive confrontation around the whole notion of globalisation and what it means for us.

Although there is a good deal of violence in all this on the streets, in a way I think it is right and proper because the globalisation debate is perhaps the most important debate currently ongoing. It is a debate about how we can shape the big changes affecting our lives in such a way as to try to settle the fate of this century. The unfolding shape of this century will be strongly influenced by how we react to the debate about globalisation.

What were the people on the streets of Seattle saying? We know they were disparate groups and were not just people who for or against globalisation. The protestors are themselves part and parcel of globalising processes because, for example, they used the internet to assemble there. Chris Patten gave a funny example of a placard that was being held up in Seattle. Someone was saying join the world wide movement against globalisation. That demonstrates that you are dealing with the contact, friction and dialogue between what you might call globalisation from above and globalisation from below.

In the streets people were against globalisation. In the plush meeting rooms people from the WTO and IMF were for globalisation. To me, both these positions are incoherent. You cannot take such a position because globalisation is a complex phenomenon, not a single phenomenon, and comes from more than one source, perhaps the dominant source being changes in communications. Globalisation should neither just be identified with liberal market policies or the expansion of the global economy. I believe, there is a much more profound restructuring of global institutions going on, to which phenomena such as the ending of the cold war and other dynamic influences contribute. Therefore, you cannot be for or against globalisation, you have to disentangle the undeniably positive aspects of a more global and cosmopolitan world from the harmful and destructive ones which undoubtedly also exist.

#### Corporate Power and Inequality

The people in the streets were concerned with at least two phenomena – corporate power and inequality. Is it true that corporations run the world? If so, that surely cannot be right and proper. Is it true that expanding globalising processes are producing a more unequal world?

I believe we do require more regulation of corporate power. That is possible. However, regulation must be on a transnational as well as national level and involve incentives as well as negative measures. Regulation must also involve those types of issues that OECD are now working on centrally, for example, closing down of tax havens and increased regulation of anonymous banking accounts. You do not want a world which is simply enthralled to corporate power.

On the other hand, it is a fundamental mistake to demonise business, demonise corporations, because corporate involvement is needed for investment and, under the right conditions, corporate investment in poorer countries is wanted. The question is how to achieve that. It would be stupid to simply say that corporate power should in some sense wholly be held back from the developing world. It has aptly been said that the only thing worse than being exploited by a multinational corporation is not being exploited by one. Corporate investment is wanted, but only under regulated conditions.

Does globalisation increase inequality? People on the streets seem to think so, but if you examine the evidence, that assertion cannot be supported. In this case, it does not matter what view of globalisation you have, even if it is a very thin view of globalisation as free trade. If you examine the recent studies, there is no clear connection between the expansion of free trade and the development of inequalities. On the contrary, on the whole, open poor economies perform better than closed poor economies. In terms of growth rates, over the past fifteen years the comparison

is zero growth for closed poor economies and approximately 5% growth for open poor economies. Moreover, in the open poor economies there is a reduction in inequality rather than an increase.

Fundamentally, inequality comes from a cluster of other sources – corruption, the overextended power of states, technological change, demographic change and disease, the spread of AIDS in Africa. Globalisation, engagement with the wider changes in the world, is as crucial for the less developed countries as it is for the more developed ones. No country which has cut itself off from the wider world has prospered.

You only have to look at North Korea or Burma to see what it is like in a country which tries to simply isolate itself from the world economy. There is no future in regionalism or blunt protectionism. That does not mean you should simply accept free trade. Industries should only be opened up to markets when certain institutionalised conditions prevail. Nevertheless, you do need to engage with the wider global economy. The main question for poorer countries is what the conditions of that engagement are."

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### **Fred Halliday Globalization: Good or Bad?**

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In the spring, I had the great pleasure of travelling to Kuwait with Anthony Giddens, where he lectured on globalisation. His visit was a good example of one aspect of globalisation because whilst the first question from the audience concerned the WTO and trade liberalisation, the second concerned Arsenal and Tottenham Hotspur. Close to half of his visit was taken up with discussing the various successes of British football teams with Kuwaiti audiences and governors – curiously, one area where Americanisation is not equal to globalisation.

#### **Change**

There are some boring things to say concerning globalisation. First, that nothing has changed. Here I agree with Anthony. The historical perspective is important and we should examine the degrees of trade, investment and movement of peoples before WW1. A point Meghnad has often made is that we should also look at why it failed. It failed because of the inability of states to agree. Thus, the past is relevant. To say that some of the things that globalisation promotes and people discuss have happened before is also relevant. When people say ideas are crossing the world rapidly today, it is true to also say that whilst 50, 500 or 1 000 years ago people did not have the microchip or CNN, the ideas of Jesus Christ, The Prophet Mohammed, Martin Luther King, Karl Marx and the American Revolution also spread across frontiers in a very dramatic way.

Therefore, to say that nothing has changed or that everything has changed is boring, inaccurate and leaves out the intellectual challenge, which is to say exactly what has changed. In some sense we do not know because we are all flying blind. For example, I do not think that any of us know how important the 10% of the US economy constituted by e-commerce will be in the next ten or fifteen years. Maybe it will remain 10 or 15%, maybe it will become much more. I do not think any of us know. This is an intellectual question, and also a personal and even trade union question. What will the effects of this be upon teaching in universities? Will we really see such a profound change in universities in the next few years? We do not know. However, I think we should try to keep some measure as to what is new and what is not.

In the back of our minds, we should also keep what is perhaps the most old fashioned, though ever relevant, question which the British educational system poses – what exactly do you mean? Often, in globalisation, one loses sight of what exactly is being claimed, not least for the reason that not everything is related to everything else. Changes in technology, growth in interest in religion, decline in secularism in societies and changes in family, trade and employment patterns may or may not be related to each other. However, I think it is an illusion to think that they do. I want to look at four issues which fall under the globalisation rubric.

### Inequality

The world is becoming an increasingly unequal place in terms of income, life opportunities and technological change. The gap in terms of income is striking. As the UN Development Programme has emphasised in its recent reports, the gap between the richest and the poorest 20% of the world has increased to 86:1 and widens every day. When examining the latest UN World Investment Report, if gung-ho on globalisation, you will say foreign direct investment has increased from approximately \$300 billion or \$400 billion a year in the early 1990s to almost \$900 billion in the last year. That is an enormous increase in transfer of capital. However, 80% of that goes to OECD countries and over 50% of the remaining 20%, which goes to emerging markets, or third world countries, goes to just ten countries, of which China is an obvious recipient. In other words, by all practical measures, there are well over 100 countries in the world which are excluded from the global flow of investment. Thus, there is income and investment inequality.

Then, there is the question of employment, which could be the most explosive of all because of the enormous political consequences. The gap between technology change in contemporary society and job creation is getting wider and wider. According to the International Labour Organisation, for the next fifty years, world wide, we will have to create 30 million new jobs every year to employ those who are coming on to the labour market. That is just not happening. President elect Vicente Fox was here only last week. He provided the figures for Mexico. Mexico needs to grow 7% per year to find employment for the 1.4 million people who are coming on to the labour market. Additionally, nearly 400 000 people are trying to get into the US every year. Failing to address that within countries has enormous consequences for migration and economic and political stability. As we see it, I do not believe globalisation is addressing that. Unless, and until, states and corporations address the inequalities and the consequent instabilities in globalisation in a long term manner, globalisation will neither deliver prosperity or stability for most of humanity.

### States

We all know that this is a huge debate over whether states matter or not. Why do people invest in one country as opposed to another? - Not because of the natural resources. There are no natural resources in Singapore, and few in Ireland. People invest because of the educational system, which is a function of states, and the stability and good governance of states. Where there is not good governance – which you may not be able to define, but know when you do not have - people do not invest. If states did not matter in elections, nobody would be spending all this money on Bush and Gore. However, they are spending a lot of money. Indeed, the question of campaign finance throughout the developed world - look at Germany, France, the UK, the US and Japan - is a central one. That is because states still matter. The point that Meghnad has made before is crucial. The future of globalisation rests upon agreement between states. If the Europeans make a mess of the Euro, which I hope they do not, but fear they may well, it will be because of a failure of states. If the WTO fails it will not, with all respect, be because of the tree huggers, environmentalists and trade unions on the streets of Seattle, but because of the disagreement of states.

The question of interstate security is more important than the question of globalisation. Though we live in a world mercifully free of the threat of interstate nuclear war, we do not live in a world

where the threat of interstate war has disappeared. We will be lucky to get through the next twenty five years without a nuclear exchange in East Asia involving China and its rivals, or in South Asia involving India and Pakistan, or in the Persian Gulf involving Iraq, Saudi Arabia, Iran and other states. We may do it, but it will not happen automatically. That issue, the issue of 1914, is still with us.

#### Human Rights

This term, the LSE is launching a human rights centre, of which I am the current Director. A new course on human rights has just begun. On balance, I am not at all convinced that globalisation is helping to promote human rights. Globalisation is bad for labour rights. In multiple forms, globalisation is bad for gender rights. Globalisation stokes up all sorts of nationalism and communalism, which is bad for the rights of individuals. I think we need to pay much more attention to the ways in which globalisation, whilst promoting universal norms also serves to undermine human rights.

#### Choice

We face choices. Currently, there is a type of zeitgeist, a spirit that these processes are inevitable and just happen. We have three fetishes of our age – the market, the microchip and the genome. The market, the microchip and the genome can deliver those things. However, they may also create greater inequality and be driven by short term concerns of profit. If they do, the world will end up as a more unstable and, at least, a more unequal place. Therefore, unless we subject them to democratic control and interstate so operation, assisted by responsible protests from below, then these processes will in fact not lead to greater prosperity or greater stability.

We have moved a long way from the nineteenth century view of globalisation as the world becoming one homogenous place. There are 10 000 languages in the world, some may disappear, but let us hope the diversity remains. There is diversity in gastronomies in the world. Let us hope we do not end up eating the same food all over the world, whether it is mal boeuf or anything else. Neither do I look forward to a world where all universities are the same. I think the homogenisation of universities is also a mistake. They should learn from each other and maintain their distant cultures. That too involves a question of choice. If there is anything beyond the question of inequality that concerns me about the globalisation issue, it is this issue of reasserting the possibilities of choice – democratic, intellectual and cultural choice – and not merely accepting this as an inevitable process.

### **Mary Kaldor Globalization: Good or Bad?**

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#### I. War

For me, the first most important thing about globalisation is the end of interstate war on a major scale. The formation of the modern state was inextricably linked up with war against other states. In the twentieth century, it reached its apex with two horrible world wars, the rise of totalitarian systems modelled on preparations for war and, for 50 years after WW2, the threat of a nuclear war and global extermination. Now, I think interstate war has become improbable. I do not rule out the possibilities that Fred Halliday mentioned, but I think interstate war has become increasingly improbable for a variety of reasons:

§ Growth of international prohibitions against waging war expressed in international law and held up by global public opinion. If we think back over the past 50 years to the movements against Vietnam and nuclear war, there is strong public opinion against large scale interstate war.

§ War has become so destructive that it has become increasingly difficult to achieve political objectives via military means. It is almost impossible to capture territory through military means, unless you simply kill people, unless you perform genocide. We have seen this in Grozny with the Russians and in Bosnia.

§ Increasing military interconnectedness, interdependence in the military field. Nowadays, I think only the US and China have the capacity to wage war unilaterally.

Therefore, for all those reasons, I think the end of the Cold War marked a striking break with the past. It marked a return, perhaps, to the globalisation era pre 1914. However, I do not think we can reverse that once again. In a hundred years time, if you look back, I think what will define this new era, which began at the end of the twentieth century, will be the end of organised mass destruction. That is just terribly important.

Of course, that does not mean that war is over. On the contrary, there are all kinds of wars, but wars of a different kind. There are what I call new wars, which are happening in places like Bosnia, Kosovo and Africa. They are mixtures of wars fought for political ends, massive violations of human rights and organised crime. They definitely relate to the underside of globalisation, to inequality whether caused by free trade or the collapse of authoritarian state sectors. Nevertheless, insecurity, transnational criminal groups or transnational nationalist and fundamentalist groups cause the wars. They are definitely the underside of globalisation. There are what I call spectacle wars, which are long distance air wars of the type we have seen NATO engage in Yugoslavia and America engage in Iraq, long distance air wars fought with high technology and with very few casualties on the side conducting the war. Maybe the type of clash we might see between China and Taiwan or India and Pakistan might be of that kind. Then, there is humanitarian intervention, by which I mean the enforcement of international law, the laws of war or human rights law - direct protection on the ground. I do not think NATO's war in Yugoslavia was a humanitarian intervention. A humanitarian intervention might be what is happening in Sierra Leone, East Timor or, in a weaker sense, what is happening in Bosnia. Therefore, the bad thing about globalisation is the spread of spectacle wars and the new wars.

## II. Democracy

One of the very good things about globalisation is the world wide demand for democracy and participation. It is and was a reaction to the overbearing state of the mid twentieth century. Just as deregulation and neoliberalism was a reaction to the overbearing state and led to the explosion of global capitalism, so was also the demand for redistribution of power. The global spread of citizens groups, NGOs, social movements etc. is as much a part of globalisation as global capitalism.

What about the bad things? One is that despite the demand for democracy, it is increasingly difficult for states to respond. States do still matter, but their freedom of manoeuvre is much less. Decisions are taken at intergovernmental levels. States are agents of globalisation, which means however much citizens try to ask for things it is increasingly difficult for states to respond. Who do they address when they make a new demand? Do they address the IMF or their states? The result is growing frustration, apathy and disaffection with formal politics. The other bad thing is the growth of nationalist and fundamentalist networks which make use of this frustration, react against globalisation, reclaim the state and contribute to the new wars.

## III. The Future

One can discuss two options for the future. First, a world of new wars, spectacle wars and nationalist and fundamentalist networks, an anarchic world characterised by inequality, transnational crime etc. What you might call wild globalisation, characterised by the underside of globalisation. Second, what one might call a global civilising process, strengthening international law, the laws of war, humanitarian and human rights law, enforcement through humanitarian intervention and an active global civil society which would pressure global institutions, as well as states, to respond to the new wave of citizens' demands. That is why I am really positive about Prague and Seattle. Of course, I am against violence and I disagree with much of what groups in Seattle are saying. I do not agree with 'against globalisation'. However, what I feel strongly about, and what I felt more strongly about watching Prague, is that young people there are expressing solidarity with the victims of globalisation and are demanding a global response. They are putting the idea of a global civil society, by which I mean a rule of law and global public sphere, on the agenda. I think, that is the only way to civilise, or tame, globalisation.

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### **John Gray Globalization: Good or Bad?**

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#### Technology

Globalisation is neither good nor bad. It is both. Globalisation is a huge world historical transformation. It is best understood not in terms of the present global framework, the global economic regime of free capital flows, deregulation and free trade. The deeper transformation which globalisation signifies is another phase in worldwide industrialisation. That is, although globalisation is complicated and has more than one source, the core driver of globalisation is technological. What globalisation really amounts to is ever-widening and deepening interconnection in the world between economic, political and cultural events, driven by new technologies which abolish, or significantly curtail, time and distance. That is really what I think we should understand globalisation to be. If we understand it like that, we will see that it is not absolutely new, though it does have some very new features today.

One can see the 1860s and 1870s, when the transatlantic underwater telegraph cables were laid, as one of the watershed periods of globalisation. If we think of globalisation in this more fundamental and deeper sense, we do not identify it with our present global arrangements, institutions or economic regime but see it as a very powerful and wholly inextricable process driven by the interaction of human beings with new technologies. If we can see it like that, we can see that it began in the nineteenth century and went on throughout the twentieth century, which for the most part was not a period of a worldwide free market but was a period containing many dictatorships and wars. However, globalisation in the deeper sense went on. It carried on.

I think its basic imperative is technological, and this has important consequences. It means that, in the sense of reversing or arresting this immensely powerful historical process, de-globalisation is impossible. There will be no de-globalisation and there will be re-localisation of the economy. I think those possibilities are illusory. On the other hand, the present set of arrangements in the world economy, the present global regime supervised by the WTO (World Trade Organization), IMF (International Monetary Fund) and other transnational institutions, could well turn out to be quite short-lived. There are important stresses within it. Amongst those stresses, I think, are the ones that others have already mentioned--the eruption of anticapitalist activity in many parts of the

world using globalising technologies to resist the present global regime. However, if the present global regime breaks down, I do not think it will do so primarily because of those protests. If it breaks down, which I think is entirely possible, it will break down at its strongest link. The strongest links in the current global economic regime concern the strongest states--the US, Europe taken as a single economic entity and China. If there is a breakdown, it will be because co-operation between states founders, fails or is weakened.

#### Transnational institutions

I would sound a note of scepticism about the faith in transnational institutions. As we have them in the world today, transnational institutions are created and funded--and often not funded--by sovereign states. Their authority, power, influence, money and leverage are all borrowed from sovereign states, especially from the most powerful. They can withdraw it, disregard it and leave transnational institutions powerless and paralysed.

One of the key things to understand about the present moment in the history of globalisation is that we are living in a somewhat anarchic phase of globalisation. Whilst we are living in a period where there are transnational institutions and business corporations, they do not run the world. Contrary to what some critics and supporters of globalisation think, these institutions seem to be weaker, more vulnerable and more easily dislocated than is often thought. The more sobering truth is that no one runs the world, no one is in charge, and that globalisation is a process that, like the earlier phases of industrialisation, no one controls, governs or directs.

Therefore, one of the key points that I want to try and transmit is the scale of magnitude, the profundity, of this change which is taking place, and which on the positive side has some immensely important advantages. There is a type of ongoing cultural hybridisation happening in the world, whereby the world is not becoming a bland, sterile, antiseptic, homogenised place. The world is becoming more diverse as peoples who are geographically separated link up through the Internet and satellite television and preserve, renew and develop their cultural identity but also interact with others and deepen a type of hybridisation that is going on. I regard that as being pretty wholly beneficial and desirable. It is a mistake to think that globalisation only brings problems, risk, dangers or costs with it. It does not. It has some very positive aspects to it.

#### Environment

In the present circumstance, there is a profound risk, in which a weak, slightly fragile and even somewhat fractured set of transnational institutions is not managing, coping, guiding or directing the underlying process of globalisation. Of all the risks which could be focused upon, including the risks of war and inequality, the greatest risk concerns the worldwide impact of undirected, uncontrolled, unmanaged and even not very skilfully improvised globalisation on the world environment, the actual natural environment of the planet.

Within a short period there will be twice as many human beings on the planet, many of them very poor, many of them ecological refugees. The absolute bottom line for the risk and peril of globalisation--and remember, there are very important benefits, possibilities and advantages--is that it could leave the planet itself half wrecked.