

Babylon and on? Globalization and international political economy¹

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ABSTRACT

Debates about globalization are now central to the enterprise of IPE. The substantive research agenda of globalization studies has yielded a number of strategies to qualify or refute commonplace claims about globalization found in much policy discourse. Yet the achievements of such scholarship have not induced discernible shifts in the deployment of 'globalization' as a key shaper of the realities of contemporary political economy. At an analytical level globalization studies in IPE suffer from a number of ambiguities that relate to definition, measurement and the nature of 'globalization' as a variable in explanation. Orthodox (rationalist) reasoning might seek to either abandon or 'normalize' the concept of 'globalization'. In contrast, this article calls for the 'ideational' matter of globalization to be taken more seriously and for studies of globalization discourse to occupy a more central position in the project of IPE.

KEYWORDS

Globalization; IPE; Discourse.

INTRODUCTION

Debates about globalization have been central to the enterprise of International Political Economy (IPE) over the past decade. We might even choose to define IPE as the study of globalization, not least because many of the claims about the distinctiveness of IPE as a field of enquiry are bound up with what are commonly understood to be the key processes and effects of globalization. These include the changing nature of relations between states and markets, the growing power of non-state forces, the changing nature of economic governance, the reorganization of authority and power relations in world politics, the rise of global multilateral institutions and the de-territorialization of political economies.

These matters feed into broader questions of metatheory and epistemology such as how we construe the relationship between structure and agency in world politics and how we define causal relationships in the global political economy. Globalization also begs questions about history, about conceptions of space and (thus) about the capacity of extant disciplinary configurations to capture meaningfully the dynamics of the world in which we live. These issues of explanation and understanding have been central to the 'heterodox' project of *RIPE* since its foundation in 1994 (*RIPE* Editors, 1994).

The self-appointed mission of much IPE has been the interrogation of claims made by policy actors about globalization. This general purpose of the field has been translated into a series of substantive research questions. Among the most obvious and most discussed are the following:

- is globalization *actually* a characteristic and distinctive feature of the contemporary period?;
- does globalization circumscribe the policy autonomy and capacities of established forms of public authority?;
- does globalization set common policy imperatives for both advanced capitalist and developing societies?;
- does globalization induce institutional convergence among hitherto diverse models of capitalist political economy?;
- is globalization, in fact, a policy choice made by states?

This essay does not seek to devalue in any way the answers generated to these questions by a decade of IPE scholarship. Indeed a good deal of this work has done much to qualify and/or add nuance to the overblown claims that are frequently made about root and branch changes to the global economy and consequent effects upon statehood and policy-making. However, it does suggest that much of this work suffers from a peculiar limitation in that it deals with a concept – 'globalization' – that is a staple item in policy, journalistic and policy discourse as well as an item of academic terminology. This is a major factor in the often-noted slipperiness of the concept.

The essay argues that a more constitutive approach to globalization studies not only opens possibilities for taking seriously the ways in which the concept operates in the policy world, but also creates the space for a more productive discussion about the relationship between academic and policy discourses of globalization. The argument begins with a summary of the main ways in which IPE scholarship (in its broadest sense) has taken on policy mythologies about globalization. It then develops a case for shifting IPE's emphasis away from research that seeks to test 'truth claims' about globalization, via a discussion of the various ambiguities of 'globalization' as an analytical concept. The final section of the essay offers a tentative research agenda for a more constitutive variant of globalization

studies that emerges from an identification of the lacunae of standard rationalist approaches to the subject.

THREE CRITIQUES OF GLOBALIZATION

If, as Hay and Marsh (2001) insist, there existed a 'first wave' of literature on globalization that either took globalization for granted or indulged in excessive celebration of its virtues, then subsequent interventions have sought to inject both normative critique and analytical rigour to globalization studies. According to this account, a 'second wave' refutationist literature has been joined by a 'third wave' of nuanced discussion that together challenge the hyperbole of what Held *et al.* (1999) have labelled the 'hyperglobalization' thesis. To simplify somewhat, it is possible to discern at least three broad strategies for qualifying and/or countering claims about the pervasiveness of globalization and its effects.

'Globaloney'

The first of these amounts to nothing less than a concerted attempt to demonstrate that the key claims made about globalization are false. Hirst and Thompson's ferocious and sustained attempt to debunk the myth of globalization is perhaps the most conspicuous manifestation of this strategy (Hirst and Thompson, 1999). But others have taken to task the claim that power now resides squarely in the hands of global firms (e.g. Doremus *et al.*, 1999), while the suggestion that capital is genuinely mobile has come under intense empirical scrutiny (e.g. Watson, 1999).

A sub-category of this first strategy involves scholarship that tests for 'globalization effects'. Garrett's (1999) demonstration of the survival of partisan politics is a prominent example. In other work notions of internationalization and regionalization are posed as alternative realities to globalization. For instance, one recent study finds that much of what is called 'globalization' is in fact 'Europeanization' (Fligstein and Merand, 2002). Such work often seeks to reinstate the agency of the state, doubting both the empirical reality of and – perhaps more importantly – the need for 'the competition state' (discussed by Cerny, 2000) as the inevitable by-product of globalization. Additionally, much of the research in this category is allied to attempts (a) to assuage pessimistic predictions about the impossibilities of social democracy and/or (b) to counter claims that neoliberal policy choices are the only possible pathways to development.

Less than globalization

A second body of work aims to demonstrate that the territorial effects of globalization are attenuated by space-bound institutional configurations.

Thus both the reality of and the necessity for welfare retrenchment (particularly in European countries) is doubted by those who find evidence that national welfare institutions remain robust in the face of globalization (e.g. Rhodes, 2002). The growing literature on varieties of capitalism (Hall and Soskice, 2001; Berger and Dore, 1996) posits the survival of national modes of accumulation though path-dependent institutional patterns – thereby casting doubt upon the phenomenon of convergence so often expected in a globalized economy. We also have studies in political geography that identify the presence of ‘institutional thickness’, thereby showing that variable local capacities to intercept globalization are in fact independent of external economic imperatives (Amin and Thrift, 1994).

Been there, done that . . .

The third strategy involves the gathering of evidence to show that globalization is not new. As much world systems literature reminds us, profound interdependencies between economies have existed since antiquity (Abu Lughod, 1999). Yet perhaps the most powerful vein of scholarship here emerges from the work of economic historians. More often than not, this portrays the nineteenth century as *more* globalized (along all key indices) than the late twentieth and early twenty-first centuries (e.g. O’Rourke and Williamson, 1999). It is a short step from findings such as these to a more normative-political move which insists that *even if* globalization is happening, it is not a process that (a) is historically specific to the contemporary period, (b) inexorable and, therefore, (c) immune from intervention by determined (progressive) political agency.

A PLETHORA OF POSSIBILITIES

Yet, despite the obvious depth (not to mention the manifest value) of such scholarship, it has become commonplace to note that ‘globalization’ remains an under-specified, incredibly elastic and poorly defined concept. What this really means is that we have so much scholarship across so many disciplines that there is little in the way of an agreed definition of the term. IPE (in its heterodox mode at least) is an open, polymorphous field. But even when armed with such good multi- and inter-disciplinary intentions, it is impossible to keep track of globalization studies in their totality. The most obvious problem is that ‘globalization’ has been inserted into just about every field and sub-field of the social sciences (and, for that matter, the humanities). This means, in turn, that ‘globalization’ is studied through multiple epistemological lenses and, perhaps more significantly for the purposes of the argument here, finds its way into long-established disciplinary discourses and theoretical narratives.

At a basic definitional level, there is some distance between narrowly economic definitions of globalization and those seeking to make claims about the transformation of social relations across multiple domains (of which the economy is but one). Sociologists have expressed irritation at the economism of much work on globalization, not least because the literatures in economics, business studies and (some) political science appear to pay scant attention to the pioneering work of sociologists in this area (Robertson and Haque Khondker, 1997).

While this may be more a grumble about disciplinary hegemonies in the social sciences, it nonetheless draws our attention to some quite profound 'sociology of knowledge' issues about the study of globalization. Of particular importance here is the relationship between academic and policy discourses of globalization. Here we run into the simple fact that 'globalization' has become a (perhaps *the*) staple 'must have' item in the lexicon of politicians, policy officials, journalists, CEOs and so on.

There have been some heroic efforts to develop more all-embracing multi-level conceptions of globalization (for example, Mittelman, 2000), while others point to globalization as both novel and bound up with drastic transformations in the scope and scale of social relations (Scholte, 2000). These take us on to quite different terrain from much of the literature, but have yet to transform the academic 'common sense' about globalization. The latter remains firmly economic partly because of the ways in which intra-disciplinary conversations develop their own distinct path dependencies and partly because of the ways in which the continuing incentive structures of the social sciences tend to penalize cross-disciplinary explanations.

BEYOND A DISCIPLINED APPROACH?

If we accept that globalization operates between and across multiple domains of human action, then it becomes the responsibility of IPE to position itself as genuinely post-disciplinary. In this account discipline-bound social science is – at best – only able to capture particular dimensions of the globalization process. In addition, IPE might seek to ask why certain conceptions of globalization – that is largely economic conceptions – have come to dominate both academic and policy discourse.

For example, Watson (2003) shows how the narrative structure of general equilibrium economics informs much of the policy 'common sense' about globalization. This in turn serves as a useful reminder that globalization discourse is a ubiquitous property of contemporary policy, journalistic and corporate communities. In particular, the term is deployed by politicians in various ways. For some globalization denotes a new set of structural realities that set ineluctable policy priorities. For others, it is an excuse: a phenomenon for which unpopular policy choices are blamed.

Others still present globalization as a set of threats, in the face of which certain responses are advocated (Hay and Rosamond, 2002).

Much of the work on globalization within IPE over the past ten years has resembled attempts to either disabuse the political classes of these preconceptions or reveal the strategic and opportunistic nature of much contemporary policy discourse that invokes proximate external imperatives. Paradoxically perhaps, the retention of a unidimensional and economic conception of globalization is defensible precisely because it has the capacity to take on the claims carried by the dominant discourse of globalization.

BABYLON ... AND ON

Yet this impressive corpus of work that casts doubt upon the extent to which an economy is globalized, or that finds limited evidence of 'globalization effects' in domestic political economies, seems to have had little effect upon the cacophony of policy chatter about globalization. This might simply suggest that IPE and allied trades have to try harder to get their message across. After all, the case of globalization studies does raise interesting questions about the capacity of academic discourse to transmit versions of itself into meaningful policy domains.

However, there is much more to this problem than the failure of scholars to develop strategies for talking to relevant policy actors. Of crucial importance here is the extent to which commonplace policy conceptions of globalization are themselves constitutive of reality; the extent to which they have so-called 'truth effects'. Thus if governments act in ways that are consistent with the tenets of the 'hyperglobalization' hypothesis, then the net effect of those actions may be the creation of a world that operates precisely in that way (Hay, 2003; Hay and Rosamond, 2002). Such practices may occur precisely because policy-making has been captured by strategic 'globalizing elites' (Gill, 1994; 1995), whose aim is to create a global economy of near perfect factor mobility where neoliberal models of regulation become the policy 'common sense', thereby securing the interests of powerful transnational economic actors.

Alternatively, policy actors may have genuinely absorbed such common sense propositions into their assumptive worlds, so that – for example – lenient regimes of corporate taxation become the norm in advanced capitalist societies regardless of whether there is any empirical evidence of a relationship between levels of corporate taxation and capital flight. Thinking seriously about such problems should become integral to the project of IPE. But to do so suggests the need for a partial shift of emphasis from 'testing' the objective 'truth' of globalization towards the more systematic study of discourses of and policy knowledge about globalization.

MEASURING THE UNMEASURABLE?

Clearly different schools of thought about globalization co-exist within IPE. There are obvious and honourable disagreements about the veracity of globalization as both process and structural condition. Likewise, scholars may also proceed from a variety of normative stances *vis-à-vis* globalization. But are we always talking about the same thing when we use the term 'globalization'? It is instructive here to reflect upon the ways in which globalization is defined and measured, both within IPE and the wider policy world.

A recent survey in *The Economist* presented an aggressive defence of the virtues of globalization (*The Economist*, 2001). Yet in this series of articles 'globalization' is referred to variously as (a) 'economic integration'; (b) 'international economic integration'; (c) a combination of further trade liberalization plus capital mobility plus attendant institutionalization (in the form of the IMF, the WTO and the World Bank); and (d) a fortuitous synergy of technology and human freedom.

Similar problems emanate from the best known attempt to measure globalization. The A. T. Kearney/*Foreign Policy Magazine* Globalization Index (the KFP Index) is now published annually (*Foreign Policy*, 2001; 2002; 2003). The KFP Index assumes that globalization can be disaggregated into a series of component variables so that it becomes a weighted and normalized permutation of (a) globalization in goods and services; (b) financial globalization; (c) the globalization of personal contact; and (d) internet connectivity. Despite this attempt to define the concept – and notwithstanding the problems that might arise from assuming that these four sub-types of globalization combine to form a kind of macro-globalization – the KFP Index seeks to measure the extent to which different countries are globalized.

Yet for many working on globalization within the broad IPE tradition, the KFP methodology commits a quite elementary folly. If globalization is thought instead to be about the increasing *irrelevance* of territorial units (most notably nation-states and national economies) and the transcendence of a fixed Westphalian geography, then measures of the globalization of *different countries* come to be of rather limited utility. Indices such as KFP might offer reasonable measures of economic openness and human connectivity across borders, they have little to say to conceptions of globalization as the emergence of 'supra-territorial space' (Scholte, 2000) or to sophisticated discussions of the 'spatialities' of globalization (Amin, 2002).

BEYOND BABEL

The foregoing prompts three observations about the ambiguities of globalization as a concept that follow from the three standard strategies

of refutation described above. First, *we have very little agreement on what globalization is*. Scholte makes the point that '[k]nowledge of globalization is substantially a function of how the concept is defined' (Scholte, 2002: 2). Thus there is a lively debate about the extent to which territory matters in a globalized world (Brenner, 1999), while others have pointed to a tendency to conflate the terms 'internationalization' 'globalization' (Sklair, 1999). Indeed, even where there is a clear definitional differentiation between 'globalization' and 'internationalization' (as in Hirst and Thompson, 1999) these are still *particular* rather than agreed definitions. Thus if globalization is defined as x and data can be mobilized to show that x has not come to pass, then talk of globalization is clearly mythic. But if globalization is actually y (or, more importantly is defined by others as y), then the meaningfulness of statements about globalization as x becomes compromised.

Second, *there remains considerable confusion about the nature of globalization as a variable in social scientific explanation* (Rosenberg, 2001). The problem is brought to light by debates about contemporary European integration. In policy discourse there is some argument about whether projects such as monetary union represent resistance to or facilitation of globalization (see respectively Verhofstadt, 2001 and Rich, 2000). Academic debate is divided as to whether 'Europeanization' should be viewed as an 'intervening variable' that potentially ameliorates the impact of globalization upon European societies (Verdier and Breen, 2002) or whether the process of European market creation has accelerated the globalization of EU member-states (Fligstein and Merand, 2002). These distinct approaches represent alternative starting positions about whether or not globalization is thought of as 'exogenous' to European regional integration. Yet studies of EU policy communities suggest that policy actors develop and deploy alternative arguments about the relationship between globalization and Europeanization in accordance with variable material, institutional and normative subject positions (Rosamond, 2004).

Third, *attempts to measure globalization and its effects rely, of course, upon the availability of 'good' data* (Shin, 2000). This means that globalization is usually captured through proxy variables such as trading patterns. O'Rourke's discussion of the historical interplay between Europe and the wider global economy (O'Rourke, 2002) shows that in terms of (a) commodity market integration; (b) capital market integration/foreign direct investment; and (c) labour mobility/migration the nineteenth century demonstrated greater integration than the late twentieth. Instructive as this is, it is difficult to see why these results should be regarded as evidence of greater globalization, as opposed to internationalization. Furthermore, attempts to make such longitudinal arguments rely – as they must do – upon the availability of comparable data, which has the effect of front-loading the argument against the idea that globalization is a qualitatively distinct process.

STRENGTHENING THE TOWER OF BABEL

It is well known that globalization is a slippery and imprecise concept that is used in multiple ways. The purpose here has been not only to endorse, but also to deepen discussion of this commonplace proposition. Two conventional research strategies might follow from this observation. The first would amount to the abandonment of the concept of globalization on the grounds that its elasticity compromises its explanatory power. The second would entail the recognition that we are still in a 'pre-theoretical' stage of globalization studies and that a 'normal science' of globalization, based upon a shared definition of the concept, should be developed to secure rigorous testing of claims about globalization. Either of these moves would be consistent with the norms of mainstream social science. Indeed much of the extant analytical work on globalization is the product of an academic culture that rewards quantification, expects claims about causality, and relies upon the separation of spatial scales to supply explanation.

But none of this penetrates the 'ideational matter' of globalization. The logic of the argument here has been that IPE needs to partly re-focus its efforts in respect to globalization. Globalization discourse is as pervasive as ever in the policy world. Policy-makers continue to defend and promote something called 'globalization' while at the same time the term has become a key signifier for those diverse groups opposing the distributional outcomes of the present world order. Thus, we still need significant research on discourses of globalization and specifically work on (a) the nature of the dialectic between academic and policy knowledge about globalization; (b) the extent to which such knowledge is embedded in the assumptive worlds policy actors; and (c) the variations in time and space of understandings and usages of globalization and its equivalent terms.

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