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Societies, Governments and the Global Economy

2.1 Global capitalism, global markets, national governments and global entities, private and public

In Chapter 1, we discussed the causes and the eventual arrival of globalization. In section 2.2 we shall investigate its political, social and cultural consequences – its effects on governments and peoples. This first section will be concerned with the chief economic and financial issues involved, because they underlie the others and because they have become the most obvious way in which the results of globalization present themselves to individual people. Of course, it is artificial to divide things up in this manner: many factors rub against each other simultaneously and throughout we are dealing with an unfolding process – unfinished business. We must begin at the most fundamental level: the latest phase in the continuing revolutions in the technology of global communications, which in one guise or another date back to the sixteenth century in Europe, have created a new situation – not just a further stage in an evolutionary process, but something different in kind.

What has made this so, and one important way in which contemporary globalization is different from the emergence of the globally interdependent economy of around 1900, is the fundamental fact that the routine use of global communication has passed out of the sole control or regulation of governments and companies. Ordinary people have joined the club. This has meant that the relationship between individual human beings can now become direct and horizontally expressed across the world: it is their activities, and not
their authorities, who are the new beneficiaries. The process is far from complete – there are more people in the world who do not have access to the Internet than there are those who do, but the activities of those who do have become so compellingly important that a general revolution has occurred. One of the chief characteristics of this revolution is that it is yielding highly contradictory results. At the most basic level, there is a growing contradiction between the huge benefits enjoyed by those who are wired and the loss of opportunity enforced on those who are not. Another contradiction is that the creation of a single world based on an integrated and comprehensive communications system creates pressures and opportunities both felt and requiring to be managed at a global level. But, on the other hand, the fact that this system also has the effect of giving new opportunities to individuals and small groups, either pursuing particular interests or belonging to a particular geographical region, has given a whole new influence and significance to the needs and feelings of people operating at a local level. Those most affected by this situation happen to be the forms of organization and government with which we are most familiar – large companies, national states and associations of states: they are being squeezed in the middle of the new dispensation. This effect has important implications for the future governance of the world, as we shall see in section 2.2. It also has effects on global markets, the economic policy role of governments and the structure of multinational organizations.

At the end of the twentieth century, it looks clear that there has been a kind of triumph of global capitalism. The emergence of a larger number of states almost universally pursuing market-oriented policies accompanied by liberalization and deregulation has produced a remarkable platform of shared attitudes and policies. The reduction of barriers to cross-border transactions and the deregulation and privatization of a variety of domestic markets have been significant. For example, between 1991 and 1997 of 151 countries reported by the United Nations Conference on Trade and Development (UNCTAD) to have made changes to their internal regimes, 135 introduced fewer regulations and only 16 increased them. This is not to say that different societies and geographical areas do not pursue different forms of capitalism: they plainly do. Malaysia’s is not the same as Argentina’s, to take two widely separated examples.