

Seminar week 14
 Week 14- Lecture 13
 Globalisation
 Saadia Gardezi

The “Hyperglobalisation” thesis:

“The . . . proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he is exposed to a vexatious inquisition, in order to be assessed a burdensome tax, and would remove his stock to some country where he could either carry on his business or enjoy his fortune at his ease. A tax that tended to drive away stock from a particular country, would so far tend to dry up every source of revenue, both to the sovereign and to the society. Not only the profits of stock, but the rent of land and the wages of labour, would necessarily be more or less diminished by its removal.

(Adam **Smith 1776/1976: 848–849**)”

Playing off the regulatory regimes of different economies against one another, capital can ensure for itself the highest rate of return on its investment.

- *Capital will exit high-taxation regimes for low-taxation ones*
- *Comprehensive welfare states for residual states*
- *Highly regulated labour markets for flexible ones*
- *Economies characterized by strict environmental regulations and high union density for those characterized by lax environmental standards and low union density.*
- *Capital will seek out the high growth regimes of, for example, newly industrialized countries unencumbered by a powerful environmental lobby, burdensome welfare traditions, rigid labour market institutions, and correspondingly higher rates of taxation.*

Neo-Darwinian survival: States in a frenzied effort produce a more favourable investment environment than their competitors to attract mobile foreign direct investors-- an early influx of FDI only increases the dependence of the state on its continued ‘locational competitiveness’.

- The state is thus a guarantor not of the interests of citizens or even of consumers, but a sure means to disinvestment and economic crisis?

Q. Is globalisation leading to cultural homogenisation?

Box 1.3 Approaches to conceptualizing globalization

- **Materialist:** The most common approach conceives of globalization as a substantive process of increasing worldwide connectivity which is open to empirical and historical methods of enquiry.
- **Constructivist:** Globalization is conceived in ideational terms as a principally discursive phenomenon which has no objective or permanent meaning, but rather is 'what we (or they) make of it' (see Chs 11 and 12).
- **Ideological:** Globalization is conceived as a political and economic project and ideology advanced by the most powerful (states and elites) to fashion the world order according to their interests, e.g. neoliberal globalization.

This chapter rests primarily on the materialist approach, although it draws on the other approaches. Accounts of globalization often elide or combine these three distinct approaches.

(McGrew 2019 in *The Globalisation of World Politics*, Chapter 1)

Q. Are states in conflict with processes of economic globalisation?

Article: [Alibaba's Failed MoneyGram Deal](#) Shows How China's Payment Wars Are Spilling Over Into U.S.

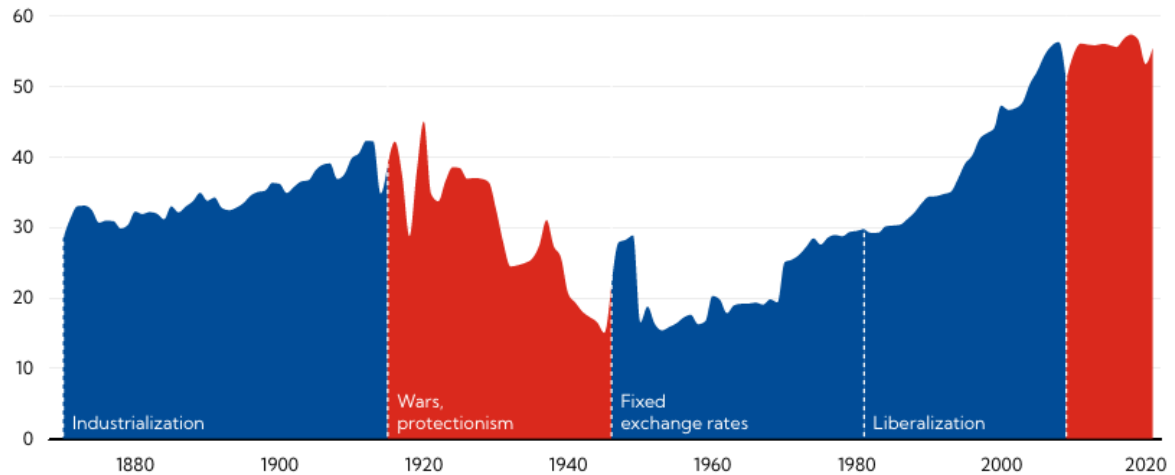
“...China's Ant Financial withdrew its bid to acquire Dallas-based MoneyGram International. The bid was stymied by opposition from the Committee on Foreign Investment in the United States (CFIUS), a Treasury Department interagency committee that reviews foreign takeovers of U.S. companies. [...] The Treasury Department is probably right to be concerned about a Chinese company buying MoneyGram and using it to enter the U.S. payments market. After all, the Treasury Department itself uses the global dominance of Visa, Mastercard, and the SWIFT interbank payments system to exert pressure on other countries in the service of U.S. foreign policy goals. As payment systems are controlled by a small number of global giants, it is strategically important that those giants be under domestic control. Of course, the same calculation applies in China. This is a matter of national security, and the United States isn't the only country with a nation to secure. China's internet giants have thrived in a walled garden, protected from competition from the likes of Google and Facebook. The failed MoneyGram deal shows that national security cuts both ways.

Do you agree with the author, that the US and China use their global corporations to exert pressure in the service of foreign policy goals? Does that mean that global corporations such as Google, Facebook, Amazon and their Chinese counterparts Baidu, Tencent and Alibaba have a national agenda?

Q. How does the globalization of past eras differ from this new phase (post 2008)?

Eras of globalization

Trade openness slowed following the global financial crisis.
(sum of exports and imports as a percent of GDP)



Sources: PIIE, Jorda-Schularick-Taylor Macrohistory Database, Penn World Data (10.0), World Bank, and IMF staff calculations.
Note: Sample's composition changes over time.

<https://www.imf.org/en/Blogs/Articles/2023/02/08/charting-globalizations-turn-to-slowbalization-after-global-financial-crisis>

Q. McGrew (2019) mention “the crisis of the liberal world order” and the “crisis of globalization”. Are these the same thing?

Q. Are you more persuaded by the ‘for’ or ‘against’ position? If so, why? If neither, what other arguments and evidence might be relevant?

What political values and normative beliefs underlie your judgement on this proposition?