

Distributional Consequences of Globalization: Economic and Political Redistribution

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In this paper, I will first argue that the new forms of hierarchy manifest in the dispersal of manufacturing and the centralization of the financial command and control functions, combined with the geographical captivity of labor and the freedom of capital, lead to a much more adverse effect on the economic welfare of the people than one would expect, by augmenting, instead of moderating, the income inequality and economic polarization. Second, I will further argue that at a political level, economic aspects of globalization lead to a rise of societal-communitarian ideologies at a domestic level, and a reorganization of the state-system around regionalism, as well as to a gradual shift of global hegemony to a conglomeration of East Asian states. These two lines of conjoined arguments, one economic and one political, constitute my overall thesis in this paper.

Saskia Sassen, in her *Global City*, advances the thesis that “the territorial dispersal of the current economic activity creates a need for expanded central control and management.”¹ A major aspect of the territorial dispersal of economic activity is the industrialization of the Third World, since the “development of export processing zones represents a deployment of manufacturing capacity from highly developed to less developed countries and setting up back office operations and retail outlets outside the head office entails shifting jobs from central to more peripheral locations.”² The redeployment of growth poles as such “could have gone along with decentralization in the structure of ownership and profit appropriation,” but “such a parallel decentralization of ownership has not taken place.”³

This observation is very counter-intuitive and it is this aspect of it that makes Sassen’s study very interesting, because, it is logical and conceptually possible to think that the industrialization of the Third World would be paralleled by a proportional transfer of profits and surplus value to these previously underdeveloped countries. However, profits and ownership are not transferred to the locations of production in the Third World; on the contrary, these profits are even more concentrated in the First World than before. What makes this concentration possible?

The entry of large corporations into the retailing of consumer services,⁴ the transnationalization of the ownership and control of major corporations through mergers and acquisitions,⁵ and the changing nature of office work, all contributed to this counter-intuitive centralization and

concentration.⁶ However, as Sassen elaborates through the idea of *digitization*, the most important technical innovation enabling such concentration of profits and centralization of command and control is the advent of *digital networks*. Especially visible in the financial sector, which is indeed the site of centralized command and control in the global economy, digital networks make it technically possible to circulate trillions of dollars in a single day allowing for the kind of concentration discussed above.

However, the advent of digital networks only explains *how* this concentration was possible; it does not explain *why* such concentration took place. Sassen only hints at the deeper structural reason as to why centralization, rather than de-centralization, took place.

“A leading argument in this book is that the spatial dispersion of economic activities and the reorganization of the financial industry are two processes that have contributed to new forms of centralization insofar as they have occurred under *conditions of continued concentration in ownership or control*. [emphasis added]”⁷

The inherent structural reason that propelled a particular way of using these digital networks is the capitalist mode of production. That is to say, one could just as easily imagine a world interwoven with digital networks, where these digital networks are used to equally or fairly distribute the wealth produced in manufacturing and other industries. However, because the logic of capitalism perpetuates an “endless accumulation of capital,” digital networks were utilized in order to augment the inequality of income, not to moderate it.

Similarly, Foreign Direct Investment (FDI) flows testify to the concentration and reproduction of capital in the major advanced industrialized regions of the world, at the expense of the underdeveloped Third World countries. First of all, the nature of FDI shifted from manufacturing and extractive industries to services,⁸ favoring the developed countries, which increasingly specialize in service industries. Second, “the already high domination of investment by a limited number of countries has continued to increase.”⁹ Third, “the massive increases in foreign direct investment by all developed countries in the 1960s and especially the 1970s have been overtaken by even more massive international financial investments in the 1980s and 1990s.”¹⁰ Developed countries have been the target of these financial investments, just as they have been the target of FDI flows in service industries. There was a radical change in the geography of FDI flows:

“Most remarkable is the emergence of the United States as the leading recipient of foreign direct investment and of Japan as the leading net exporter of such investment. Latin America is no longer the major recipient of foreign direct investment it once was... Southeast Asia replaced Latin America as the main location for foreign direct investment in manufacturing...”¹¹

The significance of the geographical shift in investments and capital is twofold: first, the Third World is once again peripheralized even while being industrialized since value-added services and finance entrenched themselves in the advanced industrial countries. Second, Japan and East Asia are gradually replacing the U.S. both as the industrial and the financial centers of the world, since by the 1980s the Japanese dominated the banking sector, while East Asia in general was the major site of industrialization, with China scoring historic highs in sustained annual GDP growth since the Japanese miracle.

Pointing out to the 1980s for this radical shift, Sassen notes that “the structures for international production and distribution of services and finance are in many ways quite different from those in extractive or manufacturing activities,” in that “the key production sites for the latter have often been in less developed countries; such countries are far less likely to play an important role in international transactions of professional services and finance.”¹² Sassen emphasizes the 1973 Oil Shock and the 1982 Third World Debt Crisis as crucial historical points that played important roles in this shift.¹³

As a partial conclusion, Sassen addresses some important economic aspects of the distributional consequences of globalization. The reorganization of the global division of labor as depicted by Sassen certainly perpetuates the income inequality between developed and underdeveloped regions of the world, leading to a re-concentration of wealth and power in North America, Western Europe and East Asia, at the expense of the rest of the world, including Latin America, Africa, Middle East, Central Asia and India. However, within the three developed regions, global economic trends seem to favor East Asia over Europe and North America. In sum, we can say that “the spatial and social reorganization of production associated with dispersion makes possible access to peripheralized labor markets, whether abroad or at home, *without undermining that peripheral condition.*”¹⁴

Monica Prashad’s article on the computer industry in India provides a wonderful example of how the benefits of global dispersal of economic activity are minimized in Third World contexts, even in the most advanced and value-added products like computers.¹⁵ Prashad argues that in the city of Bangalore in the southern state of Karnataka in India, “globalized production led to the deskilling of jobs, and this deskilling of jobs made computer work less labor-intensive, limiting the potential for foreign investment to lead to job growth.”¹⁶ Multinational corporations (MNCs) operating in Bangalore used quality controls and ISO certification to protect themselves “when employee tenure is highly unstable.”¹⁷ In other words, “the long term effect of the ISO quality standards in the software industry in India is to decrease the labor-intensity of this kind of work, whatever the effects on quality.”¹⁸ Prashad concludes that: “first...quality in the software industry of India is synonymous with the breaking of any individual programmer’s monopoly over the labor process, a phenomenon of ‘invisible deskilling’ parallel to the Taylorist assembly lines of

an earlier period... Second...this 'invisible deskilling' results from the globalization of consumption and production... Finally...show how deskilling and techniques of 'good programming practices' make the workplace independent from particular employees and make work less labor intensive, *leading to less job growth*. [Emphasis added]"¹⁹

Prashad's account of the computer industry in Bangalore clearly demonstrates that the benefits of Third World industrialization through MNC's FDIs are minimized through various processes.

In sum, the contribution of globalization to the welfare function of the Third World is kept at a minimum. However, it must be noted that Bangalore benefits relatively more than the rest of India from such globalization of manufacturing. As such, just as Detroit and Manchester lose their importance vis-à-vis New York and London in the developed world, regions like Bangalore become more assertive vis-à-vis the other parts of their respective countries, in this case India, within the Third World. Regionalism as such is a global phenomenon that I will reiterate later in this paper.

Whereas Prashad concentrates on the impact of globalization on hierarchical relationships between the developed world and the Third World, as well as the hierarchy between different regions within a particular underdeveloped country, Sassen focuses on the impact of globalization on the relationship between the service sector oriented global cities and the industrial-manufacturing oriented hinterlands within the developed world.²⁰ In this respect, she asserts that the decline of industrial centers like Detroit, Manchester and Nagoya is directly correlated and reinforced by the rise of service-oriented financial centers like New York, London and Tokyo, respectively. Moreover, as Sassen elaborates on her discussion of the urban hierarchy within the global city, globalization processes increase inequality within the global cities themselves as well.²¹

While Sassen and Prashad focus on the economic redistribution at a geographical level, Ronald Rogowski's *Commerce and Coalitions* offers a theoretical tool to examine the impact of increased exposure to international trade on particular classes in a country. As such, Rogowski's theory is a class-based analysis focusing on the three factors of production: Land, Labor and Capital. Rogowski asserts that

"In almost any society...protection benefits (and liberalization of trade harms) owners of factors in which, relative to the rest of the world, that society is *poorly* endowed, as well as producers who use that scarce factor intensively. Conversely, protection harms (and liberalization benefits) those factors that—again, relative to the rest of the world—the given society hold *abundantly*, and the producers who use those locally abundant factors intensively. Thus, in a society rich in labor but poor in capital, protection benefits capital and harms labor; and liberalization of trade benefits labor and harms capital."²²

According to this logic, since globalization represents a major thrust of deregulation and trade liberalization, it should benefit labor in labor-abundant countries, capital in capital-abundant countries and land in land-abundant countries. On the one hand, Rogowski's assumption seems to work in many cases: In capital-abundant countries like the U.S., U.K. and Japan, financial centers abundant in capital are rising against the regions that use scarce factors. Detroit is declining because it depends on a more labor intensive mode of production than New York, even though U.S. as a whole is scarce in labor relative to the rest of the world. Hence, Detroit is declining. Regions that use land intensively in land-scarce Japan and U.K. (maybe Scotland and Hokkaido) decline against the rise of capital-intensive London and Tokyo.

If we apply Rogowski's class analysis to the Third World in assessing the distributional consequences of globalization, we again find some evidence proving Rogowski's theory. For example, as Sassen, Arrighi and many others clearly showed, globalization (i.e. deregulation and liberalization of trade) favored East Asia, which is labor abundant, over Latin America, which is labor-scarce and land-abundant, and over Africa, which is considered by some as an anomalous region that is scarce both in labor and land.²³ Since globalization, according to Sassen, manifests itself through a territorial dispersion of labor-intensive and other manufacturing activities, the rise of East Asia can be explained through Rogowski's model.

However, there are two interrelated challenges to Rogowski's model: First, one may argue, as Prashad does, that despite the industrialization of the labor-abundant East and South Asia, the laborers in these regions, who are supposed to benefit the most from trade liberalization according to Rogowski, did not benefit as much as expected because of the mechanisms MNCs developed in order to minimize labor benefits (ISO, patents, over-specialization, frequent lay-offs, breaking up labor unions, etc.)

The second and greater challenge concerns the conditions necessary for Rogowski's theory to function properly in the real world. These conditions deal with the relative freedoms the three factors of production enjoy in the process of trade liberalization through globalization. While capital enjoys the greatest freedom, and is still the object of the most trade liberalization measures, the labor force continues to suffer from geographical captivity and the situation of agricultural products (land) is somewhere in between these two extremes. As Stephen Castles and Mark Miller show in their *The Age of Migration*, although migration is *globalized, accelerated, differentiated and feminized*,²⁴ measures to control migration became tighter and other discouraging factors, such as racist and xenophobic political movements and harassment in the developed regions of the world also increased. These factors all combine to reinforce the *geographical captivity of labor*, which is, in my opinion, the major impediment obstructing the full realization of Rogowski's expectations about trade liberalization and deregulation.

However, the European Union provides an example where capital, services and labor, and increasingly agricultural products, are relatively free to circulate. Sanctioned by the Schengen agreement among the members and some candidates of the EU, the citizens of countries encompassed by the Schengen agreement can travel within Schengen countries without the need to get visas. Moreover, a citizen of a country that is an EU member can work in any other EU member country without a special work permit, not subject to any legal or political obstructions because of his/her citizenship.

In general, Rogowski's model applies better to the EU than to the world as a whole. Big businesses (i.e. capital-holders) in capital-abundant EU countries like U.K., France, Germany and Italy, favor the expansion of EU to incorporate labor-abundant Eastern and Southern European countries. On the other hand, many labor unions in these countries (France, Italy, etc.) tacitly or openly protest many measures of trade liberalization undertaken as part of the EU framework because they realize that they are losing their benefits against workers from the new and poorer EU candidates like East- and Southern-European countries. On the other hand, support for EU integration is exceptionally high in the prospective Eastern European members, mostly because the workers in these countries recognize that they will mostly benefit from a regime of free circulation of labor between their less developed countries and the more advanced regions of Western Europe. Freedom of the labor force makes Rogowski's model more applicable to the EU. As such, trade liberalization does benefit laborers in labor-abundant countries and capital in capital-abundant countries at least within the EU, a region with almost no barriers to the free circulation of labor.

However, as Böröcz argues in his "From Comprador State to Auctioneer State," even the formerly communist, now EU candidate Eastern European countries cannot escape a fate of economic peripheralization.²⁵ Indeed, the subtitle of Böröcz's study is "Property Change, Realignment and *Peripheralization* in Post-state-socialist Central and Eastern Europe [emphasis added]," revealing some of his most important findings. He claims that the same bureaucratic-technocratic cadres that were in control during the Communist era were also the ones who pushed for and benefited from trade liberalization and integration with Western capitalism through auctioning formerly state-owned industrial infrastructure to Western European big business.

Peripheralization of Eastern Europe in the wider European economy, although much less severe than the peripheralization of the Third World vis-à-vis the developed Northern "core" regions, is evidence to my earlier claim that global captivity of labor *and* structural features of capitalism, such as the mechanisms that MNCs develop to minimize labor benefits and maintain their concentration of profits and surplus value, are both responsible for preventing

Rogowski's optimistic prophecies for abundant factors as a result of trade liberalization. It is true that Eastern Europe is in a better situation in the global distribution of income and division of labor because its labor force is mostly free to work in the capital abundant Western European countries. In other words, Eastern European workers are not as much geographically captive as most Third World workers are. However, since Europe is not exempt from the global operations of capitalism, the tendency of capitalism to minimize labor benefits also manifests itself in the peripheralization of Eastern Europe as well.

Finally, Manuel Castells claims that the shift from manufacturing to finance and service sectors in the developed world, combined with the declining rates of return in manufacturing and increasing rates of return in finance and service-sectors, are all symptomatic of a change from inclusionary to exclusionary capitalism.²⁶ According to his theory, in the earlier "inclusionary" stage of capitalism, being included in the capitalist world-system could mean exploitation and disenfranchisement for Third World countries, whereas, countries not fully incorporated in the system could have maintained a reasonable self-sufficient economy. However, in the "exclusionary" stage of capitalism that we experience today, while inclusion still means exploitation and surplus-value extraction, not being included in the capitalist world-system has worse consequences than being included. Countries that are completely ignored in the global chains of production are reduced to a "Fourth" World status. In a way, being exploited, although not a great outcome, is ultimately preferable to not even being considered for such exploitation.

We reached several conclusions from my examination of the distributional consequences of globalization in economy: First, dispersal of economic activity, especially the dispersal of manufacturing through the industrialization of the Third World, did not bring much economic benefits as expected to the Third World countries because of MNCs' tendency to minimize labor benefits through various mechanisms.

Second, centralization of finance contributed to a re-concentration of wealth and power in the core countries. FDI flows among major developed countries only reinforce this tendency by recycling and generating more speculative wealth among the "club of the wealthy." In contrast to Rogowski's expectations, trade liberalization through globalization only minimally improved the economic situation of abundant factors (in most cases, labor) in the Third World, whereas he was certainly right about the way in which capital will benefit from trade liberalization in capital-abundant countries. Finally, Manuel Castells showed us that we moved from an "inclusionary" capitalism to an "exclusionary" capitalism, whereby global capital sustains itself by selectively including but also excluding certain regions of the world, instead of indiscriminately incorporating the entire world for the purpose of utilizing all the economic potential around the world.

Now we turn to the distributional consequences of globalization with a *political* focus and a special emphasis on the states-system.

First of all, using Polanyi's idea of a double-movement that he advanced in his *Great Transformation*, I argue that three decades of neo-liberal socio-economic programs and free market individualism will lead to a revival of social protectionist and communitarian ideas around the world. Polanyi's elaboration on the double-movement clearly reveals the parallel dynamics that we observe in various aspects of globalization:

"Let us turn to what we have called the double movement. It can be personified as the action of two organizing principles in society... The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market—primarily, but not exclusively, the working and the landed classes—and using protective legislation, restrictive associations, and other instruments of intervention as methods."²⁷

James Mittelman also clearly follows Polanyi's approach—and he acknowledges it later—when he defines globalization as "the interplay between the powerful thrust of globalizing market forces, sometimes propelled by the state, and a counterthrust fueled by the needs of society."²⁸ Krasner, Arrighi and Wallerstein, all of which I will discuss later, also implicitly or explicitly use the theoretical tools of Polanyi and his fundamental concept of a double movement. Mittelman, mostly because he is expecting growing resistance movements with social protectionist agendas, devotes the last one-third of his book to the "resistance to globalization."

One might ask what kinds of communitarian movements may be revived and utilized as a social protectionist measure against the global thrust of market liberalism. I think it is reasonable to interpret the rise of nationalism, religious conservatism and fundamentalism in the last decade as communitarian ideological responses to market individualism. We increasingly observe a revival of socialism in Latin America (Chavez in Venezuela, Lula in Brazil, Gutierrez in Ecuador), nationalism in its more proto-fascist/xenophobic and less extreme forms in Europe (Haider in Austria, Le Pen in France, Fortuyn in Holland), religious conservatism or outright fundamentalism in the U.S. and the Middle East (Christian Right and Republicans in the U.S., rise of the Islamists in Pakistan and Turkey, etc.), shift to more authoritarian forms of leadership in the formerly communist areas (shift from liberal Yeltsin to authoritarian Putin in Russia).

In my opinion, all of these recent political developments are manifestations of the same search for social protection and order after decades of distraught caused by market liberalism. As such, they are representative of what Polanyi conceptualized through the idea of a “social counter-movement.” If anything, I think we will witness a further strengthening of such societal movements till the market liberalism of globalization can be regulated and “contained” through socially protective legislation and other means.

A second political aspect of the distributive consequences of globalization is the rise of regionalism. The rise of regionalism is indeed another response to global forces of capital, which, again, resembles Polanyi’s social counter-movement but at a state-systemic level. James Mittelman devoted the middle one-third of his *Globalization Syndrome* to the relationship between regionalism and globalization, coining terms like “New Regionalism,” examining “Subregional Responses to Globalization,” and co-authoring a chapter titled “Global Hegemony and Regionalism” with Richard Falk.²⁹

Although Mittelman provides some useful insight into the phenomenon of “new regionalism,” his interpretation falls short of what one could conceivably and plausibly claim. He identifies “four responses to the pressures of global restructuring—autocentric regionalism, development integration, neo-liberal regionalism and degenerate regionalism.”³⁰ He then exemplifies these four tendencies through ASEAN, SADC, EU and CIS, and maintains that ASEAN and EU succeeded while SADC and CIS mostly failed. He provides some elusive reasons as to why particular regionalisms fail and others succeed but he seems to miss the bigger picture: EU and ASEAN and other relatively successful regionalisms such as NAFTA and APEC are all regional initiatives that bring together industrialized and relatively wealthy countries together, whereas the failing examples such as SADC (South Africa, etc.) and CIS (Russia, Central Asia, etc.) are all regional initiatives of the peripheral Third World countries or semi-peripheral formerly Second World countries. In order to be politically viable, a regional initiative must first be economically viable and the dynamics of globalization, in my opinion, perpetuate conditions under which advanced industrial countries feel the need to reorganize themselves in conglomerate super-state groupings, so as to better compete in the states-system.

Just as individuals who adhere to societal-communitarian ideologies when faced with the individualism of market liberalism, states also need to group themselves around higher forms of organization in order to cope with and survive through the thrust of global market expansion. Although this need is universal, and this universal need is exemplified by many regional initiatives taken by developed and underdeveloped countries (OAS, Arab League, Mercosur, etc.), only the regionalisms of the developed northern core attain a meaningful level of integration.

In an attempt to account for the proliferation of regionalism and the strategies of a global hegemony at once, Mittelman and Falk argue that "in an effort to sustain hegemony, the United States, as the hub power, has attempted to radiate a series of regional spokes, all within the wheel of neo-liberalism."³¹ Moreover, in a very prophetic and insightful direction, they claim that "if the European and Asia-Pacific macro-regions can reduce, or eliminate, their military-strategic dependence on the United States, then it is likely that its economic participation will be more scrutinized thereby eroding hegemonic capacity."³²

Mittelman and Falk have a valid point in asserting that these regional spokes, once established by the U.S., have the potential to turn against their creator and use these very regional organizations as leverage in challenging U.S. hegemony. However, I would further argue, emphasizing the increasingly interconnected and re-concentrated nature of the global economy discussed earlier, that these regionalisms of the developed world represent a political reflection, maybe the ideology, of deeper economic processes weakening the nation-states and strengthening them at a higher level in conglomerates. In other words, I claim that just as print capitalism and industrial revolution prepared the economic conditions necessary for nation-state formation starting in the core-areas (Europe-N. America) of capitalist development, globalization and the new organization of capital and labor prepared the economic conditions necessary for the formation of macro-regional state-conglomerates starting, again, at the core areas of capitalist development. Those core areas of capitalist development happen to be Europe, North America and East Asia in the current situation, and some of the macro-regional formations taking place in these core regions include EU, NAFTA, ASEAN and APEC.

Such macro-regional state-conglomerate formations will inevitably necessitate a legitimizing ideology, just as incipient nation-states needed nationalism for their creation. I think we already witness such "ideologies of regionalism" as well. Recent discussions about inherent "civilizational" identities or more openly constructed regional identities such as the "European" identity testify to the parallel rise in ideas and ideologies corresponding to the prospective macro-regional state-conglomerates of the future.

One has to warn before such macro-regional identities are accepted as "inherent" qualities of the peoples they will encompass, that there is nothing 'inherent' about these macro-regional identities, just as there was nothing inherent or pre-ordained about national identities three hundred years ago. The fact that EU, despite having more than a dozen national and even more regional languages, cultures and at least two competing religious confessions, is integrating faster and more successfully than, for example, Latin American countries who are more unified in language, culture and religion, points out,

once again, the economic dynamics underlying systemic change in political organization.

Third, notwithstanding my first two claims about the rise of societal counter-movements and macro-regional state-conglomerates with their respective ideologies, I would also argue, using certain aspects of Wallerstein and Arrighi's work, that, global hegemony will shift to a macro-regional state-conglomerate of East Asian states.

Immanuel Wallerstein, in his "States? Sovereignty? The dilemmas of capitalists in an age of transition," argues that globalization represents an *impasse* of global capitalism.³³ He claims that "the internal contradictions of the system have reached points where it is no longer possible to make adjustments that will resolve once again the issue that one sees a cyclical renewal of the capitalist process."³⁴ He grounds his argument on two basic tenets: First, "that capitalists depend on the intervention of the states in such a multitude of ways that any true weakening of state authority is disastrous."³⁵ Second, that the historical failure of the three-pronged liberal program,³⁶ at a global level destroyed historical optimism³⁷ and led to a consequent delegitimization of the state, which then led to anarchic order that one may call mafioso capitalism.³⁸

I agree with the former but reject the latter one of Wallerstein's observations. Although I certainly think state's use of legitimate means of coercion is necessary for the enforcement of law and the protection of endless accumulation of capital (i.e. capitalism) as such, I do not agree that we are necessarily entering an era of relative anarchy and mafioso capitalism. I ground my claim as such on the previous arguments about Polanyi's societal counter-movement and its current political manifestations. People are willing to choose regulatory and even authoritarian regimes when faced with the socially disintegrating challenge of market liberalism and individualism. People would be and are even more willing to subject themselves to even stronger and more authoritarian forms of government if political apathy leads to relative anarchy and mafioso capitalism. Using the terminology of Thomas Hobbes, I assert that in a situation resembling "a war of all against all" people will undoubtedly opt for a Leviathan.

Wallerstein's neo-Marxist *colleague* and friend, Giovanni Arrighi, however, disagrees with him and agrees with me in demonstrating the rise of new hegemonic structures responsible for the future security of global capitalism. Although Arrighi agrees with Wallerstein in noting that "the true novelty of the present wave of globalization is that this evolutionary pattern is now at an impasse," he concludes by "speculating on the possible ways out of this impasse and on the kinds of new world order that may emerge as a result of the re-centering on East Asia of world scale processes of capital accumulation."³⁹

Arrighi subscribes to a cyclical view of capitalist development where capital accumulation is followed by periodic crises of over-production, which in turn are followed by a shift in the hegemonic leadership:

“...periods characterized by a rapid and stable expansion of world trade and production invariably ended in a crisis of over-accumulation that ushered in a period of heightened competition, financial expansion, and eventual breakdown of the organizational structures on which the preceding expansion of trade and production had been based...these periods of intensifying competition, financial expansion, and structural instability are nothing but the ‘autumn’ of a major capitalist development. It is the time when the leader of the preceding expansion of world trade reaps the fruits of its leadership by virtue of its commanding position... But it is also the time when that same leader is gradually displaced at the commanding heights of world capitalism by an emerging new leadership.”⁴⁰

According to Arrighi, globalization is characterized by all the features of what he—borrowing from Braudel—calls the “autumn” of a major capitalist development or the impasse of global capitalism. As such, globalization signals the emergence of a new global hegemonic leader to oversee the endless accumulation of capital on a world scale for the next cycle of capital accumulation. Arrighi asserts that the global capitalism is re-centering around East Asia since:

“In a recent analysis of rates of economic growth since 1870s, the Union Bank of Switzerland (UBS) finds ‘nothing comparable with the [East] Asian economic growth experience of the last three decades...the eight-percent plus average annual income growth set by several [East] Asian economies since the late 1960s is unique in the 130 years of recorded economic history’.”⁴¹

Arrighi continues to document the East Asian takeover through Japanese domination of finance and banking and even uses the Asian Crisis in 1997 as an evidence of East Asian rise to global hegemony, since, he claims, every hegemon in the five centuries of capitalist history suffered through a crisis of ‘birth’ as such. Already having had its ‘birth crisis’ in 1997, East Asia is now gradually taking over the global hegemony.

However, after demonstrating evidence of an overall strengthening in East Asian capitalism, Arrighi strangely singles out China, and concludes that this country will assume the position of the new global hegemon. Following my argumentation through the rise of new macro-regional state-conglomerations, I think it is more likely that a macro-regional framework combining multiple East Asian countries (China and Japan, especially, if not very likely in the short-term) would rise to global hegemony, rallying around some sort of a new macro-regional East Asian identity. I further argue that such a conclusion would also be more consistent with Arrighi’s own findings, which point not

only to a re-centering of world economy around China, but around East Asian in general.

In conclusion, I can summarize my argument about the economic and political redistribution due to globalization through two interdependent and consecutive theses. First, the geographical dispersal of economic activity and the centralization of command and control functions in the financial sector that such dispersal necessitated (Sassen), combined with the global captivity of labor (Castles) vis-à-vis the freedom of capital, led to a minimization of benefits that global trade liberalization was expected to deliver to the Third World (anti-Rogowski), which in turn only reinforced the re-concentration and recycling of capital within and among the developed "core" countries. Second, such re-concentration of capital in the three "core" regions of the world facilitated these countries' integration into macro-regional states-conglomerates, (Falk-Mittelman) the East Asian one of which is taking over global hegemony (Arrighi), while the global thrust of market liberalism is met by a counter-thrust of societal movements (Polanyi).

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¹ Saskia Sassen, *The Global City*, Princeton University Press, Princeton 2001. p.4.

² Ibid, p.30: "The geographic dispersal of economic activity described by the three cases above can be conceived of as a redeployment of growth poles."

³ Ibid, p.30.

⁴ Ibid, p.29.

⁵ Ibid, p.26.

⁶ Ibid, p.28.

⁷ Ibid, p.19.

⁸ Ibid, p.37: "...since the 1980s the flow of foreign direct investment in services has grown more rapidly than in manufacturing and extractive industries."

⁹ Ibid, p.37.

¹⁰ Ibid, p.37.

¹¹ Ibid, p.63.

¹² Ibid, p.64.

¹³ Ibid, p.66-67: "The decision by OPEC members to channel a major share of their earnings through the transnational banks produced an immense increase in these flows compared with the preceding decade. And OPEC price increases, along with other developments, made nations more dependent on banking funds...The Third World debt crisis of 1982 undermined the leading position of U.S. transnational banks and deregulation of domestic markets undermined offshore banking centers."

¹⁴ Ibid, p.32.

¹⁵ Monica Prasad, "International Capital on 'Silicon Plateau': Work and Control in India's Computer Industry," *Social Forces*, Dec 98, Vol.77 Issue 2, p429-453.

¹⁶ Ibid, p.4.

¹⁷ Ibid, p.6-9, on p.9: "The personnel manager did not actually answer the question whether the quality procedures created a better product; rather, his answer is twofold:

(1) ISO certification is necessary because clients want it, and (2) ISO certification protects companies when employee tenure is highly unstable.”

¹⁸ Ibid, p.12.

¹⁹ Ibid, p.13.

²⁰ Saskia Sassen, *The Global City*, especially chapter 6 “Global Cities: Postindustrial Production Sites” and chapter 10 “A New Urban Regime?”

²¹ Ibid, “Part Three: The Social Order of the Global City.”

²² Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, Princeton University Press, Princeton 1989. p.3.

²³ Giovanni Arrighi, *The African Crisis: World Systemic and Regional Aspects*, *New Left Review* 15, May-June 2002, p.5-36.

²⁴ Stephen Castles and Mark J. Miller, *The Age of Migration: International Population Movements in the Modern World*, The Guilford Press, New York 1998. p.8-9.

²⁵ Böröcz, J. “From Comprador State to Auctioneer State: Property Change, Realignment and Peripheralization in Post-state-socialist Central and Eastern Europe,” in *States and Sovereignty in the Global Economy*, David A. Smith, Dorothy J. Solinger and Steven Topik (ed.) Routledge, London 1999.

²⁶ Manuel Castells, “Information Technology and Global Capitalism,” in Will Hutton and Anthony Giddens (ed.), *On the Edge: Living with Global Capitalism*, Vintage, London 2001. p.52-74.

²⁷ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Beacon Press, Boston 2001. p.138-139.

²⁸ James H. Mittelman, *The Globalization Syndrome: Transformation and Resistance*, Princeton University Press, Princeton 2000. p.3.

²⁹ Ibid, Part II: “Globalization and Regionalism”

³⁰ Ibid, p.127.

³¹ Ibid, p.145.

³² Ibid, p.146.

³³ Immanuel Wallerstein, “States? Sovereignty? The dilemmas of capitalists in an age of transition” in *States and Sovereignty in the Global Economy*, David A. Smith, Dorothy J. Solinger and Steven Topik (ed.) Routledge, London 1999.

³⁴ Ibid, p.32-33.

³⁵ Ibid, p.32. This theme is the one elaborated throughout much of the article, especially the first half of it.

³⁶ Ibid, p.29: “Faced with the impetuous demands of the ‘dangerous classes’ of the nineteenth century—the urban proletariat of western Europe and North America—the liberals offered a three-pronged program of reforms: the suffrage, the beginnings of a welfare state, and a politically integrating racist nationalism.”

³⁷ Ibid, p.30-31: “Liberalism offered the opiate of hope and it was swallowed whole...The shock of 1968 was the realization that the whole geoculture of liberalism, and especially the construction of historical optimism by the antisystemic movements was tainted, nay fraudulent, and that their children were not scheduled to inherit the earth; indeed, their children might be even worse off than they.”

³⁸ Ibid, p.31: “As intergroup violence rises, the leadership tends to become more and more ‘mafioso’ in character—mafioso in the sense of combining muscular insistence on unquestioning intragroup obedience and venal profiteering. We see this all around us

now, and we shall see much more of it in the decades to come. Hostility to state is fashionable now, and spreading.”

³⁹ Giovanni Arrighi, “Globalization, state sovereignty, and the ‘endless’ accumulation of capital,” in *States and Sovereignty in the Global Economy*, David A. Smith, Dorothy J. Solinger and Steven Topik (ed.) Routledge, London 1999. p.53.

⁴⁰ Ibid, p.55.

⁴¹ Ibid, p.66.

Özet

Küreselleşmenin Dağılımsal Sonuçları ve Yeniden Siyasî Dağılım

Bu makalede küreselleşmenin ekonomik ve siyasi alanda sebep olduğu yeniden bölüşüm (redistribution) incelenmektedir. Yazarın iddiasına göre, küreselleşmeyle birlikte ekonomik alanda imalat sanayiinin, başta üçüncü dünya ülkeleri olmak üzere, küresel düzlemdeki coğrafi yayılışına mukabil finans sektörünün merkezileşmesinde görülen yeni bir çeşit sosyo-ekonomik hiyerarşi ortaya çıkmıştır. Ekonomik alandaki bu yeniden yapılanmanın ve ortaya çıkan bu “yeni hiyerarşi”nin sonucu olarak, siyasi alanda da küreselleşmenin etkisi üç konuda çok önemli değişiklikleri gündeme getirmiştir: Birincisi, devletlerin kendi iç politikaları seviyesinde liberal bireyciliğe karşı sosyal ve cemaatçi akımlar güçlenmiş, küresel liberalizm toplumsal bir karşı hareketin tepkisiyle yumuşamak ve geri çekilmek zorunda kalmıştır. Küreselleşmenin bu makalede incelenen siyasi sonuçlarından diğer ikisi, sırasıyla, ulus-devletlerin küreselleşme karşısında ayakta kalabilmek için bölgesel organizasyonlar etrafında bir araya gelerek güçlerini birleştirmeleri; dahası, küresel hegemonyanın ve ekonomik liderliğin ABD’den, başta Japonya ve Çin olmak üzere Doğu Asya’ya geçiyor oluşudur. Yazar bu konudaki görüşlerini, küreselleşmenin ekonomik boyutunu irdelerken Saskia Sassen, Manuel Castles ve Ronald Rogowski’den, siyasi boyutunu incelerken Karl Polanyi, Richard Falk, James Mittelman ve Giovanni Arrighi’nin çalışmalarından yararlanarak destekliyor.

Anahtar kelime: Küreselleşme, Neoliberalizm, Merkez-Cevre ilişkileri, Dogrudan Yabancı Yatırımlar, Çok Ulustu Sirketler, Üretim Faktorleri, Bölgesel İşbirliği, Uzakdogu.

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