

# Understanding the Globalisation Mind Game

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The world has enough for everybody's need, but not for everybody's greed.

***Mahatma Gandhi***

## Abstract

*This paper is an attempt to understand the enigma that is globalisation. The paper relies on the global capitalism approach, which locates the dominant global forces in the structure of an ever-more globalising capitalism. It deals with the role of neo-liberal globalising forces in the field of global economics; global politics and the role of ideology of consumerism in transnational cultural ideological practices.*

*The paper argues that globalisation is far from being inclusive. To survive and thrive in such an iniquitous world, the few big beneficiaries of globalisation are playing a mind game. The game is to create a new world, which does not adhere to the existing norms and patterns. The agenda is to formulate different rules and prescribes new paradigms based on the primacy of markets in all walks of life. The net result of placing markets as the primary agent of all human endeavours is that today we are witnessing a world where-economy is building castles in air; politics is suffering from cognitive freeze; culture is experiencing shock and military is in a state of stupor.*

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## Introduction

As a child I was taught that “money is something but not everything”. And when I questioned this belief by stating that money could buy so many chocolates and loads of ice cream, I was told, “Money can't buy love”. I remained unconvinced because I was too young to understand love. However, as I advanced in age, much of the haze over the awesome power and potential of

money began to clear up.

Today, while following the literature on globalisation, I find that it is the same 'money', which forms the soul of globalisation. It is called the global finance capital (GFC). The reach and range of GFC operations extend much beyond the shallow depths of a child's pocket. It intends to control and direct the whole gamut of activity on planet earth, by subsuming all economic, political and cultural institutions. But, despite its enormous powers in the realm of economy, politics, security and culture, I still remain unconvinced about its potential for human compassion and its ability to buy for people, peace and prosperity.

From business schools to academic debates, to newspaper columns, globalisation, as an idea has been traversing great distances to become dominant discourse in the post-Cold War era. Despite volumes being written on the subject, it continues to remain shrouded in mystery. "Globalization has become a 'catchword', so much abused in popular discourse that one is no longer sure of its real meaning"<sup>1</sup>

Globalisation encompasses contradictory trends, with varying degrees of pressures on the state, society and the economy<sup>2</sup>. Globalisation is far from being inclusive. Even the die-hard globalists agree that globalisation enhances the hiatus between and within nations.<sup>3</sup> To survive and thrive in such an inequitable world, the few big beneficiaries of globalisation are playing a mind game. The game is to create a new world, which does not adhere to the existing norms and patterns. The agenda is to formulate different rules and prescribe new paradigms based on the primacy of markets in all walks of life. The net result of placing markets as the primary agent of all human endeavours is that today we are witnessing a world where the economy is building castles in air; politics is suffering from cognitive freeze; culture is experiencing shock and military is in a state of stupor.

This paper is an attempt to understand the enigma that is globalization. The paper relies on the global capitalism approach, which locates the dominant global forces in the structure of an ever-more globalising capitalism. The global capitalism approach as brought out by Sklair, deals with the role of transnational companies (TNC) in the field of global economics; the role of transnational capitalist class in global politics and the role of ideology of consumerism in transnational cultural ideological practices.<sup>4</sup>

## **Globalisation and Capitalism—The Siamese Twins**

There is a broad agreement across the various schools of thought that globalisation is the continuation of capitalism by other means. Globalisation has its roots firmly entrenched in the idea of free market capitalism. Its most powerful engine is GFC. At approximately one trillion dollars a day, trade in foreign exchange is now about fifty times greater than the value of trade in tangible goods.

Riding piggyback on the information revolution, GFC moves across the boundaries of nation-states at breakneck speed. GFC's doctrine is simple: it believes in quick, fast and easy (QFE) money. It ruthlessly tramples over all impediments that come in its profit-maximising ways. The GFC movement is conflict-laden, because its homogenising tendencies bulldoze the local politics, culture and division of labour.

The QFE doctrine of neo-liberal values uses the crutches of freedom and individual empowerment as opposed to that of the community. Kenichi Ohmae describes it as a “natural, indeed inexorable, progression towards a borderless world.”<sup>5</sup> Ohmae asserts that globalisation has no masters and is an inevitable process. It therefore cannot be tamed. Arguing against this logic, Mark Rupert says, “Globalisation has been neither spontaneous nor inevitable; it has been the political project of an identifiable constellation of dominant social forces and it has been, and continues to be, politically problematic and contestable.”<sup>6</sup>

Although globalisation is largely a market-driven phenomenon, it is a lot bigger than the narrow economic ideology. It also operates in the realms of politics and culture. While the economic ideology of globalisation is rooted in the principles of neo-liberalism, its cultural and political dimensions are closely associated with post-modernity and democracy respectively.

### **How Does Globalisation Work?**

“International Finance is a Darwinian world—survival will go to the fittest”, a world in which profits and losses amounting to tens of millions of dollars is a commonplace.<sup>7</sup> “It is estimated variously that between 2 and 10 per cent of global financial transactions are directly related to production and trade in the ‘real economy’. The rest, the overwhelming majority is speculative.”<sup>8</sup>

At present it is only the capital, which can float through cyberspace, other forms of trade still have to rely on the traditional modes of travel, and therefore,

the nation-states have still to be negotiated with. Therefore, on the political front, one of the institutions which stands as the biggest impediment to neo-liberal globalisation is the nation-state, possessing regulatory powers to control the economic activity within its delineated territorial space.

Since it is well nigh unimaginable that the states will be relegated to the dustbin of history tomorrow, in order to manage this problem, the capital out-sources the job of dissent management and consensus building to the state, and forms a 'state-capital nexus'. However, the state remains blissfully unaware that by entering into a nexus with the capital; it is only distancing itself from politics and its people, thereby gnawing at its own roots.

Through its ruling elite globalisation forces make it almost obligatory on part of the state to convince its people about the benefits of globalisation. Richard Falk identifies this trend as 'globalisation-from-above'. The key features of this kind of globalisation are "the collaboration between the leading states and the main agents of capital formation" (transnational capital and transnational political elites). Combined, these actors "create a powerful momentum that leaves behind high degree of seemingly functional integration and at face value, homogenizing habits that make all other cultures submit to the pervasiveness of the West's perception of the world and its conception of lived reality."<sup>9</sup> This task has been assiduously performed by what is commonly known as 'Washington consensus'<sup>10</sup>. The neo-liberal agenda set by the leaders of the developed world in the 1980s spread the idea that the development and poverty alleviation in the developing world could occur only by adopting 'structural adjustment' programmes prescribed by the fund-bank managers. In the second phase a similar set of liberalising policies were prescribed for the 'transition economies' of the former communist states. According to Andrew Hurrell and Ngaire Woods, the late 1990s were witness to the third phase in which the economic reforms were associated with good governance and accountability of the state.<sup>11</sup>

The current thrust on governance is mainly due to the fact that the combined strength of globalisation, liberalisation and privatisation has generated much greater opportunities for corruption in the developing world. The relatively less corrupt bureaucracy of the nationalism era has been replaced with the nouveau riche with dubious connections in the government. In country after country the same story of corruption through the so-called disinvestment in public sector is being carried out with impunity. Citing an example of the privatisation of jute mills in Bangladesh, Imtiaz Ahmed notes, "The privatisation

process has turned into a major source of rampant corruption. The disinvestment of jute mills provides a good example of it: 51 per cent of the shares of the 29 jute mills were sold at a price of Taka 55 million although their actual price was more than 1400 million.”<sup>12</sup>

*(a) Peripheries and the Casino Effect*

Why do the nations situated on the peripheries of global political economy begin to tow the ‘Washington line’, when they are fully aware that this may lead to their own annihilation? There are two theories, which explain the policy convergence among states. One bases itself on the pressure applied by the private economic forces on national policies. The second theory relies on ideational factors, which inspire leaders to follow the herd in order to avoid looking like laggards.<sup>13</sup>

The tendencies among developing countries to blindly ape the developed world are best explained by the ‘Race to the Bottom’ (RTB) thesis. RTB bases its argument on the principle of the *casino effect*—the nations, which decide to gamble in the neo-liberal markets find it hard to retract because the more you lose, the more you are tempted to play till you go bankrupt. The direct consequences of this have been a continuous decline in the social expenditure by various governments. According to this thesis the convergence among nations occurs due to sheer size and mobility of the capital flows, which force the state to participate. This leads the states to sacrifice the environmental, labour and health concerns at the altar of commerce.<sup>14</sup>

However, those who base their argument on ideational factors as the reason for convergence advocate that, “when it comes to the question of which system today is most effective at generating rising standards of living, the historical debate is over. Today, there is only free market vanilla, and North Korea.”<sup>15</sup> Thomas. L. Friedman suggests that any country that refuses to adorn the ‘golden straitjacket’ and become a part of the ‘electronic herd’ or supermarkets, howsoever ill-fitting and wild it may be, is liable to be left behind in the race to progress.<sup>16</sup>

The ideational theories work on the premise—‘bet or get beaten’. This means that you cannot afford to remain indifferent to the global markets; you have no option but to play in the speculative trade bazaar. It fails to explain the reasons as to why nations fail to learn from the mistakes of other countries, which have already fallen prey to the forces of globalisation. Therefore, despite seeing the ill effects of markets in country after country (South Korea, Hong

Kong, Thailand, Indonesia, Russia, Brazil, and Argentina) the developing world continues to follow the diktats of the market, while ignoring its own people.<sup>17</sup> The tendency is to shift the blame of economic hardships on the failure of corrupt political leadership rather than on the macro-economic policies being pursued, while ignoring the fact, that the growth of 'crony capitalism' is a result of neo-liberal globalisation only. It is mainly for this reason that despite numerous Harshad Mehta and Ketan Parikh type<sup>18</sup> scams, India continues with the so-called 'big ticket' privatisation with impunity, just as despite Enron, WorldCom, Xerox scams the world continues to follow the beaten tracks.

*(b) Peripheries and the pressure of TNCs*

While globalisation advocates democracy and decentralisation at a global level, in effect it fails on both counts. The globalisation of financial markets is leading to greater centralisation of markets concentrated in handful of strategic cities. According to Saskia Sassen, London, New York and Tokyo combined hold 58 per cent of global foreign exchange market.<sup>19</sup> And the power exerted by foreign capital over national governments is making them cater more to the demands of the global economy than those of its voters, thus leading to what is described as the globalisation's 'democratic deficit'. This point is substantiated by the fact that the world's top 300 industrial corporations now control...25 per cent of the world's \$20 trillion stocks of productive assets. And according to the UN estimates, "Overall, as much as one-third of world output may now be under the direct governance of TNCs, with the indirect influence certainly much greater."<sup>20</sup> Let us consider the example of Enron Corporation's operations in India to throw some light on the behaviour of MNCs in the developing countries.

If the Asian economic crisis of 1997 offered a perfect example of the brutality of global financial markets, then, Enron operations in India represent the power of MNCs and how they shape the policy-making in a developing country.

In the wake of the 1991 financial crisis, India took a tranche of loans from the World Bank. The loans received were tied to certain conditions. And one of the major conditions was the lowering of the regulatory barrier to enable the entry of foreign direct investments (FDI) in the key sectors of the economy. In 1993 the Maharashtra State Electricity Board (MSEB) and the Indian subsidiary of Enron Corporation, the Dabhol Power Corporation (DPC) signed a contract for supply of 695 megawatts of electricity. The terms of purchase of power

from Enron were too high, yet the Congress party-led government in the state signed the contract. The opposition BJP-Shiv Sena combine, opposed the contract. The BJP-Shiv Sena combine on assuming power in Maharashtra, decided to cancel the contract in 1995. However, due to some unforeseen pressure the state government renegotiated the contract with Enron without any changes from the previous contract and increased the value of the contract by three times. The Government of India offered counter—guarantees to DPC in case the state government failed to honour its commitments. The ‘democracy deficit’ inherent in globalisation came fully to the fore, when in May 1996, the 13-day minority government at the Centre, ratified the counter-guarantee agreement with Enron, just hours prior to resigning after its defeat in parliament. This example adequately illustrates the point how the political parties of all hues were made to tow the line prescribed by the powerful MNC. And more recently, when it became almost impossible for the MSEB to pay such hefty sums to DPC, the confrontation arose. In addition to issuing threats to drag the Indian government to the international court of law, the Enron Corporation also started appealing directly to the people of India through an advertisement in the leading national daily— If you believe in the metaphor of ‘power to the people’ we urge you to think if the current imbroglio is in your interest”.<sup>21</sup> This was a direct attempt by an MNC to undermine the authority of the Indian state and to compete with an elected government for loyalty of the people. However, the declaration of bankruptcy by the company and the complicity of its board of directors in siphoning off the public money have exposed the true colours of not only the MNC but also the ideology of globalisation.

It is mainly for these reasons that anti-globalists lament that “global does not represent a universal human interest; it represents a particular local and parochial interest and culture that has globalized through its reach and control, its irresponsibility and lack of reciprocity”<sup>22</sup> This leads us to the question, who benefits from globalisation?

*(c) Who are the Beneficiaries?*

The key agents of globalisation are a few hundred industrial and financial corporations.<sup>23</sup> The largest transnational corporations (TNCs) have assets and annual sales far in excess of the Gross National Products (GNP) of most of the countries of the world.<sup>24</sup> Stephen Gill provides an insight into this aspect by that, “*The principle of action that most seem to drive the political economies of the OECD countries is the attempt to provide the greatest happiness for the greatest number of*

*politically influential consumers, citizens who are an affluent and politically central minority. These people are crucial constituencies that sustain oligarchies of power in a range of countries”<sup>25</sup> (emphasis added).*

The parochial nature of neo-liberal globalisation comes out well in Susan Strange’s concept of ‘business civilization’, according to which the end of Cold War has led to the emergence of a single, elite business class networked across the globe. This class shares similar values and considers business to be performing a “civilizing mission through the operation of unforeseen hand of market competition and ceaseless search for profits”. This view places markets above culture and politics.”<sup>26</sup> This leads us to the question: If economics is guiding the destinies of globalisation, then why does it need to control politics and culture?

*(d) Why is Economy Subverting Politics and Culture?*

I have tried to explain the multi-dimensional aspect of globalisation by adopting Talcott Parson’s framework of the social system.<sup>27</sup> According to Parson, for a social system to be maintained, four functions must be fulfilled. (fig - 1). These functions are: Adaptation (A) which refers to the relationship between the system and the environment, a function largely performed by the economy; Politics performs the function of Goal Attainment (G) through political actors; the factor of Integration (I) represents the ‘adjustment of conflict’ through the institution of law; the ‘pattern maintenance’ Latency (L) function is performed by the society through its core values and culture.

**Fig-1: Parson’s Model of Social System to Explain the Multidimensionality of Globalisation.**

(A) Adaptation (Money)	(G) Goal Attainment (Atomised individual)
(L) Latency (Consumerism)	(I) Integration (Military & Markets)



The author does not agree with the functionalist approach to understanding the process of globalisation. However, the usage of Parson's functionalist model is purely to explain the urge of economics to dominate over politics and culture, by placing its functional agents (money, markets, military, and consumerism) in the key centres of global society. The ideology of globalisation is trying to superimpose onto the existing institution of a society a radically new set of rules and ideas. It intends to maintain the equilibrium in a narrowly globalised society by assigning the role (A) to money. Role (G) is the function of markets, which creates individuals minus the umbrella of the state. Post-modernity and the homogenisation of consumption patterns among the globalised elite provide the binding force (L) for cultural cohesion in the society. The Military is designated with the role (I) of integrating the globalised society through conflict containment, prevention and pre-emptive strikes.

Economic globalisation is not an egalitarian process. The lure of lucre binds the benefiting individuals in a close knit global family. It creates economic hiatus between and within nations. All these provide the right recipe for dissent and conflict to prosper. As Mikhail Gorbachev observed if globalisation is allowed to "develop spontaneously, we will get something quite like social Darwinism.... Without direction it may become a destructive process, and the first signs of such destruction are already starting to show."<sup>28</sup>

The ideology of globalisation believes that irrespective of the inequalities it generates, the conflict can still be contained. Therefore, for the purpose of conflict management and prevention, ideology of globalisation needs to create politically impotent individuals. The task of creating atomised individuals is to be achieved through the consumerist culture, which would benumb the sensibilities of those who get left out by the process of globalisation. Furthermore, information and biotechnology are envisaged to be used for controlling and intervening in an individual's life. Interventions as part of the global governance mechanism are intended not just to reform the state behaviour but also to tame the bellicosity in the human behaviour. As one of the chief proponents of liberal democracy, Francis Fukuyama says, "The most radical outcome of the ongoing research in biotechnology is its potential for changing human nature itself... If propensity for violence is genetically controlled, then why not intervene to correct that?"<sup>29</sup> The interventions at the state level would still be carried out with the help of military force.

It is mainly by divesting the people of their own politics and culture in the peripheries that globalisation intends to maintain equilibrium within its core

while maintaining a permanent state of inequilibrium in its periphery. However, the September 11 attacks on the economic and military might of America have proved the flawed logic of this approach. Moreover, the neo-liberal economic policies, as opposed to the Keynesian welfare policies create a large chunk of marginalised population within the core territories, which could align itself with the less fortunate inhabiting the peripheries to cause disturbance in the heart of globalisation.

This brings to our last question and that is, if globalisation is actually happening, then what kind of a world is it creating?

### **Globalisation and the Mind Game**

Globalisation ideology with its inherent dislike for the established system of nation-states and its single point agenda of enhancing the global wealth without any concern for its just and equitable distribution has caused an unprecedented chaos in the minds of people. It has created a world where *economy is building castles in air; politics is suffering from cognitive freeze; culture is experiencing shock and military is in a state of stupor*. These situations are discussed below: -

#### *(a) Economy—Building Castles in Air*

The mainstream economists maintain that globalisation is a 'win-win' formula. This dream woven by the 'Washington consensus' proposes to build one big global market where trade would flourish unhindered. Poor countries that follow this path would soon find their poverty-stricken slums turning into oases. The inefficient and corrupt governments will have to bow before the diktats of the markets or else face ouster. In a stateless world, the markets would create global individuals whose innovative faculties and self-interests will thrive in the atmosphere of competition. Long queues for state subsidised rations, a relic of bygone socialism would be replaced by queues for *McDonald's* and *Coke*. Thomas Friedman's 'Golden Arches theory of conflict prevention' trivialises the human concerns by stating that "When a country reached the level of economic development where it had a middle class big enough to support a McDonald's network, it became a McDonald's country. And people in McDonald's country did not like to fight wars anymore, they preferred to wait in line for burgers." He further says, "If in the previous era of globalisation nations in the system thought twice before trying to solve problems through warfare, in this era of globalisation they will think about it three times".<sup>30</sup> It is difficult to understand the compulsions under which Friedman has written such theories because, this leader of the contemporary globalisation has used

overwhelming military force more than thrice in the past decade alone.

The globalisation utopia also predicts that poor countries will grow faster than rich ones in a free global market, because capital from the rich will flow towards the regions with cheap labour. How far removed is the globalisation theory from reality, is borne out by the fact that neo-liberal globalisation is anything but egalitarian. According to Bruce R. Scott, “If today’s global opportunities are far greater and potentially more accessible than at any other time in world history, developing countries are also further behind than ever before.”<sup>31</sup>

Globalisation also Induced Inequality. One of the strongest arguments against capitalism-globalisation is the income inequality it generates. “The bimodal distribution of income across the globe is becoming even more distinct. The rich are getting much richer while the poor are growing in number and many are staying poor.”<sup>32</sup> Today the rich countries account for about 60 per cent of the world GDP but only for about 15 per cent of the world population. According to Yurlov, in 1960, 20 per cent of the population in the richest countries had 30 times the income of the poorest 20 per cent, and in 1997, it was 74 times. The gap between the richest and the poorest country was about 3 to 1 in 1820, and 11 to 1 in 1913. It rose to 35 to 1 in 1950 and 72 to 1 in 1992.<sup>33</sup>

The inequality within the richest country of the world reinforces the argument that globalisation is not pro-people. The gap between the incomes of the richest and the poorest Americans has been increasing at such a pace that the country has now the greatest levels of inequality in the industrialised world. The wealthiest 10 per cent of American families own 84 per cent of the stock and 90 percent of the bonds, as well as 92 per cent of business assets.<sup>34</sup>

Globalists vehemently refute the charge that globalisation is anti-people. They cite China as an example to prove their point about reducing poverty.<sup>35</sup> However, China, is a largely regulated country where the Communist Party rather than the markets, reign supreme. Also, the stupendous strides made by China in the economic field are not solely the results of the foreign direct investments (FDI). There are many other factors including extensive land reforms, growth of the agricultural sector, population control, and education reforms, which have a large role in the process of poverty alleviation.

To substantiate their point further, the globalists often divide the countries which are ‘globalising’ (India, China, Vietnam, Mexico), and the rest of the

developing world as the non-globalising'. But the moot point is, do the weak, non-globalising countries have any choice? The large portion of the FDI flows only in between the rich countries. In the late 1990s roughly 80 per cent of the stock of America's outward FDI was in Canada, Japan and Western Europe, and nearly all of the rest was in middle-income countries such as Brazil, Mexico, Indonesia and Thailand. The poorest developing countries accounted for only one per cent of America's outward FDI.<sup>36</sup>

Comparisons are also made between China and Africa. In 1975, America's income per head was 19 times bigger than China's (\$16,000 against \$850); by 1995 the ratio has fallen to six (\$23,000 against \$3,700). On the other hand, the income gap between America and Africa has increased from 12 in 1975 to 19 in 1995. This, we are told has happened mainly because China "embraced global economy with a vengeance, and see how well it has done."<sup>37</sup> However, dividing the world into globalising and non-globalising to prove that globalisation works is a flawed logic, because the countries which are not globalising are not doing it by choice but are being deliberately left out of the process.

Another interesting argument forwarded for the growing unemployment and hence poverty and income inequality is that technology is the main culprit and not trade.<sup>38</sup> It is interesting that the same technology, which was being used to celebrate the advent of globalisation, is now being blamed for the ills afflicting it. Therefore, according to the neo-liberal logic, it is either flawed policies, failed leadership, or technology which causes economic problems but never the logic of capitalism, which works only for the strong and does not bother for teeming millions.

*(b) Politics—Suffering Cognitive Freeze*

Globalists claim that human history, which has been travelling for the past so many centuries in search of a perfect system for human emancipation, has finally found nirvana in the markets. "Communism fails, socialism fails, so now, there is only capitalism. We don't want to go back to the jungle; we all want better standards of living, so you have to make capitalism work, because you don't have a choice. We have to improve ourselves and follow the world rules.... It will probably require a national unity government, because the burden is so big"<sup>39</sup> By creating such illusions, globalisation breaks the will of the people to think fresh and tries to put *history on a leash*.

The utopian idea of economic globalisation lays stress on that only the demand-supply matrix should govern markets. Market regulation through

politics is totally unwarranted. This thinking is best articulated through a cliché, “Governments have no business to be in business”.

The distribution and the management of economic production were the primary job of the governments in welfare states. Although the business class played a determining role in these states, the politician with peoples’ power behind him was still the boss. Neo-liberal globalisation does not feel comfortable with organised political animals. The best possible arrangement for markets is to distance the people from their herd and domesticate them as individual consumers.

The objective of de-politicising the society is achieved through a two-pronged strategy. Firstly, by inculcating political lethargy in the minds of the people and secondly, by inducing political laterality in the political arena.

(i) Political Lethargy: The political class is depicted as a bunch of nincompoops, incapable of doing any good to the people. The transnational company with its financial clout, corrupts the politicians beyond imagination, leading to incompetent governance and decay of public and private responsibility and accountability. The net consequence of the ever-increasing cynicism against politicians is that people have become less and less interested in organised politics. Even legitimate forms of protests by sections of the society are seen as hampering the economic process and the freedom of the people. The political lethargy causes people to indulge only in day-dreams without any will to take up cudgels for their cause. The ill-effects of ‘political indifference’ among people have been well articulated by Antonio Gramsci:

Indifference is actually the mainspring of history. But in a negative sense. What comes to pass, either the evil that afflicts everyone, or the possible good brought about by an act of general valor, is due not so much to the initiative of the active few, as to the indifference, the absenteeism of the many. What comes to pass does so not much because a few people want it to happen, as because the mass of citizens abdicate their responsibility and let things be... the fatality that seems to dominate history is precisely the illusory appearance of this indifference, of this absenteeism.<sup>40</sup>

(ii) Political Laterality: To understand political laterality, let us take an example from the field of aviation. For aviators, laterality error is associated with the inability of the pilot to clearly and naturally distinguish between the port (left) and the starboard (right). This inability to discern between the left and the right has been the cause of many air crashes. For example, in a twin-engine aircraft, suppose the starboard engine fails. A pilot suffering from laterality

may switch off the working port engine instead of the starboard, thus causing an aircraft to crash.

One of the intentions of globalisation is to induce this type of political laterality by blurring the line between the traditional 'Right' and the 'Left'. The present-day politics is represented by the conservative 'Right', the liberal 'Left', 'the new Right' (in the vanguard of globalisation from above) and the 'new Left' (leading the globalisation-from-below movement).<sup>41</sup> However, the phenomenon of globalisation, has introduced confusion and led to a political crisis of sorts by making both the traditional 'left' and the 'right' talk nationalism and making the 'new left' and the 'new right' talk cosmopolitanism.<sup>42</sup>

It is often suggested that in the absence of any plausible alternative to economic globalisation, the era of 'isms' is over. Both the streams of politics seem to be talking the same language. For example, when the Indian government recently announced labour reforms and introduced flexible labour laws, both the far-right party, Shiv Sena and the Communist Party of India spoke in unison against the attack on workers rights. The Shiv Sena leader even said that his party would join hands with the left in protesting against the anti-labour laws.<sup>43</sup> The aura of free market reforms is so great that the Indian communists find themselves constrained to talk about alternative economic policies. Therefore, in the communist-ruled state of West Bengal, they follow the same liberal economic policies, which would attract foreign investment.

Similarly, the spectre of global capitalism and competition haunts the rightists and the local champions of industry, who earlier used to propose greater capitalism. The Indian industrialists have got together and formed the 'Bombay Club' to dissuade the government from opening up the economy to foreign investors as also the right-wing RSS has launched a 'swadeshi' movement against globalisation.<sup>44</sup> Commenting on this political change brought about by globalisation, Friedman notes, "It is increasingly difficult these days to find any real difference between the ruling and the opposition parties in these countries that have put on the golden straightjacket. Once your country puts it on, its political choices get reduced to Pepsi or Coke".<sup>45</sup>

Both the Right and the Left are opposed to corporate globalisation. While the former uses heightened xenophobia and protectionism, the latter bases its protest against globalisation for its lack of democracy. The dilemma for the Left-wing intellectuals according to Gordon Laxer, is that they "call for popular sovereignty and social solidarity (that others call nationalism/internationalism)

while at the same time condemning all forms of nationalism. Ironically, Left wing critiques of nationalism as reactionary fit closely with the new-right discourse that defied Adam Smith's anti-nationalist critique of mercantilism."<sup>46</sup>

The Leftists, the New Leftists, the Rightists and the New Rightists all have one thing in common and that is, they are all acting against the interest of the nation-state. According to Waters, "In post-materialistic politics the state is problematic across the political spectrum: the new right regards it as a transgressor against individual freedoms and distorted markets, the new left views it as an agency of rampant materialism and means of juridical control of populations and their minorities."<sup>47</sup> The New Left localists (think globally, act locally) see globalisation as an opportunity to weaken the state and empower local movements. They want to oppose corporate globalisation through "thousand acts of secession around the globe."<sup>48</sup> However, this strategy of fragmenting the world into smaller states would eventually work in favour of globalisation, as Eric Hobsbawm notes that "the most convenient world for multinational giants is one populated by dwarf states or no states at all."<sup>49</sup>

The traditional Left, demoralised by the defeat of Communism, is yet to get its act together and think of ways to oppose globalisation. In the absence of any credible political alternative, those disenchanted with globalisation gravitate towards religious fundamentalism. However, the fact is that the Rightist religious forces based on 'exclusivist nationalism' are the worst enemies of nationalism in the era of globalism. By indulging in communal violence they are actually harming the state by exposing gory images of ethnic cleansing, across the globe. The trial of former Serbian president Slobodan Milosevic in the International Criminal Court tribunal and the pressure on Pakistani President Pervez Musharraf to act against religious fundamentalists or face the international condemnation are indicative of the pressures on nation-states, especially in an era when human rights violations have become a potent weapon of the corporate globalisers to browbeat those who refuse to tow their line. The New Right, representing the neo-liberal forces is palpably opposed to the idea of nation-states.

It is this great confusion and crisis of politics, which lies at the root of the current political mess, provides a situation which is opportune for the neo-liberal globalisation to thrive. The people in the third world who are still nursing the wounds inflicted by colonialism are beginning to feel the adverse impact of 'globalisation from top', which is causing greater economic hardships and dwindling cultural and political options. The third world is also apprehensive

about the logic of the 'globalisation from below' spearheaded by the 'New Left' for the fear that the global democratisation movement should not divest them of their rights to be a part of a strong nation-state.

### *Culture—Experiencing Shock*

The growing saffronisation<sup>50</sup> of the Indian educational institutions the yearly protests on Valentine's day by the rightist organisations and the continuous presence of the local police forces guarding McDonald's outlets in India anti immigration movements in the West and growth of radical Islam, all represent the reaction of the far Right against the insensitivity of globalisation to local cultures.

It is largely perceived that Money, McDonald's and *MTV* challenge the core values and religious beliefs. Almost all religions advise their followers against the ills of gambling, the concepts of lending and borrowing money, which come in direct confrontation with the doctrine of transnational capital. While the transnational giants, Air Tel and Pepsi urge people to talk more and 'have more', religion teaches them the virtues of *Maun* (silence), and *Mukti* (emancipation from desire).

The religious revivalism, which has occurred over the past two decades, is a direct result of the clash between markets and religious piety rather than a *dash of civilisations* or Marxophobia. The growing religiosity is a direct response against the growing menace of markets which is fast replacing religion as the 'opium of the masses'. The atomised consumers measure happiness on a daily basis. Happiness becomes directly proportional to the number of carry bags one gets back home. According to E. P. Thompson, "Among those who could afford it, shopping has been far more than just purchasing goods; rather, shoppers feel that through the act of shopping they are buying into a (however, modestly) a more exciting, sensual world."<sup>51</sup> According to Samir Amin, "We are urged to 'believe in the market' which alone reveals (encapsulates) the 'true values of hamburgers and the automobiles.'"<sup>52</sup>

Globalisation is associated with post-modernity and Americanisation, based on 'image industry, in which desires are created over needs'.<sup>53</sup> This image-building is done through media. The continuous bombardment of images is causing shock waves in traditional societies. While TV democratises the aspirations, it has no mechanism through which it can democratise the purchasing power. Therefore, those who do not possess the capacity to buy the items shown on the television are likely to resort to violence to grab the



goodies. According to K. N. Panikkar, the impact of cultural globalisation on the middle class is even more dangerous. The material modernity creates a cultural crisis for the middle class. "They are therefore, forced to seek their roots which they seem to locate in the cultural past defined in religious terms."<sup>54</sup> This leads to the politics of hate, which manifests itself in communal riots and ethnic cleansing.

With the fall of the Berlin Wall, religion has become redundant for global capitalism, which works under the direct guidance of GFC. The GFC now views religion to be inimical to its interests. However, it is too early to predict a divorce between capitalism and religion mainly in view of the increasing Leftist backlash against neo-liberal globalisation.

*Military—In a State of Stupor:* Military primarily derives its strength from the nation-state. National security is one of the primary concerns of the modern state. According to the Realist theory of international relations, the security to the individual is inextricably linked with the state that preserves the social order and provides the security of the individual, a venue in which national military plays a pivotal role. It was mainly this correlation between military and the nation-state that led Carl von Clausewitz to clarify the purpose of war in terms of continuation of politics by other means.<sup>55</sup> In order to regulate the conduct of war, the international community designed laws, which also clarified the distinctions between combatants and non-combatants. Armies were required to fight only with the armies of the other state. However, in the current age may no longer be required to fight against another competing state but may have to wage its battle against non-state actors. Just as the superpower America has waged a battle against the superman Osama.

In the age of globalisation the twin sacred mantras of positive nationalism and territorial sovereignty are being profaned through the power of privatisation. The process of globalisation entails the creation of abstract individuals; who seek their salvation in the market place rather than in the solidarity of the state. This raises some serious doubts in the military minds. What is the *raison d'être* of the military? In future, will the military act in protection of the state or at the behest of abstract individuals working under the tutelage of transnational companies? Will military remain an adjunct of politics or will it act in collusion with the global political economy?

The distancing of the military from politics would directly impact on its core values, which regard honour to be above power and self. However, it is

well known that consumerist culture has already made deep inroads into defence value systems. To see how the market culture is having an adverse impact on defence forces, let us take the example of the protest movement launched by a section of the Indian Air force officers following the announcement of the Central Fifth Pay Commission recommendations in 1998.

India started the process of liberalisation of its economy in the early 1990s. This led to the influx of a number of MNCs into the Indian markets. These MNCs hired Indian professionals at salaries unknown in India before. This created wide income disparities amongst the population. The middle class population belonging to the public sector too started dreaming of hefty pay packets matching that of the MNCs. Also, during the mid-1990s, with aspirations skyrocketing, the defence services personnel too started expecting the pay commission to give them a big salary hike. The officers began to expect a pay packet of more than Rs 50,000 (\$1000) plus. The rising aspirations were further boosted by the arrival of new cars into the Indian markets. Prior to the announcement of the pay commission recommendations, the media started comparing the monetary value of the assets under the command of a Fleet/Air commander and his pay packet vis-à-vis the assets controlled and the pay of the CEO of a large firm. However, the cash-strapped government could not meet the rising expectations of the people. Therefore, when the recommendations were announced, the dreams took a nosedive. Added to this, the Air force introduced wider income disparity between the flying cadre officers and the ground duty officers by announcing a much higher flying bounty. The move was enough to fan the brewing discontent within the services, which culminated in the form of street protest by officers and their families. Such an event was unheard of in the history of the armed forces.

Sometime in 1995, I happened to listen to a senior Indian defence officer, who like most of us, was bitten by the privatisation bug. He was of the opinion that defence should gradually move towards privatisation. He proposed that the Indian armed forces should demand money from the Reliance group of companies for protecting their assets in Gujarat from a possible attack by Pakistan. The officer's argument was devoid of logic because, an industrialist would prefer to pay directly to the Pakistan military and ensure foolproof security rather than investing in the Indian military. One of the biggest Indian business houses, the Tatas, did exactly the same thing, when they paid the organisation ULFA, to protect their tea gardens in Assam, rather than relying

on the Indian state for security.

At the global level, the US military establishment is already talking in terms of the 'military-market' connection. According to Thomas Barnett of the US Naval War College, "globalisation is splintering the concept of national security, generating new markets for both supra-national and sub-national security providers, two venues in which naval forces offer unique response attributes."<sup>56</sup> Barnett sees the US military as the true leviathan, which is capable of "exporting security to global marketplace."<sup>57</sup> While such a supranational security arrangement is good for the creation of US hegemony in the world, whether it is good for the developing nations remains a major question.

The ideology of globalisation has similar aversion to the concept of national security as it has to the national-welfare economy. The globalists would like to see both dismantled and substitute them with a private military and security network, in the larger interest of global capitalism.<sup>58</sup> The military today stands at the crossroads. It has been presented with an almost new rule set to reorient itself to meet the growing demands of the market.

## **Conclusion**

The ultimate outcome of economic globalisation is perceived as a borderless world with interacting free markets. It is widely believed that states act as an impediment to achieving this goal. Therefore, on the political front globalisation aims to target the traditional state-centered Westphalian world order. In the post-Cold War world, the limits and absolutes of state sovereignty are no longer considered sacrosanct. The focus of international relations is gradually shifting from governments to governance sovereignty to interventions and territorial integrity to human security. This shift in focus is leading to increased need for interventions. Predictably, the targets of such interventions are the least developed countries like Somalia, Afghanistan, Haiti, Kosovo, Bosnia and Rwanda. The poor countries have once again exposed themselves to intervention because of their leadership, which is seen to be promoting C<sup>4</sup>I (criminalisation, corruption, casteism, communalism and illiteracy) rather than development. The international patronage received by the NGOs is mainly due to the fact that, the Western powers do not trust the third world politicians with their money. This helps the cause of globalisation in two ways. Firstly, dealing directly with people minus the state is a less cumbersome process for the donors and it is easier to lure and mould individuals. Secondly, it helps in making the state less relevant legally in the international context.

The nation-state derives its strength from the coded as well as the customary international law, which authorises it to exercise undisputed political and economic power within its delineated territorial boundary. The wealth generated by judicious exploitation of the natural resources enables the state to spend it on welfare and security of its people. But divesting the state of its economic decision making powers, is one of the quintessential reasons for the success of economic globalisation. However, as the state's monopoly over the economic resources reduces, its ability to provide social and military security to its population diminishes, thus leading to the erosion of the state's authority over its people, it is making room for transnational politico-economic-military players to occupy the vacant political situations.

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