
World Economic Order and Norms for Capitalistic Globalization

John Joseph Puthenkalam*

A new world economic order is being born into the bosom of capitalist economic system and its name is capitalistic globalization. The theme of globalization is being analyzed from various perspectives. In this paper, I would like to concentrate on the image of globalization that exists today and would like to suggest various rules that would enhance its image and would enable all the nations to be on the vehicle of globalization. While the first millennium saw the globalization of cultures and philosophies rolling in on the wheels of religions, the second millennium saw the globalization of politics and power dancing on the stages of imperialist-colonial structures and the resultant birth of sovereign nation states. We enter the third millennium on the wheels of economic globalization. The light of hope provided by the pioneers and champions of globalization are dimmed by the violent and marred reality of a world where almost half the world's population of men and women live around the poverty line. As poverty and the resultant violence stare at the prosperity of the few, the question rise on the minds of the rational whether globalization solves socio-economic disparities and problems of today or would it leave the poor as they were yesterday. In order to understand this complex scenario of globalization, let us begin our analysis by briefly traversing through the earlier millennium paths that would lead us to the contemporary world stage on which this human drama unfolds.

Characteristics of First Millennium: Globalization of Philosophical Ideas

The main characteristics of the period from The Earliest Stone Age Settlements of B. C. to the threshold of A. D. and into the first millennium can be summarized as Globalization of Ideas, Philosophies, Cultures and Religions. As we traverse through various civilizations, we realize the spirit of each civilization is stored in the form of cultures which are lived through religions of the times and clarified through the various philosophical systems. The earliest permanent villages known to us made their appearance toward the end of the Stone Age, as far back as the seventh, and even the eighth, millennium B. C. Before that men for the most part lived in caves. The transition to settled life was a slow but free movement. From the terraces of the Nile valley to the highlands of northern Iraq characteristic flints attest the presence of man as far back as the Early Paleolithic (Old Stone) Age, perhaps two hundred thousand years ago. The succeeding Middle Paleolithic (richly witnesses by skeletal remains, especially in Palestine) and Late Paleolithic found man in his long cave-dwelling stage. He lived entirely by hunting and foraging. It was only as the last ice age ended, (in warmer climes, the last pluvial period), approximately in the ninth millennium B. C., and the rigors of climate abated, that man was able to take first steps toward a food-producing economy: he learned that wild grains could be cultivated and animals herded for food.¹⁾ This primitive achievement of self sufficiency can be considered as the beginning of a march towards the creation of a human-centered culture. This transition began in the so-called Mesolithic Age (before ca.8000 B.C.); the Natufian culture of Palestine (so called from caves in the Wadi en-Natuf where it was first

* Department of Economics, Sophia University

discovered) is an illustration of it. As paleontologists and anthropologists study the fossil remains of man in an effort to reconstruct his primitive physical history, so archeologists and social anthropologists try to reconstruct his preliterate cultural history by examining the artifacts (buildings, utensils, tools, weapons, etc.) and non-artifactual materials (bones, grains, shells, etc.) he left behind. Although they have been at it scarcely more than a century, their work has already sketched the fundamental aspects of earliest human existence.²⁾

The earliest settlement in Jericho belongs to this period, and it was in existence by ca.8000 B. C., if not earlier still. Similar developments are witnessed elsewhere, notably in the highlands of northern Iraq, where the caves of Zarzi and Shanidar show us man at the end of his purely food-gathering stage, while the earliest villages at Zawi Chemi, Karim Shahir, and elsewhere witness to his first tentative steps toward a food-producing economy.³⁾ But it was in the Neolithic period that the transition from cave-dwelling to sedentary life, from a food-gathering to a food-producing economy, was completed and the building of permanent villages began to go forward. With this, since there could have been no civilization without it, one can say that the march of civilization had begun and today when we look at the earliest human civilizations, we can see the human urge for cultural development. Jericho was first settled at least as far back as c. 8000 B. C. The earliest village culture known to us is that of the Fayum (Fayum A), followed by the slightly later one discovered at Merimde in the western delta. These are Neolithic cultures after the invention of pottery- thus somewhat parallel to the pottery Neolithic of western Asia. Radiocarbon tests seem to place Fayum A in the latter half of the fifth millennium.⁴⁾ For lack of space, I skip the various details here that take us to the first millennium but would like to concentrate briefly on the birth of Greek Philosophy, for our discussion on globalization.

The Birth of Greek Philosophy

Cretan civilization shaped and sustained its greatest glories in the period c. 1750-c. 1450. Not long before, an Indo-European speaking people had pushed probing settlements into the northern portion of Peloponnese, mixed with the native population, and gave increasing indications of making their presence felt in the wider Aegean world.⁵⁾ The spread of civilization from the valley centers to the Aegean peoples and the web of culture that arose can be learnt from the Greek philosophical traditions. Ionian Greek culture of the seventh and sixth centuries B. C. reflects the interaction between East and West. Ionia, the cradle of Western thought, takes us back to the pre-Socratic philosophy. The birthplace of Greek philosophy was the sea-board of Asia Minor and the early Greek philosophers were Ionians.

From Greek to Rome: Emergence of Western Way of Thinking

The day of the free and independent Greek City-State had passed away with the death of Alexander the Great in 323 B. C. There arose the Hellenistic civilization. Athens, Sparta, Corinth etc. were no more free independent states but were merged in a larger whole and later Greece itself was to become but a Province of the Roman Empire. Philosophy in the Roman period became more and more part of the regular course of education, and it was in this way that philosophy became a rival to Christianity, when the new Religion began to lay claim to the allegiance of the Empire. Indeed one may say that philosophy, to a certain extent at least, offered to satisfy the religious needs and aspirations of man. In the development of the Hellenistic-Roman philosophy it is usual to distinguish several phases.⁶⁾

Neo-Platonism⁷⁾ exercised a great influence on Christian speculation: we have only to think of names like

those of St. Augustine and the Pseudo-Dionysius. In spite of the shocked and scandalized attitude that some early Christian writers adopted in regard to the mystery-religions, particularly that of Mithras, with its quasi-sacramental rites, both the more or less popular mystery-religions and intellectualist Neo-Platonism served the purpose of preparing men's minds for the acceptance of Christianity. They may have tended to set themselves up as rivals to Christianity and they may have kept some individuals from embracing Christianity who would otherwise have done so; but that does not mean that they could not and did not serve as a way to Christianity. The birth of Christianity in Western soil brought her in close contact with the Oriental cultures and traditions that are deeply religious as well as philosophical. Yet, the West developed her own philosophy, remarkably distinct in her own way. The development of Western culture and philosophy together with the spread of Christianity has varying implications.

While in the East we see Hinduism, Confucianism, Buddhism etc. as religions play a role in the philosophies of India, China and Japan, only a thin parallel can be drawn with Christianity as a religion influencing the philosophy of the West. Certainly, it can be stated that the blossoming of the Western culture is very much influenced by the Christian religion. Therefore, it is only natural for us to enter the Western way of thinking through the Christian-philosophers. The march of philosophers from Ionia to the ever-extending Roman Empire results in the development of a culture that is unique to Western minds. Man's search for himself is articulated in medieval thinking as a philosophical-theological question, the background of which is deeply rooted in Greek metaphysics. In this encounter, philosophy shapes culture. Therefore the culture is born out of a free will. The central problem of man's free will and autonomy, which is one aspect of this search, could be investigated in the light of the metaphysics of Thomas Aquinas,⁸⁾ the Christian philosopher-theologian. A deeper analysis of this process will show us how the globalization of ideas, especially Greek Philosophy, entered Western minds through the vehicle of Christianity.

Emergence of Eastern Way of Thinking

East and Eastern way of thinking has been so intriguing that one cannot but gaze and wonder. Numerous schools of thought sprang up from ancient times and gave her way of thinking an identity of her own. Place-names like Harappa and Mohanjendaro, Indus valley and Silk Road would evoke in us the ancient-ness of India and China, and are considered the core-centers of Eastern philosophy. Influenced by these centers there arose a distinctive way of thinking in Tibet, Korea and in Japan. All these together constitute an eastern way of thinking. Religion has been the road on which the philosophers of the East trod and we would find it extremely difficult to separate religion from philosophy and vice versa. Therefore, we shall integrate in our study of the Eastern way of thinking the prominent religions like Hindu-Buddhist-Shinto-Confucian-Tao and Zen and their traditions.

Here we will briefly look at the religious character of Indian thought system that subsequently spread through Buddhism to the East. The philosophies of India are very religious. To quote Hegel: "The philosophy of India is identical with its religion; so that the interest in religion is the same as its interest in philosophy."⁹⁾ The way leading to peace of mind, has always been their central concern. The main current of the Indian civilization has been not in the cities but in the woods. It has been the civilization of the tranquil life in the forest. India did not develop a city representing its entire civilization. The ancient Greeks had the center of their civilization in Athens, the ancient Romans in Rome, and the modern Europeans in London, Paris, and Berlin. There are no cities prospering throughout the whole history of India to represent its civilization. For Indians who are inclined

to transcend this world and who hold a strong longing for a future existence, it is difficult to accept a religion that sets a high value on secular mundane life.¹⁰⁾

It is into the bosom of Hinduism that Buddha was born and it is through Buddhism that the Indian philosophical ideas have traveled into the East via China and Tibet to Korean peninsula and into Japan. An analysis of philosophies, cultures and religions of the first millennium proves that the globalization of ideas is a must for any human endeavour that has to take place for the conceptualized understanding of human behaviour.

Characteristics of Second Millennium: Globalization of Politics

The main characteristics of this period can be summarized as the Globalization of Power, Imperialism, Colonialism and Expansionism and the Formation of Political States. We live in a world today in which the consequences of nineteenth-century Western imperialism are still being felt. By about 1914 Western civilization reached the high point of its long-standing global expansion. This expansion in this period took many forms. There was, first of all, economic expansion. Europeans invested large sums of money abroad, building railroads and ports, mines and plantations, factories and public utilities. Trade between nations grew greatly and a world economy developed. Between 1750 and 1900 the gap in income disparities between industrialized Europe and America and the rest of the world grew at an astounding rate. Part of this was due, first, to a rearrangement of land use that accompanies Western colonialism and to Western success in preventing industrialization in areas Westerners saw as markets for their manufactured goods. European economic penetration was very often peaceful, but Europeans (and Americans) were also quite willing to force isolationist nations such as China and Japan to throw open their doors to Westerners. Second, millions of Europeans migrated abroad. The pressure of poverty and overpopulation in rural areas encouraged this migration, but once in the United States and Australia, European settlers passed laws to prevent similar mass migration from Asia. A third aspect of Western expansion was that European states established vast political empires, mainly in Africa but also in Asia. This “new imperialism” occurred primarily between 1880 and 1900, when European governments scrambled frantically for territory. White people came, therefore, to rule millions of black and brown people in Africa and Asia. The causes of the new imperialism are still hotly debated. Competition for trade, superior military force, European power politics, and a racist belief in European superiority were among the most important. Some Europeans bitterly criticized imperialism as a betrayal of Western ideals of freedom and equality.

Western imperialism produced various reactions in Africa and Asia. The first response was simply to try to drive the foreigners away. The general failure of this traditionalist response then led large masses to accept European rule, which did bring some improvements. Another response was the modernist response of Western-educated natives, who were repelled by Western racism and attracted by Western ideals of national independence and economic progress. Thus, imperialism and reactions to it spread Western civilization to non-Western lands.¹¹⁾ The globalization of power on the wheels of imperial politics and colonial expansionism with military might became the characteristic thread that united the centuries of second millennium. The aspirations of peoples and nations to be free from these imperialist, colonialist and expansionist power politics of foreign domination resulted in mass movements of liberation and independence in countries of Asia and Africa. From a positive point of view we can also say that the formation of states and the resultant sovereignty attributed to them have become a defense against any further colonial exploitation in our times. The foreign withdrawal from

these nations and the resultant need for cheap capital and labour once again pitched the notch to determine the powers of economics and politics and military might and strength within the framework of an emerging world order. Colonialist strategies would never function as long as there are independent sovereign states. An analysis of the second millennium from the perspective of globalization would inform us that against all negative elements of colonialism, emergence of one-hundred and ninety three sovereign nation states under the umbrella of United Nations (the latest being Republic of South Sudan) is the result of globalization of politics.

Characteristics of Third Millennium: Globalization of Economics

As we have discussed above, down through the centuries we have been experiencing various forms of globalization. On the wings of civilizations and cultures, religious wars and political treacheries, social upheavals and economic expansionism, we have been witnessing some sort of globalization at every epoch in history. As noted, during the first millennium, religion and particularly expansion of Christianity was the means of globalization in the West while Hindu-Buddhist beliefs spread into the East. Globalization during the second millennium could be termed as an imperialist-colonialist expansion of political power and the formation of sovereign states. At the dawn of the third millennium, we are experiencing a globalization which moves around on the wheels of economics, particularly, market oriented neo-liberal capitalism. We undertake the following analysis in order to clarify both the positive and negative effects, this economic globalization would have on nations and their cultures.

Genesis of Economic Thought

Our modern day understanding of economics has its beginning in Adam Smith's *Wealth of Nations*. In Smith's fanciful theory of the transition from feudalism to capitalism, blind self-interest is the (unconscious) agent of revolution.¹²⁾ One might compare Marx's account of this process in his materialistic interpretation of history, which stresses class conflict and the brutal exploitation of the working class upon whose suffering the capitalist system was brought into the world.¹³⁾ Smith does not even mention the working class as a participant in the modern age's monumental economic revolution. Marx stresses class conflict as the key to the transition to capitalism and stresses the terrible costs to the working class involved in this historical process. Adam Smith, on the other hand, smoothes over class opposition and assumes a harmonious balance and coincidence of interests among all classes. This is not to say that Adam Smith was totally oblivious to the fact of class conflict or conflicting class interests,¹⁴⁾ but he believed that class conflicts could be resolved and class interests harmonized within the confines of the existing capitalist system. Indeed, "conflicts," or Smith's favoured term 'competition', would in the long run strengthen rather than weaken the system. Hence we see that Smith lacks the crucial categories of historical change found in Marx's theory of contradiction, negation, and class struggle. At the same time, today we can also note that historical socialism based on Marxian principles faded due to the absence of market mechanism. What we have now is a globalization process which has its beginning on the principles of welfare capitalism expounded in the *General Theory* of J. M. Keynes and the later versions of modern day capitalist economists. Our attempt is to show how the capitalist theory of Smith-Keynes and the capitalist critique of Marx enable the theory of globalization as an economic system for the emerging economic order of a changing world. From the foundational theories of classical economics to present day econometric analysis, we notice the power of ideas that change the course of history.

The Historical Setting: The New World Order

The dominant economic systems of twentieth century resulted in the creation of super-powers and the epicenters of economic activity. The concept of development as an economic issue came to the forefront only after the World War II. This was mainly to rebuild the countries that were destroyed during the war. Also the colonial rule came to an end in many countries. The foreign withdrawal from the ‘colonized-exploited’ countries gave them the identity of new nations, free from the interference of foreign powers. These new nation states of Asia and Africa along with other less developed nations in other continents wanted to be on the road to development. A new international order was setting in. United Nations (UN) and its agencies, International Monetary Fund (IMF), World Bank (WB), World Trade Organization (WTO), etc. came into existence and powered the new world order of the day. There are two major economic systems: Capitalism and Socialism. There were two major political systems: Democracy and Communism. There were two major world blocks: Capitalist-Democratic world led by United States of America and its allies; and Socialist-Communist world led by Union of Soviet Socialist Republic and its allies. There was also the existence of neutral non-aligned countries like India, Tanzania etc. Between the two major world blocks, there was a curtain; the capitalist world termed it as “iron curtain” and the socialist world sealed it with “Berlin Wall”. There was no open war for we were all contented with a “Cold War” of hostility.

All the development strategies that were in force since World War II are to be understood with this above background. The strategies and economic growth models of the socialist world was to catch-up and overcome the capitalist world. The capitalist economic strategies are focused on the market mechanism. While Adam Smith and J. M. Keynes pioneered and engineered the capitalist world, Karl Marx and Frederick Engels planned and commanded the socialist world. While the former was seeking development through the forces of market, the latter was seeking development through the forces of party-government. After fifty years of historical socialist experiment, U. S. S. R. and together with it the iron – curtain of Berlin Wall – socialism collapsed. Since the collapse of socialism in the 1990s, we witness the emergence of Economies in Transition and these economies preferred the capitalist path of development. The collapse of an economic system necessitated the shift of developmental activity to a new world, hitherto, hidden in the bosom of socialist paternalism. Any application of capitalist growth models to these transitional economies which are now part of the developing world, and have undertaken their own developmental paths, has to be carefully designed within the framework of a global economy.¹⁵⁾

We are concerned not just with socio-economic dimensions of development alone but with the historical and political and cultural implications and above all very much worried about the sustainability of our planetary system itself. “In the middle of the twentieth century, we saw our planet from space for the first time. Historians may eventually find that this vision had a great impact on thought than did the Copernican revolution of the sixteenth century, which upset the human self-image by revealing that the Earth is not the centre of the universe. From space, we see a small and fragile ball dominated not by human activity and edifice but by a pattern of clouds, oceans, greenery, and soils. Humanity’s inability to fit its doings into that pattern is changing planetary systems, fundamentally. Many such changes are accompanied by life-threatening hazards. This new reality, from which there is no escape, must be recognised - and managed.”¹⁶⁾ This new vision of the world is, fortunately, coincided with more positive developments new to this century. “We can move information

and goods faster around the globe than ever before; we can produce more food and more goods with less investment of resources; our technology and science give us at least the potential to look deeper into and better understand natural systems. From space, we can see and study the Earth as an organism whose health depends on the health of all its parts. We have the power to reconcile human affairs with natural laws and to thrive in the process. In this our cultural and spiritual heritages can reinforce our economic interests and survival imperatives.”¹⁷⁾ We see the possibility for a new era of economic growth which is more prosperous, more just, and more secure and this form of growth is essential to relieve the great poverty that is deepening in much of the developing world.

Improvements in Living Standards

In some parts of the world, particularly since the mid-1950s, growth and development have vastly improved living standards and the quality of life. Many of the products and technologies that have gone into this improvement are raw material and energy-intensive and entail a substantial amount of pollution. Where economic growth has led to improvements in living standards, it has sometimes been achieved in ways that are globally damaging in the longer term. Much of the improvement in the past has been based on the use of increasing amounts of raw materials, energy, chemicals, and synthetics and on the creation of pollution that is not adequately accounted for in figuring the costs of production processes. *“If people destroy vegetation in order to get land, food, fodder, fuel, or timber, the soil is no longer protected. Rain creates surface runoff, and the soil erodes. When the soil is gone, no water is retained and the land can no longer produce food, fodder, fuel, or timber, so people need to turn to new land and start the process all over again. All major disaster problems in the Third World are essentially unsolved development problems. Disaster prevention is thus primarily an aspect of development, and this must be a development that takes place within the sustainable limits.”*¹⁸⁾ Over the past century, the use of fossil fuels has grown nearly thirty-fold, and industrial production has increased more than fifty-fold. The bulk of this increase, about three-quarters in the case of fossil fuels and a little over four-fifths in the case of industrial production, has taken place since 1950. The annual increase in industrial production today is perhaps as large as the total production in Europe around the end of 1930s.¹⁹⁾ The impact of growth and rising income levels can be seen in the distribution of world consumption of a variety of resource-intensive products. The affluent industrialized countries use most of the world’s metals and fossil fuels. Even in the case of food products a sharp difference exists, particularly in the products that are more resource-intensive. The consumption patterns, the disparity in living standards and the emergence of newly industrializing countries etc., invite us to analyze afresh our strategies for growth and development that needs a paradigm shift in our understanding.

The Concept of Sustainable Development

The old understanding of achieving economic welfare through the process of growth and development has taken us to a new challenge of opting for sustainable development. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of ‘needs’, in particular the essential needs of the world’s poor, to which overriding priority should be given; and

- the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

Thus the goals of economic and social development must be defined in terms of sustainability in all countries – developed or developing, market-oriented or centrally planned. The satisfaction of human needs and aspirations is the major objective of development. The essential needs of vast numbers of people in developing countries – for food, clothing, shelter, jobs – are not being met, and beyond their basic needs these people have legitimate aspirations for an improved quality of life. A world in which poverty and inequality are endemic will always be prone to ecological and other crises. Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life. Living standards that go beyond the basic minimum are sustainable only if consumption standards everywhere have regard for long-term sustainability. Yet many of us live beyond the world's ecological means, for instance in our patterns of energy use. Perceived needs are socially and culturally determined, and sustainable development requires the promotion of values that encourage consumption standards that are within the bounds of the ecological possible and to which all can reasonably aspire.²⁰⁾

Here we see the problem the world face today. Though the developed country leaders, represented by Davos Economic Forum, that champion the cause of globalization believe that we could solve the problems of poverty and environmental degradation by riding on the vehicle of globalization, the argument is not so convincing to the developing country leaders and NGOs, represented by Social Forum. Let us look at what is lacking and what rules needs to be in place in order for globalization to become a new world economic order.

Understanding the Process of Capitalist Globalization

While the historical mask of applied socialism was unveiled with 'glasnost' (openness) and 'perestroika' (restructuring), the triumphant capitalism is given a new mask under the robe of 'globalization'. Globalization stretches itself to encompass everything within the globe. Globalization fulfils the historical necessity of the survival of capitalism: seek, find, and appropriate Capital. The only "power" of Capital resides in the daily activities of living people; this "power" consists of the disposition of people to sell their daily activities in exchange for money, and to give up control over the products of their own activity and of the activity of earlier generations. Let us examine the process of capitalist globalization along the lines of development of capitalism and the everyday 'disciplined' life under such an economic system. The earliest stage of the development of capitalism dates back to our own primitive existence. The everyday practical activity of tribesmen and women reproduces, or perpetuates, a tribe. The everyday activity of slaves reproduces slavery. The practical everyday activity of wage-workers reproduces wage labour and capital. Through their daily activities, "modern" men, like tribesmen and slaves, reproduce the inhabitants, the social relations and the ideas of their society; they reproduce the *social form* of daily life. Like the tribe and the slave system, the capitalist system is neither the natural nor the final form of human society; like the earlier social forms, capitalism is a specific response to material and historical conditions. Let us have a look at the daily life in capitalist society.²¹⁾

Characteristics of Daily Life in Capitalist Society

The social form of people's regular activities under capitalism is a response to a certain material and historical situation. The material and historical conditions explain the origin of the capitalist form, but do not explain why this form continues after the initial situation disappears. The task of capitalist ideology is to maintain the veil which keeps people from seeing that their own activities reproduce the form of their daily life; the task of critical theory is to unveil the activities of daily life, to render them transparent, to make the reproduction of the social form of capitalist activity visible within people's daily activities.

Under capitalism, daily life consists of related activities which reproduce and expand the capitalist form of social activity. The sale of labour-time for a price (a wage), the embodiment of labour-time in commodities (saleable goods, both tangible and intangible), the consumption of tangible and intangible commodities (such as consumer goods and admirable goods = spectacles) – these activities which characterize daily life under capitalism are not manifestations of “human nature,” nor are they imposed on men by forces beyond their control. But as long as people live under the capitalist system surrender their daily lives to the impositions of market mechanism, we will continue to give breath to the capitalist system, and if we agree to this phenomena, then we know we are moving to the altar of globalization to worship it, hoping the magic of globalization would heal the scourges and wipe away the tears of poverty stricken people.

Our analysis of the daily life under a capitalist market economy subtly reveals the intricacies of the globalization process. The development of capitalism as we have today has gone through various phases: from primitive production to merchantilism to feudalism to laissez-faire capitalism to colonialism to welfare capitalism. The objective in all these phases remains the same: to conquer land and labour to produce more capital. Capital creates capitalism and the survival of capitalism today depends on the globalization. The only difference in this phase of capitalist development is that a capitalist entrepreneur from a developing economy can invest and stake a claim on the markets of developed economy. This phase of the capitalist expansionism would result in the conflicts of the third millennium to which we shall proceed and analyze.

Lessons on How To Ride on Globalization

At the start of the third millennium, the concept of globalization germinates in the human mind and slowly penetrates into the breadth and width and depth of the world. The net-worked world keeps on sending signals to the players of this new game to fix the rules so that we all can have a fair play. But the rules are not yet on the board. So there is still an angst on the minds of business leaders, especially of the developing world, whether to throw in the dice and take the risk and join this game of globalization which offers, according to the pioneers of this theory, a fair piece of cake to the players.²²⁾ Be sure, you are sure to profit, if we can first fix the rules of the game.

Rule Number One is Liberalization.

The concept of globalization cannot penetrate any area if we carefully build a wall around it. When the Berlin Wall collapsed, the wagon of globalization rolled into the newly independent republics of former Soviet Union and the Eastern European nations, which were controlled by the principles of socialist economic system. The multi-national corporations (MNCs) moved in and pitched their tent and slowly asserted their presence through the

movements of goods and services on the market. Fixed price regime gave way for a liberalized price mechanism. Public owned corporations and business structures collapsed under the weight of debt and mismanagement. New ventures of native enterprises were forced to learn the principles of a liberalized economy. In this scenario, we need to consider the topics of TPP (Transpacific Partnership Free Trade Agreement), EPA (Economic Partnership Agreement), FTA (Free Trade Agreement), etc. In order to ensure a policy of speedy liberalization in the context of globalization, the WTO regime has to be strengthened giving priority to the voices of the developing world.

The Second Rule is Privatization

As the concept of globalization deepens the concept of privatization expands. A socialist economy is not a place for globalization talks. Though a few principles of socialism may sound humane, we need a capitalist mechanism to provide the goods and services for the socialist aspirants. Privatization is the way forward. Any string attached to the neck of entrepreneurs will have a strangling effect. Economy cannot bloom under such circumstances. The business community can champion the cause of privatization when it has less string attached to the political ideologies. The business community and industry should be able to produce goods and services which should be allowed to sell in a competitive market for a fair price that would determine a minimum wage for a worker to cater to his family needs and a reasonable profit for a business person to continue to invest in the capitalist market. Privatization does not mean landlordism and monopolization. That can only lead to proletariat revolutions. In the context of globalization, we need skilled human capital as labourers and entrepreneurial investors; we need a sound standard of living for both employers and employed. The business community would do well if they could integrate this idea into the strategy of efficient privatization in the context of globalization. I assume that the World Bank has a role to play in strengthening the policy of privatization as its champion the cause of development of the developing world.

The Third Rule is Stabilization

Policy of stabilization is a strengthening process in a capitalist market. Financial markets are vital for the spread of globalization. Coins and currencies, stocks and funds, interest rate cuts and increases are all necessary elements. Financial institutions like banks and stock exchanges become commonplace where buyers and sellers of futures converge to settle issues. All these and other financial transactions are possible only if the financial institutions are stabilized. Here, there is a role for the central bank as the financial guardian of people who could safely play their game in the market on the assumption and trust of the government. Is our economy stable? Many factors are to be vigilantly noticed: inflation rate, unemployment rate, wage rate, savings rate, interest rate as well as fluctuations in the currency and stock exchanges. When these factors are favourably stabilized, then we can affirm that there is an environment for globalization. This needs, in our case, a little more financial discipline. Lack of this financial discipline resulted in the shockwaves from the Lehman Brothers' collapse that triggered a subprime economic crisis and continues with the bailout of countries like Iceland, Hungary, Greece, etc. Young and emerging business leaders must be vigilant enough to learn from the market fluctuations and be able to articulate the prediction from which they are either to gain or lose. A stabilized financial market and its institutions are the backbone of globalization that would in turn strengthen the economy. The role of IMF and its financial stabilization policies are to be examined and if necessary corrected for the welfare of the developing world.

Rule Number of Four is Democracy

Policy of liberalization, privatization and stabilization, can be envisaged under a healthy democratic political regime. Here, people as a whole play a visible role. Wherever democracy flourishes, we can notice also there the integration of capitalistic principles of market mechanism. In the first wave of democracy after the Second World War, we witness the collapse of colonialism and its ugly rule and the birth of independent nations. During the second wave of democracy, we witness the collapse of Berlin Wall and the fall of Iron Curtain together with the dismantling of the Soviet Union, that paved the way for the emergence of Commonwealth of Independent States. As we witness the third wave of democracy in the countries of Middle East and Africa, we can only envision a better world under the umbrella of United Nations, which champions the rule of globalization.

The question is: do people trust in these policies for globalization? There is a lot of anti-globalization agenda going around. Anti-globalization protesters think that liberalization means surrendering of national sovereignty; privatization means the widening of the gap between the rich and poor; and stabilization is only for the moneyed-rich. They also go on blaming the international institutions like the World Bank and the International Monetary Fund and the World Trade Organization for all the maladies that people suffer. Be sure, we will be able to find some truth in their arguments regarding these capitalist institutions' policy orientations towards developing world economies. But, what are the other alternatives that we have, to change our course of economic history? Very little! Here is a chance given to us to intellectually comprehend. To take the example of India: There was an industrial revolution; India gained very little because we were not on the board. Foreign withdrawal from India happened; we cherished independence and hung ourselves on a socialist path. It did not turn the economic reality of millions of Indians any better. Though the constitutional and socialist principles remain exemplar, our means to deliver it continue to remain outdated and distant. If we could only practice the principles of democracy, then we need not fear globalization. If we analyze the first fifty-years of Indian independence and economic growth under a mixed economic system and compare it with the liberalized economy since 1991, we see no other alternative than to enter the road of globalization. The same is the case with China though it follows a Chinese way of entering into globalized market economy. We cannot afford to lose this economic opportunity. Developed world is sure to gear the principles of globalization forward and are determined to reap the fruits. Developing world need to integrate the infrastructure of capitalistic globalization. Let us not keep ourselves out for unknown reasons!

Rule Number of Five is “Twenty Propositions”

During the aftermath of the recent U. S. triggered sub-prime economic crisis, many eyebrows were raised about the state of capitalism. In their book “Twenty Propositions for the Reform of Capitalism”,²³⁾ directed by *Gaël Giraud and Cécile Renouard*, raise questions like the following “How can we take the full measure of a world in the midst of change, with its burden of inequalities? Can we reform capitalism in such a way as to make it serve sustainable social development?” This work, written by financial market and corporate finance experts, philosophers, economists and mathematicians, seeks to generate debate on concrete reforms: should securitization be banned or credit derivatives eliminated? What role do accounting norms play in the current debacle? Can we envisage transnational taxation measures adapted to our globalised world? How should wages be reassessed? These questions and many others are addressed by these *Twenty Propositions*, far from anti-

capitalist incantations, in an endeavour to offer realistic answers that sketch the contours of a “green”, equitable and pluralist capitalism. Following are the propositions:

- Proposition 1: Make the social function of the company into a strategic priority: to encourage and to restrict
- Proposition 2: In favour of an independent monitoring, financial and extra-financial, of companies
- Proposition 3: Integrate environmental, social and governance elements into financial analysis and investment
- Proposition 4: Review wages in order to re-bestow companies with meaning
- Proposition 5: Remunerate financial operators according to their just value
- Proposition 6: Train analysts and financial operators
- Proposition 7: Improve securitization in order to repair the damage of the crisis
- Proposition 8: Transform credit derivatives into trustworthy shares
- Proposition 9: Restore the primary function of terminal markets for raw materials
- Proposition 10: Put financial mathematics at the service of what is real
- Proposition 11: Improve risk control
- Proposition 12: Regulate pension funds in order to save European retirees
- Proposition 13: Regulate over-the counter markets
- Proposition 14: Marry Basel II with economic policy objectives
- Proposition 15: Realign the accounting of exotic derivatives with reality
- Proposition 16: In favour of a de-territorialised tax system for multinationals
- Proposition 17: In favour of tax optimization measurement tools
- Proposition 18: Establish global taxes
- Proposition 19: Reform the ECB to prevent bubbles
- Proposition 20: In favour of a “green”, equitable and pluralist capitalism

Due to lack of space, I would only explain couple of propositions that could be considered for further debate on the creation of new economic order based on the principle of capitalistic globalization. In proposition one, they state that “*make the social function of the company into a strategic priority: to encourage and to restrict.*” Amongst the palette of possible means used to reinforce the awareness of companies of their societal responsibility, we defend:

- the development of economic activities with a social impact, along the lines of “social business”;
- the establishment of a restrictive code of conduct for multinationals, endowing legal force on the UN Global Compact;
- the reinforcement of extraterritorial measures to promote access to justice for victims and to prosecute economic players guilty of violating human rights.

This is therefore a matter of strengthening institutions so as to allow, on the one hand, a harmonization of the rules of the game and legal proceedings against companies, and, on the other hand, the promotion of models of social entrepreneurship.

Proposition three states that “*integrate environmental, social and governance elements (ESG) into financial analysis and investment.*” In order to confer a normative character to the incorporation of ESG factors in financial analysis and investment, we believe that two approaches should be given priority:

- training financial analysts to integrate ESG factors and systematizing the production of analyses integrating them;
- constraining investors to communicate information on the account they have taken of these elements in their management.

Proposition twenty states that they are “in favour of a “green”, equitable and pluralist capitalism.”

In order to encourage the development of a “green”, equitable and pluralist capitalism, we propose:

- the preservation of the non-market character of a certain number of goods (a list for which is to be established democratically);
- the management of public goods – currency, in particular –, goods with increasing yields and club-effect goods by public/ private partnerships (PPP);
- the promotion of company structures based on the cooperation between all stakeholders, notably self-managed companies and cooperatives – a promotion that assumes collaboration between the State, companies and the associative sector;
- preferential recourse to the *leximin* principle as a criteria of social equity, on a national and international scale – which assumes a remodelling of the democratic construction process of Europe and a re-balancing of power relationships in favour of countries in the South within international organisations that, themselves, are to be strengthened (UN, IMF, WB, WTO, ILO)

Globalization is a new phenomenon which heralds a new economic order. We cannot answer today’s questions and respond to today’s aspirations with yesterday’s answers and apparatus. From the exclusive mindset of yesterday we need to embrace an inclusive character. A time frame is needed to implement these basic rules. Each country has to find its own year to board the vehicle of globalization. In order for globalization to ride into an economy, it is important to strengthen the capitalist infrastructure based on the above rules of the market game.

CONCLUSION

Across the seas the buzz word is ‘globalization.’ While culture is the orthodox element, globalization is the radical element. Are we following a collision path or a reconciliation path between culture and globalization? By encountering cultures and traditions, we encounter people and their identity. We also encounter, in that process, the limitations imposed on us especially in the economic realm. This is brought to our conscious level by the process of globalization. In an article titled, “In a world of plenty, the haves must help,” Nadine Gordimer, Nobel Prize winner in literature in 1991, pointed out the following: What role can globalization play in eradicating world poverty, for poverty puts an inhuman, outcast mask on more than three billion of our world population? There is no question that we have the resources and the technology to achieve solutions to the problem of our coexistence on one planet, as was confirmed in a declaration, “The Eradication of Poverty,” of the United Nations General Assembly in 1997. Overwhelmingly, inequality lies on the axis North-South of our maps. Some gains in South-South initiatives have been realized, but there remains for southern and other poor countries unequal access to the benefits of a globalizing economy. The haves have the bases of communications and financial infrastructure to facilitate such access, which the have-nots do not have. If globalization is to have

a human face, its premise must be that development is about people in interaction on the planet. Those of us who have been the generations of big consumers need to consume less, but for more than one billion of the world's poorest people, increased consumption is a matter of the life and death and a basic right: the right to freedom from want. And this is not want of food and clean water alone; there are other forms of want: literacy, technological skills – the basic qualifications for benefiting from globalization. U. N.'s Kofi Annan, previous Secretary General, said, "No development without peace; no peace without development." Without these, there will be no globalization with a human face. The U. N. Millennium Development Goals and Global Compact strategies are signs of hope. Globalization could spur faster growth in average incomes in the next 25 years than during 1980-2005, with developing countries playing a central role. However, unless managed carefully, it could be accompanied by growing income inequality and potentially severe environmental pressures, predicts the World Bank in its report. On how globalization will shape the global economy over the next 25 years, the report's 'central scenario' predicts that the global economy could expand from \$35 trillion in 2005 to \$72 trillion in 2030. Globalization is likely to bring benefits to many. By 2030, 1.2 billion people in developing countries – 15 percent of the world population – will belong to the "global middle class," up from 400 million today. This group will have a purchasing power of between \$4,000 and \$17,000 per capita, and will enjoy access to international travel, purchase automobiles and other advanced consumer durables, attain international levels of education, and play a major role in shaping policies and institutions in their own countries and the world economy.²⁴⁾ The question still lingers: Capitalistic Globalization: Is it A Problem or A Solution? The goodness, beauty and truth of cultures are being tested in the crucible of globalization as we enter into third millennium. Let us hope humanity benefits from this endeavour of ours!

Notes

- 1) Addison G. Wright. S. S., Roland E. Murphy, Joseph A. Fitzmyer "A History of Israel." in *The Jerome Biblical Commentary*, edited by Raymond E. Brown, Joseph A. Fitzmyer and Roland E. Murphy, Prentice-Hall. Inc., Englewood Cliffs; New Jersey, pp. 671-702.
- 2) Stipp, Hollister and Dirrim, *The Rise and Development of Western Civilization, Vol. 1*, John Wiley & Sons, Inc., New York, 1966.
- 3) Radiocarbon dates between +10,050 and +8650 B. C. have been given for the Zarzian culture, and a date of +8920 B. C. for the earliest village at Zawi Chemi; cf. J. J. Puthenkalam, *Collision of Cultures: Dialogue Between Globalization and Culture*, Academia Verlag, Germany, 2001.
- 4) J. J. Puthenkalam, *Collision of Cultures: Dialogue Between Globalization and Culture*, Academia Verlag, Germany, 2001.
- 5) Stipp, Hollister and Dirrim, *The Rise and Development of Western Civilization, Vol.1*, John Wiley & Sons, Inc., New York, 1966.
- 6) J. J. Puthenkalam, *Collision of Cultures: Dialogue Between Globalization and Culture*, Academia Verlag, Germany, 2001.
- 7) Ibid.
- 8) Ibid.
- 9) J. J. Puthenkalam, *The Comprehension of Freedom*, Excalibur Press, London, 1995.

- 10) According to Nakamura in contrast to the Chinese Christians, the Indian Christians have a strong inclination to transcend secular affairs, in J. J. Puthenkalam, *Collision of Cultures*, 2001.
- 11) Schmiechen, James, *A History of Western Society, 6th ed. Study Guide vol. II*, Boston: Houghton, 1999.
- 12) Puthenkalam, John, J., *Modelling A New Economic Growth Thought For Developing Economies With Particular Reference to Economies in Transition*, (Ph. D. Thesis), University of Glasgow, 1996.
- 13) Karl Marx, *Capital*, New York: International Publishers, 1947.
- 14) Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, New York: Modern Library, 1937. See especially *The Wealth of Nations*, bk. I, chap. 8, "On the Wages of Labour." resolved in optimistic faith in progress in a growing cornucopia of opulence that will spill over its bounties to the entire population.
- 15) Douglas Kellner "Human Nature and Capitalism in Adam Smith and Karl Marx." in *The Subtle Anatomy of Capitalism* (ed. Jesse Schwartz, California: Goodyear Publishing Company, Inc., 1977), p. 77. Also see, Adam Smith, *The Theory of Moral Sentiments*, 1st ed. London, 1759. See also, Pomfret, Richard, *Diverse Paths of Economic Development*, Harvester Wheatsheaf, London, 1992, p. 15. Also see, Sen, Amartya, *Growth Economics*, Penguin Books, England, 1970.
- 16) The World Commission on Environment and Development 1987, *Our Common Future*, Oxford University Press, Oxford, 1987.
- 17) Ibid.
- 18) The World Commission on Environment and Development 1987, *Our Common Future*, Oxford University Press, Oxford, 1987, p. 32. For a detailed discussion, see, John J. Puthenkalam, *Integrating Freedom, Democracy & Human Rights Into Theories of Economic Growth*, Palinsad Press, Manila, 1998.
- 19) Based on data from W. W. Rostow, *The World Economy: History and Prospect* (Austin: University of Texas Press, 1978); UN, *World Energy Supplies in Selected Years 1929-1950* (New York: 1952); UN, *Statistical Yearbook 1982* (New York: 1985); UNCTAD, *Handbook of International Trade and Development Statistics 1985 Supplement* (New York: 1985); W. S. and E. S. Woytinsky, *World Population and Production Trends and Outlook* (New York: Twentieth Century Fund, 1953), in *Our Common Future*, op. Cit., p. 31.
- 20) The World Commission on Environment and Development 1987, *Our Common Future*, Oxford University Press, Oxford, 1987, p. 43-44. See Also, Puthenkalam, J. John, *Integrating Freedom, Democracy and Human Rights Into Theories of Economic Growth*, Palinsad Publications, Manila, 1998.
- 21) The inspiration for this part of the discussion is based on an article by Fredy Perlman, "The Reproduction of Daily Life." in *The Subtle Anatomy of Capitalism*, Jesse Schwartz (ed.), Goodyear Publishing Company, Inc., California, 1977, pp. 51-65.
- 22) John Joseph Puthenkalam, *Globalization: New World Economic Order*, Tokyo, 2003 (in Japanese).
- 23) Gaël Giraud and Cécile Renouard, *Twenty Propositions for the Reform of Capitalism (20 Propositions pour réformer le capitalisme)*, ISBN: 9-782081-224933, France, [http: 20 propositions.com](http://20propositions.com): 2011.
- 24) World Bank Report, *Global Economic Prospects 2007: Managing the Next Wave of Globalization*, World Bank Publications, Washington, 2006.

N. B. Abridged version of this article was presented at the 63rd International Atlantic Economic Conference of the IAES at Spain, Madrid, 2007.