

Globalization and Sri Lanka in the new Century — Part I

Excerpts of an article written by Dr. Nalani Hennayake, Dept. of Geography, Peradeniya University

In an abstract sense, globalization can be described as a process that involves a dramatic increase in the interrelationships and interconnections between various places and people in all spheres of life—economic, political and cultural. Some describe this situation as a "borderless world" in which the traditional significance attached to the nation state and thus to national societies is considerably diminished. Some try to capture its meaning with phrases such as "global hamlet" and global culture. However, the nature and the intensity of interrelationships vary geographically and therefore different societies experience globalization at different levels.

There are several identifiable characteristics of globalization. First, unlike many other social processes (i.e. colonialism, modernization), globalization does not have an end condition that is previously determined or aimed for. Those who have written about globalization discuss the ongoing trends of globalization and the possible conditions that might develop through them in a particular society, but not what those societies will look like in the future. In this sense, globalization is a process that is fundamentally in a flux; hence the outcome is unclear and very ambiguous. Second, globalization intermingles complex processes — different scales of global, national, regional and local. Economic and cultural practices can no longer be directly explained through either national or local scales. Let me give a small example. Now, one of our local food *kola kenda* comes in instant form in aluminum-foiled bag with all the ingredients and the nutrients spelled out. Most significant part of it is not the aesthetics of the product itself, but those who earlier condemned what is traditional as *gode kema* now buys them in Food City or Keells Supermarket. Now, what is it? A traditional drink or what? How do you explain such change? One might interpret such examples as insignificant, but it illustrates the point. Third, globalization is more than economic. It is a cultural process; it is an ideology; it has become a way of thinking coupled

with the millennium psychology. Globalization does not occur only in the form of material changes geared by the global capital, multinationals and information revolution. It occurs in the terrain of constituting self-identity of socio-cultural groups, probably dissolving rigid delineations of national and local boundaries. Finally, globalization, as any other thing has both pros and cons. It offers many opportunities and promises. But it also has its perils. Especially, when it comes to societies as of ours, the burden of globalization has been very strenuous.

Different facets of globalization

The interactive nature of the process is such that it is difficult to strictly identify it in terms of separate spheres.

Economic globalization is not necessarily a recent phenomenon at all although it has gained wider publicity in the recent years. To a certain extent, economic globalization has been happening since the birth of the capitalist economy and its global expansion through colonialism and later imperialism.

However, to comprehend the process, it might be useful for us to see what globalization is in economic, political, cultural and environmental terms.

Economic globalization

Economic globalization is not necessarily a recent phenomenon at all although it has gained wider publicity in the recent years. To a certain extent, economic globalization has been happening since the birth of the capitalist economy and its global expansion through colonialism and later imperialism. What has happened since mid-twentieth century is that global capitalism has spatially expanded to such an unprecedented level that it is felt at every corner in the world. Within this process, commodity production, monetary arrangements and organization, capital mobility, capitalist market, labor market — all these have expanded beyond individual national territories.

Although capitalism has been geographically expanding with colonialism and imperialism, unquestionably it is the financial deterritorialization from 1970s onwards that made the world truly talk about economic globalization. The world economy began to lose

its national grips largely with the creation of a system of credit that was solely organized by several prominent private banks. This had several overarching effects on the world economy as a whole. First, credit replaced money as a form of transaction. Second, money has lost its connection to the material production process. In simple terms, money generated through the credit system has no relation to the real production of commodities and services in the world economy or in other words, money as a means of payment in no real sense represents the value created through material production of commodities. This is why they are called 'fictitious money'. Third, production of money became something detached from the national boundaries. Last but

not least, this new system of credit and therefore the world financial configuration is primarily private and therefore deregulated. Initially the monopoly of this credit system was largely controlled by the three cities of London, New York and Tokyo later to be expanded to other major cities around the world. It is precisely the deregulation and de-nationalization of the world financial system that made capital be ever mobile and global. The overall result of this is that the national economies have lost their grip by connecting themselves to the global financial system, to the security markets and especially in the case of Third world countries to the "worldwide debt economy" as many economist has described it. In comprehending the process of economic globalization, it is paramount that we understand the dynamics of the global financial system because it is the most decisive strategy through which the extraordinary interconnections and the interactions between places and people are made today.

The role of the multinational corporations is considered the most crucial factor for and in economic globaliza-

tion. The multinationals have historically (and still plays) played a very decisive and a critical role in bringing the capitalist economy into a state of hypermobility. Today, corporate sales of some top multinational corporations exceed the gross domestic production of many countries. Human Development report (1997) indicates that General Motors, Ford, Toyota, Exxon and Royal Dutch/Shell exceed the gross domestic production of even developed countries such as Norway and Denmark. In fact, the corporate sale of the world top five corporations is higher than the total GDP of all the least developed countries identified by the World Bank. What this points towards is that, economically speaking, some of the companies are more powerful than many nation states. Most of the foreign direct investment comes from MNCs and a majority of the Third World countries are dependent upon that. These MNCs continue to decide the shape of the global economy, eroding economic powers of the nation-states (especially Third World Countries).

Political Globalization

How does globalization unfolds itself politically? Most consider the diminishing powers (?) of the nation-states as a sign of political globalization (*There is a controversial issue here whether it is only the developing countries which have lost the power of their nation-states to which I will come back later*). Within the context of modernist perspective, our thinking of economic, political, cultural issues, was lensed through the nation-state. We talked about nationstate having problems as well as solutions. Today, this thinking has dramatically changed. Nation-states are losing their control over economic, political, and cultural as well as environmental matters. Ensuring fundamental human rights was conventionally considered as something entrusted to the nation states.

But ironically, it is the very same nation — state that in certain instances violate this basic trust, so a global voice is raised in response. Consequently, the world has, as a whole, become conscious of democracy and democratization is accepted as a global necessity whatever the political system a country may adopt.

Continued tomorrow