Alexander Lenger
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# Understanding the Dynamics of Global Inequality

Social Exclusion, Power Shift, and
Structural Changes

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Springer

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# Preface

The globalization process intensifies existing inequality structures while simultaneously generating new inequalities on multiple levels. Indeed, globalization is structured as relations of power (James 2005). Although the impact of globalization on multiple dimensions of inequality seems to be obvious, systematic analyses on this important field are scarce. Although the topic of globalization developed as a sub-discipline in the social sciences since the 1970s, only since the beginning of the 1990s few convincing theoretical approaches (cf. Hardt/Negri 2000; Wallerstein 1974, 1980, 1989) and empirical data on this important issue exist (see e.g. the excellent anthology of Jomo Kwame Sundaram and Jacques Baudot (2007) to gain empirical information on the issue of global inequalities).[1]

However, few subjects lie outside of the domain of the issue of inequality in contemporary social sciences. Consequently, most disciplines deal with the question of global inequality as a complementary sideline, such as economics, jurisprudence, psychology, sociology, ethnology, anthropology, international relations, and many others. Of course, each discipline approaches the issue with a specific unique but limited perspective. As a result, analyses of globalization and inequality emerge from various disciplinary backgrounds through limited local approaches to these phenomena. For example, they analyze inequality from a local respectively a national perspective (e.g. Beeghley 2008 for the United States; Goldthorpe 1987 for the United Kingdom; Jodhka 2012 for India; Van den Berghe 1965 for South Africa) or from a global perspective (e.g. Beck 2000 [1997]; Wallerstein 1974, 1980, 1989; Hardt/Negri 2000). Some authors consider inequality as an individual phenomenon (e.g. Boudon 1974 [1973]) or a collective phenomenon

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[1] For primary data on international comparisons of inequality see the United Nations Development Reports (www.undp.org), the World Bank Development Indicators (http://data.worldbank.org/indicator), and the Luxembourg Income Study (http://www.lisdatacenter.org). For basic information see the reports *Divided We Stand: Why Inequality Keeps Rising* (OEDC 2011); *A Fair Globalization: Creating Opportunities for All* (World Commission on the Social Dimension of Globalization 2004).

(e.g. Bourdieu 2002 [1979]). Finally, they analyze global inequality from a normative (e.g. Nussbaum/Sen 2009 [1993]; Sen 1999) or a positivist (e.g. Milanović 2005; Kaplinsky 2005) perspective. Although their perspectives and findings are divergent and occasionally contradictory, they present a consensus that global inequalities hold significant consequences for the modern world society.

This book arises from an international conference organized by members of the Global Studies Programme, an international and interdisciplinary master's program created in 2002. The program is jointly offered by five international partner universities: Albert-Ludwigs University in Freiburg (Germany), the University of Cape Town in Cape Town (South Africa), FLACSO in Buenos Aires (Argentina), the Jawaharlal Nehru University in New Delhi (India) and Chulalongkorn University in Bangkok (Thailand). The conference "Understanding Dynamics of Globalization" was hosted by Jawaharlal Nehru University in New Delhi and organized in close partnership with the Albert-Ludwigs University. With the financial support of the DAAD, the Global Studies Programme had the opportunity to hold this international conference for its 10th anniversary. The conference offered a unique opportunity to discuss different local approaches and perspectives on globalization with the main representatives of all five partner institutions of the Global Studies Programme convening in India. Consequently, the conference aimed directly at bringing together different methodological and disciplinary views of globalization research with a special focus on inequality research and global inequality. Distinguished scholars from various disciplines from Europe, Australia, Asia, United States, Latin America and Africa came together to discuss three primary questions. First, what are the levels on which inequality is expressed in a globalized world? Second, what are the structures and rules influencing global inequality? And third, how does globalization influence unequal distributions and participation schemes around the world?

This interdisciplinary book completes and enriches the Delhi conference discussions by integrating the research of a wide range of disciplines and regions involved in the study of global inequality. Hence this compilation approaches the complex question of inequality not only from different regional perspectives (Africa, North America, Asia, Europe, Latin America) but also from different disciplinary backgrounds (economics, political sciences, sociology, cultural anthropology). The contributions are subdivided into three essential fields of research. Part I introduces the issue of global inequality. Part II analyzes the socio-economic dimensions of global exclusion. Here, the impacts of internationalization and globalization processes on national and regional social structures are highlighted against the background of social inequality's theoretical concepts. Part III approaches the political dimension of global inequalities. Since the decline of the Soviet Union, new regional powers such as Brazil, China, India or South Africa have emerged. The power shifts within the area of international relations are the coherent element of the contributions of this third part. Part IV examines the structural and transnational dimensions of patterns of inequality concretized in the rise of globalized national elites or the emergence of multinational networks which transcend the geographical and imaginative borders of nation states.

## Introducing Global Inequality

The first chapter is an introduction to the subject of the book as well as a reflection of the different sociological approaches on inequality and of the current discourses on global inequality. We, Alexander Lenger and Florian Schumacher, demonstrate the importance of social and global inequality for contemporary theories of globalization. We argue that social differentiation must be seen as a key aspect of modern societies. We start with illustrating the sociological concept of social differentiation by distinguishing these approaches into three different lines of thought. Then, we discuss the main theories of globalization that explain global forms of stratification. Finally, we address the empirical dimensions of global inequality, which demonstrate that globalization has two structural effects on social stratification. On the one hand, it creates glocal inequalities on a micro level. On the other hand, it shapes the global social structure on the macro level. Consequently, glocal inequalities are global processes shaping inequality and human well-being in everyday life of individuals and are perceived by the individuals in an interpersonal comparison between individuals, i.e. relational inequality. Inequality within global social structures is measured as absolute social inequalities displayed for example by the famous Gini coefficient.

## Dynamics of Global Exclusion

The five chapters of the second part analyze the socio-economic dimension of global exclusion. In particular, by using the sociological theoretical concepts of social inequality the consequences of globalization on national and regional social structures are illuminated.

Seth Schindler demonstrates that the consequences of global exclusion are not only a phenomenon of the developing world but can also be observed in developed countries such as the United States. He shows how globalization results in the exclusion of non-productive territories from the global economy. For example, Flint, Michigan, in the United States is one such place disconnected from the global economy. He analyzes the emergence of the political economy in the city and explores implications of the emergence of zones of exclusion for the globalization process.

Faisal Garba deals with the effects of global inequality for Africa and its consequences for migration patterns. He traces the social and economic dislocations of the African working class by neoliberal interventions and examines the resultant outward movements within and outside the African continent. Through comparative empirical research, his considerations are empirically based on the lived experiences and networks created by "subaltern" African migrants in Germany, India and South Africa.

Caroline Janz approaches the issue of global inequality by investigating the complex and multiplied inequality patterns and the power structures in the self positioning from women from Latin America in Germany. Based on her interviews, she applies an intersectional approach assuming that social inequality is (re)produced through the constructions of difference. In particular, she demonstrates that inequality is reproduced through different categories of difference as ethnicity, race, gender, body, class, etc. and interacts on different levels – as in identity constructions of persons, on the structural level as well as in discourses.

Eric Haanstad and Chulanee Thianthai discuss the influence of globalization on inequality and unequal participation in Thailand. Following up on the worldwide increase of urbanization, they analyze the distinction between urban and rural political opinion in post-coup Thailand with 250 interviewees. They argue that many suburban adolescents stress democracy's perceptual links to a uniting equality while many urban adolescents conceptually link democracy to majority rule. In the context of globalization, these conceptual conflicts reveal an intimate linkage of political inequality to global patterns of urbanization. Their findings suggest subtle conceptual fault lines separating urban and suburban Thai youth, providing critical insights into the political inequalities.

Vivek Kumar Srivastava analyzes the situation of inequality in South Asia with a special focus on India. Starting with processes of political regionalization and economic liberalization, he first describes the economic and social infrastructure of the region. In a second step, he unveils the relationship between inequality and globalization processes in India and other South Asian countries. In a third step, he displays the variety of inequalities established in the region and highlights the influence of regional trading block formation on the persistence of inequality. He demonstrates that globalization and regional economic integration create inequality in a way that discriminates the social group which has limited access to education and modern technology. Consequently, he calls for policy implications to upgrade the social infrastructure in developing countries.

## Global Power Shift

The four chapters of this third part of the book focus on the political dimensions of global inequalities and emerging powers. Since the end of the Cold War at the beginning of the 1990s new regional powers (the BRICS states) have emerged. The power shifts within the area of international relations are the coherent element of the contributions of this part.

Boike Rehbein addresses the issue of emerging powers. Starting with the observation that inequalities in most societies and especially in emerging societies have increased rapidly, he investigates the link between globalization, capitalism and increasing inequality in emerging societies. He argues that in each society, older local, regional and national social structures persist that shape contemporary inequality patterns. The ranks and classes in these older structures transform into

capitalist classes or milieus by changing their daily life and activities while at the same time reproducing their relative social position. The leading milieus partly embrace capitalism and partly try to resist globalization by drawing on older national traditions. This situation leads to specific configurations of social structures, capitalisms and globalization that differ from one society to the next.

In his article, Jürgen Rüland shows that the "principled multilateralism" of the post-Cold War era must be seen as a "diminished multilateralism". More precisely, the current situation with multiple centers of power (BRICS) and other rising states in the Global South question the legitimacy of contemporary international relations. Considering this, Rüland discusses the role of the United States and Western countries as well as the decreasing power of international institutions and their inability to solve global problems.

Gaston Fulquet also refers to the field of international relations focusing on emergent South-South relations. Focusing on South America, Fulquet's article shows the increasing importance or interregional arrangements with other regional partners in the Global South. By contrasting traditional political relations (North-South) and newer interregional partnerships (South-South) as well as the role of the European Union, Fulquet discusses the relevance of South-South relations for sustainability and equitable development.

Alejandro Pelfini in his article on "populism" also discusses global inequalities in Latin America. He argues that populism especially in South American countries with a high level of inequality (Venezuela, Ecuador, Bolivia, Argentina, Brazil) but also on the global level (protest of the Indignados, Occupy Movement) does not seem to be a pathology. It is rather a rational alternative to solve problems rooted in failed nation-building processes, unequal participation in public decision-making and elite-failure. The article discusses the continuities and similarities between the recent populist waves in South America and the Occupy Movement.

## Global Structures, Networks and Inequality

The book closes with four chapters on the structural and transnational dimension of inequality patterns which can be concretized in the rise of globalized national elites or the emergence of multinational networks which transcend the geographical and imaginative borders of nation states.

Carlo Angerer touches upon the systematic level of global networks. He shows that research on global networks has made important contributions to the understanding of globalization phenomena, but it often does not consider the intrinsic hierarchies of networks. By examining the examples of the global air travel network and the online news network, he uncovers a twofold hierarchy: within global networks as well as in access to global networks. Economic, political and social barriers create these distinct hierarchies, which in turn affect the outcomes of globalization processes.

Christian Schneickert, Andreas Kroneder and Regine Schwab address the current debate on global elites. Employing data on elites in Brazil and India, they show that political and economic elites in both countries are globalizing. However, this process is strongly embedded in specific historic, cultural, and sectoral structures. They illustrate that the idea of a homogenous global elite is misleading and that instead the issue of multiple conflicts within national elite fractions and between globalizing national elites from different countries and world regions must be analyzed.

Johann Fortwengel adds another important aspect. Drawing on comparative capitalism research he illustrates the importance of multinational enterprises as a lens to discuss global convergence and global inequality. To give further insights into inequality research, he proposes to conceptualize organizations as actors caught in structure. The emerging picture reveals firms situated within the complex and dynamic interdependence of structure and agency. The way this dynamism materializes is far from determined, yet it remains highly relevant in answering issues of convergence and inequality, and thus provides a promising trajectory for globalization research.

Finally, Jörg Dürrschmidt explores the link between global mobility and "distanciation", identified as the dynamic underlying new forms of "existential inequality" in the global arena. He argues that in the course of globalization, a disjuncture is unfolding between inclusion and belonging which turns the equilibrium of "a good life" into an ongoing precarious achievement. Accordingly, he emphasizes a temporalized understanding of situatedness which makes it difficult to argue in the accustomed winner/loser dichotomies with respect to global social inequality. Instead Dürrschmidt portrays global existential inequality as a complex and shifting socio-cultural order.

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In chapter "The Rise of "Diminished Multilateralism:" East Asian and European Forum Shopping in Global Governance", Jürgen Rüland, originally appeared under the same title in the journal *Asia Europe Journal* (2012) 9 (2–4), pp. 255–270. Reprinted with permission of Springer Publishers.

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# Part I
# Introduction

# The Global Configurations of Inequality: Stratification, Glocal Inequalities, and the Global Social Structure

**Alexander Lenger and Florian Schumacher**

> *Globalization is proceeding in an uneven way. The impact of globalization is experienced differentially, and some of its consequences are far from benign. Next to mounting ecological problems, the expansion of inequalities within and between societies is one of the most serious challenges facing the world at the start of the twenty-first century.*
>
> – Giddens 2001: 69

**Abstract** The chapter is an introduction to the subject of global inequality. Simultaneously it is a reflection of different classical sociological approaches on social differentiation and of the current discourses on global social differentiation. Consequently, the sociological concepts of social differentiation are presented as three different lines of thought. Thereafter, the main theories of globalization are discussed in an effort to highlight the global forms of stratification. Although inequality plays a prominent role in nearly every book published on globalization, we argue that a comprehensive theory of globalization must account for the structural effects and large-scale changes of inequality on the micro and macro level. Building up on the famous distinction of Ronald Robertson (1992) we treat inequality as a culturally glocalized phenomenon, i.e. integrating both the global and the local effects of inequality to the analysis of global inequality. In a nutshell, we argue that globalization has two structural effects on social stratification. On the one hand, it creates glocal inequalities on a local level. On the other hand, it shapes the social structure on the global level. Consequently, the empirical dimensions of global inequality are displayed and contextualized in a final step. The chapter concludes by summarizing the consequences from the empirical analysis of global inequality for prospective globalization theory.

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# 1 Introduction

Social differentiation is a universal characteristic of societies both traditional and modern (Grusky 2001). Consequently, the recognition of social stratification and social inequality is fundamental for the social sciences. Hence, the different forms of social differentiation considering the conceptualization of modern society and postmodernism are the most fundamental issues in contemporary sociology (Daloz 2010: 1).

Globalization refers to the worldwide interwovenness of international relations in all social arenas (economy, politics, culture, communication, environment, religion, etc.) and on all social levels (between individuals, institutions, classes, organizations, nation states, etc.). The process of globalization changes our personal realities as well as the social structures all over the world (cf. Giddens 2001: 50–77). If social reality changes then the theories about social inequality must in turn change. Most classical sociological theories are conceptualized from a Western perspective and were designed to analyze European societies. The idea behind the book is to transcendent this Westernized, European regional perspective by shifting the issue of inequality onto a global level. Such a process of transgression, however, first needs an adequate understanding of the Western dominating tradition in the discipline of sociology. Consequently, to approach the global dimensions and the global shifts of inequality, the classical theoretical conceptions of social differentiation and stratification have first to be briefly discussed.

Most people agree that there are important global transformations taking place but the extent of globalization's outreach is yet contested. This discussion is here summarized under the topic "the great globalization debate" (see e.g. Held and McGrew 2000b). It is still difficult to give a precise definition of "globalization". Roland Robertson, for example, defined globalization as "the compression of the world and the intensification of the consciousness of the world as a whole" (Robertson 1992: 8). Martin Albrow and Elizabeth King see globalization as "all those processes by which the peoples of the world are incorporated into a single world society" (Albrow and King 1990: 9). Anthony Giddens defines globalization as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa" (Giddens 1990: 64). Concerning the issue of inequality, economic globalization or the integration of world economy is likely the most important change in contemporary history (Giddens 2001: 54; cf. Barnet and Cavanagh 1995; Dicken 2003; Hirst et al. 2009). In fact, due to technological innovations many aspects of the economy now operate through networks across national borders (Castells 1996).

Although inequality plays a prominent role in nearly every globalization book, we argue that a comprehensive theory of globalization must account for the *structural* effects and *large-scale* changes of inequality on the micro *and* macro level. To make a significant contribution to the debate on global inequality we rely on the famous distinction of Ronald Robertson (1992) and treat inequality as a

culturally glocalized phenomenon. That is, analyzing both the global and the local effects of inequality (cf. Kumaravadivelu 2008: 44–46). Also, we follow Anthony Giddens and argue that "we cannot separate our local actions from the larger social settings that extend around the globe. [. . .] These connections between the *local* and the *global* are quite new in human history. They have accelerated over the past thirty or forty years, as a result of the dramatic advances in communication, information technology, and transportation" (Giddens 2001: 51). In a nutshell, we argue that globalization has two structural effects on social stratification. On the one hand, it creates glocal inequalities on a micro level. On the other hand, it shapes the global social structure on the macro level: "Globalization does not entail the production of global uniformity or homogeneity. Rather, it can be seen as a way of organizing heterogeneity" (Eriksen 2007: 13). Within inequality research such a distinction can be "easily" described. Glocal inequalities are global processes shaping inequality and human well-being in everyday life of individuals and are perceived by the individuals in an interpersonal comparison between individuals, that is relational inequality. Inequalities within global social structures are measured as absolute social inequality displayed for instance by the Gini coefficient.

The following chapter is an introduction to the subject of global inequality. Simultaneously it is a reflection of different classical sociological approaches on social differentiation and of the resulting discourses on global social differentiation. In other words, it is a demonstration of the importance of social and global differentiation for contemporary theories of globalization. We argue that social differentiation is a key aspect of modern societies. We begin by illustrating the sociological concept of social differentiation by distinguishing it into three different lines of thought (Sect. 2). Thereafter, we discuss the main theories of globalization in an effort to explain global forms of stratification (Sect. 3). Finally, we outline and contextualize the empirical dimensions of global inequality (Sect. 4). For this purpose we address the dimensions of global inequality, starting with some conceptual notes (Sect. 4.1). Thereafter we present empirical data about global inequality on the local and intranational level (Sect. 4.2). Last we discuss global inequality on the international level (Sect. 4.3). We conclude the chapter by summarizing the consequences from the empirical analysis of global inequality for the theories of globalization (Sect. 5).

## 2 Three Theoretical Perspectives on Social Differentiation

In its most general meaning *social differentiation* must be distinguished from *natural forms of differences* like skin color, sex, physical attributes, etc. In order to distinguish the natural form of differentiation from the social form, it can be said that the origin of social differentiation is a socially constructed distinction (e.g. Platt 2011: 1). This becomes obvious in social inequalities that always constitute some form of privileges and discrimination. In the majority of cases, such privileges and disadvantages are based on natural characteristics like sex, age or skin color if

societal conditions transform these natural characteristics into social conditions and are socially reinforced.

However, we contend that three different theoretical perspectives that are linked to historical phases of social differentiation can be distinguished because European modernity is analyzed in sociological thinking since the middle of the nineteenth century. More precisely, we claim that those three theoretical models of social differentiation form the major influences and traditions in the contemporary debates on the global dimensions of inequality at the beginning of the twenty-first century.

## 2.1  Classes, Power, and Conflict

In the first period of sociological thinking the radical changes after the French Revolution and the transformation to modern society are reflected. The theories of Karl Marx and Max Weber, both – together with Emile Durkheim – are seen as the founders of modern sociology. The theoretical concepts developed by Karl Marx and Max Weber build the basis of modern sociological analysis of differentiation about society, class, stratification and inequality (cf. Giddens and Held 1982). Historically, there have been four basic systems of stratification: slavery, caste, estate and class (Giddens 2001: 282). Since the beginning of modernity, however, social classes are the dominant category of social differentiation. Most of Marx's work is concerned with stratification and, above all, with social class (see e.g. Elster 1985). Thus, in his perspective class differentiation is the primary element: "The history of all society up to now is the history of class struggles. Freeman and slave, patrician and plebeian, lord and serf, guild master and journeyman, in short, oppressor and oppressed stood in continual conflict with one another, conducting an unbroken, now hidden, now open struggle [. . .]" (Marx and Engels 1998): 14). For Marx social differentiation meant class differentiation, that is a large-scale grouping of people who share common economic resources, which strongly influence the type of lifestyle they are able to lead. Consequently, Marx distinguished modern society into two main classes: Those who own these means of production – industrialists or capitalists – and those who earn their living by selling their labor force to them – the working class or – in Marx terms – the proletariat (Marx and Engels 1998): 14–23; see also Elster 1985 and Harvey 2000 for a global perspective).

Some decades later Max Weber's approach to social stratification was built on the analysis developed by Marx, but it contained a fundamental modification and elaboration. Like Marx, Weber understands society as being characterized by conflicts over power and resources. Where Marx sees polarized class relations and economic issues at the heart of all social conflicts, Weber developed a more complex, multidimensional view of society. Social stratification is not simply a matter of economically determined classes, but is shaped by one crucial additional element: status (Weber 1978 [1922]: 926–938). Hence in Weber's theoretical

conceptualization of social differentiation an enormous number of possible positions in society are produced.

Although Weber generally accepted Marx's view that class is founded on objective economic conditions, he saw a greater variety of economic factors as important in class formation than were recognized by Marx. Status in Weber's theory refers to differences between social groups in the social honor or prestige they are attributed by others. Status came to be expressed through people's living styles. Markers and symbols of status – such as housing, clothing, manners of speech, occupation – help to shape an individual's social position in the eyes of the observer (cf. Veblen 2009 [1899]). People sharing the same social status form a community defined by a sense of shared identity. In a nutshell, Weber's contribution to social differentiation is of great importance because it highlights the cultural dimensions of stratification rather than recurring to Marx's limited two-economic class model. While Marx reduced social stratification to economic factors and class division, Weber drew our attention to the complex interplay of class, status and political party as separate aspects of social stratification.

In the second half of the twentieth century Pierre Bourdieu combined Marx's radical perspective on inequality with the Weberian concept of status to social stratification. In Bourdieu's description of social differentiation within national societies, the cultural dimensions of social stratification are included to a still prior economic theory of social inequality (Bourdieu 2002 [1979]). With his extension of the one-sided concept of economic capital to multiple forms of capital (social, cultural, symbolic, cultural capital), Bourdieu explains social acting on a materialist basis, but transgresses the Marxist perspective, as he implicitly criticizes Marx' limiting social stratification to the sphere of economy. Hence, Bourdieu's general theory of the economy of practices (Bourdieu 1977 [1972]; Bourdieu 1990 [1980]) is even more radical than the Marxist materialism since he analyzes every kind of social action as part of a struggle for superior social positions.

## 2.2  Individualization, Pluralism, and De-stratification

Despite some fundamental differences to the Marxist theory, Bourdieu is part of the theoretical tradition of class, power, and conflict because his sociology is rather an extension of materialistic thinking than an opposition to it (Bourdieu 1986). Contrary to such a conflicting theoretical development, in the second half of the twentieth century, during the years of the economic boom in Western Europe, a sociological tradition emerged identifying the extenuation of social differentiation and processes of de-stratification in Western European countries. Between 1950 and 1990 European societies were analyzed as leveled middle class societies. For example, Helmut Schelsky (1967 [1953]) identified an expansion of the middle classes after the Second World War in Germany and deduces herefrom the disappearance of sharp class differences.

Through the increase of upward mobility, a process of social leveling in developed Western societies was perceived as harmonized, less stratified and middle class dominated. Beyond any doubt, Ulrich Beck is the main representative of this second sociological school of thought on social differentiation. In contrast to traditional class and stratification theory, Beck (1992 [1986]) promotes the concept of individualization. Individualization marks a shift in the analysis of social relations which values individual autonomy over social inter-connectedness and class affinity. "In essence, individualization theory recognizes that traditional, socially-imposed models of lifestyle have been displaced by a »standard deviationism« in which individuals develop their own biographies" (Hudson 2004: 7). The core argument of such a thesis is that the traditional socio-structural patterns like class or status lost their social meaning because economic conditions in middle class dominated societies offer a relatively high level of material welfare to all citizens. In his famous book *Risk Society. Towards a New Modernity* Beck describes a so called "Fahrstuhl-Effekt" ("shifts in the standard of living") (Beck 1992 [1986]: 91) that leveled material and therefore social differences to a very moderate extend.[1] In short, the individualization theory describes the plurality and multitude of life designs that are widely detached from social differences. Traditional social bonds like class or status yield new social forms and connections that originate in individual choices.

## 2.3   Division of Labor and Functional Differentiation

The founding father of the third perspective on social differentiation is the French sociologist Emile Durkheim (1997 [1893], 2006 [1895], 1952 [1897]). In this tradition, social differentiation is not regarded from the perspective of class differentiation and social inequality but from the functioning of modern society. The modern division of labor in capitalism is not considered a source of inequality but as the essential mechanism of social cooperation. Individuals' participation in economic activity leads to cooperation, awareness of interdependence, and the emergence of new social relations and boundaries on this basis.

The division of labor in industrialization and the corresponding growth of specialization promote individualization but at the same time establish the need for cooperation. Independence and dependence increase at the same time, because everybody becomes dependent on the production of other members of society to survive. This idea has been expressed earlier by Adam Smith:

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[1] Please note that the "Fahrstuhl-Effekt" is no "trickle-down effect". While Becks "Fahrstuhl-Effekt" describes the improvement of living conditions under constant equality relations, i.e. a collective growing affluence (all classes simply getting the same additional amount of more economic resources), the "trickle-down effect" describes the comparatively small improvement of the economic situation from the poor classes as a result of the improvement of the upper classes.

> It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses (sic!) to depend chiefly upon the benevolence of his fellow-citizens. (Smith 2003 [1776]: 23–24)

Societies become more integrated as individuals become more independent. Thus, Smith argued that the stable order of modern, complex societies, in contrast to primitive societies, results from the interdependence fostered by a highly developed division of labor. In awareness of Marx and Smith, the sociological question posed by Durkheim was not directly on social differentiation but on its opposite: social integration. According to Durkheim, societies have a reality of their own – that is to say that there is more to society than simply the actions and interests of its individual members or classes. Durkheim was particularly interested in social and moral solidarity and especially in the elements which keep society together and refrain it to fall into chaos.

Arguing consequently against the Marxist thesis of an increase of class struggles that finally lead on to a social revolution, Durkheim predicts the success of the modern capitalist society (1997 [1893]). Against the prognoses of the decay of modern society, he described the emergence of a new form of solidarity: organic solidarity. Durkheim considered this new modern form of solidarity based on the division of labor and social differences as the unifying element for the integration of different social groups and the social actors within modern society. While the traditional form of solidarity, mechanical solidarity, is grounded in consensus (meaning the same social experience, similarity of beliefs) the modern form of organic solidarity is based on differences. As the division of labor expands, people become more dependent on each other because each person needs goods and services that those in other occupations supply. Relationships of economic reciprocity and mutual dependency are at the core of modern society and – according to Durkheim – come to replace shared beliefs in creating social consensus. Personal face-to-face relations are replaced by anonymous long distance relations.

In summary, in Durkheims' conception social differentiation does not mean unequal distribution of goods and class separation but differentiation through the division of labor. But at the same time this functional division of labor within modern society is the source of integration (build up through organic solidarity). Attention is not drawn to the social position of the individual in terms of its hierarchical position or its economic position but on its social function in the division of labor and its position in an occupation group.

Inspired by Durkheim's functional model of modern society – and of course Talcott Parsons structural functionalism (1967 [1937], 2005 [1951]) – Niklas Luhmann developed his systems theory. Here importance is not given to the social actor but to the society as a functional system. According to Luhmann, the dominating form of social differentiation in modern society is not the differentiation of people or groups but differentiation of functions (Luhmann 1995 [1984], 2013 [2002], 1977). The society as a whole is considered a system while its parts are functional subsystems like the economic system, the political system, the

educational system, etc. These systems are 'autopoetic' systems: they are their own products and they operate independent from individuals and issues of individual inequality:

> Functions have to be unequal, but the access to functions has to be equal, that is, not dependent on the relation to other functions. The functional subsystems, therefore, have to be unequal, but their corresponding environments have to be treated as environments of equals because nothing but function justifies discrimination. A functionally differentiated society, thus, will become, or has to pretend to be, a society of equals insofar as it is the aggregate set of environments for its functional subsystems. (Luhmann 1977: 36)

Historically, functional differentiation is a specific modern arrangement with roots dating back from the Middle Ages (Luhmann 1997: 70). The emphasis in functionalist approaches is not on the issue of inequality but on the intention to develop an adequate description of social processes of a society to understand its functioning. Without going into detail, it must be highlighted that the core element of Luhmann's theory is communication (Luhmann 1995 [1984]: 137–175) because he shifted the focus of sociological analysis from the subject to the system:

> Individuals are not and cannot be 'parts' of society, and it makes no sense to speak of 'participation' (...). Given this importance of individual reproducing consciousnesses other ecological concerns might be of minor consequence. Individuals, however, are easy to replace, they die anyway and they live in great numbers. We have greater problems with fresh air and fresh water, with oil and with nourishment, with pollution and with the ozone layer depletion. Besides, ecological interrelations are much more complicated than relations between individuals, which are almost exclusively mediated by society itself, i.e. by communication. (Luhmann 1997: 73)

## 3   Global Differentiation

By now, we face a huge amount of competing theories of globalization in social theory (cf. Held and McGrew 2000a, 2007). However, we agree that most approaches can be bundled and summarized under specific topics. Peter Beyer (1994, 2006), for instance, identifies between four variants of globalization approaches: the analysis of a global economy (e.g. Immanuel Wallerstein; Michael Hardt and Antonio Negri), of a global culture (e.g. Roland Robertson; Jan Nederveen Pieterse), of a global polity (e.g. John W. Meyer), and of a global society (e.g. Niklas Luhmann). In the following, we demonstrate that those four distinctions put forward by Beyer can be found again in the contemporary theories of global differentiation. Consequently, we discuss the theoretical concepts of global stratification (Sect. 3.1), hybridization and the global diffusion of lifestyles (Sect. 3.2), as well as different variations of the world society theory (Sect. 3.3) to unveil the interconnectedness between classical social theory of differentiation and contemporary theories of globalization.

## 3.1  Global Stratification

In line with Adam Smith (2003 [1776]), David Ricardo (2002 [1817]), and Karl Marx (1998), the division of labor has always had a global dimension that is as a crucial determinant of economic and social change – both on the national (income disparities) and the international level (terms of trade). On the national level, capitalism creates inequality due to the different attributed economic value and demand-orientation for labor. On the global level, capitalism creates inequality due to the increasing demand in cheap production facilities and low wages worldwide (see for contemporary arguments about the new division of labor and the global job crisis e.g. Barnet and Cavanagh 1995; Dicken 2003): 509–576).

Marxist tinted analyses of capitalism found expression in the globalization debate too. While some globalization theories focus on global complexity and the blurring of lifestyles and identities caused by global flows (Urry 2003, 2005; Pieterse 2004, 2007, 2009) other authors try to describe the dimensions of class inequality that increased through globalization since the 1990s. Zygmund Bauman (1998) came up with the model of the globalized rich and the localized poor. While trying to consider the global complexities, especially the process of glocalization, Bauman contrasts these theoretical considerations to the statistics of the UN Human development report that clearly shows a huge and still increasing difference between the living conditions and the distributions of wealth globally (for further information see Sect. 4). From those statistical facts, he deduces that globalization reinforces the opportunities for the extremely rich to make even more money while excludes the poor from wealth accumulation.

According to classical Marxist analysis the rich "needed the poor to make and keep them rich" (Bauman 1998: 44) by exploiting their workforce. In the globalized world in contrast the worlds of the rich and the poor are completely detached from each other. Hence Bauman describes the living realities of the poor and the rich as two completely different spheres or poles "at the top and at the bottom of the emerging hierarchy" (Bauman 1998: 45). In the pre-global world order "the conflict between rich and poor meant being locked for life in mutual dependency; and dependency meant the need to talk and seek compromise and agreement. This is less and less the case. It is not quite clear what the new 'globalized' rich and the new 'globalized' poor would talk about, why they should feel the need to compromise and what sort of agreed *modus coexistendi* they would be inclined to seek" (Bauman 1998: 44).

In this newly globalized class society, the major difference lies between the globalized rich who possess and travel around the world and the localized poor entrapped in rural areas far away from the global centers and the wealth. The assumption that there are winners and losers of globalization is also prominently put forward by the theories of "global elites" or "transnational capitalist class" (Kanter 1997; Sklair 2001, 2002; for a detailed discussion see Lenger et al. 2010; and the chapter "Globalizing Elites from the 'Global South': Elites in Brazil and India" by Schneickert et al. in this volume). Many scholars assume global elites to

be groups capable to adapt to the demands of globalization (like flexibility, mobility, cosmopolitanism, language skills, etc.) much better than others: "Elites are cosmopolitan, people are local" (Castells 1996: 415). In addition, global elites are seen as groups with a common education, lifestyle and habitus sharing similar interests (Kanter 1997; Sklair 2001, 2002). However, we have elsewhere argued that there is no *empirical evidence* for the emergence of such a global elite because the privileged status of elites still rely heavily on the allocation of social structural positions through nationally rooted educational systems (Lenger et al. 2010). Thus, the emergence of a global elite is unlikely to emerge because individuals indeed lack a common education, language, culture, and most importantly a shared common habitus (Hartmann 2007 [2004]; Mann 1986, 1993). Consequently, we do not share the common view of an emerging homogenous global elite but rather have contested that there are competing *national elites* more or less globalized (Lenger et al. 2010).

In any case, the consequences of such a formation of two global classes have been forecasted by Samuel Huntingtons' *Clash of Civilization* (1997) and Benjamin Barbers' *Jihad* vs. *McWorld* (1995). Although Huntington and Barber primarily focus on cultural conflicts, both describe a similar global two-class scenario in other words: The rise of a globalized class as a consequence of a globalized "McWorld" on the one hand entails a localized lower class which Barber calls "Jihad" on the other hand.

According to Barber's analysis the differences between McWorld and Jihad are contemporary expressions of historically different principles of mind and race. Both principles are opposite sides of the same coin. On the local level, there is separatist hate resulting from the lack of perspectives for one class while on the global sphere we find universal capitalist markets. The principle of the globalized class – summarized under the metaphor of McWorld – is the homogenization of markets and neoliberal ideologies which transforms cultures into commerce. Jihad is the opposite reaction and thus concentrates on skewed views of nationalism and religious fundamentalism to fight Americanism and the power of the global market. By exposing these opposite poles, Barber illustrates the endpoint of globalization as homogenization.

Although less normative and polarized, the late Pierre Bourdieu (1999 [1993], 2003 [1998]) described the impacts of globalization in a similar manner. In *Distinction* (2002 [1979]) Bourdieu presented an all-encompassing view of French class society of the 1960s by highlighting the interdependencies of cultural practices between different classes. Thirty years later, he turned towards outsiders of the globalization process and described the dissociation of lower class groups and migrants from the "normal" class society. For Bourdieu this new misery of the world is the result of globalization and neoliberalism (Bourdieu 2003 [1998], 1999 [1993]). According to his analyses, globalization of capitalism intensified already existed global inequalities and dramatically exacerbated the living conditions of the poor.

However, besides some more recent theoretical approaches (e.g. Hardt and Negri 2000), Immanuel Wallerstein's world system theory, already developed in

the 1970s, still is the main theoretical representative of the inequality discourse in the globalization debate (see also the elaboration of Chase-Dunn and Hall 1997; Korzeniewicz and Moran 2009). The central idea of Wallerstein's approach is to recognize that the world must be analyzed as an integrative unit consisting of only one division of labor. He argues that since the sixteenth century a world economy has emerged, the "capitalist world system" (cf. Wallerstein 1974, 1980, 1989). Unlike the former world empires this world system consists of only one economic market with "a single division of labor" but "multiple cultural systems"; that is to say, different culturally independent national states (Wallerstein 1979b: 5). His three-volume main work is an historical system analysis which describes the development and expansion of the multipolar capitalist world economy around the globe. Wallerstein (1979b: 14) considers that this world system was nearly completed by the beginning of the nineteenth century because since then no "external arena of the system" has been left and the whole globe now constitutes one homogenous unit. Because it consists of only one division of labor but with multiple national centers of political power, the global balance of power is organized through a given hierarchical social structure. The core states are the dominant actors in the world system having the economic and political power to control the global division of labor for their own benefits through superior economies and "strong state machineries" (Wallerstein 1979b: 18). Hence, the core consists of the economically most successful states and highly developed countries, namely, they host the most powerful governments and the biggest enterprises. Subjugated to the core, the peripheral states are characterized by inferior economies and "weak state machineries" (Wallerstein 1979b: 18). Due to their subdued relation to the core, they have nearly no power to control any processes in the global division of labor. The economic function of the peripheral states is to provide natural resources and agrarian commodities to the core states and to produce cheap basic commodities sold in the core states. In principle, the peripheral states are characterized by a low degree of industrialization, narrow profit margins and low wages. The crucial point of such a differentiation is the ability of a state to "control flows in the capitalist world economy" (Wallerstein 1979a: 292). Consequently, the degree of power is fundamentally unequal because structurally benefits the core states in the Global North.

Wallerstein added a third category of states expanding the dichotomy between hegemonic core states and the inferior states of the periphery – the semi-peripheral states. The semi-periphery is the equivalent to the middle classes on a global level. It functions like a buffer between the extreme poles of the global antagonism between rich and poor states: "The semi-periphery is needed to make a capitalist world-economy run smoothly" (Wallerstein 1979b: 21). On the semi-peripheral level, the descending states of the core face the ascending power of the (semi-)periphery. Today, the so called BRIC countries pose this threat: Brazil, Russia, India, China and South Africa (cf. O'Neill 2001; Renard 2009; Pieterse and Rehbein 2008, 2009; Hirst et al. 2009). These newly industrialized countries pose a challenge to the core states, on the one hand, and try to distance themselves from the periphery on the other. As the example of the emerging powers illustrates,

Wallerstein's positions of core, semi-periphery and periphery are structural positions in one global system which can be changed through processes of ascent and decent. Thus, a continued rise of the emerging powers could mean the possible future decline of the Western world (Kennedy 1987; Krauthammer 1991; Lenger et al. 2010). Following Wallerstein, from a purely economic perspective the semi-peripheral states are not essential for maintaining the existing world system. Rather, they are of importance for the political stability of the world system:

> It would be far less politically stable, for it would mean a polarized world system. The existence of the third category means precisely that the upper stratum is not faced with the unified opposition of all the others because the middle stratum is both exploited and exploiter. (Wallerstein 1979b: 23)

In their book *Empire,* Michal Hardt and Antonio Negri present an updated and extended version of Wallerstein's world system theory and at the same time an updated version of the Marxist theory (Hardt and Negri 2000: XVII, 63–66, 234–239). Complemented by postmodern and poststructuralist theory (Hardt and Negri 2000: 22–30, 52–59) the authors describe the globalized world as an *Empire*. After the end of the Cold War a new world structure emerged as consequence of the global market economy in the 1990s. The basic hypothesis of Hardt and Negri posits that sovereignty has taken a new global form which they call "Empire".

Globalization then means the rise of a new decentralized and deterritorialized borderless global order while the meaning of the nation states declines as they are not able to control the economic and cultural exchange anymore (Hardt and Negri 2000: 137–204; cf. Bauman 2002). As the opposite of the empire Hardt and Negri see the multitude. The multitude as a political subject is not one nation state or one certain group of people. Rather, it consists of all the people together that are affected by the Empire. The definition of this political subject is quite vague. The multitude is not a particular group of people like the exploited worker of the proletariat in the Marxist theory. According to the current debates, the multitude is described by postmodern terms and therefore defined by its Rhizomic structure (Deleuze and Guattari 2013 [1980]) and through its global mobility (Hardt and Negri 2000: 397). While at the core of the Empire is the global flows of commodities, the basis of the multitude is the global flow of bodies based on the idea of global citizenship (Hardt and Negri 2000: 396–401).

## 3.2 Hybridization and the Global Diffusion of Lifestyles

Concepts of global differentiation have arisen from the second path of social differentiation resting on two arguments: On one extreme, the theory of multiple modernities argues that Western modernity as a concept cannot be applied to other world regions. On the opposite extreme, the impact of modernization to the life of people is analyzed and a process of hybridization of identities caused through cultural globalization is described.

The spread of global capitalism and global interconnectedness on different areas is considered factual but the focus of the analysis lies not on the continuous progression of economical globalization and its impacts to unequal distribution of wealth but on the cultural impacts of multiple modernization processes to the lives and lifestyles of people.

In rejection of Ritzer's homogenization hypothesis (Ritzer 1983; Ritzer and Atalay 2010), the paradigm of "multiple modernities" reflects a development towards modernization but analyzes different kinds of modernities in other parts of the world other than in Europe and North America (Eisenstadt 2000, 2003). If there is no predetermined way how development towards modernization takes place, then the result is not only that we have multiple modernities but also multiple modern lifestyles. The Western world is not the development model for other world regions therefore Western lifestyles and values are not the universally inspiring examples for the lifestyles of people around the globe. So if globalization does not simply mean Westernization the consequences are a diffuse complexity of global and modern lifestyles worldwide.

Through the individualization processes not only class patterns become less important but also cultural backgrounds and traditional local identities lose their structuring significance. Against the view of a global bi-polar world, authors like Arjun Appadurai see the rise of transnational networks. In accordance to the concept of multiple modernities, Appadurai (1996) describes transnational imaginary landscapes that are not controlled by European or US images. He argues that in the era of globalization the West is "no longer the puppeteer of a world system of images" (Appadurai 1996: 31). The dominant images, role models, and life styles are no longer connected to traditional cultures or social class formations within a certain country but became a social practice itself. According to Appadurai, the global imaginary is unleashed and has become an act of negotiation between people: "The imagination is now central to all forms of agency, is itself a social fact, and is the key component of the new global order." (Appadurai 1996: 31) Consequently, for scholars like Appadurai, globalization means the global overlapping of identities. Identities are not local or national anymore but transcend the territorial boundaries and become more complex and diverse. He uses the term "landscape" to describe five dimensions of global cultural flows: ethnoscapes, mediascapes, technoscapes, financescapes and ideoscapes (Appadurai 1996: 33). Those global landscapes are conceptualized as being fluid. They are not based on the idea of territory but on the concept of imagination (Andersen 1991 [1983]). The global scapes cross national borders and continents but function like Benedict Anderson's imagined communities (Appadurai 1996: 33). For Appadurai, therefore, globalization does not result in a process of homogenization of cultures but leads to the inauguration of new transnational and transcultural identities across national and cultural boundaries. In accordance with Beck (1992 [1986]) those new social identities are not structured by hierarchical traditional class formations but are individually shaped and linked to transnational networks (cf. Chan 2007).

In a similar way, Jan Nederveen Pieterse discusses the shifts of identities caused through the globalization process. Pieterse describes hybridization as an act of

identity construction which is based on a re-combination of different cultural expressions taken from various global backgrounds. He interprets the emergence of new hybrid forms "as a consequence of mobility, migration, and multiculturalism" (Pieterse 2009: 97). He argues that although hybridity is a phenomenon that already existed before the globalization process, in the contemporary phase of accelerated globalization it became much more important. According to Pieterse the globalization process significantly influences the cultural and social practices of the middle classes and therefore their construction of hybrid identities. From such a perspective, hybrid self-identification is the consequence of a cultural globalization. It denotes a "wide register of multiple identity, crossover, cut'n'mix, experiences, and styles, matching a world of growing migration and diaspora lives, intensive intercultural communication, everyday multiculturalism, and erosion of boundaries" (Pieterse 2009: 97; see also 2004).

In summary, it can be stated that the significance of the dimension of inequality has lessen in importance in those strands of analysis pertaining to cultural globalization.

## 3.3   World Society Theory and the Emergence of a World System

Various scholars understand globalisation as the emergence of a single global social network (Castells 1996, 1997, 1998) or a single global social system (Luhmann 1997; Stichweh 2000). Both concepts suggest the emergence of a global society in which national structures and differences have lost their significance. Other scholars, however, argue that we only observe the formation of transnational structures no longer bound to territorial borders while nation states keep their structuring significance for the global system of power (Mann 1990, 1997; Urry 2003, 2005). First and foremost, the world society theory rejects the concept of society and its equation with the nation-state in modernity (Giddens 1990: 65–78).

Unlike Wallerstein's definition of an interconnected world system based on unequal exchange between core states and peripheral states, Niklas Luhmann presents a world system theory that is functionally and not nationally differentiated. In a nutshell, "world society theory also conceives the world as already global, but, unlike world-systems theory, globalization is here seen to be led by culture" (Walby 2009: 41). Here, the focus lies on the structural similarities between societies in terms of their organizational, governmental, educational patterns. However, the central element of a world society theory is the idea that all parts of the world are today tied to a single, globally extended social unit.

A world society theory starts with the structural functionalism of Talcott Parsons. Parsons (2005 [1951]) interprets history as some form of progressive functional differentiation of various spheres, levels, and structures of society. The most important function of society is the production of order. In modern *societies,* order

is established through a rational institutionalization of functional necessities within *each nation state* over time (Parsons 1971). Contemporary representatives of the world society theory, however, contradict such a nationalistic perspective (Luhmann 1997: 73, 78, Fn. 1). Instead, they argue that functional differentiation essentially and systematically transcends the border of the nation state and it therefore is by definition globally spread.

Consequently, we have to decide between assuming a "global system of regional societies" or a "world society" and "have [a] clear and theoretically consistent arguments for a single world society" (Luhmann 1997: 73). As pointed out before (see Sect. 2.3) the core element of Luhmann's theory is communication. All social systems are systems of communication, and society is the surrounding social system. Since communication takes place on a global level and a global horizon of values has emerged, today's society is a world society (Luhmann 1982, 1997): "'International', indeed, no longer refers to a relation between two (or more) nations but to the political and the economic problems of the global system" (Luhmann 1997: 67). His main argument is that the assumption of stratification – especially in the form of a class society producing wealth by division of labor and multiplying vertical and horizontal differences – has no explanatory power for the modern, functionally differentiated world society:

> In all traditional societies, whether antique, medieval or early modern, the principle of differentiation has been stratification, or hierarchy, although the secularization and de-cosmologization of this concept changed the semantical context. In order for society to count as such, this and only this form of differentiation has to be recognized and accepted. On this basis one could then try to find a corresponding reconstruction of unity. (Luhmann 1977)

Stratification plays no role since the relation between individuals in modern societies is no longer a hierarchical one but rather one of inclusion and exclusion into functional differentiated systems (Luhmann 1977: 70). For Luhmann stratification means the differentiation of the modern society into dissimilar subsystems: "Stratification, of course, requires unequal distribution of wealth and power – or, to put it more generally, unequal distribution of communication potential. It would be misleading, however, to focus exclusively on this aspect of inequality in terms of domination and exploitation or in terms of its possible justification, as bourgeois and Marxist sociology in fact does" (Luhmann 1977: 33). Consequently, Luhmann arrives at following conclusion regarding global inequality:

> Let us now return to the question of whether, under modern conditions this primary form of differentiation is hierarchy or functional differentiation. Each type has its special calamities. If we see stratification we will tend to see, as I have said before, injustice, exploitation and suppression; and we may wish to find corrective devices or at least to formulate normative schemes and moral injunctions that stimulate a rhetoric of critique and protest. If, on the other hand, we see functional differentiation, our description will point to the autonomy of the function systems, to their high degree of indifference, coupled to high sensitivity and irritability in very specific respects that vary from system to system. Then, we will see a society without top and without centre; a society that evolves but cannot control itself. And then, the calamity is no longer exploitation and suppression but neglect. (Luhmann 1997: 74)

Building up on Luhmann, Rudolf Stichweh has further developed the world system theory. First he makes clear that the emergence of a world society happens due to three *structural innovations*: the emergence of functional differentiation, the emergence of new organizations like multinational enterprises and non-governmental organizations; and the improvement in communication technologies. Secondly, he argues that these structural innovations are supplemented by three structural formations in the world society: global diffusion of institutional patterns; global interrelatedness; and the decentralization in function systems (Stichweh 2000: 245–267). Resting his conception of world society on the idea of a sociocultural evolution of society, he describes "the selective survival of whole human societies and of the ways of living and norms and values incorporated into successful societies" (Stichweh 2007: 538). He concludes: "In our time there does no longer exist a plurality of societies on earth. There is only world society (and some very small tribal societies in Peru, Brazil, Malaysia and some other countries which are mainly isolated from world society" (Stichweh 2007: 538).

Another variant of a world system theory has been developed by the neoinstitutionalist John W. Meyer. In his world polity theory (also called world society theory), he argues that the world system is a social system of globally shared norms of Western character called world polity. These values and cultural framework have been spread by organizations and have been adopted worldwide forming a global polity. However, Meyer does not pursue the goal of developing a world system theory but rather drafting a social theory explaining the empirical fact of a cultural dominance of Western institutions worldwide (Meyer 1980; Meyer et al. 1997). Consequently, Meyers' global polity is the cultural framework which spread out from Europe around the globe proving a relative homogenous set of cultural norms to deal with problems and general procedures.[2] In summary, all theories of world society share the common understanding that they focus on the functional structure of the world system and neglect the existing inequalities within such a world society.

Concerning the issue of inequalities, the network theories as another branch of world system theories bear more analytical potential. For Castells (1996, 1997, 1998) globalization is associated with an increase in global interconnection linked to new information and communication technologies. Already in the 1970s John W. Burton developed his "codweb model" of social relations. He suggested displaying all telephone conversations, travel routes, or movements of goods on a "world map of transactions" without political borders. Thus, Burton's map only depicts social relations and the areas of concentrated human settlement without showing territories and borders (Burton 1972). According to Castells, a new socioeconomic system has emerged. It is fundamentally new "because it is tooled by new

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[2] The issue of actorhood within the world polity approach must be excluded from the discussion: "The stateless character of world society has blinded many scholars to the enormous accumulation in recent decades of world social organization and cultural material. The culture involved clearly champions the principle that nation-states, organizations, and individuals are responsible, authorized actors" (Meyer et al. 1997: 162).

information and communication technologies that are at the roots of new productivity sources, of new organizational forms, and of the formation of a global economy" (Castells 1999: 2). In the core of the argument we find again a very functional, systematic approach to the analysis of global inequality:

> A network is simply a set of interconnected nodes. It may have a hierarchy, but it has no centre. Relationships between nodes are asymmetrical, but they are all necessary for the functioning of the network for the circulation of money, information, technology, images, goods, services, or people throughout the network. The most critical distinction in this organizational logic is not stability, but inclusion or exclusion. Networks change relentlessly: they move along, form and re-form, in endless variation. Those who remain inside have the opportunity to share and, over time, to increase their chances. Those who drop out, or become switched off, will see their chances vanish. (Castells 1999: iv)

Accordingly, a network is a very flexible and therefore not very stable form of social organization. Only through the emergence of the information technology there are tools available to build networks with the same stability as hierarchical organizations (Castells 2000).

However, it would be unfair to blame Castells for excluding the issue of global inequality from the research agenda. Rather, he explicitly points out that the problem of modern times is that "people, and territories, whose livelihood and fate depend on their positioning in these networks, cannot adapt so easily. In a downgraded region, capital disinvests, software engineers migrate, tourists find another fashionable spot, and global media close down. Networks adapt, bypass the area (or some people), and re-form elsewhere, or with someone else. But the human matter on which the network was living cannot so easily mutate. It becomes trapped, or devalued, or wasted. And this leads to social underdevelopment, precisely at the threshold of the potentially most promising era of human fulfillment. It is urgently necessary to reverse the downward spiral of exclusion and to use information and communication technologies to empower humankind." (Castells 1999: iv). Consequently, he acknowledges the existing global digital divide and the connectivity gap (cf. Castells et al. 2007). Castells makes clear that the reintegration of underdeveloped areas will require massive technological upgrading of countries, firms and households to be able to participate in the global network society.

However, all those world system theories and network theories have in common that they focus their interest on the functional structure of the world society and are prone to ignore the social inequality within the system (Holmwood 2005; for a more detailed critique on network theories see chapter "Hierarchies of Global Networks" by Angerer in this volume). To conclude, we have to acknowledge that "the network concept does suffer from one disadvantage common to every effort to give social categories a spatial dimension. Namely, it tends to trivialize societal processes, to flatten hierarchies and power differences, and to overlook the varying depth and intensity of relationships" (Osterhammel and Petersson 2005; see also Therborn 2000).

# 4   Globalization, Inequality, and Poverty

> In order to assess the social impact of globalization it is essential to go beyond economic
> performance and examine what happened to employment, income inequality and poverty
> over the past two decades of globalization. (World Commission on the Social Dimension of
> Globalization 2004: 40)

In fact, due to globalization patterns of inequality have changed significantly over time. In this sense, the "two faces of globalization" are showing its true colors (Stiglitz 2007: 7). On the one hand globalization is expected to bring unprecedented prosperity to both the developed and the developing countries due to higher productivity, increased capital flows, free trade and the spread of global knowledge. On the other hand, a rise in global inequality and other threats to human security – financial volatility, job insecurity, health insecurity, environmental issues, and political conflicts – in rich and poor countries are perceived. Consequently, the status quo of globalization and inequality must be summarized as follows:

> Today, when we hear or read about the global economy, it is usually in terms of the trillions
> of dollars of goods, services, and investment that circle the planet, with the great increases
> in national wealth that accrue to states that adopt open policies. But there are other data that
> usually go unnoticed in these discussions. We hear less about the 100 million citizens in the
> industrial countries who are classified as living below the poverty line. We hear less about
> the 35 million in these same countries who are unemployed. We hear less about growing
> income inequality. And we hear still less about the 1.3 billion people in the developing
> world whose income level is under $1 per day. For all these people, the global economy has
> not yet brought either material gifts or the hope of a better life. (Kapstein 1999: 16)

Economists like Joseph Stiglitz (2007) or Jagdish Bhagwati (2004) insist that though globalization has negative impacts on degrees of inequality, a better world is possible. In *Making Globalization Work*, Stiglitz argues that if the globalization process would be managed in a proper way, the developed and the developing countries could benefit from it: "Globalization does not have to be bad for the environment, increase inequality, weaken cultural diversity, and advance corporate interests at the expense of the well-being of ordinary citizens" (Stiglitz 2007: XV–XVI). However, nearly all scholars agree on the fact that current globalization takes place in an unequal way (e.g. Stiglitz 2003, 2007; Bhagwati 2004; Giddens 1999; Walby 2009; Dicken 2003; Scholte 2005; Hirst et al. 2009). In addition, the complexity of global inequality is accepted: the fact that different regimes of inequality coexist and intersect. Bhagwati, for example, identifies inequalities in the dimensions of poverty, child labor, gender, democracy, culture, wages, labor standards, and environment (Bhagwati 2004: 51–195). In a similar way, the Human Development Report highlights several threats to human security like financial volatility and economic insecurity, jobs and income insecurity, health insecurity, cultural insecurity, personal insecurity, environmental insecurity, political and community insecurity (UNDP 1999). Finally, Walby discusses the main types of regimes of inequality, highlighting those of gender, class, and ethnicity (Walby 2009: 251–269) and added other forms of complex inequality like disability or sexual orientation (Walby 2009: 270–271). Without going into detail here, such an

argument demonstrates that there is a wide variety of complex inequalities reflected in economic data and many other social indicators which cannot be discussed at length here (for a good summary see the scorecard of development over the past 25 years by Weisbrot et al. 2007). Rather, we decided to pick some selected criteria to illustrate the status quo of global inequality and – in addition – to guide the reader to the works of Dicken (2003); Giddens and Diamond (2005); Walby (2009); and the excellent anthology of Jomo Kwame Sundaram and Jacques Baudot (2007) to gain further information on the issue of global inequalities. For primary data on international comparisons of inequality see the United Nations Development Reports, the World Bank Development Indicators, and the Luxembourg Income Study. For basic information see the reports *Divided we Stand: Why Inequality Keeps Rising* (OECD 2011) and *A Fair Globalization: Creating Opportunities for All* (World Commission on the Social Dimension of Globalization 2004).

## 4.1 The Structure of Global Inequality

The debate on the development of global inequality and its measurement has illustrated the weaknesses of a pure quantitative approach (Sundaram and Baudot 2007). There exists no objective criterion to compare the living conditions of people worldwide. While some authors opt for income as a comparative measurement, most scientists favor purchasing power parity. Either way, both approaches focus on economic factors and do not take into account cultural factors like habits of consumption, social networks and lifestyles. The standard reference to the analysis of global inequality by Branko Milanovic (2005) analyzes income distribution between all citizens worldwide by using household survey data from more than 100 countries. Milanovic's data shows that inequality has increased between nations over the last half century, richer countries have generally grown faster than poorer countries and that inequality between the world's individuals is staggering. He finds that the richest 5 % receive one-third of total global income, as much as the poorest 80 % (for an excellent summary see Milanovic 2007).

In a nutshell, empirical data provide evidence for unequal living conditions within and between countries (see also Kapstein 1999; Dicken 2003; Sundaram and Baudot 2007). However, because global inequality is a relatively recent research topic the available data on global inequality still is not sufficient. Since data on national income distributions for most countries of the world are needed, the first calculations of inequality across world citizens have not been done before the early 1980s when such data became available for China, the Soviet Union and large parts of Africa (Milanovic 2007: 1). Consequently, further empirical research is necessary to close this gap.

Despite these shortcomings, a wide range of empirical data already exists which can be of use to discuss the issue of global inequality (especially the United Nations Development Reports published since 1990). To assess the issue adequately we suggest an analytical distinction between global inequality on a local or national

level and global inequality on an international comparative level. While the first dimension looks at the relative differences between incomes and other inequalities within countries (i.e. perceived inequality or intra-country inequality), the second dimension compares the fundamental inequalities between countries which are often summarized under the issue of absolute poverty (i.e. inter-country inequality).[3] Since the 1970s the aggregated inequality between countries has declined, probably explained through higher growth in large countries such as China and India, while within-country inequality has increased (Sala-i-Martin 2002). While growing inequality is a problem within many countries, both developed and developing, the issue of absolute poverty is mainly a problem for the developing countries (UNDP 2013: 1).

Elsewhere we have argued that it is important to note that the structural inequalities of today's capitalistic societies emerges on two different analytical levels (see Lenger et al. 2011): First, on the global level of international relations between states with its tripartite structure of core, semiperiphery and periphery; second, on the level within national societies characterized by three different classes (upper class, middle class, and lower class).

As pointed out before, Wallerstein's essential contribution to global inequalities was the description of the global system on the level of the nation states with three categories of nation states in a hierarchical order, in combination with a differentiation on the level of social classes within the states (see Fig. 1). On this level, he adopts the classical conception of Marx but adds a middle class between the proletarian and capitalist class. Today's dominant classes and the international power relations are not only based on the expropriation of surplus but also legitimize their domination by education and knowledge.

| Dimension A: Global Differentiation | Dimension B: National Differentiation |
|:---:|:---:|
| Core – Semiperiphery – Peripherical | Upper Class – Middle Class – Lower Class |

Source: Lenger et al. (2011:361)

**Fig. 1** Analytical dimensions of inequality (Source: Lenger et al. 2011: 361)

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[3] Milanovic (2007: 1) distinguishes between inequality among countries' mean incomes (inter-country inequality), inequality among countries' mean incomes weighted by the countries' population (improved concept of inter-country inequality), and inequality between the world's individuals (global inequality). Milanovic famous approach deals with the study of global income inequality. "The way to estimate global inequality is to calculate Concept 2 inequality [i.e. the improved concept of inter-country inequality; Editors] using nation accounts data, and to combine it with the empirical observation that within-country income distributions tend to follow a log-normal pattern. Then, the only additional piece of information needed is a Gini coefficient, or some other summary inequality statistic describing national income distributions" (Milanovic 2007: 3). Thus, Milanovic global inequality is concerned with relative income inequality, not absolute inequality.

| | Periphery (Developing countries of the Global South) | Semiperiphery (Emerging Powers like the BRICS-States) | Core (Developed Countries of the Global North |
|---|---|---|---|
| Upper Classes (Bourgeoisie) | | | |
| Middle Classes (Petty Bourgeoisie) | | | |
| Lower Classes (Working class) | | | |

Fig. 2 Global social structure (Source: Table adopted from Lenger et al. 2011: 365)

Drawing on the theoretical framework of Wallerstein, we analyze both levels of social structure – the intranational and international dimension – on the global scale. Structural and interdependent inequalities on the national and international level together shape the global social structure. To illustrate the situation of globalization and inequality, we have developed a 3 × 3-matrix of global inequality (Lenger et al. 2011). Along these lines, it can be argued that the global world system is dominated by the core states in the West to the detriment of the inferior states in the semiperiphery and especially of the periphery. Using Bourdieu, we have demonstrated that the internal social inequality of societies also plays a significant role. Consequently, to analyze the global inequality both inequality dimensions must be considered equally. These overlapping inequalities are summarized in the Fig. 2

As Fig. 2 illustrates, the global system is dominated by the core states of the West and their bourgeois upper classes (dark boxes). It also highlights that the lower classes of the periphery and semi-periphery, just as most of the middle classes of the periphery, do not profit from globalization equally (white boxes). Finally, it shows the partial exclusion of the peripheral upper classes, middle classes of the semi-periphery and the lower classes in developed countries (grey boxes).

Depending on the position in the global division of labor it can result in relative or absolute poverty. Consequently, for an adequate analysis of global inequality we opt for an intersectional analysis of inequality (Davis 2011 [1981]; Walby 2009; Platt 2011; see also Sect. 5).

## 4.2 Growing Income Disparities: Glocal Inequalities on the Intranational Level

Inequalities on the micro level within countries are displayed most clearly in the employment rates and income and wealth disparities. Of course we acknowledge

that it is not just income that matters but overall standards of living (Stiglitz 2007: 46). However, the reason for adopting this specific perspective is that *income* is (still) the main factor to individual's or family's material well-being (Dicken 2003: 511, 521).

The World Commission on the Social Dimensions of Globalization (hereafter "World Commission") surveyed 73 countries. Except South Asia, the United States, and the European Union the survey concludes that in every region of the world the unemployment rates increased between 1990 and 2002. By the time the report was issued, unemployment was about 188 million people worldwide (World Commission 2004: 40).

The rise of global inequality is most clearly observed in the income disparities and asymmetric distribution of wealth. After a relatively long wave of socio-economic leveling accompanied by a rise of egalitarianism (cf. Giddens and Diamond 2005) and a wave of institutionalization through the implementation of modern welfare states (Marshall 1963; Korpi 1983). Once more we observe a rise in inequality worldwide and within many nation states since the 1970s. This recent resurgence of income inequality in some of the advanced industrial societies has produced a debate about the "Great U-Turn of Inequality", namely, the impact on inequality of an increasingly integrated world economy, competitive international markets and rising migration flows (Harrison and Bluestone 1990; Alderson and Nielsen 2002). In fact, all empirical data shows that income disparities in western OECD-countries is rising since the mid-1980s and beginning of the 1990s (e.g. Gustafsson and Johansson 1999; Alderson and Nielsen 2002; Piketty and Saez 2003; Alderson et al. 2005; Beckfield 2006; Atkinson and Piketty 2007; OECD 2008, 2011; Piketty 2014).

Also the World Commission (2004: 42) presents the similar finding that income inequality has increased in some industrialized countries, reflected in an increase in the share of capital in national income as well as an increase in wage inequality between the mid-1980s and the mid-1990s (see Fig. 3).

Even more striking are the data on the share of the top 1 % of income earners in selected countries (see Fig. 4). For example, in the United States the share of this group reached 17 % of gross income in 2000, a level last seen in the 1920s. This increased concentration of wealth has been the prime factor in the rise of income inequality in the United States; the declining share of the bottom decile of wage earners has been in reverse since 1995.

The same is true for developing countries. In principle, the large majority of countries have experienced a rise in income inequality. Joseph Stiglitz has highlighted some of the causal factors. He points out that the political dynamics of resource-rich countries often leads to high levels of inequality: "In both developed and less developed countries, those controlling the natural resource wealth use that wealth to maintain their economic and political power – which includes appropriating for themselves a large fraction of the country's resource endowment" (Stiglitz 2007: 137). Consequently, the economic situation must be summarized as follows: "The distribution of wealth is not determined by a careful balancing of equity-efficient trade-offs. It is not determined by reference to principles of social justice; rather, it is the result of naked power. Wealth generates power, the power that enables the ruling class to maintain that wealth" (Stiglitz 2007: 137) (Fig. 5).
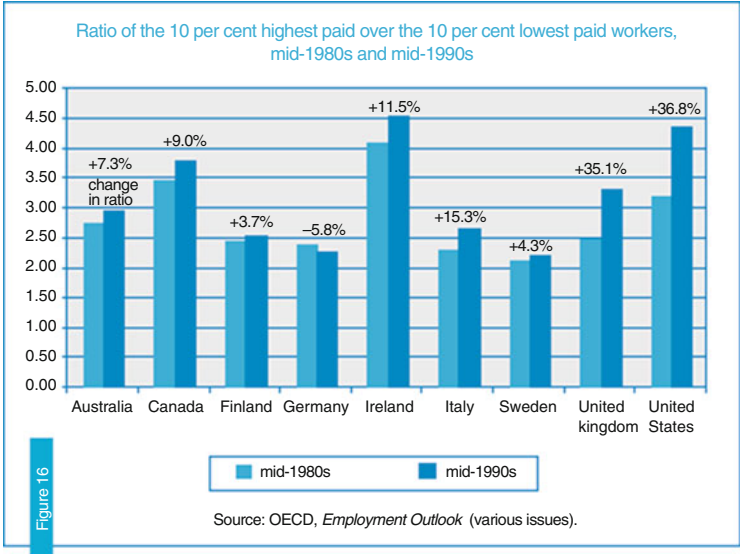
**Fig. 3** Increasing income inequality (Source: Table taken from World Commission 2004: 43, Fig. 16)
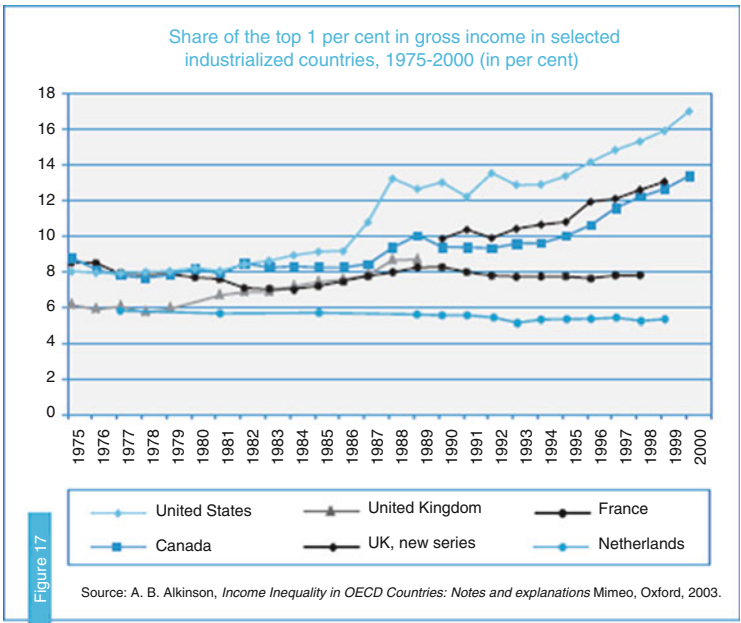


**Fig. 4** Increasing income inequality (Source: Table taken from World Commission 2004: 43, Fig. 17)
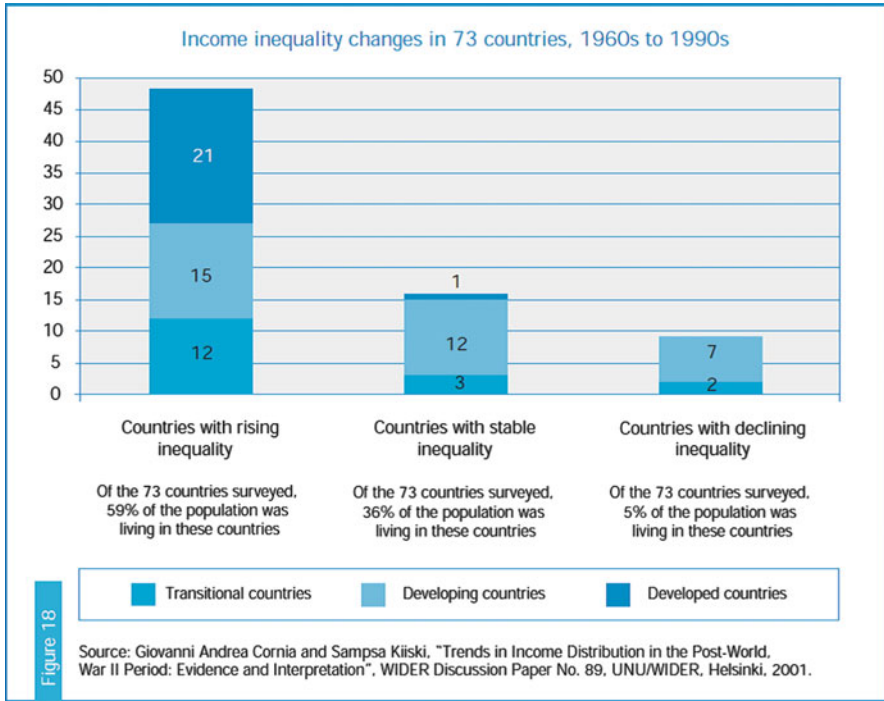
**Fig. 5** Income inequality changes in 73 countries, 1960s to 1990s (Source: Table taken from World Commission 2004: 44, Fig. 18)

All these data provide further evidence against the "trickle-down economics" and the "trickle-down theory". Namely, the idea that tax cuts or other economic benefits provided to businesses and upper income levels will benefit poorer members of society by improving the economy as a whole (Reisman 1990: 308–310). Increasing inequality has not created more economic growth resulting in a reduction of inequality. Rather, the increase of wealth of the rich happened at the expenses of the poor (Stiglitz 2012).

From an economics perspective, we would expect that rational individuals opt for redistribution of incomes and wealth in case of growing inequalities. Due to the right-skewedness of the distribution schemes, the median and average income drift apart under growing inequality for which reason the majority of citizens would profit from redistributive politics (Romer 1975; Meltzner and Richard 1981). Interestingly enough, no such rise in redistributive claims can be observed in the empirical survey data for OECD countries (Kenworthy and McCall 2008). Even a small increase in accepting social inequality in Germany and other developed countries can be observed (Sachweh 2010: 20). Analyzing the public attitudes to economic inequality, poverty and redistribution, Michael Orton and Karen Rowlingson (2007) have observed the same contradicting paradox for England. There a majority of citizens perceive economic inequality, the existing income gap, and absolute poverty as negative, but show only a limited support for redistributive

politics: "Public attitudes to policy responses, specifically redistribution, are complex, ambiguous and contradictory: the current evidence is unable to explain why a smaller proportion of people support redistribution than see the income gap as too large" (Orton and Rowlingson 2007: 40). In this vein, the authors claim that "future research needs to take a more sophisticated approach to talking about 'inequality' and 'redistribution', as these vary in form and attitudes may similarly vary depending on the particular kind of inequality or redistribution that people have in mind" (Orton and Rowlingson 2007: 40). A feasible way to do so would be qualitative inequality research as many of the contributions in the present book illustrate (see e.g. the contributions of Garba, Janz and Haanstad and Thianthai in this volume).

## 4.3   Global Social Structure: Inequalities on the International Level

The impact of globalization on poverty is difficult to assess (e.g. Kaplinsky 2005). However, it is a fact that the world's wealth is concentrated in the 'industrialized' (also called 'developed') countries, while the 'developing' countries face widespread poverty, overpopulation, inadequate educational and health-care systems and crippling foreign debt (Giddens 2001: 69; for a detailed summary see the UNDP Reports and Milanovic 2005). The disparity between the developed and developing countries has widened steadily in the twentieth century and accounts for the widest gap between rich and poor ever reported (Giddens 2001: 69). Global inequalities in income increased in the twentieth century. The distance between the incomes of the richest and poorest country was about 3 to 1 in 1820, 35 to 1 in 1950, 44 to 1 in 1973 and 72 to 1 in 1992 (UNDP 2000: 6). Moreover, by the late 1990s the richest fifth of the world population had 86 % of the global GDP, 82 % of the world export (UNDP 1999: 2). In 2005 they accounted for 77 % of total private consumption (World Bank Development Indicators 2008). In comparative terms, the average income of the richest 10 % countries was 122 times as high as the average incomes of the poorest 10 % of the world (Kelly and Prokhovnik 2000). In absolute terms the global inequality is displayed best by the World Bank distinction of income categories. Table 1 shows the income thresholds for each category in 2000.

**Table 1** Income differentials worldwide

| Country | Income level per capita |
|---|---|
| Low-income countries | $755 or less |
| Lower middle-income countries | $756–2.995 |
| Upper middle-income countries | $2.996–9.255 |
| High-income countries | Over $9.255 |

Source: Own Compilation; Data taken from Dicken (2003: 553)

### 4.3.1 Global Poverty

Here the question in dispute is whether globalization is responsible for a rise in poverty or not. Empirical data shows that globalization has different effects on different socioeconomic groups, for example patterns of unequal transnationalism (e.g. Mau 2010; Blossfeld et al. 2005, 2006). Again the distinction between inequality within countries on the local/regional level and poverty between countries on the global level is acknowledged. As pointed out earlier, the gap between the rich and the poor is widening on both the global and the local level. However, this does not necessarily mean that the poor are constantly becoming poorer. In their influential paper "Growth is Good for the Poor" David Dollar and Aart Kraay for example argue that people worldwide profit from globalization (understood as economic liberalization and free trade). Providing empirical evidence that average income of the poorest fifth of society rise proportionately with average income they document this effect in a sample of 92 countries in the past four decades, and show that their argument holds across regions, time periods, income levels, and growth rates (Dollar and Kraay 2002; see also Dollar et al. 2013). According to Dollar, Kleineberg, Kraay absolute poverty has fallen sharply in the developing world over the past three decades:

> In 1980, 52 percent of the world's population lived below the World Bank's $1.25/day poverty line. By 1990, the incidence poverty had fallen to 42 percent and to 21 percent in 2010. Much of this reduction has been due to rapid growth in large and initially poor developing countries such as China and India. But in all regions of the world, rapid growth has been systematically associated with sharp declines in absolute poverty. (Dollar et al. 2013: 2)

Data provided by the World Commission confirm these findings and show that the number of people living in absolute poverty worldwide has declined significantly from 1.237 million in 1990 to 1.1 million in the year 2000. Again, most of this improvement is accounted for by the changes in just two countries, China and India, where 38 % of the world's population live. In China alone the number of people living in poverty declined from 361 to 204 million. Elsewhere, in Sub-Saharan Africa, Europe and Central Asia, and Latin America and the Caribbean, poverty has increased by 82, 14, and 8 million, respectively (see Fig. 6; for further information see also Hirst et al. 2009: 148–152). However, regional and country-specific factors unrelated to globalization were also key factors in these differences in poverty reduction (World Commission 2004: 44). Recently, the United Nations Development Programm summarized the global development in a very similar way:

> Over the past decades, countries across the world have been converging towards higher levels of human development, as shown by the Human Development Index (HDI), a composite measure of indicators along three dimensions: life expectancy, educational attainment and command over the resources needed for a decent living. All groups and regions have seen notable improvement in all HDI components, with faster progress in low and medium HDI countries. On this basis, the world is becoming less unequal. Nevertheless, national averages hide large variations in human experience. Wide disparities remain
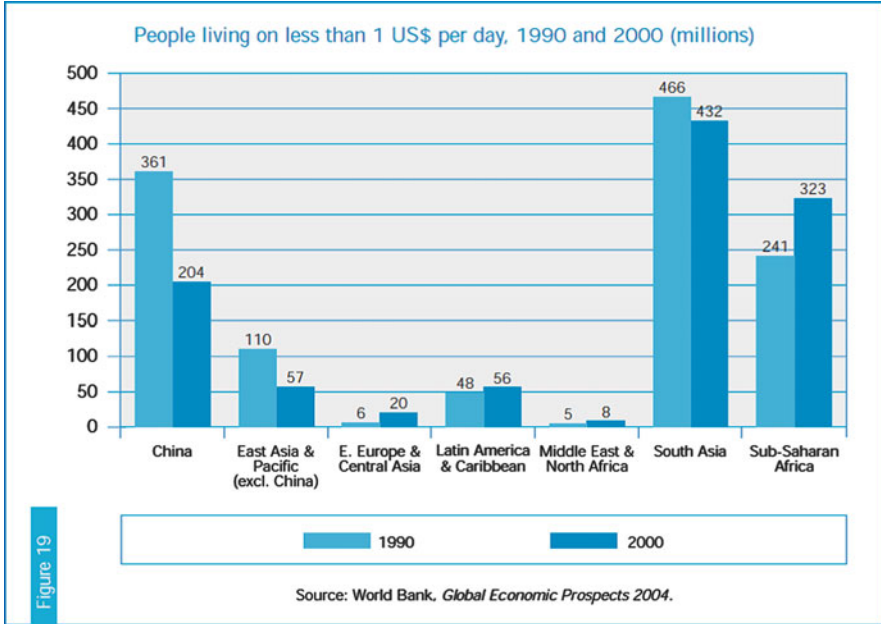
**Fig. 6** Absolute poverty, 1990 and 2000 (Source: Table taken from World Commission 2004: 45, Fig. 19)

> within countries of both the North and the South, and income inequality within and between many countries has been rising. (UNDP 2013: 1)

These developments in global poverty must be interpreted carefully. While there is a reduction of world poverty in the aggregate there is little consolidation to those which are not considered as emerging powers.

### 4.3.2 Income Inequality in International Comparison

Kaplinsky has pointed out that it is not clear if inequality between nations, inequality within nations or inequality between the global population are the relevant criteria for measuring global inequality (Kaplinsky 2005: 27–51). We have already discussed that there are growing inequalities within nations all around the world and that the inequality among the world population is unchanged (see also Kaplinsky 2005: 47). However, empirical data suggests a rise of inequality between nations since World War II (Milanovic 2003, 2005; for an empirical survey on the growth of inequality worldwide over the long run of industrial capitalist development since 1820 see Bourguignon and Morrisson 2002). The aggregated Gini coefficient between nations, for example, was 0.43 in 1950, 0.45 in 1980, 0.49 in 1990 and 0.54 in 1999 (Kaplinsky 2005: 45). Figure 7 displays the Gini coefficient of 144 countries between 1950 and 1998 comparing the per capita incomes between
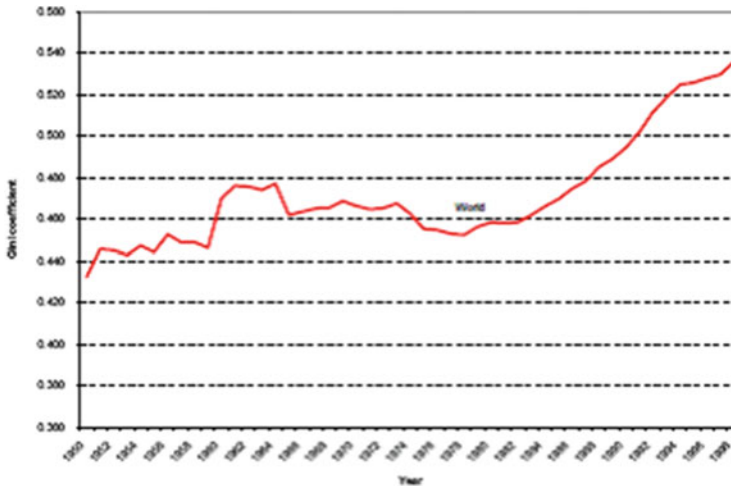
**Fig. 7** Gini coefficient of global inter-country income distribution (not weighted by population size), 1950–1998 (Source: Taken from Milanovic 2003: 675)

countries. The figure illustrates that after a phase of considerable stability between 1950 and 1980 global inter-country income inequality has increased significantly in the last two decades of the twentieth century.

Milanovic (2007: 8–10) summarized the indicators of global inequality in Gini points according to various authors finding a general agreement about the size of global inequality. All Gini values for the 1990s – with the exception of the two extremes 61 (by Sala-i-Martin 2002) and 71 (by Dowrick and Akmal 2005) – lie within a relatively narrow range between 64 and 66 points (Milanovic 2007: 9). To illustrate the inequality between nations Table 2 displays the recent Gini coefficient for selected countries.[4]

What do these data tell us? Milanovic has pointed out that a Gini inequality between 63 and 66 is larger than the inequality found in any single country including South Africa and Brazil, two of the most unequal countries in the world (Milanovic 2007: 10). And Stiglitz (2012: 54) highlights that societies with low disparities have Gini coefficients of 0.3 or lower (like Japan, Norway, Germany) while societies with high disparities have Gini coefficients of 0.5 or higher (like South Africa, Brazil).

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[4] The Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality (World Bank 2014).

**Table 2** Distribution of income[a]

| Country | Gini coefficient |
|---|---|
| Argentina | 0.44 (2010) |
| Bangladesh | 0.32 (2010) |
| Brazil | 0.54 (2009) |
| China | 0.42 (2009) |
| France | 0.33 (1993) |
| Germany | 0.28 (2000) |
| India | 0.34 (2010) |
| Indonesia | 0.38 (2011) |
| Japan | 0.25 (1993) |
| Niger | 0.35 (2008) |
| Norway | 0.26 (2000) |
| Russian Federation | 0.40 (2009) |
| South Africa | 0.63 (2009) |
| Thailand | 0.39 (2010) |
| United States of America | 0.41 (2000) |

Own Compilation; Source: World Bank via data.worldbank.org/indicator/SI.POV.GINI (It must be pointed out that the UN Human Development Indicators Database are grossly incomplete and differ from national statistics (cf. Stiglitz 2012: 401, Fn. 98). For example, the Gini coefficient for the United States measured by the US Bureau of Statistics is 46.2 % in 2000)

[a]Our selection intends to illustrate the differences between the world regions. Accordingly, we choose to provide data for a number of core states from the Global North, the Emerging Powers, and some of the less developed states in the Global South. Additionally, we concentrated on countries which have been discussed in other chapters of this volume

However, the Gini coefficient does not give a precise picture of global inequality. It is rather more sensible to consider how wealth is distributed among different fractiles of the distribution. For example, the top 5 % of individuals in the world receive about one third of total world (PPP-valued) income and the top 10 % get one-half. Diagonally opposite the bottom 5 % and 10 % only receive 0.2 % and 0.7 % of total world income. The ratio between the average income received by the richest 5 % and the poorest 5 % of world citizens is 165:1 (Milanovic 2007: 11; see also 2005).

It must be highlighted that 70 % of global inequality is "explained" by differences in countries' mean incomes: global inequality is mainly due to income differences *between* nations. While in 1870 the average GDI per capita of the ten richest countries was six times greater than the average GDI per capita of the ten poorest countries the ratio was 42 to 1 in 2002 (Milanovic 2007: 11).

Going back to our analytical 3 × 3 matrix of the global social structure introduced above it must also be acknowledged that overlaps between countries' distributions are empirically observed, i.e. some people from a poor country being better off than some people from a rich country (Milanovic 2007: 11). For example,

the poorest 5 per cent of Frenchman have a mean income which places them in the 72nd percentile of the world income distribution; the richest 5 per cent have incomes which place them in the top percentile of the world. Hence, French incomes distributions span the range between the 72nd and 100th percentiles of the world. Consider now rural Indonesia at the bottom of the figure. Here, the range is from the 4th percentile to the 56th percentile in the world. The two distributions (France and Indonesia) do not overlap at all. But this is not the case if we compare Brazil and France: more than a third of all Brazilians are richer than the poorest 5 per cent of the French. (Milanovic 2007: 11)

### 4.3.3   Unequal Participation in Social Life

As pointed out before, the one-sided orientation on economic factors as elaborated in Sects. 4.2, 4.3, 4.3.1 and 4.3.2 has been criticized prominently by Amartya Sen (1973, 1984, 1999, 2006) resulting in the development of the Human Development Index (see for details Grusky and Kanbur 2006): "The first Human Development Report in 1990 introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index, the HDI. The breakthrough for the HDI was the creation of a single statistic which was to serve as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1" (UNDP Homepage 2014).

In a nutshell, Sen finds that the relative decline of absolute poverty came along with an increase in inequality on an international level (Sen 2006: 32). Analyses of this issue often concentrated on the analysis of income distribution and the Gini index as described in the section above. He highlights the fact that income – or lack of it in the form of poverty – is a mean itself towards what he calls *Development as Freedom* (Sen 1999): "There are good reasons for seeing poverty as a deprivation of basic capabilities, rather than merely as low income. Deprivation of elementary capabilities can be reflected in premature mortality, significant undernourishment (especially of children), persistent morbidity, widespread illiteracy and other failures" (Sen 1999: 20).

This section looks briefly beyond economic variables to illustrate how globalization has affected people's lives. Table 3 displays various aspects of development indicators such as life expectancy, water supply, urbanization, literacy, and others.

The disenfranchisement of the poor can be illustrated in many respects. First of all, the empirical data on migration give good evidence for the Bauman argument that the economic benefits of globalization are uneven distributed among social groups. In many countries unskilled workers have been negatively affected by trade liberalization (developing countries) and relocation of production (developed countries). Meanwhile also skilled and professional workers are negatively affected if we think about the outsourcing of software development, increasing trade in professional services and brain drain from developing countries (World Commission 2004: 45–46). In general, we have to acknowledge that only those people benefit from the globalization process that are directly connected with successful

**Table 3** World development indicators

| Country | HDI ranks 2012 | Life expectancy at birth (2014 est.)[a] | Gross domestic product per capita (PPP)[a] | Share of internet users in the total population 2009[a] | Improved water source[a] | Literacy[a] | Urban population | School live expectancy in years | HDI Gender inequality index value [b] |
|---|---|---|---|---|---|---|---|---|---|
| Norway | 1 | 81.6 | $55.400 | 86.1 % | 100 % | 100 % (2011) | 79 % | 18 | 0.065 |
| USA | 3 | 79.6 | $52.800 | 76.8 % | 98.8 % | 99 % (2003) | 82 % | 17 | 0.265 |
| Germany | 5 | 80.4 | $39.500 | 80.4 % | 100 % | 99 % (2003) | 74 % | 16 | 0.075 |
| Japan | 10 | 84.5 | $37.100 | 78 % | 100 % | 99 % (2002) | 91.3 % | 15 | 0.131 |
| France | 20 | 81.7 | $35.700 | 72.1 % | 100 % | 99 % (2003) | 85 % | 16 | 0.083 |
| Argentina | 45 | 77.5 | $18.600 | 31.8 % | 99.2 % | 97.9 % (2011) | 92 % | 17 | 0.38 |
| Russian Federation | 55 | 70.2 | $18.100 | 28.7 % | 97.0 % | 99.7 % (2010) | 73.8 % | 14 | 0.312 |
| Brazil | 85 | 73.3 | $12.100 | 37.5 % | 97.2 % | 90.4 % (2010) | 87 % | – | 0.447 |
| China | 101 | 75.2 | $9.800 | 28.7 % | 91.7 % | 95 % (2010) | 50.6 % | 13 | 0.213 |
| Thailand | 103 | 74.2 | $9.900 | 25.8 % | 95.8 % | 93.5 % (2005) | 34.1 % | 13 | 0.36 |
| South Africa | 121 | 49.6 | $11.500 | 9.1 % | 91.5 % | 93 % (2011) | 62 % | – | 0.462 |
| Indonesia | 121 | 72.2 | $5.200 | 7.9 % | 84.3 % | 92.8 % (2011) | 50.7 % | 13 | 0.494 |

(continued)

**Table 3** (continued)

| Country | HDI ranks 2012 | Life expectancy at birth (2014 est.)[a] | Gross domestic product per capita (PPP)[a] | Share of internet users in the total population 2009[a] | Improved water source[a] | Literacy[a] | Urban population | School live expectancy in years | HDI Gender inequality index value[b] |
|---|---|---|---|---|---|---|---|---|---|
| India | 136 | 67.8 | $4.000 | 5.0 % | 91.6 % | 62.8 % (2006) | 31.3 % | 12 | 0.61 |
| Bangladesh | 146 | 70.7 | $2.100 | 0.4 % | 83.2 % | 57.7 % (2011) | 28.4 % | 10 | 0.518 |
| Niger | 186 | 54.7 | $800 | 0.7 % | 50.3 % | 28.7 % (2005) | 17.8 % | 5 | 0.707 |

Own compilation following Giddens (2001: 54)

[a]Source: CIA World Factbook via https://www.cia.gov/library/publications/the-world-factbook

[b]Source: UNDP via https://data.undp.org/dataset/Table-4-Gender-Inequality-Index/pq34-nwq7

multinational enterprises like shareholders, managers, white collar workers or sub-contractors (World Commission 2004: 46): "More generally, those endowed with capital and other assets, entrepreneurial ability and education and skills that are in increasing demand have all benefited" (World Commission 2004: 46). Consequently, those who lost out due to globalization have been the poor, the assetless, illiterate and unskilled workers and indigenous peoples. One important reason is that globalization and the liberalization of trade has increased labor market flexibility and thus weakened labor protection and working standards; especially in labor-intensive industries worldwide (World Commission 2004: 46). Recently, Thomas Piketty (2014) published a comprehensive analysis of the long term distribution of income and wealth for 20 countries. He found that in the long run, the return on capital is higher than the growth rate of the economy. Thus, accumulated and inherited wealth becomes a larger fraction of economic wealth over time, meaning that assetless people must be seen as the losers of capitalism.

Second, inequality can be described in the availability of education. Figure 8 shows the declines in expenditure on education in several regions in the world in the late 1990s in relation to their GDP.

"Such expenditures, used efficiently, are vital for poverty reduction and for enhancing the capabilities of people to benefit from globalization. Education, for example, is a key element in a global economy where education, skills and knowledge are increasingly important for economic survival, let alone success" (World Commission 2004: 47). As Fig. 8 demonstrates, the level of investment in education still is insufficient. For instance, from the 680 million children of primary school age in developing countries, 115 million are not in school yet. At the same time the same is true for developed countries where unequal education opportunities are observed regularly (see e.g. the report on the declining equity of higher education for the United States by Astin and Osequera 2004 and the data from the Economic Mobility Project).

A third example is that gender imbalances still exist (World Bank 2011). Even thought an improvement in the economic and social status of women can be observed due to the inclusion into the global labor market and the resultant increase in incomes and economic independence (World Commission 2004: 48) in many developing countries the already existing gender inequalities have yet resulted in a development that the social cost of globalization has fallen disproportionately away from women (World Commission 2004: 47). Empirical evidence shows the negative effects of globalization for women, both absolutely and in relation to men (World Bank 2011).[5]

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[5] Data provided by the world commission show that trade liberalization that has allowed the import of subsidized agricultural products and consumer goods had a negative effect on the lifelihoods of women producers. A similar effect results from increased entry of foreign firms. The negative impact is increased because at the same time women producers face more entry barriers into new economic activities: "The extent of the handicaps faced by women producers is seen in the fact that women own less than 2 per cent of land worldwide and receive less than 10 per cent of credit" (World Commission 2004: 48).
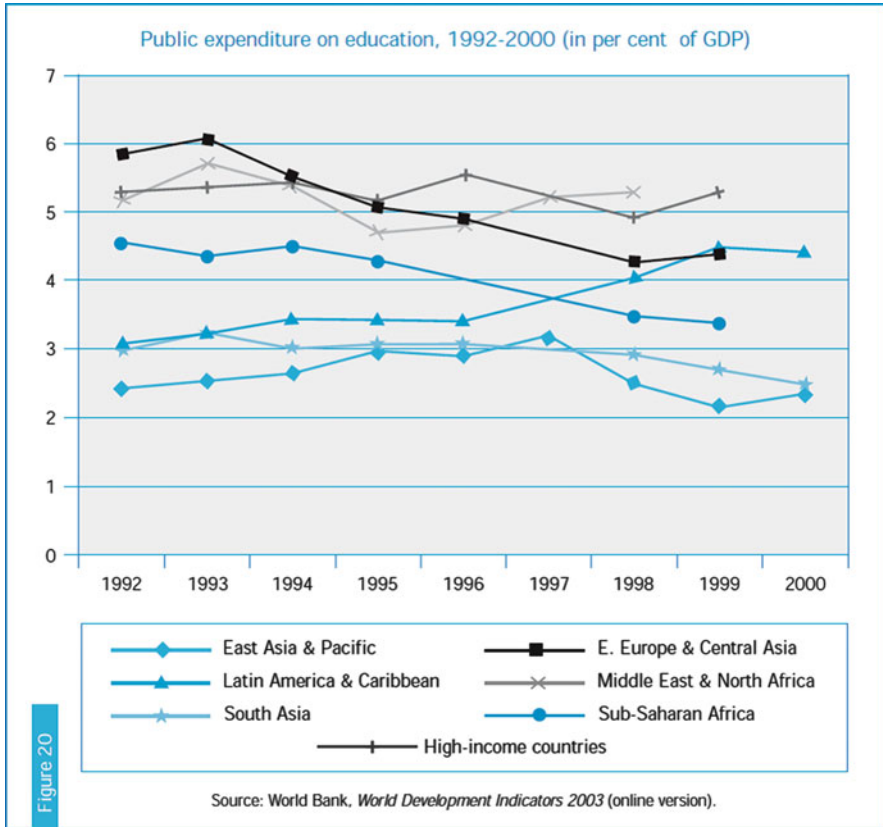
**Fig. 8** Public expenditure on education (Source: Table taken from World Commission 2004: 47, Fig. 20)

Forth, it is important to highlight that the issue of global inequality is closely connected with the processes of migration. While the inequality dimension of gender found its way to the empirical studies and theoretical approaches (see Sassen 1998; Nussbaum 2000), the dimension of migration and its effect on the globalization of inequality is hardly reflected in the discourse.

Admittedly, it has been widely observed that migrating from a poor to a rich country is a more suitable strategy to increase the social position of citizens than any investment into peoples' human capital within a developing country (e.g. Korzeniewicz and Moran 2009). Consequently, citizenship must be considered as a mechanism of social closure by distinguishing citizens from foreigners (Brubaker 1992) which naturalizes global inequality. Subsequently, Ayelet Shachar argues that birthright citizenship in a prosperous society must be understood as a form of property inheritance. That is as a valuable legal entitlement to a privileged group maintaining this prerogative to their heirs (Shachar 2009).

However, most of the studies and theoretical models on migration are focused on one nation or world region (e.g. for Germany: Weiß 2005; for the US Massey and Denton 1993; Anderson and Massey 2001; Massey 2008; for Latin America Garza and Pries 1997; Pries 2001; for a comparison of different regions see Massey et al. 1998). Analyzed from a certain local perspective the demographic and economic significance of migration can be highlighted with a micro-level scope (Portes 1999). Hence the research focus of those kinds of studies is on the impacts and influences of migration to the social structure of a nation state but hardly on the global dimension of inequality.

Without any doubt, in the age of globalization migration has an immense influence on the macro-level as it became a crucial element of the world economy (Massey et al. 1998). From such a perspective, the labor market became globalized and is "part of neoliberal globalization" (Castles 2011: 312) that contributes to the functioning of a system of global capitalism. In his analysis on the global impacts of migration Castles confirms Bauman's hypothesis about globalized rich and localized poor:

> The international mobilization of workers and their differentiation to match them to various types of job are crucial aspects of the global economic order. The neoliberal dream is dualistic: a cosmopolitan, mobile world for elites; a world of barriers, exploitation, and security controls for the rest. (Castles 2011: 312)

Two phases of global migration can be differentiated: In the first phase after World War II, until the 1970s, migrant workers were needed for the expansion of the core industries and the mass production in large factories in the states of the Global North. So nearly all states of the Global North actively invited guest workers from less developed areas (e.g. migrants from former colonies came to the UK, Netherlands and France, guest workers from Southern Europe and Turkey came to Germany, Mexican workers immigrated in the USA).

In the era of increasing globalization and tertiarization, after the end of the Cold War in the 1990s, however, the situation has become more complex. Immigration to the Global North became twofold as the politics in those states become significantly more selective. Following the needs of their labor markets the governments try to facilitate the immigration of highly skilled migrants on the one hand and try to exclude lower-skilled workers from Africa, Asia, and Latin America on the other hand.

Today and in contrast to the first phase of global migration after World War II, the production of goods does not take place in the Global North but is outsourced to regions of the Global South: "The transnational division of labor sinks productions costs by setting different forms or stages of production in the places where they can be done most cheaply" (Castles 2011: 314). Consequently, the demand for lower-skilled or unskilled workers in the countries of the Global North decreased and those migrants are kept away from the territories as they are not needed for the production processes any longer. In the globalized era the production processes and supply-chains are near-complete moved to low-wage economies in the Global South while the commodities are imported and consumed in the Global North.

**Conclusion: The Interconnectedness of Inequality Dimensions**

This chapter has given an introduction to the issue of global inequality from a theoretical and an empirical perspective. In the second section we described the three theoretical main lines of sociological thinking influencing the three interpretations of the globalization debate on social differentiation. As we have shown in the subsequent third section, the individualization theory applied to globalization discourse (Sect. 3.2) marginalizes the dimension of inequality because this approach focuses on the hybridization of lifestyles and diversification of identities. Similarly system theory approaches applied to globalization debate (Sect. 3.3) mainly focus on the description of a world society and its functional differentiation of the subsystems. Therefore it interprets social differentiation as functional differentiation and not as a form of exclusion from social participation or social inequality. Thus, an adequate theoretical approach to the global dimension of inequality can only be found in the succession theories of the classical inequality theories of modern society (Sect. 3.1).

However, while the classical theoretical models on the global dimension of inequality are primary based on economic differences between groups of people (e.g. class differences) and/or nation states (e.g. Global North vs. Global South), the empirical results give rise to the necessity to include a number of cultural and/or social based factors to the analysis of global inequality. Although economic differences must be considered as the main reason for unequal chances and living conditions worldwide, global migration processes from the developing countries to developed countries as well as the dimensions of gender, race, ethnicity, age or sexual orientation must be considered for an appropriate analysis on global inequality as well (cf. Sect. 4.2).

Indeed, while statistics only reveal the existence of unequal living conditions related to the multiple dimensions of inequality they fail in unraveling the interconnectedness of those overlapping dimensions of inequality. Thus, to accomplish an adequate analysis of global inequality it is not sufficient to highlight the connection between theoretical models and empirical data. Rather, an intersectional approach to the analysis of the global dimensions of inequality has to be considered.

Starting with the claim that the basis of each inequality concept must be the observation of social realities a theory of global inequality must acknowledge that inequality is too manifold and complex to reduce it to the analysis of class inequality. Rather, the complexity of domination and submission in the different social realities and cultural frameworks worldwide resting on various factors that are not only periphrases of class structures must be integrated to the analysis (Davis 2008; Walby 2009). Depending on the local and national contexts different factors like class, race, and gender induce locally

different forms of social inequality. Hence the consideration of national, regional and cultural circumstances are of significant importance for the analysis of inequality because they refer to the fact that oppressive dimensions are intertwined in a different way depending on the regional context.

Although the dimension of class and the status of a society within the global division of labor and power are the most essential factors for the analysis of the global dimension of inequality, the local context of a social structure must not be underestimated. Consequently, the position within the global distribution of resources and power are essential factors and the theoretical concept of intersectionality delivers the tools to analyze the locally different expressions of inequality structures. Hence in an adequate analysis of inequality the local forms of inequality within any national society have to be embedded in and linked to the global dimensions and macro structures of inequality.

A closer look on empirical data on global inequality has widely confirmed Wallerstein's theoretical findings. In fact, globalization has been marked by a growing divergence between the richest and poorest countries of the world. Wealth, income, resources and consumption are concentrated within the developed societies in the Global North, while developing countries in the Global South struggle with poverty, malnutrition, diseases and foreign debt. Additionally, the statistics on global inequalities reveal a semi-periphery. Today, the role between the core states in the North and the developing countries in the Global South is filled out by the Emerging Powers. Countries such as Brazil, Russia, India, China and South Africa have already advanced halfway to a sphere in between the wealthy Global North and the developing countries in the Global South.

Moreover, the reasons for inequality are manifold. Be as it may, it is worthwhile mentioning that recent research interest has again focused on the relationship between politics and inequality (e.g. Ferguson 1995; Bartels 2008; Hacker and Pierson 2010; Stiglitz 2012). They present evidence that wealth plays a crucial role in defining political outcomes. In other words, that global inequality is not the result of foreign trade and financial globalization, technological changes in the workplace, increased education at the top but rather the outcome of rent-seeking politics and lobbying of people with accumulated capital influencing political outcomes. This also explains the most recent finding of Thomas Piketty (2014) that the capital accumulation always outperform labor incomes and that therefore an increase of inequality worldwide can be observed.

The World Commission has argued that the distinction between aggregate macro data and personal experience on the micro level is the major reason for the different perceptions of the social impact of globalization:

> Personal experience (or direct observations) of job or income loss by particular social groups or localities largely colors perceptions, regardless of what the overall picture may be. As a result, at least part of the heated debate over the social impact rests on such differences in perceptions and in the way aggregate social indicators are interpreted. (World Commission 2004: 45)

We deeply disagree that such a position can be adequate for considering the issue of global inequality. As the papers in this volume show, people always value social development subjectively from their individual socio-economic perspective. Thus if globalization creates inequality and negative effects on the local level, it cannot be fair on the global level. Consequently, the underlying mechanisms and dynamics of unequal distribution through globalization processes must be further analyzed.

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# Part II
# Dynamics of Global Exclusion

# Globalization After the Great Contraction: The Emergence of Zones of Exclusion

**Seth Schindler**

**Abstract** Prior to the onset of the Great Contraction in 2008, globalization was understood as a process of global economic integration and the expansion of global capitalism. In response to the neoliberal mantra that there was no alternative to free-market orthodoxy, many social movements maintained that another world was possible. These debates have lost their relevance as the Great Contraction has exposed the weaknesses of global capitalism – no longer can it be understood as a hegemonic totality encircling the globe. Rather than unlimited expansion and intensification, global capitalism is retreating and places and people that lack a productive function are rendered redundant and excluded from global commodity chains. Globalization must now be thought of as the expansion of non-capitalist 'zones of exclusion' and its coexistence with intensely capitalist 'zones of exception.' I examine the political economy that has emerged in one such place, Flint, Michigan. I draw on recent scholarship on de-growth, and suggest that rather than reconnecting with the global economy at all costs, policy makers in Flint should work to make viable and institutionalize its emergent non-capitalist relations of production.

## 1   Introduction

This article engages with recent scholarly literature on globalization in the context of the 2008 financial crisis. I trace the emergence of neoliberalism as a response to the prolonged economic crisis in industrialized countries in the 1970s, to its hegemony in the post-Cold War era when places that had hitherto remained outside of global capitalism were connected to global production networks. I demonstrate that at the height of its dominance, neoliberalism's hegemony went largely unquestioned even by its opponents. While progressives insisted that another world is possible, they often implicitly reified neoliberal global capitalism as a

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single monolithic totality. The 2008 financial crisis was a turning point because it deeply shook the ideological consensus around neoliberalism, and as circuits of capital recoiled some places were excluded from global production networks.

I argue that the emergence of these *zones of exclusion* demonstrates that although 'another world is possible', there is no reason to celebrate them as inherently emancipatory. Exclusion has often resulted in economic hardship and amounts to a "forced de-growth" (Martinez-Alier et al. 2010) as production is severely curtailed, residents struggle to sell their labor for a wage, and housing prices plummet. I introduce Flint, Michigan, USA, as a zone of exclusion, and I explore the impact that its exclusion from global production networks has had on its local economy. In particular, I focus on how municipal authorities and local residents have responded to economic hardship and urban decline by fostering a political economy of land based on use rather than ownership. I argue that in order for this alternative to provide the material basis for social reproduction, however, it must be institutionalized. This means that policy makers must abandon the goal of reconnecting with production networks at any cost.

The paper proceeds as follows: In the next section I review literature on globalization prior to the 2008 financial crisis. In the third section I argue that the financial crisis has resulted in the exclusion of non-productive territories from the global economy. Fourth, I introduce field research from one *zone of exclusion*, Flint, Michigan, and I examine the local political economy that has emerged as a result. In the final section I explore the extent to which zones of exclusion provide the political opportunity to institutionalize an alternative to neoliberal capitalism.

## 2   Globalization *qua* Neoliberalism

Although the term 'globalization' is firmly entrenched in our lexicon its meaning is often ambiguous. Peter Dicken (2004; see Yeung 2002) reminds us that 'globalization' is not an ontological entity. Instead, he argues that it is a series of processes – social, political, cultural and economic – all of which increase interconnectedness on a global scale. While there are many definitions of globalization, increased interconnectedness is a feature that most of them share (cf. Robertson 1992; Castells 1996; Ritzer 1998; Pieterse 2009). Scholarly literature on globalization proliferated in the 1990s, and its focus was the integration of markets into a single worldwide capitalist system and the concomitant effects that resulted at local, national and global scales. Indeed, many states that had hitherto remained relatively isolated from global financial markets and trade opened their borders and sought to attract foreign direct investment as the capitalist system expanded dramatically in the first decade after the collapse of the USSR. Economic integration was driven by an infallible faith in the virtues of free markets and unhindered trade (Harvey 2005; Klein 2008). This ideology enshrined a particular version of capitalism that was in favor at the time in the North Atlantic, which was based on free-market orthodoxy, the free flow of goods and capital, and fiscal austerity (see e.g. Williamson 1990;

Wade 2009). These policies are known collectively as *neoliberalism*, and they informed the actual frameworks of multilateral integration and global governance through organizations such as the World Trade Organization, World Bank and International Monetary Fund (Harvey 2005).

Neoliberal ideology was bolstered by a compelling spatio-temporal imaginary in which universal economic prosperity is achieved through a timeless liberal-democratic system of governance. Francis Fukuyama (1992) confidently announced that the 'end of history' had been achieved. By this he meant that the ideology of liberal-democratic governance had established such a strong position vis-à-vis competing systems of governance it was never to be seriously challenged. Thomas Friedman's (2005) provided the spatial corollary to Fukuyama's temporal understanding of globalization. His version of a 'flat' world offered a powerful spatial description that portrayed the world as a vast canvas whose various regions are interconnected, and there is little resistance to the flow of people, goods and ideas. The liberal credo of equality and the Ricardian notion of comparative advantage were the scaffolding upon which this vision was constructed: while all regions cannot participate in globalization in the *same* way, they can all participate in *some* way (Friedman 1999, 2005). For example, India has engineers, the United States has the dynamic locations like Silicon Valley and Cambridge where twenty-first century technological advancements are made, Germany designs the machines that make machines, China supplies the laborers and the whole system runs on oil from the Persian Gulf. This frictionless narrative is seductive because it portrays the world as a borderless merit-based labor market in which any country's urban middle class can participate by simply adopting certain economic policies.

The Fukuyama-Friedman spatio-temporal imaginary 'froze' the world in the supposed frictionless and prosperous 1990s, and informed the way that many people imagined globalization. These assumptions were inspired by post-Cold War euphoria, and were informed by a selective understanding of contemporary events and politics of the 1990s. Indeed, there was not a serious ideological challenge to neoliberal capitalism, and if the world was not flat as Friedman proclaimed it was increasingly interconnected. Thus, while it may have been premature to announce that end of history was this flat world, this rendering of contemporary events did not seem like utter fantasy.

This spatio-temporal imaginary of globalization signaled a return to normalcy on a global scale after the tumultuous collapse of the USSR. The global order was immutable, and the power that this elimination of unpredictability lent this under-standing of globalization cannot be understated. The meteoric rise to power of the United States during the interwar years of the twentieth century would never be repeated by any nation, but neither would the inexplicable decline of Argentina. This was comforting to the countries and regions well-prepared for the demands of the twenty-first century because it ensured limitless prosperity without the prospect of a sudden change of fortune. And impoverished countries where large segments of the population still suffered from curable diseases could take heart that although their economic fortunes may not change, their social ones would, because Jeffrey Sachs (2005) had outlined a blueprint to end poverty with such a negligible transfer

of resources from developed countries that their citizens' lifestyles would be unaffected. In short, this plan concentrates on improving human development (e.g. education and health), but it is silent on the causes of persistent inequality and poverty.

The idea of a stable economic order offered by globalization was particularly comforting to policy makers and firms in the advanced industrialized societies that had weathered an extended economic crisis since the 1970s. The Keynesian systems that had guided macroeconomic policy and development since the end of the Second World War appeared helpless in the face of the crisis (Bluestone and Harrison 1982). In short, a series of exogenous shocks (i.e. oil crises and social upheavals) in the economy led to a falling rate of profit in the centers of industrial production. According to Bluestone and Harrison (1982: 141), "in the United States…the result was slower growth, soaring prices, more frequent recessions followed by 'flatter' recoveries, and an increasingly impotent central government." Policy makers sought to restart the Keynesian regime of accumulation but their efforts were ad hoc and proved ineffective, and private sector actors began experimenting with ways to compete in this environment (Piore and Sabel 1984). What began as experiments in management and production, such as the development of Toyota's so-called 'lean production' (see Womack et al. 1990), ultimately coalesced into a *regime of accumulation* (Lipietz 1986) known as 'flexible specialization' (see Piore and Sabel 1984; Schoenberger 1988).

Flexible specialization emerged from the ruins of the post-War economic system and exhibited a distinctive new geography on a global scale. In addition to seeking access to new markets in developing countries, firms began to relocate production from the industrial heartlands of the advanced industrial societies to emerging markets where the cost of labor was much cheaper. This shifting geography of production was referred to by Frobel et al. (1980) as the "new international division of labor," and they posited that the advanced industrial countries would transition to service-based economies geared toward organizing the vast amounts of data required by international production processes. Manuel Castells (1996: 18) argued that the introduction of information and communications technology to production processes not only enabled the creation of truly global production networks, but information itself became commodified and its production took on preeminent importance.

While private sector actors embraced the new international division of labor and flexible production methods based on the incorporation of new communication technologies into global production processes, governments had to pro-actively ensure the regulatory conditions for this new mode of accumulation and this required seemingly divergent tendencies. On the one hand, national governments were forced to cede some agency and regulatory power to supra-national governing bodies such as the World Trade Organization. On the other hand, they had to undemocratically implement politically unpopular policies such as fiscal austerity, the privatization of hitherto state-owned enterprises and retrench organized labor. According to Harvey (1990: 168) the "image of strong governments administering powerful doses of unpalatable medicine to restore the health of ailing economies

became widespread." In perhaps the most famous example Margaret Thatcher famously remarked that "there is no alternative" to neoliberalism (Harvey 2005).

The spatio-temporal imaginary of a flat and timeless neoliberal world order was so powerful that even its detractors – i.e. progressive scholars – were convinced of its omnipotence. Chakravorty (2003) makes an important distinction between the ideology of neoliberal globalization and the actual integration of markets at the global scale, and many progressive scholars inadvertently contributed to the hegemony of the former by conflating it with the latter. At the turn of the century Hardt and Negri (2000) proclaimed that the expansionary tendency of capitalism had finally resulted in its global triumph and omnipresence. David Harvey (2003) shifted scholarly attention from the shopfloor in the global North, to the frontiers of capitalist expansion in the global South. He argued that peoples and places that had hitherto been relatively isolated from the global economy were incorporated into production networks through violent processes he called "accumulation by dispossession," and scholarship that focused on the frontier of neoliberal capitalist expansion proliferated.

Scholars who sought to study the actual material integration of the global economy focused on the global production networks (GPNs) of large multinational firms (Dicken et al. 2001; Bridge 2008). This scholarship drew on *world system theory*, and showed how complex economic processes were organized and extended across various 'types' of space (see Bair 2008). These scholars showed how the most advanced production networks exhibit a truly global spatial division of labor, whose interconnectedness extends from points of resource extraction, through product design and production, to retail outlets. The study of GPNs demonstrated how the balance of power in the global economy favored private capital rather than local producers; while scholars identified multiple ways for places to connect to production networks (Murphy and Schindler 2011), the fact remained that regional development was considered contingent on how locales "strategically coupled" with GPNs (Coe et al. 2004, 2008).

Throughout this period activists and scholars met annually at the World Social Forum and affirmed that 'Another World is Possible,' and the actual sites where global integration was negotiated, such as the World Trade Organization meeting in Seattle in 1999, witnessed intense demonstrations (see Pleyers 2010). There was little consensus on how this alternative world would be organized, however, and one gets the feeling that many people who insisted that another world was possible were convinced of the omnipotence of neoliberalism. For example, the Chiapas-based Zapatistas became a *cause célèbre* as an actually existing alternative to neoliberal globalization, but the fact that scholars and activists pinned so much hope on masked horsemen in the jungles of the Yucatan Peninsula demonstrates how desperate the Left was to find an alternative to neoliberalism. Indeed, the media-savvy Zapatistas offered heroic local resistance to free trade policies that would undoubtedly disrupt their ways of life, but it was nevertheless a peripheral movement whose effects on global capitalism – or what Hardt and Negri (2000) call *Empire* – were inconsequential.

# 3   Cracks in the Façade of Global Capitalism

In this section I will argue that the debates surrounding the possibility of another world became redundant after the 2008 financial crisis because alternatives emerged endogenously, from within the core of the global economy, as places that were hitherto centers of industrial production were disconnected from production networks. Activists no longer confronted a totalizing and ever-expanding global capitalism, but rather, alternatives began to manifest from places that were previously centers of production.

In hindsight it is clear that neoliberal capitalism was never as pervasive as its supporters and critics alike had thought. Its appearance as a seamless global totality can be attributed to the powerful spatio-temporal imaginary reviewed in the previous section, but also because of a selection bias; scholars selected for analysis places where production and governance adhered to neoliberal principles, and this deductive approach simply confirmed the existence of neoliberalism to people who were already convinced of its omnipotence. The literature on GPNs focused on places within networks, rather than places that were beyond their reach. More nuanced understandings of neoliberal capitalism acknowledged the persistent influence of local institutions on its implementation in particular places, but the scholars who undertook this research argued that the various hybrid forms nevertheless evinced enough similar characteristics to be considered types of neoliberalism (Brenner et al. 2010). This view is under increasing pressure from scholars who seek to anchor their analyses in the specific histories and development trajectories of particular places (see Parnell and Robinson 2012; Sanyal 2007). These countercurrents began to emerge in the 1990s as scholars who focused on actually existing institutions and everyday practices identified the existence of alternative economies and places beyond the reach of global capitalism.

The supposed monolithic understanding of capitalism was challenged by J.K. Gibson-Graham (1995, 2006), who drew attention to the diversity of economic practices that persist even within places that are undoubtedly coupled with GPNs. They argued that people are able to defy the logic of capitalism by practicing non-capitalist modes of production and exchange. While their scholarship offered an important counter-point to scholars who viewed capitalism as omnipresent and homogenous, they occasionally veered into wishful thinking. For example, they are so convinced of the plasticity of social relations that they believe one's class position can morph from working class to capitalist class throughout the course of a single day (Gibson-Graham 2006; for a critique see Turner and Schoenberger 2012).

Another important counter-point to the narrative of omnipresent global capitalism was developed by Aihwa Ong (2006), who argued that neoliberalism must be understood as a form of governance. She showed how the relationships between the governing and the governed are redefined under a regime of neoliberalism through rationalized management that induces "optimized" behaviors. She is quick to point out, however, that as a form of governance, the spread of neoliberalism is uneven

and incomplete. Disconnecting neoliberal governance from economic practice is significant because it raises important questions regarding the nature of global capitalism; does connecting with GPNs foster neoliberal governance, or does implementing a regime of neoliberalism allow places to connect with GPNs? What kinds of governance regimes exist in places that are not connected to GPNs? In the following section I revive these questions in the context of the aftermath of the 2008 financial crisis.

In summary, many scholars conceived of 'globalization' as synonymous with the expansion of neoliberal capitalism on a global scale, and this understanding was bolstered by a powerful spatio-temporal imaginary of the world as frictionless and timeless. This representation of globalization was indeed so strong that many scholars focused on the ideological supremacy of neoliberalism instead of the actual material manifestations of global economic integration. The study of GPNs is an exception to this trend, but even this scholarship focused on places that were interconnected with, rather than isolated from, the global economy. A number of scholars sought to dispel this notion of a totalizing global capitalism by focusing on the places and practices beyond the reach of its norms and demands, and with the benefit of hindsight I offer a sober assessment of globalization prior to the 2008 economic crisis in the following two postulates:

1. A consensus emerged around policies collectively known as neoliberalism after the collapse of the USSR, and capitalism exhibited a tendency of expansion as the global economy became increasingly integrated; international organizations institutionalized the integration of markets and advancements in information and communications technology allowed for the creation of complex global production networks.
2. The expansion of the capitalist mode of production and integration of markets bypassed many places, and even in places where neoliberal norms prevailed many social and economic practices were never subjected to the logic of the market.

## 4   The 'Great Contraction' and Its Aftermath

The 2008 financial crisis is referred to as the 'Great Contraction' by Gerard Dumenil and Dominique Levy (2011) because of the way capital seemed to recoil across the globe. The instability that ensued after the initial shock to the global financial system resulted in the disruption of ongoing trends of capitalist expansion and economic integration. In keeping with Chakravarty's (2003) separation of neoliberal ideology from actual economic integration, it is possible to identify what Wade (2009) refers to as a "weakening" of the *ideological* consensus surrounding the collection of policies under the umbrella of neoliberalism. I argue that in some places it also reversed decades of economic integration, and the expansionary logic of global capitalism has given way to a reverse logic of economic disintermediation and exclusion. Globalization must now be understood as a complicated patchwork of capitalist and non-capitalist places, with people and places that lack a productive function excluded from the former. The post-crisis mode of

regulation isolates intensely capitalist 'zones of exception' (Ong 2006) from these non-productive *zones of exclusion*. There is an external and internal dynamic to zones of exclusion, because as a result of being excluded from global production networks, non-capitalist social relations emerge within these locales as people develop alternative livelihood strategies. Thus, I offer a third postulate regarding globalization that holds true since 2008:

3. Places and people that lack a clearly defined function are disconnected from economic processes and excluded from the global economy; as a result non-capitalist social relations of production have emerged in some of these *zones of exclusion*.

## 4.1   The Emergence of Zones of Exclusion

Zones of exclusion are places that previously played a role in global production networks, but have been disconnected and excluded from the global economy in the wake of the Great Contraction. I propose that an analysis of these zones must focus on how they are externally (dis-)/connected (from)/to other places and networks, as well as the local regimes that govern people and resources internally. Within these zones there is a severe shortage of capital, many people lack access to means of production yet they cannot sell their labor for a wage, and there is essentially an absence of a market in which land is exchanged. As I will demonstrate, these places exhibit governance regimes that are not oriented toward fostering free markets, and the social relations of production are not based on the buying and selling of labor. As a result, the practice of capitalism – in short, the process of using money to purchase the labor of others for the purpose of producing commodities which are sold for a larger sum of money than was originally invested – does not occur. Instead, zones of exclusion constitute non-capitalist space, and their emergence is a significant reversal of the previously identified expansionary tendency of global capitalism.

Zones of exclusion have been disconnected from GPNs as the geography of production has shifted (for an example of how places compete in order to remain in GPNs see Phelps and Waley 2004), yet these zones remain connected to the global economy in other ways. For example, the people within these zones can remain connected to international finance through their pensions and investments. On the one hand this serves to exacerbate the shortage of capital, as people with savings invest it elsewhere, while on the other hand it can lessen the economic hardship for those who cannot sell their labor for a wage. In some nation-states these zones are connected to other levels of government, which provide relief to local governments that lack a tax base, and to individuals in the form of welfare. For example, Bernt (2009) has shown how the politics in shrinking cities in the former East Germany is centered on forming "grant coalitions" that seek to access funding from the Federal Government rather than "growth coalitions" (Molotch 1976) whose goal is to strategically couple with production networks.

Non-capitalist relations of production emerge in these places as people transform their livelihood strategies. The reality is that most people are unable to subsist by practicing the behavior that generates income in a capitalist system. Laborers cannot sell their labor for a wage, people with capital refrain from investing it in a production process locally, and freely available land makes it difficult for the owners of property to collect rent. Many people employ their labor and meager resources in small-scale activities that allow them to subsist, such as urban farming. As I will demonstrate, these ventures should not be confused with capitalist enterprises because the operator does not employ laborers or seek to expand. Instead, these activities are part of livelihood strategies formulated by networks of families and neighbors.

## 4.2 The Exclusion of Flint, Michigan (U.S.) from the Global Economy

Labeling social relations and places as 'non-capitalist' does not invest them with positive meaning, and I explore the specific social relations and innovative governance practices have emerged since Flint, Michigan, was disconnected from the global economy. Flint was once the center of General Motors' (GM) manufacturing operations. Its growth was closely connected to the post-war regime of Fordism, and urban decline became urban decay as Fordism entered its prolonged crisis and GM began to relocate its production facilities. GM's efforts to implement just-in-time production – i.e. a specific form of flexible specialization – met with resistance from organized labor, whose members feared these production methods would accelerate already rapid job losses. Autoworkers in Flint led a nationwide strike in 1998 that cost GM $2.3 billion, and shrank the 1998 GDP of the U.S. by 1 % (Herod 2000). Since 1998 GM has dramatically curtailed production in Flint, preferring to locate production in places with more compliant labor. Michael Moore's 1989 film *Roger and Me* details GM's exodus from Flint and its subsequent impact on local residents. While the exact details regarding the decline of the auto industry in Flint are too extensive to be recounted here, it is clear that Flint's role in global production decreased dramatically. I will focus on how the Great Contraction affected Flint in the context of an ongoing, prolonged crisis.

Flint's demographics have changed dramatically as a result of its deindustrialization. According to the U.S. Census Bureau, Flint's population in 2000 was 124,943, which was a 9 % decrease over the previous decade (U.S. Census Bureau 2007). By 2010 the population had shrunk further, to 102,434 (U.S. Census Bureau 2012). Meanwhile, the U.S. Bureau of Labor Statistics reports that in 1990 the number of people working in manufacturing was 47,800, and this number dropped to a staggering 7,700 in the summer of 2009 just after the onset of the financial crisis. Unemployment within the city skyrocketed to 27 % (Burden 2009), while almost a quarter of the labor force was employed in the public sector (U.S. Bureau

of Labor Statistics 2012). The percentage of people living below the poverty line increased from 26 % in 1999 to 37 % in 2010 (U.S. Census Bureau 2007, 2012).

Flint's shrinking population and high unemployment had led to a glut of housing and decreasing property values even before the financial crisis. People who lost their jobs in the automotive industry and were able to find work in places that were experiencing economic growth, such as the U.S. Southwest, simply abandoned their homes given the difficulty of finding a buyer and low property values. This glut of abandoned homes foreshadowed similar events in Spain and Ireland after the Great Contraction. In response, the State of Michigan empowered local authorities to seize abandoned properties in 1999, if their owners failed to pay property taxes for two consecutive years (Dewar 2006). Flint is in Genesee County and in 2004 the county government created the Genesee County Land Bank to manage the properties that reverted to public possession. The Land Bank currently possesses approximately 4,000 properties in Flint, and its stated mission is to "restore the integrity of the community by removing dilapidated structures and redeveloping abandoned properties" (Land Bank 2004). The Land Bank renovates some homes and places them on the market or maintains them as rental properties for low-income tenants, while homes that are beyond repair are demolished.[1]

The Land Bank's Adopt-a-Lot program allows Flint residents to gain access to abandoned land. While the Land Bank retains the title to the land, those who adopt it gain the right to use it productively and through this arrangement entire blocks have been turned into urban gardens. Community gardens dot the landscape between abandoned homes in some of Flint's neighborhoods that were hardest hit by its prolonged crisis. Residents are able to access inputs such as seeds and fertilizer, as well as advice on gardening, from local organizations. For former auto workers their newfound control over means of production represents a deproletarianization. In a departure from wage-labor, participants in the Adopt-a-Lot program combine small-scale entrepreneurialism with philanthropy as family and neighbors tend gardens in exchange for its produce. One resident has expanded his urban garden from one lot to several, and he is helped by other local residents in exchange for part of the harvest. In the course of fieldwork in Flint, I interviewed participants in the program who consistently framed their adoption of empty lots and gardening as a means of self-reliance:

> This is what we have, we have to do the best we can with it…A lot of people wait for someone to pick them up - we can pick our own selves up.
>     We're gonna control our environment. Before there were rats and garbage…This was a survival plan…I'm taking it back to what was in the beginning [by starting community gardens]. (*Participants in the Adopt-a-Lot program, personal communication August 2010*)

The efforts of Flint residents who practice community gardening goes beyond livelihood strategies, however, and serve as means of social reproduction. As one resident who adopts land and works with local youth explained: "I'm trying to

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[1] The Land Bank claims to have demolished 950 structures since 2003 (http://www.thelandbank.org/programs.asp).

create permanent stuff – pocket parks...we're choosing areas that they probably wouldn't do much with anyway, near the railroad tracks...I'm trying to make it usable...I was raised on a farm...I want the kids to know what the earth is about" (personal communication, August 2010).

While some Flint residents have taken advantage of the Adopt-a-Lot program to develop and practice non-capitalist social relations of production, the Land Bank remains committed to rejuvenating the property market. The collapse of property values reduced the amount of revenue that the local government collects as property taxes. This has contributed to the collapse of the city's finances, and in response the State of Michigan removed Flint's locally elected officials and appointed a city manager (Longley 2012a). While the disempowered elected city council members have vowed to challenge their removal (Longley 2012b), the implication is clear: the state is unable to appropriate a surplus with which it can finance its operations. This is because providing land to residents has generated non-capitalist relations of production rather than re-coupled the city with wider circuits of capital. Indeed, it is conceivable that residents' efforts to use vacant land could contribute to the stabilization of property values which could subsequently re-attract real estate speculators whose arrival would almost certainly presage the end of freely accessible land. For the time being, however, Flint remains outside circuits of capital and some of its residents have been forced to develop innovative livelihood strategies based on solidarity and interpersonal networks. Their improvisation and survival demonstrates the irrelevance of debates surrounding the possibility of *creating* another world, because in places like Flint that have been disintermediated from production networks this other world already exists.

## 5  Depression or De-growth?

The emergence of zones of exclusion confirms that another world is not only possible, but that it already exists. Flint is particularly significant given its history as an integral part of one of the world's most advanced industrial clusters, but there are many cities near Flint whose disconnection from the global economy has been less dramatic because their interconnection was never as extensive. A recent article by economist Robert Gordon (2012) surmises that the cycle of economic growth synonymous with manufacturing in the Great Lakes region of the United States is definitively over. Predictably, policy makers routinely seek to strategically re-couple these places with the global economy, but the success of such initiatives seems increasingly unlikely. Therefore these zones pose an urgent challenge to progressive scholars and local residents: how can production in these excluded places be organized in equitable ways that allow people to not only subsist but also thrive, if they are not re-coupled with production networks? This challenge is monumental and requires a praxis with open dialogue and willingness to experiment. I do not seek to issue the last word on the subject, but instead I propose that

zones of exclusion hold out promise as laboratories for innovative practices in governance and production.

First, it is important to understand the relationship between democracy and Flint's deindustrialization. Flint's disconnection from GPNs not only resulted in the collapse of its local economy, but also the removal of its democratically elected government. This is significant because it comes on the heels of the deproletarianization of a large portion of its workforce. The emergence of this bloc of voters who have suddenly become empowered by their access to land would most likely seek to consolidate these gains that at the ballot box. Since they are no longer involved with organized labor they may also be unconstrained by the rigidity of party politics, and their unpredictability poses a clear threat to Michigan's Republican Governor. Thus, the disempowerment of the local government by the State of Michigan can be interpreted as a preemptive strike against the emergence of participatory democracy.

Experiments in participatory democracy over the course of the past 20 years have jaded even the most optimistic progressives. Most critiques of participation center on the ability of some interest groups, namely elites, to subvert democratic processes and simply garner consensus for policies they are determined to implement one way or another. Elite interest groups have little interest in zones of exclusion; in spite of America's innate mistrust of the government's role in the economy, the Land Bank's appropriation of land has been uncontroversial in part because it does not directly threaten elites' financial interests. Instead, opposition has come from a higher level of government, the State of Michigan, whose Republican Governor has used the financial crisis as an opportunity to derail the democratic process in Flint. This takeover of Flint may, however, have the unintended consequence of emboldening its residents. If the emergency manager appointed in Flint intensifies fiscal austerity, even more residents will be forced to develop livelihood strategies based on non-capitalist relations of production. This raises an important question: how can these practices be governed and institutionalized?

James Ferguson (2009) reminds us that progressive scholars have been quick to expose the evils of a broadly defined 'neoliberalism,' but slow to develop alternative 'arts of government.' He proposes harnessing techniques of rule developed in concert with neoliberal agendas for genuinely pro-poor governance, and in a very real sense this is what the Land Bank does. While the Land Bank was empowered in order to augment the exchange-value of property, it has actually overseen the transformation of the political economy of land. In line with Ferguson's proposal, the Land Bank's pro-poor land-use policy and residents' innovative livelihood strategies must be combined and institutionalized in a way that fosters social reproduction. Indeed, this would allow for the reproduction of a non-capitalist social structure, and crucially, this reproduction is dependent on the generation of a certain level of material production (see Wright 2010: 278–290). To put it another way, we can return to Chakravorty's (2003) separation of neoliberal globalization's ideology and the actual integration of the global economy; it is fair to say that the emergence of zones of exclusion provide the basis for the implementation of

regimes with both competing ideologies, and non-capitalist modes of production. Since production will plummet in many zones of exclusion as external sources of capital become unavailable, the main challenge is to foster modes of production that can provide the material basis for social reproduction of social relations of production that depart from neoliberal norms. This challenge is particularly relevant in Flint, where the production of automobiles has all but ceased, and former auto workers find themselves harvesting vegetables.

It is in this context of a drastic reduction of material output and a concomitant shift in what is produced, that Flint can benefit from the concept of *de-growth*. While there is no single model of de-growth, scholars who advocate its theoretical utility typically recognize limits to growth rather than seek technological fixes to environmental, economic and social crises (Martinez-Alier et al. 2010). This view stresses planned reduction of production and consumption, rather than the development of ways to continue increasing output in more ecologically 'friendly' ways (Demaria et al. forthcoming). Kallis (2011: 876), for example, defines de-growth as "a socially sustainable and equitable reduction (and eventually stabilisation) of…the materials and energy a society extracts, processes, transports and distributes, to consume and return back to the environment as waste." Thus, unlike the concept 'sustainable development' which is vague and compatible with, or even complementary to, neoliberal capitalism (see Davidson 2010; Keil 2007; Swyngedouw 2007), de-growth theorists stress the importance of comprehensive environmental, social and economic policy making throughout the cycle of extraction-production-consumption-waste (Schneider et al. 2010). This stands in stark contrast to those who seek to develop ways to simply reduce the impacts of these activities, while never questioning the wisdom that their expansion s is inherently beneficial. In zones of exclusion de-growth is especially relevant, if one accepts the common sense argument of Martinez-Alier et al. (2010: 1745) that it is "better to start adapting to forced de-growths that are likely to occur, in order to find a prosperous way down," rather than pursue unrealistic growth-oriented policies at all costs.

Flint's Land Bank has helped local residents adapt to the city's forced de-growth, but these policy innovations could be institutionalized in ways that sustain social reproduction. Urban gardening operations could be scaled up, residents could play a more active role in guiding Land Bank policy, and a system for compensating people with food could be devised according to how much they work in urban gardens. Furthermore, Flint could re-work its relationships with other places, and export food to neighboring cities as its residents improve gardening techniques. It could generate a surplus of fresh vegetables and begin adding value to its produce through basic processing techniques. Flint residents who are involved in this transformation could guide other communities that are struggling to build similar institutions. It is highly unlikely that Flint will be reconnected with GPNs as a center of manufacturing or that its residents will ever be as prosperous as they were in the city's heyday, but it could conceivably become a livable city even in the context of its ongoing forced de-growth, with the implementation of practices that ensure sustainable production and social reproduction.

In conclusion, the existence of extensive zones of exclusion that are disconnected from the global economy whose localized modes of production are testament to the existence of alternative modes of production. While zones of exclusion demonstrate that other world is not only possible but that it exists, we must be careful of romanticizing their non-capitalist nature. Policy makers and residents of most zones of exclusion are faced with forced de-growth and economic hardship. However, by focusing on institution-building at the local scale rather than re-coupling with the global economy at all costs, it may be possible to adapt to exclusion and develop non-capitalist alternatives that allow for social reproduction. In the case of Flint, its history as a center of automotive production means that it is saddled with large swaths of abandoned factories which are contaminated and cannot be used for the foreseeable future, while its housing stock is plentiful. As Flint's Land Bank shows, the negative effects of forced de-growth can be mitigated, but the real challenge is to institutionalize relations of production in a way that can ensure the materiality of social reproduction in the context of crisis. If this is achieved in the short-term, zones of exclusion may be able to re-connect with wider circuits of capital on their own terms in the future.

**Conclusion**

In this article I offered an analysis of scholarship on globalization, and argued that prior to the 2008 financial crisis it was often equated even by its critics as totalizing global capitalism. The contraction of circuits of capital after the post-crisis exposed the limits of global capitalism, and many places became disconnected from global production networks. I call these places *zones of exclusion*, and presented empirical research from Flint, Michigan, which used to be at the center of the American automotive industry but has been plagued by economic hardship and urban decline. This case study demonstrates that although alternatives to neoliberal capitalism can emerge in zones of exclusion, we must be careful not to exaggerate their emancipatory potential because their "forced de-growth" (Martinez-Alier et al. 2010) can easily result in further economic hardship. I argued that innovative policy making is required, and instead of seeking to reconnect with the global economy at all costs, residents and local politicians must institutionalize alternatives to neoliberalism. Flint's Land Bank has taken the first step in this direction by implementing a program that allows local residents to use abandoned land. However, these alternatives are doomed to fail unless they provide the material basis for social reproduction. The initial success of Flint's Land Bank suggests that it is indeed possible to foster a political economy of land based on use rather than ownership even within the global North, but it remains to be seen whether this political economy can offer residents 'another world,' more fulfilling than the one of poverty and urban decline with which they have become familiar in recent years.

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# Migration and Inequality: African Diasporas in Germany, South Africa and India

Faisal Garba

**Abstract**  The paper will do three things: firstly, trace the social/economic dislocations unleashed on the African working and cognate classes by neoliberal interventions in the form of the Economic Recovery Programme (ERP) and the Structural Adjustment Programmes (SAPs) respectively; secondly, examine the resultant outward movements within and outside the African continent by these classes; and finally explore the potential of an emerging transnational solidarity which is not restricted to, but includes the traditional working class. These will be done through the prism of the lived experiences and networks created by "subaltern" African migrants in Germany, India and South Africa. The paper contends that as the neoliberal regime of accumulation takes hold of the African continent from the 1980s onward, a counter movement of subalterns' exercises its agency, and migration is one of the ways in which this is activated. Using Hardt and Negri's metaphor of the multitude, we argue that mobile dispossessed Africans (amongst other group subaltern group), are challenging their marginalization by reconfiguring demographics in the countries under study (Germany, India and South Africa), and thus making demands on a social and economic architecture that increasingly externalizes them – as exemplified by Europe and its instrument of 'Othering' – Frontex. We will then engage and problematize the linear view of a teleological human evolution with globalization at its summit: undress the ugly underbelly of neoliberal economic violence in Africa beginning in the 1980s; and Casting a gaze on its attendant social and spatial estrangement. The aim is to empirically engage (unlike the dominant trend of theorizing) the other side of the rosy picture, but also to encounter and highlight the agency of ordinary people who are the 'losers' in the global accumulation regime. In doing this, we will encounter African migrants in South Africa who are on one hand, remaking and challenging the closed notion and operationalization of national boundary/identity by laying a claim to a society in which they live and work, and on the other hand, unsettling a narrow, elitist evocation of globalization and pan-Africanism; from Germany we

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will follow the trajectory of Africans who are asserting their belonging in the face of an expanding de facto alliance of gate keepers spanning far right formations to mainstream political parties (including the ruling Christian Democratic Party (CDU); and in India we will explore a growing but largely ignored African Diaspora which is organically acting out South-South cooperation divorced from, and even counter to the halfhearted governmental rhetoric of South-South cooperation. A common thread running through all these are the links that these migrants create: (1) amongst themselves as Africans; (2) with local subalterns with whom they are materially allied as they attempt to navigate a deeply unequal and classist world; (3) and finally the remaking of the host environment demographically and culturally. We will conclude by pitching camp with globalization; but a qualitatively different form of globalization – one that is grounded in the experiences, aspirations, solidarities and eventual self-liberation of ordinary people from the bosses that currently drive neoliberal globalization. This paper will do two things to existing scholarship: It will "dynamize", humanize, and complicate the lived reality of African Migrants, (like every human), and study their reality comparatively. In doing this we attempt to make a positive critique of existing methodological approaches to the study of non-western forms of migration; by departing from the hyper rational-choice undertones of western migration studies while not ignoring the significance of economics in the migration equation.

Data is both primary and secondary: A set of interviews conducted with African Migrants in Cape Town South Africa, Frankfurt Germany and Delhi India will be the primary source; seminal and relevant literature relating to the study will also be relied upon.

# 1   Introduction

This chapter broadly attempts to do three things: firstly, trace the socio-economic dislocations unleashed on the African working and cognate classes by neoliberal interventions in the forms of the Economic Recovery Programme (ERP) and the Structural Adjustment Programmes (SAPs) respectively; secondly, examine the resultant outward movements within and outside of the African continent by these classes; and thirdly, explore the potential for an emerging transnational solidarity which is not restricted to, but includes the traditional working class. These will be done through the prism of the lived experiences and networks created by "subaltern" African migrants in Germany, India and South Africa. The chapter argues that as the neoliberal regime of accumulation takes hold of the African continent from the 1980s onward, a counter movement of subalterns exercises its agency, and migration is one of the ways in which it (agency) is activated. Using the metaphor of the "multitude", it is argued that mobile, dispossessed Africans (amongst other subaltern formations), are challenging their marginalization by reconfiguring demographics in the countries under study (Germany, India and South Africa), and thus making demands on a social and economic architecture

that increasingly externalizes and often others them. The chapter aims to problematize the view of a teleological human evolution with globalization at its summit, by undressing the underbelly of neoliberal economic violence in Africa and its attendant social and spatial estrangement. In doing this it will encounter and highlight the agency of ordinary people who are the 'losers' in the global accumulation regime. From the vantage point of the lived experiences of African migrants in South Africa, we will come across ordinary people who are on one hand remaking and challenging a restricted operationalization of national boundary and identity by laying claim to a society in which they live and work, while unsettling a narrow, elitist evocation of 'a global village' and pan-Africanism. In Germany we will follow the trajectory of Africans who are asserting their belonging in the face of an expanding alliance of gate keepers spanning far right formations to mainstream political parties. In the Indian context we will explore a growing African diasporic population which is organically acting out South-South cooperation divorced from, and even counter to the half-hearted governmental rhetoric of South-South cooperation[1]. A common thread running through the cases is the links that the migrants create: (1) amongst themselves as proletarian Africans; (2) with local subalterns with whom they are materially allied as they attempt to navigate deeply unequal social structures; (3) and the 're-molding' of the host environment, demographically and culturally. We will conclude by pitching camp with globalization; but a qualitatively different globalization, one that is grounded in the experiences, aspirations, solidarities and eventual self-liberation of ordinary people from the forces that drive neoliberal globalization.

The chapter hopes to "dynamize", humanize, and complicate the lived reality of African migrants, (like every human collective)[2], and to study the reality of migrants comparatively. In doing these it attempts to make a critique of existing methodological approaches to the study of migration by departing from the pervasive hyper rational-choice undertones of many migration studies, while simultaneously centering economic inequality in the migration equation. The chapter is organized as follows: this introduction is followed by a brief outline of the major theories that have been deployed to explain migration in Africa and elsewhere (Sect. 2). This is followed by an equally brief history of neoliberalism in Africa wherein the emergence of the Washington Consensus in Africa and its impacts on livelihood vis-à-vis retrenchment and the escalation of poverty are discussed (Sect. 3), thereafter the role of Neoliberalism in the outward migration within and outside of Africa is discussed by looking at the initial migration of the of the middle classes and later the working class and the unemployed (Sect. 4). Section 5 Flight as a form of reclamation: towards a subaltern solidarity of reconstituted inequality? looks at the implications (of) working class migration for solidarity of ordinary

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[2] From a political science perspective the phenomenon of South-South-cooperation is also discussed in the chapters of Rüland and Fulquet in the volume.

people – migrants and locals alike – and the possibility of the poor escaping poverty through movement. Migration, popular pan-Africanism and class solidarity (Sect. 6) interrogates the extent to which a bottom-up pan-Africanism is facilitated by the migration of ordinary people and then a conclusion.

As the title of the chapter, "Migration and Inequality: African Diasporas in Germany, South Africa and India" suggests, the focus is on a social class – a broad class of ordinary working class migrants. Specifically, Africans categorized as working and cognate classes with respect to their material and social positions; the impacts that neoliberal social and political economy has had and continues to have on their circumstances and livelihoods arrangements, and how they cope through the instrumentality of migration.

While the principle of extensive case is adopted, the methodology adopted is not an extensive case. Instead, migrants are traced to their migratory locations which is assumed reveals something about the nature of contemporary African migration. The choice of the three sites of study is informed by the dynamics of contemporary African migration: South Africa explicates the fact that the bulk of African migration takes place within the continent (Zeleza 2008); India exemplifies a rather understudied dimension of African migration, the non-western route of (contemporary and ancient African migration); while Germany represents the extensive reach of African migration[3] (Sitas and Lorgat 2010; Zeleza 2008).

A set of interviews conducted with African migrants in Cape Town South Africa, Frankfurt Germany and Delhi India, will be the primary source of data. Relevant literature is used where appropriate.

## 2    Theoretical Explanations of Migration

This section briefly presents the major frameworks that have formed the basis of (the numerous models across disciplines that pass under the rubric of) theories of migration. It highlights the key assumptions of each framework as they pertain to the chapter, and evaluates aspects of their individual propositions.

The traction of the various theoretical attempts at explaining international migration mirrors the ascendancy and decline of theoretical frameworks within the broad field of social sciences (De Haas 2010). Neoclassical economic theory views migration as a function of the supposed hidden hand of the market which is said to direct labour from places of abundant (labour) supply and concomitant low wages, to areas that offer higher wages due to low labour supply (Lewis 1954; Harris and Todaro 1970; Todaro and Maruszko 1987). And given that humans are inherently motivated by the desire to maximize their gains (as alleged by this perspective), profit maximizing individuals move from Third world countries

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[3] The tendency has been to reduce and de-humanize African migrant to economic scavenger ala Eurocentric theories or reify her, as is the case with some currents in post-colonialism.

characterized by high labour supply and low wages, to First world countries that offer higher wages due to reasons of low labour supply relative to demand. This is premised on the assumption that there is a fundamental gulf in the labour absorbing capacities of the economies of the First and those of the Third world, and an attendant wage differential. Thus, the level of skills that a person possesses, the estimated cost of migrating, the amount of wages she earns in the place of usual residence and the expected income in the proposed place of migration play crucial roles in whether a person migrates or not. An obvious weakness of the neoclassical migration theory is the lack of clarity as to what exactly constitute the factors that attract a person to a foreign destination – pull factors, and the set of factors that make living in the place of regular residence intolerable – push factors (De Haas 2010). Often, writers in this tradition conflate the two set of factors, making it difficult to ascertain which is predominant; why some people migrate and why others do not. Secondly, there is no weightage of the individual pull and push factors in order to measure which factor or combination of factors predominates in assessing why people migrate or to stay put.

The dual labour market theory also proceeds from the premise that there is a qualitative difference and a quantitative wage gap between First and Third world economies. Unlike the neoclassical migration theory, the dual labour market theory suggests that it is the labour demands of First world economies that initiates and sustains migration. Accordingly, Piore (1979) states that the respective division of industrialized economies into primary and secondary sectors is accompanied by higher wages, stable job security and a respectable degree of social status for workers in the former, who happen to be highly skilled. In order to maintain productivity, firms invest a great deal of resources in regular training for their workers. The bulk of primary sector workers happen to be nationals, because they are just as concerned about wages as they are for the social status that comes with one's occupation (Massey et al. 1993). The secondary sector on the other hand requires very little skills, for which reason workers are paid less compared to their colleagues in the primary sector. Secondary sector workers lack job security as contracts are limited to a fixed time period. Migrants predominantly function in this sector because they are more concerned with wages and less so with social status (Piore 1979). This is because they see themselves as not belonging to the countries where they live, but to the places that they left (Massey et al. 1993).

Within the dual labour market theory employers are said to encourage migration mainly for two reasons: firstly, migration helps to fill the labour demands for the jobs that nationals find unattractive; secondly, it maintains low wages and guarantees high profits. The latter is significant in that an increment in wages at the bottom of the employment ladder will create a distortion in the labour market. Those at the top of the wage ladder demand similar increment to their wages (Massey et al. 1993). To illustrate: If workers in a cleaning company successfully struggle for a pay rise of 20 %, mineworkers, teachers and pilots will also demand an increase in their wages. This will lead to a generalized wage inflation that will negatively affect every employer's profit margin. An obvious flaw of the dual labour market theory is that it does not view the economic structures of the sending

country as an important factor in whether people migrate or not. It is unable to see the connections between the economies that send migrants and those that receive them. The sub-text is one of separately functioning economies. A recent study of African migrants between Mali and Mauritania by Marfaing (2013) concluded, contra dual labour market theory, that job, place of residence and social status in the places of migration are important to migrants. Additionally, dual labour market theory has no provision for migration between First world economies nor does it perceive the historic and existing reality of migration from First world to the Third world, a phenomenon Ravenstein (1887) identified in the case of the British Empire, more than a century ago.

The new economics of labour migration draws on elements of the key assumptions of both the neoclassical migration theory and the dual labour market theory. It holds that unlike the developed capital and financial capital markets of the First world that facilitate start-up capital, and loans; the social security arrangements such as unemployment benefits and old age benefits that caters for the economically and socially weak; risk reducing schemes in the form of insurance and futures markets in the First world, Third world economies operate in a state of poor to non-existent markets, insurance and social security schemes. New economics of labour migration depart from neoclassical theory and dual market theory by locating the migration decision at the level of a household. In the absence of well-functioning markets, social security and insurance schemes, households in the Third world hedge against projected future loss in income by sending (a) member (s) of the household to a First world country in order to diversify risk and maximize income (Stark 1991). By locating the individual in social relationships and a collective agency arising out of group relationship, the new economics of labour migration marks a nuanced analytical break from the individualized unit of analysis of neoclassical migration theory and the dual labour migration theory. However the de-contextualized focus on kinship is a remnant of the problematic analytical reflex that perceives non-Western societies as engaging in strictly family regulated social relationship. Families are not always integrated. Migrations are facilitated by other social groups that people belong to. Age sets and friendship units are also important immediate avenues by which people migrate.

Those drawn to Immanuel Wallerstein's world systems theory explain migration as yet another means by which the industrialized Global North siphons material and human resources of the global South (De Haas 2010; Massey et al. 1998; Frank 1966, 1969). Adherents of world systems posit that global economic inequality – manifested in economic differences between and within countries – uproots peasants from land in the countryside and sets them forth towards cities of the global South and onwards to the metropolitan centres of capitalism. This is mediated by the spread of capitalism to the global South with the intent of maximizing profits by opening up new markets. Thus, world systems adherents argue that people move from the South towards the North just as capital moves from the North to the South. World system views the decision by individuals to migrate as one taken within the confines and constraints of an unequal global economic arrangement. Determinism is the common charge against world systems. A more substantial weakness, in our

view, is the absence of the everyday struggles, adjustments choices and mediations of ordinary people in the face of the totalizing power of global capitalism. Indeed, people do respond to the power of socio-economic structures, but they also navigate and challenge them, mostly covertly but also overtly.

Those who decry what they call the overly deterministic character of the foregoing frameworks have advanced meso and micro theories to account for the immediate forces that drive migration and how it (migration) is sustained once initiated. Thus, social capital and social network, and a person's subjective inclinations were imbued with great importance by the meso and micro theories of migration (de Haas 2010). Pioneer migrants are said to create the openings that enable subsequent migrants to move to new destination. And once there, new migrants rely on the social infrastructures opened up by pioneer migrants in order to find accommodation, jobs and avenues to regularize their stays.

The theory of cumulative causation posits that migration is the result of inequality within a society. People would migrate if they perceive themselves to be less economically endowed compared to others with whom they self-compare. And once a given threshold of people migrate, others eventually join. Thus when a group of people from a given area migrate, it spurs others to want to migrate, and over time many people end up becoming migrants. One could sum this view up by saying migration begets more migration. The problem with the view that migration begets migration is the shift of focus from the inequalities that initiates migration. For inequality does not disappear with the initiation of migration, making migration cause and effect of, and in itself. Secondly, localized inequalities are specific manifestations of national and global inequalities. Thus, it is arbitrary to begin the story of migration inducing inequality at the level of an abstractly bounded society (Massey et al. 1993).

Closely linked to cumulative causation is the migration systems theory. Its key tenets are that once migration is in motion, a set of institutions – legal and extra-legal – emerge to facilitate movement and also act for and or on-behalf of migrants (Mabogunje 1970). These institutions include human smugglers, organizations that defend the rights of migrants such as the International Organization for migration; NGO's purporting to represent the interest of migrants, and formal and informal structures for remitting money, goods and services. Migration systems explicitly set out to understand the forces that drive migration. Such a limited objective is no excuse to disconnect 'sustenance' from its 'cause(s)'. A wholesome understanding of how migration is sustained has to begin from a detailed appreciation of why it occurs in the first place.

Towards non-reductionism and anti-affective determinism: Obviously both the structuralist explanations and the personal subjective frameworks offer useful insights in explaining why people migrate, how they go about migrating and the ways in which personalized "non-personal" factors channel their movements to certain parts of the world. While the meso and micro theories provide perceptive accounts of the immediate motivations for emigrating: how people go about migrating and the micro structures that facilitate migration, they downplay the equally important broader politico-economic arrangements within which the

micro decisions and arrangement are taken and in which they are embedded. To solely view migration as a function of inequality within a society ignores, rather problematically, the ways in which economic arrangements in the global political economy relate to localized inequalities.

In appropriating the best of what each of the broad theoretical streams offer, structural and actor-network, I depart from what seems to be serious limitations. I do this by judging the validity of the generalizing claims against data that was collected using grounded theory with the aim of obtaining an understanding that tries as much as is possible to approximate the circumstances of the participants in the study. This approach takes full cognizance of the economic inequality between and within nations. It also pays close attention to how ordinary people navigate those inequalities in their bid to make a decent living out of layered socio-economic structures (see Sect. 5).

## 3   Neoliberalism in Africa

The following looks at the emergence and entrancement of neoliberalism in Africa. An abridged history of neoliberal[4] globalization in Africa could begin in the late 1970s when African countries were saddled with the crippling weight of indebtedness, raging inflation and growing negative terms of trade, owing to the combined effects of failed import substitution drives; corrupt dictatorships; sustained decline in the prices of primary goods and cold war pun roles and its attendant economic dependencies (Adesina et al. 2006; Mkandawire and Soludo 2003; Adepoju 1993).

Beginning with Ghana in 1983, African countries, with the exception of a handful, went through drastic economic shocks in the form of Economic Recovery Programs (ERP) and Structural Adjustment Programs (SAP) respectively. The key credos of both programs include massive retrenchments in the public sector, deep and socially distorting cuts to public expenditures in education, health care delivery, water provision, the privatization of state owned enterprises and tight monetary policy orientation (Adepoju 2003, 2004; Soludo 2003).

The working and unemployed poor were the worst affected by this shock therapy (Adesina et al. 2006). Existing limited social safety nets in the forms of subsidies and rebates were pulled away by full cost recovery measures. The state itself and important publicly owned enterprises that served the poor, assumed the image of business, in substance and discursive outlook. Economic rationality was used to aggressively dis-embed the economy from society (Adesina et al. 1993, 2006; Sowa 1993; Mwega and Kabubo 1993). This acted as a decisive moment in the wholesale

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[4] None of the countries keep publicly accessible data of African migrants. Estimates from the Southern African Migration project assumes that there are around three million African migrants in South Africa while the German agency for Statistics says there are over six million foreigners in Germany, out of some estimates place the numbers of Africans at slightly over half a million.

inclusion of African economies and society into the Washington Consensus and its version of globalization.

Globalization is a very elusive term. More elusive are: the exact delineation of when it began, its key features and how its impacts can be measured (Harvey 2000). If we are to go by the World Systems Theory, then there is nothing new about globalization. Instead, what we are witnessing is only a phase in the longue durée of global economic evolution. According to the World Systems version of economic history, every portion of the world has long been integrated into a single politico-economic system beginning with the world empire. Thus, the current form of globalization is only but an extension of the pre-existing forms of world economic order in a new avatar (Wallerstein 1974, 2000).

Others disagree with the above characterization. They see globalization as qualitatively different and a radical break from whatever we have ever known. In their book, "Empire", Hardt and Negri (2000), argue that globalization has effectively compressed both time and space: Time has become equalized across space and spatial distance breached by advances in instant means of communication. The effect has been that human interactions across disparate spaces and time zones have become near uniform via the instrumentality of technology (Hardt and Negri 2000). What does all this imply for human wellbeing? Advocates of economic globalization insist that by making it possible for the production of goods and services to proceed in a speed of light, globalization has reduced poverty and inequality through the deteritorialisation (deterritorialization) of economic activities. In conjunction with liberal democracy which Francis Fukuyama (2006) said is the last stage of human socio-political evolution, globalization is touted to have, and continue to make it possible for corporations to spread their production to hitherto "closed" parts of the world, primarily in places with low wages and taxes. Previously unemployed and the chronically poor now have access to precious resources that they only yearned for in the past (Goldman 2005).

In the same vein, it is alleged that the facilitation of foreign direct investments (FDI) under the motto of free enterprise means that countries of the South can now attract FDI's from the economically advanced ones. The alleged outcome is that growth levels in the economies of the (FDI) receiving countries will increase with concomitant positive impacts on standards of living, purchasing power, employment levels, and access to basic amenities like water, electricity, health care, housing and education. This is said to be a prelude to development in the underdeveloped world (Fukuyama 2006).

The meaning and possibilities of economic globalization as espoused above have been severally countered. Major refutations have come from David Harvey in his books "A Brief History of Neoliberalism" (2007) and "The New Imperialism" (2005) respectively. Harvey's thesis proceeds as follows: The election of Margaret Thatcher in Britain and Ronald Reagan in the United States of America in the late 1970s and early 1980s, respectively marked the onset of the end of the class compromise that capped the profits of corporations and the earnings of the rich in order to guarantee a decent standard of living for the working class and the poor through welfare packages (Harvey 2005, 2007).

Harvey explained that the victory of Margaret Thatcher over striking British aviation workers and the election of Ronald Reagan as president of the United States, emboldened them (both) to embark on fundamental market offensives that withdrew all vestiges of social (security) protection that workers and the poor enjoyed in Britain and the USA respectively. Having proven efficient in restoring absolute economic power to the propertied and privileged classes, the model of accumulation was extended to underdeveloped countries through the Washington Consensus (Adesina et al. 2006). In its ERP and SAP manifestations, the consensus insists on drastic reduction in public expenditures, introduction of tuition fees in educational institutions, introduction of, and progressive hikes in user fees in health care delivery, electricity and water tariffs, privatization of state owned enterprises, removal of trade barriers and liberalization of imports, alongside the deregulation of currency exchange. This model was exported through the International Monetary Fund and the World Bank to indebted countries in the Global South (Adepoju 1993, 2008; Adesina et al. 2006; Manuh 2005; Mkandawire and Soludo 2003).

As earlier stated, in Africa the model was first extensively implemented in Ghana (Adesina et al. 2006; Mkandawire and Soludo 2003; Adepoju 1993; Sowa 1993). Reeling under an economic decay which was further exacerbated by unstable military dictatorships, the country initiated the 'Economic Recovery Programme' (ERP) in 1993 under the military dictatorship of Jerry Rawlings[5]. The rapacity of the economic doses intensified when 'Structural Adjustment Programme' (SAPS) replaced the ERP. In keeping with the prescriptions, large numbers of workers were retrenched from the public sector. To make matters worse, their living conditions were made unbearable by cuts to public expenditures, increasing utility fees and privatization amongst others (Sowa 1993).

Within a short span of time, Ghana was adjudged a model of adjustment in Africa. World Bank and IMF officials and their respective publications cite Ghana as the prime example of the successes of adjustment (Adesina et al. 2006; Sowa 1993). Other African countries like Kenya, Lesotho, Mauritania, Nigeria, Rwanda, Senegal, Tanzania, Zimbabwe were urged to follow the Ghanaian example (Soludo 2003). The Ghanaian case was headlined by a turnaround in economic growth from negative to positive rates; rising export levels and the "modernization" of the economy (Garba 2012). What was however absent from the initial IMF/World Bank and local state narratives was the continuous hardships that many ordinary Ghanaians continually faced as a result of adjustment (Sowa 1993). The initial conspicuous absence of even a passing acknowledgement of the reality of poverty is common to IMF/World Bank analysis of the impacts of adjustments. For hardships always accompanied Africa's adjustments experience from the very onset:

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[5] Neoliberalism here refers to the set of political economic policy orientation that prescribes unfettered market rules, the introduction of user fees for social services, the withdrawal of the state from the market, insists on the right of private enterprises to trade in every and anything without state regulation, except to create enabling environment for any such trade. For a brief history of neoliberalism see Harvey (2007).

Retrenched workers, peasant farmers and small scale traders to mention a few, all suffered or had their livelihoods wither away under adjustment.

## 4    Migration and Adjustment

Ordinary working and unemployed people who happen to be the primary victims of adjustment polices expressed their dissatisfactions through protests while simultaneously devising a number of measures to cope with the increasing hardships (Adepoju 2008). The informal economy became a lifeline for many (Mkandawire and Soludo 2003). Retrenched workers and their families resorted to petty (informal) trading either around their homes or in informal market settings. Others sought alternative means of livelihood outside the shores of their countries (Adepoju 2008; Manuh 2005). Educated urban dwellers in particular saw migration as a way out of economic decay. For example, Nigerian medical practitioners and Ghanaian academics made their way to countries far and near (Adepoju 2008). While most moved to relatively prosperous neighbouring countries (West Africans trooped to Ivory Coast and Nigeria[6]). Africa's adjustment-migration dynamic was internationalized when people began heading towards other sub-regions within the African continent, mainly southern and northern Africa[7] respectively, places with actual and perceptually higher standards of living compared to the deteriorating economies in other parts of Africa (ibid).

It is important to note that the initial wave of adjustment induced international migration (out of Africa) was dominated by the middle classes (ibid). Only the middle class had the networks, cultural and social capitals to identify which countries were prosperous and welcoming, and therefore promising. Their movements usually trail colonial ties: Those from ex-French colonies went to France, Congolese to Belgium, their former colonial master, and those from English speaking ex-colonies made their way to the United Kingdom. Over time, the class demographics of African international migrants changed. Along with it came a diversification in the destination countries. Countries like Germany, the Netherlands, the United States and Canada emerged as popular destinations (ibid). A possible explanation for the diversification of migration destinations lies in the fact that the working and cognate classes were looking for wherever they can make a living given that by formal convention their skills are usually basic and require little or no formal qualification. Contrariwise, the middle classes settled on destinations where their skills would be recognized and valorized, and where they could function in their areas of specialization and earn as much or more than what they

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[6] The Rawlings dictatorship was the perfect regime for the iron-fisted adjustment policies that was rejected by ordinary people who were its victims. Indeed neoliberal economic shocks are best administered in an atmosphere of curtail civil rights (see Klein 2008).

[7] Before the country experienced a decline in its oil boom thereby leading to the exit of its citizen.

made in their home countries. These wishes were seldom fulfilled as their qualifications were often devalued[8] (Nyamjoh 2006).

From the onset, African states were very hostile to migration. This was informed by the fact that skilled migration depleted the human resource base, leaving important facilities like hospitals, schools, and state bureaucracies with skill shortages (Manuh 2005). The state was concerned about outward migration where skills are concerned; the migration of unskilled, able-bodied young people and the not so young was unimportant in the calculations of state functionaries. One can conclude that the African state viewed the migration of its citizens in instrumental terms. Hence efforts were made to curb the migration of only those that were trained with public funds, who happen to be skilled (Manuh 2005). Accordingly, citizens were segmented into the 'wanted', who matter and the 'surplus', that do not matter – those that can be pushed out of the country. Therefore, while efforts were made to identify the factors that led to the migration of skilled human resource, those not so skilled were tacitly encouraged to migrate. This is pointedly showcased in the case of Senegal where a whole ministry was created to facilitate migration and relations with the country's diaspora (Garba 2012).

The above segmentation of citizens conforms to an important objective of structural adjustment which is to wean the African state off social provisioning and responsibility for the wellbeing of the populace, especially the most vulnerable (Adesina et al. 2006; Mkandawire and Soludo 2003). Instead, the ethos which was promoted through SAP and is being implemented through its current successors like HIPIC (Highly Indebted Countries Inititive) and NEPAD (New Partnership for Africa's Development) is one which disembeds the economy from society (Adesina et al. 2006). At the national level, this is operationalized by shifting the onus of social protection from the state to individuals who are expected to maximize their personal incomes in a supposedly free and structurally transformed economy (ibid). Ali, using data provided by the World Bank, has argued that instead of increasing entrepreneurial opportunities and reducing poverty, the adjusted economies have actually increased the incidence of absolute and relative poverty as measured in head counts and in gini coefficients, respectively. He showed that the gini coefficients in Nigeria, Ghana and Kenya have been on the increase ever since adjustment measures were instituted. While the proponents of SAP, HIPIC (Highly Indebted Countries Initiative) and GPRS (Growth and Poverty Reduction Strategies) expect the individual to find a job or begin an enterprise in an adjusted economy, the reality is that an economy that is depressed in monetary supply has very little, if any avenues for credits and employment opportunities.

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[8] These were not new destination in African migration. Historic migration and trading routes stretch all the way from West to North Africa and East to North Africa (Niane 2000).

## 5 "Flight" as "Reclamation"': Towards a Subaltern Solidarity or Reconstituted Inequality?

This section analyses a set of data gathered from interviews and observations conducted with and among African migrants in Cape Town South Africa, Delhi India and Frankfurt Germany. It interrogates the implications of the movement of ordinary African migrants and the relationships they establish with locals in the three countries, for a transnational solidarity of ordinary people. The South African case is used to explore the possibility of a bottom up assertion of a progressive non-essentialist pan-Africanism.

Assuming that Hardt and Negri were right when they argued that the multitude – a "loose" group comprising a coterie of social marginals – appropriates space by breaking open the fortresses that nations and blocs of nations bent on keeping them out erect, we can propose that by migrating to India, South Africa and Germany, three countries with varyingly stringent immigration controls, African migrants are reclaiming some of the space and material protection that was curtailed by the adjustment and its present avatar, economic globalization. By this act of transgression, African migrants are laying claim to and denationalizing space. This is evident in the case of Africans in Germany who are actively challenging a closed, bigoted notion of what it means to be a German. Through the creation of subcultures that imbibe elements of their "African heritage" and what they have contributed to making as social members of Germany. This synthesis of two previously irreducible forms, defeats the essence of an autochthonous germanness as enunciated in the idea of a volknation (Garba 2012; Mazon and Steingrover 2005).

While the assertive existence of the "non-conformist", "deviant other" accounts for an increased moral panic and a subsequent tacit acceptance of right wing discourse in mainstream German politics, as couched in the declaration by Chancellor Angela Merkel that multiculturalism has failed, and that migrants ought to integrate into the 'German' society. Such morals panics notwithstanding, Africans in Germany are making themselves visible and creating useful bridges with sections of the German society with whom they are materially and existentially allied as deviants: the unemployed, migrant, welfare dependents anti-capitalist, etc. This is done through unionization at the work place and community activism, amongst other forms of public engagements (Garba 2012). Bance, an Ivorian worker and shop steward in Frankfurt narrated he and his fellow German workers collaborated to fight for better working conditions although they (German colleagues) had initially opposed his elections on the grounds that his German is less than perfect:

> ...on voting day most of the workers voted for us...and we won...we have all forgotten about that and now we work for better pay and good conditions for all of us. (Bance, African migrant in Frankfurt, Germany)

This is a significant break from the views expressed by African migrants in a research conducted in Frankfurt in 2009. The bulk whom portrayed Germans as uniformly anti-foreigner and incapable of seeing beyond racial difference.

Such meeting of interests is also found in the interaction of Africans and Indians in India. In the heart of Delhi is a market with two names: INA market and African market. The INA is a trading point between Africans and Indians as well as among Africans. The market serves as a space for mobile African retail traders who move across the Indian subcontinent to other portions of Asia from Africa. The typical arrangement at the INA market involves an African trader subletting a portion of a shop occupied by an Indian retailer – on daily or weekly basis – depending on the duration of a trip to Delhi. The clientele of traders include Indians and Africans, said Hajia Aina:

> This people are nice. This man [pointing to the India owner of the shop she sub-lets] is like my brother. I stay here when I come and I can even stay and pay him when I come another time. (Hajia Aina, Nigerian business woman in India)

From Haji Aina's narrative we can glean currents of appreciation and under-standing of one another; a significant degree of trust that makes it possible for her Indian sub-letor to extend a credit of rent, without any form of collateral, in the hope that she will repay him in the future. This is a remarkable contrast to the widespread popular hostility towards Nigerians in India. Nigerians are said to be the drug dealers and fraudsters to be avoided. Here we meet an Indian trader who deals with a mobile Nigerian woman sub-lets a portion of his shop to her even when she is unable to pay immediately. The bonds that bind as opposed to those that separate are nurtured from such encounters. This has the potential of leading to an increased alignment of interests by a self-definition around similar social and material condition, one no doubt informed by some form of marginality. For both Hajia Aina and her Indian colleague are small scale traders surviving on the margins of economic globalization. He stocks fabrics made in China and Hajia Aina moves across Asia buying and selling fabrics, African textiles, made in China and Bangladesh, all products of a world factory facilitated by globalization. And it is the same process of globalization that makes it impossible for her to educate her children in Nigerian universities. Massive reductions in government subventions means teachers are regularly on strike in the public universities due to staggered salaries. The private universities are simply beyond the reach of ordinary poor people.

> I have to travel to different places to sell anything, so that my son and two girls can go to a good university. Hajia Aina

The discovery of one another and subsequent bonds between some Africans and Indians cannot hush up the very real discords around racial tensions and economic competition between Indians and Africans. Africans are generally treated by the Indian state apparatus as suspects by default. Many respondents spoke of being arrested by the police for no reason other than their appearance. Such casting is taken up by landlords that refuse to rent houses to African migrants.

In the same vein, popular and official hostility towards African migrants in South Africa have been meticulously documented in numerous books and journals

(Nyamjoh 2006; Crush and McDonald 2002; Akokpari). Uche, a Nigerian internet café operator in Cape Town spoke of his automatic guilt for being a foreigner:

> They (South Africans) all think that I sell drugs in this shop (internet café). Many people say I use it to cover- up and to deal in drugs. . .the police have come here several times but they did not find any drug.

In the face of such criminalization of African migrants there is an understandable need to constantly harp on the multiple ways in which xenophobia manifests itself, both in everyday life and at the level of institutional arrangement. However, if discursive xenophobia and its applied face are to be effectively countered, then, studying the signs of their anti-theses and actively promoting them become as intellectually relevant as cataloguing the xenophobic. What is seldom studied, is the "unxenophobic" relations between ordinary South Africans and their fellow African migrants. Ordinary African migrants and their South African counterparts are not always in a state of conflict. Facing similar circumstances of poverty, diminishing hope in a world where the poor is undervalued, forces disadvantaged people, irrespective of their nationality, to act together in circumstances that act equally upon them. Steve, a Zimbabwean worker in Cape Town articulates a situation where foreigners and locals have no option but to co-operate with one another:

> We are all one when we fight the big men. . .nobody says you come from South Africa, you come from there and you come from there. . .we all fight as workers. . . if they increase my pay they don't say it is because you are from Zimbabwe. . . If they increase bread they don't say you are from South Africa so you will pay the old price.

Steve's analysis is corroborated in a number of shop floors and hawking zones across Cape Town. Local workers and street traders respectively collaborate in moments of strikes, wage negotiations and to fix prices with those they call Amakwerekwere (a derogative term for foreigners). They also join forces in mundane activities and enjoy each other's presence. The designation "my brother", a symbol of endearment, has come to personify the African migrant. Given the complex relationship – of endearment and resentment – between ordinary South Africans and ordinary African migrants, it is our contention that neither xenophobia nor collaboration characterizes the relationship between South African and African migrants. The feeling of love or hate is contingent on what is at stake. As Steve's example shows, South Africans and local African migrants find each other when they all see the need to close ranks. However they withdraw into their exclusive zones if the perceived gains of so doing are considered to trump what is to be gained from collaboration. It is common for poor South Africans to oppose the allocation of houses to foreigners, when they are yet to be given any by the state. In such moments, the key identity that better communicates ones anger is an exclusive South Africaness that defines the African other as the problem. If we go beyond the analytically obvious of blaming the South African for xenophobia, we can see a structure of governance that denies people who need houses a shelter. The same governance structure categorizes people as citizens and others as aliens, with differential rights and concomitant entitlements. Our xenophobic local acting on

this logic is simply tapping into a structure she did not create; a structure that marginalizes her and her foreign counterpart. While she is remotely the perpetrator of xenophobia by opposing the allocation of houses to African migrants, she is fundamentally a victim of xenophobic structure that separates her from the social group with whom she has to align to demand for houses.

# 6  Migration, Popular Pan-Africanism and Class Solidarity

The complex reality of endearment and hostility between ordinary African migrants and their South African counterparts is very useful in exploring the likelihood of an eventual deflection of the remote xenophobia of our hypothetical South African woman away from her class allies and its conversion into targeted anger against the structures that categorize, marginalize, and discriminate against ordinary people of all nationalities. This section argues that the complex relationship between everyday South Africans and their African migrant counterparts is a necessary for bottom up pan-Africanism driven by ordinary people. It ends by tying the continental pan-Africanism to an extra-continental solidarity of ordinary people in the two other cases, Germany and India.

Given the theoretical roots of pan-Africanism in the African diasporic Intelligentsia (Zeleza 2003), it is unsurprising that it often conveys an elite vision of a so-called global African world. It however does have a radical and popular touch as couched in the early Nkrumah and the Fanonian vision of the liberated 'wretched of the earth' (Nkrumah 1963; Fanon 1970). In spite of its present state of paralysis, the elite vision of Pan-Africanism has played a decisive role in the emotional and actual decolonization of minds, feelings and territories (Zeleza 2003). But its decline under the tutelage of despots means that the elite vision, as championed by border bounded states, has lost even its most basic of revolutionary zest in a poverty stricken continent with little or no commitment on the part of the elite to alleviate the plight of the ordinary person. Within such a context, today's pan-Africanism must, aside contributing to a continental leveraging of the lot of ordinary people, and their quest to establish closer ties with one another, necessarily pitch itself against power elites who by the actions in statecraft, undo the efforts of ordinary people to liberate themselves and to establish close links with each other through unhindered movement and settlement.

In place of a pan-Africanism obsessed with the chase for purity and an unchanging essence (Chinweizu 1989), ordinary African migrants in South Africa and their South African counterparts are carving a path worthy of investigation: a path informed by commitment to livelihood; and dictated by a situational consciousness of class position. This much is gleaned from the workers in shop floors across Cape Town who act on the commonality of their experiences and the generic vulnerabilities they face, and accordingly react with no regard to national borders but class lines which says: We know that we are exploited because we're Africans and workers. Through this show of solidarity, the geographic caesura that divides and

sows seeds of sectional outlooks is doused for a broad progressive label of African rooted in related experiences of exploitation, othering and denigration.

In the same vein, the Africans we encountered in India and their Indian counterparts are going beyond the half-hearted elite enunciation of South-South co-operation which is evoked in convenient times and hardly pursued in a consistent and sustained manner as the case of the state condoned abuse of African migrants in China indicates (Pelican 2010). By aligning with each other on issues that enhances their collective livelihoods, they undercut currents of hostility and governmental inertia, concretely living South-South co-operation in the process.

From the agency of the ordinary people (African migrants and locals) in Germany, South Africa and India we can see a spectre of globalization from below. A globalization of ordinary people on the move who are set in motion by systemic inequalities that they attempt to grapple with by co-operating with each other across borders (Sitas and Lorgat 2010). The deterioration of livelihood and employment opportunities by neoliberal interventionist polices, and local elites have pushed a great deal of Africans out of their countries and the continent in search of stable sources of livelihood. While these movements were mostly forced, the synthesis is the opening up of avenues for cooperation between ordinary Africans amongst themselves, with Indians and with Germans respectively. It is undeniable that these interactions are very often fraught with suspicion, mistrust and othering, but their potential to incubate cooperation and transnational solidarities between workers, the unemployed and other categories of ordinary people is promising.

**Conclusion**

This chapter has traced the socio-economic dislocations unleashed on the African working and cognate classes by neoliberal interventions in the forms of the Economic Recovery Programme (ERP) and the Structural Adjustment Programmes (SAPs) respectively; secondly, it examined the resultant outward movements within and outside of the African continent by these classes; and thirdly, explored the potential for an emerging transnational solidarity which is not restricted to, but includes the traditional working class. This was done through the prism of the lived experiences and networks created by "subaltern" African migrants in Germany, India and South Africa. The chapter argued that as the neoliberal regime of accumulation takes hold of the African continent from the 1980s onward, a counter movement of subalterns exercises its agency, and migration is one of the ways in which that agency is activated.

It went on to problematize the view of a teleological human social evolution with globalization at its summit, by undressing the ugly underbelly of neoliberal economic violence in Africa beginning in the 1980s and its attendant social and spatial estrangement. In doing this, we came across the

trajectories of African migrants in South Africa who are on the one hand, remaking and challenging a closed notion and operationalization of national boundary/identity by laying claim to a society in which they live and work, and on the other hand, unsettling a narrow, elitist evocation of globalization and pan-Africanism. In Germany we followed Africans who are asserting their belonging in the face of an expanding alliance of gate keepers. In India we explored a growing but largely understudied African diaspora which is organically acting out South-South cooperation divorced from, and even counter to the half-hearted governmental rhetoric of South-South cooperation. A common thread running through all these are the links that these migrants create: (1) amongst themselves as Africans; (2) with local subalterns with whom they are materially allied as they attempt to navigate a deeply unequal and classist world; (3) and finally the remaking of the host environment demographically and culturally. The paper concluded by pitching camp with globalization; but a qualitatively different form of globalization – one that is grounded in the experiences, aspirations, solidarities and eventual self-liberation of ordinary people from the bosses that currently drive neoliberal globalization.

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# Ongoing Demarcations: The Intersections of Inequalities in a Globalized World

Caroline Janz

**Abstract** One of the central characteristics of the process of globalization is the increase of migration. The high quantity of transnational movements of people, however, does not lead to a 'global village'; instead we witness changes in classification and demarcation processes within the reconfiguration and production of social positions and boundaries. This article claims that an intersectional perspective is an appropriate tool to investigate the complex and multiplied inequality patterns and the power structures within globalization. Intersectional approaches assume that social inequality is (re)produced through the constructions of difference, in which various socially relevant dimensions of inequality, such as ethnicity, race, gender, body, class, etc. interact. Thus to analyze inequalities in a globalizing world, this paper argues that one has to focus on the context specific intertwining of deviance constructions and difference markers that underlay inequalities (Sect. 2). This will be illustrated in a case study that displays the classification and categorization strategies of female migrants from different Latin American countries in Germany (Sect. 4). Although from a theoretical point of view there are no fixed hierarchical relations between the categories of difference, the empirical data show that there are specific patterns of intersection which are highly significant within the (experienced) constructions of difference: The interrelatedness of the categories of (1) gender and race/ethnicity and (2) class, ethnicity/race and nationality.

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# 1  Introduction

Heightened migration is one of the central characteristics of the process of globalization (Alonso 2011; Pries 2001). Around 3.1 % of the world population, estimated 214 million, live part or the entire lifetime outside of their country of origin (UN DESA 2013). The high number of people moving transnationally, however, does not lead to a 'global village' (McLuhan and Powers 1989);[1] instead there are changes in classification and demarcation processes within the reconfiguration and production of social positions and boundaries (Eriksen 2014). Hence the marking of differences is rather increasing and is – as this article explores – an inherent part of the dynamics of globalization (Sect. 3). Today's realities therefore increase the demand for more complex concepts to grasp the conditions and circumstances of domination which either privilege or oppress people (Knapp 2008: 41).

Approaches within an intersectional framework can meet this demand. Intersectional approaches assume that social inequality is (re)produced through the constructions of difference, wherein socially significant dimensions of inequality – such as ethnicity, race, gender, body, class, etc. – interact (Winker and Degele 2011; Davis 2008).

Thus to analyze inequalities in a globalizing world, this paper argues that the focus has to lie on the interrelatedness of categories of difference and constructions of social distinction, that underlay inequalities (Sect. 2) – taking into account different national/socio-cultural frames of reference. This I will illustrate in an interview study that displays the (experienced) classification and categorization strategies of female migrants from different Latin American countries in Germany (Sect. 4).

# 2  Intersectionality: Analyzing the Interrelatedness of Dimensions of Inequality

The production of differences is understood as the core of inequalities because it results in hierarchizations constituting an important tool for the exercise of power. Intersectional approaches thus recognize the connection between categorization, that is the generation of socially significant differentiations, and the exercise of power resulting in the (re)production of inequalities (Winker and Degele 2011; Davis 2008; Yuval-Davis 2006).

The term "intersectionality" was developed by Kimberlé Crenshaw in the 1990s. To explain the concept of intersectionality, Crenshaw developed the metaphor of a traffic junction, where different categories of difference (gender, race, ethnicity, etc.), which determine the marginalization of certain groups cross, intersect, and

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[1] Depending on the nationality, people move across national borders with significant restrictions.

reinforce one another (Crenshaw 1991, 1989). Instead of conceiving dimensions of inequality as additive processes, Crenshaw looked at the complex interdependences and interferences between different dimensions of inequality (Anthias 2012; Crenshaw 1989, 1991).[2]

Intersectionality is still a framework rather than a clearly defined theory (Kallenberg et al. 2013; Anthias 2012: 107; Davis 2008; Hancock 2007; Knapp 2005). It is conceptualized as theory, as methodology, as perspective or heuristic device (Kallenberg et al. 2013: 18) making it a "traveling concept" (Knapp 2005) and a "buzzword" (Davis 2008) in social sciences. Scholars from various disciplines have taken up intersectional approaches to examine lived experiences and identity constructions on the micro level (e.g. Smith 1987; Shields 2008) and to investigate organizations on a meso level (e.g. Acker 2006) as well as structures on the macro level (e.g. McCall 2001).[3]

Common to intersectional methods and theories, however, is the goal to expose the conditions and circumstances of domination which either privilege or oppress people along different ascriptions and markers of difference (Winker and Degele 2011; Denis 2008; Collins 1993; Anthias and Yuval Davis 1992; Crenshaw 1991). The intersectional research focuses on the interdependence and interaction of different dimensions of inequality within a certain sociopolitical and historical context: Each marker of difference intersects with others in a non-additive way, therefore the multiple types of oppression cannot be added but must be analyzed in their intervowenness (Christensen and Jensen 2012; Collins 1993; Anthias and Yuval Davis 1992; Crenshaw 1991).

Contemporary processes of globalization increase the necessity of more complex concepts to grasp inequalities (Bürkner 2012; Purkayastha 2010). Intersectional approaches meet this demand because they are a useful, dynamic framework to examine intricate constellations of inequality and difference (Anthias 2012; Bürkner 2012). In this context scholars have reinforced once again the already established perspective that the triad race/class/gender cannot grasp the multifarious forms of domination of today's realities (Winker and Degele 2011; Purkayastha 2010; Lutz 2007): "[Intersectionality] needs to be deepened to make it applicable to transnational contexts, where individuals can be part of the majority and minority group simultaneously. It also needs to be extended to account for the ways in which different forms of marginalization are emerging under contemporary forms

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[2] With this concept, Crenshaw answered black feminists' criticism in the 1970s of white western middleclass feminism, which was ignoring different dimensions of inequality among women and thus separating gender from other dimensions of inequality (Christensen and Jensen 2012: 109f; Crenshaw 1991; Collins 1993).

[3] There have been several attempts to classify different intersectional approaches: Mc Call (2005) differentiates between (a) anti-categorical approaches referring to deconstructionist and post-structuralist theories, (b) intra-categorical approaches with the focus on differences within one category and (c) intercategorical approaches, in which the relations between categories are in the focus of the studies. Choo and Ferree (2010) distinguish between process-centered, system-centered and group-centered approaches.

of globalisation: not all of these forms can be easily fit under the race/class/gender/sexuality constructs without further theoretical discussions" (Purkayastha 2010: 39).

In what follows, I will meet this demand by (a) inductively elaborating the categories of difference occurring in my interviews – as proposed by Gabriele Winker and Nina Degele (2011) in their praxeological multi-level approach and (b) complementing common intersectionality research by overcoming the national container in the analysis of the social (speech) practices of the interviewees.[4] That means to outline on the level of social structures and symbolic representations the interviewees' multiple socio-cultural frames of reference, as the interview study will demonstrate.

Winker's and Degele's (2011) praxeological multi-level approach provides (I) a focus on categorical intersections without being tied to prefixed categories. This inductive method allows the investigation of intertwined forms of inequality and marginalization. (II) While maintaining the view on (the empirical reconstruction of) social practices as starting point of the analysis, in a second step it allows to take into account social structures and symbolic representations as (re)producer of social inequality. Thus the multi-level approach reunites structural and agency-related views on social inequality (cf. Bourdieu 1998; Giddens 1985). Consequently, social practices are conceptualized as being embedded in structures like the rule of law and institutions and in symbolic representations (as media discourses, ideologies, etc.).[5] Hence Winker's and Degele's intersectional multi-level approach examines the interrelatedness of categories of inequality across these three levels: social practices, symbolic representations and social structures. However, the starting point of an analysis of inequalities is the social practices in which differences are generated, for instance within identity constructions (see Sect. 4).[6]

In summary, intersectional approaches investigate the construction of differences looking at the intervowenness of dimensions of difference in order to examine the (re)production of inequalities and social positioning that lead to processes of inclusion and exclusion. The marking of differences, however, is rather increasing and must therefore be seen as an inherent part of the dynamics of globalization.

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[4] To grasp dimensions of inequality, various intersectional approaches work with categories (Lutz 2007: 223). Therefore it is important to emphasize that these categories have been developed as analytical tools to avoid reifications.

[5] West's and Fenstermaker's notion of "doing difference" – meaning the generation of inequalities through interaction – also emphasizes the interplay of interactions and structures. Structures are conceived as aggregated interactions. That is, the aggregated results of previous actions (West and Fenstermaker 2002).

[6] Due to the limited scope within this article the empirical references to structures and symbolic representations are held on a rather general level in the following interview study. Nevertheless, this article takes into account the interconnectedness of categories of inequality and constructions of differences across different levels as proposed by Degele and Winker (2011).

# 3   Multiple Frames of Reference in a Globalized World

The perception of space and time has shifted through the expansion of global mobility and new forms of communication (Harvey 1989; McLuhan 1964).

Technological innovations have had (and still have) a high impact on social mobility and have generated changes in the quantity and quality of migration processes (Pries 1999; Appadurai 1996). Today, migration flows are "one of the most visible manifestations of the globalization process" (Alonso 2011: 1; see also Appadurai 1996). Scholars have stated a shift from traditional emigration to new forms of transnational migration patterns (Eriksen 2014; Mc Dowell 2008; Levitt and Nyberg-Sorensen 2004; Pries 1999; Glick-Schiller et al. 1995). These new transnational migration processes have a strong impact on the contextualization and (re)production of demarcations and social differences, as well as on the context of identity constructions:[7] "In identifying a new process of migration, scholars of transnational migration emphasize the ongoing and continuing ways in which current-day immigrants construct and reconstitute their simultaneous embeddedness in more than one society" (Glick-Schiller et al. 1995: 48).

The thus described forces of globalization increase the interconnectedness of the world. Simultaneously, these forces have further resulted in the emphasis on particularism and the demand for the governments' acknowledgement of culturally specific rights. "What is clear, however, is that the centripetal or unifying, forces of globalization and the centrifugal, or fragmenting, forces of identity politics are two sides of the same coin, two complementary tendencies that must be understood well for anyone wishing to make sense of the global scene at the turn of the millennium." (Eriksen 2014: 159) According to Eriksen, the increase of identity politics is a reaction to processes of globalization and therefore creates one essential feature of globalization,[8] leading to the renewal and set up of new boundaries along the construction of difference (Eriksen 2014: 153, 158ff.).[9]

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[7] Although these new forms of transnational embeddedness need to be taken into account to grasp the realities of migrants, it is at the same time important to emphasize the significance of the nation states, as does Anthias: "nation states are still the determinants of juridica, social and cultural citizenship and the ethno-national project remains central." (Anthias 2012: 103)

[8] This stands in sharp contrast to the predictions of homogenization theories (Barber 1995; Ritzer 1993).

[9] From the 1990s, for instance in the European Union, ethnic and nationalist movements and populist parties, which are stirring up fear against the loss of privileges and identities within a globalizing world, have gained importance (Eriksen 2014: 158). The role of ethnicity in identity politics is emphasized in accordance with separatist claims or with demands for the acknowledgment of cultural differences and exclusive rights as well as to prevent minority groups from gaining access to national resources, therefore taking place within state policies as well as from below (Eriksen 2014). Ronald Niezen (2003) differentiates between Ethnonationalism with the claim for an autonomous state (as demanded by the ETA) and Indigenismo. With Indiginismo, Niezen (2003) describes an international movement seeking to protect the rights of indigenous peoples through the institutional acknowledgment of a special status. On an institutional level, the term indigenous and the acknowledgment of indigenous belongings go in line with a set of rights

Due to the changes prompted by the processes of globalization as the increase of migration and a higher sociocultural diversity within immigration countries (Koopmans et al. 2005), the frame of reference for ascriptions and the need for self-positioning have changed and multiplied.

It is common that constructions of identity are developed in relation to a 'constitutive other' (Hall 1996), no matter whether these identity constructions occur in the daily life of individuals or are defined in the frame of essentializing identity politics by social movements or parties. To distinguish oneself from the other is an active practice. This logic applies to all demarcations and identity constructions: The dialectical other is needed. Therefore all demarcations have a relational character and must be conceptualized as fragmented, situative, and multiple. Thus social differentiation is not given by nature, but it is a result of social practices. For instance ethnic groups can only be understood in the context of inter-ethnic relationships (Barth 1969). Ethnicity can hence be seen as "the communication of cultural difference" (Sökefeld 2007: 31f., translation CJ). Furthermore, the construction of difference commonly goes along with normative valorization. Differentiations respectively social categorizations are accordingly (re)producing hierarchies as intersectional approaches have shown.

The constructions of differences are produced through discursive practices and reflect the historical, social and political context and the (hegemonic) discourses of that time. Dominant public discourses have therefore a major impact on how individuals construct their realities (Appadurai 1996: 37; Kaschuba 1995: 29; Dijk 1992: 310). Thus discourses and the appellation they imply play an important role in the identity constructions of migrants and their perceptions (Gutierrez Rodríguez 2003: 90).[10] Prevailing discourses offer norms, values, and ideologies to people which reproduce dominant representations and inequalities as people refer to them. Discourses and symbolic representations are a highly important source of reference for the positioning and differentiation of people as the following interview study will demonstrate.

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bestowed to indigenous peoples since the 169th International Labor Organization (ILO) convention in the 1990s.

[10] To understand the importance of symbolic representations for the study of inequality, the power-knowledge-relation has to be taken into consideration (Foucault 1979). Knowledge claims are closely related to power, especially the power to define. The production of hierarchies through knowledge constructions, respectively through the power dimension of these constructions, can well be illustrated for example by the phenomenon of racism (Räthzel 2008: 277). The construction of races and differences – on the basis of either cultural or biological criteria – are always linked to power interests and are manifest in societal structures. For instance, the colonial powers 'created' inferior people, which they had to civilize and educate (ebd. 2008: 277).

# 4   An Intersectional Analysis of Empirical Data: Ascriptions and Self-positioning of Migrants from Latin America

Intersectional methods provide a framework to expose the conditions and circumstances of domination along different ascriptions and markers of distinction. As argued previously, the production of differences is understood as the core of inequalities because it leads to hierarchizations functioning as an important tool for the exercise of power. Social differentiations respectively classifications in social practices and structures are thus (re)producing inequality patterns (Sect. 1).

In what follows I will present key results of an interview study.[11] The focus lies on the specific intertwining of categories of inequality within the social practices and experiences of female migrants[12] from Latin America. In this context I will address the following questions: What kind of ascriptions of difference do female migrants from Latin America encounter and produce? Which inequality categories do often intersect? And what are the patterns of domination here? And last but not least: How is it possible to explore the dimensions of the marginalization the interviewees have experienced in the light of multiple sociocultural references which play a crucial role in the lives of the interviewees?

Depending on the interplay of categories of inequality, like gender, ethnicity, race etc., the (experienced) constructions of strangeness are more or less likely to occur – giving an insight into the dimensions of inequality different people are experiencing.

In the following section, I elaborate on the constructions of identities and the self-positionings of the interviewees. I subsume the differences they constructed and referred to in their narrations under analytical categories. The following categories reflect the most popular distinctions which emerged in the interviews: The category (Supra-) nationality implies all named national and continental differences, for instance EU-foreigners vs. third-world-foreigners. Under ethnicity all statements are subsumed, which create a causal relationship between a 'foreign' appearance and 'foreign' cultural habits. Race implies all attributions to

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[11] The study was carried out in 2009–2010. I have conducted 13 qualitative interviews with a narrative biographical stimulus in Germany. This approach meets the requirements to analyze the realities of peoples' life under the conditions and changes of globalization with an agent-centered perspective (Treibel 2008: 147; Schlehe 2007: 249). The sample comprised two contrasting cases: adult female migrants from Latin America in the first generation (a) with high education and (b) with low education. Data analysis was based on Mayring's (2002b) content analysis (first step) and reconstructive empirical social research in order to inductively identify the difference categories and the intersections (step 2). For an overview on the empirical research methodology see Mayring 2002a, b; Przyborski and Wohlrab-Sahr 2010; Bohnsack 2008; Glaser and Strauss 1967.

[12] The term migrant refers to a highly heterogeneous group of people with different causes to migrate, different residence status and different rights, different educational background, etc. The perceived construction of otherness and alterity applies to a very heterogeneous group of people independent from their legal status, because it is usually based on their outward appearance.

physiological characteristics and origins. Ethnicity and race are often tightly inter-woven in the statements; for this reason I will express such interrelatedness through the use of ethnicity/race. Gender embraces all statements referring to gender relations and sexuality including biological and naturalizing ascriptions. Because all statements were formulated within a heteronormative matrix, assuming two sexes (male and female) and a heterosexual desire, sexuality is subsumed under the category gender. Religion implies all ascriptions that referred to religion as to be Muslim, to be Christian, believers and non-believers. Under class all references to education, economic situation, use of language and behavior are collected. Some interviewees even constructed a class specific habitus (cf. Bourdieu 1979; see Sect. 4.1.2).

Due to the intersectional multi-level approach, the analysis of the subjective representations is contextualized within social structures and symbolic represen-tations.[13] To take the interdependences between social practices, social structures and symbolic representations into account is central for understanding the processes of (re)production of inequalities and for perspectives on social changes.[14]

## 4.1   Experiencing Otherness

In what follows I will analyze the intertwining of categories of inequality within the social practices and experiences of female migrants from Latin America. By examining subjective representations and identity constructions it is possible to find out how in a globalized world inequalities are (re)constructed and maintained: The (experienced) constructions of differences – as will be elaborated – are (re) producing context specific and globally powerful patterns of inequality.

Although from a theoretical point of view there are no fixed hierarchical relations between the categories of difference (Degele 2008: 142), the empirical data suggest that there are specific patterns of intersection which are highly significant: The interrelatedness of the categories of (1) gender and race/ethnicity and (2) class, ethnicity/race and nationality are highly significant within the (experienced) semantics of difference and within the (experienced) perception of the interviewees.

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[13] In the original study, the categories of difference appearing in the interviews (identity construc-tions on the micro level), were used as the point of reference for further analysis on the structural level and the level of symbolic representations (see Winker and Degele 2011). Within the scope of this article, the intersections of inequality-categories across those three different levels are considered in a more general way.

[14] As a relevant structural frame for understanding the individual experiences of the interviewees, one has to take into account that German policy has practically denied the reality of Germany being an immigration country until as late as in the 1990s (Bade 2001: 42). The 'guestworkers' who came as foreign laborforce through bi-national labor agreements were conceptualized as 'guests', not immigrants (Bade 2001). Even today, the policy towards migrants is far from adequately recognizing this reality (Pries 2013: 55ff.; Bade 1993: 398).

### 4.1.1 Ethnicity/Race and Gender: Team Players to Create Otherness

The analysis of the empirical data illustrates that attributed cultural differences were often produced and explained by referring to gender relations. Gender here often specifies cultural ascriptions of alienness. The attributions they received as well as the distinction lines (mostly constructed along the lines of nationality) drawn by the interviewees with respect to others were based on the intersection of the difference categories gender and ethnicity/race. One interviewee explains:[15]

> one has to say, I say [name of a city] is a city where it is very nice. Where I lived, in [an industrial city in Germany, C.J.] are many Turks [...] there live many Turkish people, nothing against it, but Turkey is a country, where the women have still very few rights, but the men think that they are something special and that I do not like at all, they mack on you. (Interview 1)

In similar difference constructions, which were established by the interviewees, cultural otherness is primarily explained and specified through gender relations. In the ascriptions that the interviewees experienced and referred to, gender and ethnicity/race intersect. Note the following example:

> but life in Germany for a single mother, and even more if she is South American, is very difficult. I remember how long it took me to find a stupid flat [...] I told the owner of the flat, tell me one country where all the people are clean, that does not exist. And then he looks at me, yeeees, but, no, better not, you are single mother that is difficult. With your look, I do not want that men go in and out here frequently. I said, excuse me (laughs), I said I want to rent a flat with my child I don't want to open a brothel. (Interview 1)

The empirical data suggest furthermore that colonial images of promiscuity and exotic women are very present in the ethnicizing constructions of gender and support hereby the findings of other scholars (Gutiérrez Rodriguez 2008: 273; Schäfer- Wünsche and Schröder 2007: 117).[16]

While the ethnicity/race and gender intersection in the experienced ascriptions objectify the women as sexy and exotic, this connotation changes completely through the status of being a mother: Instead of being perceived as a desirable exotic female object the women were imagined as dangerous foreigners invading Germany. The figure of the fertile foreigner who is invading Germany is a common figure in populist discourses on foreigners in Germany (e.g. Sarrazin 2011).

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[15] In regard to the following empirical data: All quotations have been carefully translated into English and slightly modified in order to make them more comprehensible while retaining the original meaning.

[16] What was here ascribed to the interviewees turns out to be similar to globally circulating symbolic representations of Jezebel as a promiscuous woman. Jezebel and Mammy are two central images of women with dark skin since colonial times. Whereas Jezebel represents the promiscuous woman, Mammy refers to the loyal housemaid who cut all the connections to the black community. Schäfer-Wünsche and Schröder note: "Jezebel appears to be mainly the construction of a sexualized and sexualizing white male glance" (Schäfer-Wünsche and Schröder 2007: 117, translation CJ).

Gender most often here specifies cultural attributions of alienness. The body plays a crucial role in the process of objectification: sexualization accompanies exotization and vice versa. The intervowenness of the naturalizing ascriptions within the categories gender and ethnicity/race is thus a central dimension of inequality in the experienced construction of foreignness produced by third persons as well as in the constructions and attributions that the interviewees applied to others.

### 4.1.2 Skin Color: A Stable Transnational Currency

Furthermore, the empirical data show the close interdependence between the categories of race/ethnicity, class and nationality:

(a) Negative Ascriptions to Darker Skin
Darker skin is associated with a lower class, poor education and 'developing countries' – in the experienced construction of foreignness in Germany as well as in the references established in regard to discourses in Latin America. The physical appearance leads to statements about the nationality and the class a person belongs to: On the basis of physical appearance (race), which in the empirical findings intersects almost inseparably with attributions of class and nationality, people are ascribed a social position within a certain most often national context. In this interview study different national and continental contexts are relevant, that serve as frames of reference. One interviewee explains:

> comes an ignorant German campesino (farmer) [to Latin America, C.J.], who does not even know how to blow one's nose, who does not even know how to eat on the table who chpchpchpchp like the animals and oh the gringo [the word gringo is used for Americans and Europeans, C.J.] arrived aiii please take a seat (laughs), what can I serve you, what can I serve you, what can I serve you. We think of these, from any white face and blue eyes that they are. . ..That [the here described behavior of the Latin Americans, CJ] comes already from the colonies. Since the colonies and we keep on doing this thing. (Interview 6)

In particular, the well-educated women amongst the group of interviewees question these intersections, as this quotation demonstrates, that are normally taken for granted and provide a counter assumption: By means of recognizing specific behavior it is globally possible to determine the social position of a person – regardless of the physical appearance, meaning here the color of the skin.
Within the construction of foreignness that they have encountered the intersection of ethnicity/race, nationality and class is predominant. The interviewees criticize that they have been homogenized as rather underdeveloped foreigners due to a distinctive appearance, which goes along with the ascription of cultural strangeness. Individual characteristics – like status, education, etc., – were ignored. Interestingly, the significance given to the level of education has been the only decisive difference in the statements of the interviewees with a high level of education and those with a low level of education. Whereas the female Latin Americans with a

higher educational qualification maintain that class is the central distinction criteria rather than race, nationality or ethnicity, the interviewed women from Latin America with a low level of education refer to nationality and culture as the main distinction categories within the construction of foreignness.

In addition, the perception of skin color in Latin American countries and discourses, i.e. the innerlatinamerican racism (Dijk 2005), is as the data demonstrate still a highly powerful frame of reference and an evaluation scheme for the interviewees. Within their references to other Latin American women popular innerlatinamerican stereotypes played a very important role. Due to lighter skin and European roots people would, as stated by the interviewees, think of themselves to be something better. The meaning given to skin color within the perception of others and within their identity constructions underlines the significance of transnational cultural perception and evaluation schemes.

(b) The Ethno-National Trap: The Persisting Conception of 'Being German'

People in Germany – depending on their appearance and if the appearance leads to the ascription of having a migration background – are being problematized through ethnicization and culturalization as the data illustrate. The othering as non-German denies the social acceptance as a person with the same rights and therefore social participation. The following excerpt demonstrates that the son of one of the interviewees has not been addressed as German, although he legally is, because his appearance and his 'roots' – which is a reference to his blood (i.e., his origins and therefore an ethno-national construction) are being perceived as different: By practicing this othering the belonging to the "imagined community" (Anderson 1991) of Germans is denied. The interviewee recounts:

> As they presented his picture, the teacher said he was [citizen of his country of origin, C.J.]. I said, I am [citizen of her country of origin, C.J.] my son is born here. What is it that makes a boy German to the Germans? What does that? I always asked myself that, right? Because [in her country of origin, C.J.] right, in [her country of origin] you are [citizen of that country, C.J.] it does not matter whether you are blond, whether you are Chinese, whether you are Christian, whether you are Muslim, whether you are Jew [. . .] you are [citizen of this country]. You are different right? That does not matter [. . .] I was [in her country of origin] at the house of my friend [a friend with Asiatic migration background, C. J.] at home and I saw, that it is a bit different from ours, right? But I never considered her as foreigner. (Interview 9)

The central distinction marker here is the interplay of race, ethnicity and nationality. The basis for the othering of migrants in Germany is their physical appearance in the first place, which goes along with the construction of a distinct homogenous national culture. Consequently, the category race is ranked higher than the category nationality. The interviewee questions the significance, which is given to the physical appearance in the context of national belonging, referring to her country of origin. In her country of origin within the framework of the national concept of mestizaje the category nationality stands above the distinction marker race (cf. Telles and Garcia 2013: 130). Since the 1990s the concept mestizaje has been instrumentalized in different Latin American states to celebrate the indigenous

elements of the Latin American societies and thus create an imagined national community (Deruyterre 1997: 46f.).[17]

The empirical findings suggest that the ethno-national concept of 'Being German' has not lost its currency. This result corresponds to those of other scholars, who emphasize that an ethno-national thinking is still predominant (Piper 1998). Although German policy in the 1990s formally accepted the status of an immigration country (Bade 2001) laws, institutional structures and public discourses yet reveal an ethno-national thinking (Tharsen 2005: 177f.; Bade 2001). On all societal levels, ethno-national and ethno-cultural constructions are persistent (Bade 2001; Tharsen 2005: 130–134; Tibi 2001).[18] The German nation appears not to be constructed along territorial borders but along a community of blood which is imagined to have a homogeneous national culture (Oberndörfer 2000: 217; Oltmer 2007: 141). As the data demonstrate, the ethno-national conception of 'Being German' still determines the social interaction with migrants and people who are ascribed a migration background. They are here perceived as the others, who do not belong to the constructed ethno-national community of Germans (Tharsen 2005; Hall 1996).

### 4.1.3 Coping Strategies: (Re)production of Inequalities or Empowerment?

Practices that the interviewees obtain in order to cope with various forms of deviance constructions and exclusion display their multiple socio-cultural frames of reference. For the interviewees the individual biographic experiences, the socio-cultural background of their place of origin as well as the socio-cultural norms and values they experienced in their place of living in Germany serve as perception and valuation frame.

Furthermore, it can be demonstrated how the intersecting categories of inequality in national public discourses and global circulating discourses and how the encountered appellations have a decisive impact on the identity constructions and positioning (see Sect. 3). Additionally the coping strategies reveal how important it is to focus on context specific marginalization to be able to grasp the dimensions of domination along certain ascriptions. Thus, in contrast to the so far carried out scholarly research, in what follows I will analyze the classification and categorization strategies referring to other migrants within Germany. The interviewees, women from Latin America, position themselves in their statements within power-contexts. The constructions of otherness they have encountered have become part

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[17] Behind the folklorization and glorification of past-indigenous elements stands the notion to create through *mestizaje* a culturally homogenized national society (Deruyterre 1997: 46f.).

[18] The ethno-national construction of Germany, based on the idea of a community of blood, is for instance reflected in institutional laws as the ius sanguinis, i.e., the law governing the acquisition of citizenship. This institutional law has just recently, at the beginning of the twenty-first century, been supplemented by the ius soli – the territorial principle – but it has not been completely replaced (Oltmer 2007: 150f.).

of their identity constructions and subjective representations. By talking about their own position they kept referring to other migrants. As elaborated in Sect. 3, the construction of the other is a dialectical process in which oneself is actively being constructed as well (Hall 1996; Barth 1969). Therefore, it is not surprising that all interviewees made references to the negatively connoted discourses on 'the foreigners'. Especially Turks show a considerable presence in discourses pertaining to foreigners in Germany – as a constructed group, which is marked by an ascribed low status within German society and with a long history of migration.[19] Almost all of the statements of the interviewees were related to Turks and Latin Americans, that is, the groups of migrants to whom a certain 'social proximity' is ascribed. This 'social proximity' with regard to other women from Latin America is based on the fact that they also come from Latin America and share – as one of the interviewees stated – the same "cultural idiosyncrasy". With regard to Turks, the social proximity is based on two elements: First, the fact of being mistaken as Turks[20] and, second, as a result, the wish to distance oneself from 'the Turks'.

The references to other migrants thus serve first to position themselves within the popular and well-known discourses which they have encountered and which deal with foreigners as a homogenized group. Since in 'foreigner'-discourses the position of the interviewees – conceptualized as a national minority – is always negotiated too, the interviewees themselves aim to deconstruct the images of the foreigner.

In order to deconstruct the symbolic representations of the stereotypical foreigner, the interviewees turned to other migrants: In this context Turks appear as the constitutive other within the self constructions of the interviewed women, demonstrating a further inequality dimension within the German society. Note the following statements:

> but they throw all foreigners in the same bag, you cannot compare one, many foreigners, for instance Turkish, [. . .], right, with veiled women, where they come from, from the province, where they did not have access to education and think that all foreigners are like this. (Interview 12)
>
> I think they, yes, one likes to stay among oneself and I think more the Islamic countries, more the women stay among themselves. (Interview 11)

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[19] Already in the 1970s an 'orientalization' of female migrants was witnessed. The discussion about foreigners and migrants changed into discussions about Turks (Lutz and Huth-Hildebrandt 1998: 165). The tendency to report on people from Islamic countries and Muslims increased globally after the 11th of September. Additionally, in Germany there is a special situation, because of the history of guest workers that started in the 1960s. Due to the shortage of skilled workers in 1960s and the labor migration from Turkey one third of all migrants and people with migration background have Turkish 'origins' (Steinbach 2004: 107). People with Turkish migration background are perceived as the group with the highest cultural distance (ebd.). Central themes within the discourses are the propensity towards violence and the oppression of women (Treibel 2008: 162).

[20] "but here sometimes I think that for sure they have mistaken me with for a Turk or a Gypsie"; "often there are Turkish women, who resemble us in appearance" (Interview 13)

The references made to Turks demonstrate that the interviewees use similar images to construct counter representations which question the common asymmetric labeling practices they have encountered.[21]

As the findings demonstrate references to Turks must be seen as a background to provide a positive self-positioning. Turks here are the constitutive other for the counter representations of my interviewees, whereas the construction of different groups of migrants and migrants in general – the foreigner – is a dominant constitutive other within the mainstream society. In contrast to 'the Turks', my interviewees position themselves as emancipated, modern women, who integrate themselves in society. The interviewees defined 'the Turks' as member of a low social class constructed via their nationality (see below). In this context, they used markers such as poor knowledge of German, missing aspirations, a very different religion and underdeveloped gender relations as the decisive indicators.

The notions the interviewees used when talking about Turks followed the hegemonic dominant discourse. For example, elements like the parallel societies: "the women stay among themselves" – a metaphor that suggests foreign parallel structures instead of integration in society. Thus they adopt common symbolic figures in public discourses on foreigners (Lutz and Huth-Hildebrandt 1998: 167f.). The interpretation of the head scarf, hijab, as a sign of male domination as formulated by the interviewees (re)produces symbolic representations and inter-sects with the societal structures, for instance institutional discrimination regarding women with hijabs.

Especially with respect to their own (constructed) 'emancipated' and 'modern' lifestyle, Turkish women are used as a foil for comparisons – very often in the scope of cultural conflict scenarios which are linked to gender relations (see Sect. 4.1.1).

The counter-constructions of the interviewees make use of essentializing and naturalizing ascriptions and therefore reproduce practices of exclusion (Singer 1997: 86) alongside the dominant intersecting dimensions of inequality they have experienced. Regarding the definition power of the mainstream society and the position from where the interviewees engage in their identity politics, Hall (1996) emphasizes not to ignore the agency within these constructions of counter-identities, even if they are highly problematic, because they are (re)producing inequalities.

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[21] Choosing certain symbolic characters and metaphors from the dominant discourse and re-signifying them entails to establish a counter-discourse. Baumann (1999: 298) here speaks about a demotic discourse (minority discourse). Based on Baumann's distinction between the hegemonic dominant discourse and the counter demotic discourse, it is appropriate to rather talk about plural discursive competence within counter discourses than about dual discursive competence as Baumann does. The empirical data illustrate that there is not just one uniform counter discourse but a plurality of counter discourses.

**Conclusion**

Inequalities and power relations, resulting in unequal access to resources and social participation, are based on categorical attributions and distinctions within the constructions of otherness, structures, and symbolic representations. In the context of globalization (rising migration flows, transnational migration patterns and growing sociocultural diversity) inequalities which come along with constructions of difference are multiplied.

The multiplication of inequality patterns and difference constructions leads to an even greater need for new concepts in order to grasp the multiplied, complex, and context dependent local dimensions of inequality and global power structures. This article shows that an intersectional perspective is an appropriate tool to investigate the complex and multiplied inequality patterns and the power structures in a global context. Adopting an intersectional framework, scholars can address migrants seeking status and social positions across several societies and within different structural contexts and reference frames by focusing on the specific living conditions, the multiple micro-social embedding, and the experienced modes of domination. An intersectional approach allows:

(a) To elaborate on the "'hidden' frameworks of reference by means of reconstructing overlays of categories, variables, and interpretations (...)" (Bürkner 2012: 190). Within this analytical step it is important to elaborate the relevant categories of distinction inductively.

(b) To take the perception and reference frames of the individuals involved into account. Here the empirical data could reinforce the theoretical assumption that the differences people (re)produce are strongly influenced by their socio-cultural perception frames, which can only be understood by going beyond the national container as the only unit of analysis and take the positioning within structures and symbolic representations of more than one society into account.

   The data give evidence that different schemes of perception and evaluation play a crucial role in the construction of social differentiation and thus in the (re)production of inequality. These different schemes are based on the social and cultural background, the social position and dominant cultural assumptions.

(c) To reconstruct the persistence of certain perceptions and valorizations within the semantics of othering. For instance, the significance of skin color and the intersection of other inequality categories (see below) – without losing the view for the context specificity of patterns of inequality as for instance elaborated with regard to the significance of the ascriptions to Turks within the German context. Although from a theoretical point of view there are no fixed hierarchical relations between the

(continued)

categories of differences, the empirical data of my interview study suggest that, independent from their context (social position, private sphere-public sphere etc.) there are two specific intersections of categories of inequality, that are highly significant for the interviewed women within their lives in Germany as well as within their embeddedness in the Latin American diaspora and their place of origin: The interrelatedness between (1) gender and ethnicity/race and (2) between class, ethnicity/race and nation.

Consequently, the paper demonstrates that an intersectional approach, which analyses the multiple dimensions of inequality in the lives of individuals, can contribute to the exploration of global inequality patterns and is best suited to challenge the implicitness and proclaimed naturalness of dominant hegemonic difference constructions. Thus intersectional approaches allow to deconstruct the symbolic power of constructions of social difference that underlay the structural and symbolic dynamics of inclusion and exclusion.

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# Unifying Equality or Majority Rule: Conflicting Democratic Conceptions among Thai Adolescents in the City and Suburbs

**Eric Haanstad and Chulanee Thianthai**

**Abstract** Since the 2006 military coup, the growing inequalities in Thailand's political consciousness are still uncharted, especially among the nation's youth who are inheriting the consequences of an increasingly bifurcated society. This study juxtaposes 250 interviews, surveys, and mental mapping exercises with Thai emerging adults in Bangkok and in suburban provinces to complicate simplistic binary divisions between urban and rural political opinion in post-coup Thailand. This paper argues that many suburban adolescents stress democracy's perceptual links to a uniting equality while many urban adolescents conceptually link democracy to majority rule. In the context of globalization, these conceptual conflicts reveal an intimate linkage of political inequality to global patterns of urbanization. These findings suggest subtle conceptual fault lines separating urban and suburban Thai youth, providing critical insights into the political inequalities emerging in a rapidly divided nation.

As watershed events in Thai political history, the bloodless coup on 19 Sept 2006 that ousted former Prime Minister Thaksin Shinawatra and the subsequent 2011 election of Yingluck Shinawatra, Thaksin's younger sister, reveals a dramatic bifurcation of Thai political opinion. This growing division in Thai society is routinely depicted as a simplistic binary opposition between a group of urban elites who support the royalist government and a group of rural poor who support the Shinawatra-led government. However, this supposed political binary is rarely codified and the specific geographic textures of a changing youth consciousness remain unexplored. In the context of global urbanization, how do adolescents

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express their conceptions of Thai democracy's ability to address these fundamental divisions along the key divide of those living in Bangkok vs. those living outside the city? Furthermore, the conceptions of Thai youth, who will inherit this growing national factionalism, are critically unexplored in terms of urban and non-urban difference.

To chart these growing differences, in 2010 and 2011, we conducted extensive comparative interviews, open-ended surveys and mental mapping exercises with 87 Thai adolescents and young adults in Bangkok and 163 encounters and interactions with youth in a suburban province outside of the city. Our inquiries focused on the divergent ways that Thai adolescents in urban and suburban contexts conceptualize democracy, how they consider Thai democracy to be nationally unique, and how they imagine democracy's future within Thailand's political inequalities. In our interviews, survey discussions and mental maps, the political tensions in the years following the September 2006 military coup were immediately apparent. Their experiences included security-based curfews, school closings due to political shootings and riots, news observations of violent conflict, and encounters with protest groups in print media and on the street. Paradoxically, this political instability sometimes fomented a general lack of adolescent interest in politics and created a frequently expressed feeling of political boredom and disenfranchisement. Furthermore, during the interviews, many adolescents mentioned losing their faith in the perceived future of Thai democracy. If the instability and disunity continues, they described impending doubts in their belief that democracy is the most suitable system of Thai government.

In this article, we argue that although Thailand continues to undergo a volatile political transition based on increasing societal inequality, the specific dimensions of these divisions of political thought are largely uncharted, especially along the supposed fault lines of urban vs. non-urban spatial categories and among Thai youth who will inherit the consequences of this growing volatility. Nevertheless, subtle key differences in conceptions of Thai democracy and its relationship to globalized democratizations are expressed. Namely, we encountered repeated associations with majority rule on the part of urban adolescents in contrast to expressed associations with unity and equality on the part of most suburban adolescents. In our research, we explore this urban preference for stable majority rule and compare it to a suburban insistence on unifying equality while linking these comparisons to previous research on democratic conceptions among adolescents globally.

This article is organized in four major sections. First, we provide the theoretical groundwork for our research, contextualized within the contemporary Thai political landscape, and outline our methodological approaches including interview, survey, and mental mapping techniques in both of the urban and suburban research sites. Second, we describe the inherent disunity in the emphasis on majority rule by urban youth, including their conceptual emphasis on the role of majority-based "people power" within democratic participation. Third, we describe the emphasis on unity and equality by suburban youth by showing how these key categories are expressed in ways that disunite from urban youth. Finally, as an indication of the critical vitality of adolescent experiences in the city and suburbs, these categorizations

were routinely complicated by perceptions of inequality and injustice in Thailand. After outlining these complications, our conclusion describes what implications these new findings suggest for globalization research, the urbanized politicization of adolescence, and Thailand's uncertain future.

# 1  Cultural Context and Theoretical Approach

Prior to Thailand's 2006 coup, the 1997 economic crisis in Southeast Asia caused radical changes in popular conceptualizations of democratic practice and concepts of democratization (Albritton and Thawilwadee 2008). These dramatic perceptual changes can be productively examined from the unique vantage point of Thai adolescent belief systems which serve as key sites of germination for ideas about unity and inequality. Due to their developing social roles and liminal structural positions, Thai adolescents are key agents who manifest dynamic conceptualizations of democracy. Theories of youth agency in democratic practice vary nationally and regionally, prompting a diverse, but nascent academic effort exploring modern adolescents' democratic perceptions in developing countries globally. Nevertheless, there has been a lack of understanding of how Southeast Asians, especially adolescents, perceive democracy. Moreover, current suppositions about supposed binary political rifts between urban and rural populations demand greater nuance as well. Suburban areas between city and rural provinces reveal unexplored semi-urbanized complexities to this heretofore binary categorization.

Our research analyzes democratic perceptions across geo-political and generational differences by focusing on how Thai adolescents conceptualize democracy within global patterns of urbanization. We draw from and contribute to several sets of literature at the interstices of globalization, democratization, and adolescence. These linkages are informed by Tilly's theorization of inequality and democratization within the context of trust and rule (2003, 2004). Situated among other contemporary studies, our research explores how national histories, social structures, and political traditions shape global democratic practice (Beetham 2009). Although Western liberal democracy is extensively defined through its normative associations with freedom of expression, fair electoral competition, and the separation of powers (Dahl 1970; Sen 1999) the extensive literature on democracy and democratization in the context of globalization in "developing" countries is missing a key component. Namely, there is a fundamental lack of analysis of how younger generations conceptualize and express what democracy and democratic practice means, with two notable recent exceptions (Doğanay 2010; Flanagan et al. 2005). In addition, there are several related studies on adolescent perceptions on citizenship (Levstik and Groth 2005; Simmons 2010), fairness of democratic systems (Helwig et al. 2007), and democratic regime change (Gallay et al. 2011). These authors demonstrate how new generations conceptualize democracy in fundamentally different ways, and how political conceptions of youth vary globally across geo-political landscapes, in urban and rural areas.

The study of human socialization, including socialization within global political systems, requires critical attention to adolescence. Democratic ideologies are often formulated in early adolescence (Beck and Jennings 1982; Pacheco 2008; Pornsak and Saithip 1983) and these ideologies become the basis for how democracy is conceptualized. Political socialization is an important part of this conceptualization process, when political attitudes, opinions, and behaviors are formulated that are expressed in later years (Alwin et al. 1991; Pacheco 2008). Recent studies assert that adolescents who live in politically competitive locations, primarily urban areas, are more likely to be politically active and to express stronger political attitudes than people outside of cities (Campbell 2006; Pacheco 2008). However, when these assertions are subjected to the complications of transnational comparison, Thailand's cultural landscape suggests that people in rural and suburban areas are equally politically active as their urban counterparts. Research on democratization and political processes in the suburban United States (Gainsborough 2001; Judd 2002; Oliver 2001) particularly resonates with the dynamic complexity of the Thai political context.

In addition to these transnational comparisons, studying adolescents and politics can reveal how new political generations conceptualize national polities (Easton et al. 1980 [1969]). Politically conscious youths devote their time primarily to issues that they feel demonstrate the greatest interest and relevance to their lives and needs (Clarke 2010). Political generations develop under markedly different historical circumstances, resulting in dynamic transformations in the issues they consider relevant. For example, Thai youths during the early 1980s were severely limited in their access to political information due to state communication control strategies instituted after the 1976 coup (Pornsak and Saithip 1983). By contrast, although many media sources remain under government control, contemporary Thai youths have greater access to political information through alternative media channels. These informational sources include a wider variety of news outlets, virtual communities, and social networking technologies.

Contemporary sources of global political socialization are rapidly diversifying, and during the past two decades theorists catalogued many vectors of politicization. These political socialization sources include the influence of families at home and styles of parenting as well as schools and styles of teaching (Andolina et al. 2003; Dalhouse and Frideres 1996; Jennings and Niemi 1974; Stattin et al. 2011). Within educational systems, civic education is an additional influential factor that contributes to adolescent political attitudes (Dudley and Gitelson 2003; Gimpel et al. 2003; Sloam 2010). Other sources of political socialization including religious practice, encounters with mass media, and exposure to online virtual politics, all of which are likely to foster civic engagement in later years (Flanagan 2003; Pornsak and Saithip 1983; Whyte and Schermbrucker 2004). Moreover, politically-charged memories, traumas, and experiences of children and adolescents correlate directly to their political perceptions and concerns (Finchilescu and Dawes 1998; Perez-Sales 2010; Tessler et al. 2004; Torney-Purta and Amadeo 2011).

In nationally democratic systems, political socialization also combines with sources of "democratic learning" (Almond and Verba 1989 [1963]; Dahl 1971)

engendering global conceptions of social equality (Hahn and Logvinenko 2008). Moreover, in countries where there is a greater gap between generations including the number of adolescents, adults and elderly people, the formation of democratic transitions becomes more difficult (Cincotta 2008). These findings, based on research in Western contexts, are complicated by our research within Thailand's divisive national context of ongoing political transition. Some adolescents that we interviewed associated the longstanding history of Thai democracy with a unique adaptation to Western-style regimes. To them, Thai society has only adopted certain parts of democratic philosophy and practices that are suitable for it, differing from American and European forms of democracy.

In their view, Thai democracy started from an elite group of Thai people who studied abroad and engineered an overthrow of absolute monarchy on 24 June 1932. As a result of this revolution, the country changed from an absolute monarchy to a constitutional monarchy and their system of government changed to a democratic parliamentary system. This crucial turning point in Thai history led to the installation of Siam's first political party, *Khana Ratsadon* (Peoples' Party), who incrementally modernized Siamese society while simultaneously building the legitimacy of urban intellectuals (Thongchai 2000). One adolescent who we interviewed said that the 1932 revolution was the most significant event in Thai democracy and several other adolescents listed the Democracy Monument and the "Memorial Peg" (*Mhud Khana Ratsadon*),[1] both of which commemorate the 1932 revolution, as physical representations of Thai democracy.

In reference to these historical contexts, many adolescents emphasized during the interviews that public participation in politics was a key feature that differentiated contemporary Thai democracy from absolute monarchy. Nevertheless, this participation is based on a kind of political gift based on a dependency model of democracy. For example, a third year political science female college student said, "When I think of democracy, I totally think of a type of governing power that gives rights and opportunity for the people to participate in politics." Thus, governing power (*rabob karnpokkrong*) is conceptualized as a process that *gives* rights, like a gift. As one adolescent said, "democracy gives us full custom of the rights and liberty." We return to this dependency-based conceptualization of democracy in our discussion of our informants' ideas on the limitations and caveats associated with Thai democracy. In a global context of other volatile democratic transitions, Thailand's newest generations are beginning to shape a rapidly developing national democratic philosophy. Thus, our comparative research of inequalities in Thai democratic conceptions among suburban and urban emerging adults reveals a subtle cartography of Thailand's increasing political bifurcation.

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[1] This brass spike, buried near the King Chulalongkorn monument is engraved in Thai, "at this place, 24 June 2475 (1932), dawn, the Khana Ratsadon (People's Party) constituted a constitution for the development of the country."

## 2   Research Methodology

To explore the political worldviews of Thai adolescents, it is critical to include youth perspectives from both inside and outside of Bangkok, a city which is nationally perceived as a privileged national center of elite political activity. The ongoing Thai political bifurcation is characterized as occurring on a precise fault line separating the city from the rural provinces outside of it. This perceived bifurcation erases the important perspectives of Thai youth from the suburban semi-rural provinces outside of Bangkok. Thus, our research is comprised of two parts at two primary research sites within both urban and suburban areas. During initial research in Bangkok, we talked to 87 Thai male and female adolescents, aged 15–23 years old, who were recruited from 7 public high schools and 5 universities. The data for this urban part of the research was collected through selective sampling of high school and college students who expressed opinions and interest in Thai politics. In this first phase of data collection, we identified 22 high school students who volunteered to participate in in-depth individual interviews. These high school students came from 12 different public and private schools, 6 of which were regional schools.

In order to gather perspectives from respondents from a greater variety of economic backgrounds and age groups, in the second phase of initial data collection in Bangkok, we recruited college students from five well-known public universities in the city.[2] The urban Thai adolescents referred to in this study do not represent the majority of all Thai adolescents, but rather are students from lower-middle to upper class social backgrounds from families who can afford their enrollment in Bangkok's schools. During a 3-week snowball sampling period, we identified respondents who were willing to share their opinions, ideas, and conceptualizations of democracy and the future of Thai politics. We employed two specific research techniques with all of the adolescents that we interviewed. First, a free listing exercise was designed to identify how the two groups of adolescents in Bangkok and the suburban provinces conceptualized democracy. At the beginning of the interview, students were asked to write down as much as they could in two minutes upon hearing the term "democracy" (*prachathippatai*). Based on their responses, these domains served as "mental maps," or cognitive cartographies, to understand how adolescents perceived and conceptualized the meanings of democracy. Following the free-listing exercise, we conducted in-depth interviews based on guided, but open-ended, questions on the associated definitions of democracy, the particular characteristics of Thai democracy, and the perceived possibilities for its future in the context of globalization.

After the first part of the research in Bangkok was complete, we sought interviews, surveys, and mental maps with adolescents from provinces outside of the

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[2] These five Bangkok public universities were Chulalongkorn University, Thammasat University, Kasetsart University, Srinakharinwirot University, and Ramkhamhaeng University.

city.[3] The total population of the first portion for this part of the study was 81 high school and university students, including 44 male students and 37 female students. They ranged in age between 16 and 22 years old. In order to contact a wider range of adolescents from a greater variety of ages and economic backgrounds, in a second portion of the research in the suburban provinces we conducted additional surveys and semi-structured interviews with 82 students. These additional surveys and interviews included 32 males and 50 females of ages from 14 to 22 in Nakhon Pathom province. In all other aspects, the interview process and mental mapping exercises with adolescents from these suburban areas mirrored the initial research process in Bangkok.

## 3 Thai Urban Adolescents and Conceptions of Majority Rule

In compulsory education systems from elementary school onward, Thai adolescents are taught that elections are a key mechanism of democracy. Students are taught through textbooks and the encouragement of teachers, "Let's be democratic and raise your hand, vote for who you think should be the class president," ('Ngu,' female junior year Bangkok high school student, personal communication). Predictably then, several of the adolescents equated political participation (*karn mee suanruam*) solely with the right to vote and the act of voting. These views reinforced earlier studies that Thai democracy is expressed as the most suitable and participative form of government (Borwornsak and Bureekul 2005). While these perceptions relate political participation to the ideology of voting, elections, rights and liberty, many more urban youth described political participation in terms of majority voice and votes (*seang khang mak*). Many urban youth expressed that it was important to learn and understand how the majority thinks, which is reflected in the outcome of a national election. Additionally, forms of "youth participation" (Checkoway 2011) were routinely linked with majority rule. For example, one Bangkok adolescent said, "participation. . .is how we express our thinking, action, and learning about the majority wants and needs."

Beyond these links to political participation, majority rule was routinely linked to concepts of social stability (*khwam mankhong thang sangkhom*) among young adults in Bangkok. The reoccurring theme of social stability was related to an overall acceptance of the ideology of elections, and in general Thai adolescents felt peaceful stability could be established through voting mechanisms. Importantly, in their view, any type of election is linked with an acceptance of the majority vote,

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[3] The urban high school and college students were from Nakhonpathom Rajabhat Demonstration School, Mahidol Wittayanusorn School, and Nakhonpathom Rajabhat University. The suburban students and young adults were from Wittayalay Naatasin fine arts school, the Mahidol Wittayanusorn campus, and the nearby suburban area of Salaya in Nakhon Pathom province.

which will determine decision-making for the entire Thai population. In this way, they reasoned, complications and tensions regarding different political viewpoints can then be reduced through democracy's mechanisms. Therefore, according to these urban adolescents, majority rule in democracy is a way of creating national social stability and security.

References to "people's power" (*amnart prachachon*) were also related to this concept of social stability and majority participation. For many Thai adolescents, democratic practice meant supporting the idea of people's voices being heard. Among adolescents we spoke to in Bangkok, the concept of people power referred specifically to two different aspects of the majority concept. First, some urban young adults overtly expressed that democracy relies on majority rule and that those who represent the majority should have the power to lead the nation. For example, one student from Bangkok simply said, "Everyone should accept what the majority of the people wants." Second, urban adolescents advocated accepting the majority voice, while not neglecting the minority equivalent. As one Bangkok student said, "participation...is when we consider the majority voice and respect the minority voice." In many interviews, Thai adolescents in Bangkok emphasized the concept of a majority-based people's power and people's rights, suggesting that if popular rights are protected by the government and the majority vote, then the routine practices of political power will reflect "the people's voice."

In this way, the power of the people is inextricably linked to democracy's authoritative weight as expressed through the political majority. Many adolescents from Bangkok explained that they want to encourage other voters to support the same political party as they do. This political advocacy would help to support their preferred party whose leader could then become the next prime minister. While many urban respondents shared this perception that existing political processes were functionally positive, other interviewees were more skeptical, expressing that elections serve only as a political tool allowing self-interested politicians to rise to a position of power. This finding was based on their observations of politicians after their election into parliament.

Accordingly, this more critical commentary from some urban adolescents described how Thai democratic practices do not coincide with what they learned in school or with appropriate legislation. Although they said that democracy offers global opportunities for participation, it was rarely reflected in societal changes. Moreover, they asserted that not every person in Thai society could equally influence politics or social conditions. Most of the urban adolescents who supported the Red Shirt movement[4] or self-identified as politically neutral said that the

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[4] Thai political protests and riots between the Red Shirts and the Yellow Shirts started in 2005 during Thaksin Shinawatra's term as Prime Minister. During that time, "the People's Alliance for Democracy" also known as the Yellow Shirts (generalized as Bangkok urbanites) began a public opposition to the former Prime Minister and the Red Shirts (generalized as Thaksin supporters from rural areas in the North, Northeast and East of Thailand). Based on spatial-temporal factors during the urban portion of our research, many of the adolescents we interviewed self-identified as Yellow Shirts, although a smaller number identified themselves as Red Shirts.

government, led by the Democrat Party at the time of the interviews in Bangkok, failed to live up to their expectations and promises. The implemented policies were seen as controlled by a small group of elites with unequal access to political power. These politicians made the changes that Thai young adults subsequently saw, not the people themselves.

Beyond these critical references to the inequalities of Thai democracy, some urban adolescents advocated a majority rule system where the majority vote dictates national decision-making. In their view, the minority should relent and accept the results of the majority vote. One female student in Bangkok said, "justice in decision-making should be made for the majority of the people, which is justified as democratic because it impacts most of our lives." For these urban adolescents, policies should be pursued in accordance with the vote of the majority. Some conceded, however, that the minority vote is also important in that it allows them to learn and hear what others think.

By comparison, some suburban students also linked Thai democracy to majority rule, but their associations were less frequent and overshadowed by their numerous references to unifying equality. Nevertheless, some suburban interviewees said that in a wide variety of elections in Thailand, including those for school president, class leader or public representatives, those who are elected must be supported by the majority vote. In this view, democracy is associated with the acceptance of the majority voice. For example, if a student leader is elected, they represent the majority of their fellow students and should enact the rules and regulations of the school accordingly. They suggested that under democracy, people must come first, although societal disagreements, conflicts, and inequalities always exist. According to this smaller group of suburban students, in democracy, society must bend to the will of the majority vote.

Despite these conceptualizations linking urban and suburban adolescent ideas of majority voice, most suburban students evoked the concept critically, not as a normative component of Thai-style democracy. In particular, suburban students tended to associate the concept of personal interest (*ponpratyot suanton*) with the concept of majority voice. Many students in provinces outside of Bangkok said that when politicians intervene for their group and personal interests, no real democracy, ethics, or transparency is possible. Young adults in the provinces said that these personal interests led to many political problems in Thailand such as riots, protests, and inequality. One student of laws curriculum in Nakhon Pathom province said, "In some cases, when there are many overlapping interests, they change the law for their personal interest." Another student from the same province agreed, "Thai society has no equality yet. People often violate the rights of others for their own group interest." These criticisms of the majority rule concept by suburban young adults stood in subtle contrast with their positive associations of democracy with uniting equality.

# 4 Suburban Adolescents' Concepts of Unifying Equality

As the previous discussion of majority rule introduced, the basic context underlying adolescent opinion in both urban and suburban areas is democracy's association with elections (*karn luak tang*). Beginning in the early 1990s, the Thai government began promoting a specific vision of democracy that highlighted civic unity as a democratic keystone and religious value. According to this new vision, democracy "required everyone working together with the same goal. Hence unity – something not characteristic of the Western-conceived competitive political party and elections system – was the true path of democracy" (Handley 2006: 432). From this political context, it was not surprising to find that many adolescents in the city and provinces associated democracy with conceptions of equality (*khwam samoephak*), an instructive linkage for this volume's complementary interests in global inequality.

Among urban adolescents, these conceptions of equality were often associated with the notion of justice (*khwam yuttitham*). As one 11th grade female from Bangkok said, "When I think of democracy, from a very young age, I learned about equality and the importance of the justice system. Justice means that everyone gets equal rights to choose whichever seat we want in the classroom...in the cafeteria and no one is allowed to reserve his or her personal seating. Everyone gets an equal chance and this is fair!" Similarly, Bangkok students also associated concepts of unity in democracy by associating them with open mindedness (*karn rup fang khwam khithen*). Open-mindedness involved hearing each others' opinions irrespective of whether it was the majority or the minority viewpoint. Nineteen urban adolescents mentioned that being open-minded is a way to unite people and thereby create a sense of national togetherness, which makes it possible to overcome political inequality. In this category, one urban student defined political participation as "how people come together and unite to ask for something."

Nevertheless, this relatively significant number of urban adolescent responses linking democracy to unity was overshadowed by the high number of suburban student responses who also stressed its associations with equality. When asked "What comes to mind when you think of democracy?" 36 adolescents from the provinces specifically mentioned equality, social equality, or equal rights. One provincial adolescent said, "Democracy means everybody, all people have liberty and equal power and there is no exception." Similarly, 13 provincial adolescents associated democracy with equalizing liberty, although again, a concept of liberty limited by the legal restrictions of government. Moreover, 15 other students from the provinces associated democracy with an equality-based concept of justice, exemplified by one who said, "because everyone was born to own the same dignity as being human being."

Some similar correspondences existed between suburban and urban democratic perceptions, but not in numerically significant terms. For example, as in Bangkok, suburban adolescents also associated democracy with "people's participation," writing that "people have the right to make the nation's decisions" although only

five respondents in the provinces shared this sentiment in contrast with the high numbers of urban adolescents who made the same association. Similarly, only three adolescents from the provinces outside of Bangkok associated democracy with the concept of majority vote and these were also linked to equality. When asked, "What makes Thai democracy unique?" four suburban youth responded that Thai politics doesn't have sides and that "everyone works together." Importantly, this vision of the uniqueness of Thai democracy included a perception that democracy means, "When people are united, free, and equal."

These suburban associations of Thai democracy with political equality expanded to other responses, such as two adolescents who said it was "where everyone has the same rights" and another student from Nakhon Pathom Province said that Thais, "should listen to every person's voice because they all have the same rights." In one exceptional version of this form of unifying equality, another student suggested that Thailand "should distribute the wealth and increase the quality of living to every province, not only for the city." Thus, provincial adolescents' widespread associations of democracy with the concept of unifying equality were strikingly different from Bangkok adolescents.

Provincial adolescents' associations of equality with democracy extended to their responses to the question "How do you envision the future of Thai democracy?" Several students mentioned equality or equal rights specifically when answering this question, and many others answered that they wanted Thailand's democratic future to be united and harmonious. Importantly, these perceptions included a desire for greater political equality among many suburban interviewees as well as increased political opportunities that minimized corruption, cheating, propaganda and double standards. Despite these relatively optimistic views, suburban interviewees' critiques of the current political system and a degree of political cynicism were also evident in their responses. Several answered that politicians would continue to take advantage of membership in parliament, and that vote buying would remain prevalent. Nevertheless, in provincial areas adolescents often conceptualized their vision of Thai democracy's future as harmonious and based on unity, which was a marked contrast from youth in Bangkok, who mostly focused on its negative aspects.

For many suburban adolescents, equality meant a lack of differentiation among everyone in society. As indicated above, the interviewees often linked the word "equality" (*khwam samoephak*) to the word "justice" (*khwam yuttitham*). Many suburban interviewees also said that equality meant an individual equality according to the law, depending on principals of justice, equal rights, and civic duty. For example, these adolescents said that people were equal in their duties of paying taxes, being conscripted as soldiers, and through the right to vote. Moreover, many said that equality is a kind of social kinship (*kwam pen phi pen nong*), which meant that everyone must practice equality and treat one another equally without ethnic differentiation. Equality was also frequently linked by suburban adolescents to the concept of unifying human rights. According to this association, equality meant that everyone received the same basic human rights with respect to the principals of human dignity. For many Thai suburban youth, equality under

democracy meant that all people in the country were equal in their basic needs for survival and self-development according to the unifying concept of global human rights.

In accordance with these associations of justice and unifying equality, many suburban adolescent interviewees also linked the law (*kotmai*) with equality and equal rights. For example, one student in Nakon Prathom province said that when conceptualizing democracy, "I think of the law which means having equal rights such as [the idea that] everyone must pay tax." Another 22 year old suburban female said, "There are rules and laws to control people in the society. If everyone is equal under the law, it means that everyone is equal in the society." Similarly, interviewees from suburban provinces also said that democracy can lead to gender equality. For example, a 22 year old female student said, "Democracy makes men and women equal...nowadays, both men and women go outside to work equally: women can make money and stand by themselves and women do not have to depend on men anymore." Another nineteen year old female suburban student said, "We are also Thai, where democracy operates in the whole country, so males or females are not different, because the equality is in the democracy."

## 5  Democratic Limits and Perceptions of Inequality

Frequently, among both urban and suburban adolescents, concepts of unity were filtered through a lack of equality. Four adolescents from Bangkok negatively associated democracy with equality saying that it was in fact associated with inequality. Among these urban students, this association was routinely linked to cultural elitism. Several urban interviewees commented that equality can only be exercised to a limited extent in Thai society. For them this means that all Thais are given the right to vote, but people from different socio-economic backgrounds can only express their voices through the voting system. Another male urban young adult said,

> Equality does not always come with democracy. For instance, like me, I am a political science student. The knowledge that I have acquired has given me so many advantages over the others who are not in school or even those who attended other types of schools than me...So even though everyone has equal rights to vote, not everyone has equal knowledge to make informed decisions when it comes to politics. To me, this is inequality.

Importantly, many other urban adolescent interviewees similarly expressed how democracy did not deliver equality. They characterized equality as including anything except that which infringed on the rights of others. Democratic rights were conceptualized as something given to everyone, offering an equal opportunity to state and express their opinions. Liberty was conceptualized as allowing everyone to live as they choose as long as it does not violate other people's rights. In analyzing these conceptions, we again encounter the dependency model of Thai democracy as a personified entity that grants or allows rights to be given to the

people. As one male college student in Bangkok said, "When we are governed by a democratic system, it is expected that democracy will grant its people rights and liberty."

In this way, urban students conceptualized "liberty" as the operative concept of democracy rather than "freedom." Seventy-one out of the 87 interviewees in Bangkok used the term liberty (*seriparp*) rather than freedom (*issaraparp*) to describe democratic concepts. When freedom was mentioned in association with democracy it was limited to demonstrating how it made expressions of identity possible. By contrast, the meaning of liberty as stated by the majority of the interviewees, reflects what they learned from textbooks and what has been stated or implied in the Thai constitution. Namely, they referred to practicing liberty within the limits of "not violating other people's rights." Here again was the popular caveat among urban adolescents that democracy is concurrent with its limits. For example, one said, "Participation...is like a door that is open for the people to have liberty in terms thinking and action; however it has to be within what the law permits and does not hurt others."

Moreover, according to many adolescents in Bangkok, Thai people naturally know these limits to democratic participation. They described how Thai people preternaturally understand the limits of their rights in terms of what is appropriate and what is not tolerated in Thai society. For example, although a democratic society along the lines of a Western liberal democracy encourages the right to openly debate and criticize politicians and policies with which one may disagree, this runs contrary to what is regarded as traditional etiquette in Thai society where open criticism of others is regarded as inappropriate and inconsiderate. For these urban young adults, democracy should be kept within boundaries including the "rudeness." This concept was extended to those who are openly critical of others, who are considered to be rude. Additionally, as a female college student in Bangkok said, "Rights that each individual has...should be kept within the boundary and not harm the collectivism and harmony of our society." Rights and liberty thus need to be understood in the cultural context of normative Thai society. These cultural boundaries are tied closely to generational norms disseminated through folklore and social etiquette and according to what is legally permitted in the Thai constitution. These forms of social and legal control emphasize the collective unity of Thai society over that of the individual.

By contrast, many suburban students that we interviewed said that although equality was fundamentally linked to democracy, without justice and morality democracy was not inherently good for everyone. For them, equality and justice must interface with morality and ethics to determine what is right, appropriate, and acceptable for people. One student said he had a negative attitude towards democracy if it is devoid of morality and justice. This male 22 year old suburban student said,

> Everyone says that democracy is relevant to equality, but the majority often forgets about morals and justice. It does not mean that if you have equality, you can interfere with other people's lives...democracy is actually taking advantage of poor people. Whoever is more clever or has more money has more power and can live in the society comfortably.

Thus, many adolescents from the provinces perceived that rights and liberty are compromised within the context of democracy because of a lack of social equality. As they described, inequality arises from the categories of "rich" and "poor." As one student in Nakhon Pathom Province said, "Rights and liberty do not exist. Whoever has more money or a better job will have more rights, for example a Chula student is better that Rajaphat student."[5]

As this student expressed, for this generation of Thai youth, the gap between rich and poor is one of the most widespread global social problems. According to them, although every Thai political party stresses its resolution to reduce poverty, economic reform is never achieved. Thus, for this generation, at its core democracy is a means to reduce social inequality since it is often used to operationalize social equality and justice. For example, democracy was perceived as helping to reduce incidents of corruption and employment discrimination. Among many interviewees from the provinces, an idealized vision of democratic equality did not reflect the realities of Thai society which was marked by social stratification in income and education. Adolescents from the provinces viewed social stratification or economic class as one of the problems which prevent Thai society from becoming a "real democracy" in a global context. According to a 22 year old provincial student,

Democracy is like a tool so that people will not look down on each other. However, most people prioritize rich people as a powerful group. It is the same for the politicians; they are powerful men and will not think a lot about their people.

According to another male young adult,

I think Thai society divides people into two levels; rich and poor... higher classes and rich groups will get privileges more than others. For ordinary people's lives, the service that they get from government agencies or officers will be absolutely different and unequal.

Importantly, adolescents in provincial areas often linked the words 'money', 'rich', 'poor' and 'inequality' to the word 'democracy.' One student in Nakhon Pathom province said, "Democracy is equality, everyone has equal rights, but it is only model. The reality is not like that when rich and poor people must be equal." Another suburban student said, "When talking about democracy, I think of equality. But some people in the society are oppressed and the wages in each province are still not equal."

For many provincial adolescents, this inherent inequality is linked to the patronage system (*rabob uppatham*), which they said cannot be dissociated with Thai democracy because it is deeply embedded in Thai culture. The Thai patronage system is defined as a type of relationship between two or more parties that are connected through beneficial gains (Amara and Preecha 2005), and can be divided into two types. First, a direct patronage system is depicted in nationalist histories as the feudal protection and benevolence of a lord to his laborers. Second, an indirect

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[5] Chulalongkorn University is the most highly ranked national university in Thailand. However, it is also assumed that students there generally come from wealthy families who can fund tuition and access to materials for entrance examinations.

patronage system emerged during the reign of King Rama III when Siam's capital extended its empire and decentralized its regime. This latter system remains apparent in contemporary Thai politics through concessions for public services in exchange for providing kickbacks, giving promotions to those who are more favored, or neglecting to punish privileged friends and relatives (Khunsit 2006). Contemporary systems of patronage continue to reward personal interest to the detriment of public interests (Ockey 1993).

Importantly, provincial adolescents identified this characteristic of preferential in interviews and surveys as one of the unique features of Thai democracy in the context of globalization. Some of them argued that the patronage system can be beneficial because the descendants of the person are known along with their family background and their ethnic heritage. They reasoned that the patronage system is acceptable as long as political patrons are capable of giving back to society and tight legal controls prevent egregious misuse. On the other hand, the majority of suburban adolescents viewed the patronage system negatively. For them, the patronage system is a source of inequality, which impedes the development of Thai democracy. However, all of these suburban adolescents agreed that patronage is inseparable from Thai politics.

Similarly, most of the suburban adolescents interviewed rejected the perceived inevitability of military intervention supposedly justified by political conflict. By allowing the military to interfere in national politics, they saw it as a sign that Thailand is not a truly democratic society in a global comparison. Furthermore, among suburban students, social justice was ideally linked to equality, but practically equated with special interests, including the military. As one 22 year old male student observed,

> In my opinion, justice is the thing that everyone should treat other equally. . .not just rich people avoiding charges until they are not wrong anymore, such as the case of Prawa's car [killing nine people].[6] This case now became quiet, maybe because she is rich. What about people who already died? Their death is worth nothing. Or people who use the connection to get some things. It looks like justice disappears in Thai democracy. It is very hard to find it.

Many adolescent interviewees from the provinces said that although the laws do not realistically apply to powerful politicians, they should at least think about civic duty (*nathi ponlamuang*), ethics, and a Buddhist fear of sin. These suburban students contend that it is difficult to find politicians who honor civic duty in Thai society, which constitutes a seriously weak point of democracy in Thailand. According to them, if politicians are faithfully responsible for their duties, democracy in Thailand will be as progressive as other countries globally.

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[6] This case refers to a young girl from a famous wealthy family who drove without a license and killed nine public van passengers, generating national media attention.

Significantly, in the context of globalization, adolescents in provincial areas associated democracy with laws (*kotmhai*) including, rules and regulations (*kot and kotrabiab*) and government policy, while interviewees from Bangkok did not associate it with these concepts. Many interviewees from the provinces said that although laws are related to democracy, there is still a problem of democracy in Thai society due to a lack of knowledge that hampers legal effectiveness. As one 22 year old suburban student explained, "I think every country has laws and regulations which are related to democracy, but...in Thailand most people lack legal knowledge and use the power of democracy in a wrong way. People in lower classes still believe the leader and people still have mafia who dominate them."

To address these fundamental inequalities, adolescents suggested increasing democratic knowledge and access to information. From the viewpoint of suburban interviewees, educational access grants Bangkok adolescents greater understanding of democracy, and they subsequently use this knowledge for their own interests. Nevertheless, some interviewees in provinces outside of Bangkok think that rural students have sufficient access to information while others assert that educational opportunities in the city are better than in rural areas. They refer to perceptions of Bangkok as the national center where many political activities and government development policy are deployed. As one interviewee from Nakhon Pathom province said, "Rural adolescents may not have the same access to democracy as Bangkok adolescents. Bangkok adolescents probably use this gap for their own interest like children from rich families will use their power without thinking of democracy." Another student from the same province said, "Rural adolescents do not have the same knowledge as Bangkok adolescents because they have no money, they are not rich. Therefore, they cannot access (democracy) as much as Bangkok adolescents."

The inequalities of informational, economic, and political access were so pronounced in the perceptions of two adolescents that they proposed that Thai democracy simply didn't exist (*sing thee mai mee yu jing*). They asserted that if Thai democracy existed, Thai society would be equal, fair and tolerant. To these respondents, democracy is only a political ideal, and it is difficult for any society to truly achieve it. As one female young adult said in an interview, "It doesn't exist! We never see it in practice. You can see even in a small company where those who are recruited into the system are all there through connections. It's who you know." Another adolescent said, "How can anyone agree with one another, if we have different mind-sets, different interests, and want different benefits. Democracy is good, but do we really practice it? I don't think so or else we would not see people fighting with one another like this." These impassioned critical statements not only indicate the depth of political expression exhibited independently by many Thai adolescent and young adult interviewees, but also reveal their deep sense of political uncertainty for Thailand's future.

## Conclusion

As these comments indicate, rather than offering predictions for the future stabilization of Thai democracy, many Thai adolescents predicted that Thailand's political future would merely reproduce societal inequalities. One adolescent from Nakhon Prathom suggested that more political bifurcation could produce additional protest factions and further entrenchments of the red and yellow shirt movements. By contrast, another suburban adolescent predicted a complete adaption of Western democracy in Thailand. Determining which of these predictions is more detrimental for Thailand's future, continual political bifurcation or complete political homogenization in the context of globalization, remains unclear for a nation plotting an unpredictable course.

Charting this political course requires problematizing the binary "red shirt vs. yellow shirt" interpretations routinely offered in international media analysis by showing the nuance and complexity with which Thai adolescents conceptualize Thai democracy in global comparison. Our research reveals this subtle generational cartography of Thailand's increasing political bifurcation and inequality. These emerging adults are profoundly affected by contemporary political events in Thai society and characterize Thai democracy as inherently unstable. Thai adolescents perceive democracy in two separate primary themes, which can be attributed to geographic factors aligned with economic social factors of urbanization in the city and provinces. These two perceptual variations are a widespread association of democracy with majority rule among middle to upper class urban adolescents, and an association with unified equality among middle to lower class adolescents in the provinces outside of the city. These variations could be theorized as related to the political allegiance of Bangkok's generalized support for the urban political elite, and thus urban youth would benefit from national allegiance to majority rule. Similarly, suburban students are profoundly affected by media accounts of ongoing political conflict as well as the influence of a nationalized education system which stresses cultural and political unity. In the context of ongoing globalization and urbanization, the causes of these political differences will continue to reveal themselves as Thailand moves inevitably towards an uncertain democratic transition.

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# Globalization and Inequalities in South Asia

**Vivek Kumar Srivastava**

**Abstract** Vivek Kumar Srivastava analyzes the situation of inequality in South Asia with a special focus on India. Starting with processes of political regionalization and economic liberalization he first describes the economic and social infrastructure of the region. In a second step, he unveils the relationship between inequality and globalization processes in India and other South Asian countries. In a third step, he displays the variety of inequalities established in the region and highlights the influence of regional trading block formation on the persistence of inequality. He demonstrates that globalization and regional economic integration create inequality in a way that discriminates the social group which has limited access to education and modern technology. Consequently, he calls for policy implications to upgrade the social infrastructure in developing countries.

## 1 Introduction

Globalization has impacted the contemporary age in a highly influential manner and can be considered one of the most important socio-economic forces of our times. Many developing societies adopted its principles, particularly after the decline of communism, by implementing structural readjustments to ensure economic growth (Bandeji 2008; Baum 1994). Globalization has come to stay in global economic behavior among the nation states (Saleem 2007).

By 1991, when the USSR was dissolved due to its internal dynamics, it was apparent that the capitalist system had won the ideological war of economic models. Thereafter the establishment of a capitalist system seemed to be the only solution for many developing countries to deal with the economic problems such as unemployment, poverty and inequality (Rachman 2012). It was this setting that pushed many South Asian countries to adopt globalization, understood as a wider term encompassing the free market economy (Alexander 2008), in an effective

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manner, though many were already practicing it in milder form. The process of globalization had its impact upon nation states. Globalization helped liberal economies to expand in formerly protected and socialist economies of the world.

Sri Lanka was the first country in South Asia which had decided to adopt a free market economic system. India, the leading and core country in the region, adopted the model 'Liberalization, Privatization, Globalization' (LPG) in 1991, when the Indian government decided to limit the previously dominating socialistic economic measures and aimed at the establishment of a free market system. The privatization of government companies by disinvestment was initiated, liberal economic policies were adopted and markets were opened for global investors. The government of Mr. P V Narasimha Rao adopted this model in order to deal with the economic problems prevalent at that time and to push the country into a new directional path of economic growth (Gupta 2009).

The LPG model was closer to the spirit of the Washington Consensus (Dasgupta 2005; Muyeba 2008). Its main objective was to enhance the economic status of the country and to bring a significant improvement in the quality of life of the people. The economic model of globalization naturally opened the doors to greater interaction among the countries. South Asian countries were in a state of capital shortage besides entrenched poverty and unemployment status had placed them in the vicious cycle of poverty in the words of economist Ragnar Nurkse (Midgley 1995). Their economic problems were structural, mainly induced by paucity of capital and innovation and by their dependence upon the agrarian economy (Ratnesh et al. 2008; Sidhu 2010).

It was hoped that these countries would be able to improve their quality of life by implementing new economic policies. As a direct impact of globalization, multinational companies were expected to enter the national economies, bringing direct foreign investment. To a larger extent this proved correct when Foreign Direct Investment (FDI) and Multi National Companies (MNC) entered the region and free flow of information and technology were observed in the region. It was a different scenario than the previous one where governmental controlling mechanism were more in existence and the role of the private sector and private investment was not of great interest.

## 2 Economic Globalization

When the economic status of South Asia is examined, it becomes clear that the region is one of the most backward in economic and social terms at the global level (Gohar 2010). The economic and social infrastructure of the region is quite low. According to the latest Human Development Index (HDI) report all of the South Asian countries lie quite below the global average level (United Nations Development Programme 2013).

Against this background economic liberalization was adopted as a tool and governments relaxed their control over economic activities. The process of

globalization introduced a free market economic system and opened protected domestic markets for foreign companies and investments. These policy choices aimed to overcome and eliminate the economic bottlenecks in the region. Even before this shift there were many attempts implement free trade policies which were contemplated as the panacea for the economic problems. Now, after the fall of communist empire when the governments of the South Asian countries concluded that capitalism was the only answer to deal with the economic problems of their countries and under the guidance of several international institutions and policy makers, the loosening of governmental intervention in the economic fields was prescribed. Globalization although acted as an over powering force for the developing countries.

The adoption of this model by India is a major event in global affairs due to many factors (Dilip Dutta 2004). India accepted the market-based strategy to accelerate development with the least amount of state intervention (Datt 2008). Two non-Congress governments, led by V. P. Singh and Chandra Shekhar, bankrupted the country so much that it had to mortgage its gold reserves to the Bank of England to tide over the foreign exchange crisis. The next government, headed by P.V. Narasimha Rao, had to accept the Washington Consensus. Thus began the phase of liberalization, privatization and globalization. Since then a number of governments of different ideological complexions have come and gone but the implementation of the ten points of the Washington Consensus has continued unabated (Mishra 2011).

India is one of the largest markets of consumption of the world. A certain section of the population with a strong purchasing power and a large demand for the international goods were the most motivating factors for the industrialized countries with free market economic systems and export orientation to move to India. The Indian government too had realized that a socialist pattern of economic development had not brought the desired results. The larger section of the society was still trapped in the vicious cycle of poverty; hence globalization was adopted in the country with the support of the government at a policy level.

In addition there were Global reasons that pushed the South Asian countries, including India, to take recourse to the LPG model. After the collapse of the USSR only capitalism appeared to be in winning track. It was now well thought that no other model could be more successful than the model of globalization. The global changes and the lack of an alternative available to these countries due to the decline and absence of any credible theoretical economic model to fight the well-entrenched cycle of poverty pushed its adoption in the region.

At the same time another thinking prevailed in the ruling elites in the region: that collaborated efforts were needed to remove the economic problems. Against this background they conceived a regional economic institutional structure to overcome the persistent economic difficulties of the region. This institutional arrangement too was an offshoot of the thinking that integrated free market structures at the regional level had the capacity to reduce the poverty and unemployment.

For this purpose the ruling elites in the South Asian countries decided to come closer by integrating on certain economic terms. They established the SAARC

(South Asian Association For Economic Cooperation) in 1985. Zia Ur Rehman (Ex-President of Bangladesh, 1977–1981) first floated the idea in late 1970s in Bangladesh that there should be an economic organization in the region to overcome many of the economic problems by integrating the economic efforts of the member states in a regional structure with the establishment of a free trade regime. Twin efforts, globalization and regional economic integration have been adopted with the single objective of economic transformation in the region and in every particular country.

A critical analysis shows that globalization in the South Asian region has yielded benefits to those who are better educated and have better access to information because the new types of jobs that were emerging after the introduction of globalization require these traits. Moreover, regional economic structures in an environment full of conflicts yield more diversion of trade than in a politically silent homogenous society and regional trading agreements cause inequality particularly in the least developed countries of the region.

These two factors have increased the inequality in the region. A study was conducted by using the data of per capita income and trade from 1989 to 2003 to see the inequality pattern and spatial dependency of the countries of SAARC (Bakar 2014). The finding suggested that the income inequality is increasing over time whilst trade inequality is decreasing (Bakar 2014). Many countries including India have, in spite of alleviating the economic problems of the masses, helped to establish the inequalities among their population by following economic policies of the developed and industrialized countries. There is evidence to suggest that the poorer sections of India were actually further marginalized under the neoliberal economic regime of liberalization introduced in India in the early 1990s. Poorer states like Bihar, Uttar Pradesh and Orissa witnessed only a marginal improvement in terms of per capita NSDP (Net State Domestic Product), whereas the richer states like Gujarat, Maharashtra etc. witnessed substantial rises. States that witnessed greater rise in per capita NSDP during the period 1993–1994 to 2004–2005 also witnessed higher rise in state-level Gini coefficients. This implies that the states that experienced more 'growth' actually had worsening inequalities. Within States, the rural-urban divide worsened. Urban consumption levels were twice as high as rural consumption levels (Save The Children 2013).

The adverse impact is greater on poor and marginalized people. In the realm of food-based interventions in India, for instance, the neoliberal stance of reducing fiscal subsidies and the attendant move from a universal Public Distribution System (PDS) to a targeted system in the 1990s has resulted in a widespread exclusion of poor and needy households from the PDS (Save The Children 2013).

For the study of the impact of globalization in the developing societies, India can be used as an ideal laboratory in South Asia because it has a very large population and adopted the model of globalization along with privatization and liberalization in 1991 with the goal of an economic betterment. More than 20 years have passed since the adoption of this model in India. It has brought many dividends to a section of the society but has also created greater economic inequality in the country.

In order to understand the extent of this inequality an empirical study was conducted in the state of Uttar Pradesh, the largest state of India with diverse levels of the economic status of the population. For this study a random sample survey of 50 individuals was carried on. The sample included that vulnerable section of society which can be termed as the deprived section. This group included mainly vegetable vendors, rickshaw pullers, bricklayers, small commodity vendors, maid servants etc. The random sample survey concentrated people above the age of 40 years who were in a better position to appreciate the effect of the new economic model on their lives in a post globalised age. The first question was related to their economic condition and asked whether it had improved or not. The answer of 95 % of the respondents was that it had not improved. They stated that they were more in trouble in the post globalised age. Their conclusion was that there were more goods available but that they had no access to them. Moreover, the health and education for their children had become costlier, although about 60 % respondents accepted that they had no idea about the way education had to be provided to their wards. This fact is revealing because the Government of India in the recent past has carried out a subsidized mass education program based on the constitutionally supported fundamental 'Right to Education'. The respondents also stated that their housing and sanitation conditions had not improved at all. They had not attained any specific movement in vertical direction in these spheres.

The second question attempted to find out to which extent the respondents felt that they were not living at a normal standard of life in comparison to those whom they served. It is a common fact that the poor section of the society acts as a service provider to the middle class which constitutes about 20 Crores (200 million) in the Indian population, although some researchers state that less than 6 % of Indians are part of our $10–50 (minimum-maximum per day per capita income) middle class in 2009–2010, which would mean that it consists of just under 70 million people. That is less than half of NCAER's estimate of 153 million (Meyer and Birdsall 2012). A recent study estimates the size of the middle class at 200 million people because pay hikes in government jobs after the sixth pay commission in 2009 and an expansion of self employment in different sectors from education to the establishment of eatables outlets have taken place. Middle class has emerged as a significant section of the Indian society with better earning capacity.

About 98 % of the respondents held the view that their situation had not improved in any manner in comparison with whom they served. They in fact harbored a sort of psychological negativity to their masters. In one remote village some farmers expressed their anger against the female teachers who worked in Government Primary schools as Basic Primary Teachers and were paid about 20,000 Rs. per month ($340). In many states including Uttar Pradesh government policies have opened new job avenues for the young people as Primary Teachers. Most of the girls aspire this career due to less competition for the job, job security, good salary etc. Their number is significant in this sector, although they have to go to remote villages for teaching the students enrolled who live at nearby villages.

The salary of such teachers was considered as quite high by the local farmers as they were never in a position to earn this amount even in 1 year. Some of them said

that these teachers were being paid for no work and the amount paid as salary was too high. This statement exhibits the type and extent of negativity about those fellows who belong to the middle class of the society who have definitely benefited from the new economic policies of the government in which the role of the new modes of earning are quite important.

This sample survey brought out certain features of the deprived and vulnerable section of the society: Primarily there is a vast difference between the different strata of the society. Secondly the benefits of the new economic policies have not percolated equally to every section of the society. The reality is that globalization has created two sections in the Indian society, beneficiaries and non-beneficiaries. Another revelation from this survey is that there is a widespread anger among those who did not profit from the new economic policies against those who can be clubbed in the section of the beneficiaries.

The last finding can be termed as psychological inequality as it is well entrenched in the mind of the non-beneficiaries that they have not received any benefits of the new socio-economic dynamics prevalent in the society. The emergence of such a psychological inequality is one of the most important factors for the generation of crime and anti-state, anti-social behavior in a certain section of the society. The emergence of the problems with Maoist terrorist groups called Naxalites in a certain section of the society and territory of the country can be traced back to this psychological inequality.

The understanding of such a development of inequality in the deprived section of the society was attempted further. It was analyzed as to what were the main factors which had hindered the percolation of the benefits of the socio-economic changes to this section of the Indian society. A general conclusion is that benefits of globalization have not percolated in equal terms to every strata of the society.

The described socio-economic changes that are part of the process of Globalization in the broader sense have been brought to India in an unrestricted manner unlike the selective adoption that we can find in China, where the opening of the market has been punctual in comparison to India. The major negative consequence of such an unrestricted globalization has been that it has created a social cleavage, particularly in the field of consumerism. In contemporary India there is an increased inclination towards consumerism among all sections of the society albeit many do not have the money to take part in such a consumerist culture. In many parts of the country shopping malls or restaurant points have opened and the availability of new models of gadgets, vehicles etc. have risen strongly. These goods demand a high purchasing power which is not available to a vast section of the population. This has proved to be one of the most important causes of psychological inequality. One female vegetable vendor expressed her agony saying that she always wanted to own a four wheeler of the same standard in which her purchasers used to come in the market. This gap of purchasing power can be cited as the primary factor of differential impact of the globalization.

This understanding raises the question which factors restricted the transfer of benefits of globalization to these members of the Indian society. If we see an increased per capita income and an increased purchasing power of the individual

as the major impact of globalization, there has been some improvement in the per capita income of the country, but it is irrelevant in real measurement. In fact the purchasing power and study of income at a particular individual level should be made the basis of measurement, hereby understanding the real income level of the individual. This is especially necessary in the developing countries due to the fact that in these societies there is a stratum of people with great differences in terms of income level. If the data of an individual from a higher income category is clubbed with a low income category individual and their average income level is taken out then it may appear quite high, the lower income category person will appear to be holding a higher income capacity than he really has.

It is impossible to picture the dynamics of inequality in developing societies with indicators based on a calculated average, as they are unable to for example include processes of psychological inequality caused by the ubiquity of a great range of products that are unaffordable for the majority of the people. Hence, per capita concepts are not of much relevance in developing societies. Inequalities will tend to produce anger, frustration, hostility, fear, insecurity, and other negative emotions; material inequalities will often go together with fear or the actual distressing experience of a failure to secure a socially acceptable material standard of living (Elstad 1998). The major factor in this respect is the unequal purchasing power of the individuals. This fact should be understood by relating it to another dimension of globalization, the new free market economies.

The major overt impact of globalization has been in the field of the establishment of new market structures where a broader spectrum of products is available. But who has been able to profit from this development? Who are the purchasers? The most important purchaser is someone who has accrued economic benefits from the impact of globalization. Part of the process of Globalization are rising wages and the absorption of a significant part of the population in the job system by the growth of new companies and infrastructure, the development of new products, and the establishment of new markets. This factor has emerged as one of the major determinant in creating inequality in developing societies including India due to the fact, that new businesses and the transnational establishments require highly skilled man power. They need better educated and informed young employees versatile in English and Information and Computer Technology. As members of the deprived section of the society do not meet these requirements, the demands of globalization are fulfilled by those who are better informed, technically qualified and have access to a modern system of education.

These individuals can obtain better jobs and better wages. Thereby, they are in a position to purchase the consumer products and capitalize better facilities. The process of Globalization has in this way created greater inequality in developing societies as the majority of the population of these countries is illiterate. These people have no access to modern types of information made available by internet and professional education which could eventually convert them into skilled persons. Income power inequality therefore is a natural result of globalization in developing societies. This form of inequality has produced many other types of inequalities in the Indian society.

Another analysis deduced from a field study shows that gender inequality, regional inequality and rural-urban inequality also prevail. Illustrating this, there was a significant deviation from an equal material distribution when individuals of northern Indian states were contrasted to the southern states where modern technological establishments have been established quite early. Although many young people from northern India are employed in the IT hub of Bangalore, Hyderabad and Pune, major shares in jobs and the main increase in per capita income have been witnessed in the southern states. There are various studies with different variables that can be taken up for understanding the different pattern of the inequalities in the developing societies of India.

India's record in the field of social progress, with the exception of particular states like Kerala, has been relatively disappointing. Urban poverty is very visible in India where slums are commonplace. Indian rural persons living in land-owning households had a per-capita income of US$768 which was nearly 60 % higher than that of persons in landless households (US$477). On the minority–majority dimension we find that 5 % of income inequality in rural India is due to this dimension (Meyer and Birdsall 2012).

Against this background it can be stated that better information and education facilities have created a structure of inequality in the Indian society. The better educated and highly skilled people are in a better position to attain a better status by being a part of the better income category; in contrast those who are not in a position to get jobs or other benefits from market economies find themselves in the deprived and marginalized part of the society. They are trapped both in psychological and economic inequality. The better quality of life and a better real individual personal income are out of reach to these people. Inequality will continue as long as the true behavior and the dynamics of the process of globalization are not completely understood.

## 3   Bases of Globalization and Inequality

From the analysis presented above, two factors needed to obtain benefits from the economic changes that come along with globalization can be described: Skills in the command of new technology and an excellent command of the English language. These skills are needed for young people in the developing societies to profit from the new professional possibilities. Globalization needs to be analyzed based on these two factors in the South Asian states.

Its manifestation can be observed in other fields too. The agriculture-rural sector is a glaring example. It needs to be understood that the two bases for generating monetary benefits from economic processes linked with globalization have created great gaps in the rural areas of South Asia in terms of material equality. The inequality in almost all of the South Asian countries are equally pervasive due to the non-capitalization of benefits of globalization processes due to the low level of

manpower in the rural areas and the incapacity to multiply earned money by investing in new sectors or by developing forms of entrepreneurship.

In Bangladesh, many researchers suggest that as a result of globalization there has been a reduction in absolute poverty but that at the same time the inequality has increased. An analysis of the marginal effects of different components of income on overall inequality showed that both foreign remittance and income from self-employment in non-agriculture were highly unequal in nature, i.e., any increase in their share of income would lead to greater inequality, other factors remaining the same (Osmani and Sen 2011). Self-employment in the South Asian countries is largely determined by the forces of globalization. This includes for example the opening of mobile shops or the establishment of coaching institutes, managed by educated youths. This trend of self-employment is widely prevalent in India, where educated youths have opened coaching classes in many rural-urban continuums or in rural and urban habitations. India's private coaching industry (a $6.4 billion business) has flourished in many regions and cities. FIITJEE, a household name for would-be engineering students, has over 60 franchises across the country (Reuters 2012). Many cities have emerged as centre points of private coachings. Kota in Rajasthan and Kanpur in Uttar Pradesh are leading centers. Kota, the leading city in the coaching industry, has 129 big and small coaching institutes (Mishra 2013). In Kanpur city there are coaching institutes abound in every sub-area.

Another important key to understand the dimensions income, savings and disposable income lies in the concept of financial inclusion. The underlying assumption of this concept is that people who have money tend to create bank accounts. The access to banks and the possession of a bank account between the countries and within the country is largely determined by the economic status of the people. This is a sort of 'class division' determined by the availability of money for the individual. Such a situation can be observed in South Asia, where people with greater income have access to financial institutions but people with less or without money do not have bank accounts and do not participate in the financial system. These tendencies can be exemplified comparing Spain and Bangladesh: Spain has 96 bank branches per 100,000 people and 790 branches per 1,000 km$^2$, while Bangladesh has less than 7 branches (or ATM) per 100,000 people and about 67 branches (or ATM) per 1,000 km$^2$. A large section of the population that does not have any physical access to banking services in South Asia is situated in rural and remote areas in the country (Islam and Mamun 2011: 13).

Three major deductions may be obtained from these findings: People that have less money will most likely not use the banking system, the majority of the account holders in South Asia are city based and income inequality has pushed a certain segment of the society to mere subsistence rather than to be able to save money or even invest it. Whilst the aspect of financial inclusion has often remained disregarded in research studies on inequalities, some researchers, for example or Sarma and Pais (unknown), have worked on factors responsible for financial exclusion and inclusion. One of these studies showed that levels of financial inclusion inevitably rise in response to both growing prosperity and declining material inequalities. It can therefore be stated that the unemployed or those with

irregular and insecure employment are less likely to participate in the financial system.

Globalization is closely linked to the concept of market fusion by trade liberalization. Trade has always been considered a vital engine of growth and it was broadly assumed that the development of a poor country may depend upon it securing an adequate trade expansion. According to a report of the most of the Least Developed Countries (LDC) undertook deep trade liberalization in the 1990s. They also received some degree of preferential market access from developed and developing countries. But trade liberalization plus enhanced market access does not necessarily equal poverty reduction. Many LDCs are in the paradoxical situation that they are the ones that need a multilateral trading system the most, but at the same time find it hardest to derive benefits from the application of its general systemic principles: liberalization and equal treatment for all its members (Hameed and Nazir). This inequality aspect is true for many core countries of South Asia, according to a study of Siddiqui and Kemal (2002) who come to the conclusion that the degree of inequality has increased in Pakistan in the era of liberalization. The study shows that globalization reduces poverty in the long run, generates employment opportunities but worsens inequality (Hameed and Nazir). The same reasons as those identified in the case of India exist in Pakistan: that better informed, educated people enjoy the benefits of globalization whilst the rest is pushed gradually into a marginalized section of the society.

There is another dimension of rural inequality witnessed in India: The agriculture income of the farmers has not increased whilst the income of the government sector employees has. Globalization has brought an influence upon the political psyche that salaries of the government employees need to rise. At the gap of every 10 years the central government in India establishes a pay commission to revise the salary structure. The last pay commission was established in the year 2009 and the next one, the seventh pay commission, has been notified by the central government. The last pay commission increased the salaries in a huge manner. Those working in central and state governments started to get very high salaries. This in turn fuelled the inflation which affected poor and rural people the most. Inflationary impact has been analysed by The Associated Chambers of Commerce and Industry of India (ASSOCHAM), a premier research institution and think tank of the private sector in India. ASSOCHAM Secretary General D.S. Rawat has projected for the next pay commission that hefty pay hikes for the central government employees (as has been the experience of the previous pay commissions) would act as a big drain on government finances and would once again add to an inflationary pressure. The president of the PHD Chamber of Commerce, another influential business research focused institution, Suman Jyoti Khaitan has concluded that the increase in income levels without an adequate infrastructure and supply scenario could lead to higher inflation. Its adverse impact would affect a large section of the society. Affluent people and the middle class would be able to protect themselves but marginalized groups would be further pushed to the zone of poverty.

## 4 Social Infrastructure and Inequality

Globalization has had great impact on the social infrastructure which includes education and health sector. In these sectors the major indicators of inequality besides the food-grain purchasing capacity can be found. Globalization has created two education and health systems in India. A great part of the people cannot afford prestigious schools and quality private hospitals due to their corporate nature. Due to the governments' persistent efforts to universalize the education, the private players have come in the form of private in the higher education sector. In similar fashion private engineering, medical and management colleges have come into existence in professional education too. The affluent class obviously has easier access to these institutions.

The developments in the educational and in the health sector due to the process of globalization have brought benefits to some land owners in India in a significant manner. The localization of the described institutes has a unique pattern. Most of them have been established in the urban-rural continuum where land of the agriculturists has been purchased by the owners of these institutions at very high prices, leading to inequality among the farmers: Those who got a selling opportunity have emerged as a class apart at the village level. One glaring example can be found in Noida-Ghaziabad area in Uttar Pradesh where farmers with big lands were benefitted in huge manner. Thus privatization of education impacted the rural area, propelled inequality among the farmers and between the educated and the non-educated population. Education can in some way be seen as a resource like land. The process of globalization has affected both.

This aspect of land economy has multiple dimensions. A sort of cascading effect is observed when land of farmer is taken by the government or a private player for any reason, particularly for education or housing projects. Globalization has created satellite townships in the metro cities where a great concentration of new enterprises has taken place. Although some farmers may be affected positively in monetary terms the linked dependent marginal ones are more sharply and adversely affected. In Noida, the National Capital Region (capital city New Delhi and adjoining region), each village has about 50–60 landless laborers, who used to depend on farmers crops for livelihood. They have no future as the government has already acquired the land (Gram Sabha land) and allotted the same to builders (Rajput 2013: 1). This has placed them in a zone of exclusive poverty where the survival is more demanding and inequality is permanently perpetuated. Thus globalization has brought benefits to only that section of the society which has some relation with the economic processes linked with it.

Those who are skilled in the two bases of the economic changes linked with globalization that were described above, the command of the English language and skills in information and communication technologies (ICT), are better placed than those who have no access and fail to understand these bases of globalization. With the passage of time this gap is widened and a structural inequality is entrenched. Globalization processes select those who can serve their demands and leave those

who are deficient in order to increase the benefits of private players. Many studies have confirmed it. Globalization increasingly bars access of less skilled workers to economic resources, as they are relegated to roles in the production structure with hardly any financial resources available (Villalon 2011: 4). The role of technology is also well evidenced in this process because technological progress increases the relative demand for higher skills, thereby exacerbating inequality in income (Jaumotte et al. 2008: 15).

## 5 Regional Trading Blocks and Inequality

Regional economic organizations are also a manifestation of globalization as they aim to establish a free trade regime in the region. It is observed that certain countries get more benefits from such integration. In the European Union this has taken place and South Asia is no exception. Since the introduction of the Euro at the beginning of 1999, the European Central Bank calculates that Germany has gained competitiveness, not only against other major industrial nations but against all other members of the Euro zone. Over the same period, Germany's balance of payments has gone from a small deficit to a strong surplus, but in the euro zone as a whole the balance of payments position has deteriorated slightly (Norris 2011).

In one study it is calculated that the South Asian Free Trade Area (SAFTA) will generate significant benefits for both Pakistan and India, but a loss for the countries in the rest of South Asia (RAS). Pakistan's welfare gain from the SAFTA is around US$254 million (1.92 % of the GDP) and the welfare gain for India is around US$4,445 million (1.35 % of the GDP). In contrast, the SAFTA will have an adverse impact on the RAS because of trade diversion, as representatives of the other SAARC member countries state. The estimated welfare loss for the RAS is around US$1,575 million (1.72% of the GDP) (Shaikh 2009: 617). This may manifest in multiple forms of inequality.

If an analysis of the regional cooperation is made at the preliminary level, it can be argued that regional cooperation creates better conditions for an economic elevation in so far as an RTA leads to trade creation and is expected to spur competition in the domestic economics. Increased import competition results in lower price for consumers, more product variety and quality and increased incentives for innovation. By promoting a more efficient allocation of resources, import competition increases productivity, living standards, and in the long run a growth of the economy. Empirical research has shown that the welfare consequences of trade liberalization through regional trading arrangements generally tend to be positive (Sarkar 2009).

As for illustration in South Asia the cooperation in the power sector has rich potential to have a developmental and poverty-reducing impact through trade and investment integration in the region. The mountainous terrain in the Himalayan regions of India, Bhutan and Nepal has immense hydropower generation potentials. The estimated hydropower potential of Bhutan and Nepal is 30,000 MW and

43,000 MW respectively. Revenue gains from power exports for Bhutan is estimated to be US$200.50 million per annum, including exports from the Chukha, Kurichu and Tala projects accounting for US$44 million, US$6.50 million and US$150.00 million per annum respectively. For Nepal, revenue gains from power exports are estimated to be US$194.87 million per annum from West Seti project on completion. It is projected that each 10 MW hydropower project creates about 1,200 unskilled jobs for about 3 years during the construction period. The resulting hydropower-supported 8 % GDP growth are estimated to create about 352,000 new jobs in Nepal. For Bangladesh, the availability of additional 150 MW power could provide employment to 55,000 persons in agriculture, 49,000 persons in industry and 42,000 in retail and wholesale shops. These illustrations show that benefits from trade and investment exist in the region and that they could have important implications on the reduction of unemployment and poverty. They also suggest that such developmental outcomes have remained unexploited to the greatest extent as trade and investment integration in the region has remained far below its potential (Das).

Against this background the logical understanding will be that regional trading blocs and organizations such as SAARC, which include India, Pakistan, Bangladesh, Sri Lanka, Maldives, Nepal, Bhutan, Afghanistan, may offer more benefits to its member states than their respective bilateral economic relationship with other countries. This argument may not hold its ground particularly in the South Asian region where political conflicts exist. Intra-regional trade has been adversely affected besides trade diversion out of the region has taken place due to the negative political climate in the region leading to inequality among member states in the region.

If in such an environment a regional trading block is created, it may bring major benefits to big countries. Less developed countries in the region are pushed a marginal position due to such structures. This is true for almost all the regions in the world. As for illustration in South Asia nation states are highly stratified in economic measurement where in economic terms societies are highly segmented. The greatest income inequality between men and women is in Southern Asia where men earn five times more than women on average (Pasquali).

Another manifestation is observed in Sri Lanka, the leading country in Human Development Index (HDI) in South Asia and one of the first South Asian Countries to open up to the global economy, by today the region's most open economy (Premakumara 2010: 17). It was stated in due course that equality in income was not realized and only a particular segment of the Sri Lankan society was benefitted whilst the rest remained marginalized. It is now well evidenced that the growing urban-rural gap is largely due to the concentrated economic growth in Western Province. Due to its proximity to ports, the Western Province was able to take advantage of the opportunities from market reforms adopted since the late 1970s and was able to integrate better with global markets (Premakumara 2010: 26).

This can be observed with respect to the largest country in the region, India, which has concluded free trade pacts with many countries. India has free trade arrangement with Sri Lanka. Thus bigger nations in the region are better placed to

take benefits of economic and political dynamics of the region by concluding bilateral free trade pacts. Although a regional free trade regime may exist, they may show less inclination towards such arrangements. Conclusively it can be deduced that in South Asia smaller states obtain less benefits from such arrangements due to the economic behavior of big states. They continue to remain in a perpetual and structured condition of inequality.

SAARC in South Asia has been established in highly stratified regional societies. India, Pakistan, Sri Lanka and Bangladesh are major economies in the region whereas Nepal, Maldives, Bhutan and Afghanistan in contrast can be termed as the least developed countries. SAARC has been devised as an exclusive economic organization keeping in mind the high intensity of the political conflicts in the region. It was decided that no political issue could be raised in the platform of SAARC. This finds mention in the article X of the charter adopted in the year 1985. There were other attempts as well by the SAARC to enhance the economic cooperation among the member states, when structures like the South Asian Free Trade Area (SAFTA) and the SAARC Preferential Trading Arrangement (SAPTA) were introduced. These have been established in the region in due course. SAFTA is one of the most important free trade structures which aim to reduce the trade barriers in the region. In 1995, the 16th session of the Council of Ministers (New Delhi, 18–19 December 1995) agreed on the need to strive for the realization of SAFTA and to this end an Inter-Governmental Expert Group (IGEG) was set up in 1996 to identify the necessary steps for progressing to a free trade area. The Tenth SAARC Summit (Colombo, 29–31 July 1998) decided to set up a Committee of Experts (COE) to draft a comprehensive treaty framework for creating a free trade area within the region, taking into consideration the asymmetries in development within the region and bearing in mind the need to fix realistic and achievable targets. The SAFTA Agreement was signed on 6 January 2004 during the twelfth SAARC Summit held in Islamabad, Pakistan. The agreement entered into force on 1 January 2006.

Although it has contributed to a certain extent in increasing in the intra-SAARC trade it has to be described as insufficient considering the economic potential of the region. The following table exhibits the trade behavior among the member states.

*Year-wise exports from member states under SAFTA (in US dollars)*

| Year | Afghanistan | Bangladesh | Bhutan | India | Maldives | Nepal | Pakistan | Sri Lanka | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2006 | 0.00 | 0.00 | 0.00 | 0.00 | 14,001 | 0.00 | 55,324 | 0.00 | 69,325 |
| 2007 | 0.00 | 15,273,177 | 0.00 | 3,783,410 | 0.00 | 0.00 | 576,165 | 19,828 | 19,652,581 |
| 2008 | 0.00 | 98,316,963 | 0.00 | 8,984,421 | 0.00 | 0.00 | 31,796,719 | 40,789 | 139,138,892 |
| 2009 | 0.00 | 199,786,455 | 0.00 | 315,256,736 | 0.00 | 0.00 | 43,509,985 | 608,624 | 559,161,800 |
| 2010 | 0.00 | 236,711,501 | 0.00 | 369,671,053 | 0.00 | 0.00 | 56,119,008 | 517,566 | 663,019,128 |
| 2011 | 14,770,442 | 172,182,456 | – | 287,810,462 | | | 43,174,979 | 102,393 | 503,270,290 |
| 2012 | 56,287,131 | 478,754,694 | | 342,980,545 | | | | 244,336 | 821,979,575 |
| 2013 | | 142,930,850 | | | | | | 1,021,106 | 143,951,956 |
| Total | 71,057,574 | 1,343,956,096 | 0.00 | 1,328,486,628 | 14,001 | 0.00 | 175,232,179 | 2,554,642 | 2,921,301,120 |

SAFTA performance as made available by SAARC secretariat, Kathmandu

There is acceptance among experts in South Asia that SAFTA has not lived up to the expectations. The export of the large economies of the region, India and Pakistan, has not reached the expected level. Even the total export by member states under SAFTA is not impressive.

While the South Asian Free Trade Area (SAFTA) was supposed to be a reality more than a decade back, it is still beholden to the sanguinary rivalry of the two titans with heavy financial losses accruing to every country of the Indian subcontinent in terms of tariffs, taxes and duties. The trade which could occur across the border in an organized manner now happens through a third country or in an underhand manner (read: smuggling) resulting in manifold jacked up prices for the citizens (Mohan 2014).

As the SAFTA is not functioning as expected it is observed that many of the member states have attempted to link themselves with another SAARC nation in form of bilateral free trade pacts. The recent example is the India-Sri Lanka free trade pact. India has also taken lead to look towards East Asian countries under its Look East Policy. This policy was adopted as a major foreign economic policy by Indian Prime Minister Narasimha Rao (1991–1996) to enhance economic relations with East Asian countries. Subsequently India has developed strong bilateral economic relations with the countries of the region and with the Association of Southeast Asian Nations (ASEAN) by concluding free trade pacts. These facts lead to the conclusion that in spite of the existence of a regional trading organization, where summit meetings take place every year, SAARC has not yielded any constructive, positive benefits justifying its potential.

The SAFTA's limited success has pushed the member states to look beyond the SAARC Preferential Trading Arrangement (SAPTA) and SAFTA. The fact is that those countries which have taken more active participation outside of South Asia get economic benefits in larger terms but do not create any substantial benefits to the less developed countries. As a result those fall back. Their limitations to participate in international trade could have been compensated a little if they had true regional markets.

The described situation suggests that regional economic cooperation has not brought any important change in the living standard of the common people of the region. This is somewhat paradox because intraregional trade potential has remained untapped. Smaller economies like Nepal, Bhutan, Maldives etc. have experienced sharp negative impact. Notwithstanding the coming into force of SAFTA, Nepal's trade with South Asia remains concentrated with India. The restrictive provisions in the bilateral trade treaty with India, along with other barriers, have, however, contributed to Nepal's deteriorating trade balance with its largest trading partner. While Bangladesh has emerged as Nepal's third largest export market globally, the growth in exports to it is overwhelmingly due to the surge in exports of a single agricultural commodity, lentils. Trade with the RSA is negligible in relation to Nepal's total trade (Adhikari and Kharel 2011).

In case SAFTA and SAPTA would succeed in the future, the maximum benefits would be accrued by the most developed economies in the region due to their better economic and technological capabilities. Especially India might emerge as a major

beneficiary. This fact assumes importance because India continues to have a dominant share of the region's exports of goods. Its exports are more diversified and include durable consumer goods, intermediate materials and certain machinery that is competitive not only internationally but also in South Asian markets, especially in Bangladesh and Sri Lanka. The other economies are smaller and their exports are far more specialized in labor-intensive products, especially textiles, garments, leather goods, seafood, and agricultural products (Arnold 2007: 192).

These facts suggest that regional economic integration in South Asia has contributed to the establishment of inequality among the nation states in the region. Limited success of SAARC and SAFTA has restricted the development of infrastructure in the countries because enhanced free trade promotes such structures. It is well evidenced that inter-South Asia disparity in both basic infrastructure facilities and per capita income has been rising over the years. Rising inequality in major infrastructure facilities across the countries might be responsible for the widening income disparity over time. On the whole, there have been enormous differences in individual performance among the countries in terms of all the basic indicators of development (De and Ghosh 2005: 99). Thus, the impact of a regional economic integration is like a complex web in the region.

Against this background the trade integration benefits may largely be consumed by the big nations and the small and Least Developed Countries may lag behind. Under a liberal economic regime, the free play of market forces may further accentuate (De and Ghosh 2005: 99). This may lead to an overall more unequal state in the region, it could produce similar forms of inequality as we have discovered in the general case of processes of globalization operating within a country. Least Developed Countries are likely to be forced into a low condition in perpetual manner due to their lack of good economic, technological and social infrastructures.

**Conclusion**

It has been discovered that globalization and regional economic integration create inequality in a way that disadvantages the section of the population which has less access to education and modern technology the most. Hence, the major task for policy makers should be to upgrade social infrastructure. This is an illuminating conclusion for the developing societies. In order to accrue the benefits of the regional trading organization, the weaker countries should focus upon industrialization and the modernization of their educational infrastructure otherwise such arrangements or trade diversion in due course will increase inequalities in their societies.

The impact of globalization may be a negative one by creating and increasing inequalities in those countries where ruling elites and policy makers have failed to appreciate its true impact on the overall society and

instead have taken a myopic vision that grants benefits to upper and middle class members of the society only. This is true for all developing societies and the Indian society is its classical example. The ruling elites have also failed to analyze, understand and comprehend the innumerable aspects of globalization. As a result inequality, which existed before the advent of globalization, has been enlarged and extended in sharp manner. South Asia emerges as major case study on this count.

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# Part III
# Global Power Shift

# Globalization, Capitalism and Social Inequality

**Boike Rehbein**

**Abstract** In the past years, inequalities in most societies and on a global scale have increased rapidly. This tendency is especially alarming in emerging societies. Large numbers of citizens of these societies have seen their living conditions improve very much and average income has thereby increased even on a global level. However, poverty persists, lower middle classes can often be considered to be working poor and the rich have become excessively wealthy by any standard, especially in emerging societies.

These observations have become common knowledge. Less is known about the causes and dynamics behind increasing inequality. The paper enquires into the link between globalization, capitalism and increasing inequality in emerging societies. It argues that in each society, older local, regional and national social structures persist that shape inequalities. The ranks and classes in these older structures transform into capitalist classes or milieus by changing their daily life and activities while at the same time reproducing their relative social position. The leading milieus partly embrace capitalism and partly try to resist globalization by drawing on older national traditions. This leads to specific configurations of social structures, capitalisms and globalization that differ from one society to the next.

A phenomenon that worries conservative politicians, liberal economists and radical activists alike is the recent increase of socio-economic inequality (Stiglitz 2012). While it has been difficult to judge whether inequality has increased over the twentieth century, there seems to be a consensus that it has become a serious problem during the past decade. Most researchers agree that inequality has increased since the turn of the century within most nation states and on a global level (Jomo and Baudot 2007). It is less certain if inequality between nation states has been rising or declining over the past decades. However, there is hardly any doubt about a small number of individuals getting excessively rich and a large number of individuals not improving their lot across the globe. A lot of anger has

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been voiced about this, from international organizations like UNDP to transnational movements like Occupy to academics across the board. The statistics support their case.

The absolute number of poor has remained almost unchanged over the past few decades, while the wealth accumulated by the richest individuals has risen to unprecedented levels, and multinational corporations report record profits virtually every year (Milanovic 2005: 149; Kaplinsky 2005: 31). There seems to be a consensus that these trends are alarming by most standards. Milanovic (2005: 108) has calculated the Gini index for the global population at 64, for the US at 80 and for the countries of the world taken as a whole at 53 for the year 1998. And it has been increasing in most countries, including Thailand and many European countries. In the year 2000, the 358 richest individuals had an income that was equivalent to the entire collective income of the poorest 45 % of the world population. The richest 10 % of all countries scored an average income that was 122 times higher than that of the poorest 10 % of all countries. And while the relation of the GDP of the richest 20 % of all countries to that of the poorest 20 % of all countries was 3 to 1 in the year 1820, it was 75 to 1 in the year 2000.

In spite of the general awareness of these facts and the clear visibility of the corresponding realities in everyday life, these trends have not been reversed in the wake of the financial crisis. And the causes of these trends remain unclear as well. It is evident that they are connected to global capitalism but it is less evident why inequality increases and why the rich get richer and the poor remain poor. This paper inquires into these issues. First, it offers an interpretation of contemporary globalization, then it looks at the spread of capitalism and at the political economy of inequality. The final sections of the paper discuss the sociology of inequality and the options of public action against inequality in the framework of contemporary globalization.

# 1   Globalization and the Multicentric World

It has become a commonplace that globalization means increasing interconnectedness. One of the main debates about the more precise interpretation of this concerned the causes and the results of the interconnectedness. While some interpretations attributed globalization to advances in the realm of technology, others found the core of globalization in the realms of culture, society, or the economy. The globalized world was interpreted by some as a homogenized and Americanized entity, while others emphasized its hybrid and localized character. By now, some of these debates have become outdated as the globalized world is taking a clearer shape. Nobody would talk about an "Empire" (Hardt and Negri 2000) or an "end of history" (Fukuyama 1992) any more. Neither would anyone insist on a single cause and a single explanation of globalization at this point.

The new world is characterized by the end of colonialism, the emergence of new powers, especially China, and the constitution of new centres and new networks.

However, much of this is not new but has characterized most of world history. Until 1750, China had a higher per-capita income than England, until 1850 a higher GDP and until 1860 a higher share of world production (Hobson 2004). Until the late seventeenth century, Southeast Asia played a similar and an equally important role that it has acquired in the past decades (Reid 1993). The same is true for India and Central Asia. Of course, the Americas and Australia have been added to the picture but the structure of the contemporary world resembles the world of the remote past more than that of the recent past.

Even if the conventional Western parameters are used, it is impossible to deny the rise of the global South. China has become the world's factory while other important hubs of production have shifted from Western Europe and the US to Brazil, Vietnam or Eastern Europe. China has also become the world's most important trading nation. Additional support comes from the data about financial flows. While Europe and the US are struggling to repay or at least sustain their debts, the treasuries of China and India, Venezuela and Abu Dhabi abound with money. No important decision in international politics can be taken without these powers any more. And this trend is going to continue if we consider education policies and demography.

Consequently, the rise of the global South has to be seen as the most important process associated with contemporary globalization (Nederveen Pieterse 2009). This entails the return of the multicentric world and the end of two centuries of Euro-American domination. However, we are slow to understand its significance as sociology has been developed precisely during these two centuries and has taken Europe (and in the past decades the US) as its object and model. A new orientation of sociology is necessary if it intends to make sense of our contemporary world – and of the times before European hegemony as well as the areas outside of European hegemony.

This is a very difficult task because we are used to the Eurocentric concept of sociology that has been developed during the past two centuries (Alatas 2006). In fact, we do not have an alternative concept. But the cornerstones of the concept have crumbled. The present is not the end or the goal of history. History is not a linear evolution. Europe is not the sole model for society. Western society is not the only way to wealth and modernity. Western democracy is not the only possible political organization.

In spite of these tendencies that challenge the Eurocentric social sciences there seems to be one major characteristic of the globalized, multicentric world which confirms our classics of sociology and the hegemony of the West. That, of course, is the globalization of capitalism. Possibly, capitalism is a Western project that can be explained on the basis of classical Western theories. And if the recent increase of inequality is linked to the global spread of capitalism, it would be likely that we can understand inequality in this framework as well.

## 2   The Spread of Capitalism

As prophecized by Adam Smith (1776/2008) and Karl Marx (1885/1953), we are witnessing the global spread of the capitalist market. Both, Smith and Marx, agreed that the capitalist market entails a great increase in productivity. However, an increase in productivity may not only lead to lower prices but will at some point also entail overproduction. One of the main consequences of overproduction is unemployment. Actually, unemployment has risen in most countries, including China (Dicken 2011). While in the West, industries have shut down, industrial production in Asia has at once spread and become more productive. This has not been coupled by an appropriate increase of employment in other sectors. Unemployment has even been increasing in highly qualified professions. Due to the transnationalization of the high-end labour market, competition has become global and precious jobs in the West are increasingly taken by applicants from emerging societies.

Increasing productivity also entails a rising demand of raw materials and energy. Food production has to give way to the delivery of raw materials and energy, which leads to an eviction of petty and subsistence farmers. This in turn means a further increase in unemployment as well as in food prices. All emerging societies face rural crises and the flow of landless rural dwellers into urban areas.

A third consequence of increasing productivity has been analyzed by Marx. This is excess capital. The extraordinary increase of free capital in the world and the diminishing returns on investment in industry have led to the fantastic boom of the financial markets and their creative instruments. Speculation has been paralleled by the erosion of capital control and borders. Financial capital has become extremely mobile and volatile, while it is increasingly detached from any type of real economy.

The general interconnectedness, which includes not only the flow of capital but also the acceleration and the fall in prices of communication, renders any attempt at protectionism by a nation state rather difficult. A few powerful states succeed in sustaining borders in some regards, especially against labour immigration, but in many fields, a detachment from economic globalization has become impossible. We have seemingly entered Adam Smith's liberal world. Thus the question arises: Are we living in a globalized Western capitalism?

## 3   Political Economy of Inequality

According to Smith's liberal theory, everybody should profit from increasing productivity, i.e. falling prices, improved infrastructure and mass production. That seems to be the case. But the rich profit more than the poor because they are more mobile, have better access to information and more capital. Therefore, they are in a position to take advantage of the best conditions, which the poor are not.

This is an important reason why inequality is growing at least at the same pace as GDP. Liberal theory presupposes high employment rates and uniform market conditions (including equal access to information). These presuppositions are not part of the real world. Smith and Marx have been aware of these issues and sought solutions for them, Smith inside and Marx outside of liberal capitalism.

One might want to think that the globalization of liberal capitalism is a consequence of the neoliberal project conceived by the "Chicago boys", put into practice by Reagan and Thatcher and universalized by IMF, World Bank and WTO (cf. Nederveen Pieterse 2004). From the perspective of their proponents, this project has been rather successful. A closer look reveals, however, that neoliberalism has been adopted and adapted by rich and dominant groups rather than exported as a pure model. While China's and Thailand's may have equally capitalistic economies, nobody would call China a neoliberal state, which could be an apt description of Thailand. And while India may still flirt with neoliberalism, most of Latin America has dumped it.

The main point about contemporary capitalism is that there is no group or class of global capitalists (see also Lenger, Schneickert and Schumacher 2010). In each nation state, there is a group of capitalists that often form a plutocracy. And all of these groups of capitalists share similar goals and strategies as well as economic ideologies. Finally, most of them act globally and are interconnected. But they do not form a global class and due not pursue a common, organized agenda. Neither do they construct nation states with identical cultures and institutions. We need to distinguish between the network structure of global capitalism, neoliberalism as an ideology and national capitalisms.

The global economy resembles the world of Smith and Marx only on a rather thin surface because it is rather restricted. First, only about 20 % of the world population participate in the capitalist market economy. The old, the young, many women, unemployed, informal labourers, subsistence farmers and a lot of other groups stand outside of what we call "market economy". The same is true for many regions, increasingly even in the West. In some areas of the American rust-belt, land is no longer a commodity because there is no demand and therefore no market (see also the chapter "Globalization After the Great Contraction: The Emergence of Zones of Exclusion" by Schindler in this volume). The state gives away real estate as communal land to those who are willing and able to use it – just like in Southeast Asia before colonialism. Capitalism is a game that is played between a few global nodes, transnational corporations and states.

## 4    Sociology of Inequality

In order to understand why the poor remain poor, why the excluded remain excluded and why the rich get richer, it is not sufficient to study the political economy of inequality. The reproduction of inequality needs to be studied by sociology because it refers to social structures. Inequality is a structure. In some

places, in some families or in some groups, there are more relevant resources than in others. However, there is not one global or model social structure but local and national structures persist to a certain degree even in a globally interconnected world. As I pointed out above, the national elites adopt capitalism – not merely to become even richer but mainly to reproduce their social position.

There is no global capitalism as a project of world domination by a small group of Western elites. Capitalism has become global for several reasons, ranging from technology and efficiency to political and ideological factors, that jointly make up the present configuration. An important aspect of this configuration is the appropriation of capitalism by national elites in emerging societies. Thereby, capitalism at once becomes global and localized. These elites embrace capitalism because they gain much more from it than from competing projects, such as socialism, social democracy, or indigenous traditions. They have to compete against those parts of older elites that lose their dominating position or are not able to reproduce their position within the capitalist framework. Global capitalism consists of many local and national capitalists seeking national domination and transnational business opportunities.

In non-capitalistic societies, access to activities was either very informally regulated or based on a person's rank. We focus on capitalistic societies but we have found out that we have to understand non-capitalistic forms of inequality as well. The first hypothesis of the project, which has already been confirmed in several countries, is the persistence of earlier social structures. Forms of village structures (such as the extended family), of patrimonialism, of ranks or of guilds still play an important role in most societies from Laos to Germany. They assign individuals a place in a group and the group a certain place in society, which comprises both status and life chances. In some village structures, the individual's place in society partly depends on his or her age and therefore changes over time. Rank, guild and patrimonial relations are less dynamic, sometimes even unalterable in the individual's life course. We call the persisting structures "sociocultures" (Rehbein 2007).

In the West, class society was the last form of a clearly ranked social structure. In the framework of capitalism and democracy, classes, ranks and strata continue to persist but become less relevant for everyday interaction and life-styles. Capitalism and democracy lead to a stronger standardization or "normalization" (Foucault 1977) of individuals but at the same time dissolve clear-cut boundaries between social groups. The clearly ranked social order is replaced by inequalities in possession of resources relevant to carry out socially valued activities. However, these inequalities reproduce a structure that resembles classes.

In spite of the formally equal organization of Western societies, all sociological research points to the fact that almost every individual ends up in a social position that resembles that of his or her parents (cf. Rehbein 2011). Even though technological change has become rapid, the world has become interconnected, activities have become transnational and young people have entirely different life courses and qualifications from their parents, their relative position in the social structure is identical – because all other social groups change their life courses and

qualifications accordingly (cf. Vester 2003). Parents from dominant groups are in a position to hand down to their children resources that are relevant for the present and the future, while those from lower social groups neither know what these resources are nor have access to them. In a capitalistic democracy, there may be a bit more social mobility than in other types of society but empirically speaking, this mobility is extremely low.

This assessment is based on empirical research in Brazil, Germany, India and Laos conducted by multinational research teams (cf. Rehbein and Souza 2014). These teams pursued a largely qualitative methodology following Bourdieu (1984) and Vester (2003), which was tested and improved in the different cultural settings until local particularities and general characteristics were acknowledged to the same degree. We have found an almost identical class structure emerging in all of these countries after the transformation to capitalism and in all of them it is legitimized and rendered invisible by the same mechanisms. These mechanisms point to the important role of the symbolic sphere, which has not been studied sufficiently by any of the previous authors.

The division of socially relevant resources is reproduced in capitalistic society from one generation to the next by the coherence of social groups, institutions and symbolic violence (Bourdieu 1984). Symbolic violence combines with the discourses of equality and meritocracy that make the individual responsible and capable of determining his or her own fate (Souza 2011). Therefore, we have to analyze the mechanisms and the manipulation of symbolic violence. Meritocratic language is linked to the idea of equality of opportunities. This language determines the discourse but not social reality. It is characteristic for capitalistic society that the actual criteria for inequality in the division of resources and the division of activities remain opaque and not visible for the individuals. In other societies, inequality is the norm and its criteria are explicit. However, the extreme and substantialist inequality of the twentieth century may have been only produced by colonialism – trying to stick to clear systems of classification and to distinguish the colonized society from one's own society conceived of as free and equal.

**Conclusion**

The dominant groups in society can reproduce their dominant position only within the nation state. An aristocratic title or massive wealth do not open a Thai access to the French upper class. Even though Thaksin may be a rich man even in his British exile, he will never be member of the Britisch elite. The same is true for any other elite member. It is not the case for other social groups, however. While power elites have to reproduce their leading positions within the framework of the nation state, all other social groups are increasingly able to reproduce their social position in another nation state.

This creates a new situation for resistance and critique. Social movements are in a position to connect transnationally or even globally. They can

mobilize most of the world population for certain causes, which the elites cannot. Dam projects in India, logging in Brazil or killing in the Middle East have been stopped due to transnational movements. These movements could draw on a support and on public visibility that the respective national elites could not counter. Anti-elite movements have more leverage than before – probably for a very short historical time only.

Most movements do not reach their goals. Failure is often due to a lack of visibility and transnationalism. Sometimes it is also due to an inappropriate view of the contemporary world. Resistance and critique that are geared towards the world of the twentieth century and that attack either the West or a global capitalist class are bound to fail. It is necessary to understand the multicentric world and to act accordingly.

The most relevant question in this regard refers to alternatives to Western models including capitalism. To a certain degree, Asian capitalisms are alternatives to Western capitalism in themselves because they seem to value stability more than growth. This could be an interesting lesson for the West to learn. Furthermore, Asian nation states have a stock of historic experiences that is different from the Western states. It could be used to explore alternatives. Finally, Asian transnational movements could develop entirely new interpretations of the globalized world and alternatives to an unequal, capitalistic world.

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# The Rise of "Diminished Multilaterism:" East Asian and European Forum Shopping in Global Governance

**Jürgen Rüland**

**Abstract**  The article argues that the "principled multilateralism" of the immediate post-Cold War period is increasingly giving way to what may be called a "diminished multilateralism." Newly emerging global and regional powers such as the BRICS states (Brazil, Russia, India, China, South Africa) and other rising powers in the Global South are increasingly questioning the legitimacy of the existing international architecture which they regard as a vehicle of the United States and Western countries to conserve their international influence in an era of rapid change. In the process, international institutions have increasingly become arenas of power rivalries which take the form of contests over access and membership, decision-making rules and normative order. The result is an increasing paralysis of these institutions and their inability to solve global problems. One aspect of these institutional power struggles is "forum shopping." The article shows that East Asia and Europe have both become active players in forum shopping. Three conditions facilitated forum shopping: Major crises and external shocks; sentiments of frustrated entitlement in connection with exclusive and discriminatory international institutions, and extra- and intra-regional power shifts.

## 1  Introduction

Globalization is usually equated with the killing of distance, growing interdependence, greater organizational complexity and more sophisticated technology (Beck 1997). Decisions made somewhere and events in any part of the globe thus resonate dramatically stronger, wider and faster than at any time before. To live in splendid isolation is no longer possible. The increasingly borderless world offers unprecedented opportunities for enhancing wealth and prosperity, but it has

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also exacerbated traditional security threats and created an array of new non-traditional security threats. Irregular migration, environmental degradation, global warming and climate change, energy shortages, pandemics, international terrorism, organized transnational crime, imploding economic bubbles and financial crises, all these pathologies of globalization have intensified the need for collective action. In the absence of a hierarchical world government with capacities to enforce authoritative decisions, growing functional pressures have given rise to an increasingly vertically and horizontally differentiated multi-layered system of global governance as an institutional device for managing complex interdependence (Dingwerth and Pattberg 2006; Rüland 2006, 2010).

This paper argues that despite remarkable global and regional institutional growth in the 1980s and 1990s, the current system of global governance can be best described as "diminished multilateralism." Contrary to earlier projections of the global governance literature, global governance is today increasingly characterized by intensifying contests over membership and representation, norms and decision-making procedures in international institutions, contingency, broad-band institutions, shallow institutionalization, poor nesting and institutional redundancy. Rather than forums for settling global problems, international institutions have increasingly become arenas for power struggles between states aspiring for regional and global leadership. One of the key strategies states and regional organizations embraced in the ensuing tug-of-war for institutional supremacy is forum shopping. Forum shopping denotes a strategy by which actors "pick and choose among the mechanisms that best fit their individual political agenda" (Forman and Segaar 2006: 213).

In the following paper I address the question how, why and as to what extent Europe and East Asia participate in forum shopping and how this affects their position in global governance. I approach this puzzle by first briefly recapitulating the changes in the international institutional architecture since the late 1990s and identifying the factors that have facilitated these changes. The next two sections analyze in greater detail how East Asia and Europe have shaped and responded to the changing international order through forum shopping. The last part of the paper compares the two regions' paths of action and seeks to assess what this means for the future of global governance.

## 2   Trajectories of Global Governance: From "Principled" to "Diminished" Multilateralism

The end of the Cold War raised new hopes for a more peaceful international order. With the collapse of communism in the former Soviet Union and Eastern Europe, liberalism seemed to be destined for global ideological hegemony. President Bush's proclamation of a New World Order and Francis Fukuyama's treatise on the "end of history" were emblematic for this belief (Fukuyama 1992). In International

Relations research these real-world and cognitive changes eroded the explanatory power of realism, so far the dominant theoretical approach, and gave rise to alternative theoretical strands such as liberal institutionalism and social constructivism. While on first sight the latter differed epistemologically, they often unwittingly shared a teleological and normative ontology, projecting an increasing deepening of international institutions through legalization, contractualization, constitutionalization, democratization and community-building (Zangl and Zürn 2004; Keohane et al. 2009). This optimism of the global governance literature, which often explicitly or implicitly treated institutions as "antidotes to power" (Barnett and Duvall 2005: 40), was based on a variety of indicators: The numerical growth of international organizations, the increasingly vocal promotion of universalized liberal norms by international institutions and a fledgling global civil society (Keohane 1990: 731; Ikenberry 2003: 535; Zangl and Zürn 2004: 266; Zürn et al. 2007: 142).

However, the conditions conducive to the thriving of "principled" universal multilateralism[1] in the immediate post-Cold War period were untypical. Like previous post-war periods, the early 1990s were characterized by a temporary absence of great power antagonism (Rosecrance 1992). Yet, the post-Cold War great power condominium lost its cohesion the more the seemingly deepening multilateral order became suspected as a scheme to entrench Western dominance in international relations. From the late 1990s onward, this sentiment spread quickly in the non-Western world, giving rise to ideational counter-movements such as the Asian value thesis, Islamic militancy and the Beijing Consensus. The growing scepticism towards the "universalist impulse" (Kahler 1993: 296) of Western notions of multilateralism was corroborated by what was regarded as thinly veiled Western attempts of (institutional) power projection. Frequently named examples were the eastern enlargement of NATO, the aloof and highly conditional Western response to financial crises in Asia, Latin America and Russia, practices of double standards in the application of the West's own cherished cosmopolitan norms such as democracy and human rights, presumed Western intransigence in trade issues and, strongly exacerbating suspicions, American unilateralism under the younger Bush. This, together with the deterring effect of weapons of mass destruction and the absolute dominance of the United States in the military domain (Pape 2005), resulted in a shift towards institutional politics and an intensifying struggle over the global and regional distribution of institutional power.

The main drivers for a revision of the international institutional *status quo* are newly (re-)emerging regional and global powers such as Brazil, Russia, India, China, South Africa and Indonesia (BRICSI) (Nolte 2010; Prys 2010). Though diverse (Prys 2010) and often distrustful of each other, these emerging powers share

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[1] According to Ruggie, a "principled" multilateralism is one "without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence" (Ruggie 1992: 571).

one major trait: A sense of frustrated entitlement. All of them have recovered from long periods of humiliation and exploitation under colonial regimes, semi-colonial penetration, devastating economic crises or from a temporary loss of power and status such as Russia after the implosion of the Soviet Union. They have gone through noteworthy internal reform and transformation which have enabled them to benefit from economic globalization and to markedly augment their material resources of power. They resent the established international distribution of institutional power which in their view does not adequately reflect their growing capabilities. For them the existing institutional order lacks legitimacy because it has been created by the U.S.A. and other – mainly – Western countries at the end of the Second World War, largely without their participation. This institutional order deprives them of legitimate rights, denies them recognition as major powers and impedes their further rise. Their objective is thus the creation of an institutional order which is more amenable to their aspirations and in which their own role as "rule takers" changes to one of "rule challengers" and eventually "rule makers."

The contest over international institutions focuses on three domains: (1) Membership and representation; (2) decision-making procedures and (3) normative order. Membership rules, representation, access to and participation in decision-making are particularly significant mechanisms influencing the material and symbolic output of institutions (Martens 2007). They predetermine whether an institution is inclusive or exclusive. Emerging powers often question the output legitimacy of international institutions as a result of a defective input legitimacy (Scharpf 1999; Keohane 2006). Not surprisingly, thus, controversies over these issues abound in the unfolding struggle over institutional power. Membership in the United Nation's Security Council, representation in the Financial Stability Forum (FSF) and the erstwhile G8, and voting rights in international financial institutions, most notably the International Monetary Fund (IMF), are cases in point. While some of these organizations such as the IMF, the FSF and the G8 have since undergone reforms, rising powers and many countries of the Global South discount them as cosmetic and far too slow (Fues 2007).

Inextricably linked with disputes over membership, representation and decision-making is the debate over core norms promoted by international institutions. Emerging powers, and with them many other non-Western countries, vociferously reject or only reluctantly accept the cosmopolitan interventionism propagated by Western countries which erode the classical Westphalian sovereignty norms enshrined in the UN Charta. Sovereignty is for them a norm mitigating the inequalities in the international system (Ayoob 2002: 82; Hurrell 2006: 3). Although some emerging powers such as India, Brazil, Indonesia and South Africa are democracies and at least rhetorically support these norms, they join non-democratic powers such as China and Russia in their claim that attempts to enforce compliance through conditionalities, sanctions and humanitarian interventions constitute a thinly veiled Western strategy to sustain the existing international distribution of power. Normative disagreements also abound over the future of the international financial order, the global trade regime, nuclear non-proliferation and responses to climate change.

## 3   The Rise of "Diminished" Multilateralism

In this section I argue that the struggle over membership, representation, decision-making rules and normative orders in international institutions produced a type of multilateralism that differs markedly from the "principled" multilateralism liberal institutionalists and many constructivists saw on the rise in the first half of the 1990s. What, in fact, emerged since the end of the 1990s is a hollowed-out type of multilateralism. This "diminished multilateralism," devoid of the cosmopolitan ideational underpinnings, the *telos,* legalism and contractualism characteristic for liberal conceptualizations of global governance, is only nominally multilateral even though many states continue to frame interactions in the rhetoric of "principled" multilateralism. "Diminished" multilateralism denotes a type of short-term and "low-intensity" cooperation that resonates more with realist paradigms such as power, balancing, hedging and relative gains-orientation than with the liberal and constructivist projections of a functionally driven or reflexive process of global institutional deepening. With it goes a shallow, loosely institutionalized, fragmented, contingent, flexible, informal, pragmatic, *ad hocist* and often institutionally redundant type of multilateral cooperation.

Empirical evidence for this atrophy of multilateral cooperation is substantial. Where fundamental institutional norms are contested and short-term national interests of major powers are at variance with voting majorities, the likelihood increases that hegemonic powers resort to unilateral action. In Afghanistan (2001), for instance, the U.S. decided to go alone, despite NATO's invocation of Article 5 which activated the alliance's collective defence mechanism.[2] Existing multilateral organizations will thus be bypassed. Also typical for "diminished multilateralism" are the coalitions of the willing under U.S. leadership in the field of security cooperation. Neither NATO's Kosovo intervention (1999) nor the U.S. – led Iraq invasion (2003) had a UN mandate. Also the proliferating "new bilateralism" (Kiatpongsarn 2010) is an indicator for eroding global multilateral organizations and forums. It flourishes where conflicts over rules and norms paralyze international organizations and hence substantive solutions for practical problems can no longer be achieved. Such gridlocks are further exacerbated by the rising number of actors in international organizations, the concomitant pluralization of interests and an increasing technical complexity of the issues at hand. The resultant drawn-out negotiation periods, often taking years, jeopardize the output legitimacy of international institutions. But as in the new bilateralism factors such as historical relations, geographical proximity and cultural identity have ceased to be driving forces for closer bilateral relations and bilateralism increasingly adopts a cross-regional dimension (Solis 2011: 322), its repository of shared norms is rather thin. This also explains why the institutions created under the aegis of the new bilateralism are shallow, pragmatic and often mainly addressing issues of "low politics" without a long-term perspective (Kiatpongsarn 2010).

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[2] See http://www.nato.int/docu/update/2001/1001/e1002a.htm, (accessed 10 December 2011).

Multilateral institutions degrading into arenas of power struggles between established and rising powers tend to be shallow. Where disagreements over rules, norms and procedures of decision-making are linked to the international distribution of power, substantive and binding solutions for global problems are difficult to come by. Often, the best to be achieved are non-binding, imprecise agreements based on the lowest common denominator. Especially newly emerging powers have a great interest in flexible and contingent institutions because they enhance their opportunities for curtailing extant institutional power asymmetries. Emerging powers also appreciate flexibility because their interests change quickly as they rise in the international power hierarchy. Their incentive to invest in institutions and incur high governance costs is thus limited. But in an increasingly contested international institutional order also the U.S. and partly other Western powers pursue a principled multilateralism only as long as it serves their interests and it helps them fending off challenges.

A concomitant of non-binding agreements is a tendency among multilateral institutions of increasingly losing their functional specificity and mutating into broad-band or multi-purpose forums for policy coordination (Fues 2007). As such they are becoming mere forums for the exchange of views on a broad variety of international issues, but not centres for consequential action. An example is the G8 which started as a forum for coordinating economic policies among the globe's major economic powers, but lately – as shown at its Heiligendamm Summit in June 2007 – also addressed issues such as the armed conflict in Darfur/Sudan, international terrorism and non-proliferation.[3]

The struggle over membership and representation, decision-making procedures and institutional norms has also had repercussions on regional multilateralism. Both, the Western beneficiaries of the current order as well as newly emerging powers have increasingly realized that influencing the power distribution in international institutions and negotiations on global policy issues necessitates bargaining power. Region building is one option of strengthening bargaining power. Emerging powers also strive for regional leadership because it bestows prestige on them. Yet, where region-building has been successful, it sets in motion a tendency towards enlarging existing regional organizations. Although this process may also be driven by other factors such as the desire of outsiders to participate in a grouping's club goods and to gain in international recognition through membership, regional leaders are also aware of the value enlargements have as a strategy for increasing their (extra-regional) bargaining power and "voice opportunity" (Grieco 1996) in global multilateral forums. For newly emerging powers large supportive coalitions may help to compensate for some of the institutional and structural privileges enjoyed by the U.S. and other Western countries and may compel the latter to make concessions. However, the flipside of the aspirations for regional leadership is that the smaller members of a regional organization also resort to

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[3] See, documents o the G8 Summit in Heiligendann, Germany, June 2007, http://www.g-8.de/Webs/G8/DE/G8Gipfel/GipfelDokumente/gipfel-dokumente.html (accessed 10 December 2011).

enlargement – but as a means of (intra-regional) balancing or hedging the regional hegemon. The effect is the same: Region-building instrumentalizes regional institutions as devices for institutional power balancing.

If coalition building is regarded as a necessary strategy to retain or change the distribution of institutional power, it becomes comprehensible why many states are prolific institution builders. Many of these institutions have been founded without concern for "nesting" (Aggarwal 1998) and "subsidiarity" (Segal 1997). In many cases institutional entrepreneurship expresses dissatisfaction with limited influence on the agenda of existing international institutions, although it may also be a strategy primarily addressing the home audience in an attempt to win or consolidate domestic legitimacy by foreign policy activism.

The proliferation of international institutions without concern for "nesting" and "subsidiarity" has a three-fold effect. First, it produces an increasing level of institutional redundancy which, second, spurs further erosion of the legitimacy of international institutions and it facilitates, third, processes of "forum shopping." Many of the newly formed institutions are short-lived, but few of them have been formally dissolved. They merely become dormant or degenerate into a low-profile existence, but they may be revived for quite different purposes at a later time.

Where institutional power matters, it is hardly surprising that international actors increasingly use international institutions for "soft balancing" and "hedging" (Goh 2006; He and Feng 2008; Rüland 2011). Especially great powers rely on institutional balancing by creating new, revitalizing or strengthening already established regional organizations as a means to counter the emergence of new political or economic gravitational centres elsewhere which may change power relations in global multilateral forums.

In sum, the predisposition with institutional power games and forum shopping has caused a loss of cooperative substance in multilateral institutions. Loss of substance means that global governance is less geared towards providing public goods and combating the pathologies of globalization. Multilateral forums are thus increasingly less able to initiate and organize collective action in issue areas where the future of the globe is at stake such as the global distribution of wealth, climate change and nuclear non-proliferation. The tendency of newly emerging powers to adopt an increasingly intransigent attitude in negotiations over norms, rules and procedures and of localizing universal norms, and the reluctance of the U.S. and other Western countries to accommodate legitimate concerns of rising powers, has impeded compromises and stalemated multilateral institutions (Narlika 2006). Diminished multilateralism is thus also a form of institutional politics, in which "rhetorical action" (Schimmelfennig 2003) predominates and persuasion through reasoned deliberation – or "arguing" (Risse 2000) – paving the way towards collective action is hardly forthcoming. In the meantime, global problems run out of control and the costs caused by them surge. Diminished multilateralism may be preferable to military solutions, but at the end of the day the costs arising from its seeming inability to tangibly tackle major global problems are hardly less prohibitive.

# 4  Forum Shopping in East Asia and Europe

The remainder of the paper discusses how, why and to what extent East Asia and Europe have participated in forum shopping and what are the latter's effects on global governance. I will show that both regions practised forum shopping; East Asia more frequently and slightly earlier than Europe, but under the impact of the global financial crisis Europe has also stepped up forum shopping. Three conditions facilitated forum shopping to varying degrees: First, major crises and external shocks; second, sentiments of frustrated entitlement in connection with exclusive and discriminatory international institutions, and, third, extra- and intra-regional power shifts.

## 4.1  *East Asia*

Systematic forum shopping in East Asia began in 1990 with Malaysian Prime Minister Mahathir Muhamad's proposal to form an East Asian Economic Grouping (EAEG) under Japanese leadership to balance Western and, in particular, U.S. influence in Pacific Asia (Ravenhill 2001). The proposal, in fact, strongly overlapped with the Asia-Pacific Economic Cooperation (APEC) launched 1 year earlier and the older Pacific Economic Cooperation Council (PECC). Even though the proposal turned out a non-starter, its underlying motivations resurfaced in response to the region's adverse experiences with international financial organizations and Western governments during the Asian financial crises. Many in the region regarded the 1997 speculative attacks on the Thai Baht and subsequently other Asian currencies as a deliberate Western conspiracy to sabotage East Asia's economic miracle and the concomitant gravitational shift of economic and political power from North America and Europe to East Asia. U.S.-based hedge funds and rating agencies in complicity with the U.S. government were seen as orchestrating the attack on East Asian currencies (Rüland 2000). Washington's initially aloof response to urgent calls of the Thai government for financial assistance corroborated such views; the more so as the American behaviour differed markedly from its actions during the 1994 Mexican crisis when Washington came up with a massive US$50 billion bailout package (Lipscy 2003: 94). But also European solidarity disappointed Asians. In fact, on first sight, the 1998 London Summit of the Asia-Europe Meeting (ASEM) generated little tangible support for East Asia's ailing financial systems. Yes, Europeans pledged to keep their markets open for Asian products and provided US$50 million for reforming the region's banking systems under World Bank guidance, but angering Asians was the fact that Europeans exploited Asia's temporary weakness to resume their democracy and human rights agenda which they had opportunistically laid to rest at a time when Asia's economic growth peaked and when Asians countered Western norm export with their own Asian value thesis. Without tangible Western assistance, Thailand, and later

Indonesia and South Korea, had to turn for rescue packages to the IMF which imposed severe austerity regimes on them. IMF conditionalities markedly curtailed national sovereignty of the crisis-ridden countries. This, together with the terms and procedures of IMF assistance caused considerable resentment towards the West; even more so as it soon became evident that the IMF conditionalities deepened rather than resolved the financial crisis (Dieter 1998).

The Japanese proposal to form an Asian Monetary Fund (AMF) of September 1997 thus may be considered as a move envisaged to circumvent extant global organizations and to create options for forum shopping. To be endowed with US$100 billion, the fund was envisaged to perform functions similar to the IMF, that is, providing short-term liquidity to countries in a liquidity crisis. As a major creditor to East Asia and closely tied to the region though trade and FDI, Japan sought to contain the crisis through liquidity provision. A spreading and deepening crisis would have seriously exposed Japanese banks and reduced demand for Japanese products in the region would have triggered a major economic recession at home (Lipscy 2003: 97). This pitted Japanese interests against moral hazard concerns of the U.S. Contrary to Tokyo, and in unison with the IMF and Europeans, Washington believed that monetary expansion with soft or no conditionalities would create incentives for the region's economies to postpone or evade major reforms (Beeson 2009: 83). However, given the low voting power of East Asian countries in the IMF, Japan could not hope to persuade the IMF of its position. Tellingly, Japanese opposition against the imposition of harsh austerity measures on Indonesia fell on deaf ears in the IMF (Lipscy 2003: 100; Katada 2011: 279).

At the core of the Japanese-American dispute over crisis management thus lay two major issues characteristic for diminished multilateralism. One is the asymmetry of decision-making powers favouring the founders of an international organization, the other is a conflict over key norms and here, in particular, the clash between the Anglo-Saxon neoliberal model of capitalism and the Asian state-led model of development. The AMF proposal thus reflected Tokyo's and other East Asian countries' deep consternation over their inability to shape IMF responses to the Asian crisis and to defend their national interests in the IMF.

Not surprisingly, though, with strong American and European opposition and no support from China, the Japanese initiative quickly faltered. The U.S. perceived the Japanese overture as a challenge to American hegemony in Asia and duplication of IMF functions (Lipscy 2003: 96). Yet, the harsh Western response to the crisis had set in motion more East Asian moves of institutional counter-balancing. Foremost among these moves was the formation of the ASEAN plus Three (APT) grouping (that is, ASEAN plus China, Japan and South Korea) at ASEAN's Second Informal Summit at Kuala Lumpur in December 1997. The grouping had a precedent in Malaysian Prime Minister Mahathir Muhamad's 1990 proposal of an East Asian Economic Grouping (EAEG), later renamed East Asian Economic Caucus (EAEC), and the composition of the Asian side of the Asia-Europe Meeting (ASEM) initiated in 1996. Two rationales were at the core of the formation of APT: One was the lesson that the region's institutions were unable to manage a major financial crisis, the other the belief that an East Asian format of cooperation which includes

political and economic heavy weights such as China, Japan and South Korea could markedly strengthen ASEAN's and East Asia's bargaining power in international (financial) institutions.

While East Asian countries frantically searched for new ways of cooperation in an attempt to strengthen their defences against future crises, elements of the AMF proposal quickly resurfaced. The Miyazawa Initiative of 1998 was a Japanese US$30 billion scheme to infuse short-term liquidity in East Asia's crisis economies. Especially Malaysia was a beneficiary of the scheme, a country which had rejected IMF intervention and – defying IMF orthodoxy – combated the crisis with an expansionary monetary policy (Lipscy 2003: 102).

The Miyazawa Initiative paved the way for the Chiang Mai Initiative (CMI) which APT finance ministers launched at an annual meeting of the Asian Development Bank (ADB) in Chiang Mai in May 2000. The CMI established a bilateral network of swap agreements with the objective of coping with future short-term liquidity crises and avoiding regional contagion effects (Sohn 2007: 1). It substantially extended an earlier ASEAN reciprocal swap agreement which, amounting to US$200 million per member country, was totally inadequate to cope with the liquidity requirements during the Asian financial crisis. By 2008 bilateral commitments under the CMI had reached US$120 billion. While this may on first sight look impressive, APT countries with the massive U.S. opposition against an AMF fresh on their mind, treaded carefully. They retained the link to the IMF by stipulating that swaps exceeding 10 % (later 20 %) of the respective country's deposit would be subjected to IMF conditionalities (Grimes 2011: 298).

Critics who regarded the CMI as a largely symbolic exercise seemed to be vindicated when in 2008 South Korea and Singapore by-passed the CMI in the wake of the Global Financial Crisis and turned to the U.S. Federal Reserve for a US$30 billion liquidity swap (Rana 2011; Katada 2011: 274; Grimes 2011: 295). However, the subsequent multilateralization of the CMI,[4] its upgrading to US$120 billion and eventually, on a Korean proposal, to US$240 billion (Huotari 2011), the launching of the Singapore-based ASEAN + 3 Monetary Research Office (AMRO) as a surveillance mechanism in 2011 (Rana 2011; Grimes 2011: 296)[5] and the establishment of an Asian bond market (Sohn 2007: 1; Grimes 2009), seemed to have "quickened East Asia's journey" towards an AMF which observers expect to be launched sometime between 2016 and 2020 (Rana 2011). Whether this is really the case remains to be seen, as with the formation of the G20 and the Financial Stability Board (FSB) and the inclusion of China, India and Indonesia in these groupings, Asia's major powers have shifted attention back to global institutions (Beeson 2011) which they instrumentalize to enhance their stature as major global players. Indonesia, for instance, projects its image as an aspiring player in global politics by its self-styled role as the "voice of developing countries" in the G20.[6]

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[4] *The Jakarta Post*, 8 April 2011.

[5] *The Jakarta Post*, 8 April 2011.

[6] *The Jakarta Post*, 19 September 2009.

Representation in the G20 may thus advance the stature of Asia's major powers, but may not necessarily lead to a strengthened regional position, especially if regional institutions become an arena for the rivalries of Asia's emerging global and regional powers (ibid.).

Another area where East Asia strongly engaged in forum shopping is trade (Solis 2011: 313). Even taking into account major reforms of the world trade regime after the conclusion of the Uruguay Round, the newly established World Trade Organization (WTO) was widely regarded in Asia as an organization dominated by industrialized countries. With the exception of Japan, East Asian countries were either not members of the WTO (e.g. China until 2001 and Vietnam until 2007) or only weakly represented in the decision-making process. Lack of transparency embodied in the infamous green room wheeling and dealing, failure to fully implement the results of the Uruguay Round favouring developing countries and the simultaneous introduction of new themes by developed countries such as the Singapore themes (trade facilitation, investment, competition and procurement) further eroded trust in the global liberalization and the legitimacy of the WTO. Not surprisingly, thus, WTO paralysis over the initiation of a new trade liberalization round in Seattle (1999), the collapse of the Cancun ministerial of the Doha Round (2003), fears that the U.S. and Europe will continue dominating rule-setting in the global trading system, the rise of trade regionalism elsewhere (FTAA, euro zone) (Kawai and Wignaraja 2010: 5) and the sluggish progress of Asia's own regional trade arrangements (in particular, the AFTA and APEC) stimulated Asian countries to shift attention to mini-lateral and bilateral trade pacts. Led by Singapore, Asia became the most prolific creator of bilateral FTAs which rose from 3 (2000) to 61 (2010) (Solis 2011: 321). Bilateral FTAs were concluded on the grounds that – as a second or third best solution – they uphold the free trade principle when it is under siege and allow to spearhead trade liberalization by concluding WTO-Plus agreements (Kawai and Wignaraja 2010: 18; Solis 2011: 329). Whether the accession of Japan to the Transpacific Partnership (TPP) in November 2011 helps to transform the East Asian "spaghetti bowl" into a unified transregional free trade area is more than questionable. The TPP strongly overlaps with APEC and is more likely to be an institutional device driven by U.S. interests to counter China's growing economic prowess (Drysdale 2011).

These forum shopping activities had a precedent in similar action of ASEAN members to overcome deadlocked regional trade liberalization. A case in point was Singapore's initiation of sub-regional economic cooperation at a time when ASEAN could not agree to on a more liberal trade regime in the late 1980s. At the time, Singapore launched the Southern Growth Triangle (consisting of the island state and the adjacent provinces of Indonesia and Malaysia), to be followed later by the Northern Growth Triangle, the Mekong Quadrangle and the East ASEAN Growth Area (EAGA). Other Asian sub-regional schemes include the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), the Ayeyawaddi-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) and the Kunming Initiative, through which India, Thailand and

China sought to project their influence on the territories in their immediate neighbourhood (Michael 2013).

The post-Asian financial crisis also saw many other forum shopping activities in East Asia. One of the more recent is the East Asian Summit (EAS) which first convened in Kuala Lumpur in 2005. EAS overlaps with ASEAN plus Three, the ASEAN Regional Forum (ARF) and the Asia-Pacific Economic Cooperation (APEC). From its inception, EAS membership has been contested and, as the recent enlargement by the U.S. and Russia suggests, been used as an institutional balancing device. Beyond EAS, Indonesian President Wahid proposed a Big-Asia-Five (China, India, Japan, South Korea and Indonesia) and a Western Pacific Forum, while current President Susilo Bambang Yudhoyono revitalized his country's engagement in the D8, the Organization of the Islamic Cooperation (OIC) and the Nonaligned Movement (NAM). Tacitly drawing from the Big-Asia-Five approach was Jusuf Wanandi's recent proposal to set up an Asian G8, a concert of East Asian powers.[7] Thailand under Prime Minister Thaksin promoted an Asian Cooperation Dialogue (ACD), while Australia and India temporarily pushed the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). More recently, Japan launched an initiative for an East Asian Community (EAC) and Australia an Asia-Pacific Community (APC) (Emmers and Ravenhill 2010: 17–20). Most of these forums are today dormant or – as the latter two – turned out stillborn proposals. Their advocates usually promoted them as devices of institutional balancing: India and Australia, which feared to become marginalized in the institutional dynamics of East Asia, Indonesia to position itself as a regional leader with global ambitions, and Japan to readjust the relationship with China and Washington.

## 4.2  Europe

Like in East Asia, forum shopping in Europe has an internal and an external dimension. Especially the end of the Cold War and the enlargement rounds in the 1990s and 2000s inspired the creation of sub-regional cooperation schemes as devices to re-calibrate the EU's internal institutional balance of power. One of them was the Council of the Baltic Sea States (CBSS), whose drivers, northern states of the Federal Republic of Germany and Denmark, sought to establish a "Northern dimension" in the EU. Founded in 1992, the northern members and regions of the EU sought to counterbalance with the BCSS the increasing shift of attention and funding to the EU's less developed southern regions. Another objective was the integration of former member states of the eastern bloc into the emerging common European House, however, a move which gave Germany an

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[7] *The Jakarta Post*, 3 November 2008.

elevated role in shaping the EU's relations to Eastern accession countries such as Poland and eastern neighbours of the EU such as Russia (Saldik 2004).

An even more evident case of internal forum shopping was French President Nicolas Sarkozy's proposal for a Mediterranean Union. As members of the forum he envisaged the EU's Mediterranean littorals, plus Turkey, Syria, Lebanon, Israel, the Palestine National Authority and the North African Mediterranean states. Framed as an institutional devise to integrate Turkey into Europe without becoming a member of the EU, President Sarkozy's proposal was also a thinly veiled scheme to enhance France's stature in the EU by creating its own geopolitical sphere of influence.[8] As one French diplomat put it: "Germany cares about the east, we care about the south."[9] However, the proposal was poorly coordinated with existing European institutions such as the Barcelona Process and the European Neighbourhood Policy's (ENP) Southern Partnership and even less with other international forums such as the Arab League, the African Union and the Maghreb Union.[10] The concern that it could duplicate EU institutions, and the fact that it excluded non-Mediterranean countries of the EU, together with irritations with Sarkozy's seemingly personal leadership ambitions, explains why the proposal met with stiff opposition from many other EU members and here, in particular, Germany. In 2008, the EU finally agreed to launch a Union of the Mediterranean, consisting of the 27 member countries of the EU and 17 southern and eastern Mediterranean littorals. The Union re-launched the stagnating Barcelona Process and at the same time became the Southern Partnership of the ENP. Yet, it is contested whether the Union of the Mediterranean has markedly increased the effectiveness of the Barcelona Process; in fact, the contrary seems to be the case.[11]

Not only internal to the EU, but internal to Europe and the entire North Atlantic region was the increasing institutional overlap in the security domain which intensified in the 1990s. Lack of clear functional demarcation invited the U.S., France and temporarily Russia to instrumentalize NATO, the EU and the Organization of Cooperation in Europe (OSCE) for forum shopping exercises in pursuit of geopolitical pre-eminence (Biermann 2007).

The external dimension of the EU's forum shopping is a string of so-called strategic partnerships which the Union concluded with major powers in the form of a hybrid type of interregionalism (Rüland 2010). These dialogues – many of them launched in the 1990s – included strategic relations with the U.S., Russia, China, Japan, India, Mexico, Brazil, and South Africa, to name the most important ones. Yet, it is obvious that some of these dialogues are redundant as they intersect with

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[8] *The Brussels Journal*, 3 December 2008, http://www.brusselsjournal.com/node/3083 (accessed 13 November 2011).

[9] *The New York Times*, 10 May 2007, http://www.nytimes.com/2007/05/10/world/europe/10iht-france.4.5656114.html?pagewanted=all (accessed 13 November 2011).

[10] *Christian Science Monitor,* 24 August 2007, http://www.csmonitor.com/2007/0824/p07s02-woeu.html (accessed 13 November 2011).

[11] See http://blogs.ft.com/brusselsblog/2010/06/eus-union-for-the-mediterranean-drifts-into-irrelevance/#axzz1dc5g6qSD (accessed 13 November 2011).

other forums. Relations with China, India, and Japan overlap with ASEM, the one with Brazil EU-Mercosur relations and the one with South Africa the EU-SADC dialogue. Even more questionable in their value added are continental dialogues such as the Europe-Latin America dialogue and the Cairo Process with Africa which overlap with the EU-Mercosur and the EU-Andean dialogue, the EU's dialogue with the African Union (AU) and several dialogues of the EU with African sub-regional cooperation schemes. Finally, the Asia-Europe Meeting (ASEM) was launched without clearly demarcating its functions from the ASEAN-EU dialogue which subsequently went into marked decline. The EU has often used these channels to propagate its normative agenda – cosmopolitan norms such as liberal democracy, human rights, good governance and rule of law and to advocate its model of regional integration in an attempt to create an institutional environment conducive for its policies. Yet, the success of Europe's role as a "normative power" (Manners 2002) is questionable; much more likely than fully adopting the EU's norm export is it that norm recipients either reject or re-construct and localize European norms, thereby re-legitimizing and modernizing established local normative orders (Acharya 2009).

In line with these strategic partnerships and interregional relations, the EU has also increasingly promoted bilateral free trade agreements. Such agreements began with the Europe Treaties of the 1990s, which sought to accelerate the accession process of Eastern European states to the EU. More recently, however, such free trade agreements seek to respond to shifts in the global economic dynamics. Cases in point are bilateral FTAs with South Korea, Mexico and South Africa and the ongoing negotiations with ASEAN and Mercosur.

The Global Financial Crisis and the stagnation of regulating the financial sector under the aegis of the G20 (Kotte 2011) have also inspired European politicians to propose a European Monetary Fund (EMF). The first who publicly came out with such a proposal was German Finance Minister Wolfgang Schäuble, supported by EU Economic and Monetary Affairs Commissioner Olli Rehn,[12] in March 2010. The proposal reflected Germany's and other European countries' resentment over Anglo-American intransigence to curb the highly speculative and irresponsible activities of U.S.-based private financial firms and rating agencies which they regarded as major cause of the global financial system's high level of volatility. The European critique of the IMF-Wallstreet-Treasury complex was framed in a similar way as in Southeast Asia at the height of the Asian financial crisis, when U.S. and other Western financial policies were characterized as "economic war." Also Europeans viewed U.S. policies and private sector activities as part and parcel of an American ploy to weaken the Euro which has been increasingly regarded as a competitor as a global reserve currency.[13] This went hand in hand with lingering

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[12] *Spiegel Online*, 8 March 2010, http://www.spiegel.de/international/europe/0,1518,682296,00.html (accessed 13 November 2011).

[13] For examples, see *Die Welt*, 7 December 2011.

fears that accepting financial help from the IMF could be taken as an admission that the euro zone countries cannot solve their problems alone.[14]

Yet, Europeans did not nominally create an EMF. But the European Financial Stability Facility (EFSF) eventually launched in July 2011 came close to it.[15] French President Sarkozy commented the creation of the EFSF by saying that "We have agreed to create the beginnings of a European Monetary Fund."[16] German Chancellor Angela Merkel agreed. The EFSF is backed by guarantee commitments from the euro area Member States for a total of 780 € billion, has a lending capacity of 440 € billion and performs functions which are similar to those of the IMF.[17]

## 5 Forum Shopping in East Asia and Europe: Consequences for Global Governance

Forum shopping in East Asia and Europe has indeed become endemic in the last two decades. East Asians resorted to forum shopping slightly earlier than Europeans, mainly because they were confronted earlier and more tangibly by the power asymmetries in global institutions and major disagreements over global (economic) norms. When Europe encountered similar problems during the Euro crisis it also increasingly shifted to forum shopping in policy areas hitherto unthinkable such as international finance. But also the aspirations for a greater regional and global role inspired Asian more than European leaders to engage in forum shopping. Pivotal in this respect were emerging regional and global powers such as China, India and Indonesia, whereas in Europe France and Germany can be pinpointed as forum shoppers in an attempt to modify the internal institutional balance of power in their favor. Yet, forum shopping differed in one major respect: Europeans seem to be more aware of the institutional redundancies forum shopping creates. Hence, the greater concerns for nesting, complementary and networking of new institutions (Biermann 2007), especially those created within the confines of the EU. Helpful in this respect is deeper institutionalization of European forums through a more elaborated organizational infrastructure, which facilitates coordination through frequent interaction and resource pooling (ibid.). Yet, actors in both regions are careful in not entirely dissociating themselves from global institutions, even if the latter are still under American hegemony. The links of the CMIM to IMF conditionalities is a case in point, even though there are debates to loosen this link (Grimes 2011). And also Europeans untiringly stated that the EFSF complements

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[14] Ibid.

[15] *Spiegel Online*, 22 July 2011, http://www.spiegel.de/international/europe/0,1518,775892,00.html (accessed 13 November 2011).

[16] Ibid.

[17] Ibid.

the IMF. It is highly likely that the creation of the EFSF has been inspired by the debates over an AMF and the CMIM, and East Asia's experiences may have also been pivotal in the creation of an Arab Monetary Fund and a Latin American Reserve Fund (Rana 2011).

Slightly deviating from the concept of diminished multilateralism, forum shopping, at least as practised in the financial sector, may thus be more considered as a form of institutional hedging than pure balancing. New institutions have indeed been created for balancing purposes, but at the same time they retain a modicum of interaction and coordination with existing global institutions. Yet, their existence increases the pressures on global forums and organizations to reform their decision-making procedures and rules of membership and representation. The upgrading of the voting power of emerging economies such as China, India, Brazil, South Korea and Mexico in the IMF and the representation of these economies in the G20 and the Financial Stability Board (FSB) partly result from these pressures and the weakening of the U.S. and Europe as a result of the current Global Financial Crisis. Yet, as Beeson (2011) pointed out, the growing institutional presence and influence of emergent powers may have adverse effects for regional integration which will be relegated to a secondary priority and may also become an arena for great power rivalries. On the other hand, many regional institutions which chiefly pursue the objective of counterbalancing global forums deepen normative divisions in the international institutional architecture which render global institutions paralyzed. It will certainly be one of the great future challenges for global governance to invest in institutional and normative nesting of international institutions and to overcome the current state of the institutional order as "frozen configurations of privilege and bias" (Barnett and Duvall 2005: 53) originating from the immediate post-Second World War period.

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# From North-South to South-South Power Relations: The Changing Dynamics of Interregional Cooperation and Its Effects on South America's Sustainable Development

**Gastón Fulquet**

**Abstract** In an international context characterized by a growing multipolarity, formerly predominant North-South interregional ties are now being challenged by renewed South-South relations. Following this transformation, South America has been diversifying its alliances by engaging in new interregional arrangements that include other regional partners in the Global South. Seeking to contribute to international relations' literature on the role of interregional cooperation and understanding sustainability as a precondition for equitable development, the article assesses the limits and opportunities provided by traditional (North-South) vis-à-vis newer (South-South) interregional partnerships for South America's sustainable development. We discuss that even when South-South interregional cooperation constitutes a relevant contemporary development that puts under scrutiny the role of the European Union as the exclusive hub of interregionalism, these new forms of association are not yet prioritizing sustainable and equal development as a guiding value in its cooperative actions. This finding stands out as particularly evident in the region's strategic associations with extra-regional emerging economies.

## 1 Introduction

The increasing pace in South-South relations observed at a global level over the last few years is a clear expression of the power shift from the Global North to the Global South. Concurrently the growing capacity of the so called emerging powers (China, India, Brazil and South Africa) to influence the most relevant events of the world's political economy is currently affecting the dynamics of interregional cooperation: formerly predominant North-South ties are now being challenged by renewed South-South relations pushed forward by this group of emerging countries.

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Departing from the interrelation between interregional cooperation and sustainable development, this article discusses that sustainable development is by nature a global issue very much dependent on the dynamics of economic and political interdependence between powerful and the less preeminent international actors and sectors. Therefore the limits and opportunities of interregional relations to stand as meaningful driving-forces for contributing towards the goal of more equal and sustainable forms of development in South America are explored along this work.

In the first section the article focuses on a traditional North-South interregional cooperation case (i.e. the MERCOSUR-EU environmental interregional cooperation) by taking the agenda of sustainable development along the 2000 decade, which at an intraregional level focused on the development on a MERCOSUR *Sustainable Consumption and Production Policy*. We highlight how the unequal power position held by each party involved in this relationship has translated into the achievement of very different benefits as an outcome of this form of cooperation. While for MERCOSUR the cooperation with this external actor entailed a much-needed push for advancing the implementation of some regional environmental action and programs, the results did not translate into meaningful instruments for changing the region's sustainable development status quo. Instead, this cooperation brought to the EU a much more instrumental political goal: the use of interregionalism as a policy strategy for fostering its own regional model, values and rules to an external regional model (i.e. MERCOSUR).

The second section of the paper analyses the current shift in preferences for MERCOSUR and other South American initiatives (UNASUR) from North-South interregional cooperation to new South-South cooperation opportunities, assessing its implications for a regional model of sustainable development. We discuss that in the active search of material power and economic development, emerging powers are casting a rather deep 'ecological shadow' in other countries and regions. Finally the closing section looks to present some of the main findings revolving around the interrelation between these new trends in interregional cooperation and a sustainable development model for South America.

## 2 MERCOSUR-European Union Relations: A North-South Interregional Model

### 2.1 *The Origins of the Interregional Cooperation Between MERCOSUR and the EU*

The idea of a close relationship between the Southern Cone and Europe has its origins in the early 1990s. The European Commission (EC) saw in the birth of MERCOSUR a bloc with a high potential to become a relevant trade partner and a destiny for European direct investments that could benefit from EU experience to

move forward into a successful model of regional integration. The first steps in this relationship was marked by a number of non formal meetings at a ministerial level that started in 1992, which later on that same year would be formalized through the signing of the *Inter-institutional Cooperation Agreement*. "The main goal of that cooperation was to allow MERCOSUR benefit from the European experience in the field of regional integration (. . .) and therefore the EU began to offer MERCOSUR assistance with technical norms, tariffs and agriculture" (Santander 2006: 43).

In 1992 after the Americas Summit lead by the USA with the objective of setting a Free Trade Area of the Americas (FTAA), the EC hastened the negotiations for an Interregional agreement with MERCOSUR (Gomes Saraiva 2008). By 1995 the EC decides to provide the relation with MERCOSUR with broader reach and formality by signing an *Interregional Framework Cooperation Agreement* between MERCOSUR and the European Commission that contained appendixes that dealt with three main pillars: the first centered on economic strengthening and trade cooperation, the second one based on a political dialogue through bi-regional consultations for reaching common positions in a variety of multilateral negotiations, and the last which was focused on reinforcing developmental cooperation mechanisms.[1] Something to underline is that in a way this agreement meant a formal recognition of MERCOSUR as an international actor and a valid partner.

This agreement between the two regions gets to be approved in 1999 after overcoming strong European lobby against it due to the liberalization of economic sectors that included agricultural goods, which meant a threat to the European Common Agricultural Policy (Faust 2006; Gomes Saraiva 2008). After its approval, the agreement meant an innovative contribution to international politics as this *fourth generation agreement*[2] was the pioneer alliance between two custom unions (Cienfuegos 2002; Santander 2006) representing the first step towards the implementation of a possible *Interregional Association Agreement*. The negotiations for concluding the Political and Economical Interregional Association Agreement between MERCOSUR and the EU began in June of 2000. In the trade area, this agreement proposed the mutual liberalization of trade in all goods and services by 2005 with a deepened political dialogue and a consolidated interregional cooperation (European Commission 2002). This relationship was highlighted by Faust (2004) as one of the most clear examples of "pure interregionalism" as it referred

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[1] For more detailed information over each one of the three pillars see: "Interregional Framework Cooperation Agreement between the European Commission and its Member States, of the one part, and the Southern Common Market and its Party States, of the other part with exchange of letters" Madrid December 15th, 1995.

[2] Fourth Generation Agreements are framework agreements that set the principles for the cooperation relationship basing on reciprocity and common interests, setting the starting point for a gradual development of its contents through negotiations among the parties. Its final goal is the creating of a free trade area through the deepening of a political dialog, including also a broader cooperation in other arenas such as science, culture, education, migrations, crime, etc. For more information see: Sobrino Heredia, J. 2005. Las relaciones y los acuerdos de carácter bilateral y multilateral de la Union Europea y el Subcontinente Centro y Sudamericano.

to a renovated link among two formally organized regions with possibilities to constitute a new free trade zone. Despite the fact that the negotiations for trade liberalization are not yet concluded, some progress in the fields of the political and cooperation dialogues can be observed.

In the field of environmental governance during the 2000 decade the EU has lifted the flags of sustainable development as the new development paradigm assuming a leading role in the global environmental politics arena, guiding the destiny of many international environmental negotiations as a unified bloc. Therefore the EU was able to become "a policy shaper rather than a taker in international environmental matters, generating more than simply responding to policy imperatives" (Lenschow 2004: 143).

Under the European environmental policy strategy and as the architect of sustainable development, the bilateral and interregional agreements signed by the EU with third parties usually contain a section on environmental cooperation. This is not the exception in the EU's relationship with MERCOSUR, the *Interregional Association Agreemen*t includes a section on environmental cooperation that introduces a strong emphasis on the trade-environment continuum. The Regional Strategy Paper 2007–2013 states that under the planned EU-MERCOSUR Association Agreement:

> (...) a particular priority will be to promote the mutual supportiveness of trade and environment in the region, notably by minimizing the negative and maximizing the positive environmental impacts of trade flows. This requires, among other things, further sustainability impact assessments and appropriate follow-up in order to promote more sustainable production and consumption patterns, for instance by boosting trade in environmental technologies and environmentally friendly goods and by identifying needs related to technical assistance and capacity building. (EC 2007a: 22)

### 2.1.1 Forging Sustainable Development in MERCOSUR

Although several authors have studied the effects of interregionalism on existing regional agreements under the "regionalism through interregionalism" assumption (Gilson 2002; Rüland 2002; Hänggi 2003), when applied to the interregional actions developed by MERCOSUR and the EU scholars have tended to focus mainly on the trade liberalization debate – the economic dialogue – (Grugel 2002; Faust 2006; Santander 2006) underestimating the effects that interregionalism had on other agendas such as environmental cooperation. Within that agenda sustainable development will be the focus in this section.

The concept of sustainable development, as defined originally by the World Commission on Environment and Development (WCED 1987), regards economic development as accompanied by social development and environmental protection. The significance of sustainability as a condition for development reached its height by 2002 at the United Nations Conference for Sustainable Development in Johannesburg. The conference passed the so-called Plan of Implementation for reached decisions, emphasizing three main areas: poverty eradication, natural resources

protection and management, and unsustainable consumption and production alteration. Regarding the latter, the declaration underscores the need to improve and reinforce developing countries' capacities to speed up the change towards sustainable consumption and production (Chapter III, Article 19); and also to develop, transfer and diffuse environmentally sound and effective technologies along production chains (Chapter II, Article 14).

Since then the concepts of sustainable production and consumption started to come around. The UN Environmental Program (UNEP) defines cleaner (sustainable) production as "the continuous application of an integrated environmental strategy to processes, products and services to increase efficiency and reduce risks to humans and the environment" (UNEP 1981). While the UN III Commission for Sustainable Development has referred to sustainable consumption as "the use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations".[3]

The need to incorporate these new criteria in relation to production and consumption modes as a way to diminish environmental harm gave birth to a multilateral environmental process in 2003: the Marrakesh Process. This global initiative seeks to support the implementation of policies and pilot projects on Sustainable Consumption and Production (SCP) in the framework of a 10-year program. Since then, these two concepts have remained tied as two phases of a single process.

Our interest in Sustainable Consumption and Production within MERCOSUR's sustainable development agenda has to do with the existence of a dual productive pattern in the subregion characterized by a sharp difference between big transnational companies and small and medium enterprises (SME). Many SME in MERCOSUR show limited capacities to incorporate certain patterns or rules associated to sustainable production as a result of their financial, technical and information access shortcomings. Hence the inclusion of regional coordinated sustainability mechanisms into MERCOSUR's SME sphere was identified of vital importance for starting moving towards an effective environmental protection.

Within MERCOSUR actions for Sustainable Consumption and Production (SCP) have had a very interesting development. The initial activities revolving around the topic had their origins on a small regional project geared towards the establishment of cleaner production mechanisms whose target group was the SME ensemble in MERCOSUR countries. The regional governing organs had already highlighted the importance of the topic through some decisions and declarations[4] but only between 2002 and 2007 they implemented concrete actions in the frame of

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[3] Definition proposed by the Oslo Symposium in 1994 and adopted by the III Commission for Sustainable Development (CSD III) in 1995.

[4] Among the most relevant we can find the CMC decision know as "Environmental management and SME Cleaner Production Promotion" (Decision CMC N03/02) and the "Principles of Cleaner Production for SME Declaration" passed by Environment Ministers of MERCOSUR in 2003.

a international cooperation projects financed by GTZ[5] and UNEP.[6] Through these working experiences, the concept of SCP began to have an echo in the region being the main precedent for MERCOSUR's Environmental Ministries Meeting to submit before CMC "MERCOSUR's Sustainable Consumption and Production Promotion and Cooperation Policy". Passed by the latter in June of 2007[7] it set the basis for national states to develop policies and programs in a coordinated manner over this working area at a regional level. It was also one of the first steps for advancing on the instrumentation of MERCOSUR's Environmental Framework Agreement a tool design for bringing about sectorial regulatory progress by favoring specific programs and projects (sectorial policy area logic).

We can assert that in these cooperation initiatives the continuity of external financing was as a key explanatory factor in order for the topic to remain as a priority area in the regional environmental agenda. According to MERCOSUR environmental officers, these experiences have also strengthened the organs' capacities to conclude much more favorable agreements for the region when negotiating with other actors of international cooperation. An example of that is the recent negotiation of the agreed "ECONORMS Program" with the EU that developed between June 2008 and December 2009.

### 2.1.2   An Environmental Approach to MERCOSUR-UE Interregional Cooperation

The "Economic Integration Process and Sustainable Development Support Program for MERCOSUR"[8] (ECONORMS Program), is an example of how the cooperation dialogue kept on moving forward despite the stagnation of the trade chapter in MERCOSUR-EU relations.

This interregional environmental cooperation program was negotiated in 2008 along the MERCOSUR's *pro-tempore* presidency of Argentina. In this occasion the representatives of the EC were also present for the Summit, though the approval of

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[5] GTZ "founded in 1975 is in charge of executing technical cooperation projects. The funds used by this agency come from German government subsidies. These contributions are mainly oriented to financing, staff training and work materials (. . .) Local agencies for execution also receive financial support if they are able to guarantee the project's independence and their implementation" (Pinto Pirzkall 2007: 4). Since 2011 GTZ has been merged with DED (Deustcher Entwicklungsdienst) a single organization called GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

[6] Throughout the "Pilot Project on Sustainable Public Procurement" the bloc introduced its first initiative for the inclusion of sustainable consumption practices into the routine of the main state-run organs. UNEP through its Regional Sustainable Production & Consumption Program, an initiative that is under the umbrella or the Marrakesh process, works on the development of pilot project on Sustainable Public Purchasing along all Latin America and the Caribbean (MERCOSUR/PNUMA 2008).

[7] CMC Decision N 26/07.

[8] GMC Resolution N 41/09.

the cooperation agreement would take until December 2009. Differing from previous international environmental cooperation experiences, the ECONORMS Program varies in at least two senses. The first variation has to do with the number of parties involved in the cooperation: in ECONORMS the cooperation introduces bi-regional characteristics, namely MERCOSUR and the EU. The second difference relates to the working areas to be developed in the framework of this cooperation. The working topics agreed between the two blocs bring a much broader conception of sustainable development to the region. On the one hand it represents a sign of continuity in the sense that it includes reinforcing the MERCOSUR's SCP strategy. But on the other it includes other topics bringing together, now under the frame of interregional cooperation for sustainable development, some of the already existing environmental working areas of MERCOSUR. Desertification, chemicals control according to the GHS and a goal that looks to regionally normalize the quality and safety of group of selected products, became part of the agreement. Thereby ECONORMS seeks to "push for the consolidation and integration of MERCOSUR and sustainable development in the region by the promotion of sustainable consumption and production practices, strengthening of environmental and health protection and the increasing of trade through technical norm convergence and conformity evaluation procedures".[9]

The program articulates the following working areas that are being developed in a period of 60 months between 2010 and 2014:

- MERCOSUR countries should work on the joint implementation of "MERCOSUR's Sustainable Consumption and Production Promotion and Cooperation Policy" according to the objectives set by the Marrakesh Process.
- They should deepen the adopted commitment to implement at a regional level the Globally Harmonized System of classification and Labeling of Chemicals (GHS) based on the principles established by UN's Agenda 21, also according to the REACH European initiative which since 2006 sets a regional regulation on registration, evaluation, authorization and restriction of chemicals.
- They should move forward on the regional commitment by MERCOSUR's Environmental Ministers to cooperate on a regional strategy to fight against desertification, soil degradation and drought.
- They should reach a quality and safety normative convergence for selected products en the frame of the MERCOUR- EU Association Agreement.

Now taking into account that in this cooperation MERCOSUR appears as the beneficiary and the EU as the donning party, what are the benefits that each party obtained as a result of this type of interregional cooperation? Within MERCOSUR, intraregional environmental cooperation shows two clearly differentiable moments. The first one, the political cooperation moment, reflects the regional officers' ability for reaching political consensus that at moments attends substantial advancements translating into intergovernmental agreements. The second is the moment for the

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[9] http://www.econormas-mercosur.net/es/objetivos

implementation of those political agreements usually characterized by a number of practical limitations that prevent the reached consensus from becoming effective. In this direction we underscore that the insufficiency of regional resources constitutes one of the main obstacles for developing MERCOSUR's regional programs. Hence, the relevance of ECONORMS lies on the fact that this cooperation experience represents an opportunity for MERCOSUR countries to be able to count on the necessary financial means to guarantee continuity to regional environmental policy coordination and to further the incipient efforts carried out to internalize the sustainability variable into production and consumption.

On the sustainable production side, countries from both blocs have agreed on the implementation of a Standardized Environmental Management System for SME that are organized in clusters within MERCOSUR. On the sustainable consumption side, they have accepted that all governmental dependencies should be the first actors to incorporate sustainability criteria into public purchases at sub national, national and regional levels. Given the enormous power of purchase that these organs have, it represents an excellent opportunity to develop citizens' consciousness by example, which in the mid-term might allow the incorporation of other actors (such as firms and citizens) to the strategy.

However no regional actions in MERCOSUR have been yet developed to regulate the environmental performance of transnational firms operating in the region. The absence regional coordinated mechanisms that demand better sustainable production practices to firms, worsen by the need of MERCOSUR countries to attract foreign direct investments (FDI) flows, has created some sort of regional race between the countries to offer investors the best conditions and incentives. Elsewhere we highlighted how this competition dynamic has been an important impediment in the governments' capacity to unilaterally raise environmental regulations that apply to the economic activities of large transnational companies since a decision of that nature could translate into a relocation of branches in other regional country where regulations are looser and therefore production costs are lower (Fulquet 2010).

When looking at the EU as the donning party, it becomes clear that the European bloc is not excluded from reaping benefits from this agreement. These developmental or technical assistance cooperation programs that are geared towards the strengthening of institutional capacities in other blocs allow the EU to reinforce its self-image of an external federator (Rüland 2002). This means that the EU promotes and spreads its own regional values to other regional settings as a way to reduce the negative externalities that emerge as a consequence of interdependency. The EU by means of the interregional strategy boosts principles and values such as democracy, the state of law, human rights, social justice, economic interdependence, and even sustainable development.

Interregional cooperation has been therefore the channel chosen by EU to influence the development and rhythm of intrarregional cooperation in other blocs. The EU starts off from its "self-image as the 'natural' point of reference

for regional initiatives (. . .) promotes its own regional experience as the norm for region-building throughout the globe" (Söderbaum and Van Langenhove 2006: 123). The strategy of extra regional echoing, meaning the EU's faculty to project itself as the model of regional management to be followed by other regions (Zimmerling 1991; Gilson 2005) becomes visible through its instruments of interregional cooperation. Following one of the systemic functions attributed by Rüland (2006) to interregionalism, the promotion of other regionalisms by means of interregionalism is a way to strengthen its own position as an international actor and therefore its regional foreign policy has been for long at the service of expanding its presence in the global arena guaranteeing a power balance in the international scenario.

Furthermore, interregional cooperation has been associated not only to the promotion of EU's own values (external federator) but also to the diffusion of its own norms from region to region or from the international to the national level (Mol 2002; Conca and Dabelko 2002; Cortell and Davis 2000). In a context of strong economic interdependence we would not discard the potential of interregional cooperation – through programs such as ECONORMS- for diffusing norms associated to trade. Even a program such as ECONORMS explicitly proposes in its specific objective the need to "push for MERCOSUR's consolidation, integration and the sustainable development of the region by promoting sustainable consumption and production practices, strengthening of environmental and health protection and the increasing of trade through technical norms convergence and conformity evaluation procedures, by taking WTO disciplines as a reference".[10] This objective seeks to be reached by using technical assistance as the tool for advancing towards a standard convergence through diffusion. Calling on a regulatory complementation for a deeper integration among MERCOSUR states, the European bloc proposes to eliminate all technical and regulatory incompatibilities in order to finally achieve the MERCOSUR-EU Interregional Association Agreement.

However at present days, as it will be presented in the next section, the so called interregional strategic association has not so far conducted to much of a normative convergence and the once identified bi-regional common interests and values seem to be drifting apart.

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[10] "Presupuesto programa. Programa de Apoyo a la Profundización del Proceso de Integración Económica y de Desarrollo Sostenible del MERCOSUR" (ECONORMAS MERCOSUR). DCI-ALA/2009/19707. We must take into consideration that this objective replaces what was initially announced in the action plan that pretended "the harmonization of regulations and technical standards among MERCOSUR countries looking for a convergence with European standards in matters of quality and security of the products traded by the parts" Ficha de Acción de 2008 (DCI-ALA 2008/19707).

## 3 The Power Shift from North-South to South-South Interregional Cooperation and Its Effects on Sustainable Development

### 3.1 Current Weight of Interregional Cooperation Between MERCOSUR and the EU

Over the last 12 years of negotiations between the two regions, trade dialogue is the area that has presented the most difficulties to advance. Since the year 2000 and up to our days, the two regions have carried out over a dozen rounds of negotiations in the frame of the MERCOSUR-UE Bi-regional Negotiations Committee. The negotiations were very active between 2000 and 2004. In the 5th round in Montevideo in 2001 the talks over tariffs were launched. Even if during the following rounds the two blocs exchanged offers looking to conclude an agreement by October 2004, they were not able to reach an agreement. By September 2004 negotiations were stagnated as multilateral negotiations at the WTO Doha Round – to which MERCOSUR-UE negotiations are subject to – also failed to develop.

At the IV MERCOSUR-UE Summit celebrated in May 2010 in Madrid, the two blocs decided to restart the negotiations. Since then representatives from both regions have met in four opportunities seeking to conclude the negotiations around the MERCOSUR-UE Association Agreement. Despite the promising declaration by some of the representatives and negotiators regarding the possibility to fulfill the agreement, the truth is that in the relationship there are still a number of relevant discrepancies in the trade dimension that still persist. These are mainly related to trade related restrictive measures in historical sensitive sectors such as agricultural and industrial goods. In addition to that, the lack of consensus for closing the OMC Doha Round deteriorates the situation. However, and most important, the facts around these negotiations seem to be showing a new panorama: MERCOSUR-UE relations have ceased to be a promising topic within the world's trade and political structure.

The current global power juncture exhibits new characteristics that are far from those present at the beginning of the negotiations in 2000. In the first place, Differing from the 1990s decade, when Latin American regional initiatives were used as a tool for trade liberalization and global market economy integration favoring North-South interregional agreements as a central piece of the strategy, today the region seems to move towards new south-south alliances and agreements. Following Grabendorff (2010) this recent change of priorities finds its justification on the current process of displacement of the global power axis from *transatlantic* to new and strengthened *transpacific relations*. In the trade arena – disregarding the great asymmetries in the flows of good, services and investments that have always characterized the relationship between the two regions-the EU continues to be MERCOSUR's main trading partner. Nonetheless the relevance of Europe as a

destiny for MERCOSUR's exports[11] has diminished before that of the new emerging powers. Since 2004, China has continued to consolidate its role as a trade partner with all MERCOSUR countries. From 2009 onwards the Asian economy has positioned itself as the second destiny for the bloc's extra-regional exports, snatching that position from NAFTA (North America Free Trade Agreement which includes USA, Canada and Mexico) who for a long period of time occupied that second place.

Secondly, MERCOSUR's negotiating counterpart is plunged into a crisis process after the economic- financial disaster that burst in Greece in 2008 and that since then has spilled at a great speed over other countries of the EU such as Ireland, Portugal and Spain causing a weakening of the EU as a global actor. In this critical context in which not only European governments but also the civil society have begun to question the transfer of funds to other regions under the form of international cooperation, the future of MERCOSUR-EU interregional cooperation appears somehow blurred.

In terms of international cooperation, in December 2011 the EC officially announced a reduction in funds for international cooperation with some developing countries for the period 2014–2020. In this communication, that stated new rules for restructuring EU external relations actions, the EC announced the end of bilateral cooperation with 19 middle-income countries among which 11 belong to Latin America.[12] Despite the EC statement under which the available funds will be directed to benefit only the most-needed nations, this communication allows us to glimpse a considerable loss of interest of the EU in Latin America as a region.

At a trade level, given the obstacles to achieve interregional agreements not only with MERCOSUR but also with other regional groupings such as the Andean Community (CAN), the EU has chosen to advance on bilateral relations as an alternative path. This new orientation is reflected in the recent strategic association agreements with countries that play a key role in the current multilateral system such as Brazil. Differing from 2000 we are today before a MERCOSUR that is clearly guided by Brazil, being the relationship between the two blocs eclipsed by the *EU-Brazil Strategic Association Agreement*. In force since 2007, this association seeks to reinforce bilateral links in the fields of politics, trade and cooperation. Despite the fact that this strategic association partnership is presented by the EU as a complementary component to its already traditional interregional approach, it is

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[11] According to statistics from the International Studies Center (CEI) of the Argentinean External Relations Ministry, up to 2010 the EU was MERCOSUR's main trade partner with a total of 55,590 millions of dollars in exports exiting MERCOSUR towards the EU. This represents 23.4 % of all MERCOSUR's exports for that year. Likewise, MERCOSUR imported goods and services from the EU at a total of 48.105 millions of dollars, representing that amount 21.8 % of the total of imports made by MERCOSUR from the rest of the world. Therefore the EU is the main origin of MERCOSUR's imports.

[12] These countries include Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Uruguay and Venezuela.

evident that this association reinforces Brazil's negotiating position while eroding the significance of MERCOSUR as an economic and political bloc before the EU.

These policies are a sign of a severe change in the EU orientation towards interregionalism, and as a consequence interregional relations between MERCOSUR and the EU have begun to occupy a secondary role. In this direction MERCOSUR-EU relations ought to be thought not anymore as the reflection of a pure interregionalism but instead as a "hybrid interregionalism" (Soderbaum et. al. 2005; Maihold 2007; Santander 2010) that implies the inclusion of certain permits towards bilateralism.

In a scenario under which the Asian rise is presented as an important economic challenge for the European bloc, its internal problems (worsened by the consecutive enlargements of the European communitarian space) have driven a change of course in the European external relation policy. The interregional strategy is thereby being replaced by the strengthening of bilateral links ascribed under the figure of *strategic partnerships*. The EU has signed this new type of agreements with the main emerging powers (EC 2004, 2006a, b, 2007b). One of the most prominent cases is the flowing EU relation with China (EC 2007c). Through a process of periodical summits, both parts seek to consolidate an association moving forward a trade cooperation that pretends to also include an arrangement over investments. In the case of India, an agreement over the establishment of a free trade and a strengthened cooperation on new sources of energy are soon expected to be concluded.[13]

The current global and European crisis creates a complex panorama that sheds doubts over the future of MERCOSUR-EU interregional association and therefore over its potential for reinforcing a sustainable development model among this group of South American countries. In a way the influence of an external actor has been a key factor for explaining the deployment of a regional sustainable development agenda for the South American bloc. It is a fact that interregional cooperation with the EU helped to foster the value of sustainable development in MERCOSUR. The capacities and funds transferred by the EU in the framework of MERCOSUR-EU interregional cooperation and the role of the EU as an external observer represented relevant inputs for implementing actions for fostering sustainable development intraregionally. Even if recent communications regarding the reduction of EU's international developmental cooperation funds oriented to middle-income countries does not necessary exclude them as beneficiaries in the frame of regional programs, the feasible reduction in international aid for a bloc like MERCOSUR that shows important fund limitations for carrying on their own work agenda could water down the obtained achievements or even paralyze some of the regional working environmental agendas.

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[13] For more information see: "Joint Declaration for Enhanced Cooperation on Energy between the European Union and the Government of India" available at http://ec.europa.eu/energy/international/bilateral_cooperation/india_en.htm

Taking into account that trade has been the central pillar of this relationship, the existence of a stronger trade interdependence with a bloc for which environmental issues do matter could have functioned both as an important external drive for boosting a sustainable development model in MERCOSUR, but also as a supplementary way to progressively advance towards a normative convergence in certain policy areas that would facilitate the negotiations for achieving the long-waited interregional associative agreement. Nonetheless the reorientation of trade flows from Europe to Asia have shifted MERCOSUR's, and other South American countries, interests to this new set of emerging actors who are beginning to attain a leading performance in the international politics realm.

## 3.2 South-South Relations and Their Contribution to Sustainable Development

EU-MERCOSUR relationship is being affected, as above mentioned, by new trends in international cooperation that seem to be showing a shift in preferences from North-South interregionalism to North-South bilateral relations. At a parallel pace the prominent role gained by the emerging economies has also pushed South America to focus some of their strategic interests in a number of South-South cooperation ties with many of the emerging powers such as China, India and South Africa.[14] Current South-South cooperation trends can be organized around two different modalities: on the one hand South-South interregional relations, on the other South-South bilateral relations.

In the first place South-South actions are taking place interregionally seeking to foster trade ties but also political coordination on global issues. Regarding the first type of cooperation we could highlight MERCOSUR's agreement with the South African Customs Union (SACU). Signed in 2009, it sets a preferential trade agreement that seeks to increase trade between the two regions, setting as a first step fixed margins of trade preferences, with the long-term objective of achieving a free trade agreement. Following the logic of other South-South cooperation initiatives, Celli et al. (2011) argue that the MERCOSUR-SACU agreement constitutes a strategy for reducing the levels of dependence on northern markets but also a way to unify emerging economies for negotiating better and more equitable terms at a multilateral level.

Moving on to a broader regional umbrella in which MERCOSUR countries are included, the South American Nations Union (UNASUR) has emerged in South America as a new mechanism of regional governance including all South American

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[14] In 2009 MERCOSUR and the South African Customs Union (SACU) signed a Fixed Preferences Agreement. On the other hand also since 2009 a Trade Preferential Agreement between MERCOSUR and the Republic of India is into force. For more information visit the Organization of American States (OAS) External Trade Information System at: http://www.sice.oas.org/

countries. Since the creation of UNASUR a number of interregional forums with other Southern regional spaces are booming, particularly with other blocs in Africa and the Middle East. Bringing together UNASUR and the African Union since 2006, the Africa-South America Cooperation Forum (ASA) has been working on a bi-regional political cooperation in strategic areas such as food security, health, education, infrastructure, mining and energy throughout a series of interregional committees. Its main declared goal is to "strengthen the bonds of brotherhood between the peoples and to cooperate for their sustainable development; respecting their sovereignty, independence, and the self-determination of the peoples".[15]

This initiative is built on a previously existing and more active cooperation forum funded in 2005 between UNASUR and the League of Arab Countries: the South American-Arab Countries Summits (ASPA according to its Spanish acronym). Twelve South American States organized under UNASUR and 20 Arab countries part of the League of Arab States are part of this forum for political coordination and cooperation between these two regions. The interregional cooperation among the parties is broader than trade and focuses on an array of topics that are organized through five sectoral committees of cooperation in the areas of economy and finance, education, science and technology, social and cultural affairs, and environmental cooperation. The cooperation in these areas is being moved forward by means of experts committees and ministerial meetings that actively take place several times a year. An interesting fact to highlight is how ASPA has been able to take advantage of other global conferences and summits as an occasion for discussing their own agenda in ASPA side events. As an example, during 2009 Foreign Affairs Ministers from both regions held a Ministers Council Meeting in the context of the 64th United Nations General Assembly in New York. Despite the fact that the Arab Spring uprisings interrupted during 2011 the dynamic rhythm of ASPA, activities have been relaunched and a third Summit took place in October of 2012 in Lima, Peru.

Despite that ASPA standing as a renewed version of interregional cooperation in terms of the directionality of the cooperation (South- South instead of North-South), the basic elements of what has been defined as bilateral interregionalism for analyzing European Union's relations vis-à-vis other regional groupings in the globe are still valid. Therefore ASPA can also be understood as an example of bilateral interregionalisms as it refers to a "group-to-group dialogue with more or less regular meetings centering on exchanges of information and cooperation (projects) in specific policy fields (trade and investment, environment, crime prevention, narcotics trafficking etc.). It is based on a low level of institutionalization, usually at the ministerial, ambassadorial and senior officials 'levels' sometimes supplemented by permanent or ad hoc experts "working groups" (Rüland 2002: 3). The author adds that in general this type of cooperation is not characterized by the existence of common institutions in charge of regulating the relationship, instead each bloc tends to act under its own institutional umbrella.

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[15] ASA official website for the III Summit Africa-South America held in May 2012 in Malabo, Equatorial Guinea. For more information visit: www.asa-malabo.org

This element is present in the cooperative actions developed by ASPA on the environmental realm. Since 2008 the combat against desertification[16] has become the main area of cooperation as an interregional strategy for climate change mitigation. The 9th Conference of the Parties in the Frame of the United Nations Convention to Combat Desertification in 2009 was the opportunity for setting the topic as a priority for both regions, and by December of that same year the goal to develop an agenda of interregional cooperation to combat desertification within ASPA became a compromise. Recent agreements reached in the III ASPA Summit held in Lima (Peru) in October 2012 indicate that the tools for drought and desertification mitigation will involve joint technical, scientific and technological cooperation. The Brazilian National Institute for Semi-Arid Areas (INSA) and the Arab Center for the Study of Arid Areas and Dry Land (ACSAD) will coordinate and supervise the cooperation.

The ASPA CEO Summit, a business bi-regional platform that brought together companies motivated by the increasing business and trade opportunities between the two regions, complemented the political cooperation at the presidential Summit. It is worth at this point to highlight that despite the international economic crisis, trade between ASPA regional partners has increased by 100 % since the first summit in 2005.[17] Entitled "Growth, Equity and Sustainable Development: Challenges for ASPA" the CEO Summit had renewable and non-renewable sources of energy, food security, high value added agriculture and infrastructure as the central topics of discussion. The main companies involved represented the sectors of infrastructure, energy, telecommunications, agribusiness, and mining in both regions. This shows that even if at a discursive level the leading countries of ASPA seem determined to move on into a model of development with a higher industrialization component, when taking a look at the goods that are part of these regions' exports basket it is simple to identify a heavy reliance on their natural resources in sectors such as oil, natural gas, agriculture and minerals.

Even if this interregional alliance between UNASUR and the League of Arab State in formal terms represents an example of a renewed generation of interregional cooperation relations, it would be too early to assert that this new cooperation initiative could pave the way towards an interregional sustainable development strategy. On the environmental realm the cooperation has centered on the climate change agenda and actions are geared towards combating desertification. Sustainable production and consumption as a working area has not been included as a priority even when investments in extractive activities that are being disbursed by large corporations in South American are causing severe socio-environmental conflicts that affect the livelihoods of local populations. A number

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[16] Brazil was the country that pushed a framework proposal for interregional cooperation on this agenda. The official document can be fund at: http://www2.mre.gov.br/aspa/ASPA_Framework_Proporsal_of_Cooperation_on_UNCCD.doc

[17] Antonio Patriota Minister of Foreign Relations underscored in his official discourse during the Summit that "Since the first summit that took place in Brasilia in 2005 trade between the two regions went from USD 13,600 millions of dollars to USD 27,400 millions".

of recent studies identify that activities related to mining (Saguier 2012), the energy sector, such as the construction of mega hydro-electric projects (Hall and Brandford 2012; Carruthers and Rodriguez 2009) and large scale mono-culture for the production of biofuels (Mançano Fernandes et al. 2011) have become the main sources for conflicts and disputes in the region.

In the second place South-South actions are also taking place at bilateral level as a way to foster investments and trade cooperation. The path inaugurated by the BRICS (Brazil, Russia, India, China and South Africa) countries in the field of South-South cooperation announced a significant change in the world's power structure pushing South American countries to also individually consolidate South-South cooperation relations with some of these emerging powers.[18] This trend is partially explained by the fact that today's main foreign direct investment (FDI) flows arriving to South America find no longer their origins exclusively in developed economies but, since 2010 and at a strong pace, emerging economies have become very relevant investors in the region. At this point it is worth contrasting the prominent presence of Brazil as a regional investor in South America with that of other emerging extra-regional investors. Among this last group of countries, China is beginning to play a very relevant role in South America as a result of the volume of investments assigned by this emerging country to the region. Differing from Brazil, country that has tended to concentrate its investments to the region mainly within the industrial branch, the Chinese strategy exhibits an almost exclusive tendency towards the exploitation and extraction of regional natural resources over other productive activities oriented to the reinforcement of the region industrial sustainable development. According to data by ECLAC (2011) the main sectors in which China is currently investing in MERCOSUR countries are the oil sector in Argentina, Brazil and Venezuela, the mining sector in Brazil and the agribusiness sector in most of MERCOSUR's countries.[19]

Therefore investments to MERCOSUR and other South American countries coming from this emerging actor have awakened some critical voices in at least two directions. In the first place the aggressive land acquisition strategy by Chinese business groups, is causing some debates revolving around food security and changes in the mode of agricultural production that might have undesirable effects over local populations. A second critic, which relates to this last point, is that Chinese companies acting in the area of natural resources seem to be reproducing the lax socio environmental performance already showed by other transnational companies that produce in our region.

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[18] In South America, Brazil and emerging power itself, is the actor that with greater efficiency has spread cooperative links with the Global South through a variety of thematic areas that go from humanitarian help or agricultural aid, to the development of new forms of bioenergy.

[19] For further information on this recent tendency on FDI inflows in L.A and MERCOSUR countries see: ECLAC (2011) "Chapter III: Direct Investment by China in Latin America and the Caribbean" in Foreign Direct Investment in Latin America and the Caribbean 2010. Economic Commission for Latin America and the Caribbean (ECLAC). Santiago, Chile.

**Concluding Remarks**

In a context in which emerging economies are redefining the global political and economic scenario, the current European crisis panorama has caused a certain weakening of the EU as a global actor. This juncture sheds doubts over the relevance of MERCOSUR-EU interregional association and therefore over its potential for reinforcing sustainable development as one of the key values that guide the relationship. In that frame the article has sought to highlight two findings: One associated to interregionalism as a theoretical approach for analyzing the changing dynamics of international politics; the other related to the new South-South interregional associations as driver for fostering sustainable development.

The 1990s decade dominant regional paradigm determined MERCOSURs evolution at that time introducing the idea that South American regional integration was to reproduce the rigid structure and regulated dynamic of the European model. MERCOSUR-EU interregional cooperation was the channel through which the EU projected its model of regional integration as a reference to be followed. However South America is currently redefining its main partners and regional priorities, therefore that old model is progressively being replaced by a more strategic, flexible and endogenous regional project embodied by UNASUR. Inside the region, cooperation in political terms is intense and there is a common agenda that South American countries share which allows the region to present itself as a valid actor for interregional dialogues. This leads us to a new international panorama where the EU's role as the 'hard core' or hub of interregionalism can be put under discussion. However this is not equivalent to declaring the insignificance of neither Europe's interregional strategy nor the end of interregionalism as an international policy tool. Instead there is a resignification of interregional relations marked by an explicit change in the way that cooperation alliances at a global level are taking place: interregional cooperation is being currently reoriented from traditional North-South to new South-South alliances. The new interregional initiatives developed by South America are evidence of how the interregional approach is still a powerful theoretical toolkit for understanding and reflecting the changing dynamics of international politics. In light of that it is worth highlighting a change in the way South America presents itself to the world nowadays: the region is moving away from a more restricted regional grouping (MERCOSUR) to broader coordination building space (UNASUR). This tendency is explained by a concert of like-minded governments at a South American level.

Now moving to our second finding, when it comes to reinforcing a sustainable mode of development these new alliances seem to be showing some shortcomings. None of these interregional forums seem to be placing sustainable development as a priority area on the top of the cooperation

agenda despite the fact that sustainable development as a concept repeatedly appears in the interregional declarations by governments and representatives of the private sector. It has become a cliché that must be present in the discourses of political and private sector leaders, but there is not a clear instrumental breakdown of sustainable development into concrete actions to be developed within the frame of these cooperation initiatives.

Today's trade and investment cooperation actions promoted by some of the BRICS, such as China and Brazil, in South America are not yet bringing about a change from the "business as usual" structure. The international integration of emerging economies is based on a global cumulative model characterized by the same uneven development project that had its origins towards the end of the 1970s after the financial, productive and trade internationalization process. In this direction there is a common denominator in the strategy of both traditional (Northern) and new (Southern) investors in South America, which refers to the persisting and growing capacity of concentrated capital to control a diversity of productive processes disseminated in different geographical sites where production costs tend to be lower (Perrotta et al. 2011). In addition to that the enormous competition among this group of emerging countries for natural resources is causing not only unsustainable but also unequal forms of development in the global south. China's investments in our region are leading towards to a 'reprimarisation' tendency in South America's economies and development. It is also worth highlighting that this strategy conducted by China is not exclusively affecting South America's development but also that of other regions such as Africa.

As these events are very recent it is yet too early to fully assess their real impact. However if these interregional dialogue spaces are not taken as an opportunity to bring about further compromises to implement sustainable production and consumption policies as agreed multilaterally by states during the United Nations Conference on Sustainable Development (Rio +20), the potentialities for South-South interregional cooperation to foster equitable and sustainable development seem quite limited.

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# Megatrend Global Populism? From South America to the Occupy Movement

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**Abstract** The purpose of this paper is to analyze the continuities or the "elective affinities" between the recent populist wave (or populist come back) in South America and the current Occupy Movement in order to trace the contours of an original populism at a global scale. The article starts with a brief definition of populism, continues with a brief evaluation of the recent return of populism in South America finishing with the analysis of the main connections with the current Occupy Movement: the experience of a crisis; the claims for more democracy and the exploration of a postneoliberal political economy. In societies with obscene levels of inequality such as what exists in many South American countries, populism does not seem to be a heresy or a pathology, but a rational alternative to solve problems rooted in a failed nation building processes. Increasing indignation as a generalize perception of non-experienced levels of inequality in the concentration of resources and power at the global level is at the basis of one can call a populist moment. It has to be discussed, if this populist moment also contains an original populist movement with global contours inside.

## 1 Introduction

The populist phantom is menacing again. But now, not merely in the form of some "curious figures" in South America or in other emerging societies, like Thailand or South Africa, but as a transnational connection of protests, cyberpolitics, and mass mobilizations, claiming for more democracy and against international financial agents in the way of the Indignados or the Occupy Movement (one can add the recent protest in some big Brazilians cities). This is certainly not a peripheral or a reactionary movement spreading in the countryside and small towns. It is a movement close to the centre of global power, conducted by educated citizens, creative activists, and urban populations.

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Putting the question of the measurement of inequality at the global level aside, it is important to remark that the perception of the concentration of wealth and public decisions in few hands is increasing dramatically: focus on the super rich, index of millionaires, devaluation of international organizations and multilateral agreements. Inequality as a non-experienced concentration of resources and power stay at the basis of the generalized sensation of indignation (Hessel 2010). It is in this constellation in which the idea of a possible global populism gains relevance.

To tackle with this idea of a possible global populism, at least two explanations are necessary: First, in order to avoid quick and pejorative classifications on the concept of populism, I consider the term to signify one possible political regime among many others, with a similar balance of advantages and problems as any other regimes or political orientations. It depends on the context and specific case, how problematic a populist regime or movement is and for whom. In any case I understand it as a pathology or something that must be a priori avoided. Second, although the subtitle of this chapter is "From South America to the Occupy Movement" I am not implying a mechanical continuity or a causal relationship between both terms. To illustrate the connection, I think Goethe's idea of "Elective Affinities" is more suitable, which consists in the identification of some common features, goals and spirit between two experiences without a logical correspondence. In this sense, the aim of this text is to identify some elements in common in the conjuncture, the dynamics, the origins and the topics between the current populist wave (or populist come back) in South America with the recent protests in some European countries and the USA in the form of Indignados, Occupy Wall Street or the Occupy Movement in general.

After both explanations, this article starts with a brief definition of populism, continues with a brief evaluation of the recent return of populism in South America finishing with the analysis of the main connections with the current Occupy Movement: the experience of a crisis; the claims for more democracy and the exploration of a postneoliberal political economy. In societies with obscene levels of inequality such as what exists in many South American countries, populism does not seem to be a heresy or a pathology, but a rational alternative to solve problems rooted in a failed nation-building processes. After the collapse of Neoliberalism the usually negatively labeled populist experiences in Venezuela, Ecuador, Bolivia, Argentina and maybe Brazil are bringing the state and social issues back in the agenda (Levitsky and Roberts 2011; Vilas 2011). Similar motives can be currently observed at the global level with the protest of the Indignados and the Occupy Movement. Socioeconomic inequality, an unequal participation in public decision-making and a supposed elite-failure are one the main claims of those movements (Chomsky 2012; Schlechter 2012). In contrast to the Arab Spring which in the media used to be put into the same bin with the Indignados and Occupy Movement, the last ones represent a claim for social rights and a more democratization in social terms. In the Arab Spring the main demands are for the two first dimensions of citizenship: civil and political rights within authoritarian regimes. The same can be said on the protests at Taksim Square in Istanbul/Turkey in June 2013. Therefore, the purpose of this paper is to analyze the continuities or the "elective affinities"

between the recent populist wave (or populist come back) in South America and the current Occupy Movement in order to trace the contours of an original populism at a global scale, which has few elements in common with the European right-populism, because the antagonism that it promotes is mainly a socioeconomic one instead of a cultural or ethnic one (Mudde 2010; Priester 2008). The main struggle here is for reducing inequality but not mainly within societies – as the case of the populist come back in South America – but at a transnational level indeed.

## 2 On the Concept of Populism

A good example of the over-saturation of models and concepts, which serves as the description of a society and a political system that functions as modern and democratic, is the actual normative use of "populism" from political science to mass media (Castañeda 1995; Mazzoleni et al. 2003). After the collapse of socialism the new fear for politically correct thinking is nothing other than populism. Everything that seems to deviates from the course of representative democracy and market autonomy is labeled negatively with this category and emerges a questionable combination of evolutionism and eurocentrism (Conniff 1999; Merkel et al. 2006). In contrast, the renovation of the studies on populism (Laclau 2005; Canovan 2002, 1999) is a sign that populism is not merely heretical, but rather an attribute of all political cultures, and furthermore, politics and democratic systems itself. The grade, the recurrence and the coherence in which populist attributes appear, allows an analyst to determine if those features are only scattered phenomena or a crucial element in a given political constellation. In this sense, populism can be defined as a political regime, a movement or a discourse that divides the political universe and the public sphere in two fundamental parts: the people and its enemies or its traitors. More precisely, Cas Mudde defines it as

> an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, 'the pure people' versus 'the corrupt elite', and which argues that politics should be an expression of the volonté générale (general will) of the people. (Mudde 2004: 543)

Populism consists in an appeal to "the people" against both the established structure of power and the dominant ideas and values of the society. That involves some kind of revolt in the name of the people against the elites. This people can be "the poor" (plebs) as in left-wing populism (Laclau 2005) or it can be the Volk defined in ethnic, religious or nationalistic term as in the right-wing populism (Taguieff 2007). In this sense the first fundamental attribute for considering a political regime to be populist, is with Laclau (2005) and Taguieff (2007), the establishment of a break, a cesura between the people, who have felt both disadvantaged and ignored, and those considered to be responsible for this discrimination and disregard. Along with this, a small group often claims to be seen as the only legitimate totality building a heterogeneous multi-class political coalition:

> We know so far that populism requires the dichotomic division of society into two camps –
> one presenting itself as a part which claims to be the whole; that this dichotomy involves the
> antagonistic division of the social field; and that the popular camp presupposes, as a
> condition of its constitution, the construction of a global identity out of the equivalence
> of a plurality of social demands. (Laclau 2005: 83)

A second more sociological feature of populism, what I consider crucial is the idea of mass mobilization "from above" in conditions of crisis of hegemony.[1] As the Brazilian sociologists Ianni (1972) and Weffort (1968) consider, in societies with increasing differentiation, social mobility and oligarchies who are weak after political and economic crises, populism fulfills a mediating role in the merging of representation of sectors that are not powerful enough to organize themselves and to guide other sectors:

> Within the capitalist crisis, in conditions in which none of the dominant groups can provide
> the basis for policy reforms, the masses appear as the only force capable of sustaining this
> policy and the state itself. The masses are the basis of legitimacy of the state but, to that
> extent, they cannot develop an autonomous political action. (Vilas 1994: 110)[2]

This mediating role can be taken by a personal charismatic leader (as the prejudice says, but also the majority of the historical cases confirm) (Hermet 2001) or by a collective (as the Farmers in American populism and peripheral intelligentsia in Russian populism by the end of nineteenth century showed (Berlin 1978; McMath 1993).

This non-normative view should not be considered as an apology for populism, but rather an attempt at a better contextualization and a consideration of populism as a prominent and legitimate type of political action and discourse, with all its contradictions and ambiguities, just like every political tradition and regime is familiar with. It is also not necessarily a sign of abnormality that certain political cultures in certain phases tend toward populism, but rather a legitimate path to democracy and modernization, at least in societies with no successful nation-building processes (Drake 1982; Levitsky and Way 2010). After the populist movements in the United States and Russia at the close of the nineteenth century, the Latin American populism prevalent in the 1930s, 1940s, and 1950s (according to specific countries) played an indispensable role in the fusion of political and social affairs that shaped the meaning of "fundamental democratization" (Collier and Collier 1991; Vilas 1994). In the context of the 1929 global economic crisis and the emergence of a mass society, the restrictive and oligarchic republicanism, as well as the accumulation model based on exporting raw materials with enclave economies under foreign ownership reached their limit. Although the upper classes in many countries were aware of this exhaustion, reforms were only introduced upon the spread of populism. The populist opposition forces oriented themselves

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[1] This is also one of the five characteristics traditionally associated with populism listed by Roberts (1995: 88) "a top-down process of political mobilization that...bypasses institutionalized forms of mediation".

[2] Translated by the author.

against formal liberalists, who asserted a blank, idealized institutionalism and universal rights, and only served the interests of the oligarchy. Historical populism pleaded in contrast for the development of the internal market, the spread of mass consumption and the state control of foreign trade (Vilas 1994).

## 3   The Recent Populist Wave in South America

Some current governments in South America seem to follow the tradition of this historical populism, sharing structural similarities: they exist in a comparable international constellation (in relation to the return of the state and the social world ("*das Soziale*") in the context of a global economic crisis), they attempt to overcome a deep economic, social and political upheaval and they have for central programmatic objective a reduction of social and economic inequalities.[3] Both experiences – the historical Populism and its recent come back or resurgence of the Latin American Left – also seem to face similar problems: unsolved problems rooted in nineteenth century nation-building processes, the exhaustion of an accumulations model – as in 1929 – and the return of the development question (Godio 2004). This essentially means the return of the state, but also the return of social issues in general. During the recent predominance of institutionalism and the rhetoric of "good governance" in political science as well as in international organizations, social issues have been kept in the background. With an emphasis on representative models of democracy and election systems, the popular social dimensions of democracy were forgotten. Now, however, demand for – but mainly – government programs of extending citizenship and democratization have reappeared, where social-economic equality, fair access to public goods and open participation in public decision-making processes takes precedent. Heterodox economic policies, expansive fiscal controls, state intervention in some strategic industries and universalistic social policies are once again beginning to emerge in countries with obscene presences of inequality, such as what exists in many Latin American countries. This return, though, is not indifferent for the upper classes or in the establishment (which these sectors are commonly referred to in this region): because their privileges are threatened, is the public sphere therefore polarized in two worlds. Populism seems now to be led by coalitions of middle-class sectors

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[3] "After 2000, however, the maneuvering space for left governments expanded. Not only did the orthodox policy consensus erode in the aftermath of the 1997–1998 Asian financial crisis and its sequel in Argentina, but beginning in 2003, the region experienced a dramatic improvement in macroeconomic conditions, rooted in a classic commodity export boom. The commodities boom generated high growth rates, dramatically improved fiscal and trade balances, and reduced Latin American dependence on U.S. and international financial institutions, providing governments with greater policy latitude than they had enjoyed since the onset of the Debt Crisis. New left governments thus took office at a time when there existed at least some opportunity for social and economic policy experimentation" (Levitsky and Roberts 2011: 21).

(intellectuals, civil servants, small businesses), joining forces with working-class organizations with a long tradition of social struggle. Furthermore, they share interests with major economic actors and state enterprises which stand at the forefront of innovative industries – often formerly unfamiliar or failed production chains – as oil production, automobiles, infrastructure projects in energy, communication and transport (García Delgado and Nosetto 2006; Godio 2004).[4] In addition, they work to introduce universalistic social policies and reallocation policies in order to improve the living conditions and purchasing power of the lower classes.

## 4    Contours of a Global Populism

In order to find some elective affinities between this recent populist wave in South America and the current cyberpolitical mobilization of civil society in the form of Indignados and the Occupy Movement in some European and American countries with derivations in other parts of the world too, I find three main common paths and features: (a) the facing of a crisis; (b) the claim for more (and a more authentic) democracy; and (c) the exploration of a postneoliberal politics and economy. The main differences between both experiences remain in the scope or at the level in which they are developing themselves. While in the South American case the contours are mainly national and subsidiary regional (Pelfini 2011), in the recent protests their addresses are representatives of the global financial power, instead of national governments. Additionally, the main places for questioning "the system" in crisis are squares and streets with a strong symbolic force and visibility rather the centers of national political (Mörtenböck and Mooshammer 2012). Two different but related **crisis were in the origin of both referred processes**: the current economic "crisis" rooted in the financial crisis of September 2008 that shocked the global financial world (and still has unanticipated consequences). Probably more relevant for South America has been, in the first instance, the turn-of-the-century crises that stood as an apparent end of Neoliberalism, particularly in countries such as Argentina, Bolivia, Ecuador, and Venezuela (Pelfini and García Delgado 2009). Such crises and their corresponding regional reactions symbolically represent a precursor to the actual present-day global economic crisis. In certain countries though, Neoliberalism has in part exploded after deep crises that have been much worse than normal economic crises, as in the case of Venezuela, Ecuador, Argentina and Bolivia. In other countries though, these processes have gradually been cancelled and replaced with alternative programs. Even in the case of a prosperous example such as the current Chile, Neoliberalism was re-formulated and its weak spots were improved. A common feature of all cases, however, was that the limits of this accumulation model were found and its cultural appeal had disappeared. Neoliberalism and

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[4] This is what some critics considered as mere continuation of the hegemony of global capitalism under the label "neodevelopmentalism" or "neodesarrollismo" (i.e. Féliz and López 2012).

Washington Consensus have lost their triumphant appearance not only in South America, but in the global level as well:

> The 2008 crisis holds several further implications. First, this time the epicenter of crisis is the USA and Europe, not developing countries. Second, it reveals the flipside of financialization and the pressing need to regulate the financial sector. Third, the economic setbacks and protest movements in advanced countries have instilled greater awareness of the need for government regulation and redistribution. They show that advanced countries are developing countries too. (Nederveen Pieterse 2012)

This devaluation shows the limits of policies only focused on promoting financial growth and economic liberalization opening a broad space for experimentalism in development politics. Just in this space moves the Occupy Movement. In essence, politics and the state have already returned in South America and the Indignados and the Occupy Movement claim for their comeback and are accusing political leaders for their co-responsibility in the crisis. It is difficult to say, if the Occupy Movement is a direct consequence of an increase of global inequality. Neither the origin of historical populism in Latin America or its recent return can be analyzed as a derivation of a higher inequality. In all cases it is rather a questioning of the policies that the establishment or the political elites are implementing in order to reduce inequality and poverty. It is a decline in the confidence that they are able or actually willing to cope with this challenge. Structurally, inequality does not produce populism in a mechanical way. What opens the conditions for the emergence of populism is much more the devaluation of a given political language and the type of responses of the political system to some structural conditions than the assumed objectivity of those structural conditions (Groppo 2009).

**The claims for more or for a "real" democracy** Following Margaret Canovan's distinction between a redemptive and a pragmatic face of democracy, populism can emerge when the pragmatic face of democracy dominates politics: "Pragmatically, democracy means institutions: institutions not just to limit power, but also to constitute it and make it effective. But in redemptive democracy, (as in redemptive politics more generally) there is a strong anti-institutional impulse: the romantic impulse to directness, spontaneity and the overcoming of alienation." (Canovan 1999: 10). This redemptive face is related to the idea of salvation through politics, opposed to the formality of institutions and their administrative power. Both faces are interdependent and in permanent tension in a similar way as in Laclau's polarization between populism and institutionalism as the two faces of politics. Populism emerges, so the thesis, when the gap between citizens and representatives seems to be enormous and the pragmatic face of democracy dominates politics. When the connection is broken, when no popular demand draws the attention and can be properly satisfied by the existing political institutions a crisis of legitimacy is at the door. A common feature between the populist comeback in South America and the global protest of the Indignados and the Occupy Movement is the sensation that the social contract between the people and its representatives is broken. The populist version of the crisis is adding an important element to this legitimacy crisis: the social contract is broken because of the responsibility of certain elites

considered as traitors. In this sense, the idea that the oligarchies in South America or the rulers in some industrial countries not only represent 1 % of the population, but also that they are ruling for their own interests and against the wealth of the other 99 % is one of the most powerful elements in the Occupy protests. Without refusing liberal or representative democracy, radical democratic elements promoting direct and horizontal popular participation and plebiscitarian elements are present in many of the leftist/populist current experiments in South America. At least radical democratic elements are also to be found in the global protest, putting the classical liberal democracy in tension (Arditi 2007; Chomsky 2012).

Since the crisis, a constellation has evolved in South America that can be seen **as post-neoliberal** (García Delgado and Nosetto 2006; Pelfini 2007). The leading groups in the post-neoliberal governments understand themselves in turn as avantgarde, open to new times, and to shape reality and establish the entire nation somehow as new (most noticeably in the more revolutionary Venezuela, less in Ecuador or in the multi-culturally reorganization of Bolivia). Unique in this advance of globalization and its accompanying political subjectivation is the absence of a systematic ideology that addresses and legitimates actor's decisions and practices, such as how it was with Neoliberalism of the 1990s. Novel for many countries in the region is the combination of seemingly contradictory elements in the ideals of rising elites: a new, moderate understanding of cosmopolitanism on the one hand and a revival of historical populism on the other. While it is undeniable that under Chávez in Venezuela, a radical populism with only hints of cosmopolitanism is advancing – because world views tend to be more agonistic in the spirit of classical anti-imperialism – in Brazil, there are only scattered elements of populism (except for that which the conservative critics of the government rashly fabricates), but therefore is taken place a consequential shaping of the national image as an emerging soft power with sub-continental projection (Lafer 2002). One can find Argentina along similar lines, although the country exists with more populist character than its giant neighbor. In the middle, but on the other extreme are countries such as Bolivia and Ecuador, where an international identity is still to be shaped. A postneoliberal orientation does not imply – obviously – any kind of revolutionary project in structural terms. Postneoliberalism is any antisystemic project, but a reformist or corrective one. As the suffix "post" suggests, what it has in common is more the refuse of Neoliberalism than a programmatic precision and coherence. Development pluralism or heterodox economics can certainly be observed as one of the features of the Twenty-First Century Globalization (Nederveen Pieterse 2012). With the crisis of Neoliberalism the "Social" is in the agenda again and material conflicts and distributive struggles have returned again. A refuse of Neoliberalism is present in all current protests of the Occupy Movement, but still without tracing concrete alternative political orientations. Those can especially be seen in the worldwide deceleration of globalization and in the critics to and in the re-formulation of unilateral conception of globalization that has been fixated on Neoliberalism, the expansion of financial markets and deregulation.

**Conclusion: A Populist Moment Without a Populist Movement**
The current Occupy Movement and the eventual megatrend to a global populism have only few elements in common with the right-wing populism that stays in the center of the agenda of some European countries. As we observed the main elective affinities can be find with the recent left populism present in many South American countries since the beginning of this century. However and despite those common features, it remains the answering of the question if the current protests of the Indignados and the Occupy Movement represent a form of populism or not.

Reconsidering the two crucial elements that make a political regime, a movement or a discourse populist I can answer the question differently:

Regarding the first element – the establishment of a break, a cesura between the people, who have felt both disadvantaged and ignored, and those considered to be responsible for this discrimination and disregard – it is evident that at least in the discourse, the Occupy movement can be considered as populist. Everyone can remember the appeal to the common people threaded by managers, advisors, bankers and their accomplices in politics, who are only interested in maintaining their utilities and salary within a crisis, while recommending adjustments and cuts in social welfare system and in the provision of public goods. Those are considered as guilty for the situation of a majority, which perceived itself as innocent, or at least non-responsible for the decisions that have conducted to a crisis.[5]

Regarding the second element – the mass mobilization "from above" in conditions of crisis of hegemony- one can say that in contrast to the recent populist wave in South America, the Occupy movement is more an experience of radical democracy, like a social movement, than a populist one. Better said, it can be, but is not yet a populist phenomenon. As a quite horizontal, spontaneous movement it is quite improbable that it can accept and resist a mobilization from above:

> These movements have all developed according to what we call a 'multitude form' and are characterized by frequent assemblies and participatory decision-making structures. (Hardt and Negri 2011)

This kind of mobilization that could be promoted either by a collective avant-garde or emerging elite or by a charismatic individual, which in

(continued)

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[5] In Brazil it is rather the political class supposedly more concerned about making the country an "emerged" and not simply an emerging country which receives the more intense claims (Souza Santos 2013). The other unprecedented betrayer – especially in a football loving country like few others – is the lead agency for a specific sphere of authority as FIFA (and to a lesser extent, the International Olympic Committee).

classical Western political cultures less probable is than in Latin American after the Caudillo tradition.

Beside these two crucial elements, there are some structural constrictions that make less probable a transition from a social movement with a populist rhetoric to a populist movement capable to support or generate a populist regime at a global level: the very transnational character of the movement can be paradoxically conceived as a reason for its rapid spread, but as a reason for its limitations at the same time. The fact that there is no unique government and truly democratic institutions at a global level installs the question of decision-making both as the address of the protests and as for the consolidation of the movement towards some kind of leadership. On the one hand, as no nation-state with easy identifiable leaders is in the core of the protests, the agglutination of financial oligarchy, banks, risk assessment agencies, consulting firms appears as a virtual world without concrete responsibilities apart from some politicians considered to be its accomplices. On the other hand, as long as the Occupy Movement attempt to remain as an anti-system force outside political institutions it is hard to expect that it moves from a reactive to a proactive role. This transition should imply at least two aspects: first, to solve the internal decision-making facing the question of representation, aggregation and translation of interests and intentions within horizontal mechanisms; secondly, to participate in any form in political institutions, which by the time are mainly – if not only – national. If not, the protests of the Indignados and the Occupy Movement will continue being an important factor of vitalization of the global public sphere scrutinizing the financial markets and the legitimacy of international organizations and some national governments. In this sense, it shares the features of other expressions of the global public sphere or of movements of the global civil society: a strong visibility, spontaneity and authenticity, but a scarce efficacy for translating its will in political institutions (Fraser 2007). Therefore is it probably that the Occupy Movement remains as a testimonial or identity movement, saying: "that's enough".

> Occupy Wall Street is what we might call a 'We are here' movement. Asking its activists 'What do you want?' as some pundits have demanded, is beside the point. (Tarrow 2011)

In order to conclude, I would like to quote the North American historian Lawrence Goodwyn (*The Populist Moment: A Short History of the Agrarian Revolt in America*, New York, Oxford University Press, 1978). He describes the populist protests of the small farmers in the USA by the end of nineteenth century against advancing modernization, technification and monopolization of finance capital. In these "populist moments" numerous sectors of the population loose their affective connection with their leaders and the hope

invested in a given direction of the economy as well. In a similar way, one can say therefore, that globally we are facing a kind of a populist moment or instant but not a populist movement yet: such as a populist moment without a populist movement. The populist moment delineates an eventual hegemony crisis of the current financial elites expressed in a lack of the legitimacy of its domination. In order to be really populist the Occupy Movement has certainly to be more massive. Till now it is mainly a movement of young urban people from the upper middle classes with unstable jobs in the creative sector. Although every populist movement was guided by some kind of avant-garde and personal leadership (traditionally outsiders of the political system), they had imply the very emergence of a political subject which was before in the margins of politics and citizenship (Groppo 2009). In the case of the Occupy Movement there is no novelty in this sense. Novelty can be observed – and already noticed above – in the pressure methods, the recruitment strategy, the addresses of the demands, but not in the constitution of an original political subject. Another original element – which actually represents a populist feature indeed – is the way of construction of the political discourse. In contrast to the neomarxist idea of new social movements considered as the genuine expression of some demands for recognition of identity attributes (Offe and Wiesenthal 1980; Melucci 1989), the demands of the Occupy Movement are condensed in "floating or empty signifiers" and equivalent chains that combine diverse claims and imaginaries, as the case of slogans like "We are the 99 %" or "Occupy Everywhere" and motives like "Indignation" do:

> As we know, any popular identity needs to be condensed around some signifiers (words, images) which refer to the equivalential chain as a totality. The more extended the chain, the less these signifiers will be attached to their original particularistic demands... popular identity becomes increasingly full from an *extensional* point of view, for it represents an ever-larger chain of demands; but it becomes *intensionally* poorer, for it has to dispossess itself of particularistic contents in order to embrace social demands which are quite heterogeneous. That is: a popular identity functions as a tendentially empty signifier. (Laclau 2005: 95–96)

Connecting this moment again with the current situation in South America, the reduction of the distance between the people and its representatives, the renchantment of politics that had forgotten theirs sources through pragmatism and administrative power can be already observed in South America. In this sense, the South American context can be conceived as a populist moment with some populist movements and regimes. It is still a question if a similar situation can be translated at the global level through this kind of (protopopulist) movements as the Occupy Movement.

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# Part IV
# Global Structures, Networks and Inequality

# Hierarchies of Global Networks

**Carlo Angerer**

**Abstract** Research on global networks has made important contributions to the understanding of globalization phenomena, but this research often does not consider the intrinsic hierarchies of networks. By examining the examples of the global air travel network and the online news network, this chapter uncovers the twofold hierarchies within as well as in access to global networks. Economic, political and social barriers create these distinct hierarchies, which in turn affect the outcomes of globalization processes. The chapter also calls for further research into these hierarchies of networks to further the understanding of global inequalities.

## 1 Introduction

In today's globally interconnected world, networks have become dominant in today's societies. The growing importance of the internet is just one example for these new global networks, as not only technical systems, but also social structures increasingly rely on this electronic communication. People interact through social networks and machines increasingly rely on information processed online. Such an efficient global communication network is at times seen as a gateway to more knowledge, which could fight inequalities. The One Laptop per Child program, for example, hopes to provide laptops to poor children, so that "they become connected to each other, to the world and to a brighter future," as it's mission statement promises. But as the internet matures and reliance on this global network of electronic communication increases, the focus shifts from its promises to the struggles over it. At this time, news reports abound about newly emerging challenges within this global network. These include first signs of cyber wars as Chinese hackers allegedly tied to the country's military attack American companies and institutions, or discussions over net neutrality as internet providers are planning to give certain content priority, while slowing down certain information. These examples show that a global network such as the internet is not a simple structure,

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but rather a highly hierarchical structure, that has to be investigated, if today's social structures are to be understood. This also needs to trigger a rethinking.

Manuel Castells (1996, 1997, 1998) broke ground in offering a new understanding of today's societies that have been affected and formed by globalization processes with his trilogy on the emergence of a global network society. In this theoretical model proposed by Castells the vital social and economic processes of today's globalized societies are organized in a network topology due to the advances in information technology. This global network of communication has often been "acclaimed as the gateway to a new and unheard of freedom" (Bauman 1998a). However, these promises of freedom have hardly held up and Castells has acknowledged that the architecture of global networks create an "asymmetrically interdependent world" (Castells 1996: 145). This chapter argues that the social sciences need to reconsider the intrinsic hierarchies when investigating global networks in order to understand this architecture which influences globalization processes. The examples of the global air travel network and the news media on the internet will be used to show that hierarchies prominently exist in global networks. In fact, these examples show a twofold hierarchies, one within the networks as well as another in access to the networks.

The chapter first offers a brief look at theories of globalization, followed by a closer look at global networks. In the next parts, the hierarchies of the global air travel network and of the online news network, will be discussed. The chapter will conclude with a discussion of these twofold hierarchies of global networks and a call for further research on hierarchies within these vital networks of today's societies.

## 2   Theories of Globalization

The emergence of globalization has spurred new research across the social sciences in recent decades. Globalization studies, which have grown across disciplines, arose due to several sets of phenomena. Robinson (2007: 125) introduces the five sets of a globalized economy, globalized cultural patterns, global political processes, the unprecedented global movement of people, and new social hierarchies around the world and within the global system itself. It seems that all disciplines and academic specializations have contributed to a greater understanding of these new sets of global phenomena and have supported a growing understanding of globalization. Nevertheless, research on globalization phenomena, just like any other research within a certain field, can at times be conflicting and conflicted and as such has become one of the "most hotly debated and contested" key concepts of the twenty-first century (Robinson 2007: 126). Thus, it is important to note that as "there is no consensus on what has been going on in the world denoted by the term 'globalization,' competing definitions will give us distinct interpretations of social reality" (Robinson 2007: 126).

The term globalization has been used in a myriad of ways over the past decades and continues to be used in different contexts and with different connotations. Despite multiple interpretations across different disciplines and schools of thought, the basic agreement that globalization has many different facets and that the processes of globalization have entered everyday life has taken hold. Products are produced and consumed on a global scale, and people and goods move through global networks overcoming local and national spaces and entities, thus having an impact on conditions across large distances. Therefore, the term globalization cannot in any way be avoided in describing any single one of today's economic, social, political and cultural processes. However, globalization should not be seen as an automatic process or an independently acting subject, rather it is a combination of multiple wanted and unwanted actions by a multitude of actors (Backhaus 2009: 14).

Researchers disagree over the meaning and implications of globalization as well as over what theoretical tools should be used to understand the process. Still, over the comparatively short course of globalization studies until today, several major strains of thinking have emerged that need to be considered when looking at globalization phenomena today. Published before the widespread use of the term globalization, Wallerstein (1974) traced the development of core, semi-periphery and periphery world regions within the capitalist system from the fifteenth to the twentieth century. Wallerstein's world systems theory sees the emergence of a capitalist economy in Europe around 1,500 and an expansion onto all other continents in the following centuries, which created a single worldwide economic system based on similar market and production ideas. Wallerstein has been dismissive of the concept globalization writing that "the processes that are usually meant when we speak of globalization are not in fact new at all. They have existed for some 500 years" (Wallerstein 2000: 250). Nevertheless, his introduction of a global hierarchical system that has Western Europe, North America and Japan at its core and former colonized regions in Latin America, Africa, Asia, the Middle East and Eastern Europe at its periphery with other countries in an in-between semi-periphery turned into a major inspiration for later globalization studies.

This hierarchical economic structure reemerges in the theories that Robinson (2007) has catalogued as the global capitalism school with a focus on a new global production and financial system that replaces the nation-state system that informs Wallerstein's world systems theory: "Globalization creates new forms of transnational class relations across borders and new forms of class cleavages globally and within countries, regions, cities and local communities, in ways quite distinct from the old national class structures and international class conflicts and alliances" (Robinson 2007: 131). More recently a continuation of a distinct hierarchy intrinsic to the global capitalist system has been shown by Hardt and Negri (2000). They introduce the concept of Empire, a society of control in which "power is now exercised through machines that directly organize the brains (in communication systems, information network, etc.) and bodies (in welfare systems, monitored activities, etc.) toward a state of autonomous alienation from the sense of life and the desire for creativity" (Hardt and Negri 2000: 23). Following this analysis, no

one is able to freely decide on if one wants to take part in production and what one wants to produce. Following the concept of a society of control as outlined by Foucault (1979), Hardt and Negri emphasize that this control mechanism is not a higher power within a distinct class structure, but in fact can be found within society and within each individual reproducing this power relationship. Hardt and Negri show that production alongside all other economic processes has transformed into its most pervasive, practically unlimited state. From the localized production of goods for consumption in pre-capitalistic societies over widespread, but limited to the factory floor, production during the Industrial Revolution, today's economic system has brought production into every aspect of life, unregulated by a social system that has been submerged into the capitalist system.

Another central set of globalization theories is concerned with the issues of space and place, specifically their changing relationship to social structures. Harvey (1990) introduces 'time-space compression' because of capitalist development and technological advancement in transport and information technology, while Giddens (1981) mentions a 'time-space convergence' as the new media of telephone and television make social interaction over long distances possible. While people and information took 3–4 days to travel the distance of 1,000 km by stagecoach in the early nineteenth century, modern jet aircraft reduced this to an hour of travel time per 1,000 km traveled by the 1960s (Backhaus 2009: 53). The travel time for information has been even further reduced thanks to global telecommunication networks. Sassen (1991) focuses on the reordering of space and the emergence of a network of global cities led by New York, London and Tokyo which commands the production system that is spread across other regional spaces.

Castells (1996, 1997, 1998) sees global networks not only evident in certain spaces; through his functional approach to globalization, Castells introduces a network society based primarily on the development of information technology. The advance of computers and the internet created a global, knowledge-based networked economy that revolutionized today's social structure of network society representing a qualitative change in human life experience. The rise of networks and the enduring struggle for control over them has led to a distinct dichotomy: "our societies are increasingly structured around a bipolar opposition between the Net and the Self" (Castells 1996: 3). This global network society also facilitates certain hierarchical structures that previous theories on the global economic system have shown: "the architecture of the global economy features an asymmetrically interdependent world, organized around three major economic regions and increasingly polarized along an axis of opposition between productive, information-rich, affluent areas, and impoverished areas, economically devalued and socially excluded" (Castells 1996: 145).

Faced with the competing claims about globalization, all researchers are faced with the challenge of consolidating the different theoretical approaches with the real world topic they are investigating. At times existing theories and surveyed phenomena clash and this spurns a rethinking of existing theories and can lead to new thinking that further enhances understanding of social phenomena. In the realm of globalization, researchers have been challenged by the fact that globalization

phenomena are evident on global and local scales. Faced with this great intellectual challenge to study the changes globalization has brought upon human society at this time, two broad categories of globalization research have become evident: "(1) those studying specific problems or issues as they relate to globalization; (2) those studying the concept of globalization itself – theorizing the very nature of the process" (Robinson 2007: 126). The former can mainly be seen in studies on a local level, while the later is dominant in research that is primarily concerned with a global level.

Efforts to overcome this divergence of research along local levels on the one hand and global levels on the other have been started, with one of the most important being the introduction of the concept of glocalization. Based on the usage of the term in the international business community, Robertson (1995) introduced the word 'glocalization' to globalization theories in order to acknowledge the emergence of specific localities that go hand in hand with the growth of globalization. In certain contexts, it might even be preferable to replace the term globalization with the term glocalization (Robertson 1995: 40). Bauman (1998a) writes in support of the term glocalization that the concept is a way of coming to terms with global developments that are not only go on along global scales, but also on local, or as Bauman (1998a: 42) notes on territorial, scales: "Integration and fragmentation, globalization and territorialization are mutually complementary processes; more precisely still, two sides of the same process: that of the worldwide redistribution of sovereignty, power, and freedom to act."

The global spread of power and the reshaping of social hierarchies because of this worldwide redistribution are therefore not only based on shifts on a global scale but also on a renewed territorialization on a local level. This simultaneous reordering on multiple levels further supports the need for a broader term such as glocalization. Bauman (1998a) writes that it is "advisable to speak of glocalization rather than globalization, of a process inside which the coincidence and intertwining of synthesis and dissipation, integration and decomposition are anything but accidental and even less are rectifiable." Bauman (1998a) emphasizes that the global availability of cultural tokens and their increasing territorial use is directly connected. Thus, globalization and localization are not separate developments but intimately linked processes and the entire scope of today's global processes might only be discovered through a combination of phenomena on both global and local levels.

This suggests that future efforts of understanding global phenomena, which are intimately connected to local conditions, need further theoretical developments. Robinson (2007: 141) proposes that "future theoretical work into globalization would do well to theorize more systematically changes in the nature of social action and power relations in the globalization age." Investigating hierarchies of global networks that are spread along global and local scales could become an important step in such new systematical and theoretical approaches.

## 3   Global Networks

Before investigating possible hierarchies within globalization processes, it is necessary to understand how they are organized and in what forms of organization they appear so that it becomes possible to track their movement and describe them not only on a local, but also on a global scale. Within organization topologies, networks can be seen as the prime one in today's globalization, as "the notion of network is also a dominant metaphor for global times" (Urry 2003: 51). The dominance of thinking in networks in today's time is a logical step, given the fact that they have been an integral part in the sciences' approach to understand the web of life: "Whenever we look at life, we look at networks" (Capra 1996: 82). Urry (2003: 51) introduces three basic kinds of network constructs: line or chain networks with multiple nodes in a linear trajectory, star or hub networks with central nodes, as well as all-channel networks in which particles spread simultaneously throughout. The power of these networks can be measured based on their size, density of connections and connections to other networks. Mattelart (2000) has traced the appearance of social global networks, specifically that of communications, back to the time of Enlightenment in the early eighteenth century and shows how networks gain further importance in globalization as a new level of standardization and segmentation is achieved in multiple fields and at multiple levels. These newly emerging networks capture popular imagination as they suggest new modes of interconnectedness among societies or different segments within a single society:

> Networks, a leading symbol of progress, have also made their incursion into utopian thinking. The communication network is an eternal promise symbolizing a world that is better because it is united. From road and rail to information highways, this belief has been revived with each technological generation, yet networks have never ceased to be at the center of struggles for control of the world. (Mattelart 2000: VIII)

As noted previously, the major contributor to the network view of globalization has been Castells (1996, 1997, 1998) through his theorization of a global network society. By reviewing the growth of global computer networks he has shown that individuals' lives are increasingly connected and in many ways interdependent (Castells 1996). This network structure is not limited to communication technologies, but instead has spread throughout social groups. Societies that were previously structured, for example, by class, are now structured as network societies. As noted previously, societies have become "structured around a bipolar opposition between the Net and the Self" (Castells 1996: 3). Individuals are no longer only linked to immediate communities or limited to nation-states. Rather, individuals in today's globalized world interact through networks on a global scale. These new networks have become detached from territories and physical distance has lost importance due to technological advances in communication and transportation (Urry 2003).

However, the functional approach of a network theory as presented by Castells also has major disadvantages due to the imagined vision of networks. Networks consist of hubs, nodes and linkages, which are generally aligned along a flat surface. Because networks are usually only described on this global level, their structure

suggests a flat hierarchy. This macro-view hides the inequalities that global networks might contain. This should not suggest that network scholars have excluded totally hierarchies within networks. In fact, Castells himself already mentions the existence of certain hierarchical structures in his model of a global network society. Castells (1996), for example, sees the space of flows within the global network society organized along three layers, with the first layer giving material support through technical means such as electronic impulses, and the second layer providing a location and linking the space of flows to existing places through nodes and hubs. The third layer consists of the space of the elites, which are able to influence the space of flows, as "the technocratic-financial-managerial elite that occupies the leading positions in our societies will also have specific spatial requirements regarding the material/spatial support of their interests and practices" (Castells 1996: 415). Castells (2009) also acknowledges the existence of a power structure within networks, for example, in regard to the behavior of corporate media in online networks.

The hierarchical structure cannot only be seen within global networks, but a clear hierarchy also becomes evident in access to networks. Economic processes might occur on a global scale and affect societies and individuals around the globe, but the structure of the global economy does not consider all territories and populations equally: Castells (1996) notes that even though the global economy affects all humans and the whole globe, its processes are limited to certain territories and people and are varied based on the international division of labor: "Thus, the new, global economic system is at the same time highly dynamic, highly exclusionary, and highly unstable in its boundaries. While dominant segments of all national economies are linked into the global web, segments of countries, regions, economic sectors, and local societies are disconnected from the processes of accumulation and consumption that characterize the informational/global economy" (Castells 1996: 102).

This shows that already within his presentation of a network society, Castells presents two areas of social hierarchies within global networks that would lead to a twofold exclusion for some members of society. On the one hand, hierarchies can exist within networks, on the other hand access to networks is unequal. Given the prevalence of the network structure in today's global societies including, for example, the fields of communication and mobility, these network hierarchies need to be explored. This would further expand how theories of global networks help to understand and describe issues on a global scale. A micro-view of the nodes and linkages of networks combined with a macro-view of the network can provide an insight into the hierarchies of network access and network structure. It is necessary to look at the new social structure of networks not only from the point of new opportunities that the new, nearly unlimited connection of networks offer (or promise to offer), but to also look at the new challenges these network structures put in place. The following two examples give an insight into what kind of hierarchies might exist within networks and what social scientists could uncover when considering the hierarchies of today's vital global networks.

## 4    Hierarchies Within the Global Air Travel Network

Mobility has been a major force of change for societies and has also been a factor in the emergence of globalization as "the globalization of markets has only been made possible in the late twentieth century by dramatic changes in transportation" (Castells 1996: 96). Especially the introduction and expansion of global air travel during the past century has created new spaces and places for human mobility and has led to support globalization phenomena. Bauman notes that the field of trans-border movement was one that experienced great development in modern times not only as "the result of multiplying the number of stage-coaches, but of the invention and mass production of totally new means of travel – trains, motorcars and airplanes" (Bauman 1998b: 14). Only through the introduction of these new technologies of rapid transport has today's global connectedness been made possible: "It was primarily the availability of means of fast travel that triggered the typically modern process of eroding and undermining all locally entrenched social and cultural 'totalities'" (Bauman 1998b: 14). Within the realm of air travel the twofold hierarchies become evident, a hierarchy within as well as a hierarchy in access to this network.

A hierarchy within air travel can already be found at its on-the-ground manifestations. As one looks at the makeup of airports, it can be seen that the food and retail services are open to all passengers, while many of the other services are only available to selected passengers. Priority check-in areas and lounges are only available to those with a premium class ticket or frequent travelers of certain airlines and airline alliances. As a place of mobility the airport has its "own grammar, which can direct or limit mobility" (Cresswell and Merriman 2011: 7). Thus the airport is actively producing the specific appearance of aeromobility and helping to create the hierarchies that exist within. This social hierarchy continues on the flights. Airplanes are separated into economy and premium classes which create a separate sphere for the global elite, analog to the segregation within airports. The ratio of premium to economy class seats differs depending on the continent served. Flights within the Global North or between the Global North and the Global South have a higher ratio than flights within the Global South.[1] So while the structure of airports shows a rigid social hierarchy, the flights that make up the global air travel network mirror an economic hierarchy along the lines of the Global North and Global South divide.

A hierarchy in access to the global air travel network can also be seen. Access restrictions exist within both the airports as well as the flights: the cross-border air travel is restricted through citizenship documents and visas, which create a strict hierarchy through the border controls that are put in place throughout the global air travel network: nation-states use visa restrictions to "manage the complex trade-off

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[1] A detailed examination of the ratio of available premium class to economy class seats through a case study of the international airports in Atlanta, Frankfurt, and New Delhi was conducted for the author's Master's thesis, which was submitted at the University of Freiburg in 2012.

between facilitating the entrance to their territory by passport holders from certain countries for economic and political reasons and deterring individuals from other countries for reasons of perceived security and immigration control" (Neumayer 2006: 72). Passengers face these restrictions at any time they try to cross national borders throughout the air travel network, as well as when they enter the airport, as they also need to verify their identities with the security apparatus. Access to airports and flights is restricted for many people: to enter the boarding areas of airports passengers need to display boarding passes and employees need to show identification cards. This mechanism creates insecurity for passengers, especially for those from the Global South, who tend to face the tougher restrictions, as border control strategies are never fixed, but may "shift and change in response to particular kinds of border flows and in response to particular kinds of border crossers" (Wonders 2006: 23). These control strategies situated at national borders play a central role in creating "new channels of global inequality" (Wonders 2006: 24). The strategies lead to "the social construction of the 'illegal' and its carefully crafted linkage to already disadvantaged populations and, second, the 'securitization of the border' which has accomplished by the development of a large, costly, and growing border control industry" (Wonders 2006: 24).

This restriction of aeromobility is mostly felt by those termed vagabonds, who are forced to travel in order to survive and therefore are confronted with insecurity, by Bauman (1998b), while those termed tourists, which encompasses all travelers have the possibility to move around freely and by choice with only little restrictions, are less restricted by these visa restrictions, and additionally have greater access to economic resources (Bauman 1998b). They have greater access to and more power within airports and on flights, therefore they have greater aeromobility. Even for the tourists, aeromobility is a source of insecurity, as it can be connected with "stress and conflicts in everyday life" (Lassen 2009: 188); even the cosmopolitan traveler faces challenges. The structure of aeromobility, and mobility at large, unveils a "highly complex social differentiation" (Massey 1993: 62): "the ways in which people are inserted into and placed within 'time-space compression' are highly complicated and extremely varied" (Massey 1993: 62). Thus, the spaces and places of air travel create a highly unequal structure for its subjects by restricting aeromobility in certain ways, while also creating a hierarchy of destination regions that become differentiated by the quantity as well as quality of airspace that serves these. This influences other realms of life on an economic, political and social level. Because the air travel network is spread out on a global level, its implications are as well:

> Glocalization, to sum up, polarizes mobility – that ability to use time to annul the limitation of space. That ability – or disability – divides the world into the globalized and the localized. 'Globalization' and 'localization' may be inseparable sides of the same coin, but the two parts of the world population seem to be living on different sides, facing one side only, much like the people of Earth see and scan only one hemisphere of the moon. Some inhabit the globe; others are chained to place. (Bauman 1998b)

It becomes evident that the airports, as well as the spaces created through flights, are full of hierarchies that influence the ability of individuals to participate in air

travel and mirror other global and local hierarchies. It is ironic to a degree that an airport as a place segregated from others by a strict security apparatus as well as by the economic ability to purchase access to it is further segregated. Thus, twofold hierarchies within and in access to this network arise.

## 5    Hierarchies Within the Online News Network

Similar hierarchies exist within the global network of online communication. At the emergence of the internet, its offerings have been based on a free-for-all principle. As long as one has had internet access, usage of many sites was without charge. Considering the example of online news, it can be seen that many news sites are still accessible for free, e.g. the website of the international news channel CNN, cnn. com, or the German news site Spiegel Online, spiegel.de. However, this has changed in recent years as more and more readers have shifted online lured by free online content and many canceled their paid newspaper subscription. This has put economic pressure on media organizations to rethink their online business models (Outing 2002) and led to a reconfiguration of online news sites which have put up new barriers of access. Newspapers have begun charging for accessing their articles online. The most prominent among them is the Wall Street Journal, which has had paid online subscriptions for several years. In 2011, the New York Times, one of the largest U.S. newspapers and published worldwide through its subsidiary the International Herald Tribune, also started charging for online access to its articles. Offline subscribers have free access, but online subscribers are limited to 20 articles per month and have to pay to access more. While the introduction of paid access to online news content might support the economic survival of media companies, "going from purely advertising-supported online media to a subscription model undoubtedly has an impact on how readers are able to access and move through the online news network" (Angerer and Haupt 2011). Again, a twofold creation of hierarchy within as well as in the access to this global network can be seen.

The methods of news media companies to monetize online content has not been limited to charging for accessing online articles. Other methods have included selling advertising, registering users, and controlling markets (Outing 2002). The combination of these different approaches has created new barriers throughout the internet. Users are now restricted in access to and usage of certain online content, which was previously freely available online or, in the case of news, freely available offline through fair use exceptions within copyright law. The law still prohibited others from copying and distributing intellectual property for profit. Thus, newspapers received a just reward for labor and had an incentive to publish, in the way copyright law had originally been intended (Davies 2002). The restrictions on online news put in place by media companies, however, supersede copyright law by making users sign legally binding contracts, which are usually much stricter than copyright law. This restricts use of content even after users legally

bought it and hinders the flow of information through the internet and throughout society, which in turn weakens the public sphere (Angerer and Haupt 2011).

These barriers put in place by newspapers create hierarchies within the internet by allowing only specific users to certain parts of the network, but, hierarchies also exist in accessing this global network. Because users need available and affordable means of technology to access the internet such as a computer, smartphone and a wired or wireless connection to the network, not all have equal access. As Bauman (1998a) points out, "The global network of communication, acclaimed as the gateway to a new and unheard of freedom, is clearly very selectively used; it is a narrow cleft in the thick wall, rather than a gate. Few (and fewer) people get the passes entitling them to go through." Bauman here refers to the issue of unequal access to modern communication access, which is often termed as the 'digital divide,' which Rice (2002: 106) has defined as "the differential access to and use of the Internet according to gender, income, race and location." This digital divide runs not only between the Global South and the Global North, but also within regions and societies. This leads to a disproportionate pay-off for the rich from the usage of internet technology:

> These individuals have utilised the latest technology to move large sums of money around the globe extremely quickly and speculate ever more efficiently. Unfortunately, the technology makes no impact on the lives of the world poor. In fact, globalisation is a paradox; while it is very beneficial to a very few, it leaves out or marginalises two-thirds of the world's population. (Bauman 1998a)

Analog to the example of global air travel, the users of the online news network are faced with twofold hierarchies as they are restricted in their access as well as their (virtual) movement through the network. The promise of unlimited possibilities on the internet will likely only be fulfilled for a small number of its users.

**Conclusion**

As one considers these two examples of global networks, it becomes clear that twofold hierarchies can be found within these networks as well as when it comes to accessing these networks. This can be seen in the structure of global air travel that displays a hierarchy created through the setup of airports as well as through the makeup of flights, while access controls based on economic means and national background regulate the entry of persons into the air travel network. Thus, air travel offers an interesting dilemma: on the one hand it suddenly opens up the possibility of cosmopolitanism by overcoming national borders and allowing for rapid transportation on a global scale, on the other hand access to air travel as well as movement through the air travel network is so hierarchical that the possibility of cosmopolitanism immediately vanishes. Bauman (1998a) sees such hierarchies exist throughout all forms of mobility creating separate spaces for the poor and the rich: "These worlds sedimented on the two poles, at the top and at the bottom of the

emerging hierarchy, differ sharply and become increasingly incommunicado to each other, much as the 'no-go areas' of contemporary cities are carefully fenced off and bypassed by the traffic lines used for the mobility of the well-off residents." The internet also contains similar hierarchies. As the example of online news has shown, media companies have created barriers of access throughout the network to which access is already restricted due to the digital divide. The promise of a democratic global communication network would therefore be unattainable under these conditions. Instead of being a great equalizer the internet would lead to a disproportionate payoff for the rich and marginalize the majority of the world's population (Bauman 1998a).

As the network logic significantly modifies the operation and outcomes of all social, economic and political processes on a global level, the twofold hierarchies are also spread on a global level and will have a global affect, even though many of the hierarchies such as the airport access controls are located on a local level. If one considers the promises of globalization seen by some, which would make the world "flat" (Friedman 2005), the evidence of hierarchies within global networks such as air travel or online communication, which are vital parts of today's globalization architecture, an interesting dilemma arises: if global networks, which are major drivers of globalization, contain hierarchies, a globalized world would hardly become "flat," but instead it would entrench political, economic and social hierarchies. Instead the hierarchies within networks are likely to lead to fragmenting development as suggested by Scholz (2004) and an uneven geographical development as suggested by Harvey (2005). This suggests that the economic differences between the Global North and the Global South will likely continue to exist and that a further fragmentation within global spaces into elite and mass spaces is possible (Lenger et al. 2010; Sklair 1995).

After all, global networks reach even the most distant corners of the globe, but neither the access to the network, nor the structure of it is egalitarian.

However, the hierarchical structure does not only concern the social spaces, but also how societies are structured at large. As the outcome and affects of hierarchical global networks such as those described in this chapter are not equal and tend to reproduce the existing global social structure, existing social hierarchies are spread on a global level. This is especially important as the elites tend to be able to better adapt to the demands of globalization such as flexibility, mobility, cosmopolitism or language skills among others, and thus the hierarchical structure of global networks supports and spreads the existence of global elites or globalized national elites (Lenger et al. 2010).

The structures of global networks should not be seen as rigid, instead, the global networks of today's world are always in flux and at all times receptive to change. After all, the world today is in a stage of liquid modernity, a stage

of constant change for social orders, coupled with the possibilities of deeper insecurities and new forms of rootlessness (Bauman 2000). Beck (1992) emphasizes that modernization means a growing ability to make decisions, but at the cost of much greater risks. The transition from tradition to modernity was supposed to create a social world of free choice, individualism and democracy, but instead people are now faced with much greater risks on an individual and societal level. This risk becomes even broader and all encompassing due to global network structures. Society can no longer trust experts due to their confined view within a certain field and a critical public sphere is needed to face the possible risks (Beck 1992).

Thus, it becomes important to better understand the hierarchies created by global networks which offer both great possibilities and great risks and this could most likely be achieved through greater research in this area. If hierarchies on a global level that are either created or spread by globalization processes are to be understood, it is import to further research the complexities of global networks. As empirically observed in the examples of air travel and online news, hierarchies exist within as well as in access to networks. Furthermore barriers have also been put in place within networks, for example, restricting the movement of people and information. Theories of global networks have made important contributions in describing globalization phenomena, but have so far lacked in adequately incorporating the hierarchies that are created by these networks, even though Castells (1996: 102) had already mentioned the "highly exclusionary" nature of the global economic system. More needs to be done to research these complexities and to uncover the hierarchies and the effect of these on societies around the globe. Similar to the research on glocalization, an empirical look at the hierarchies of global networks would further the understanding of globalization phenomena on both local and global levels.

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# Globalizing Elites from the 'Global South': Elites in Brazil and India

**Christian Schneickert, Andreas Kroneder, and Regine Schwab**

**Abstract** The article refers to the current debate on global elites. It is argued that social science research on globalization and elites is based on Eurocentric assumptions and therefore did not systematically research elites from emerging societies. The examination of preliminary data on elites in Brazil and India shows that political and economic elites in both countries are globalizing. However, this process is strongly embedded in specific historic, cultural, and sectoral structures. Therefore, to speak of a homogenous global elite is misleading and obscures the multiple conflicts within national elite fractions and between globalizing national elites from different countries and world regions.

## 1 Introduction

There is no consistent and uniform process of globalization shaping the world. Instead of universal conditions for all nations, the dynamics of globalization have rather different effects on states and national societies and their local contexts. Since the latter are not a hindrance but rather an important condition of a globalized world, Roland Robertson argued that globalization strengthens the production of locality, what he calls "glocalisation" (Robertson 1990, 1992; Robertson and White 2003; Robertson and Scholte 2007). Jan Nederveen Pieterse made a similar argument emphasizing the hybridity of local and global situations against the backdrop of an essentialism of identity, ethnicity and nation (Nederveen Pieterse 2004: 65, 71). Applied to elite-research, this discussion brings up the question whether globalization leads to the development of a homogeneous global elite, transnational elites or if the power of local and national elites still persists in the twenty-first century.

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Scholars agree on the fact that the analysis of transnational class formation should start with the elites since these social groups are endowed with a great amount of different resources, which facilitates their transnationalization (Mau and Büttner 2010). In this context, Robinson and Harris state that "[t]he leading capitalist strata worldwide are crystallizing into a TCC [transnational capitalistic class, the authors]. Transnational class formation is therefore a key aspect of the globalization process." (Robinson and Harris 2000: 16) Nevertheless, in most cases, elites are not structured around one affiliated class or associated group. Based on Pierre Bourdieu's theory, it can be argued that conflicts about cultural and economic capital also occur between competing parts of the ruling class (Bourdieu 1971, 1986; Bourdieu and De Saint Martin 1987; Rehbein et al. 2009). However, analyzing transnational elites or the globalization of national elites requires theoretical and methodological modifications of Bourdieu's methodology used in his studies on the French elite. In his work 'The state nobility' (1996) he contends that the integration of the national ruling class was based on a process of cultural standardization. Applied to the transnational ruling class, the issue arises whether the different fractions of national elites transnationalize in the same way and at the same speed. Based on these assumptions it could be argued that different types of transnationalization lead to the creation of a new 'transnational' capitalistic class (TCC).

Robinson and Harris claim that local and national capital still exists, yet transnational capital has become hegemonic (Robinson and Harris 2000: 38). Based on recent empirical elite research, these considerations have been strongly criticized. Furthermore, although both positions seem rather mutually exclusive, they both neglect to consider non-Western elites, which precludes a full understanding of the role of elites and inequality in global capitalism.

Therefore, the paper first summarizes the current debate between the two contradicting positions on global and national elites. Subsequently, preliminary research results on political and economic elites in Brazil and India will illustrate some tendencies with respect to elite recruitment and transnationalization processes. Finally, the results are compared with empirical data from previous studies and situated in a theoretical framework of elite theory in the context of globalization and global inequality.

## 2  Global and National Elites

On the national level, elite research and theory were established in the context of the discussion between functional and conflict theory (Hartmann 2007b: 44–108; see Dahl 1961, 1968; Domhoff 1967, 1978; Mills 1945, 1956, 1958, 1968). The debates about globalization and particularly transnationalization processes revived the elite research and brought up new issues necessitating empirical research.

With the critique of the anti-globalization movement in the early twenty-first century, the global ruling class, sometimes simply referred to as 'Davos Man'

(Huntington 2004: 8) or "the global power elite" (Rothkopf 2008: 21) became the symbol of neoliberal globalization. In these critical accounts, globalization does not inevitably lead to prosperity for all, but implies a growing inequality between the rich and the poor or the winners and the losers, without addressing the causes of these unintentional effects (see chapter "The Global Dimension of Inequality" by Lenger and Schumacher in this volume). By implementing this discussion, two contradicting arguments have been developed in the social sciences. First, elites are considered to be still bound to the nation-state due to their central position in the production, reproduction and maintenance of power, and therefore a transnational class, detached from national contexts will not emerge (Hartmann 1999, 2000, 2003, 2007a, b, 2008, 2009, 2010; Pohlmann 2009; Beaverstock 2002; Beaverstock et al. 2004). On the other hand, the formation of a global elite is assumed since national capitalist ruling classes are endowed with plenty of resources. Therefore, scholars have argued that elites will transnationalize first (Hartmann 2008: 241; Mau and Mewes 2008: 262; Carroll 2010: 221). Hence, the upper class will not be bound to national contexts anymore, but will live, work, and think transnationally and globally (Kanter 1997; Dahrendorf 2000; Robinson and Harris 2000; Sklair 2001, 2002a, b, 2003a, b, 2006, 2007, 2008, 2009a, b; Sklair and Robbins 2002; Schwengel 2001, 2004; Rothkopf 2008). Following the second argument, the economic elites share common interests and become a collective capitalistic social group with a distinct life style (Sklair 2001, 2002a, 2008, 2009a, b). The networks of mobility between the so called *global cities* are an indicator for such a global economic elite (Sassen 1991, 2007; for recent empirical evidence also Carroll 2010: 68–75).

The international mobility of executives is increasingly seen as compulsory (Pohlmann 2009: 514). The existing gap between the elite and the common people is simultaneously enlarging (Huntington 2004; Pelfini 2009: 156). Another indicator for the process of decoupling is that executives see their home country primarily as a business location rather than as their mother country (Müller 2002: 352). Such a position is affirmed by the German sociologist Ulrich Beck who argues that executives could live where it is most beautiful, and pay taxes, where it is the cheapest (Beck 1997: 7). From this point of view, a growing number of people break out of national and local structures and can be described as the winners of globalization (Kanter 1997). On the other hand, the losers of the globalization process are marginalized and restricted on local and national structures. In this vein, Huntington points out the existence of a fundamental political contrast between the denationalization of elites and the (re-)nationalization of the population (Huntington 2004). According to Castells, "elites are cosmopolitan, people are local" (Castells 1998, 2000: 415). Similarly, Bauman argues that a new fact about current globalization is that the rich do not need the poor anymore (Bauman 1998: 44). Historically, the different development in terms of the spatial expansion of social groups is not new. During nineteenth century migration movements a lot of people changed their nationality, but only the European elite became really cosmopolitan (Hartmann 2008: 242).

Sklair focuses on different types and modes of globalization. The capitalistic globalization is pushed by a certain fraction of national elites who have a strong interest in this process. They start to act in a unified way as a transnational capitalist class (Sklair 2001). This class differs from the global economic elite of managers in terms of composition: it consists of intellectuals, service elites, and lawyers. As in Wallerstein's world-systems theory, the global elite is fragmented and not coherent (Wallerstein 1979a, b, c, 2000). Recent empirical research shows that national bourgeoisie (or in Bourdieu's terms: the national field of power; Bourdieu and De Saint Martin 1987) are not homogeneous. Rather, they consist of many heterogeneous fractions and groups constantly competing with each other on the different social fields accumulating the relevant resources in the form of capital (Bühlmann et al. 2012a, b, 2013).

In this context, managers – the group which is probably most often researched – are merely one, albeit important fraction and even they are not homogenous regarding the degree of globalization. Their representation is often quite transnational, although their practice is not. Global networking accompanied with a cosmopolitan state of mind is frequent in the supervisory and management boards of transnational enterprises (Carroll 2010: 98). Yet, for the structure of a class, either on a global or on a national scale, the control of production and distribution is still important: "Consequently, capitalists in the USA, Japan, Brazil, Germany or India may have more interests in common than they have with their non-capitalist fellow citizens" (Sklair 2001: 12). From this perspective it is more important to take actors' interests and actions on a world market scale into account, than focusing on their national systems of reproduction (Sklair 2008: 217).

Against the argument of a global elite, objections were formulated quickly, particularly from the field of empirical research. Based on migration processes of highly qualified migrants who work in underqualified jobs in their country of choice, there is evidence that mobility and international experience is not perceived as a positive resource per se (Weiß 2005: 721). Additionally, it can be shown that there is a preference to assign the top positions in companies to long-term employees, and a temporal stay abroad is just a compulsory career element (Pohlmann 2009: 523, 529). This also suggests that transnational capital (international work experience, multilingualism etc.) is part of a series of distinction strategies inside a national framework rather than a transnational habitus itself (Hartmann 2008: 49; Schneickert 2013). Hence, only the super-rich can be called truly transnational since their resources allow for transcending geographic and political boundaries (Beaverstock et al. 2004: 404). But even here the transnationalization process is not as well advanced as often assumed. Hartmann showed that from the 136 billionaires in Europe only 17 had their residence outside of their home country in 2004, thereof 6 Germans, who are, because of tax reasons, based in Switzerland (Hartmann 2007a: 212). Furthermore, when ownership structures are taken into account transnational structures are difficult to identify even in the economic sector: "When it comes to day-to-day organizational cooperation, differences in national cultures and perceived national interests still carry a heavy weight" (Carroll 2010: 18).

Furthermore, two classical sociological indicators 'marriage' and 'language' point into the same direction. The number of transnational marriages among national elites in all countries is under 10 %, and while English is indeed the global language, it is still not predominant compared to the national languages (Hartmann 1999: 138). Here, two findings deserve close attention: First, national elites differ in terms of their social structure as well as education patterns and career paths. Second, from the onset of capitalism there have been national capitalists, who linked their national capital to the international economic system (Cox 1987: 360). Today, these different fractions are allocated in different elite sectors within national elite configurations that are more globalized (e.g. the economic elite) and sectors that are less globalized (e.g. the political elite). Particularly the media and cultural elites are more globalized (Müller 2002: 356). If we take a look at Europe, only the economic elites of the small countries can be considered as globalized (Bühlmann et al. 2012b, 2013). Here, disproportionately many transnational companies operate at the global level and at the same time the supply of local executives is limited (Hartmann 2007a: 209). Besides that, even the well-developed internationalization of the EU, especially in the political and bureaucratic administration, does not contribute to the denationalization of the European national elites (Hartmann 2007a: 195–204).

From that point of view it could be argued that elites come to power by using transnational resources in a local context (Pelfini 2009: 124). Therefore the concept of a "world class" has to be discarded, in favor of the more precise concept of globalized national elite fractions (Lenger et al. 2010). This is supported by empirical data from network analysis, indicating that elite networks are highly dependent on national bases (Carroll and Fennema 2002: 414, 2004). Network data reveals that on the global level the North-Atlantic axis is still highly relevant, while the semi-periphery is completely absent from the center (Carroll 2010: 29, 35, 50). According to these results, Carroll considers the concept of an Atlantic Ruling Class (van der Pijl 1984) still valid for the network of the transnational elites in the twenty-first century (Carroll 2010: 29). He argues that the so-called global elite is indeed most appropriately described by its Euro-North American centrism, which accounts "for the lion's share of the global elite" (Carroll 2010: 112). Even though there is a tendency towards emerging powers, this development is much slower than expected by most authors and not reflected in the structures of the global network (Carroll 2010: 130). Caroll summarizes this configuration very precisely:

> Giant corporations have achieved unprecedented global reach, and world financial markets are highly integrated, but the governance of corporations, and the life of the haute bourgeoisie remains in important ways embedded in national and regional (including trans-Atlantic) structures and cultures. Owing to this cultural and organizational inertia, most transnational elite relations bridge across the countries and cities of world capitalism's centre, replicating the long-standing structure of imperialism. (Carroll 2010: 225)

From the theoretical discussion above two important conclusions can be derived: First, the globalization of elites is not a static contradiction between local production and global practice. Second, national elite configurations differ in terms of historical, cultural, and social structural composition, which influences the

reproduction of the elite and its acting on a global level. The process of global-ization does not simply refer to the transnationalization of certain groups and classes, but implies on a structural level the return to a multi-centric world system (Frank 1998; Hopkins 2002; Nederveen Pieterse and Rehbein 2009; Rehbein 2010, 2011). However, the emerging powers (BRICS) are not (yet) part of the networks of the "transatlantic ruling class." Hence, the "myth of a global elite" (Pelfini 2009) consists partly of the fact that the Atlantic Ruling Class (van der Pijl 1984) is still in power.

Concerning the empirical research, elite studies based on international compar-ison can still be regarded as marginal (Hoffmann-Lange 2007: 920). Currently, there is more research on the discriminated and poor than on the winners of globalization (Beaverstock et al. 2004: 406). This is somewhat surprising since a lot of knowledge regarding the functioning of a global and capitalistic world society could be generated by focusing on the group benefiting the most, namely the economic elites. The available data mostly affirm the embedding of these groups in national contexts, e.g. in national education systems. German sociologist Michael Hartmann finds a very limited internationalization rate of the university degrees of the executives among the 100 leading companies in Germany, France, Great Britain, and the US, although these countries partly share historical, cultural, and even language backgrounds. Not even 10 % of the national elites in these countries were born abroad and only 20 % had international experience at all (Hartmann 2008: 246). In a comparative study, Bauer and Bertin-Mourot came to similar results concerning the under-representation of women in leading positions and foreigners in top positions. Besides these similarities regarding the inequality of opportunity in national elite compositions, fundamental national differences prevail (1999: 16).

In order to obtain a better understanding of the globalization of national elites as well as transnational class formation, the countries of the Global South have to be investigated (Frank 1967a, b). Elite sociology so far neglected these countries in empirical research (exceptions are McDonough 1981 for Brazil and Pohlmann 2009 and Hartmann 2009 for China). Nevertheless it becomes more and more important to look at the so-called BRICS (O'Neill 2001; Renard 2009; Lenger et al. 2010).

## 3  Transnational Elites in Brazil and India

The following section presents preliminary results from an ongoing research project on political and economic elites in Brazil and India. The sample consists of political and economic elites in Brazil ($N = 60$) and India ($N = 91$). The positional approach was used to identify the relevant position-holders in both countries and sectors (Hoffmann-Lange 2007; for more detailed information on the methodology see Schneickert 2014). The sampling of the economic elites is based on the list of the FORBES Global 2000 companies in August 2013, while national samplings for the top politicians were used. Biographical Data on social background, education,

careers and globalization was collected from published sources. Since the case numbers are still low, only tendencies are presented, while the use of exact numbers is avoided, or – if necessary – used with caution.

Regarding the economic elites in Brazil and India the dominance of internal company careers is striking. At the same time, companies of a certain size (which is true for all Global 2000 corporations) belong to international networks of the global economy. Therefore, international work contexts and international orientations can be found in every investigated company. Accordingly, references to various work experiences abroad are present in the curricula of these companies' executives (Sklair 2001). As expected, almost all members of the political and economic elite in India and Brazil are university graduates. Referencing Bourdieu, it can be stated that with the expansion of global capitalism the ideology of meritocracy spreads over the world and education and cultural capital becomes an important way to legitimize social inequality (Bourdieu 1996: 372). Therefore the distribution of cultural capital will also play a dominant role in transnational class formation. This dominance of cultural capital is easily revealed regarding the access to top position not only in Brazil but also in India. That is why the existence of sector elites can be stated for these countries without necessarily implying the validity of all the assumptions of functionalist elite theory. Rather, a quite complex process of differentiation including the intersection of inequality and power relations can be observed at the level of national elites, which can be more precisely defined by conflict theory than by the idea of functional requirements of strictly separated systems (Parsons 1964 [1951], 1968; Luhmann 1988, 1998a, b, c, 2005a, b).

In terms of regional origin, academic degrees of important national universities and national career patterns are dominant. Since elite positions are usually reached between the age of 50 and 69, it could be argued that the young globalizers are simply not in power yet. The data suggest a slight trend in this direction, while other surveys present contradicting evidence from the comparison of different age cohorts (Pohlmann 2009: 522; Hartmann 2009: 291f.).

Beside some similarities of national bourgeoisie, partly resulting from similar positions of the nation-states in the capitalist world system, national path dependencies are still causing major differences between national elites and within national elite configurations. For example, the close relation of the political and economic sector in Brazil can only be understood by the historic development of Brazil, particularly by the long rule of a social democratic and labor government, which was also responsible for privatizing and opening the domestic economy to the neoliberal globalization. Although some of the biggest companies are still partly or completely owned by the state, the structure of the Brazilian economy underwent a radical change in the last 20 years. However, the connection between the political and economic sector is still quite important in Brazil. On the other hand, the strong role of the state results in a somewhat higher accessibility for lower classes and women, which is in sharp contrast to other elite studies (Hartmann 2007a for Western Europe). This might also be caused by the long term period of the Labor party (PT) government. Furthermore, the close connection between the political and the economic sector has resulted in a fragmented economic elite: one fraction is

strongly connected to the PT and usually pursues national careers as well as a national education. Another fraction are CEOs from private companies, who mostly have a higher social origin and should rather be called *globalizers,* due to their international experience, their close connection to the USA and their higher mobility rates. Brazil also shows a clear geographical recruitment structure in terms of origin. While around 40 % of the Brazilian population lives in the Southeast of the country, almost 60 % of the elite and over 80 % of the economic elites come from this region. Thus, the economic and social marginalization of the North of Brazil is reproduced in the elite recruitment. This can be shown particularly for the economic elite; due to the federal structure of the political system the political elite is geographically more heterogeneous. Our data show that 25 % of the Brazilian elite members have international experiences as exchange students or due to international university degrees. About a fifth studied in the USA, whereas the rest was equally positioned in universities in Austria, Argentina, Canada, Great Britain, France and Japan. Besides the USA, particularly Switzerland is to be mentioned as a destination for the Brazilian elite (interestingly here first and foremost the International Institute for Management Development, IMD in Lausanne). There is a clear difference between the political and the economic elite in terms of transnationalization, with the latter being much more transnational, yet in comparison with India much more local. In general, the elite reproduction in Brazil tends to be much more national than international. Due to the setup of the Brazilian education system, which seems to have its own elite recruitment institutions (Fundação Getúlio Vargas in São Paulo and Rio de Janeiro, the economic department and the Escola Politécnica of the Universidade de São Paulo, and different locations of Pontifícia Universidade Católica for the economic elite), experiences abroad are merely an additional feature, particularly in the liberal and conservative fraction of the economic elite.

Regarding the indicators of globalization, the Indian elites are to some degree very similar to the Brazilian ones: almost no internationalization in terms of foreign experience can be found. However, there is a clear difference among the members of this group given their university degrees and their geographical origin: the Indian political elite is predominantly from the North and Northwest and partly from the Northeast of India (but still limited to West-Bengal and here especially Kolkata). The economic elite on the other hand is foremost from the West (especially Mumbai) and South of India. Like in the case of Brazil, around one Third of the economic and one Quarter of the political elite in India has gained international experience through student exchanges or university degrees from abroad. Colonial structures play a major role in the development of the Indian education system as well as the current international power structure: The majority of persons who studied abroad went to Great Britain or the USA and there only to the most prestigious institutions (Oxford, London Business School and Imperial College London, Harvard, MIT and Stanford). In terms of a transnationalization of life courses the two countries barely differ. The Indian political elite is characterized by more transnational experience than its economic counterpart. This can be explained by the fact that in Brazil internal company careers play a major role, especially in

the technical fraction of the economic elite, rendering long-term stays abroad obsolete. On the contrary, the Indian political elite is heavily engaged in international organizations like the UN, ASEAN, the World Bank or WTO which seems to be a valuable experience for their own political career in the national context.

It is noteworthy that particularly the companies in the technical industry have local elites among their top leadership. A national concentration in terms of their education can be shown here, too. Much stronger than the Brazilian technological institutions of the different locations of Fundação Getúlio Vargas (FGV), Universidade de São Paulo (USP) and the Pontifícia Universidade Católica do Rio de Janeiro (PUC), the Indian ones, like the Indian Institute for Technology (IIT) or the National Institute for Technology (NIT) provide a local network that structures much of the recruitment of the Indian economic elite. The other section of the economic elite is more likely to study business administration, especially at business schools in Mumbai (e.g. commerce, management, business administration, accounting, controlling). Since no fragmentation as in Brazil can be found, most members of the economic elite have an economic or an engineering degree, while the majority of the political elite studied law. Despite the regional recruitment system, the Indian elite seems to be quite transnationalized, particularly the political fraction.

**Conclusion**

Our preliminary empirical data suggest a tendency towards a greater globalization of the political and economic elites in India and Brazil. However, this process is structured within very specific cultural and historical dimensions. Some areas like education or career paths show a clear national or regional pattern. Based on the theoretical discussion the development of a global social structure and the formation of transnational classes and a global elite is often asserted. As a counter-hypothesis it can be argued that the allocation of the top positions is organized through certificates of national elite universities (Hartmann 2007b: 43). The increasing importance of cultural capital for the legitimization of inequality and social hierarchies seems to be a general characteristic of capitalist globalization. That is why globalization has different impacts on different sectors and societies as well as on their elites. Therefore, the ongoing debate between national or global elites is misleading. The data rather suggests a dual process leading to a glocalization of elites from different world regions.

National career paths are of great importance for the elites in India and Brazil. Higher education and vocational certificates have evolved as requirements for the top positions in politics and the business sector. A strong personal and structural connection between the political and the economic sphere is a feature of the Brazil elite structure, while in India both fields seem to be more autonomous. In total, the members of the Indian political elite are

older, come mostly from the North of India and are dominated by members with a law degree. The economic elite is younger and comes more often from the South, with first and foremost university degrees in economics and engineering. At first glance, the Brazilian elite seems to be socially less exclusive than the Indian one. This can be explained through the influence of the ruling Labor party (PT) on the big companies. The fragmentation of the Brazilian economic elite into a neoliberal, transnational and a national fraction, with the latter strongly connected to national politics, is another reason for the configuration of the national power field.

In terms of transnationalization processes, about one fourth of both the elites in India and Brazil have transnational experiences (e.g. student exchanges or international university degrees). This is more than previous studies could show for Western elites, for example France (18.1 %), Great Britain (18.9 %) or the USA (9.5 %) (Hartmann 2009: 289), but is in line the data collected for Japan (21.8 %), South Korea (30 %) and Germany (36.3 %) (Pohlmann 2009: 520; Hartmann 2009: 289). However, it is noteworthy that in most cases an international university degree is a post-graduate degree (MA or PhD).

The internationalization of the economic elite (measured by the citizenship of the executives) is much less pronounced in Brazil and India than in Western societies, e.g. the USA (with 5 % of international executives), Germany (with 9 %) or Great Britain (18 %) and is rather situated around the (Western) exceptions of France (2 %) and Japan (1 %) (Hartmann 2009: 289).

Although India and Brazil have the same share of transnational elites, there is a crucial difference between the two countries. In Brazil clear cut and regionally concentrated networks of elite education institutions are established (e.g. FGV in Rio de Janeiro and São Paulo, PUC in Rio de Janeiro and the Faculty of Economics at the University of São Paulo). Unlike India, the Brazilian elites pursue international university degrees in a large number of European countries and in North America. In India these degrees are rather orientated towards historical and colonial patterns, namely the most prestigious Anglo-American institutions like Harvard, MIT, Oxford and Cambridge. However, there is a growing importance of the national elite education system in India, namely the NIT and IIT-networks and the business schools, especially in Mumbai. Hence, it can be stated that the globalization of national elites follows an international framework of power relations. The common label of the Global South merely covers specific historical and cultural local conditions. On the other hand, the term is important to refer to the necessity of comparing elites in different national contexts and especially within different national education systems. If globalization is not interpreted solely as a growing interdependence and denationalization, the

term also characterizes the rise of emerging powers as an indicator for the historical return of a multipolar world system (Frank 1998; Hopkins 2002; Renard and Biscop 2010; Nederveen Pieterse and Rehbein 2009; Rehbein 2010, 2011, 2013: 9–28).

Hence, the article argues for an integration of non-Western elites into the sociological analysis of the dynamics of global inequality and transnational class and global elite formation. The empirical data show that the often assumed contradiction between national elites and a global elite has to be fundamentally questioned. Based on this, the analysis of elites in different national contexts and on the transnational scale should be the main task of a global social structural analysis providing an understanding of the dynamics of elite reproduction and inequality under the conditions of globalization.

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# Agents Caught in Structure: Organizations, Globalization, and Inequality

**Johann Fortwengel**

**Abstract** Globalization is a hotly debated empirical phenomenon. Two aspects of globalization are discussed particularly frequently: The extent to which globalization leads to convergence, and the impact of globalization on inequality within and across countries. This chapter argues that it is worthwhile to look at firms in a disaggregated manner to address these research problems. So far, globalization research has mostly looked at firms as an amorphous mass of actors. This can be traced to the two classic schools of thought, Marxism and liberalism, which both conceptualize capitalism as a single and expanding system, ultimately leading to convergence. As corollary, companies are regarded as mostly sharing dominant strategies and practices. This renders them uninteresting for research. In contrast, versions of capitalism in the plural, as developed in comparative capitalisms literature, maintain that there is continued diversity between countries as well as between firms. Such arguments are supported by empirical evidence in management and international business studies. This suggests paying closer attention to firms in a disaggregated manner to understand globalization processes. This chapter proposes to conceptualize organizations as actors caught in structure: Firms are agents in today's globalized world, but at the same time they face strong and often contradictory pulls exerted by the different contexts in which their activities are embedded. The emerging picture reveals firms situated within the complex and dynamic interdependence of structure and agency. The way this materializes is far from determined, yet highly relevant in answering issues of convergence and inequality, and thus provides a promising agenda for globalization research.

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# 1   Introduction

Globalization is arguably *the* macro-trend of the past and current century. People, economies, political systems, cultures, social movements, ideas – they all are increasingly interconnected and interdependent. These different spheres are also increasingly aware of each other, and of their complex relationships (Guillén 2001). Two issues are hotly debated in academic and public discourse alike: First, do globalization processes lead to convergence? And second, what are their implications for inequality?

This chapter intends to address both of these research problems, albeit in a brief and selective manner. It does not aim to provide definite answers to either one of the points raised. Rather, its key argument is more conceptual in nature, claiming that globalization research would benefit from paying more careful attention to organizations as relevant actors in processes of globalization. Organizations matter. Importantly, they are not all the same; rather, their practices and strategies vary in relevant and meaningful ways. This heterogeneity arguably has implications for the two issues mentioned at the outset: convergence and inequality.

Thus far, globalization research has mostly neglected organizations as relevant actors in describing and explaining globalization processes and their outcomes. Of course, Transnational Corporations (TNCs) or Multinational Enterprises (MNEs) are often discussed in globalization discourse, but are largely regarded as an amorphous mass of actors more or less identical in objectives, strategies, and practices (Ohmae 1990). This is surprising, since globalization research tends to stress the dynamic tension between global pressures and local resistance, and how global processes are being adapted in local- and culture-specific ways (Hannerz 1992; Pieterse 1994; Robertson 1995). This perspective is strangely absent in the discourse on organizations. I argue that this puzzling homogenizing view on companies can be traced to the two classic schools of thought in globalization literature: Marxism and liberalism. Both – strangely – agree that capitalism is a singular and largely uni-dimensional, that is economic, phenomenon. If the capitalist system is regarded as singular, there is no reason to look at firms more closely, as they are basically seen as *capitalist* organizations, and thus are said to behave very much alike. It is only if capitalism is understood in its plurality, i.e. as comprising different versions of capitalism, that relevant differences at the firm-level come to the fore.

I argue that the economic reasoning shared by both Marxism and liberalism makes followers of these schools blind to observing important differences in the socio-political framework of nation-states (Polanyi 2001 [1944]).[1] It is these differences in the socio-political sphere which put limits on convergence.

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[1] This is not to say that there might not be good reasons for this somehow selective perspective. Theoretical approaches need to decide what to focus on, and what aspects of a certain phenomenon to disregard. They also always are stylized in one way or another. One can make the case for looking primarily at the economy. However, this comes at a certain cost. What I argue in this chapter is that this cost is rather high for globalization studies, as a more fine-grained analysis could potentially yield interesting and relevant insights into global processes.

Moreover, by structuring the relationships between firms and their stakeholders in an economy, the socio-political context matters for shaping form and level of inequality within and across countries, too. To provide an obvious example, differences in the corporate governance regime of a country impact – amongst other factors, of course – the wage inequality in that particular country (Aguilera and Jackson 2003).

Importantly, a socio-political approach makes visible particular comparative institutional advantages of nations and firms (Hall and Soskice 2001; Hollingsworth et al. 1994; Whitley 1999). This, in turn, draws attention to distinct firm competencies and capabilities, again related to collective supplies. In contrast to ideas of best practices and single equilibria, which both are at least implicitly present in classic Marxist and liberal readings of globalization, socio-political approaches stress functional equivalents and multiple equilibria (Jacoby 2004). In these approaches, firms are not regarded as more or less identical in their strategies and practices. Rather, their competencies, capabilities, and practices differ in relevant ways, depending to some extent on the particular institutional environment in which they operate (Fligstein 2001; Jacoby 2004). It is therefore imperative to take a closer look at firms in order to understand and explain processes of globalization, particularly with regard to the issues of convergence and inequality.

In this chapter I proceed to make the three following lines of argument. First, I briefly show how Marxism and liberalism share the idea of capitalism in the singular, based on an economist understanding of global processes. Secondly, I employ comparative capitalisms literature in arguing that socio-political frameworks structure market economies in particular ways by defining and institutionalizing the relationships between firms and stakeholders. This perspective is sensitive to differences in firm-level strategies and practices, indicating a fruitful link to business and management literature (Nelson 1991). This insight is then taken up in the third line of argument in which I focus on the role of organizations under conditions of globalization. In this, I draw on empirical evidence to show that firms continue to behave in different ways in both home and host countries, lending support to comparative capitalisms approaches. For example, research in international business frequently finds a country-of-origin effect when analyzing the behavior of MNEs in foreign countries (Harzing and Sorge 2003). I also argue that this has some important implications for our understanding of convergence and inequality under conditions of globalization.

The structure of this chapter is as follows. The next section revisits the core arguments of Marxist and liberal proponents of the convergence hypothesis which basically posits that globalization processes have a homogenizing effect on countries and cultures. Following this, the contrasting view of continued difference between national economies in spite of – or perhaps even because of – globalization pressures is discussed. Section 4 deals with the respective implications of these two perspectives for the way organizational behavior is understood and explained. Based on evidence showing that organizations differ in their strategies and practices in some important respects, Sect. 5 then discusses the role of organizations in today's processes of globalization. Given the strong interrelatedness of

organizational practices and institutional environments, it is suggested to picture organizations as actors caught in structure. The way these complex dynamics materialize has implications for the issues of convergence and inequality. In this context, four propositions are developed in section 6, which could guide future empirical studies. In the concluding section, I argue that examining organizational behavior in greater detail is a very promising agenda for future research on globalization processes. In this context, the rise of the Global South promises to introduce new and complex dynamics worth examining, again including some relevant implications for the issue of inequality.

## 2 Capitalism in the Singular: The Unlikely Proponents of the Convergence Hypothesis

The convergence hypothesis used to be – and probably still is – the dominant viewpoint in social science research on globalization, even though it is far from uncontested (Dobbin 2005; Guillén 2001). This is particularly true in terms of the economic and business sphere. Both classic schools of thought, Marxism and liberalism, agree that capitalism can be adequately described as one single system which is expansive in nature, albeit for different reasons and driven by different processes.

Marxists have always adhered to the singular nature of capitalism (cf. Hollingsworth et al. 1994: 3). They are not blind to differences between countries, but – and in line with historical materialism – they disregard those differences as merely illustrating different stages on a common trajectory from capitalism to socialism. One key argument in Marxism is the continuous expansion of the capitalist system (Brewer 1990; Marx 1973 [1857–1858]; Scholte 1997). This expansion is not limited to territorial dimensions though; rather, an increasing number of domains of social life are being commodified over time. Marxism argues that the expansion process of capitalism is instrumental in overcoming recurring crises of accumulation. This process is assumed to be driven by a number of mechanisms, including surplus accumulation, which is often regarded as a key factor driving globalization (Scholte 1997). Importantly, Marxism has a very dynamic and conflict-laden understanding of capitalism, in which class conflicts together with falling rates of profit ultimately lead to the collapse of the capitalist system. In this respect it differs markedly from world-system theory. While informed by Marxism, world-system theory stresses stability and persistence of the capitalist order (Wallerstein 1974). Conceptually, this more conservative reading of historical developments rests on the introduction of the semi-periphery as intermediate position, mediating class struggle between periphery and core. Again, however, capitalism and its logic is said to be ultimately global in scale.

Liberal scholars have their own version of convergence theory. For them, convergence is driven by competitive market pressures and the diffusion of

**Table 1**  Capitalism in the singular: Liberalism and Marxism

| School of thought | Perspective | Diagnosis | Explanation | Mechanisms |
|---|---|---|---|---|
| Liberalism | Economist | Expanding singular capitalist system | Yields greatest benefits to people | Competitive market pressures |
|  |  |  |  | Deregulation |
|  |  |  |  | Free trade |
|  |  |  |  | Information technology revolution |
|  |  |  |  | Liberalization |
| Marxism | Economist | Expanding singular capitalist system | Expansive logic of the system | Crises of accumulation |
|  |  |  |  | Dependency |
|  |  |  |  | Power |
|  |  |  |  | Surplus accumulation |

Source: Own overview

technology (Bell 1976). Liberalism and its successor, neoliberalism, exercise an obvious economist reasoning in making sense of global processes. In their most radical versions, socio-political institutions and cultural differences are merely seen as interfering with competitive market forces; it is inscribed in the logic of the system to gradually substitute them with markets. Scholars in the liberal tradition argue that capitalism is spreading to an increasing number of places and people because it yields the greatest benefits (Bhagwati 2004; Dollar and Kraay 2002; Ohmae 1990). This argument is prominently rooted in the notion that division of labor and specialization increase productivity and efficiency (Smith 1979 [1776]). Competitive market pressures, free trade, information technology, and the de-regulation and liberalization of markets are commonly regarded as drivers of convergence. Oftentimes, scholars make the link to supporting structures in the political sphere, coined liberal democracy (Fukuyama 1992).

Convergence is said to derive also from a 'race to the bottom', as pressures from business push countries to deregulate and be more accommodating to business (Collingsworth et al. 1994), for example by lowering labor and environmental standards. This argument is based on the premise that capital is more mobile than labor. As such, a race to the bottom can be seen as both an outcome and a mechanism of the process in which countries become ever more liberal as they compete for production market share. Again there is some agreement on the existence of this empirical phenomenon between Marxist and liberal scholars; yet the interpretation varies. While liberal scholars tend to champion these develop-ments – not in the sense of a final outcome but rather as a necessary step on the road to increasing competitiveness and development – Marxists too see in this a destruc-tive yet perhaps necessary phenomenon, as it will ultimately lead to the collapse of the capitalist system.

Table 1 below provides an overview of the argument that Marxism and liberalism share an economist reading of global processes which makes them agree on the expansive nature of capitalism in the singular, although the explanation for and the assumed mechanisms driving this process differ markedly.

This classic debate on the question of convergence is taking place in sociology too. World-society research, for example, claims that world models are highly rationalized and universal (Meyer et al. 1997). Individuals, nation-states, and organizations merely enact universal scripts. The alleged outcome is isomorphism, a process through which organizations and nation-states are becoming increasingly similar (Meyer and Rowan 1977). Paradoxically, actors such as firms are not really agents as they are merely subject to those overarching forces. Other scholars disagree, arguing that the relationship between global and local forces is more complex, interdependent, and dynamic. For example, in his excellent review of key debates in globalization research, Guillén (2001) makes the case for a comparative approach that pays close attention to interest and resistance. Importantly, there is generally greater stress on the issue of agency in this latter literature.

## 3   Towards Capitalism in the Plural: Varieties of Capitalism and Globalization

I argue that Marxism and liberalism both agree on the fundamentals of globalization because they share an economist reading of the underlying processes. They largely disregard the socio-political fabric of countries. Comparative capitalisms literature, in contrast, puts emphasis on the socio-political framework in which economic activities are embedded (Granovetter 1985; Polanyi 2001 [1944]). Based on this more thorough perspective on economic processes, comparative capitalisms research finds continued diversity of national economies, as opposed to convergence (Crouch and Streeck 1997; Hall and Soskice 2001; Whitley 1999). Instead of capitalism in the classic singular understanding, this body of literature argues for varieties of capitalism (Hall and Soskice 2001).

In their influential conceptual framework, Hall and Soskice (2001) develop two broad ideal types of national economies: Liberal market economies (LMEs) and coordinated market economies (CMEs). Whereas firms organize their business activities predominantly through arm's-length market relations in LMEs, coordination takes a more strategic and non-market form in CMEs. The United States is considered the prime example of an LME, while Germany is usually regarded as coming closest to the ideal type of a CME. Hall and Soskice derive this broad typology by taking firms as unit of analysis. The core argument is that firm capabilities are ultimately relational, thus raising the issue of coordination problems. This strand of literature identifies five spheres in which firms need to resolve coordination problems: industrial relations, vocational training and education, corporate governance, inter-firm relations, and employee relations. Market

economies can be arrayed along a continuum depending on the extent to which firms coordinate their activities in these spheres either via market relations or through non-market forms of coordination. What is more, differences between national economies are considered to be very stable over time due to complementarities between institutions (Hall and Gingerich 2009). For example, the education system in the U.S. is said to provide general and transferable skills (Estevez-Abe et al. 2001). This type of skill regime is complementary to the hire-and-fire approach associated with the American labor market. In Germany, in contrast, skills tend to be more industry-specific and less transferable, which nicely matches the long-term employment prevalent in this type of economy. These kinds of complementarities resist convergence, instead resulting in continued variety of forms of capitalism. This approach has also something to say regarding inequality across countries. For example, using a similar typology of countries, Rueda and Pontusson (2000) make the observation that countries differ significantly in terms of wage inequality. More importantly, they also find that the effect of certain variables is dependent on the institutional context. To give an example, they find that while female labor-force participation has an egalitarian effect in coordinated or social market economies, in liberal market economies increasing levels of female labor-force participation actually has the effect of rising wage inequalities.[2] The single most important variable explaining the observed patterns of wage inequality, however, is union density, a dimension in which countries are known to differ markedly to the extent that their industrial relations systems are different from each other.

By taking a socio-political perspective, comparative capitalisms literature identifies the way relationships between firms and their different stakeholders are structured and institutionalized within market economies. This is due to the relational perspective drawing attention to the necessity to solve coordination problems. Nation-states have developed rather idiosyncratic ways of dealing with these various coordination problems. For example, in the area of vocational training, Germany has a highly institutionalized and regulated system which defines and governs the relationship between firms, vocational schools, federal agencies, and other relevant actors. Through this system, Germany ensures that set standards and obligations are met. In contrast, the United States follows a very different approach. In the U.S., vocational training occurs in very flexible arrangements, with very low levels of institutionalization and regulation (Bailey and Berg 2010). The relationships between the various actors, such as firms and community colleges, are largely governed by arm's-length market relations.[3]

Importantly, comparative capitalisms links different institutional configurations to particular comparative advantages at both the national and firm level. Germany,

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[2] Rueda and Pontusson (2000) struggle to explain this finding; in particular, the egalitarian effect in social market economies is somewhat puzzling (cf. Rueda and Pontusson 2000: 375).

[3] It is important to remember that these are ideal-typical conceptualizations. In empirical reality, one will always find a certain mix of different forms of coordination.

for example, with its strong vocational training regime is commonly associated with comparative advantages in incremental innovation patterns, leading to strengths in such areas as the automotive sector (Jürgens 2004; Streeck 1991). In contrast, the U.S. economy is said to enjoy comparative advantages in radical innovation as instanced in Information Technology and biotechnology, which could explain its dominant position in these sectors. This is not least because of the well-developed financial markets in the U.S. which provide sufficient levels of capital to entrepreneurial enterprises; this is yet another crucial difference in kind in comparison to Germany where patient capital is playing a much bigger role (Hall and Soskice 2001).

This supply side perspective on economic activity is very useful in that it draws attention to functional equivalents.[4] If measured at the aggregate level, there seem to be many equally good approaches to the organization of business activities, as opposed to a single best way. Empirical analyses show that the institutional configuration of coordinated market economies yields equally good aggregate performance as the more market-driven approach of liberal market economies (Hall and Gingerich 2009).

However, comparative capitalisms literature does suffer from four weaknesses. First, it argues on the nation-state level. While it is true that the nation-state accounts for a large number of differences in the coordination of business activities, overemphasizing the national level as a unit of analysis is inadequate. From this perspective, relevant differences within and across borders remain opaque (Lane and Wood 2009). Importantly, this macro perspective also entails looking at aggregate performance. That is, net returns and efficiency are measured at the national level, leaving aside the important issue of for whom outcomes are efficient. Secondly, while scholars in this tradition start from a relational view of the firm (Hall and Soskice 2001), they too quickly move to the aggregate level, thus partially losing sight of organizations as relevant actors in the political economy arena. Thirdly, and tangentially related to the second point, these scholars have demonstrated an underdeveloped understanding of institutional change, particularly against the background of internationalization of production (Deeg and Jackson 2007; Streeck and Thelen 2005). Overall, they exhibit an underdeveloped understanding of the role of agents (Jackson 2010). Finally, the parsimony of the framework with only two ideal-typical market economies comes at the cost of

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[4] Comparative capitalisms literature is often accused of functionalism and economic reasoning. There is certainly some truth to this, in particular if compared to more sociological approaches of institutionalism which tend to put emphasis on legitimacy, as opposed to efficiency. And arguing on the basis of performance levels at the aggregate level overlooks significant patterns of inequality within market economies. However, seen in historical perspective, it was quite a normative argument to make in the late 1990s and early 2000s that a coordinated (or social democratic) form of capitalism delivers equally strong growth figures as the at the time much championed liberal form. In fact, the notion of complementarities suggests that CMEs should not implement liberal reforms in order not to lose their distinct comparative institutional advantage – a bold and quite political statement to make at the time, as CMEs were under intense pressure to implement reforms to further deregulate and liberalize their economies.

overlooking those economies not perfectly situated within either one of the two broad categories. In recent years, scholars have responded to this kind of criticism by attempting to broaden the typology and developing new groups of countries, such as the Dependent Market Economies of Eastern and Central Europe (Nölke and Vliegenthart 2009).

Despite these criticisms, both the varieties of capitalism approach and the greater body of comparative capitalisms usefully serve to highlight the relevance of the socio-political framework in determining the form and structure of economic activities. This perspective ultimately reveals differences in the organization of business activities at the level of both, market economies and firms.

Just as in the international political economy debate on the extent of convergence and homogeneity, the question of capitalism versus capitalisms is also being discussed in sociology. Participants in these discussions note that the collapse of the socialist alternative to capitalism has led to a shift in the attention of sociologists from an approach comparing the (social) forms of these two competing systems to a comparative approach paying attention to the diversity within today's dominant system of capitalism. Scholars differ in the extent to which they welcome these developments within their field. For example, Burawoy (2001) contends that comparative capitalism studies forget about capitalism. He replicates a Marxist line of argument with his assertion that plural origins still evolve into a singular system of capitalism (2001: 1119). Stark and Bruszt (2001) disagree, instead endorsing the notion of capitalisms, or capital in the plural. Their argument hinges on the claim that the combination of capitalism with a variety of democratic institutions has incited a heterogeneity which hedged the reign of the free market (Polanyi 2001 [1944]) and also resulted in various creative recombinations of elements. Again we are left with the idea of varieties of capitalism, just as in the previously discussed political economy debate.

## 4 Capitalism(s) and Its Implications: Bringing Organizations Back In

Whether one understands capitalism in its singularity or plurality has far reaching implications for the conceptualization of the role of organizations. Capitalism in its singular meaning posits some overarching logic structuring the behavior of relevant groups of actors, such as firms, individuals, capital, and labor – for example, efficiency. The supposed similarity of organizational strategies and behavioral patterns renders firms uninteresting for research on globalization. While they assume and maintain the important role of powerful carriers of capitalist behavior, their potential as objects of research is limited to their allotted space within the close parameters of a capitalist system. Scholars informed by Marxism would argue that capitalist corporations share many properties due to the underlying logic of surplus accumulation. For example, Brewer (1990) writes,

> By far the most important fact about multinationals is that they are *capitalist* firms. Both [national and multinational firms; J.F.] are subject to the same competitive imperative to minimize costs and to accumulate. Not surprisingly these circumstances, determined by the working of the capitalist system on a world scale, place close limits on their behaviour. (Brewer 1990: 261) [*Emphasis in original*]

Liberal scholars also fail to show particular interest in firms. This is because of their more general assumption that place as relevant category gives way to the market (consumer and capital markets alike) that penalizes inefficient business practices, posing clear limits on deviations from *best practice* (Friedman 2005; Ohmae 1990). Furthermore, as Nelson (1991) argues, economist perspectives – as opposed to a management viewpoint – consider firms both capable of recognizing available choice sets and able to correctly identify the best choice in a given situation. Correspondingly, liberal scholars assume that all firms will behave exactly the same way when facing the same conditions. These classic perspectives both predict an isomorphic population of capitalist firms as the outcome. Both schools of thought thus treat firms as black boxes, and instead choose to focus on other aspects: Marxists emphasize class struggle to explain historical developments and to predict future processes; and liberal scholars stress competitive market forces leading to convergence and development.

The notion of best practices is quite influential in management literature. For example, Womack et al.'s (1990) highly influential study claims that lean production is best practice in automobile manufacturing, an argument made amid the rise of Japanese management and work organization practices in the 1980s. Lean production comprises a set of interrelated practices, such as permanent improvement performed by all organizational members, the elimination of slack within the organization, decentralization of responsibility to production workers, and team work. The authors asserted that automobile companies worldwide must adopt lean production in order to avoid eradication by competitive market forces. This thus is clearly an example of an argument in the liberal tradition: competitive market forces make organizational practices converge over time as best practices emerge and diffuse. Subsequent research, however, identified two caveats. First, this latter research challenged the notion of lean manufacturing as universal best practice, and instead provided evidence that different functional equivalent bundles of practices exist in the real business world which proved equally successful (Freyssenet et al. 1998). Secondly, it argued that even if companies were to attempt to adopt lean production, profound differences in the socio-political framework of countries would put clear limits on the extent to which these practices could be successfully adopted in the first place (Boyer et al. 1998; Streeck 1996). Additionally, more management-oriented literature has frequently noted that firms tend to have extreme difficulties to imitate successful innovations of competitors (Nelson 1991). This is because adopting a successful business practice in one sphere requires changing activities in facilitating spheres as well. For example, to return to the idea of lean production, adopting the successful business practice of team work requires adapting the organizational structure to a significant extent. This might be inconceivable if it increases complexity to a prohibitive level. Or it might

perhaps not be successful due to incapability for organizational change, as the literature on path dependence suggests (Sydow et al. 2009). For example, organizational inertia might be the outcome of existing complementarities between different functions at the organizational level. Also, to effectively implement lean production, perceptions of authority might need to be changed as well (Yoko Brannen et al. 1999), which can be reckoned to lie outside the managerial directive as it is largely a matter of culture (Hofstede 1980).

This is precisely what proponents of capitalism in the plural understanding would expect. Their supply side perspective draws attention to the way organizational practices and strategies differ to the extent that institutional environments vary. Organizational practices here are understood not as organizational per se – rather, they depend on a supporting institutional infrastructure in the socio-political sphere, which does not only offer certain critical collective inputs but also grants legitimacy to certain sets of behaviour (and not to others). By first decentering organizations and emphasizing the institutional environment of firms, comparative capitalisms scholars paradoxically bring organizations back in, because their approach makes enduring differences between firm-level strategies and practices visible. Comparative capitalisms successfully re-centers organizations this way by emphasizing the notion of comparative institutional advantage. Varieties of institutional configurations equip firms with distinct comparative advantages in particular industries and fields. This is in line with more business and management oriented research (Porter 1990), as management research also argues against universal best practices. For example, evolutionary theory claims that firms are unable to calculate what would be best practice in a given condition (Nelson 1991). Instead, firms do have idiosyncratic competencies and capabilities through which they ensure their survival (Barney 1991). What a comparative capitalisms perspective contributes here is that it argues that these competencies are institutionalized features of firms. In other words, a comparative capitalisms approach suggests equifinality, as opposed to one-size-fits-all.

Empirical research supports the claim of continued differences at the organizational level (Doremus 1998). Pauly and Reich (1997), for example, compare the behavior of multinational enterprises from three different countries: the U.S., Germany, and Japan. They find that companies differ in corporate governance, financing, and R&D activities, as well as in their investment and trading strategies. They trace this to institutional and ideological legacies of historical experience (1997: 4). In a similar vein, Aguilera and Jackson (2003) show how firms from different countries differ in the area of corporate governance. They argue that this is because stakeholders define their interests in particular ways depending on their institutionalized relationships with each other in a given market economy. Management literature also provides evidence that firms differ. For one, there is lots of research on core capabilities and core competencies which set firms apart from their competitors (Leonard-Barton 1992). The firm-specific development of capabilities explains heterogeneity of resources, routines, and behavioral patterns of companies (Helfat and Peteraf 2003). What is more, inertia and path dependence can prevent organizations from being able to adapt to environmental changes and respond to

**Table 2**  Notions of capitalism and its implications

| Perspective on capitalism | Interpretation of economic activities | Underlying logic | View on organizations | Firm behavior |
|---|---|---|---|---|
| Singular | Disembedded | Single equilibrium | Capitalist organizations | Best practice |
| Plural | Embedded | Multiple equilibria | Embedded in varieties of capitalism | Functional equivalents |

Source: Own overview

innovations by competitors (Sydow et al. 2009), thereby potentially exacerbating firm-level differences.

Table 2 above provides a stylized overview of the argument developed in this section. The emerging picture is one of enduring differences of organizational practices and strategies. These differences are partly explained by particularities at the firm-level; and partly by the institutional context in which firms are embedded (Fligstein 2001). In fact, there is evidence to suggest that it is precisely the complex interaction of these two levels that explains firm behavior. As will be discussed in the following section, organizations can thus usefully be conceptualized as agents caught in structure.

# 5    Agents Caught in Structure: Organizations, Globalization, and Inequality

In the context of globalization, a supply side perspective on firm activities suggests two related hypotheses. First, companies internationalizing their production will try to transfer significant parts of their strategies and practices to their foreign subsidiaries in order to exploit their institutionalized comparative advantages. For example, German companies do have a strong incentive to transfer their vocational training practices in order to defend their competitive edge in diversified quality production (Streeck 1991). This process, however, raises the second and related hypothesis, which is that firms will encounter difficulties in transferring their practices due to the distinct institutional configuration of their particular host economy (Streeck 1996). Again referring to the example of German companies attempting to transfer vocational training practices, a number of barriers can be identified. For instance, the dual vocational education and training system of Germany relies on well-established standards and certification processes, which are both absent in foreign countries due to the idiosyncrasy of the German model comprising a complex kind of skill regime. Also, vocational schools are generally missing abroad, leaving the task to the companies to privately build up this kind of institutional support, a process which might entail prohibitively high financial and human resource costs. And at a cognitive level, one can think of barriers to transfer

due to the unfamiliarity with key concepts in the host economy. For example, foreign countries might not be familiar with the very concept of vocational training or apprenticeships. Also, the notions and meanings might differ quite substantially. For example, while apprenticeships have a high reputation in Germany, they often are stigmatized in the United States, which refers to the normative aspect of organizational practices.

When considering the first hypothesis, it is important to remember that these practice transfer attempts do not need to be rationalized to the point that firms have carefully weighted expected costs against expected benefits. Quite the contrary, there are good reasons to assume that an organizational practice which is efficient in the home country is inefficient abroad, as the host country is very likely to offer vastly different institutional conditions. Misfits between institutional environment and organizational practice are the likely outcome (Kostova 1999). This is related to the second hypothesis which draws attention to the particular institutional environment of the host economy, an environment typically very stable over time (Jackson and Sorge 2012). Practice transfer attempts are thus somewhat puzzling from a business standpoint, and therefore have often been explained by referring to institutional legacies and similar concepts (Morgan and Quack 2005), meaning that company behavior abroad is less driven by efficiency considerations, but more by shared experiences of how a certain business activity is organized in a particular firm at home, which often translates into more normative conceptions of how certain business activities ought to be coordinated, irrespective of location.

There is ample evidence supporting both hypotheses. With respect to the first, empirical studies often find a country-of-origin effect (Ferner et al. 2001; Harzing and Sorge 2003). In other words, firm behavior in a host economy can be explained to a significant extent by the home country of that particular organization. For example, in my own research, I find that German companies with production sites in the United States behave in a particular way in the sphere of vocational training and recruitment (Fortwengel 2014). Rather than following established practices governed by market relationships (Brown et al. 1997), for example by recruiting workers off the street and then offering them on-the-job training in usually very flexible arrangements, German companies frequently transfer their apprenticeship-based training practices to their foreign subsidiaries. The apprenticeship concept is largely unknown in the U.S., at least in its German version comprising high levels of standardization with detailed training and certification procedures (Bailey and Berg 2010). The empirical phenomenon that German companies transfer their apprenticeship model thus can be described as a case indicating the materialization of a particular institutional legacy. And while most of the country-of-origin effect literature has focused thus far on Human Resources, other research has found that environmental management practices, for example, also show a country-of-origin effect (Prakash and Potoski 2007).

The emerging picture is one in which firms possess institutionally conditioned features which translate into particular behavioral patterns abroad. However, it is less clear whether these transfer attempts are strategic corporate efforts to replicate comparative advantages, or whether they can be explained as the product of

institutional legacies or perhaps even organizational path dependence (Sydow et al. 2009). This ambiguity arises partly because the resistance companies typically face in implementing organizational practices in a very different environment often makes for puzzling practice transfer attempts. There is empirical research that supports hypothesis two according to which companies face severe challenges when engaging in practice transfer. The previously mentioned book chapter contribution by Streeck (1996), for example, shows how the lean production practices so successful in Japan cannot be transferred to the institutional contexts of Germany and the U.S. He explains this phenomenon by arguing that the bundle of practices that together form the Japanese model of lean production relies on particular institutions for support absent in other countries. For example, American workers tend to stay at the same company for much shorter periods of time, running counter to ideas of corporate citizenship and firm commitment – the central tenets of lean production in Japan, which is supported and enabled by the institution of lifetime employment still common in Japan. This is one example illustrating how organizational practices are deeply intertwined with the institutional fabric of a given market economy. Similarly, the German companies I examine in my research face barriers to their apprenticeship practice transfer attempts. Due to the lack of supporting institutions in the United States, the German companies have to build accommodating institutional environments by themselves (Fortwengel 2014). For example, they often cooperate with local technical and community colleges to develop curricula together and then have the colleges administer the theoretical training. Coordination of a vocational training regime in an environment traditionally governed by market relationships in the area of recruitment and training is expensive and difficult. For example, German firms offering apprenticeships in the U.S. run the risk that their apprentice graduates will be lured away by poaching competitors offering a wage premium. This would illustrate a classic collective action problem. The larger point here is that institutional differences between countries make practice transfer attempts a puzzling empirical phenomenon.

Overall, MNEs appear to be confronted with two opposing forces (Rosenzweig and Singh 1991): For one, they intend to transfer successful (perceived or real) strategies and business practices; however, they also need to deal with the institutional framework given in the host economy. This might put very different and often competing pressures on the organization. In the literature, concepts such as institutional duality (Kostova and Roth 2002) and internal and external embeddedness (Meyer et al. 2011) have been developed to describe the phenomenon that MNEs need to reconcile often contradictory demands in order to gain legitimacy within the firm network and in a variety of institutional environments (Kostova and Zaheer 1999).

Organizations thus appear at once to be collective agents and subjects to powerful structural forces. Even abroad, they are continually influenced by their home-country institutions, as the evidence supporting country-of-origin effects and institutional legacies shows. Additionally, they face a distinct institutional environment in the host economy calling for some kind of response on their part (Oliver 1991). What is more, evidence suggests that firms are to some extent subject to

more global forces. For example, Ferner et al. (2001), in their study on German MNEs, find two competing pressures at work – country-of-origin effect and Anglo-Saxonization. Anglo-Saxonization of HR practices comprises the introduction of performance-based pay and the use of mission statements and credos as strategic management tools, amongst others. Nevertheless, the multitude of influences and pressures at different levels on MNEs is likely to reduce the strength of each single one of them. Somewhat paradoxically, MNEs could actually enjoy more leeway than their non-multinational peers (Kostova et al. 2008), due to the often contradictory and ambiguous nature of the various pressures they experience at different levels and stemming from a broad set of factors.

Rather than convergence, the likely outcome of these processes is hybridization and creative recombination of diverse elements (Boyer et al. 1998). For instance, Brannen et al. (1999) have considered a company transferring Japanese Management System practices from Japan to the U.S., and found that these practices underwent some significant transformations – a process they refer to as recontextualization. More generally, the way these complex interactions between organizational agency and a diverse set of institutional structures materialize could have implications for inequality. Perhaps more importantly, though, we witness complex and sometimes contradictory processes in organizations too, and not just in cultures (Robertson 1995), for example. While we already know quite a bit about the latter thanks to decades of research on these issues, we still know very little about organizations under conditions of globalization, and the relationship between these complex processes and the issues of convergence and inequality.

# 6 Organizations, Globalization, and Inequality

Socio-political approaches of comparative capitalisms literature make the argument that national economies continue to differ in important ways because the institutional fabric of a country shapes the way relationships are organized between organizations and their environment. These relationships, in turn, impact the form and level of inequality. The system of industrial relations, for example, is one arena in which not only relevant differences between countries were found to exist and maintain a remarkable stability over time; but also, these enduring differences have an obvious impact on levels of inequality (Rueda and Pontusson 2000). In the sphere of corporate governance, for example, stock option compensation schemes often found in U.S. firms and codetermination practices in Germany are also examples of institutionally conditioned organizational practices which structure the level of inequality within firms. These organizational practices, in turn, are again embedded within the institutional fabric. Based on this, Proposition 1 is formulated as follows:

**Proposition 1** *Firms are likely to differ in non-random ways in the levels of inequality their strategies and practices induce.*

Linking this insight to international business literature, which posits that firms do have strong incentives to transfer their business practices to their foreign subsidiaries, is promising, as it suggests thinking of firms in a disaggregated manner. In other words, one could assume that not all firms have the same effect on inequality in host economies. For example, there is evidence to suggest that German companies transfer parts of their employment relations systems to their foreign subsidiaries (Jürgens and Krzywdzinski 2010). This can be hypothesized as having an inequality-reducing effect at the host locality. Looking at the region of Eastern Europe, for example, Krzywdzinski (2011) finds that German companies do allow unions in their plants. While there is little evidence to suggest large-scale transfer of codetermination practices, studies still find that German companies do have more cooperative industrial relations than companies from other countries (Ferner et al. 2001).[5] And U.S. firms are reported to transfer their diversity programs to their foreign subsidiaries (Ferner et al. 2005), suggesting that this might have a positive effect on gender equality, another relevant albeit often neglected dimension of inequality. This leads to the following proposition:

**Proposition 2** *Because companies engage in practice and strategy transfer attempts, these non-random differences in terms of inequality are likely to be transferred to foreign subsidiaries and thus host-country environments to some extent.*

We know though that practice transfer attempts often fail, or at least tend not to be very successful. Oftentimes, this is explained in the literature by referring to the relative institutional distance between two countries (Jackson and Deeg 2008; Kostova 1999); the greater the distance, the less likely that a practice transfer attempt will be successful. It is frequently argued that the likely outcome of practice transfer across institutional distance is some form of hybridization (Boyer et al. 1998), which describes the creative fusion of elements from different contexts to create a new whole. For example, in their single case study, Almond et al. (2005) find that ITco, a U.S. MNE with a number of subsidiaries based in Europe, has locally adapted its industrial relations practices in the transfer process. More generally, organizational practice transfer can be assumed to often involve the recombination of 'old' and 'new' parts, leading to a hybrid outcome. This leads to Proposition 3:

**Proposition 3** *Due to organizational and institutional barriers, practice transfer attempts are likely to result in hybrid outcomes.*

Even though practice transfer attempts are difficult and often fail, they might nonetheless introduce new elements into the host environment and resources actors can creatively draw from to coordinate their activities. Perhaps this can ultimately

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[5] A concrete example is the recent attempt of the German carmaker Volkswagen to introduce a works council at its U.S. plant in Chattanooga, TN. The failure of this attempt, however, suggests the difficulty involved in transferring organizational practices across great institutional distance.

trigger slow and incremental yet potentially radical institutional change (Streeck and Thelen 2005). Importantly, this institutional change might occur in areas which are relevant in structuring the level of inequality in a particular host economy. For example, German companies are found to have adopted the shareholder value doctrine, albeit very selectively and in a genuinely German way (Fiss and Zajac 2004; Jürgens et al. 2000). This is anything but uncontested and smooth, yet it introduces new forms of inequality as it tilts the balance towards shareholders at the expense of other stakeholders.

There is another reason why differences in firm behavior could be relevant for host localities. Organizational theory often argues that companies tend to observe each other's activities and then potentially copy them. This is what neoinstitutional theory predicts, in particular in response to high levels of uncertainty (DiMaggio and Powell 1983). Once MNEs enter a particular country, the population of incumbent and local firms thus might be following the behavior observed in the foreign MNEs, if they belong to the same organizational field, as is for example the case in the relationship between a supplier and a original equipment manufacturer. Through isomorphism, the firm-level differences stemming from the MNEs thus could potentially be amplified in the process of institutionalization. This is most likely to occur at the local level, if at all, but it may still have very relevant consequences. Taken together, these considerations lead to Proposition 4:

**Proposition 4** *While facing serious obstacles, these practice transfer attempts introduce new practices potentially triggering incremental institutional change in the local host environment.*

These four propositions are derived from existing theoretical and empirical literature in the field. In part they are somewhat contradictory. For example, while Propositions 2 and 4 emphasize the potential for practice transfer and change (however small and local) in host economies, Propositions 1 and 3 stress institutional stability and the powerful barriers to practice transfer and institutional change. In my view, this indicates that the relationship between multinational organizations and their multiple environments under conditions of globalization is not only highly contradictory and complex (Fortwengel 2011a), but also poses some very interesting and relevant research questions.

**Conclusion and Discussion: The Emergence of a New Research Agenda**
In this chapter I argue that globalization research would benefit from paying closer attention to the way firms differ in their strategies and practices. Such a firm-centered research agenda is very promising in studying two central questions in globalization research: Does globalization lead to convergence in business practices across countries and firms? And what is the impact of globalization on the level of inequality within and across countries?

Globalization research has so far either taken what could be termed an *over-company-focused* perspective or an *under-company-focused* viewpoint.[6] That is, it has either focused on companies as units of analysis while disregarding much of the surrounding context, or it has looked at phenomena in the area of trade, international political economy, and FDI without really discussing the role individual firms play here. An example for a research stream with an *over-company-focused* perspective is the Global Value Chains approach (Bair 2005; Gereffi et al. 2005). With its emphasis on the (hierarchical) positioning of firms within a particular value chain, it tells us a lot about (new) forms of inequality between firms as production is increasingly spatially dispersed. It tells us much less, however, about the way Global Value Chains are embedded institutionally and socially (Fortwengel 2011b), and how this shapes levels of inequality between the various (collective) actors involved. Most FDI literature, in contrast, would fall in the camp of *under-company-focused* perspectives on global processes (Basu and Guariglia 2007). This is because this stream of literature tends to look at investment patterns in an aggregate manner, disregarding organizational positions, strategies, and practices. Striking a middle ground between the two extreme positions of *over-company* and *under-company-focused* research would be very helpful in enabling globalization researchers to ask new and relevant questions and provide novel and interesting answers.

The chapter did not provide definite answers to the highly relevant questions of convergence and inequality. Rather, I made a more conceptual argument here in favor of a differentiating perspective on companies under conditions of globalization. This argument began with the story of how Marxist and liberal views of capitalism in the singular were challenged by the body of literature on comparative capitalisms, which argues that national economies continue to differ in the way their business activities are organized. This shift was traced to fundamental differences in perspective of these two camps. Whereas both Marxism and liberalism stress the economic sphere, socio-political approaches of comparative capitalisms examine the institutional and cultural contexts in which business activities are embedded. The chapter then proceeded to show how the contrasting viewpoints of whether capitalism is a singular or rather plural system lead to very different conceptualizations of firm behavior. Whereas the notion of capitalism in the singular renders firms uninteresting because of the alleged similarities of their

(continued)

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[6] These terms are meant to be somewhat similar in their terminology and meaning to those of oversocialized and undersocialized views of the economy as used in economic sociology (Granovetter 1985). In fact, it seems to me that this is yet another dimension of the highly relevant and popular debate about the relationship between the social and the economic lifeworld, in this case the one between organizations and their institutional environment.

strategies and practices, the idea of capitalism in the plural is sensitive to and interested in relevant differences at the firm-level. With reference to existing studies it was then briefly shown that the hypothesis of continued variety of firm behavior finds empirical support. It was also discussed how a differentiated view on organizations can contribute to our understanding of globalization processes. In particular, a more firm-centered perspective provides insights into the way convergence and divergence can occur simultaneously. It also helps in making sense of new forms of inequality, and how these might be shaped by different organizations in different ways. For one, inequality materializes in certain ways within and through organizations. For example, business practices in the sphere of corporate governance do have direct implications for inequality. In the context of globalization, this then raises the question of the extent to which these practices are transferred to foreign subsidiaries, including the level and form of inequality they entail, and to what extent the practices undergo relevant adaptations in the process to fit the local context abroad.

Globalization research is necessarily interdisciplinary. This chapter has attempted to illustrate some common research problems addressed by a variety of different academic disciplines. For example, the question of convergence of business systems and capitalisms is not only discussed in economics, but also in management, international business, international political economy, economic geography, and (economic) sociology. Some of these parallel debates were briefly touched upon in this chapter. A stronger and better integration seems both promising and necessary to make sense of today's globalization processes.

The emerging picture, in any case, is complex and kaleidoscopic. Organizations are important and powerful agents that try to engage in practice transfer, thereby impacting host localities in relevant ways. At the same time, organizations are subject to powerful influences from the institutional contexts of both home and host countries. Against this background, it was suggested in this chapter to frame organizations as actors caught in structure. The way these complex processes materialize is far from determined, yet arguably highly relevant for our understanding of convergence and inequality.

The process of globalization also entails the rise of new actors. It is not only nation-states playing a crucial role in shaping today's processes and, at the same time, being subject to global forces. In addition, networks, regions, and cities have joined them in being both agents and localities in which globalization processes materialize (Schwengel 2008). This suggests paying more attention to units of analyses below the level of the nation-state to make sense of the underlying processes. For example, sub-national regions are known to be important levels of economic activity. Another set of relevant

actors below the level of the nation-state is the population of MNEs. This chapter has made the argument that we should understand MNEs in the plural too, just like we have come to understand capitalism in the plural – that is, not in terms of a plurality of numbers, but rather a plurality of types. Capitalisms and firms offer globalization research an exciting research agenda. This is even more so due to the rise of the Global South. The Global South is not only characterized by very distinct cultural, social, and political features (Rehbein 2010). But also firms from the Global South differ markedly from their counterparts from the traditional West (Lall 1983; Nölke 2011). As MNEs from the Global South increasingly internationalize their production, this opens up another exciting research field to study how this distinct population of MNEs simultaneously shapes and is shaped by and through globalization processes.

The purpose of this chapter was to argue in favor of a more organization-centric research program in globalization studies. Linking insights from comparative capitalisms and literature in the field of international business and management studies with globalization research is particularly promising. Focusing on distinct yet institutionally conditioned organizational competencies and practices can help make sense of the way organizations are powerful agents in globalization processes, while at the same time being subject to powerful structure at various levels. Moreover, organizations facing institutional duality and being characterized by a wide range of competing interests and varying power resources provide an interesting unit of analysis to study established concepts such as hybridization. At the same time, focusing institutionalized features of organizations also draws attention to the socio-political sphere, thereby raising the issue of the role of politics in mediating and shaping globalization forces. The role of politics in general, and that of the nation-state in particular, is another hotly debated issue in globalization research (Strange 1996). Yet it seems promising to examine the capability of politics to impact on economic processes through an institutional lens on firm behavior (Fortwengel 2011a). This seems a promising route to bring politics into the equation when analyzing convergence and inequality. For example, Campbell (2007) has argued that the question whether and how corporations behave socially responsible is a matter of the institutional framework which, in turn, is shaped by politics to some extent.

Against this background, the two basic questions of globalization research gain further in relevance: Does it lead to convergence? And how does globalization impact inequality? In answering these questions, a closer look at firms as agents caught in structure promises to yield interesting insights into the underlying processes and might offer unique explanations for observed phenomena.

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# Globalization and Existential Inequality: The Precariousness of Belonging

**Jörg Dürrschmidt**

**Abstract** The chapter explores the link between global mobility and "distanci-ation", identified as the dynamic underlying new forms of "existential inequality" in the global arena. It is argued that in the course of globalization a disjuncture is unfolding between inclusion and belonging which turns the equilibrium of a good life into an ongoing precarious achievement. Accordingly, emphasis is placed on a temporalized understanding of situatedness which makes it difficult to argue in the accustomed winner/loser dichotomies with respect to global social inequality. Instead global existential inequality is portrayed as a complex and shifting socio-cultural order. The chapter draws on a more recent approach to global social inequality provided by Therborn, and refers for macro and micro illustrations of the argument towards postcolonial and postsocialist settings respectively.

## 1 Introduction: A Shift of Emphasis

The link between globalization and social inequality is initially a twofold one. On the one hand, disparities in income, socio-economic development and resources in general are projected against a single global frame of reference. On the other hand the process of globalization itself generates social inequalities. It is the latter aspect that shall be discussed here by looking into the link between questions of inequality and issues of existential character, best summarized under the umbrella terms of dislocation or disorientation and (not)belonging.

Social science thinking on social inequality has seen a shift of emphasis away from abstract measurement of socio-economic indicators towards the more contextualized issues of "well-being" (Walby 2009: 9f.; Dahrendorf 2003: 14ff.). Drawing on the capability approach deriving from Sen, more attention is given to the profoundly relational and experiential character of social inequality, and also to the concrete *in situ* mechanisms of generating social inequality. At the same time capabilities are regarded as unfolding capacities that are tied to the idea of life-conduct. This does by

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no means imply an outright rejection of socio-economic structures, but much rather a shift of emphasis towards the socio-cultural dynamics of choice and relevance, social capital and life-cycle, cultural diversity and identity formation (Diewald and Faist 2011; Walby 2009: 346f.; Faist 2010). Insofar as search for a decent life is related not to abstract subjectivity but to "practical moral principles by which men and women measure their personal worth" (Elliott and Lemert 2009: 178), social inequality is intrinsically tied to questions of quotidian belonging.

If anything, the globalization paradigm has made us aware again of the truism that relations of social inequality are also spatial relations. Thinking about globalization brought geography back into the debate on social inequality (Weiss 2005). More precisely: it placed emphasis on the crucial nexus between social structure and geographic space. Or as Therborn (2000: 166) has succinctly put it: "Who you are and where you are make crucial differences and give different grounds and possibilities of action". Seen from this perspective, "the importance of globalization to social actors" initially means that they will sort themselves into "winners and losers" according to openings and closure of opportunity spaces (ib.).

Implied in this is that social or vertical mobility is intrinsically tied to horizontal mobility. In that respect, it is often argued that mobility has become the new *modus operandi* of social stratification. It is seen as modifying older stratifications by class and milieu. Access to global mobility according to Bauman (1998: 69f.), for instance, is becoming the most important factor of a "world-wide restratification, in the course of which a new socio-cultural hierarchy, a world wide scale, is put together". Similarly, Lash and Urry (1994: 25ff.) have characterized the shift from organized to disorganized capitalisms as a process of global stratification around new hierarchies of access to 'space adjusting technologies' and 'relative location', leading to a new polarization between those who can 'circulate' and those who have to 'move'. Equally, Massey (1993: 61) has argued that in the new "power geometry of time-space compression" we can observe how "some are more in charge of it (mobility) than others; some initiate flows and movement others don't".

Mobility could thus be identified as one of those capabilities that facilitate the freedom to "choose a life one has reason to value" (Walby 2009: 9). However, we can only fully appreciate the potential of mobility as a differentiating capability if we take into account that movement is itself differentiated and relational in character. In times of chronic change and continuous disembedding we need an understanding of mobility as a "meta-movement", characterized as "the combination of mobility itself with a degree of reflexivity as to its meaning, form and function" (Coleman and Eade 2004: 18). To put it differently, mobility has always an element of pilgrimage to it, insofar as besides the actual movement in geographic space it implies motions within the interior self. In this wider meaning mobility suggests an inner working through of outer distance, struggle over meaning, and (sometimes unwanted) a transformation of the self. Mobility then does not have to be equated with the quest for identity in a straightforward manner, yet in its wider meaning it implies that access to and appropriation of options is not an end in itself, but needs a socio-moral destination. It needs a set purpose which makes sense of

given opportunities in relation to what is seen as the "good life" in a certain socio-cultural milieu (cf. ib. 5).

This certainly implies search for a liveable balance between options and "ligatures", as Dahrendorf (2003: 44f.) has called the cohesive social bonds that provide options with meaning. It is the alignment with ligatures that turns opportunities *de jure* into opportunities *de facto* or "life chances". Herein one can detect a deep ambivalence with regard to contemporary mobility. While mobility implies uprooting from given socio-cultural milieux, it nevertheless gains meaning through its embeddedness within societies, cultures, families, memories. And even if we accept the assumption that contemporary society sees a "fluidification" of these intersubjective frames of reference themselves, they nevertheless provide the "relative immobilities" on which mobilities rely on (cf. Adey 2006), not just in terms of physical place, but also and even more so in terms of narrative and symbolic space.

What follows from this is that in the course of globalization all of human life is not just opened up to opportunity and choice, but also to troublesome uncertainties with regard to ligatures, membership and self identity. We are reminded that globalization is not a one-dimensional economic phenomenon. Accordingly, "the questions of winners and losers become complicated empirical questions" (Therborn 2000: 167). They turn out to be "highly complicated and extremely varied", just as "the ways in which people are inserted into and placed within time-space compression" (Massey 1993: 62). Any (normative) assumption that mobility and opportunity should work as a catalyst for social advancement must be treated with caution (cf. Kaufmann et al. 2004). It is the claim of this chapter that in conjunction with a global landscape of mobility and socio-economic opportunity there is a new geography of existential inequality working, sometimes quite obvious, more often quite subtle.

In the following I shall draw out this claim with regard to a macro and a micro perspective respectively, though I am aware that this distinction is increasingly blurred by processes of dis- and re-embedding. While questions of settler belonging in post-colonial society shall serve to outline the link between mobility and existential inequality in its macro-dimension (Sect. 3), the dilemmas of mobility in the context of catching-up individualization in turn should help to indicate its micro-dimension (Sect. 4). However, before doing so, a still closer link to the debate on social inequality must be established in the subsequent section (Sect. 2).

## 2   Existential Inequalities and Distanciation

In his book *The Killing Fields of Inequality* (2013) Therborn attempts a reconceptualization of social inequality. He identifies its core problem as the "violation of human dignity" and defines it as "a socio-cultural order" (ib.). What he is interested in is an idea of personhood that goes beyond the prevalent understanding of the individual's socio-economic functioning in relation to its access to wealth, education, status. The latter are nevertheless of interest to Therborn too, but only insofar as they are

considered in intersection with issues of "health/mortality" and in relation to "existential degrees of freedom, dignity and respect" (ib. 3). This implies that the fields of inequality that affect people as "selves, living their lives in social context of meaning and emotion" (ib. 48), are to be seen as a complex geography of social relations. Repositioning within this matrix might produce (side) effects that would not have happened otherwise and are unfolding with considerable time lag within the life course.

In more detail, Therborn's analysis distinguishes between three fundamental kinds of inequality and four generating mechanisms from which these modes of inequality derive.

"Resource inequality" (Therborn 2013: 89ff.) links up to the well known inequalities in relation to material resources, education and power which an individual can draw upon. "Vital inequality" (Therborn 2013: 79ff.) in contrast describes the inequality of life and death and shows for instance in the social patterns of child mortality and life expectancy, health risk and body growth. But while there is clearly a link between social status and these vital issues, and therefore an unequal chance for people to exercise control over the health of their bodies, Therborn (2009: 1) maintains that "in some sense our life-tree is decided by some inscrutable lottery". Thus, "existential inequality" (Therborn 2013: 83ff.) finally refers to the unequal allocation of self-development and dignified life-conduct. It shows in degrees of recognition and respect, as well as potential exposure to humiliation, trauma and stigma. Today, when institutionalized existential inequalities such as racism tend to be seen as eroded, existential inequality nevertheless works effectively through more subtle and sophisticated status hierarchies. One might think here of the plethora of established/outsider constellations that structure contemporary society at all levels (cf. Therborn 2009: 2). Although there is no causal relationship between the three types of inequality, they interact and influence each other, and are detrimental to human well-being in its widest meaning.

With regard to the dynamics of their reproduction Therborn (2013: 54ff.) subsequently differentiates between four "mechanisms of (in)equality". "Exploitation" (ib. 58) in his account relies on the extraction of surplus value in polarized asymmetrical power relations. But while it is still "the most repulsive generator of inequality" it is equally no longer "the major force" (2009: 3). Moreover, it needs to be conceptualized beyond its narrow economic meaning in a much broader sense, such as "exploiting another person's love, respect or admiration" (2013: 58). Similarly, "hierarchization" (ib.: 59) in times of "flattened hierarchies" in the organization of work and family has become less powerful in its institutional form. It nevertheless continues to work powerfully in hierarchies of taste and style, mediated via the global ideology of consumerism. Barriers of "exclusion" (ib. 59) have been on one hand considerably lowered in our globalizing society according to Therborn. Yet again, there are at the same time more sophisticated forms of exclusion emerging via new forms of protectionism, cultural closure and graded membership. Finally, Therborn considers "distanciation" (ib. 55ff.) in today's society "an important mechanism of inequality", one which therefore

"should not be subsumed under other processes" (ib. 55). It refers to processes of falling behind or getting ahead despite a similar or equal starting point. Much rather it is the "social psychology of self-confidence, ambition and dedication" that in combination with a bit of fortune or a "lucky start" generates social distance between individuals, without exploitation or hierarchical relationships being involved (ib.). It should be mentioned that each of these mechanisms has its counterpart (ib. 61ff.). Not surprisingly then, exploitation relates to "redistribution", exclusion is obviously balanced by "inclusion" and hierachization by "de-hierachi-zation". More of interest it seems when distanciation is said to correspond with "approximation", referring to affirmative action induced by social systems as well as catching-up efforts by individual members of society.

"Distanciation" is amongst the mechanisms of (in)equality provided by Therborn's analysis indeed the most interesting one for us due to its obvious link to "existential inequality" in a globalizing society. It is considered to be "first of all a systemic process", for it is intrinsically tied to the generation and perception of "opportunity", which is seen as ubiquitous in a globalizing and mobile society. As such "distanciation" is a social dynamic "geared towards producing winners and losers" (2013: 56; cf. Diewald and Faist 2011: 102) without any obvious violation of human rights. Instead it can be described as the "most subtle of mechanisms, the one most difficult to pin down morally and politically" (Therborn 2009: 5). Thus it fits fairly well the ethos of what is called "the new individualism" (Elliott and Lemert 2009) with its emphasis on individual opportunity and risk taking as well as the reflexive ability to take on the emotional consequences thereof. In particular, though it effective generates social inequality, distanciation is largely experienced simply as "social difference". And if considered unjust, then within the realm of individual concern: i.e. as a distance between the actual life lived and a possible, preferable, and imagined one (Therborn 2013: 56).

Interestingly enough, Therborn (2009: 4) links the mechanism of social "distanciation" at some point explicitly to time-space distanciation. He argues that "through distanciation we are facing a paradox of our times". While on the one hand territorial distances have shrunk, social distanciation on the other seems in some dimensions to increase between and within regions of the globe, despite outer connectivity. Therborn indicates this mainly in relation to vital and resource distances. But what can be said about existential inequalities in this respect? Time-space distanciation does not just set free emotional and imaginary energy in pursuit of the good life elsewhere. It also generates struggle over meaning and over the scarce good of unconditional belonging. Drawing on Said one could argue that contemporary society is perhaps not quite marked by "killing fields" of displace-ment but it is certainly littered with the debris of biographical fragment of persons feeling culturally "out of place" or "out of tune", and therefore biographically "out of joint" (cf. Turner 2000). Cultural distance, social appartenance and chrono-logical dissonance might be the coordinates of a winner/loser dynamic not suffi-ciently taken into account by Therborn, yet vital for understanding existential inequality and distanciation in the global arena.

## 3    Contested Belongings and Incommensurable Worlds

Migration has never been a benign process of playful hybridization. But what is now called "new migration", in particular, that is migration in the global arena, seems "(to) create unprecedented tension between identities of origin, identities of residence, and identities of aspiration" (Appadurai 2006: 37). Accordingly, ours is a time of "social uncertainty" and of serious doubts "about who exactly are among the 'we' and who are among the 'they'". And in Appadurai's account it is "minorities" who are the driving force behind the anxieties and fears of real and imagined marginalization on both sides of the "we/they". They are the carriers of "unwanted memories", symbolize the "betrayal of the classical national project", and inhabit the "uneasy grey area of citizen proper and humanity in general" (ib. 42f.).

From a European perspective we tend to associate immigrant minorities challenging post-national society and classic notions of citizenship aligned with welfare rights with such a scenario. However, in order to pinpoint some of the more existential aspects involved here, it is perhaps more revealing at this point to look at postcolonial settler societies, as they have evolved in the aftermath of the British Empire, for example in Australia and New Zealand. The dominant national culture never was "unproblematically at home" here, as typically it has been the case in Europe. While settlers and their descendents are the majority national group, they could not claim to be "natives". They have been haunted by the latent awareness that "others were there before them" (Bell 2009: 145).

This configuration serves well to further explore the idea of social inequality as embedded in a complex geography of social relations, where repositioning might produce (side) effects that are unfolding across generations. At its core then nation state building in Australia and New Zealand relied on the intersection of migrancy and dispossession which in turn secured "the dominant and privileged location of white people and institutions" (Moreton-Robinson 2003: 23). In terms of Therborn's analysis, the relationship between settler majority and indigenous minority was certainly one of socioeconomic "exploitation" and political "hierarchization" via dispossession and long term neglect of equal rights. But it was essentially also one of "distanciation" and "existential inequality" insofar as it relied on the silencing of memory and tradition as well as the marginalization of language and history. As in other parts of the world (cf. Friedman 1990: 319ff.), here too the global shift to postcolonial and multicultural society, often supported by massive interest from global tourism, has then seen the formation of cultural movements of indigenous populations. In this respect, Therborn (2013: 83ff.) argues that the 1990s have seen their access to the global stage, "acquiring some respect for their non-modern ways of life". But can this development indeed be subsumed into "a period of major existential equalization globally" (ib. 86)?

Instead, we might consider that the transition from a national to a post-national arena has changed not just the position of the indigenous population, but has led to changes in the overall architecture of existential inequality as a 'socio-cultural order' (Therborn 2013: 1). While the indigenous populations of Australia and

New Zealand in the global arena have successfully laid claim to the aboriginal character of their homeland with considerable resonance, they have effectively weakened the "Terra Nullius" (land belonging to no one) claim of settler belonging and the national legend of pioneering achievement that was legitimized by it (cf. Moreton-Robinson 2003: 24; Bell 2009: 148). One could argue that the global shift has led to further "distanciation" between the two communities. Only now that the indigenous narrative has had the chance to severely unsettle the linear narrative of settler belonging, the existential difference that separate the two life worlds fully tend to reveal itself. Moreton-Robinson (ib. 30) speaks with reference to Australia even of an "incommensurable difference between the situatedness" of the indigenous and the settler population. While the former is described as "ontological belonging" that emphasizes the indivisible and eternal unity between the collective indigenous body and native soil, the latter is possibly best described as "institutionalized" belonging associated with (il)legal ownership of land and civilizational achievement based on it (ib. 24f.).

This configuration between indigenous and settler belonging shows that the intersection between social "distanciation" and geographic "time-space distanciation" can now fully unfold its potential in global society. It is quite obvious that today's struggle over "local" identity claims and belonging is, in the last instance, a consequence of the "global" opportunity taken by the settler migrants' ancestors a couple of centuries ago. The real and symbolic mobilization of British migrancy in today's postcolonial society is essentially due to real and imagined interlacing of distant fragments of time-space, and the reflexive reordering of the social relationships therein across both time and space. In other words, it is an exercise in "time-space distanciation" in its very meaning (cf. Giddens 1994: 17). Tradition in this process cannot be static but "means handling of time and space" in such a way that any practise or tradition taken over by a new generation has to be reinvented "within the continuity of past, present, and future" (ib. 37). However, with the important addition, that "time and space are recombined to form a genuinely world-historical frame-work of action and experience" (ib. 21). In practise this meant unsettling the linear narrative of settler migration and effectively sending it on a pilgrimage in both time and space, in search for roots and routes.

Thus, while "ontological unease" has always beset the settler population due to its uncertain relationship to indigenous identity, the global shift grasping the narrative of postcolonizing society has further uncovered the "shallow roots" of settler identity (cf. Bell 2009: 148, 152). And this has as much to do with the "distanciation" that evolves with regard to previous identity claims and life trajectories, as with the moral responsibility felt towards an unsettling past to which they are genealogically tied. Their situatedness can indeed be seen as ontologically fragile and uneven, and their identity best described as "doubled subjects suspended between 'mother' and 'other'" (Lawson cit. in Bell 2009: 147). On the one hand there is the uneasy relationship to the heritage of the British Empire which due to global means of communication is more than ever now in distant proximity. On the other hand there is the unsettling relationship to aboriginal identity that claims an

ontological primacy of belonging which is beyond access through lived commitment and active contribution.

Two main strategies of "approximation" can be identified to each side of the gulf opened up by the "suspended identity" described above. The first is the strategy of "roots" in the way of retuning to the ancestral homeland, while the other strategy implies seeking "redemption" (cf. Bell 2009: 154ff.). The first strategy effectively brings about a variant of the "existential tourist", where tourism is intrinsically motivated by a serious search for authenticity and roots to such an extent that it resembles pilgrimage (cf. Coleman and Eade 2004: 9). In practise this strategy can be observed for example in London's younger "Kiwi" and "Aussie" milieu that combines in its "OE" (overseas experience) "experimental" with "existential" tourism, using what is declared a "working holiday" also as a chance to search for roots and to face up to "the legacy of the colonial linkages between Commonwealth countries" (cf. Conradson and Latham 2005: 165ff.; Wiles 2008: 118ff.). While this is almost a ritualized status passage of the young generation, some of the older and better off middle class tourists are roaming the Scottish Highlands in search for heritage and ancestors (cf. Basu 2004). On the other hand there is the strategy of becoming a quasi adoptee of the aboriginal culture by not just accepting the lasting presence of indigenous culture, but moreover seeking confirmation of one's own belonging to place by the indigenous population as the ones who can legitimately convey it (cf. Bell 2009: 156ff.).

However, in the end these are attempts to negotiate self-fashioning and self-anchoring that find their limits in ontological differences of belonging and the "existential distance" that derives from it. Experiencing such forms of social "distanciation" which derive from configurations of belonging might be for the person involved unsettling, somewhere between lasting trauma and cathargic healing. Social "distanciation" as the one described in this section can thus be subsequently accommodated but hardly ever completely abolished. It notoriously escapes moral claims of de-hierarchization and political attempts of redistribution (cf. Therborn 2009: 5). To put it differently, one could argue that forms of existential "distanciation" escape political solutions and collective claims of fairness, for they are thresholds of belonging that are woven into the inter-individual tapestry of everyday life.

Admittedly, not always does "existential inequality", and the dynamic of "distanciation" that goes with it, work as obvious as in the configuration described in this section. And not always is it so heavily tied to and intersecting with political hierarchy and socio-economic exploitation. But looking across the panorama of contemporary globalizing society we find plenty of further evidence of it. Another source of existential "distanciation" can for instance be found in the heritage tourism industry in Ghana that lives from establishing links between the African American market and "Mother Africa" (cf. Schramm 2004). In the actual event of return there is initially a sense of symbolic unity between brothers and sisters from Africa on the basis of staged authenticity. However, the sense of symbolic overcoming of distance is said to evaporate when commercial interest takes centre stage and questions are raised as to the involvement of some African chiefs in slave trade

(ib. 143ff.). Closer to home we could refer to the "residential tourist" as described by O'Reilly (2007). S/he embodies the elite transmigrant who becomes mobile in order to pursue a better life elsewhere. In pursuing new opportunity spaces s/he trusts in the dense accessibility of transnational means of transport and communication, yet nevertheless dreams of starting a whole new life in a new place. Therefore the "residential tourist's" initial intention is full integration in what is hoped to be the "final destination" (ib. 282). A failed business or relationship later, or due to lack of talent to learn the native language, or simply because of having become disillusioned by the disjuncture between the traps of a demanding new everyday life and heady ideas of freedom and independence, they often find themselves entrapped by what O'Reilly describes as the "mobility-enclosure dialectic" (ib. 284). In consequence, they are not really getting ahead but, at the same time, tend to lack the material and mental resources to go back home as well. O'Reilly also observes that all this is complemented by an attitude of appartenance conveyed by (in her case study) the Spanish population that does not allow the (in this case) "British people (to) escape their Britishness" (ib. 288). A similar observation, however related to the "global work place", is made by Kennedy (2005). He has observed professionals in the building / design service industry who work in transnational space without being able to rely on the infrastructure of TNCs. The social milieu surrounding the work place of these architects, engineers and interior designers is described by Kennedy as lacking what he calls "deep sociality" (ib. 193) – as opposed to network sociality – with the local population and with native colleagues. Amidst intense work pressure they instead have to rely on the "accidental or involuntary cosmopolitanism" of other professionals with different cultural background but in the same structural situation of temporary but intensely felt existential marginalization.

All these fragments can be regarded as pieces in a puzzle that attempts to uncover a potential phenomenology of globalized existential inequality. The term phenomenology might well be justified here insofar as it attempts to uncover (often asymmetrical) thresholds of belonging in this world, especially as they rely on processes of real and imagined "distanciation" within people's life world rather than socioeconomic or political exclusion by systems. To a large degree it is also a phenomenology of "actually existing displacement" (Suvin 2005: 108) insofar as it attempts to ask the all-decisive question: "are you at home in this world?" (Sarup 1994: 94). In its pursuit this phenomenology of globalized existential inequality would need detailed ethnographic study in order to reveal the lived reality of the new individualism that always walks the thin line between uplifting self-reflexivity and choice on the one hand and a latent sense of invisibility and nothingness on the other. In the remainder of this chapter I shall indicate this attempt to uncover this more biographically oriented approach towards existential distanciation and inequality.

## 4  Life Lived on "Stand By"

To fully appreciate Therborn's (2013: 56) idea that "existential inequality" and "distanciation" often reveal their unjust character not between but within people's lives, namely as insurmountable distance between actual and imagined lives, we might consider the following story of a "journey man" turned "homecomer" (for the following, especially interview sequences, cf. Dürrschmidt 2013: 142ff.).

When Ronald J. left his hometown in provincial Saxony after graduating from school in 1995 in order to get a decent education elsewhere, he is one of those pioneering migrants from Eastern Germany who embarked on a journey into open society in a mode not sufficiently described as "life style migration" (Benson and O'Reilly 2009). Perhaps it is better characterized as a form of reflexive catching-up individualization (cf. Scheibelhofer 2009), which is characterized as much by the attempt to gain relevant skills for a competitive labour market as by the belated rendezvous with the open horizons of this world. In other words, this form of mobility was driven by the invitation to realize long kept dreams, as much as it was a way of seeking the comparison and competition with other biographies.

If there is something special about Ronald J. it would be that he has the advantage of journeying in the wake of stable ligatures. He is envisaged to eventually become the senior chef of a medium sized family business run by his father and uncle. Consequently, journey and education (service engineering) are intrinsically geared towards his return and contribution towards a larger inter-individual life project. However, he is good in what he does, and opportunity leads to further opportunities. He goes abroad, learns languages, and does not always keep to the road map. At some point the trajectory of his journey is severely unsettled, when towards the end of his studies he gets a placement and then also a job offer with a global player in Madrid, and subsequently falls seriously in love with a Spanish colleague. He is about to almost give in to *dolce vita*. After an intense period of soul searching he decides to return to his home town and to take up the position waiting for him: "I shall go back, in all consequence, no matter what".

So when Ronald J. finally returns home in 2006, this could well be read as a personal and social success story. He has kept his promise amidst the lure of global options and has learned the valuable lesson in life, that the invisible thresholds of moral obligation are not as easily overcome as the spatial barriers of global society. But despite the clear cut decision, he still carries with him the ambivalences of transnational living and he brings them back home. His welcome is not a hero's welcome. At home they have been eagerly waiting for the expert, not however for the well travelled and urbane cosmopolitan which he also has become. Thus, Ronald J. is forced to distance himself from a few layers of identity to fit back in to the provincial milieu he left 10 year ago. This is on the one hand an inner "distanciation" to a valuable sequence of his life. English and Spanish he hardly ever uses, the stories he brought with him have been told but do not find resonance in local narrative, and in dealing with customers he must be careful not to offend with his still more *laissez faire* habitus. On the other hand the spatial arrangements

that have emerged since returning also carry the signature of "distanciation". It is an arrangement that could be red almost as if the returnee obediently lays down a valuable part of his identity whenever he steps across the threshold of belonging, on either side. Accordingly, while during the week he lives for the firm and makes due with his former teenage bedroom in the family house, he also keeps a flat in nearby Dresden where he lives with his Spanish girl friend. They tend to spend every other weekend there, where there is a cosmopolitan milieu and an airport nearby. Occasionally, if commitment for the firm permits, he flies over to Madrid in turn.

Both know that this is an ongoing provisional arrangement that is unsustainable in the long run and counter to long term commitment. And so there is a sense of deep humility with respect to the situation ringing through when Ronald J. sums up:

> Ok, if dreams came true, I too would have two kids, a house, this classic thing, you know, normality of a kind. But as it is. . ., well you never know, could go either way. Of course, it's something that has been bothering us for years now, it's more of a conflict really, I mean we, as two individuals, fit perfectly together. But the life we live, well, let's just say it is difficult, if you want to have a family and kids and all. And of course, as I always say, you can only ask for things if you are prepared to do them yourself. So I just can't say please come over and throw it all in over there, if I myself am not prepared to do that. And so it is, and I might have eventually put up with the consequences, though I don't dare to think of it.

This is a life no longer lived at ease. It is unsettled on both sides of its bi-local embeddedness. The micro-sociological resemblance to the ideas of the "suspended subject" and the "mobility-enclosure dialectic", as discussed in the previous section from a macro-sociological perspective, is fairly obvious. Here too, despite access to mobility in its various dimensions, someone ends up on the margins of two potential lives, without being able to fully embrace his own. Left instead to live what could certainly be called an ontologically precarious life. And yet, there is no blame towards an unjust world, or blaming the family business or the Spanish partner. There is only humility in the face of an inability to close the gap between (shallow) life style and (deep) life conduct. One can only imagine the existential "distanciation *within*" the life of the person involved. On the one hand there is the successful co-owner of a well run business who occasionally dashes off to meet his Spanish partner in Dresden or Madrid. On the other hand, behind all this there is a man living in existential anxiety as far as his future as ongoing narrative is concerned.

What Ronald J. provides us with is a vivid illustration of the "new forms of existential inequality" (Therborn 2013: 88) that work on inter-individual level and manifest themselves in the disjuncture between the real and the imagined within an unfolding life trajectory. But is he now a winner or a loser in this globalized game of social "distanciation"? All we know for the moment: it is a life lived in a certain form of poverty, namely "poverty of [*real*] options in relation to wider horizons" (cf. Morley 2001: 429, my addition).

This is a less banal lesson to draw from this brief case study of existential "distanciation" than it might seem. For real options point towards a liveable future. They in other words "enhance the capacity to aspire", the uneven and skewed distribution of which can be seen as a fundamental feature of contemporary society (cf. Appadurai 2013: 289). Future seen from this perspective is not just a "technical

or neutral space, but shot through with affect and with sensation". It has to do with the emotions and sensations involved in (re) producing the everyday: awe, shame, vertigo, excitement. . ... but also disorientation and anxiety (cf. ib. 286f.). This is why Appadurai (2006: 126) perhaps is right in suggesting that in order to further understand the socio-cultural logic of a disjunctive societal order as ours, we need to get at the fundamental chasm between "opportunity as a fact" and "opportunity as a norm" that opens up around notions of the "good life". The "good life" however, before any further specification of a "greater" good in life, is always tied to what Appadurai (2003) has elsewhere called the "illusion of permanence". By this he refers to any inter-individual effort to bring a certain segment of social space under control of a specific socio-moral order that resists the "temporariness or volatility of almost all the arrangements of social life – who is where, who can you love, what's available, where do you live. . .." (ib. 47). All these are existential parameters of human life insofar as they affect a person's self-identity, defined as "the capacity to keep a particular narrative going" (Giddens 1993: 54). Thus, the unequal capacity to maintain the "illusion of permanence" as precondition for any degree of dignity and self-development might provide a good departure point for a further exploration of "existential inequality".

**Conclusion: Contemporaneous Worlds**

If one aims to grasp the global arena in all its ambivalence deriving from the heterogeneous spaces of opportunity and mobility, the formula "excess of inclusion over belonging" (Lury cit. in Mezzadra and Neilson 2012: 62) sums up the existential agenda, not to say dilemma, involved. Chronic dis-embedding has opened up enlarged and multiple opportunity spaces, but at the same time erodes the ligatures that would allow for finding solace in any of them. To put it differently, there is "rather more than lightness of social being" (Elliott and Lemert 2009: 141f.) behind the image of the "liquid globe" of interconnectivity and immediate accessibility. The realm of opportunity, from this perspective, implies unequal social positioning just as much with regard to ontological security and existential anxiety, thus providing a driving force behind what we have described here, drawing on Therborn, as "distanciation". In effect, distanciation leads to a global reality of "many incommensurable worlds" as far as the universal human question is concerned: how to maintain continuity of the self in the "ongoing emotional struggles to relate internal and external experience" in a way that continuously examines and transforms the self deeply right into its affective interior (cf. Elliott and Lemert 2009: 72, 142)?

Maintaining an identity into the future is essentially related to the ability to sustain a certain narrative; or as Sarup (1994: 95) has put it: "identity [is] the story we tell of ourselves and which is also the story others tell of us". Thus identity can be mobile, multiple and hybrid, but "not free-floating", instead, it

is being constructed and reiterated in relation to the largely private stories of the family as well as larger public discourses of collective entities such as the imagined community of the nation (ib.: 93, 95). Obviously, it is not by coincidence that the process of identity and the maintenance work going into it are related to notions of belonging. While we usually tend to define belonging in relation to place, here the emphasis is placed on belonging in relation to degrees of familiarity in social communication that would allow to (re)tell a biography without many footnotes.

However, in times of global mobility collective and individual subjects coincide less and less, "the possibility of a seamless narrative of origin" (cf. Yngvesson and Mahoney 2000: 77) and the chance to maintain a culturally and morally thickened biography that follows on from that, become rather precarious. In turn, "to belong: what to, how, at what price?" (Suvin 2005: 117) becomes a crucial question of ontological security and existential dignity that has to be deliberated on continuously. Thus the attempt to maintain an identity narrative across an increasingly multi-facetted terrain of belonging is a potent resource of "distanciation". Moreover, it could be claimed that the ambivalent social dynamics of fitting in, by steadily working the subtle and not so subtle thresholds of belonging, are a driving force of "existential inequality".

The settler communities in Australia/New Zealand and the catching-up individualization in a post-socialist setting referred to in this chapter indicate the precarious and ambivalent performativity of contemporary identity on a macro- and micro level respectively. Yet they are emblematic for a general condition of globalizing modernity that has been aptly described as "full address lost" elsewhere (cf. Fischer-Rosenthal 2000: 61). "Biographical structuring" as a more or less skilled way to "fit in" as best as possible and to "repair" the individual life story as much as necessary in relation to given social entities, in turn becomes a crucial feature of maintaining the equilibrium of a good life in a global modernity on the move (cf. ib. 58, 63). The problem of "how to fix lives" in a situation of contingent belonging could indeed be seen as a universal human question (ib. 58) in so far as people's lives are affected by the opportunity regime of global modernity and by the ethos of the new individualism that goes with is.

The dynamic of distanciation and the patterns of existential inequality that derive from this constellation are certainly not independent from other, more socio-economic embedded, forms of social inequality. However, as could be detect from Therborn's (2013: 55) account, it nevertheless follows a psychosocial agenda of "self-confidence, ambition and dedication", which is notoriously difficult to formalize. This chapter has further explored the cultural logic of distanciation towards the moral and cultural power of identity narratives. In doing so, it follows an argument that sees the exploration of

social addressability in relation to locality replaced by "temporalization" (cf. Fischer-Rosenthal 2000: 62). Attention here is given to the modes of synchronization and sequentialization of social interaction between individual and collective actors that allow for a stabilizing "culture of re-entry" (cf. Nixon 1994: 114).

It could be argued that pursuing this "culture of re-entry" further towards what Alfred Schütz (1964) has once called "recurrence" in his analysis of a life world in motion would lead us to one of the root causes of distanciation. Accordingly, "recurrence" refers to the participation in the "onrolling inner life" (ib. 110) of the social group one is situated in. Any absence that cuts the individual off from the continuing everyday community in space and time is a gamble on the "recurrent character of certain social relationships" (ib. 110f.). There is, then, "no certainty, but just mere chance", that on return both sides can continue "as if no intermittence has occurred". If absence occurred for too long, or just at a wrong moment in time, it might as well lead to overstepping an invisible threshold of belonging "into another social dimension", a threshold drawn by the "irreversibility of inner social time" (cf. ib. 114f.). Distanciation then manifests itself in the "pseudo-anonymity" and "pseudo-intimacy" of the "would be member", who also feels the gap between the history of a social group that can be recognized, and the tradition of lived commonality that "can neither be transferred nor conquered" (Schütz 1964a: 97f., 103). The estrangement between settler community and native claims of indigenous people echo this analysis just as much as the inner estrangement which the returnee suffers in what used to be home.

To finally place the tiny fragment of social cum existential inequality described in this chapter into a larger frame, "incommensurable worlds" might not be the best formula. It is possibly better placed in what Augé (1999) has described as shifting panorama of "contemporaneous worlds", where "no one can any longer doubt that the others exist", but at the same time remains convinced that these others "only belong to the same world *relative* to certain aspects of it" (ib. 89ff.).

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