

Street Protests and Fantasy Parks

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Globalization: "Real Time" and "Virtual Space"

Globalization shrinks distances through networks of connections. It is the set of economic, environmental, technological, political, cultural, and social processes that first connect and then integrate societies, fragmenting and transcending the traditional social structures they confront. Globalization is centuries old and has proceeded throughout history at an irregular pace and with uneven intensity. Although globalization is not new at all – the Roman Empire connected and integrated societies from Edinburgh to Jerusalem – economic and cultural globalization accelerated again late in the twentieth century, after almost fifty years of regression. The reduction of trade barriers in the 1950s was followed by liberation of capital flows and the deregulation of financial markets in the 1970s and 1980s. In the last two decades, integration deepened as foreign direct investment increased and multinational enterprises spread their chains of production worldwide. More and more, national economies are now integrated into a single global marketplace through trade, finance, production, and a dense web of international treaties and institutions.¹ Increasingly, cultural products with widely recognized icons are shared globally.

The speed and intensity of global connection and integration in the last twenty years have provoked serious debate about the cultural and social consequences of these processes, and, in this context, deep concern about the continuing capacity of the state to provide social justice. In this volume, we focus on two dimensions of globalization: the cultural and social dimensions of global connection and integration, and the uneasily shifting role of the state in a globalizing world. We argue that global processes are integrating societies and economies more deeply, but that obituaries for the state are premature, if not wholly inappropriate. The constraints imposed by globalization on the postindustrial state are looser than stylized portraits suggest. Furthermore, not only are the constraints less restrictive but the state has significant degrees of freedom in the way

it reconfigures itself in postindustrial society.² In this volume, we examine the options that states have and the consequences, for culture and society, of the choices they make. We find that, in reconfiguring themselves – whether by embracing or resisting globalization – postindustrial society and the state are becoming increasingly globalized as the institutional and cultural ground shifts beneath them. Change and choice are the twin threads of the narrative of state and society in their contact with global processes.

Globalization has been a long historical process, bumpy and uneven in its pace, at times reversing itself and at other times moving forward aggressively. Economic globalization – the connection of national economies through trade, finance, and production – is indeed not new at all. Transportation, communication, and exchange among widely separated societies have intensified in fits and starts over time.

Economic globalization peaked in the first decade of the twentieth century and then reversed itself dramatically in the context of world war and depression. Throughout most of that century, nations exhibited a marked retreat from economic globalization; only in the last twenty-five years has there been a return to the levels reached more than a hundred years ago. Labour is still less mobile than it was in the nineteenth century, when passports were unnecessary and people moved freely across national borders in search of work. In the nineteenth century, immigrating – especially to North America – was generally easier than it is today.³ Trade is only now becoming as free as it was in the 1860s. Even after the recession of 1875 began in Europe, 95 percent of Germany's imports were free of duty. Trade was then almost as significant a component of the domestic economy as it is today. In the United States, for example, exports were 7 percent of GNP in 1899; in 1999, they were 8 percent. Capital movements as a proportion of economic output are only now reaching the levels of the 1880s.⁴ In the nineteenth century, the dominant currency was not state controlled – it was credit created by private commercial banks. At that time, the gold standard severely restricted national fiscal and monetary policy. In the twentieth century, states captured control through the creation of central banks and, after 1973, via floating national currencies that enhanced state control over monetary and fiscal policies.⁵ Only in the last three decades have levels of economic globalization begun to approximate those reached during the nineteenth century. Some of what seems historically inevitable at the beginning of the twenty-first century is indeed contingent and reversible, as evidence from the first half of the twentieth century demonstrates.⁶

Contemporary processes of globalization include far more than the connection of national economies to a global marketplace. The globalization of production, largely through intrafirm trade, is more widespread

and deeply rooted.⁷ In their current stage, moreover, processes of globalization are cultural as well as economic, and carry deep social and political consequences. The revolution in information technologies now permits active communication in “real time” and the creation of virtual space, with shared icons and common discourses, across cultures and societies. Contemporary information technologies, developed in part by “outsiders” who rejected authoritative structures, create both significant new social and cultural opportunities and formidable new constraints. Values, tastes, norms, and cultural products are diffusing worldwide and changing the context and meaning of local cultural expression.⁸ The “globalization of the mind” – the ideological processes that have displaced traditional embedded liberalism and that enshrine efficiency through markets – is well advanced among Western intellectual, cultural, scientific, and technological elites. It sets the context for the cultural and social consequences of globalization that are the subject of this volume.⁹ We begin with a brief look at economic globalization – usually the principal focus of attention – not to establish it as the focal point of our analysis, but rather to set the context for our subsequent examination of culture, society, and the state.

The Global Economy

The current global economy, made possible in part by information technologies that enable information to reach markets at the speed of light, has exponentially expanded capital markets, trade, the mobility of factors of production, and investment opportunities. In the last three decades, international trade and foreign direct investment have been expanding proportionally far more quickly than domestic trade and investment.

Knowledge and a deepening specialization of expertise are the signatures of this phase of the global economy. Knowledge has replaced other factors of production as the most important commodity. Unlike commodities that were important at earlier phases in the history of the international economy, knowledge is an infinitely renewable resource, only loosely related to geographic space. For the first time in history, we do not deplete our most important resource when we use it. Waste and conservation of this resource are not issues, as they were for other commodities in earlier periods of economic history.

In the global knowledge-based economy, knowledge products and services are becoming “customized.” The standard model, in which products were made for mass consumption through mass production in command-and-control organizations, is less and less the norm. Knowledge products and services are targeted to niche markets, designed to meet specialized needs. The global knowledge-based economy promotes diversity, customization, and choice in the private marketplace.

These customized goods and services move increasingly through networks and other horizontal forms of organization. The importance of lateral organizations is growing in comparison to that of hierarchical, command-and-control structures.¹⁰ These lateral organizations make monopoly and hierarchy more difficult, as information at times approaches the status of a public good. At its deepest level, the emergent knowledge-based global economy is non-territorial and less and less tied to political boundaries.¹¹

The global knowledge-based economy has created significant wealth for those who are able to participate, directly and indirectly, in its processes. At the same time as the scope and pace of globalization have increased, however, income inequalities have grown, with serious consequences for the configuration of societies.¹² But the causal links between globalization and patterns of income distribution are deeply contested. Is it globalization that is intensifying inequalities? If so, which dimensions of globalization? And which kinds of inequalities is it intensifying – those between countries or those within countries? If those within countries, in what kinds of countries? How do globalization and growing inequality connect? Who is marginalized by current processes of globalization? All the critical terms, as well as the arguments, are the subjects of intense debate.

Some analysts argue that economic globalization has marginalized those who are geographically remote and cannot participate fully in international trade. Studies of interindustry trade have suggested that globalization marginalizes that part of the labour force in the developed world that does not have the literacy and the skills to participate, and disadvantages many of the highly skilled who remain in southern economies.¹³ The United Nations Development Program makes the even stronger claim that global economic processes are widening the gap between rich and poor nations.¹⁴ This is the argument that was made and heard on the streets of Seattle, Quebec City, Prague, and Genoa, where those constructing the new economic world order were confronted by wide-ranging, militant protest.

Others contest the important causal role of global trade and instead trace growing inequalities to the revolution in information technology and the differential lack of universal access to the skills needed to develop and use new technologies. Access to computer technology is highly skewed within and across societies: 26 percent of Americans use the World Wide Web, whereas only 3 percent of Russians, 0.2 percent of the population of Arab states, and 0.04 percent of South Asians do so. The United States has more computers than the rest of the world combined. A knowledge-based economy, critics argue, marginalizes those who are not skilled enough to access, understand, and convert information into knowledge, just as earlier globalizing processes marginalized segments of society that could not innovate and exploit the new technologies of the day.

The evidence, however, suggests a more complex story than either an incapacity to participate in trade or a lack of access to technology. Inequalities between nations were already pronounced in the nineteenth century, in the early stages of industrialization. At the end of that century and until the Depression, income inequality between countries declined while inequality within countries rose. For the next forty years, the pattern was reversed: within-country inequalities declined, but between-country inequalities increased. Now, at the beginning of the twenty-first century, between-country inequalities have increased and are greater than they have been for two centuries. Two different patterns of within-country inequalities have developed. Within the core group of technologically advanced countries, inequalities among households have declined: most countries, including Canada, have had relatively stable levels of inequality, while others – Britain, the United States, Australia, and New Zealand – have experienced a sharp rise in inequality in the last two decades. In the semi-periphery and periphery, inequalities have declined within many countries in Asia, but have increased dramatically in China and in Africa. Clearly, we need a more differentiated argument about the impact of globalization to account for these significant differences in changes in inequality over the last two decades.¹⁵

What explains these uneven patterns of changes in inequality? One intriguing analysis gives us a stylized yet textured portrait. It looks to mass migration as the driver in the first period; to the uneven development of states in the second period, *before* the current wave of globalization accelerated; and to the expansion of markets and supranational organizations in the contemporary period.¹⁶ Around the turn of the twentieth century, global migration exploded – barriers to entry were limited, passports were rarely required – and reached levels that have not since been equalled. Mass migration had contradictory consequences for inequality. It was associated with a decline in between-country inequalities, as it generally increased the relative size of the population of the rapidly growing countries and decreased the relative size of the population of the lower income and slower growth countries. Since average income per capita is generally used to measure the differences among nations, these differences decreased as the proportion of unskilled labour grew in receiving countries. At the same time, mass migration increased within-country inequalities as it swelled the supply of unskilled labour in receiving countries, and decreased inequality within sending countries as the supply of labour was reduced.

In the second period, from the 1930s to the 1970s, the state assumed a much more active role in regulating domestic markets to promote industrialization and, in the context of broadening processes of democratization and a deepening concept of citizenship, intervened actively to limit migration and promote the welfare of its population. Although models of

state intervention varied widely, states were far more active than they had been fifty years earlier, and state activism generally led to a decline in within-country inequality. However, the relative capacities and effectiveness of states varied widely among countries in the core, the semi-periphery, and the periphery, and the gap grew as the twentieth century progressed. Particularly in the periphery, states were unable to promote innovation and development effectively, and, concomitantly, were unable to provide the supports for the welfare of their populations. This difference in state capacity provides a rough explanation of the growing inequalities between states during this period. Here we have the early threads of the story that will twist and turn throughout this volume – the differing capacities of states to mediate global processes.

The latest phase of globalization joins two quite different stories about the state. New leadership in Britain and the United States in the 1980s led a challenge to the “social welfare” state and to a reliance on market mechanisms of allocation. In the semi-periphery, particularly in Latin America and Eastern Europe, the failures of state-led strategies of development also encouraged a turn to market-centred strategies of growth. Leaders of the dense network of international institutions that are charged with the management of the global economy enshrined market liberalism as the governing orthodoxy. The state, as the engine of growth and as the guarantor of welfare, directly through the services it provided and indirectly through redistribution, came under attack from within and from without. This phase of globalization through markets, unlike the period a hundred years ago, excludes mass migration as a leveller of the inequalities between nations; the construction of citizenship has deepened, but has also narrowed. Given the uneven development of states throughout the last century, it is not surprising that inequalities between states have sharpened, as have inequalities within the least effective states. Market-led growth has gone in diverse directions in different countries, and a critical difference has been the mediating impact of the state.

Globalization and the State

The impact of the global economy on the national economy and on the state is similarly controversial. It is no surprise that ideological debate rages about the scope and consequences of contemporary globalization. Critics of globalization have conceptualized strong and weak versions of the constrained state in a globalizing economy. The strong version suggests that globalization narrows the scope and autonomy of the state; that it constrains what states can do; and that it limits the capacity of governments to address inequalities, to promote and protect cultural identity, and to construct a national narrative in a globalizing society. The weaker version suggests that the dominant orthodoxy of market liberalism creates

ideological pressure to be competitive, and that this pressure leads to a smaller public sector and to convergence of policy across societies. In both the strong and the weak versions, the continuing economic and political pre-eminence of the state is no longer accepted conventional wisdom.

There is, Thomas Courchene argues in the strong version, a growing mismatch between an increasingly globalized private sector and a public sector that continues to operate largely at the national level. The argument goes wider, and deeper. As globalization has deepened, control – although not authority – has moved up and out from the state. It has migrated up to a thickening network of international and transnational institutions and laws, some newly created and others newly strengthened.¹⁸ There has been an explosion of international agreements, treaties, and tribunals, yet most remain heavily bureaucratic – thickly insulated from popular pressures, although not from protest.¹⁹ In response to the broadening writ and unprecedented reach of international institutions, groups of citizens are using the Internet to mobilize in fragile global civil society networks to try to hold these institutions accountable. Thousands came to Seattle, to Prague, to Quebec City, and to Genoa to demand greater transparency from international institutions that make decisions behind closed doors, decisions that have important consequences for far-flung local societies.

Power has also leaked out to non-governmental organizations (NGOs) and transnational associations that work across state borders. In Africa, it was not governments but *Médecins sans Frontières* (Doctors without Borders), a transnational non-governmental organization, that led the global campaign to reduce the price of drugs for AIDS in poor societies. In South Africa, where the epidemic of AIDS rages most fiercely, solutions to local health problems can no longer be national. Multinational pharmaceutical companies, international institutions, and non-governmental organizations have joined with national governments in an attempt to seek collaborative solutions. South Africans, like many others, live today in overlapping communities of fate, and cannot look only to their government to provide the most fundamental public good – treatment for an otherwise deadly disease – at a price they can afford. The strongest critics of globalization argue that, as the state's capacity diminishes, its ability to fulfil the most basic elements of the social contract with its citizens is eviscerated.

That postindustrial states are tied more deeply to global markets and institutions is largely correct. But what are the consequences? Here, the controversies begin. The most forceful critics of globalization argue that there is a growing mismatch between an increasingly globalized private sector, a transnational voluntary sector, and a public sector that continues to operate largely at the national level. It is the public sector that has been traditionally responsible for social entitlements and for the reduction of inequality within nation-states. The Keynesian welfare state, constructed

originally to manage the risks of private domestic markets, now faces a much more formidable challenge from global markets and global institutions.

As economic decision making migrates to global markets and institutions, it becomes more difficult for national governments to fulfil their traditional responsibilities to provide a social safety net and basic public goods.²⁰ The state, the argument goes, is becoming increasingly “hollow,” precisely because its borders no longer correspond broadly to “national” economic, cultural, and social spaces.²¹ Not only goods and services, but ideas, culture, and new kinds of organizations travel easily across state borders that have become more porous and fluid.

The disconnect is clear. Political boundaries continue to remain largely fixed, while cultural and economic spaces are changing, expanding, and reshaping.²² In this shifting landscape, a continuing retreat of the state, critics conclude, is both inevitable and irreversible. The state may become one among many institutions bidding for the loyalty of citizens in a competitive marketplace of public and private spaces.²³ A retreat by the state will have disturbing consequences for its capacity to provide public goods, and for legitimate and accountable governance. Some even predict an end to the era of the modern state as we have known it for the past 300 years.

This kind of argument – one that is widespread – does not stand up to the evidence. It is far too pessimistic a view. Processes of globalization do pose formidable challenges to the state – and to the citizen. The story is, however, more complicated than the critics suggest. Global markets and global politics are certainly expanding, but they do not constrain the state from fulfilling its social contract with its citizens. States still have real and significant capacity, both to provide public goods to their citizens and to mediate the impact of global economic, social, and cultural forces. While it is true that some postindustrial states have shed some responsibilities, they have also assumed new ones: helping their citizens to acquire the skills and knowledge to become competitive; and innovating in the way in which they organize and regulate the delivery of public goods. What states do is largely a function of institutional tradition, ideological bent, political culture, and policy choice. The story of globalization that we tell matters.²⁴

Those who argue that globalization weakens the state and limits its capacity to provide public goods point to some convincing evidence. Global capital and firms have an unparalleled opportunity to move, to “exit” to more attractive environments, while the nation-state is fixed and immobile. That national financial markets are weaker relative to global financial markets is also now widely accepted. Globalization has also weakened national production as a natural economic space and, indirectly, leached control from the state.²⁵ State capacity to wield monetary and fiscal policy to lever growth and control cyclical economic downturns

has consequently diminished. That state autonomy to manage monetary and fiscal policy has diminished is not in dispute, but the consequences of this diminution of state capacity are. If it were correct that a reduction in the capacity of the postindustrial state to run deficits seriously constrains its capacity to finance its social obligations to its citizenry, this would be a significant fault line in the future trajectory of the state and its capacity to meet the expectations of its citizens for social justice. Existing constructions of the social contract would weaken badly and within-nation inequality would logically increase.

Geoffrey Garrett acknowledges the impact of globalization in limiting the capacity of governments to run deficits, but finds that the increased financial discipline imposed by globalization has not had the expected effect of reducing the size of government in member countries of the Organisation for Economic Co-operation and Development (OECD). Nor has it resulted in the convergence of fiscal policies, much less the feared race to the bottom.²⁶ Surprisingly, postindustrial states are not reducing the proportion of the gross domestic budget they spend. Indeed, the post-industrial states that trade the most have the largest budgets as a proportion of their gross national product.²⁷ The most open economies – those most heavily engaged in the global economy – have the largest capacity to provide public goods to their citizens. Contrary to conventional wisdom, globalization has not reduced the capacity of the state to invest in public goods.

States are also less porous than critics of globalization suggest. Borders still matter. In 1996, the typical Canadian province traded twelve times as much with another Canadian province as with a state in the United States of similar size and distance. Within the European Union, the most densely integrated economy, significant border effects are still in place for goods, services, and capital. The markets for domestic goods are still much tighter than international markets. Although national border effects are weaker than they were thirty years ago, they are still significantly stronger, John Helliwell concludes, than those that cross borders. “Despite many increases in the strength and depth of international linkages over the past 40 years,” Helliwell argues, “countries’ internal economic and social structures remain much tighter than is commonly believed ... Small countries remain as viable and vibrant as they were decades ago ... The smaller countries seem to do particularly well on broader measures of welfare.”²⁸ Globalization does not severely constrain the viability of even the smaller postindustrial countries, much less the choices their leaders can make. Indeed, some analysts argue that globalization can be understood as the product and consequence of the political choices of governments.²⁹

The state is changing its shape in postindustrial societies, but not in the way critics of globalization expect. The postindustrial state has not reduced

its investment in public goods, but it has changed, in fundamental ways, the way it provides public goods to its citizens. Some suggest that the emerging role for the state is that of financier of public goods rather than direct provider – increasingly a regulator and referee, rule-maker and rule-monitor, a guarantor of quality, and the locus of heightened transparency and accountability.³⁰ The state is not absent, or hollow, or shrunken, or even residual. It is changing, not simply in response to pressures from global forces, but also in response to changing expectations from citizens who increasingly live in multiple worlds and bring a global sensibility with them. The state sets the rules of the game, and then allows an ever-increasing number of social actors to join together to reframe the social contract constructed in the twentieth century. Relevant here is the radically different capacity of the various social sectors to speak and act within the newly emerging sociopolitical order. The face that the postindustrial state is showing to its citizens is changing, but this change in the face of the state cannot be explained only, or even largely, by the growth of global markets and global institutions.

The Global Citizen in a Global Culture

Processes of globalization have been fuelled by faster and cheaper technologies of transportation, information, and communication. These technologies have direct consequences for the construction of social and cultural spaces, a process that is at times unmediated by the state. Here, too, these changes raise important – indeed fundamental – political questions for the state.

In Chapter 3, Lloyd L. Wong examines evolving notions of citizenship in an era of globalization. He focuses on the emergence of transnational identities and diasporic communities, now understood as communities in which a continuing balance of membership and identity is maintained between home and host societies. Throughout the twentieth century, as we have seen, the concept of citizenship in industrial societies simultaneously deepened and narrowed. After a hiatus of fifty years, immigration and emigration are growing again worldwide as people's horizons of opportunity are broadened, partly as a result of contemporary communication technologies. As Wong points out, with contemporary forms of migration and population movement, new forms of identity align badly with the territorial notions of citizenship associated with the traditional nation-state. Diasporic public spheres are growing across borders as a new arena of political action.³¹ This increased movement of people will likely have significant consequences for inequality between nations and within nations.

In a global society, as Wong demonstrates, “transilient” citizens – people who do not settle permanently in one locale – become crucial nodes in a thickening network of interconnections. They are also important resources

as they move in and out of Canada, taking the Canadian “brand” with them back and forth, to and from their original homes. The current tightening of citizenship policy seeks to strengthen national narratives in the face of multiple cultural stories but, as Wong concludes, it works directly against the transnationalization of identities and the transience of citizens in a global society.

The information revolution and the thickening global economy are also making possible a nascent global culture. We understand culture as the pattern of shared values that give meaning to individual and collective action in a community.³² Culture is the repository of a community’s shared understandings that facilitate collective action. These shared understandings are intimately linked to identity: they reciprocally reinforce one another. In the last several hundred years, it has been commonly assumed that culture has helped to define the nation and that the state gives formal expression to culture as collectively defined and experienced. Through this came the shorthand concepts of “nation-state” and “national culture.”

Globalization works to transcend and even, at times, to supersede national cultures. Its processes create a common cultural environment where everyone who is “connected” has access to the same messages, the same icons, and the same calligraphy, produced and disseminated through the tightly controlled transnational corporate media networks of television and film. Many of these networks are currently headquartered in the United States and their products increasingly dominate global cultural markets.³³ These products no more reflect the diversity of American culture than they do the diversity of other cultures. For the first time, global cultural product is mass rather than elite based.³⁴

In Chapter 2, John Hannigan examines the “global entertainment economy,” and the branded cultural products and images that are being transmitted along these ever-wider and more rapidly moving corporate conveyor belts. Important as economic product, these “brands” are even more important as shared cultural icons. Themed fantasy parks are dominating the cultural discourse of urban centres around the globe, as brand recognition pulls consumers in and away. Culture is becoming deterritorialized, detached from the community, and commodified in the global marketplace. Local forms of culture, in this environment, are under assault. These local cultures are becoming more important as people activate differentiated identities in response to increasingly homogenized global cultural space. However, they are becoming more difficult to produce and reproduce, not only as cultural product grows in economic importance, but also as new global regulatory frameworks constrain what governments can do to sustain local cultures.

The Internet works in the opposite direction, by encouraging direct, unhindered individual participation, free of supervision and largely beyond

the reach of authority. Nevertheless, like other global media, it too promotes cultural and social integration, the development of a common language – cyberspeak melded with English – and the creation of virtual communities.³⁵ On the World Wide Web, the least structured contemporary cultural environment, English is the language of choice for 80 percent of the sites.

The increasingly accessible technologies of information and communication not only erode difference and foster homogenization, but simultaneously promote particularization and differentiation as communities appropriate, use, and transform global cultural product even as they rediscover the individuality of local culture. The multichannel universe and magazines and music tailored to niche markets accentuate particular differences and local specializations. The “customization of cultural product,” so characteristic of global economic product, allows individuals and communities to meet their specific needs in ways that would have been impossible even two decades ago. In this fashion, new technologies have enabled actual and virtual groups to define and empower themselves in opposition to, or even without reference to, dominant cultures. In doing so, these same processes contribute to social fragmentation and to the proliferation of specialized subcultures that have little in common.

As global processes simultaneously promote cultural homogenization and fragmentation, cultural boundaries – historically an essential component of national identity – are beginning to diverge from national political spaces even more than economic boundaries are.³⁶ As Marc Raboy argues in Chapter 5, the “national,” is weakened as the primary reference category for identity. The choices states make in the face of new global regulation, global cultural product, and locally active and differentiated cultures will be crucial to the retelling of national narratives. In Canada, this is not a new challenge, but one that is taking on a radically different complexion. Canada has traditionally adopted a mixed approach to cultural policy, somewhere between the market-driven US system and the more nationally driven European approach; this sometimes ambivalent policy posture is often expressed in contemporary international negotiations, with the economic ministries inclining in one direction and the cultural ministries inclining in the other. Raboy argues that, given the powerful internationalizing forces shaping modern culture and communication, there is an acute need to develop the capacity to articulate a global public interest in the field that is more than the sum of transnational corporate interests. As he points out, “the sites of policy making have shifted, vertically, from the national to the transnational, and horizontally, from the state to the boardroom” (p. 133).

Historically, culture has been fundamental in constituting a shared terrain for all kinds of action. We have a particular interest in political

culture, that dimension of culture that constitutes the ground for political action.³⁷ Political culture, conceived as shared political meanings, values, and practices, can be understood much more broadly than much of the contemporary analysis of the displacement of national culture would suggest. There may be a nascent global political culture, empowered by new technologies and constituting a new terrain for global political action.

Ronald J. Deibert's analysis, in Chapter 4, of the international opposition to the Multilateral Agreement on Investment (MAI) demonstrates the capacity of private actors, using new technologies, to connect across borders and engage effectively on a public global issue. He concludes that the Internet played a key role in the resistance movement in three ways: by permitting swift communication of information among members of the anti-MAI lobby; by publicizing information about the MAI – and the activists' interpretation of the MAI – to a broader community of Internet users and beyond; and by offering opponents a tool to put direct pressure on politicians and policy makers in member states. Interestingly, his work reveals a fairly robust continuing network of activists that has sustained itself after the issue that gave birth to it was halted. While the anti-MAI groups cannot be regarded as a community, they are more than a coincidental coordination of isolated groups. The Internet, Deibert says, "has become the sinew of power for the coalescing nebulae of global civil society" (p. 90). In this case, and in others like it, the state has ceased to be the primary arena of political contestation or action, although its role as a political actor in the international policy-making environment remains central. Individuals and groups living in Canada reach out across borders to connect with like-minded others.³⁸

The narratives of opposition to the MAI and of protest against the WTO in Seattle in 1999, and against the Summit of the Americas in Quebec City and the G8 Summit in Genoa, both in 2001, are evidence of the capacity created by the new technologies for concerted political action in the global arena. These are, however, narrative threads in a far more complex tale. Private groups have worked not only in opposition to states, but also with states as lead partners: they did so recently, for example, to create a treaty to ban anti-personnel land mines and to create a new global institution, the International Criminal Court. It is apparent that globalization is opening up new terrain for political action and that cross-border political cultures are beginning to emerge. How accountable these communities are, how representative they are, and how they are empowered to act is far less clear. Nor is it obvious how these global political cultures will intersect with and relate to national political spaces and action.

Our review of globalization as a set of embedded historical processes suggests that the connection and integration of societies have proceeded

over time in uneven fits and starts. In their current phase, processes of globalization are enabling the emergence of nascent cultures and opening up new terrain for political action, both above and below the state. Culture and identity, two of the important bulwarks of the modern state, are becoming deterritorialized. Globalization is giving voice to communities that have often found it difficult to be heard within national structures, but it is also muffling the voices of others. The processes of globalization pose new challenges to the state – and to the citizen – given their capacity to flow around, over, and under existing national political communities, and to shift economic, cultural, and social spaces in lumpy aggregations away from territorial borders. Nevertheless, as we will argue in the final chapter, the state remains the critical mediating force among the global, the local, and the national. The choices political leaders make will prove critical to the telling and retelling of national narratives. They will also shape who is listening and who hears.

Globalization, Identities, and the Politics of Inclusion

The narrow construction of the state as authoritative referee and regulator is problematic, we have argued, for the legitimization of the capacity of the state to provide social justice. It is also troubling with respect to the sustainability of national identities over time. Citizens rarely cheer for umpires; they tend to give their loyalty to teams. The erosion of boundaries, the opening of new terrain for global political action, and the diminishing overlap of state borders with cultural spaces also make the sustainability of national identities over time more difficult.

Central to any concept of identity is differentiation: a distinction between “you and me,” between “them and us.” Research in social psychology confirms that categorization and boundaries play a defining role in establishing differentiation; indeed, identity would be impossible to create were all borders eradicated. Globalization works, however, to eradicate borders and connect across divides. Information and communication technologies facilitate the breakdown of time and space barriers; they encourage connection and integration, and the creation of a common cultural vocabulary. When barriers erode and a global culture creates shared and easily recognizable icons, a “national identity,” tied to political borders that no longer coincide with economic, cultural, political, or even social boundaries, is increasingly problematic.

The problem may prove to be more apparent than real. Social psychology speaks precisely to the prevalence of multiple identities and the importance of situational triggers. We are partners at home and professionals at work, and see no conflict between these identities; each is triggered by different situations. Similarly, we may be members of our local communities when we join together to support a school, citizens of our country

when we vote in a federal election, and citizens of the world when we contribute to a non-governmental organization that works to alleviate the suffering of refugees around the globe. In each case, different triggers activate identities appropriate to the situation. This sequencing of identities is sustainable, and even mutually reinforcing, as long as the identities are compatible with one another.

Our analysis suggests, however, that the triggers of national identity will decline as globalization intensifies. If “national” borders coincide largely with political boundaries – and less and less with the economic and the cultural, and only partly with the social – then the triggers to national identity cannot help but diminish over time. What is activated less and less over time cannot help but become less important. If our argument is correct, national identities will become less and less salient among the multiple political identities people tend to hold.

History teaches us that collective concepts evolve over time, in response to a changing constellation of social, economic, and political forces. This capacity to adapt suggests the more optimistic hypothesis that “national identity” will be reconfigured as a focal point of identity in response to globalizing processes. It may well become a “niche” or “customized” identity, a place of loyalty within shifting spaces.

The weakening of national identities, moreover, is not an entirely negative development. It is easy to imagine, for example, that a strengthened global identity, drawing on shared cultures and values and more vibrant local political identities, could provide valuable focal points for political action and institution building. Indeed, we have begun to see fairly significant institutional creativity and political activity at the global level in recent years. Marc Raboy, in Chapter 5, examines the nascent global communications regime and the challenges it creates for state and private stakeholders who seek to influence its development in a new arena of political action. And Ronald Deibert, in Chapter 4, explores the capacity of widely separated groups from different societies to use the new information technologies to engage politically on a global issue. Lloyd Wong's depiction, in Chapter 3, of “transient citizens” of no fixed address raises interesting questions in this context; from a national perspective, their instrumental loyalty can be cause for concern to the states with which they are associated, but perhaps they are global citizens-in-waiting, prefiguring emerging forms of global citizenship and identity.

The opening up of new arenas for political action at the global and local levels will benefit citizens only if the new structures are representative and accountable. Many at the local level are, but most at the global level are not. As long as they are not, they cannot substitute effectively for authoritative states embedded in constitutional legal systems. Without strong national identities as supports, however, state structures of authorization,

representation, and accountability may weaken more quickly than alternative global structures of accountability can be constructed.³⁹

It is possible that, within a broader field of salient identities, national identities may become largely instrumental rather than constitutive. Loyalty to a state for what it can do rather than for what and whom it represents is, however, a significantly weaker basis for political authority. Here, the politics of inclusion become central. Social psychology tells us that identity is created in part through processes of identification. Whether people identify with a particular group is a matter of choice and, in choosing an identity, people struggle between the contradictory imperatives of inclusion and differentiation. People choose to sustain an identity or to assimilate to it when they regard it as favourable and strong and when the barriers to entry are not high; identification becomes a strategy of entry and opportunity. We only choose to differentiate ourselves when core identities are incompatible and we think that an identity that is important to us is threatened or that the barriers to inclusion are strong.⁴⁰

The construction and maintenance of a national narrative in the global surround can succeed if citizens hear the national narrative as positive, compatible with other important identities, and open to inclusion. Here, the threads of the cultural and the social stories join. If social inequalities grow, and the state chooses to retreat, to become residual, citizens are unlikely to sustain a strong version of the national narrative. As processes of globalization continue to thicken, political leaders and citizens must examine and reconfigure the ground on which the legitimacy of the state stands. They must also redefine the national project if states are to continue to be a vibrant focal point of identity in a global field.

As we will argue in the closing chapter, the state remains the guardian and authoritative interpreter of place in a landscape of shifting tectonic plates. The state faces the formidable challenge of redefining itself in space so that it retains political loyalty as an authoritative, legitimate, representative, and accountable arena of political action. We are just beginning a new dialogue of place amid newly opened and shifting spaces.

Notes

- 1 Jeffrey Sachs, "International Economics: Unlocking the Mysteries of Globalization," *Foreign Policy* 110 (Spring 1998): 97-111; and Manuel Castells, *The Rise of the Network Society* (Cambridge, MA: Blackwell, 1996); and *End of Millennium* (Cambridge, MA: Blackwell, 1998).
- 2 Keith Banting, George Hoberg, and Richard Simeon, eds., *Degrees of Freedom: Canada and the United States in a Changing World* (Montreal: McGill-Queen's University Press, 1997).
- 3 Jeffrey Williamson, *Globalization and the Labor Market: Using History to Inform Policy* (Milan: Lezioni Raffaele Mattioli, Banca Commerciale Italiana, Università Commerciale Luigi Bocconi, 1996), 16, 18, Table 2:1. See also Stephen Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, NJ: Princeton University Press, 1999).

- 4 M. Obstfield and A.M. Taylor, *The Great Depression As a Watershed: International Capital Mobility over the Long Run* (Cambridge, MA: National Bureau of Economic Research, Working Paper no. 5960, 1997); Krasner, *Sovereignty: Organized Hypocrisy*, 13; and Linda Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era* (Cambridge: Polity Press, 1998), 172-6.
- 5 Peter F. Drucker, "The Global Economy and the Nation-State," *Foreign Affairs* 76, 5 (1997): 159-71. See also Paul Doremus, William Keller, Louis Pauly, and Simon Reich, *The Myth of the Global Corporation* (Princeton, NJ: Princeton University Press, 1998); and W. Ruigrok and R. van Tulder, *The Logic of International Restructuring* (London: Routledge, 1995).
- 6 Paul Hirst and Grahame Thompson, *Globalization in Question: The International Economy and the Possibilities of Governance* (Cambridge: Polity Press, 1996); and Robert Wade, "Globalization and Its Limits: Reports of the Death of the National Economy are Greatly Exaggerated," in *National Diversity and Global Capitalism*, ed. S. Berger and R. Dore (Ithaca, NY: Cornell University Press, 1996), 60-88.
- 7 Wolfgang H. Reinicke, *Global Public Policy: Governing without Government* (Washington, DC: Brookings Institution Press, 1998), 11-51, especially 19.
- 8 William Watson, *Globalization and the Meaning of Canadian Life* (Toronto: University of Toronto Press, 1998).
- 9 Globalization is considered as a "hegemonic discourse" that alters ideas and expectations about the role of the state in society. Philip Cerny, "Globalization and Other Stories: The Search for a New Paradigm in International Relations," *International Journal* 51 (1966): 617-37; and Harry W. Arthurs, "Globalization of the Mind: Canadian Elites and the Restructuring of Legal Fields," *Canadian Journal of Law and Society* 12 (1997): 219-46.
- 10 For an analysis of knowledge networks, see Janice Gross Stein, Richard Stren, Joy Fitzgibbon, and Melissa MacLean, *Networks of Knowledge: Collaborative Innovations in International Learning* (Toronto: University of Toronto Press, 2001).
- 11 Countervailing tendencies also exist: knowledge can also be a source of competitive advantage, and the current state-led attempt to strengthen the international regime protecting intellectual property rights seeks to reterritorialize knowledge and convert it into a private good. We are grateful to our anonymous reviewer for this interesting point about the privatization of knowledge.
- 12 Sachs, "International Economics."
- 13 Paul Krugman, *Development, Geography, and Economic Theory* (Cambridge, MA: MIT Press, 1995); and Paul Krugman and Robert Lawrence, "Trade, Jobs, and Wages," *Scientific American* (April 1994): 44-9 argue that the direct effects on US income distribution of global trade have been small. They attribute the rising income inequality within the United States not to global trade and investment but to the impact of technology. They argue that the proportion of the labour force in developed economies in direct competition with low-skilled workers in the south is far too small – about 5 percent in the US labour market – to explain the dramatic increase in income inequalities of the last two decades. For a contrary perspective, see Robert Frank and Philip Cook, *The Winner-Take-All Society* (New York: Simon and Schuster, 1995).
- 14 United Nations Development Program, *Tenth Annual Report* (New York: United Nations, 1999).
- 15 Glen Firebaugh, "Empirics of World Income Inequality," *American Journal of Sociology* 104 (May 1999): 1597-631.
- 16 Roberto Patricio Korzeniewicz, Timothy P. Moran, and Angela Stach, "Trends in Inequality: Towards a World-System Analysis" (paper presented at the "Conference on Re-Inventing Society in a Changing Global Economy," University of Toronto, 8-10 March 2001).
- 17 Thomas J. Courchene, ed., *The Nation State in a Global Information Order: Policy Challenges*, proceedings of a conference held at Queen's University, 14-15 November 1996 (Kingston, ON: John Deutsch Institute for Economic Research, 1997).
- 18 David Held, Anthony McGrew, David Goldblatt, and Jonathan Perraton develop the concept of "thick" and "thin" globalization in *Global Transformations: Politics, Economics, and Culture* (Stanford, CA: Stanford University Press, 1999).
- 19 Mark Zacher, "The Global Economy and the International Political Order," in *The Nation*

- State in a Global Information Order*, ed. T. Courchene, 67-95. See also Michael Th. Greven and Louis W. Pauly, eds., *Democracy beyond the State? The European Dilemma and the Emerging Global Order* (Lanham, MD: Rowman and Littlefield, 2000); and David Held, *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance* (Stanford, CA: Stanford University Press, 1995).
- 20 For a sceptical view, see Louis Pauly, *Who Elected the Bankers? Surveillance and Control in the World Economy* (Ithaca, NY: Cornell University Press, 1997).
 - 21 Kenichi Ohmae, *The End of the Nation State* (New York: Free Press, 1995), 5. Ohmae argues that "traditional nation-states have become unnatural, even impossible business units in a global economy." Susan Strange makes a similar argument: "The impersonal forces of world markets ... are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong ... The declining authority of states is reflected in a growing diffusion of authority to other institutions and associations, and to local and regional bodies." Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996): 4.
 - 22 Castells, *Rise of the Network Society*; and John Ruggie, *Winning the Peace: America and World Order in the New Era* (New York: Columbia University Press, 1996).
 - 23 Yale Ferguson and Richard Mansbach, *Politics: Authority, Identities, and Change* (Columbia, SC: University of South Carolina Press, 1996).
 - 24 Bob Rae, *The Three Questions: Prosperity and the Public Good* (Toronto: Viking, 1998); and Thomas Courchene, ed., *Room to Manoeuvre? Globalization and Policy Convergence* (Kingston, ON: John Deutsch Institute for Economic Research, 1999).
 - 25 Sachs, "International Economics."
 - 26 Geoffrey Garrett, "Global Markets and National Politics: Collision Course or Virtuous Circle?" *International Organization* 52 (1998): 787-824. See also Geoffrey Garrett and Peter Lange, "Internationalization, Institutions, and Political Change," in *Internationalization and Domestic Politics*, ed. H. Milner and R. Keohane (Cambridge: Cambridge University Press, 1996), 48-75; and A. Hurrell and N. Woods, "Globalization and Inequality," *Millennium: Journal of International Studies* 24, 3 (1995): 447-70.
 - 27 Dani Rodrik, "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106, 5 (1998): 997-1032.
 - 28 John F. Helliwell, *Globalization: Myths, Facts, and Consequences*, C.D. Howe Institute Benefactors Lecture 2000 (Toronto: C.D. Howe, 2000), 3ff, 41, 46.
 - 29 Philip G. Cerny, "Globalization and the Changing Logic of Collective Action," *International Organization* 49 (1995): 595-625.
 - 30 Janice Gross Stein, *The Cult of Efficiency* (Toronto: Anansi, 2001).
 - 31 Arjun Appadurai, *Modernity at Large* (Minneapolis: University of Minnesota Press, 1996).
 - 32 For a similar definition of culture, see Franklyn Griffiths, "The Culture of Change" (paper presented at "Analysing the Trends: National Policy Research" conference, Ottawa, 25-6 November 1999).
 - 33 Raboy points out (in Chapter 5 of this volume) that, in 1998, contrary to popular myth, only three of the seven leading global cultural industry corporations were actually owned by Americans, although all of them had their main operational headquarters within a twenty-block area of central Manhattan.
 - 34 Held et al., *Global Transformations*, 427.
 - 35 Barry Wellman, *Networks in the Global Village: Life in Contemporary Communities* (Boulder, CO: Westview Press, 1999).
 - 36 It is striking that even within the United States, the dominant producer of global cultural product, concern about the viability of culture is growing. Culture and the arts are the second largest American export, after technology. The Pew Charitable Trusts, the foundation that funded the pioneering work on global warming, civic journalism, and campaign finance reform, has committed itself to shaping a "national" cultural policy. Over the next five years, the Pew plans to encourage policy makers to focus on the financing of the arts, intellectual property rights, zoning in historic areas, and an arts curriculum for public schools. Animating the project is the view that culture is a national responsibility,

essential to "preserving and enabling American creativity." Judith H. Dobrzynski, "Heavy-weight Foundation Throws Itself behind Idea of a Cultural Policy," *New York Times*, 2 August 1999, B1.

37 See Griffiths, "The Culture of Change," for a discussion of political culture.

38 See also Sylvia Ostry, "Dissent.Com: How NGOs Are Re-Making the WTO," *Policy Options* (June 2001): 6-15.

39 We are grateful to Ann Medina and Melissa Williams for these helpful points.

40 D. Abrams and M.A. Hogg, eds., *Social Identity Theory: Constructive and Critical Advances* (New York: Harvester Wheatsheaf, 1990); and M.B. Brewer, "The Role of Distinctiveness in Social Identity and Group Behavior," in *Group Motivation: Social Psychological Perspectives*, ed. M. Hogg and D. Abrams (New York: Harvester Wheatsheaf, 1993), 1-16.