

## **Governance and Management Review (GMR)**

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### **Book Review**

Hirst, P., Thompson, G., Bromley, S. (2009).  
Globalization in question (3rd edition). Polity Press

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It is indisputable that globalization, from the perspective of an astounding number of economic liberals, reached its pinnacle soon after the Second World War. If the extant literature available on the subject of globalization is taken into stock, it seems as if globalization as a phenomenon has evaporated borders, engulfed entire nations in Economic Unity and ushered in an era where, given the potency of economic unity – cultural, political and social changes have significantly occurred, resulting in the homogeneity of these aspects. However, considering the recent spate of nationalism, rising debates in favor of protectionism and developed countries looking inwards, the plausibility of this much touted premise is contestable.

The book, “Globalization in Question” by Paul Hirst, Grahame Thompson and Simon Bromley, presents a contrasting picture. It debates that the edifice of “Full Globalization” is fractured and it is not suffice to state that the phenomenon has reached its zenith. In the view of the writers, it is pertinent to have a critical and realistic view of the term which has been misused and abused ever since the industrial revolution, when economic connectivity and inter-dependence between nations began to increase and eventually became a hackneyed term after the Second World War, given the high rate of technological advancements.

In the view of the writers, the hallmarks of the International Economy are the ones below the surface. First, they state that the relationship between the developed market economies is more important for probing into it allows one to debunk the notion that globalization has taken place. It clearly reveals that the ones benefitting from the increase in connectivity are the developed countries, while the less developed economies are still struggling to catch up given the stringent trade policies in place. Second, that there has been an increase in the formation of regional blocs in recent times and the emergence of “internationalized” companies i.e. companies which, despite having presence in numerous countries, still have rigid national vestiges. This leads to the third caveat mentioned in the book; increased volume of trade between the industrialized economies, given the supportive policies of regional blocs. Moreover, the writers state that there has been an aggressive internationalization of money and capital Markets since the 1970s and 1980s. The interconnectivity of the financial markets has skyrocketed; the main concentration has been on the markets of North America, Europe and East Asia, especially Japan.

The text has been divided in eight chapters and each chapter critically touches upon different aspects associated with globalization, justifying the thesis of the book – the notion that complete globalization that has occurred is flawed and that the international economic mechanism currently in vogue is an inter-national economy, not a globalized economy. It is stated that the extent of globalization in the world is viewed from two extreme standpoints. One view takes the idea in totality, making individual nations helpless in the face of the “Global Onslaught”, whereas the other view is completely insulated from the concept itself, resulting in numerous governance problems among the nations advocating this perspective as they are not well prepared for the impacts of the global economy. In the view of the writers, it would be practical to take the middle ground and to view globalization as an undergoing project, instead of blatantly assuming that full globalization has occurred.

The writers have defended the aforementioned thesis by stating their arguments in a chronological manner. The book embarks on a defensive and realistic route by first elaborating upon the contours of globalization and providing a brief history of the globalized economy, followed by the role of the multinational companies in propelling globalization and later, shedding light upon international competitiveness, the clash between the established markets and the nascent ones, and lastly reflecting upon the governance issues in the wake of increasing inter-connectivity of the economies and the results of the clashes between globalization, governance and the nation-state.

After stating the premise that the Global Economy has yet to reach its zenith and the relevance of national government in the affairs of the countries, the book in the second chapter, by dwelling upon

the history of the International Economy, allows the reader to comprehend that even in anachronistic times, economic inter-connectivity was present between various kingdoms across Europe and later city-states and empires. The main idea behind penning this chapter was to enable the readers to understand that the onslaught of economic dependency is not a recent phenomenon, as propagated by many, as the precedent had been set centuries back.

Moving forward, the authors take into account the multinational companies and their role in hefting the burden of globalization. The view which has been presented in the chapter limits the role of these behemoth organizations by stating that, even though they carry out business activities throughout the globe, the operations and revenues of the stated companies is accumulated in the country of origin. This allows the authors to infer that the relevance of the nation states continues to stay potent as the companies play a major role in keeping afloat the economies of the countries of their origin. The writers have been able to paint a contrasting picture which allows the reader to see these companies in a new light and not as a panacea for all economic woes of the developing countries. Moreover, the authors touch upon the subject of trade blocs formed in the early 90's by stating that the practices of these regional blocs are discriminatory in nature. These blocs primarily defend the interests of the triad countries, namely, Europe, North America and Japan, and a few rapidly expanding less developed economies. The opinions of the authors' to a limited degree hold value when linked with the fact that even the multinational companies continue to remain "nationally embedded"; this allows the reader to take stock of the fact that national interests still weaken the idea of a global economy and that the role of regional blocs and MNCs in making the world a global village is highly exaggerated.

By and large, the authors are skeptical about globalization and international competitiveness. They state that despite the formulation of innumerable policies focusing on creating "a climate of enterprise" throughout the world, the countries benefitting from the increased inter-dependency continue to be the developed nations. The point which has to be appreciated in this chapter is that authors clearly state that no amount of breaking down of economic barriers in the form of reducing tariffs and compliance of international policies focusing on trade would allow the developing countries to join the big leagues until the international community focuses on promoting a "culture of ideas"; without innovative and critical thinking the less developed countries are more likely to go down-hill in the face of increased competitiveness and technological enhancements as they would not be able to comprehend how to use such developments to their economic advantage.

Continuing the focus on the developing countries and whether they have been able to benefit from the increasing internationalization of the economies, the authors in chapter 5 state that they have not been able to fully enjoy the advantages. The opinion of the authors, albeit true to a limited degree,

is crass and overly critical in this regard. They have stated that the newly industrialized countries would have problems crawling their way upwards because of the competitive advantage the developed economies have and the stringent trade barriers these countries have in place. To the authors, economic respite for the developing countries is not in sight – which is overly critical given the recent rise of China and India.

Moving forward, the book elaborates the friction present between supranational regional trading blocs and a fully global economy. It is stated that institutional arrangements currently in favor are biased towards national economies; in the light of such arrangements, it is highly unlikely for the nations to adopt and place encompassing global standards pertaining to trade and commerce. In the midst of this, according to the authors, the reliance on supranational regional blocs is undeniable for increasing interconnectivity and economic dependency. However, the effectiveness of such an arrangement would also be limited given the diverging interests of the nations and other national political as well as social concerns.

In the light of such realities, the book harkens back to its initial construct that the world economy has reached midway in terms of integration and has a long way to go before claims could be made of a highly globalized world.

The second last chapter dwells upon the fact that no set standards are in place in terms of governance as well. The authors use the concept of governance to uphold their judgment that no standardized global procedures are available to handle any crisis pertaining to governance and that multinational consultations have no depth as far as handling any crisis is concerned. This notion is relevant given the recent departure of Britain from the European Union; one of the oft cited reasons for the estrangement of relations within the Economic Bloc is lack of coherent governing procedures and a bureaucratic manner of policy formulation and implementation in the member countries. Other than this, the shortcoming of this chapter is that the authors fail to ponder upon the concept of governance in totality and merely simplify the concept for developing a link between governance mismanagement and globalization.

In the last chapter, the discussion is summed up by linking globalization with governance and the concept of the nation State. The argument which is penned takes the debate between cooperation and conflict into account. It is stated that considering the presence of divergent interests and varying national policies, the concept of nation states is less likely to dissipate any time soon in the near future; this renders the thesis of a fully global economy weak.

The crux of the matter is that the authors firstly put forward their criticisms of the globalization hypothesis. They argued that the concept does not provide a holistic view of the world

economy, exaggerating the results of inter-connectivity and overlooking the fissures present. They further stated that an enhanced internationalization does not reflect or signify that a global economic structure, along with governing mechanisms and procedures has been put in place. Moreover, they challenged the notion that due to the formation of multinational companies and an increase in the international cooperation through trading blocs and free trade agreements, full internationalization has taken place.

In conclusion, the writers put forward the question, how globalized is the global economy? They are of the view that globalization has become an umbrella term, whitewashing all the fissures present between nation states and over simplifying a complex phenomenon. They state that the thesis of full globalization and that we have reached the pinnacle of the much flaunted term, cannot be accepted. They mention that the world has just entered a new stage by moving from the realm of “proto-worldwide economic mechanism” into an “inter-national economic mechanism”. They do not completely discard that the nations have formed new economic, political and social relationships, but are of the view that these configurations have not been transformed to their full potential, for the presence of national political and economic concerns, and contrasting national governance procedures cannot be overlooked.

These claims by the authors gain authenticity if the recent salvo of neoliberal thought and the rise in averting passive foreign and economic policy options by North America are looked at. Not only this, but the Identitarian Movement in France, an increase in the popularity of individuals like Geert Wilders in Austria and the rise of the far right in Germany, all portray the dismal picture that the importance of the nation-state is undeniable and it would take decades before an equilibrium is reached between the concepts of globalization and nation-state – subsequently leading to a truly global economy.

The book itself, despite its shortcomings of not elaborating the core characteristics of governance and a nation state, and being absolutely dismal of the potential of the developing countries to compete with the industrialized economies, offers persuasive arguments to uphold its thesis. It allows the reader to think critically of a phenomenon which, more often than usual, has been seen as a staunch reality the world has been experiencing ever since the Second World War.