

Globalization in Historical Perspective*

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As the twenty-first century begins, societies in all parts of the world seem to be experiencing a loss of direction. Technologies to enhance our ability to deal with every aspect of our daily life are being developed at the speed of light. Countless people, institutions and organizations with varied and, oftentimes, contradictory interests are participating in this unprecedented development process. As a consequence of this dynamic and continuous process of change, a “world in transition” is emerging, where impersonal, non-institutional, non-ideological forces assume leading roles in instigating change and promoting socioeconomic transformations of immense proportions and implications. It is estimated, for example, that the last three decades of the twentieth century had witnessed “tenfold increase in communications by electronic means and tenfold reduction in person-to-person contact.” (Suplee, *Imagine This* 8)

The social and economic transformations, which the communications and information revolutions have instigated lately, are changing reality and our perception of it profoundly and continuously. And because the forces of transformation continue to gather momentum, our world has been thrown into a transitional period, causing the assumptions on which older theories and models were built to become outdated. The ideas, strategies, and major institutions that helped manage community life, national economies, and international relations in the recent past have been rendered inadequate to varying degrees.

Today, every society faces problems and challenges that seem to defy definition. At the same time, the major social, economic and political systems in every society are becoming increasingly complex and largely interdependent. Globalization, meanwhile, is moving beyond the sphere of economics to engulf all other aspects of life, making interdependency among systems, organizations, nations and states an undeniable fact of life. And while older tools of

analysis and social systems are fast becoming dysfunctional, no new ones have emerged so far to take their place. The order of the day therefore has become one of disorder. In fact, every time a society moves from one phase of historical development to another, it passes through a transitional period characterized by chaos.

Order and chaos, however, have always existed together in one world. They are two sides of one societal process, and neither one can survive or even be understood or meaningful without the other. Order without some chaos, just like cooperation without competition, characterizes systems that lack dynamism and are unable to adapt to new circumstances. Uncontrolled chaos, on the other hand, characterizes systems that are confused and unproductive. The existence of both order and chaos at the same time is a condition for societies and social systems to functioning properly; however, the intensity and depth of each relative to the other is what makes progress, stagnation, stability, change, and development possible. For example, Lester Thurow argues, "America has more than enough chaos to be creative, but too little order to use its ideas in the most efficient ways. Japan has enough order to be efficient but too little chaos to be creative." (Thurow, Building Wealth 63-4)

Stages of Historical Development

With the development of agriculture some 10,000 years ago, the economic base of life began to change, and the old tribal society entered a period of transition characterized by deep social and economic transformation. "Plant and animal domestication meant much more food and hence much denser human populations. The resulting food surpluses and (in some areas) the animal-based means of transporting those surpluses, were a prerequisite for the development of settled, politically centralized, socially stratified, economically complex, technologically innovative societies."(Diamond, Guns, Germs and Steel 92)

However, after agriculture was established and its culture fully developed, the new way of life began to change only very slowly. Socioeconomic forces of change were either vastly restricted or yet to be born. The most important change during the later centuries of the

agricultural era was the expansion of trade, the incorporation of merchant life into the economic life of society, and the emergence of states and empires. Tradable products have subsequently become a growing economic activity, causing services to expand and social and political change to evolve gradually and systematically and slowly transform all aspects of life.

The development of agriculture instigated the most important revolution in human history. It changed the totality of life conditions in the tribal society and transformed human relations and the way societies were organized. It also changed the relationships of people to one another and to their environment. The Agricultural Revolution brought about a new civilization with its own culture, its own social and political organization, and its own economy. "The change from hunting and gathering to agriculture involved more than a mere change in subsistence pattern; it represented a complete change in the social and cultural fabric of life." (Weatherford, *Savages and Civilization* 49) It "meant also a mental change." (Garraty and Gay, *The Columbia History of the World* 52)

Due to these developments, the old tribal civilization and its cultural patterns became outdated and relatively less civilized. Thus, the history of hunting and gathering ended as the agricultural age was emerging and the new agricultural civilization was being born. Although tribal history has continued to exist for thousands of years to come, it lost, under the state superstructure, much of its land and freedom as well as its momentum. It, consequently, was forced to adopt a circular movement within an increasingly smaller and more confined physical and political space.

Until the fifteenth century, no center of civilization or state had experienced profound change to distinguish itself from other centers. Paul Kennedy argues that each of the great centers of world civilization around the end of the 15th century was at a roughly similar stage of development; all great nations of the past had lived in the agricultural age and had the same culture and similar standards of living. The economic base, the social and economic structures, the political organization, and the state of technology were very much the same everywhere. Because of that fact, "the world formed a single, albeit large, social system that operated at a

much slower pace than that to which we have become accustomed.” (Weatherford, 26)

But around the middle of the fifteenth century, change in the economic conditions and socio-cultural aspects of life began to accelerate in certain European regions. Trade, which by then had become an important economic activity, led the ensuing change and paved the way for the socioeconomic transformations that were to follow. Other developments that occurred subsequently and were instrumental in promoting change and helping accelerate its pace, included the following: substantial improvements in navigation tools and maps, the building of better roads and ships, the production of more potent arms, enhanced security, growing competition between the major European cities and states, the development of printing, and the European discovery of what was to them a new world. Subsequently, manufacturing and other business activities expanded, and scientific, technological and philosophical inquiry multiplied.

In the second half of the eighteenth century, the Industrial Revolution took place in England, and from there it traveled to other European and North American countries. The coming together of major economic, social, cultural, scientific, and technological developments is what we call the Industrial Revolution. It was a revolution that changed the agricultural way of life and its mode of production, forcing all other social and political structures and human relations to change drastically and irreversibly. “Agricultural societies were transformed into urban industrial societies within the space of perhaps a hundred years, and all the accumulated norms, social habits, and customs that had characterized village life were replaced by the rhythms of the factory and the city.” (Fukuyama, *The Great Disruption*, 56)

The emergence and spread of a new way of organizing manufacturing was the spark that started the Industrial Revolution. Workers were brought into one place to work together for one master, who often was the sole owner of the means of production and the goods to be produced. Workers were no longer free to determine their own hours of work and how to perform their work. Tasks were assigned, working hours were specified, regulations were developed and applied, and hierarchical relationships within the workplace were established

and enforced. Income was tied to work, and survival as well as standards of living became a function of work availability and worker capacity to work long hours and endure the pain of performing repetitious, boring functions. Workers, who worked for the new entrepreneur, were often landless and powerless people having nothing more than their labor to sell. Because of that powerlessness, they were, especially during the first century of the industrial age, subject to exploitation.

The workers who were most attracted by the new job opportunities were the young whose families had lived earlier an agricultural life on land that was taken away from them. For the first time in history, the new industrial workers could own neither the place of their work, nor the means of production, nor the end products. Their only source of income was their labor, and their labor was the only commodity they could trade. Workers were forced also to work in large numbers, in one place, and for long hours each day. They also had to live near their places of work in clustered residential communities lacking almost all amenities. Slums, consequently, emerged and became home for a large and growing powerless social class, whose appearance was seen by many as inevitable. Being landless in a new environment made them also rootless; they had to develop new traditions and plant new roots suited to their unique, unprecedented circumstances.

Critics of this development, however, saw the appearance of slums as an evil act committed intentionally by the new heartless capitalist class. Critics, as a result, called for change but failed to agree on its direction. Disagreement regarding the direction of change led critics to be divided along two major lines--one revolutionary, the other utopian. But despite several attempts to make revolutions and build utopias, history has rendered both utopia and revolution impractical and unworkable in the long run.

The new communities that emerged in the industrial cities were composed of families sharing smaller living spaces and facing similar life challenges. Traditions and kinship norms, which had served as the social glue that held the old agricultural community together for countless generations while minimizing change, were no longer available or workable in the

new industrial environment. For example, the old family home on the farm lost much of its economic and social role in the new industrial society; it could no longer perform many of its traditional tasks. The education of children, the making of clothes, the processing of agricultural products, and even entertainment moved almost entirely out of the home to new institutions run by specialists. Caring for the sick and the elderly also moved gradually to hospitals and special health care facilities, further weakening family obligations and ties. Neither tribes nor clans, therefore, could continue to function and be viable in the new industrial society.

While the tribe represented the unit of society, in fact the entire society, in the tribal age, the extended family or the clan represented the unit of society in the agricultural age. In the industrial age, neither the tribe nor the clan was able to survive the change brought about by the industrial revolution; it, therefore was replaced by the nucleus family as the unit of society.

Changes in both the economic and social structures led subsequently to changing the political structure and culture in all industrial societies, producing a new civilization--the industrial civilization. But because these transformations were and to a great extent still are limited to Western societies, the new pattern of life and its culture were dubbed the Western civilization. Industrial civilization, like the agricultural civilization that preceded it, produced its own cultural varieties wherever it took roots, making the cultures of all industrial societies similar to each other. Karl Marx, writing in 1848, some 80 years after the industrial revolution, observed that "man's ideas, views and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material existence."(Marx and Engels, *The Communist Manifesto*, 51)

Socio-political historians and philosophers of history, despite a wealth of books and ideas, are yet to reach a consensus regarding the nature and relative role of the forces that caused the Industrial Revolution. Some believe that economics and self-interest were the major determining factors that led the transformation process. Others argue that the new work ethics produced by the Protestant Reformation movement was the decisive factor. Still

others feel that the enclosure movement, which ended the feudal system as lords repossessed the land on which farmers had lived and worked for generations, created the first landless, rootless social class whose sweat facilitated the building of the industrial capitalist system. Science, technology, new ideas, inventions, population growth, urbanization, political freedom, and economic liberty are also cited as forces whose contributions to the Industrial Revolution were momentous.

The three centuries prior to the Industrial Revolution were decisive years in which new forces of change were born and older ones were either eliminated or reactivated to assume leading roles in society. These three centuries of accelerated change represented a transitional period during which many of the older systems and institutions were undermined, new ones were established, and qualitative change was effected. The Industrial Revolution was the culmination of countless changes, many of which were technological and scientific in nature, and some of which were manifestations of economic change and social and political conflict.

Karl Marx was one of the first philosophers to argue that the underlying economic forces in society are responsible for cultural products such as religion and ideology. Max Weber, on the other hand, argued that culture produces certain forms of behavior that affect economic performance. (Fukuyama, Trust 43-44) Both arguments, while basically correct, are partial and therefore cannot individually provide a satisfactory explanation to how societies respond to changes in either the economic conditions or the cultural values that prevail in their lives. In a civilizational setting, culture, with its religious core and political organization, usually plays a crucial role in changing economic behavior and determining social relations and attitudes. But in transitional periods, it is the economic forces and technological innovations that affect attitudes and behavior and thus lead the way to change.

The new age of industry did not only expand manufacturing; it also helped agriculture expand and diversify and become much more productive. Agriculture, consequently, became dependent on industry; it could not increase productivity and improve the quality of its products substantially without the machines, fertilizers, irrigation systems, roads, and

improved seeds that industry and its scientific and technological base had produced. Rendering agriculture dependent on industry has caused agricultural society and its civilization to become dependent on the industrial civilization and its society. The natural dependency of the agricultural society on the industrial one thus renders the *dependency theory* articulated by Latin American intellectuals to explain Third World lack of development largely meaningless.

There is no doubt that the Western capitalist nations and their colonialist enterprise have worked hard to deepen the dependency of Third World economies on their own industrial ones and, because of that, colonialism did contribute to the hindering of the transformation of Third World economies in general. Nevertheless, there was nothing that agricultural society could do to avoid dependency; dependency is a natural historical development that no agricultural society could in the past or can now or in the future escape. In fact, there are societies such as Saudi Arabia and Afghanistan that were not subjected to colonialism but still failed to enter the industrial age, while others that were subjected to colonialism, such as Singapore and Hong Kong, that were able to join the community of the industrialized nations. Still there are other societies, like Zimbabwe and Congo that regressed after freeing themselves from colonialism and gaining independence. Therefore, the dependency theory described by some as Latin America's most successful export, is not a model capable of explaining the lack of development in the Third World; it is rather a sophisticated argument to blame the other and justify failure.

For some 500 consecutive years since the beginning of the transitional period from the agricultural age to the industrial one, no great nation of the past was able to make notable contributions to the industrial age. Neither the Arab, Chinese or Indian nation could attain a high level of science and technology to make a difference in the world of technological innovations and scientific inquiry. Only recently we began to witness how China and India were trying to catch up with the rest of the developed world. Agricultural society can neither challenge industrial society nor undermine its cultural, economic, political or military dominance. Furthermore, no agricultural society can defend itself against the ideas,

economies, or armies of the industrial society. Because of industrial superiority, tiny England was able in less than 150 years of its industrialization to gain enough power to rule more than half of the world for the next 150 years.

Changing the state of human living as described above caused the history and the historical logic of the old era, the agricultural era, to come to an end; it no longer had valid experiences to share, or proven wisdom to give. “The physical and mental world we inhabit has changed more – and faster and more often – in the past 200 years than it did in the previous 20,000 years;” and, in the process, it invalidated older rules, relationships and traditional customs and technologies. (Suplee B1) Nations that failed to understand this historical lesson and realize that history never repeats itself, have been dwarfed by history and made to pay a heavy price in squandered resources, lost opportunities, and increased dependency on others. The Arab, Chinese, Indian, Latin American, Persian and Russian nations are good examples of those who failed to understand the logic of history and live by it.

As the industrial society reached maturity, a communications revolution and an information revolution were occurring and changing reality. The 1980s, which witnessed the advancement of the twin revolutions, marked the beginning of a new transitional period in human history. It started when the economy began to shift quickly from the production of tradable goods to the production of tradable information and services. In the United States, for example, “service employment has continued to grow, to the point where it now accounts for 80 percent of employment. More people are working in doctors’ offices than in auto plants, more in laundries and dry cleaners than in steel mills.”¹

This transitional period is transforming today the social, economic and political structures of society and paving the way for the development of a new age, the age of knowledge. The new age, just like the ages that preceded it, is destined to produce its own civilization and cultures, its social and economic structures, and its political organization. Many far-reaching changes have already occurred and can be detected in all aspects of human life. Values, traditions, needs, and convictions that used to provide the glue that kept communities and

nations together have already been weakened; some of them have become dysfunctional. Basic assumptions that helped economists, political scientists, sociologists, and historians conceptualize, define, and analyze nations and social and political units such as family community, society, and the nation-state, have been either partially or totally invalidated.

National cultures are being divided into subcultures along ethnic, national, racial, religious, and socioeconomic lines. Shared traditions and values, languages, and collective historical experiences are no longer enough to maintain the unity and viability of any traditional culture or society, particularly in the long run. Interests, lifestyles, hobbies, professions, and educational backgrounds are becoming more important in forming new communities and dividing older ones. And because the so-called virtual communities can and do transcend political borders and other socio-cultural backgrounds, they are helping produce a unique global culture with its own core of values. National societies, moreover, are being divided into subsocieties along socio-cultural lines that undermine national unity and identity, and weaken the nation-state.

Reactions to developments spurred by the advancement of the age of knowledge are deep everywhere. People seem to have become overwhelmed by strange currents of change over which they have no control. The resulting reactions range from denial to bewilderment, from political conservatism and religious fundamentalism to radical nationalism and extremism, from universalism and globalism to tribalism and ethnonationalism. Such reactions are found with varying degrees within all societies, within the rich as well as within the poor, within the developed as well as within the underdeveloped. At the beginning of the twenty-first century, almost all the nations and cultures of the world seem to be, as Matthew Arnold once remarked, “wandering between two worlds, one dead, the other unable to be born.”²

“There is a mistaken tendency, encouraged by contemporary economic discourse, to regard the economy as a facet of life with its own laws, separate from the rest of society. But in any modern society, the economy constitutes one of the fundamental and dynamic areas of human sociability,”³ wrote Francis Fukuyama. The other fundamentally important, but less

dynamic, facet is the socio-cultural aspect, whose interaction with the economic facet determines the fate and pace of economic development and social transformation. In fact, no profound economic and technological change is possible without genuine socio-cultural change, and no socio-cultural change is meaningful without economic and technological progress.

Culture is the organizing principle of the social aspects of life in society; economy is the organizing principle of the material aspects of life in society. Since neither aspect can be meaningful without the other, both are needed to form and sustain communal life and give it its characteristics. Therefore, cultural values and economic organization are society's heart and mind. No society can come into existence without either one, and neither could survive on its own without the other, and their compatibility is essential to a healthy life.

Economic Globalization

At the end of the 1980s, Communism collapsed and the Soviet Union disintegrated. This development allowed the proponents of the free market system to declare victory and convince most other nations of the world to follow their lead. Consequently, the process of economic cooperation and integration among companies and nations began its transformation into a process of economic globalization. An expanding free market economy, cheaper and more efficient transportation systems, and faster, more reliable communications systems have caused economies of nations to be linked to each other, forming a global economy. Meanwhile, the internationalization of the major financial and investment markets has made economic globalization a dynamic, self-sustaining, ever-expanding process that recognizes no political borders or national sovereignties. "This triumph has inaugurated—for the first time in the history of humankind—the reign of a single, acceptable way of viewing things in the area of economics, which is considered by its proponents as being universally valid, in both its premises and applications, declared a UNISCO study."⁴ Harvey Cox sees the free market

through the eyes of its promoters as a god; he says, “The market is becoming...the only true God, whose reign must now be universally accepted and who allows for no rivals.”⁵

Since economic change affects societies wherever it takes place, a changing global economy affects the world society, forcing it to experience socio-cultural, socioeconomic and political change. Some of the current manifestations of such change are reflected today in economic restructuring and privatization, in free trade and open investment markets, and in regulations to protect intellectual property rights. It is also reflected in the promotion of human rights, in calls for the protection of the environment and the middle class, in population control, and in the promotion of the principles of democracy and peaceful resolution of conflict. Yet when global economic change moves at a fast pace, as it has been doing since World War II, it causes economic and technological progress to be unevenly divided among states, regions, and even among groups within each state. Consequently, poverty increases, socioeconomic gaps widen and socio-cultural divides deepen in society.

Regions within national borders are able to move in different directions at different speeds according to their potentialities to exploit available resources and historic connections, weakening both economic and cultural links within society. In addition, the circumstances that have enabled regions to move at different speeds are causing income, knowledge, socio-cultural, and socioeconomic gaps in society to widen. And this, in turn, is weakening the desire to cooperate for the sake of a national interest and the maintenance of a common good. Robert Kaplan says: “The traditional social contract that binds all citizens to the common good is gradually becoming an impediment to participation in the emerging global economy.”⁶ Today, only those regions and groups that have the necessary knowledge, the right cultural attitudes, the proper legal and political frameworks, and a solid social and physical infrastructure are able to reap the full benefits of globalization.

Globalization is a process of societal transformation that works to integrate the world’s economies and to tie all peoples, their cultures and problems into a web of relationships that affect their lives and influence their living conditions and futures. As a societal process of

transformation, globalization has its particular infrastructure, superstructure, institutions and rationale. Its infrastructure is the telecommunications and information networks; its superstructure is the international laws, organizations and treaties, particularly those governing the creation and management of economic communities and free trade zones; and its major institutions are the World Bank, the International Monetary Fund and the World Trade Organization. And as globalization evolves, it forces upon the world community industrial specialization and an international division of labor. Adam Smith remarked more than two centuries ago that the division of labor is limited by the extent of the market. Thus, expanding the capitalist market to include all states has caused an international division of labor that reflects the comparative advantages of its participants. While natural resources, populations and environmental settings accounted for most of the economic advantages in the recent past, the major advantage that counts today is the right knowledge and the right attitudes.

In the age of agriculture, particularly toward its end, commerce internationalized many agricultural and non-agricultural products, enabling such products to travel freely across national borders. The age of industry, while reinforcing the old trend, has internationalized capital, enabling it to seek investment opportunities wherever they existed. The fast-emerging age of knowledge is not only reinforcing older trends but also internationalizing technology, information, talent and culture. While these developments have many advantages and bring substantial benefits to the active and knowledgeable participants, they present a problem to the less knowledgeable and to those who are unable to participate in the globalization process.

George Soros, who is critical of the current trends, says, "The benefits of the present global capitalist system can be sustained only by deliberate and persistent efforts to correct and contain the system's deficiencies." (Soros, *Toward a Global Open Society* 20) Soros grouped the deficiencies under five main headings:

1. The uneven distribution of benefits among nations and other socioeconomic classes and cultural groups;

2. The instability of the international financial system and the risks it takes as it reacts to opportunities and crises;
3. The incipient threat of global monopolies and oligopolies that limit competition;
4. The question of values and social cohesion that are being undermined by the forces of the capitalist market; and
5. The ambiguous role of the state, which is increasingly being pressured to help the losers when its ability to do so is on the decline. “The capacity of the state to look after the welfare of its citizens has been severely impaired by the globalization of the capitalist system, which allows capital to escape taxation much more easily than labor can,” Soros wrote. (Soros, *Toward a Global Open Society* 22-24)

Wherever social transformation and globalization were experienced, they have made national cultures weaker and somewhat suspect, forcing them to move gradually toward disintegration into different, largely competing subcultures. They have also made religion in general less sacred and less able to unite its followers and much less able to demand unquestioned allegiance and obedience, except from the fundamentalists and extremists who see religion as the only haven to protect them from the vagaries of globalization and alien cultural values. Nationalism, moreover, has become less of a liberating force and more of a bind that ties people to a dead, largely fictitious past, more able to limit people’s horizon than expand it.

The world economy seems to indicate that globalization has had a positive impact on economic growth. Yet, the world’s social indicators seem to reveal that globalization has had a negative impact on income disparities and poverty levels in most countries. And as poverty increases and the knowledge gap grows within and among groups and nations, socioeconomic gaps widen and socio-cultural divides deepen. One of the forces that have served to accentuate these trends is the infomedia process. Despite the fabulous contributions the infomedia have made in enriching societal life in general, their impact on culture has been largely negative, undermining the social glue that ties societies together. The promotion of a

culture of individualism, pleasure, and unlimited consumption where everything is permitted, is undermining the intangibles that make community a living space for people. In fact, the media, through their entertainment programs and commercials in particular, are gradually destroying the essence of community and the values that served people well for countless generations – values that enabled man through trials and tribulations to make progress toward liberty, freedom, tolerance, human rights, justice, and the pursuit of happiness in a just society. (Serageldin, Science and Technology and the Arab World Today 14)

The media in general, and their entertainment programs in particular, are polluting the social environment and distorting reality, making vice, immorality, drugs, and violence, not just acceptable actions but often profitable enterprises as well, if not respectable virtues. In the United States, for example, an infamous person has a good chance of becoming rich and famous, while an honest and decent person has a better chance of living his entire life in relative poverty and obscurity without getting rich or being famous.

On the other hand, economic change caused by globalization has made competition a valued individual characteristic that colors attitudes toward everything in life, causing social responsibility to weaken and individualism to become more of an ideology. “So many of the rich want to turn their backs on the poor; selfish concerns seem to displace enlightened self interest, wrote William Raspberry.” (Raspberry, Market Idolatry A23) The standard by which economic individualism judges what is sacred in life, writes Robert Theobald, “is money, and the only thing more sacred than money is more money.” (Quoted by Raspberry A23) In fact, individualism, consumerism, and a pleasure culture have made money the gold standard by which the value of all things in life is measured; money is being seen as embodying morality and reflective of both intelligence and success. Thus, economic decisions that affect people’s lives and greatly influence their future are made largely by corporations and managers whose sense of social responsibility is declining, and whose most pressing goal is to make as much money as possibly attainable.

Meanwhile, corporate decisions to relocate or to expand production where labor is cheap

and submissive and where environmental regulations are weak and permissive have fueled competition among states. The desire of some to attract as many companies as possible has caused several problems associated with the early industrialization process in Europe to reappear and persist in many Third World and former communist countries, as well as in a few Western countries. These are serious problems that include the exploitation of child labor, trafficking in human beings, polluting the environment, increasing health hazards, wasting natural resources, spreading slums and ghettos, and most importantly, the ghettoization of certain minorities and minority cultures. In a poor country like India, labor has become largely a disposable item. Workers in large numbers are exploited until their utility is exhausted; then they are abandoned to live in filth and die of hunger and disease.

In such an environment of individualism, lack of social responsibility, money worship, and ignoring if not blaming the poor, inequality is deepening and becoming structural both in the rich and poor countries, as well as between them. Consequently, social mobility has become difficult and often morally hazardous. "We live in a world scared by inequality," said World Bank President James D. Wolfensohn on September 26, 2000. "Something is wrong when the richest 20 percent of the global population receive more than 80 percent of the global income...and when 2.8 billion people still live on less than \$2 a day." (Quoted by William Drozdiak *Protestors Paralyze Prague* A16) In the United States, it is estimated that about 3 million Americans are homeless and 36 million more sleep hungry every night, while about 100 million tons of food is wasted every year.

Adam Smith, who was the first philosopher to understand the dynamics of industrial economy and its social implications, was also the first to observe that economic progress brings with it not only wealth but also income inequality. But this consequence was defended and justified, because without it wealth would lose its true meaning, and the incentive for hard work would disappear. If, for example, the wealth of a nation were to be evenly divided among its members, hardly anyone would be tempted to work for another person, and contentment rather than unfulfilled expectations would govern both economic and socio-

cultural conditions. In other words, total equality of income would retard economic progress and hinder socio-cultural transformation. However, wide income gaps are not the cure. By limiting incomes of the majority of population, income gaps are more likely to reduce potential demand and thus retard economic growth in addition to causing social discontent, envy and class conflict.

On the other hand, globalization of the world economy has enabled hundreds of millions of people worldwide to participate in and benefit from the new world economy and its accomplishments. "The Internet is creating a unique shared global knowledge and communication space, the like of which has never existed before. In 1999, 196 million people spent over \$120 billion on line, and by 2003, 500 million will spend \$1.3 trillion."⁷(Dutta, Market of the Future 22) It was reported that Dell Computers sold in 2000 about 35,000 computers in one day. People with money to spare or an idea to sell, even those who reside in faraway places, have gained an opportunity to invest in the global economy, to trade globally and reap some of the rewards of globalization. The Internet, in fact, has created a totally new labor and commercial markets that know no borders and respect no national sovereignties. "E-Commerce is creating a new and distinct boom, rapidly changing the economy, society, and politics, [where] there are neither local companies nor distinct geographies. (Drucker, Beyond the Information Revolution 50-51) In fact, "The explosive emergence of the Internet---is profoundly changing economics, markets, and industry structures; products and services and their flow; consumer segmentation, consumer values, and consumer behavior; jobs and labor markets. But the impact may even be greater on societies and politics and, above all, on the way we see the world and ourselves in it." (Drucker, Beyond the Information Revolution 47)

As the age of knowledge advances, it expands our opportunities on the one hand and challenges our basic and most revered values on the other. By the year 2020, the new age of knowledge will have become dominant in several countries and within countless groups. Satellite communications will have become available everywhere, and sophisticated knowledge will be accessible to everyone who can afford it. People will have easy access to computers

capable of computing in a second what takes humans today more than 250,000 years to compute. The mapping of the human genes will give us the ability to manipulate our own genes as well as those of plants and animals, thus enhancing our capacity to influence the physical characteristics, the life span, and levels of intelligence of humans and animals alike. A new complex society and a new, highly diversified culture will emerge, changing life's reality and people's perceptions of it drastically.

The transitional period we live in today has made complexity, diversity and dynamism the main characteristics of the emerging knowledge society. Complexity will cause systems to fail, forcing them to restructure continuously; diversity will deepen socio-cultural divides and socioeconomic gaps in society, creating and recreating balances of power continuously and instantaneously. Dynamism, meanwhile, will make both change and conflict unstoppable but largely unnoticeable process that affects human values, interests, and relationships at all levels, at all times. As a result, planning has become less effective, balances of relationships contingent, and both the state of living and the way of living fluid and difficult to define. No strategy, no ideology, no system, no plan, and no state, therefore, is able by itself to manage national or global change, and past experience is no longer able to explain the present or predict the future with any degree of certainty. History therefore has not ended; only its role in charting the course of the future and predicting its outcome has ended. Nevertheless, a new history is slowly emerging with its own logic and rationale to lead the way to change.

The Agricultural Revolution was the force that caused the transformation of the tribal society and its culture. The agricultural mode of production, or the farming and settling of the land was the vehicle through which the tribal society, its social and economic structures, and its culture were transformed. Tribal societies that resisted change and grew more protective of their traditions and traditional ways of life have remained grounded in a primitive tribal civilization and, consequently condemned themselves to economic and cultural backwardness. Likewise, the transformation of the agricultural society and its culture and way of life was caused by the industrial revolution. The new capitalist mode of production, or the new way of

organizing industrial production in specialized firms was the vehicle through which the agricultural society, its social and economic structures, and its culture were transformed. The agricultural societies that resisted change and grew more protective of their traditions and traditional ways of life have remained grounded in an agricultural civilization and thus condemned themselves to economic, scientific, social, political and cultural backwardness, as well as to increased dependency on the industrial society.

Now, the transformation of the industrial society, its culture, its social and economic structures, and its way of life is caused by the knowledge revolution. The new mode of production represented by the production and marketing of information, economic globalization, venture capital and the Internet is the vehicle through which the totality of life conditions in industrial society is being transformed. Societies that are resisting change, fighting globalization, restricting access to the Internet, and calling the new wave of values and lifestyles “cultural imperialism” are being left behind; they are forcing themselves to remain grounded in pre-knowledge times in a state of relative backwardness and growing dependency.

Concluding Remarks

In concluding this paper, I wish to reiterate that each *stage* of human development represents a unique civilization that comes after a difficult and sometimes long transitional period. Transitional periods, viewed from a wide angle, represent discontinuities in the historical process. They tend to be workshops for destructive creativity, where creativity is a tool of destruction and destruction is a precondition for creativity and reconstruction. Destructive creativity makes it always easier to explain emerging situations than to control them or predict their outcomes.

During transitional periods and periods of profound change, relationships among institutions and systems in society tend generally to become chaotic, causing older rules and regulations to become less effective. Older theories of thought and models of analysis become outdated before new ones can be developed to deal with the changed situations,

causing confusion and oftentimes loss of direction as well. At such times, intellectual creativity and activity is usually encouraged to go beyond the known and traditional. Such activity and the new ideas it usually produces often lead to the undermining of the traditional wisdom and its historical logic and to the appearance of new ways of thinking and worldviews.

Each civilization has produced its own larger culture with several shades that resemble each other but are not identical. Consequently, all societies living in the same civilization have had, and continue to have similar cultures. Cultures, unlike civilizations, are particular, not universal, and each culture therefore belongs to the people that developed it and traces its roots to the civilization that produced it. Because of this particularity of cultures, communications between cultures produced by one civilization have always been easier than communications between cultures produced by different civilizations. Latin Americans, for example, have less difficulty communicating with each other than with North Americans, while the latter have an easier time communicating with Europeans than with Asians. Third World nations in general, whose cultures are products of a largely agricultural civilization, find it easier to communicate with and understand each other than to communicate with and understand either the Europeans or the Americans. Communicating between cultures produced by different civilizations, therefore, must be understood and defined as communicating across civilizational lines.

As each new civilization got established, the preceding one and the societies living in it could not successfully challenge, or compete with, the societies of the new civilization and, consequently, the former became dependent on the latter. Older societies and civilizations were made to acknowledge the superiority of the new civilization, adopt some of its institutions, imitate certain aspects of its way of life, and accept dependency on it, or retreat into their own civilizational shell and deteriorate slowly into irrelevance. The history of each stage, as a result, had to end with the transitional period, which marks the end of one history and the beginning of another, each of which has its own logic and dynamics and is relevant only to its own societies and times.

Societies and regions belonging to the “First World” of knowledge have economies that are rich, very dynamic and increasingly high-tech and service-oriented. Societies and regions belonging to the “Second World” of industry have economies that are somewhat rich, somewhat dynamic and largely manufacture-based. Societies and regions belonging to the “Third World” of the pre-industrial age have economies that are mostly agricultural, traditional, largely stagnant and poor, and lacking in dynamism. It is clear, therefore, that the state of the economy in society and the degree of its dynamism shape society’s culture and determine its standard of living and place in the world, and not the other way around.

People living in the First World of knowledge tend to be free, individualistic and materially oriented. The economy where they function and excel is dominated by a service sector based on advanced knowledge and caters to the world at large. People living in the Second World of industry tend to be nationalistic and communal, allowing ideology to influence their attitudes and thinking. Politics and the nation-state play an important role in their lives, they provide and largely define the framework within which economics function. As a result, politics and economics are forced to cooperate to shape national strategies and to compete to gain the upper hand in society. And this, in turn, allows economics to use its wealth to gain more political influence and permits politics to employ its power to gain more wealth.

People living in the Third World of agriculture tend to be traditional and religious, allowing ideology and ethnicity to shape their attitudes and worldviews and to define their social relationships. Politics is hierarchical and plays an important role in their lives, providing and defining the frameworks of social and economic relationships and activities. As a result, politics dominates economics, and political power is used to control economics and employ it to serve the ideological superstructure and the elite in society. The politics of unity is preached, social and cultural conformity is imposed, and personal initiatives and freedoms are discouraged, sometimes suppressed outright.

Wherever a materialistic culture of individualism and money prevails, life is dynamic and freer, but not necessarily fair or respectful of morality; and wealth generating is self-sustaining

and self-fulfilling process that cares little about community, the common good and most other causes. Wherever a nationalistic culture prevails, life dynamics are self-centered and progress is seen more in political and cultural terms than in economic ones. And wherever culture is value-oriented and faith-based, people are placed, often comfortably, on a downward moving escalator, while their neighbors and competitors are either holding their positions or moving upward the socioeconomic and sociopolitical ladders.

Although economic structures and relations of production tend generally to determine the quality of life in society, such structures and relations are largely a function of both culture and technology. Culture sets the priorities and leaves the burden of achieving them to economics and technology; economics in turn forces culture to rethink its priorities and restructure its values and attitudes. “The rich are never rich enough . . . to have enough is simply to be content with what you have rather than to have what you want. When wanting comes first, you can never have enough. If contentment is placed first, it does not matter how much you have,” wrote Richard Van Doren. (Van Doren, *A History of Knowledge*)

Globalization is a process of economic integration and socio-cultural and socio-political transformation that covers the entire world; no one country or group can control this process or avoid being influenced by it. Communications and information, the diffusion of knowledge, and the migration of talent are the tools that facilitate and foster globalization and make it a continuous process that knows no limits or boundaries. For the very first time in history, equality of opportunity has been made by globalization truly global rather than national. However, not every one, or every group, or every nation or organization in the world knows this fact; and, because of this, only a minority of the world’s population is able to benefit from globalization.

People who understand the nature and implications of globalization and, at the same time, are willing to play by its rules are destined to reap most of the benefits. Others who allow themselves to be placed in the way of globalization without preparing themselves for its eventual arrival are likely to experience more pain than gain. People who feel threatened and

rather content and move to resist the current trends of change are destined to miss the train of time. They will soon discover that waiting for a special train to arrive to their hamlets is a waste of time and valuable, often irreplaceable resources. Contentment, which such a people usually feel, often reflects poverty and submission rather than wealth and self-confidence. Meanwhile, smartness that political and cultural leaders sometimes exhibit is more likely to reflect corruption and deception rather than intelligence and commitment to a common good.

Globalization today is the most fundamental geopolitical change; understanding its forces and possible consequences is a difficult, but indispensable challenge that we must face. We have no choice but to face the challenge of globalization and understand the logic that governs its forces and direction. Understanding the potentialities and geopolitical implications of globalization will help us exploit the opportunities it opens, influence the direction it takes, and give it a human face and, hopefully, a social conscious as well.

The people who work with knowledge and are engaged in the development of science and technology bear a special, extremely important responsibility. They need to make themselves understood by those who have little knowledge, make knowledge accessible to those with little money to buy it, and make knowledge itself capable of addressing the particular needs of those who need it most but can afford it and use it least.

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