



Full length Article

Does patriotic vigilance make any sense in the transnational arena? A cosmopolitan alternative to the globalization paradox



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ARTICLE INFO

Article history:

Received 8 May 2014

Received in revised form 19 October 2015

Accepted 22 September 2016

Available online 28 September 2016

JEL classification:

F02

F23

F60

B1

Keywords:

Transnational arena

Alstom saga

Globalization

Transnational capitalist class

Patriotic vigilance

ABSTRACT

We address the issue of the relevance in the transnational arena of the concept of patriotic vigilance, as expressed by French Minister Arnaud Montebourg in 2014. Firstly, we examine the globalization paradox with its underpinnings in the literature and its illustration through the recent Alstom saga. Secondly, we review the idea of a paradigm shift in world monetary affairs signaled by the recent crisis. Finally, drawing on Kant's ideas on cosmopolitanism, we sketch out an alternative to the globalization paradox.

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1. Introduction

The withering away of the State (Navari, 1991) is an oft-discussed theme in international relations and international political economy today. It is sometimes overlooked that the phrase was originally coined by Engels (1939 [1878], emphasis added) in a very different sense.

The interference of the state power in social relations becomes superfluous in one sphere after another, and then ceases of itself. The government of persons is replaced by the administration of things and the direction of the processes of production. The state is not “abolished,” *it withers away*.

The decisive economic weight of transnational corporations in the global economy has been outlined on numerous occasions (Chase-Dunn, 1998, 1999; Arrighi, 2000; Sklair, 2002a, 2002b; Kentor, 2005). It “has placed their owners, managers and representatives in a highly privileged position to shape the political and regulatory landscapes of both developed and developing countries” (Buch-Hansen, 2012). In the name of economic efficiency, should decision-making power in the global economy be left to unfettered markets, with States playing a mere subordinate function? For, the answer is not clear-cut:

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We need to tackle head on the common Anglo-American view that ‘government can’t pick winners’. The quick answer is that governments can pick winners, and the private sector can pick losers. State investment banks have been successful elsewhere (and in fact in the past, in the UK), and we can learn from these experiences. Take, as one example, Germany’s KfW [Kreditanstalt für Wiederaufbau], which has nurtured the German Mittelstand of companies since the late 1940s without additional injections of capital. [. . .] The theory that capital allocation should always be left to the markets is valid only under ideal conditions. In the world of second bests we must compare what publicly-directed investment might do with what the private capital market actually achieves.

On 23 April 2014, Arnaud Montebourg, France’s Minister of Industrial Renewal commented on the debate surrounding Alstom, shortly before its very likely acquisition by US headquartered transnational corporation General Electrics ([Le Monde, 2014](#)):

Alstom is the symbol of our industrial power and French know how. In this case, the government expresses *patriotic vigilance* and concern. This high vigilance pertains to the serious threat of losing a decision-making centre, the desire and necessity to strengthen our French industrial base, by obtaining industrial back-sourcing in France, and the number of jobs lost or created in these operations¹.

The term “patriotic vigilance” was restated by the French Government (2014, Internet) two months later, along with a list of conditions explaining how it would be guaranteed.

In this article we address the issue of the very meaning of patriotic vigilance as expressed by Montebourg. In a first part we address the globalization paradox with its underpinnings in the literature and its illustration through the Alstom saga. Secondly, we review the idea of a paradigm shift in world monetary affairs signaled by the recent crisis. Finally, drawing on Kant’s ideas on cosmopolitanism, we sketch out an alternative to the globalization paradox.

2. The globalization paradox

Hereby, we define the globalization paradox as the emergence of a world economic order dominated by transnational corporations from an international business perspective and structured around nation-states from a geopolitical standpoint. In a first section, we review the relevant literature before considering how the Alstom saga and the recently adopted national pact for growth, competitiveness and employment in France, shed light on the debate.

From a conceptual standpoint, globalization has sometimes been deemed ill-defined or lacking substantial insight ([Held et al., 1999](#)). Yet, progress has been made and emerging definitions have shed light on theoretical debates. The [IMF \(2000\)](#) hence states that

Economic “globalization” is a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through trade and financial flows.

The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders. There are also broader cultural, political and environmental dimensions of globalization².

No matter how useful, the above definition should not mask the numerous theoretical strands in the globalization literature. Without the pretention of being exhaustive, we briefly review hereafter hyperglobalism, world-systems research and the transformationalist view.

An historical evolution of capitalism has put TNCs centre stage. The concept of production has been transformed and even revolutionised by the global shift towards transnational production and globalization. Despite the claim of hyper-globalists ([Ohmae, 1995](#)) who argue that TNCs are converging towards a universal global (and stateless) corporation, this scenario has probably been largely exaggerated. As [Dicken \(2003, p.221-7\)](#) pointed out, the myth of the place-less corporation is challenged by a series of quantitative tools such as the Transnationality Index demonstrating that TNCs [. . .] remain distinctively connected with their home base ([Dicken 2003, p.225](#)). However, it is impossible to neglect the fact that the weight of TNCs has risen exponentially and is reshaping world economic output in a dramatic way. Critics of the hyperglobalist view argue that it is simply trivial to dismiss any near-future scenario of a demise of the State ([Navari, 1991; Singh, 2001](#)).

World-systems research is a historical and economic approach to analysis and a global perspective on social change. [Wallerstein \(2004, p.98\)](#) defines a system as —literally, some kind of connected whole, with internal rules of operation and some kind of continuity. World-systems research posits the existence of a world system, whose nature is mainly organic and evolutionary, but cannot be scaled down to elementary building blocks composed of nation states. While the existence of an interstate system is acknowledged by world-systems research, the latter is permeated by a number of influencing institutions, such as transnational corporations and supranational organizations.

For [Arrighi \(2000, p.118\)](#),

with the growing number and variety of corporations that organize their profit-making activities across state boundaries, the idea that the emergence of a system of multinational corporations undermines the power of states has been around ever

¹ Alstom est le symbole de notre puissance industrielle et de l’ingéniosité française. Dans ce dossier, le gouvernement exprime une préoccupation et une vigilance patriotiques. Cette haute vigilance se porte sur le risque sérieux de perte d’un centre de décision, sur le désir et la nécessité de renforcer notre base industrielle française en obtenant des relocalisations industrielles en France, et sur le nombre d’emplois perdus ou créés dans de telles opérations ([Le Monde, 25 April 2014](#)).

² <http://www.imf.org/external/np/exr/ib/2000/041200to.htm#II>.

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