Globalization: the increasing interconnectedness of people around the world
so that events in one place, or in one group or culture affect people in distant places, or other
groups or cultures

There are many processes that create this increasing interconnection and contact
One of the overarching, driving processes is the growth and spread of a capitalist world
system (I’ll define those terms later today)
which leads to colonialism, wars, refugee flows…
labor flows, outsourcing, multinational businesses…
increasing communications, shared music, movies…
global marketing
and many other globalizing processes that bring people of different cultures into
interactions with each other…

Robbins argues that capitalism is really just another, new kind of culture: the culture of
capitalism
Like all cultures, the culture of capitalism is a suite of arbitrary cultural constructs
not given by the real world
but rather an ad-hoc consensus
a bunch of ideas that many people share and have learned from each other
The beliefs, rules, values, etc. of the culture of capitalism are built around beliefs that
acquisition and consumption as the source of well-being
material standard of living is extremely important
at least sometimes even more important than freedom, dignity, health…
It defines 3 general roles for people:
consumer
buys and consumes goods and services
has infinite wants (is never content, would always be happier with more or better things
to consume)
laborer
only form of support is exchange of own labor
capitalist
invests capital (wealth) to make profit (more wealth)
most people play two or all three of these roles at various times
all seek money and interact through it
The 3 roles are embedded in the nation-state
which mediates through laws and enforcement
ensuring that people respect private property and comply with contracts, limiting abuses,
guaranteeing the currency, keeping the peace, etc.
nation: an imagined community of people who feel solidarity with each other
(nationalism) and seek autonomy for their community
- more on imagined communities later in the course…
- **state**: a political organization with territorial boundaries, a hierarchy of authority and power, and a **monopoly on the legitimate use of force**
  - we could spend a lot more time on this concept, too
- theoretically, modern countries are nation-states
  - but in reality, boundaries of nations and states only align very imperfectly
  - many nations don’t have their own state, and are divided among multiple states
  - few states include just a single nation
  - so states have to work hard to create patriotism (identification with the state), overcoming the cross-cutting loyalties of nationalism (identification with the nation)…

- We are so immersed in this culture that it seems obvious, necessary, even the only possible way
  - we tend to think that everything has a price
  - that everything (education, fun, marriage, children, health, security, comfort, contentment, happiness) can be purchased
  - everything is a **commodity**: a thing exchanged for money
  - so much so that the US government could seemingly reasonably calculate the dollar value of every life lost in the World Trade Center and reimburse the survivors accordingly
  - we tend to think this is the only realistic, universal, scientifically correct way to look at life
  - anything else is naïve, ignorant, cannot work in the long run
  - we think an objective view of life could only be this way

- But this is *not* natural or inherent to humans; it is not the only way people have lived
  - most people in the history of the world have NOT emphasized consumption
  - most have NOT worked hard to accumulate ever more wealth
  - most have NOT seen life as being largely about exchanging money
  - most have mainly made and consumed what they needed, rather than working for money to exchange for goods
  - the commodified, capitalist view is very much a cultural construct

- This construct has a bizarre property: the society has to continually expand
  - Ernest Gellner called it “the society of perpetual growth”
  - If our society just produced the food, clothes, etc. that we consumed,
    - then each year’s production would equal its consumption
    - each year would start with the same amount of value overall as did the previous year
    - a steady state, with no growth
  - But in the culture of capitalism, the amount of production and consumption must constantly grow or the system collapses
    - so the amount of money in the system must grow
    - why?
  - Because capitalism is based on profit
    - Capitalists seek profit; that is their moral, cultural role
    - **Capital**: wealth used to make more wealth
  - Capital makes more capital by being invested, that is, by being loaned at interest
− investors lend you capital to build a factory
− you build it, make widgets to sell at a profit, and repay the loans with interest
− even if you use your own capital, you will only spend it on the factory if you think you will get it back plus a profit
− essentially a loan to yourself, to be repaid with interest
− The whole system must grow: constantly create new value
  − in 2011 there is “x” capital in the world system
  − in 2012 there will be “x” + the profits of 2011 = more
  − new value must constantly be created somehow
  − otherwise there would be no reason to invest (lend)
  − businesses could not run without loans to buy materials, equipment, etc. that will only make a profit later
  − goods would not be created and consumed… collapse!
− Concretely, the system has to grow (constantly create more value), in order to
  − 1. pay interest on all those loans
  − 2. pay the principle on the loans if the money loaned was “credit money” created by banks
− Let’s start with the simpler reason: interest
  − I need raw materials or a tool for my business, but don’t have enough money to buy it
  − I get a loan, which I will have to pay it back plus interest
    − so I charge my customers that much more
    − so they have to earn that much more by producing more
  − since lots of people (and businesses) take out loans each year,
    − the system overall has to produce enough more than the previous year to repay all those loans with interest
− Now the other, and bigger, reason: credit money
− banks are allowed by the state to lend more money than they have in deposits
  − (regulating the percentage of loans they can make relative to deposits – their “capitalization” – is one of the ways that the nation-state tweaks the system to keep it smoothly producing profits)
  − you deposit $1 in the bank
  − the bank lends me $9, which are really just numbers in their books
  − the bank hopes that only a few people at any given time will actually demand a cash withdrawal
  − this effectively creates new money in circulation
    − “credit money”, or simply a promise by the bank to pay depositor in the future when they withdraw their money
    − based on a promise by borrowers to pay back the capital and the interest of their loans
    − neither of which actually existed at the time of the loan…
  − eventually, I have to repay the loan with interest: $10 in cash
    − that actual value had to be created somehow, somewhere
    − “actual value”, “cash”, and so on are tricky concepts that we won’t pursue here
− again, since lots of people take out loans each year,
the system overall has to produce enough more value than it did in the previous year to pay for all that new “credit money” that simply did not exist before

− How can more stuff (new value) be created?
− by converting non-monetary things into things that can be sold for money
− converting
  − trees into lumber
  − underground rocks into metal
  − quartz sand and rare earths into microprocessors
  − tasks like child care by parents into services that are paid for
  − farm labor
    − done for family consumption (no money, no loans, no interest)
    − into paid labor producing food for sale (creating profit, paying interest, resulting in growth in the total value or amount of money)

− As long as it keeps growing, the system works
− Banks create money through loans
− Borrowers (especially businesses) use it to buy ever more stuff
− Ever more stuff is produced
  − partially by converting things that were not salable into things that are, or that are salable for more than they were before

− This endless growth has led to
  − real advances in wealth and living standards
  − advances in technology
  − but also environmental and social problems
  − but growth is evidently is not sustainable indefinitely…

− The point for this class: Perpetual growth leads to globalization
− perpetual growth requires seeking ever more non-monetary resources to convert into money
  − like natural resources: hence globalizing processes of
    − colonialism
    − international mining, logging, transport, etc. of resources
    − resource wars bring people into contact, flows of refugees, etc.
  − like shifting labor for direct family consumption (non-monetary) to labor for pay
    − get people to stop producing their own food, and start working for wages and buying food, clothes, TVs, etc.
  − hence globalizing processes of
    − labor migration from rural areas to multiethnic cities
    − labor migration from one region to another; outsourcing
    − opening new markets through global advertising…
− Perpetual growth means no group or place is left alone, outside of the system
  − a society based on the culture of capitalism has to keep expanding, incorporating any natural resource, pool of labor, or potential market that is still untapped
  − eventually, the entire globe is sucked into it

− Could it be otherwise?
− Yes -- and it has been for most of history
− Say people lived in large groups with a sense of responsibility towards each other
  − like large extended families or networks of kin
  − with economic exchange based mostly on
    − **generalized reciprocity**: everyone just shares, without keeping track (except sanctioning obvious slackers)
      − as you probably do within your own family
    − **balanced reciprocity**: people give something expecting something comparable in return later
      − as we do in exchanging birthday gifts or doing favors for friends
  − both give people access to resources, just like loans
  − but with no interest, no credit money, so no growth
− Participating in generalized or balanced reciprocity *is* in the individual’s self interest, just as capitalism is
  − people are still looking out for their own needs, just thinking about it in a different way
  − participating in generalized and/or balanced reciprocity ensures that the person can count on others in the future
  − and that he/she does not face social sanctions
  − ...assuming that everyone
    − knows the rules and roles involved (what to do and how)
    − shares the necessary sense of responsibility
    − believes that this system is legitimate: normal, right, natural
    − and expects it to continue (can depend on it in the future)
  − that is, it has to be part of the culture
  − just as getting and paying back loans with interest only works if it is part of the culture
    − if people feel obliged to pay back, and simply do, it works
    − if they often have to be forced to pay back, who would lend?
  − this is part of the current crisis: people are increasingly choosing not to pay back home loans which have become unfavorable to them
    − without a shared understanding that one simply must repay loans, lenders are more reluctant to lend
    − loans are harder to get, and the economic system freezes up…
− This alternative is not merely hypothetical
  − Large groups with generalized or balanced reciprocity are typical cultural features of
    − foragers
    − farmers in simply organized societies
    − the norm for most of human history
    − studied a lot by anthropologists and archaeologists
  − Again: the point is that capitalism and perpetual growth are simply cultural constructs
    − not necessary features of existence
− Another result: development of the “**world system**”
  − a model suggested by Immanuel Wallerstein
  − the entire world is organized as a wealthy **core** surrounded by a poorer **periphery**
the core controls most capital, manufacturing, finances, and has the military power to get what it wants
the periphery is exploited for resources and labor, and has to buy its goods from the core
A good model for the 19th and much of the 20th century
But is the world today too interconnected for this model?
Is China core, or periphery?
still a useful framework, but must be applied with caution, acknowledging the complexity of the modern situation

Robbins: the culture of capitalism was *constructed*
he traces the construction of the consumer
first in the core, then exporting the concept to the periphery
involving
changes in retailing and advertising
government programs promoting consumption, home buying, etc.
sale of addictive substances like opium, alcohol, tobacco, coffee, chocolate…
even wars to force open markets, as in the opium wars by Britain in China
all about creating new demand in order to sell ever more
to make profit on ever more sales, to pay interest on capital to investors
construction of free labor
that is, workers who will take paid jobs
because they cannot satisfy their needs with their own hands
because they have lost (often been forced off of) their land, so they can’t raise their own food
because they have been convinced that consumption leads to a better life, and they need money from paid work to buy those goods
involving
colonial rule and wars to take land by force and drive off subsistence farmers
laws divvying up communal lands to individual owners, who can then be bought out by wealthy investors
competition from mechanized farming that makes it impossible for small farmers to compete and survive
encouraging production of cash crops (crops for sale rather than consumption) financed by loans,
so when a bad year hits and the farmer can’t pay back the loan, he/she has to sell the farm
usually to a large landholder, who will pay laborers, maybe even the former owners, to work the land for the new owner’s profit
all about creating workers who will produce more value than the amount that they are paid
which creates the new value that will be sold, to pay interest on capital
also creates more consumers, since they no longer produce for themselves
construction of the capitalist
starting with traders
− development of widespread loans, investment, and the Dutch East India Company (VOC) in the Netherlands, quickly followed by the British East India Company and others
− origins of the need for perpetual growth
− development of factory production
− purpose: to make profit from investing capital
− ever greater role of capital:
  − first just enough to buy products made at home by cottage industry
  − then more to “put out” materials
  − then more to provide equipment
  − then more to centralize and control labor in a workshop or factory
  − then more capital to mechanize
− first due to reducing inefficiencies due to moving small amounts of materials and products to and from many homes
− then to organizing and systematizing the processes
− finally to using machines to replace some of the labor
− all ways to use capital to produce ever more value
− imperialism to gain access to more resources and markets
− this was all a historically specific process that created
  − beliefs, values, morals
  − social organization, political and military organization, etc.
  − that allow and encourage almost anything that makes a profit
  − seeing it as an overall good for everyone
− all this growth brought people together
  − often for the worse
− so the general process of globalization
  − driven by the perpetual growth required by the culture of capitalism
  − plays out in specific ways, in particular places
  − which set the stage for present global relations, attitudes, assumptions…
  − this is the view of historical particularism
  − that you have to know the particular history of a case to fully understand it
  − each case is unique
  − general principles, though useful, only get you a partial understanding, or may even lead you into mistaken understandings
  − the first round of Case Team presentations will look into the historical, particular processes that brought cultures together and structured their relationships in each case
− Robbins warns of one of the many dangers of this perpetual growth of consumer capitalism: the danger of creating desires that cannot be satisfied…
  − leading to a backlash of anger at the obvious inequality and injustice
  − rejection of the culture and values of capitalism
  − fundamentalism (religious, ethnic, and others) in its place
  − xenophobia, terrorism…