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## 31 Globalization

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According to the *Oxford English Dictionary*, globalization is the act of globalizing. The verb 'globalize', in turn, is defined as 'to render global'. Recently, more emotional, but similarly imprecise, definitions have reverberated through the streets of cities hosting meetings of international organizations. According to the sound bites of the evening news, current international trade, financial and investment regimes have promoted environmental degradation, exploitive labour practices, poverty, cultural degradation and cultural homogenization. The discourse at both the street and analytic levels has suffered from the inherent fuzziness of concepts like culture and diversity. Embedded within this broad discourse is a debate about whether national policies should oppose or encourage the exchange of cultural products and services internationally. There are economic imperatives 'to render global' the high and low arts and political pressures to reduce that rendering.

### **The many dimensions of cultural globalization**

Technological innovations have continuously generated new media and distribution channels and reduced the costs of existing ones. The technologies have rapidly spread around the globe and affected the production and dissemination of cultural products domestically and internationally. The movie industry, for example, has always had an important international component but its nature has changed significantly over time. When the distribution of movies through cinemas dominated, prints in large metal cases were 'bicycled' from theatre to theatre and customers walked or drove to theatres. Today, films are most frequently seen on television at home. Satellite transmission, digitalization and compression have reduced the costs of distributing a movie from broadcaster to cable system or directly to the viewer. The daily offerings of movies on a modern cable system and in video stores are exponentially higher than those at all the cinemas in the most sophisticated city, 30 years ago. With the new technologies, simultaneous showing of the same film globally is as economical as a staggered release. Digital files of films in DVD format are also available on the Internet and a film can be transferred from one corner of the world to another while the recipient sips a coffee. Storage on a hard drive gives the viewer control over timing of viewing. As a result,

films that once enjoyed only parochial support reach a broader international audience.

Scale economies, public good attributes and correspondingly low costs of reaching a broader audience encourage suppliers to extend the marketing of cultural products. This imperative explains the ubiquity of popular music, books and television programming as well as the global availability of high cultural content. The local cognoscenti attend live classical concerts in major cities. Others from the same cities and those from more isolated places around the world can enjoy the same music through recordings or radio. Operatic and theatrical works and adaptations are licensed internationally. The theatre of Dario F6, the Italian playwright, for example, had been enjoyed in 54 countries when he won the 1995 Nobel laureate in literature. Something of Italy became available abroad and was enjoyed by a small set of people in many countries. Rendering global has contributed to both homogenizing and significantly broadening the menu of music, film, programming and literature in every country.

The critical creativity in the cultural industries is artistic and interpretive. An uneven flow of creative shocks triggers the following sequence: individual and community assessment; acceptance, modification or rejection; and, if accepted, attempts to integrate the new into the existing cultural matrix. Some old works disappear from the cultural canon while others are rediscovered and complement the new. The collective cultural memory grudgingly adjusts. Foreign roots may promote but are more likely to hinder acceptance of innovations. If there is a suspicion of outside influences, foreign roots may even be 'manufactured' by nationalistic opponents of an innovation. For example, W.B. Yeats, Lady Gregory and John Millington Synge established the National Theatre in Dublin to perform Irish plays written or translated into English. In accepting his Nobel prize, Yeats describes the media reaction to one of their productions:

One play was violently attacked by the patriotic press because it described a married peasant woman who had a lover, and when we published the old Aran folk tale upon which it was founded, the press said the story had been copied from some decadent author of Pagan Rome. (15 December 1923)

Cultural services are distributed directly as well as embodied in books, recordings, films and broadcasts. Composers, performers, actors, directors, conductors, and other creative professionals travel widely to serve their audiences. Musical groups, from rock bands to symphony orchestras, tour internationally and successful popular musicals are 'franchised' to serve major cities in the relevant language market. Cultural sites are major attractions for tourists who 'come and go, talking of Michelangelo'. Although the Campidoglio cannot readily be transported abroad, the collections of

great museums and private collections travel. An improbable example is the joint venture between the New York's Guggenheim Museum and St Petersburg's Hermitage to provide paintings for a gallery in the Venetian, a Las Vegas hotel and casino complex.

Uncertainty of demand and the hazards of transforming concepts into attractive works make marketing and luck critically important in separating success from failure for cultural products and activities. The commercial success of hits is disproportionately greater than that of works of similar promise that disappear without creating a communal 'buzz'. Hope of triggering a hit motivates large marketing, advertising and promotion (MAP) budgets for feature films, novels by noted authors, high budget television shows and new recordings of popular music. Residual uncertainty is high despite large MAP expenditures and experienced management. Since the assessments of outsiders are much less precise than those of insiders, most banks shy away from financing expensive cultural productions such as feature films. The distributor is the main 'inside' source of finance for films, and government agencies the principal 'outside' source. Each film distributor searches for new projects guided by an idiosyncratic network of domestic and international informational sources. These inside financing networks cross borders in unpredictable ways. Book publishers and recording companies similarly search out and finance promising novelists internationally. Cultural funding of the performing arts has its international dimension. Individual foreigners and foundations have supported the refurbishing of cultural institutions in other countries. For example, Alberto W. Vilar, a Cuban-American opera enthusiast, has provided significant support to restoring St Petersburg's Kirov theatre and maintaining its ballet and opera companies, and to the Royal Opera House in London.

Organizational creativity also travels. Ideas and contractual practices diffuse among countries through trade, investments, strategic alliances, festivals and conferences, as well as informal communications among artists and professionals. Subsidiaries and foreign offices of smaller firms, long-standing contracting relationships, and strategic alliances are other conduits of a rich array of commercial organizational practices, developed to deal with the idiosyncrasies of the cultural industries. Not-for-profit organizations have also nurtured connections and disseminated know-how internationally. For example, the Solomon R. Guggenheim Foundation cooperated with authorities in the Basque area of Spain to create the Guggenheim Museum in Bilbao. The Basque authorities financed the building of the Frank Gehry design and covered operating expenses. The Foundation contributes its collections, special exhibitions and experience in museum administration and management.

Less visibly, ideas and concepts travel among creators through their

works as well as by direct communication. Such interconnections are ubiquitous and have unpredictable patterns. The Japanese artist, Katsushika Hokusai, died mid-way through the nineteenth century. Within a year of his death, Paul Gauguin was born on the other side of the world. Hokusai influenced Gauguin through his prints, which had become available in France. A hundred and fifty years later the Brooklyn Museum of Art is hosting a show on the influence of Japanese Anime animation on contemporary art at home and abroad.

### **Cultural homogeneity, openness and protection**

Some observers consider that increased trade in cultural goods and services has increased cultural homogeneity, while others conclude the opposite. These apparently conflicting views can be reconciled. Consider a small country that chose cultural autarky. The smaller the country the less economies of scale will be realized within its borders and the more costly is achieving diversity in cultural production. A small isolated economy can only afford a few cultural experiments, will have fewer successes and be limited in its choices. Autarky generates a hierarchical diversity in opportunities among countries, depending on size. If policies are open to cultural exchange, each country, large or small, can gain access to the world menu. Opportunities are more homogeneous but the scope for individual and communal diversity is broad. If one accepts that trade does not impose but enables, homogenization is chosen, not coerced. The gains from having broader options are larger for small countries. Symmetrically, small countries lose more if they have to adjust to a collapse of a liberal trading regime in cultural goods and services.

If trade is voluntary, the argument for economic liberalization is persuasive, but what is the right amount? Economists often support free trade based on the first welfare theorem, but that argument is inapplicable because of the cost conditions and informational problems faced by the cultural industries. There is no scarcity of applicable models, each with different policy implications that could be applied. Unfortunately, given the quality of data and the subtlety of many of the relevant concepts, the profession cannot empirically distinguish among them. As a result, the case for openness rests on some time-tested themes rather than a particular model of imperfect competition. Open borders counter the adverse effects of concentrated production at home, increase choice for consumers, and stimulate business, professional and artistic creativity and performance.

Those that support protection stress other aspects of cultural trade. Few dispute that the cultural industries differ from other economic activities in shaping individual and community development. Unfortunately, there is no consensus on how this process operates and its implications for policy,

except for the responsibility to protect children from detrimental content. Nonetheless, this linkage is effectively mobilized to support discriminating against foreign content. Small countries with a distinct language worry about the temptation for their citizens to enjoy the more diverse cultural products in a major foreign language and erode support for projects in the domestic language. Domestic manufacturers making consumer products have also complained that the products of foreign rivals receive 'free advertising' in foreign television programmes, films and novels. As the industry has become internationalized, this country bias has been reduced. Producers of large budget films are willing to 'auction' the featuring of particular products and suppliers from around the world. A common concern is that media imports provide individuals with a distorted view of history and current affairs. In particular, the dominance of international trade in mass media of the United States disseminates an American perspective on events to viewers around the world. Americans, who are currently reeling in the wake of devastating terrorist attacks and hearing television pundits analyse why the United States is not better liked abroad, might question the efficacy of Hollywood's fare as national propaganda. Viewers and listeners abroad seem quite capable of putting an unexpected counter-spin on what they see, hear and remember.

### **Formal global governance**

After World War II, international restrictions on trade in goods and investment were liberalized and comprehensive integration occurred on the regional level. Despite that liberalizing momentum, most countries maintained an array of measures to protect their cultural industries. The GATT (1948) applied to cultural trade but the audiovisual sector in particular was largely untouched by the various tariff negotiations. Although Article IV allows member countries to impose screen time quotas in cinemas for national films, the film and television industry has also been protected by other mechanisms. Article XX(a) provides a public morals basis for excluding content but not discriminating against other members in doing so. Section (f) of the same article sanctions measures to protect national treasures of artistic, historic or archaeological value. Cultural products are not exempted from GATT's anti-dumping code (Article VI), but application would have perverse results in the audiovisual sector because of the pricing of rights to copyrighted material.

When the WTO came into force in 1995, it affected the cultural industries by extending international copyright obligations to more countries, strengthening and making more uniform copyright protection, making copyright obligations subject to the dispute resolution mechanism, establishing a framework for liberalizing trade in services, and implementing

trade-related investment measures. The impact on the cultural industries of this broad initiative was considerable, despite the decision of many WTO members not to make commitments to liberalize trade in services for the audiovisual sector during the Uruguay Round negotiations. After the launch of the WTO, the OECD countries abandoned the Multilateral Agreement on Investment, but two new copyright treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, were negotiated in 1996. These treaties address the application and enforcement of copyright on the Internet.

Members of the WTO are currently discussing further liberalization in services. The audiovisual sector is the focus in the cultural sector. Three countries, Switzerland, Brazil and the United States, have released position papers. Each submission differs, but all note that special safeguards are appropriate. Brazil is the only country to mention that the WTO is committed to increase the participation of developing countries in trade in services. All three note the importance of subsidies in the cultural industries and, with different degrees of enthusiasm, the need to develop rules for guarding against their use for mercantilist purposes. A workgroup of the International Network on Cultural Policy (INCP), a forum for annual meetings of the ministers of culture of a group of countries, promoted the development of an instrument, separate from the WTO, for governing cultural relationships at the INCP's 2000 meeting. Neither the proposed rules for trade and investment nor how they would be enforced have been articulated. Brazil and Switzerland, who belong to the INCP, are participating constructively in the WTO audiovisual discussions. At present, the separate instrument proposal appears to be a strategic device, of questionable efficacy, for influencing the WTO negotiations. If the negative views of the cultural impact of further liberalization dominate politically, the WTO negotiations are unlikely to accomplish much and one can anticipate a greater reliance on unilateral challenges to cultural protection by the United States.

**See also:**

Chapter 26: Digitalization; Chapter 34: International trade; Chapter 35: Internet: culture.

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