

Beyond Globalization

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In the 1990's global trade flows dramatically increased to where today it can be said that we are in an age of hyper-globalization. And, in the first decade of the 21st century the use of the Internet, and the growth and spread of Social Media has created a world of instant global communications. These two phenomenon of a vast increase in global economic activity and an Internet driven digital revolution in communications are creating a new global age. The globalizing process eventually will end, and we will be in a fully globalized world. The challenge that we need to take up is to actively participate in shaping that future state. In particular, we need to see that while the developing world is catching up, we in the developed world need to begin once again to allow technological innovation to speed up our own development.

This paper builds on Dr. Inoue's work on public relations in a world of hyper-globalization, and Thomas Sowell's work on "a conflict of visions." And it explains the importance of Peter Thiel's "developing the developed world" position that we need to regain our optimism and confidence, while removing over-regulations that kills innovation.

Key Words : Hyper-globalization, visions, unconstrained, constrained, regulation, technology

1. Understanding our journey to a globalized world

Every part of our daily life and even our own understanding of ourselves and of the world around us are being dramatically transformed by a relentless "globalizing" process. Indeed, today the word "globalization" has become an almost necessary part of describing so much of human activity. So much of what traditionally has been purely "domestic" now has a large international component. This has gotten to the point that the mere words "domestic economy" have become an anachronism, reminding us of what was, but is no longer.

While just about everything is globalizing, it will not go on "globalizing" forever. In many ways this globalization process is like the case of water in a lake that is "freezing" as the temperatures continue to drop with the start of winter, and then it eventually stops "freezing" and simply remains as "ice." In a similar way, the current process of "globalizing" will reach an end future state, where the world has been completely globalized. However, unlike ice, which melts back to water with the change in seasons, there will be no turning back to a world of pure domestic economies. When the current globalizing process is finished, there will be a new global world that we and future generations will be living

in, but will that future world be better for Mankind? Are we heading for an ideal utopian future, filled with hope and promise, or are we moving toward a nightmarish dystopia? Are we headed for a bright future, or are we about to decline into a new dark age?

Today, if you are a professional in a Silicon Valley high-tech enterprise riding the wave of the digital revolution, life is great, the future is bright. But, for many others it can be economic dislocation with a dark future of economic, social, and population decline. As we ride on this rapidly moving train of "globalization," perhaps we would be wise to start giving serious thought about the final destination of a fully globalized world.

Is it all an inevitable part of a predetermined Darwinian social evolution, in which we have no choice in shaping that future beyond globalization? Perhaps it is time for us to think about our ability to shape the future world before the globalization process is completed. The problem is that unlike a train trip from here to there, we are the "globalization" destination. It is us, our families, our society, or nation that will be transformed. Moreover, rather than riding on a train built and run by others, in this journey of globalization we are the train. We are the ones doing the globalizing and the only ones that will determine what is beyond globalization.

To have any chance of directing how globalization takes place, and determining what the post-globalizing future will be, then we need to understand both the various possible destinations of the final globalized world as well as the process of globalization.

2. Great transformation and great periods of violent turbulence

Any dramatic change that is truly transformative, especially along the lines of the Industrial Revolution that replaced an agrarian society with the modern industrial world, will create a difficult period with much turbulence. Change is not universally good for every person, every society, or every nation. If we think over the events during the Industrial Revolution, we can see that along with the creation of the great innovations and creation of wealth also came new ideological and social movements from democratic forms of government to socialism, as well as giving us Nazi Germany and the Soviet Union.

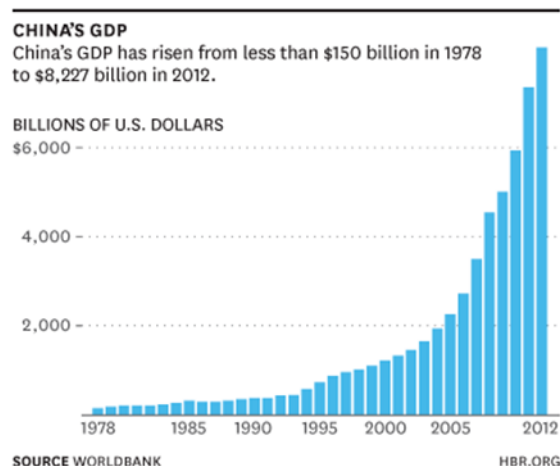
Inventions of the Industrial Revolutions / Great Political Events		
Year	Economic	Political
1775	James Watt Steam Engine	-
1789	-	French Revolution
1793	Eli Whitney "Cotton Gin"	-
1803	-	Napolian
1836	Samuel F.B. Morse "Telegraph"	-
1848	-	Karl Marx "The Communist Manifesto"
1876	Alexander Graham Bell "Telephone"	-
1903	Wright Brothers invent the Airplane	-
1908	Henry Ford "Assembly Line"	-
1914	-	World War I

You can say that the Industrial Revolution was the idea of replacing mere labor with “machines.” And, with this came also the idea of replacing natural energy harnessed from such things as animals and the movement of water with energy from coal, oil, and gas as a better alternative. Machines became powered by these new sources of energy, creating the modern industrial world. And, capital of “capitalism” is not money, it is the means of inventing, creating, and applying machines and energy to completely transform all prior human activity that has come down to us over all the ages of the past. And, while this transformation of the agrarian world into the modern industrial world gave us “Capitalism,” it also gave us “Das Kapital” by Karl Marx in 1867, and the rise and spread of both democratic and socialistic forms of government that challenged and replaced the old monarchies.

3. Hyper-Globalization and the new global village

Economists have started to use the word “hy-

per-globalization” to describe the jump in the global movement of goods and services that began in the 1990s with the formation of the World Trade Organization (WTO) and with the increase in economic integration across national boundaries. The change in the level of trans-national economic growth has propelled China from an economy in 1978 of under \$150 billion dollars in GDP to the second largest economy, where in 2016 it had GDP of \$11, 391 billion dollars.



Yet, is globalization only about economic activity? Dr. Takashi Inoue argues in his upcoming book, *Public Relations for Hyper-globalization*, that it is about much more than just trade flows. He explains that what makes our time such a turbulent one and which justifies the using the term “hyper-globalization” is that it is more than just a dramatic increase of economic activity on a global scale. In his view hyper-globalization is the combination of both the 1990’s jump in global trade flows and economic integration along with the explosive growth of the Internet, especially social media, which took place at the start of the 21st Century. Moreover, he explains that it is creating a new environment filled with transformational technologies such as big-data, the IoT, and AI that futurists are predicting will lead us to a world of “Singularity” in which the future will be controlled by a mixture of human and machine activity and decision making. Dr. Inoue views hyper-globalization as a force with deep sociological consequences for humanity that are not just causing painful economic changes, such as economic decline for regional economies, but that are creating the “new global village.” It is a challenging new environment that makes global stakeholder relationship management of public relations a vital skill for the survival and to prosperity of companies and nations in this new century.

In other words, we must deal with not only the

economic transformation side of globalization, but must understand and try to shape the ideas and social change that are just as much a part of globalization as international trade flows and economic integration.

4. Conflict of Visions

Even with all our technology and all our wealth we are not solving many of today's most pressing challenges. We are not providing the infrastructure to bring enough water to countries in Africa facing draught, although we do have the technology and the resources. Nor can we prevent the failed economy and failed nation state that is North Korea from developing and threatening to use nuclear missiles. Europe cannot keep Russia from threatening militarily the nations on its borders, even though Russia is a nation with an economy that is only 60% the size of India. And the EU, which is facing depopulation from declining birth-rates, and which has chronic high unemployment, has decided to allow a flood of refugees and economic immigrants with little skill, and little ability or no desire to assimilate into Western culture, thereby risking Europe's very survival. And, here in Japan, we seem no closer to solving depopulation and economic decline, even with much wealth, world class technology, and with a highly successful and dynamic culture.

One reason for this failure is that in addition to economic forces and global communications of hyper-globalization there is a third force, the force of ideas. This is similar to the forces in the 19th Century bringing one new transformative invention after another, while also bringing new ideas leading to the French Revolution, the rise of Socialism and Communism, and followed by two world wars.

The economist, Thomas Sowell at Stanford University, may have an explanation to this in his concept of a "conflict of vision" by which he means that there are two fundamentally different assumptions about "human nature" and about how the world works that underlie the two dominant and very different schools of thought operating in society today. The future world that finally will result when "globalizing" is completed will likely be shaped by these two very different visions.

Basically, Sowell argues that we each operate from underlying assumptions about Man and about how the world works from which we interpret today's major challenges and formulate solutions that must be applied. These assumptions mostly are not discussed nor even acknowledged, and rarely understood even by the people who hold them. Sowell categorizes these two main visions as the "uncon-

strained" vision and the "constrained" vision.

The unconstrained vision believes that human nature is not fixed. Although the history of Mankind has been a history of war, the unconstrained vision believes that the problem is one of misunderstanding caused by miscommunication. Human nature has led to war in the past, but because human nature is something that is not fixed and can be changed, peace can be created through education, intelligent policies, and better communications. Lasting peace will come from diplomacy and institutions like the United Nations that make better communication and understanding possible between nations. To realize lasting peace requires, according to this unconstrained vision, that we find the right people, and then give them enough power to replace self-interest and ignorance with enlighten leadership.

In contrast, the constrained vision holds that war is just an unchanging reality, resulting from the unchanging and unchangeable flawed nature of Man. Never ending peace is not possible, and the limited degree of peace that is attainable will only come through military deterrence. For the holders of the constrained vision peace comes by fighting and winning wars.

In recent times this can be seen in two US presidents. President Obama's answer to Russia's aggressive military actions was to talk about the "arc of history" being against military conquest. Regarding the growing danger of a nuclear North Korea, he talked of "strategic patience." In contrast, President Trump is talking about rebuilding America's military and "peace through strength." On another issue, Obama talked about halting the rise of the oceans and saving the planet from Man-caused climate change, but Trump wants to make America the largest exporter of oil and gas, and wants to re-build American cities, rather than talking about saving the planet from the actions of Mankind. Obama is operating from the unconstrained vision, and Trump from the constrained vision.

You might think that the unconstrained vision leads to greater optimism about the present and future state of the world. However, although the unlimited vision is very idealistic, seeing true lasting peace as something that can be achieved, and that there is no limit at all to what Man can do through science and technology, it ultimately is pessimistic about Mankind. This is counter intuitive and very hard to explain, but it can be easily shown in the following two statements:

- (1) "Man is the measure of all things,"
- (2) "The world has cancer and the cancer is man."

The first is a quote from Protagoras "On Truth" from ancient Greece who lived around 490 – c. 420

BC. The second is a quote from *Mankind at the turning point: the second report of The Club of Rome* (February 1975).

“The Club of Rome” used computer models to predict how the growth of Mankind was simply not sustainable. For them, there were definite limits to growth. Of course that was some 40 years ago, and since then we have seen great progress for most of the people on this planet, especially here in Asia. But, computer models can be re-adjusted and the projected point when limited resources begin to disappear can be pushed further into the future.

Sustainability, a great and important issue of our time, is seen by the Club of Rome and by those with the unconstrained vision as ultimately requiring the limitation of growth. We have to consume less, which means limiting population growth and economic activity. And, of course a reduced global population will reduce Man’s destruction of the planet through man-caused climate change. Moreover, not only does the unstrained vision see a limit to how many people can fit on planet earth, it believes that Man has no right to dominated existence. This can be seen in the rise of “bio-ethics.” What is happening in our time is a growing belief that Man has no right to dominate creation.

While the unconstrained vision is one that tells us that we can solve all problems, at the same time it holds a deep pessimism about the value of Man. In other words, even though the unconstrained vision should be arguing that there are no problems we cannot solve, this vision also no longer sees Mankind as being exceptional among all creation. Even though by the logic of an unconstrained vision there are no constraints for Mankind to provide all the energy, all the food and water for an every growing global population, we have no right to use that power, because it will hurt bio-diversity and hurt the planet.

In contrast the constrained vision sees that Man needs to be both free and to be controlled through institutions, such as law and order and a strong military defense. It does not believe in the existence of “the right people” that need to be given full access to power to do “what needs to be done.” The constrained vision sees the need to diversify power so that people in competition with each other bring about practical but limited improvements. Although this constrained vision sees the ideal as not possible given our fixed human nature, it is an optimistic view that within our human constraints the “future is ours to make” and that the universe exists for the benefit of Mankind. We can’t do everything, but through our hard efforts, our intelligence, and perhaps above all by learning from our many mistakes, we can do much to shape the future for the better.

The point here is not which of these vision is correct, but that they exist and that they will lead to producing radically different outcomes for the world that finally becomes fully globalized.

5. Developing the Developed World

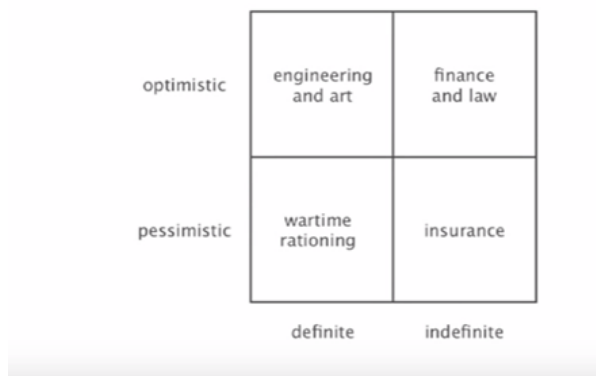
Not too unlike Sowell, Peter Thiel, who is neither a professor nor an economist, but who is a successful entrepreneur and venture capitalist, and the co-founder of Pay Pal, also offers an explanation for how the world works that is based on how people see the world.

the future of technology: deceleration



Speaking in 2013, Thiel points to the deceleration in technological improvements. He argues that the consequence of that deceleration has been a reduction in the prosperity of the developed world. Contrasting the past two 40 years periods, he notes that in the 1973 – 2012 period inflation adjusted standard of living in America increased 350%, while the period from 1974 to 2012 experienced only 22% growth. In other words, our prosperity comes from productivity improvements that come from advances in technology, and the deceleration in the growth of technology causes a stagnation in our standard of living.

While Sowell talks about two visions derived by two different understandings about the nature of Man, Thiel talks about optimism and pessimism within an overall view of the world as being “definite” or “indefinite.” In the “definite” world things are clear and we know what we want to do and how to accomplish it. However, in the “indefinite” world things are not clear and we do not know what we should do. He diagrams this into four quadrants.



He sees Japan of today being in the pessimistic and indefinite quadrant, and in that kind of world you are not making or inventing, but taking out insurance against all the unknowns. America used to be in the preferred optimistic and definite quadrant where technology is growing and with it comes prosperity and a rising standard of living. An example of that, was when President Kennedy, a man with the unconstrained vision, asked his country to put a man on the moon by the end of the decade. Today America has no grand space goals, has high unemployment, has doubled its national debt, and has had its bond credit rating fall. Does Japan or America today have any great goal with a concrete understanding how to achieve it?

Thiel uses the words “developing the developed world” to make clear his belief that it is not enough for just the developing world to catch up to the developed world. We in the developed world, and we in Japan must start once again to begin to accelerate technology across all fields, which includes energy, both hydro carbon and nuclear, medicine and all other fields.

Thiel goes on to explain, over regulation by government is preventing the growth in technological progress. As an example, he sites that today only one third of new drugs in America are going through the FDA approval process, compare to the prior 20 years. The only exception to this has been in the digital world of IT where we see advances such as IoT, big-data, and IA accelerating, but to develop the developed world we cannot stop at just IT innovation.

Thiel seems to be saying that government over regulation is a reflection of a pessimistic view of the world as being “indefinite.” So to get Japan, the US, and the rest of the developed world back to where technology across all fields is accelerating, we must first see clearly that a slowdown in innovation has occurred and that it is a threat to our future. Once we understand this problem, then we can address the

problem of over-regulation and technology deceleration.

6. Conclusion

As this period of rapid and non-stop globalization continues and nears its eventual completion, the developing world is coming up fast, but currently we in the developed world find ourselves somewhat lost. And, in such a state we are not actively doing what needs to be done to determine the future globalized world that is just on the horizon. We are acting like a deer that stops on the road and stares into the headlights of fast approaching car, able to move, but standing still not knowing what to do. We have to understand that this period we are in involves ideas, especially our collective understanding of the world and of ourselves, and not just increases in trade flows and economic integration. We must realize that globalization is approaching completion to a globalized world, and we must take off our collective blinders and fully understand the globalization process and find our courage and self-confidence in our ability to positively create a better future.

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