

Development, Social Transformation and Globalisation

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Introduction

In the Centre for Asia Pacific *Social Transformation Studies* (CAPSTRANS) the central task we have set ourselves is to study social transformation in the region. The purpose of this introductory paper is to think through the concept of social transformation and the consequences of applying it to our research and teaching.

That may seem rather unnecessary: social transformation is a commonly used expression and not particularly new. Generally it implies an underlying notion of the way society and culture change in response to such factors as economic growth, war or political upheavals. We may have in mind the ‘great transformation’ (Polanyi 1944) in western societies brought about by industrialisation and modernisation, or more recent changes linked to decolonisation, nation-state formation and economic development in the Asia Pacific region.

I am suggesting that we should be using social transformation in a new, more specific sense. Within CAPSTRANS we should seek to establish the notion of social transformation as an *analytical framework* which is particularly relevant to the current historical period. In other words, social transformation studies could be seen as a *new inter-disciplinary paradigm* which we wish to develop.

Social transformation should not be defined simply as a negation of something else. That is why the concept of *post-developmentalism*, as used by critical theorists in Latin America, is not the best way to approach the issue—however relevant this idea might be in political debates. Nonetheless it is clear that the idea of social transformation studies does imply a rejection of some central assumptions of development studies. The very notion of *development* often implies a teleological belief in progression towards a pre-fixed goal: the type of economy and society to be found in the ‘highly-developed’ western countries. Social transformation, by contrast, does not imply any predetermined outcome, nor that the process is essentially a positive one.

Social transformation can be seen as the *antithesis of globalisation*. I mean this in the dialectical sense that social transformation is both an integral part of globalisation and a process that undermines its central ideologies. Today’s dominant neo-liberal theories of globalisation have an overwhelmingly celebratory character. By contrast, focusing on the social upheavals which inevitably accompany economic globalisation can lead to a more critical assessment. We saw this in practical terms during the Asian Crisis, when the World Bank suddenly discovered the social contradictions of unregulated world markets. A

continuation of the dialectical logic, would of course, require thinking about a *synthesis*, or a solution to the current contradictions. I will return to this later.

In this paper I will start by discussing how the notion of development has been undermined by recent geopolitical, technological and economic changes. I will go on to look at varying approaches to understanding globalisation. Then I will discuss the relevance of these trends in the Asia Pacific region, and finally I will suggest the implications of using the concept of social transformation as a framework for analysis.¹

Development and social transformation

The idea of development is the most recent stage of the Enlightenment notion of human progress as *a continual process of internal and external expansion* based on values of rationality, secularity and efficiency. The Modern Age is generally seen as starting with Columbus' voyage to the New World in 1492. Enlightenment philosophy developed later on, as an intellectual justification of economic and cultural processes that were already under way.

- Internal expansion refers to economic growth, industrialisation, improved administration, government based not on divine right but on competence and popular consent—in short to the development of the modern capitalist nation-state.
- External expansion refers to European colonisation of the rest of the world, with the accompanying diffusion of western values, institutions and technologies.

Modernity had the military and economic power to eliminate all alternatives, and the ideological strength to claim a right to a universal civilising mission. The most obvious reason why modernity is coming to an end is that its core principle—continual expansion—has become unviable:

1. there are no significant new territories to colonise or integrate into the world economy;
2. human activity now has global environmental consequences;
3. weapons of mass destruction threaten global destruction;
4. the economy and communications systems are organised on a global level;
5. global reflexivity is developing: people and groups of all kinds refer to the globe — not the local community or the nation-state — as the frame for their beliefs and action; and
6. new forms of resistance that refuse to accept the universality of western values are becoming increasingly significant (Albrow 1996; Castells 1997).

The result is a social and political crisis that affects all regions and most countries of the world, albeit in different ways. The principle of quantitative growth (based for instance on the indicator of GDP per capita) has to be replaced by qualitative growth (that is sustainable environments and enriched livelihoods, as measured for instance by the Human

¹ This paper has been revised following the discussion at the CAPSTRANS Workshop of 23-25 June 1999. I thank all the participants for their valuable comments, which I have tried to take account of. However, the final responsibility for the views expressed here remains my own.

Development Index). This situation has also led to a crisis of development theory. The notion of development arose after 1945 in the context of decolonisation and system competition between capitalism and communism. The Cold War and the rise of the non-aligned bloc of nations—the Third World—made continued direct domination of Africa and Asia by European nations impossible.

The First World offered a development model based on an interpretation of its own experience. The development economics of the immediate postwar period, deriving from the work of Rosenstein-Rodan, Nurkse, Kuznets Clark, Lewis and others, called for economic growth based on state investment, urbanisation, cheap and abundant labour, and free entrepreneurs (Baek 1993). Emerging nations should have economic and political institutions designed to achieve integration into a world economy dominated by western corporations. The international institutional structure was established through the Bretton Woods agreement and the establishment of such bodies as the IMF and the World Bank.

The Second World offered an alternative model based on the experience of the Soviet Five-Year Plans: a state command economy, which extracted agricultural surpluses to fund rapid capital accumulation and industrialisation. The state acting in the name of ‘the people’ would be the dominant force in economic growth, which would in turn lead to the emergence of a new working class free of local and tribal loyalties—a model attractive to new elites in emerging nations.

The problem for the western model was to identify the agent of economic growth. Here the sociology of development and its *modernisation theory* provided the crucial answer. For example, Rostow’s five stages of growth culminating in economic ‘take-off’ were based on an ethic of hard work and saving, combined with laissez-faire economics and free markets. Rostow sub-titled his work an ‘anti-communist manifesto’ (Baek 1993). For modernisation theory:

Development was a question of instilling the ‘right’ orientations—values and norms—in the cultures of the non-Western world so as to enable its people to partake in the modern wealth-creating economic and political institutions of the advanced West. Borrowing a familiar page from Max Weber, sociologists set out to identify what those modernising ideologies—functional equivalents to the Protestant ethic—could be. Japanese Shintoism, Turkish state secularism under Kemal Ataturk, and even certain versions of Chinese Confucianism were identified and described as likely candidates (Portes 1997:230).

Modernisation theory predicted that such orientations would lead to changes in demographic behaviour (a decline in fertility), in political culture (the emergence of democracy) and in social patterns (reduced social inequality through a ‘trickle-down’ of the new wealth). By the 1960s, however, these expectations had proved largely illusory. Economic growth in Africa, Asia and Latin America was slow, inequality within countries increased, and the gap between poor and rich countries grew.

In response to the failure of modernisation theory, the *dependency school* emerged, initially in Latin America, through the work of Cardoso, Frank, Baran and others. Dependency theory was based on Marxist political economy, and saw underdevelopment

as a deliberate process designed to perpetuate the exploitation of Third World economies by western capitalism. The neo-colonial structures of world markets blocked development, and could only be countered by import-substitution strategies designed to increase national economic and political autonomy (Baeck 1993:Chapter 3; Portes 1997). However, dependency theories too had run into difficulties by the mid-1970s. Latin American countries which had tried the import-substitution approach had not been very successful, while the beginnings of export-led rapid industrialisation in some Third World areas, especially Brazil and East Asia, questioned the prediction of continued dependency.

One attempt to revamp dependency theory was the *new international division of labour* (NIDL) approach, which argued that capital export and establishment of factories in low-wage countries was a way for the highly-developed countries to maintain global economic control (Froebel, Henricks and Kreye 1980). However, the continuing growth and increasing economic and political independence of the oil-rich economies and newly industrialising countries (NICs) soon cast doubt on this assessment.

Two competing models became influential in the 1980s and 1990s: neo-classical economic theory and world systems theory. *Neo-classical theory* has tended to become the dominant ideology of global capitalism, because of its emphasis on free enterprise and unfettered markets. Neo-classical theory is at the mainstream of contemporary economics and provides essential concepts and instruments for economic research. However, its value as a development model is impaired by its methodological individualism, which tends to neglect the role of social and cultural factors in economic change. The neo-classical approach to economic development emerged in response to the failure of state-led strategies up to the 1970s, but it goes too far in its reliance on market mechanisms and its reduction of the role of the state in developing economies. The state is to be limited to its functions of providing infrastructure (such as roads and educational facilities) and securing order (in the sense both of preventing civil unrest and of financial regulation), while economic activity is to be left to the markets. The neo-classical recipe for development is to make the world safe for global investors and corporations, and abstain from any policies to protect workers, farmers or consumers from the cold wind of market rationality. Hence the use of structural adjustment policies by the IMF and the World Bank as the global policemen of capital, wherever states try to safeguard economic autonomy or social equality.

World systems theory, as put forward by such theorists as Wallerstein (1984) and Amin (1974) argues that national development is an irrelevant concept. The crucial issue is the development of the world economy itself, as demonstrated through increasing flows of trade, investment, labour etc. Within this global economy, various countries or groups can gain ascendancy on the basis of economic, political or military strength. Less-developed countries cannot achieve autonomy (as proposed by dependency theory); rather they have to insert themselves in global economic chains to avoid marginalisation. Clearly this approach comes close to current theories on globalisation (see below). However, the concentration of the world systems theory on general trends at the global level reduces its usefulness as a framework for local resistance or national policy to counter negative effects of globalisation (Portes 1997).

The whole notion of development became problematic from the late 1980s due to major economic, geopolitical, technological and cultural changes:

1. Trends towards economic and cultural globalisation accelerated, largely due to the information technology revolution. The structure and control mechanisms of global markets changed rapidly. The new media allowed an increasingly rapid diffusion of cultural values based on an idealised US consumer society. A leap in military technology shifted the global balance of power to the United States and its allies.
2. Globalisation and industrial re-structuring led to marginalisation, impoverishment and social exclusion for large numbers of people in both the older industrial countries and the rest of the world, undermining the supposed dichotomy between developed and underdeveloped economies.
3. The end of the Cold War, the collapse of the Soviet Union and the partial shift to a market economy in China heralded the end of the Second World and the bipolar global system. Victorious capitalism appeared to be an uncontested economic model.
4. The emergence of 'tiger economies' in East Asia and trends to industrialisation in some parts of Latin America and the Middle East further undermined the notion of a dualistic world. At the same time, the 'Asian miracle' and the discourse on Asian values questioned the dominance of the western development paradigm.

All these changes tended to undermine the autonomy of nation-states and their ability to control their economies, social policies and cultures. The key notions of development theories: 'developed', 'underdeveloped', 'modernisation', 'dependency' all became problematic. The concept of the Third World became unviable, due to economic and political differentiation within former less-developed areas. Moreover, in the absence of a Second World, the Third World lost its political meaning (namely the idea that non-aligned developing nations could play off the capitalist and communist worlds against each other).

In response, the new concept of the *North-South Divide* has emerged. However this notion also lacks sharpness, since some countries of the South have indeed achieved industrial take-off—does this mean that they cease to be part of the South? Moreover, the vast and growing disparities within the South (class divisions, the rural-urban split, gender inequality, ethnic and religious differences) make any totalising notion dubious. Indeed, new types of South-South linkages are rapidly emerging. These may be exploitative, as for instance in the case of the activities of Malaysian logging companies in Papua-New Guinea, or cooperative, as in the case of international networking between NGOs concerned with human rights, women's issues or the environment.

This is the context for the emergence of the notion of *social transformation* as a framework for understanding the way contemporary processes of global change affect local communities and national societies throughout the world. An important expression of this trend was the decision by UNESCO in 1994 to establish a major new social science research program called the Management of Social Transformation or MOST Program. MOST has established some 20 international research networks (generally on a regional basis) to examine various aspects of the social transformation process. The Asia Pacific Migration Research Network coordinated by CAPSTRANS' Migration and Multicultural

Societies Program is one of these. The term social transformation is increasingly used in the social scientific literature, and generally indicates a critical stance towards older notions of development. The use of social transformation as an analytical framework is based on the following assumptions:

1. Social transformation affects all types of society in both developed and less-developed regions, in the context of globalisation of economic and cultural relations, trends towards regionalisation, and the emergence of various forms of global governance.
2. Globalisation is leading to new forms of social differentiation at the international and national levels. Polarisation between rich and poor, and social exclusion are problems affecting most countries as well as the relations between them.
3. The issue can no longer be defined in terms of development, since it is now longer possible to draw clear lines between developed and underdeveloped areas, nor to put forward a universally-accepted goal for processes of change.
4. Studying social transformation means examining the different ways in which globalising forces impact upon local communities and national societies with highly-diverse historical experiences, economic and social patterns, political institutions and cultures.
5. Any analysis of social transformation therefore requires analysis both of macro-social forces and of local traditions, experiences and identities.
6. The response to social transformation may not be adaptation to globalisation but rather resistance. This may involve mobilisation of traditional cultural and social resources, but can also take new forms of 'globalisation from below' through transnational civil society organisations.

The social transformation approach no longer treats the western model as the one that should be emulated by all other nations. On the contrary, it recognises that current forces of change are creating a crisis for the old industrial nations as well. On the other hand, the loss of a clear goal (namely 'development') for policies to benefit poorer nations and excluded groups has its dangers too: it can play into the hands of those who reject the idea that political action can bring about improvement in living standards for currently disadvantaged groups. *The neo-classical* orthodoxy that dominates economic policy contends that state intervention to counter poverty and exclusion is counterproductive, and that in the long run unfettered free markets will bring about an equalisation of income levels. An alternative view is *post-modernism*, with its idea of the 'end of grand narratives' and a condition of social and cultural fragmentation. Here too, there is no scope for political action and state intervention. In contrast to these perspectives, it is essential to understand social transformation studies as a field of research that can lead to positive recipes for social and political action to protect local and national communities against negative consequences of global change.

Understanding globalisation

As the above discussion has indicated, social transformation is closely linked to globalisation. It is therefore important to have a clear idea of the meaning of this concept.

At the most general level, globalisation refers to a process of change which affects all regions of the world in a variety of sectors including the economy, technology, politics, the media, culture and the environment. In a recent book entitled *Global Transformations*, Held and associates suggest the following characterisation:

Globalisation may be thought of initially as the *widening, deepening and speeding up of worldwide interconnectedness* in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual (Held et al. 1999:2; emphasis added).

Most observers could probably agree with this emphasis on 'interconnectedness', but beyond this there are fundamental differences. For some observers, globalisation is a process of fundamental transformation, leading humanity into a new epoch, which coincides with the start of the third millennium. For others globalisation is much more limited, referring mainly to issues of trade and investment, and containing little which is qualitatively new. For some, globalisation offers huge opportunities for economic growth and improved living standards. Other commentators argue that globalisation erodes the autonomy of the nation-state, removing its ability to protect its citizens by means of economic management and welfare policies.

Held and associates provide a more precise definition of globalisation as:

A process (or set of processes) which embodies a transformation in the spatial organisation of social relations and transactions—assessed in terms of their extensity, intensity, velocity and impact—generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power (Held et al. 1999:16).

This definition permits operationalisation and empirical research on globalisation, since the 'extensity, intensity, velocity and impact' of flows and networks can all be measured, at least to some extent. Held and associates suggest that approaches to globalisation can be roughly divided into three broad categories:

- hyperglobalisers,
- sceptics and
- transformationalists.

Hyperglobalisers believe that globalisation represents a new epoch in human history, in which all types of relationships are becoming integrated at the global level, transcending the nation-state and making it increasingly irrelevant. Ever-increasing cross-border *flows* of capital, commodities, people and ideas are a defining factor of the new age. Hyperglobalisers include both those who view such trends as positive and those with more negative assessments.

The *positive hyperglobalisers* are mainly neo-liberal advocates of open, global markets, who believe that these will guarantee optimal economic growth and will, in the long run, bring about improved living standards for everyone. For instance, the influential Japanese management consultant, Kenichi Ohmae (1991, 1995) argues that nation-states have become nothing but a nuisance in a world economy dominated by transnational corporations (TNCs) and global markets for capital, commodities and labour. Democratic

control through states is outmoded—instead people can exert their will through free choices as consumers. However, positive hyperglobalist views are also to be found among scholars with a much more broadly-based interpretation of the process. For instance Martin Albrow's *The Global Age* depicts globalisation as a process of transition from the age of modernity to a new global age, which presents important new opportunities and challenges for humanity (Albrow 1996).

Negative hyperglobalist views can be found in the critical and neo-marxist literature. In the recent bestseller, *The Global Trap*, the starting point is the explosion of global media, and the burgeoning of global mobility. However, the authors argue that such trends only benefit a small middle-class elite, while for most people, globalisation means that the world is becoming 'a lumpen planet, rich only in megacities with megaslums, where billions of people eke out a meagre living' (Martin and Schumann 1997:23). Globalisation is the mechanism for the rule of international investors and transnational corporations, who can no longer be controlled by ever-weaker nation-states. Trade unions and welfare systems are collapsing. Unemployment and social exclusion are burgeoning, while uncontrolled growth is leading to life-threatening environmental degradation. Thus globalisation can lead to social fragmentation, cultural uncertainty, conflict and violence.

The solution for Martin and Schumann is to re-assert the power of democratic nation-states, and at the same time to strengthen European cooperation as a counterweight to the American free market model. A similar call for the resurrection of the national economy was advanced in a book by the Secretary of Labor in the first Clinton Administration, Robert Reich (1991), while similar positions are common in Europe (Beck 1997; Schnapper 1994). An Australian account, which emphasises both political and community action, is Wiseman (1997). Hopkins and Wallerstein (1996) is a critique of globalisation from the perspective of world systems theory.

The sceptics also focus mainly on the economic aspects of globalisation. They acknowledge the high levels of cross-border flows of trade, investment and labour, but argue that there is nothing new about this—international economic integration in the period preceding the First World War was comparable with current levels. Moreover, they point out that most world trade (80 per cent or more) is between the highly-developed economies of the OECD region, so that less-developed countries have not participated significantly in processes of economic integration. They therefore prefer the term 'internationalisation' to globalisation (Hirst and Thompson 1996; Weiss 1997).

The sceptics also argue that the role of the nation-state remains as strong as ever. This applies especially to the USA, Japan and Western Europe, which are now at the centre of the three dominant economic blocs: the European Union (EU), the North American Free Trade Area (NAFTA) and the more loosely-integrated East Asian region. 'Regionalisation' is seen as an alternative to globalisation, which allows nation-states to maintain their predominant position in the world system, therefore giving scope for continued imperialist hegemony, but also potential for democratic movements for control of international capital. The sceptics discount the idea that global travel and diffusion of media are giving birth to a global culture or even a global civilisation. Rather the sceptics see continuing hierarchy

and fragmentation. An extreme statement of this is to be found in Samuel Huntington's prediction that the Cold War would be replaced by a 'clash of civilisations', based on differing cultures and religions (the secular West versus Islam, Confucianism and so on) (Huntington 1993).

Transformationalists argue that globalisation is the central driving force behind the major economic, cultural, social and political changes that are affecting virtually all the world's people today. Globalisation is seen as the overall consequence of closely interlinked processes of change in the areas of technology, economic activity, governance, communication and so on. Developments in all these areas are mutually reinforcing or *reflexive*, so that no clear distinction can be drawn between cause and effect. Transformationalists regard contemporary patterns of cross-border flows (of trade, investment, migrants, cultural artefacts, environmental factors, etc.) as without historical precedent. Such flows integrate virtually all countries into a larger global system, and thus bring about major social transformations at all levels.

However, unlike the hyperglobalisers, the transformationalists do not take such trends as indicators of global convergence or the emergence of a single 'world society'. For the transformationalists, globalisation is a complex historical process with unpredictable outcomes. Moreover, globalisation means the development of new forms of global stratification in which some individuals, communities, countries or regions become integrated into global networks of power and prosperity, while others are excluded and marginalised.

Transformationalists argue that new divisions cut across the old schisms of East-West and North-South: in the post-Cold War period social exclusion is to be found in all parts of the world—even the 'rustbelt areas' of the old industrial countries. However, the most widespread and severe forms of exclusion still affect the South: virtually the whole of Africa, as well as large parts of Asia and Latin America experience globalisation as disempowerment and impoverishment. Nor can globalisation be equated with a general reduction in the power of states. Rather, as the nexus between territory and sovereignty is undermined by globalising forces, new forms of governance emerge at the national, regional and global levels, with the military and economic power of the dominant states still playing a decisive role.

For our purposes, it appears that *transformationalist globalisation theory* is more or less identical with *social transformation theory*. In my view, the works just mentioned provide a valuable theoretical framework for CAPSTRANS. Possibly the most comprehensive and thoroughly-researched exposition of the transformational thesis is the three-volume work by Manuel Castells (1996, 1997, 1998). Other important works in this tradition include Bauman (1998); Giddens (1990); Robertson (1992). Hoogvelt (1997) gives a highly readable summary.

The causes of globalisation

What has brought about globalisation? We find a great variety of explanations in the literature. Virtually all analysts draw attention to the *rapid growth in global economic flows*, particularly of trade and capital. In both hyperglobalist and sceptical views on globalisation, economic factors are usually seen as predominant. Ohmae (1991) celebrates the power of TNCs and global markets in overcoming anachronistic nation-state boundaries. Similarly, authors with social-democratic or neo-marxist perspectives such as Reich (1991); Hopkins and Wallerstein (1996); Beck (1997) emphasise economic changes, although the latter goes on to show how alleged economic imperatives are often a cloak for new forms of political control. An analysis by an intergovernmental body (OECD 1997) stresses economic causes, but goes on to examine social consequences. The main sceptical accounts, such as Hirst and Thompson (1996); Weiss (1997) also focus on trade and investment.

Other authors see the main driving force elsewhere. Castells (1996) stresses *scientific innovation*, especially the rapid development of *information technology*: globalisation goes hand-in-hand with the spread of an 'informational mode of production' which is replacing the industrial mode. However, all this takes place in the context of a restructured capitalist 'mode of regulation' of the world economy. Capitalism has not exhausted its potential for change, and the profit-motive remains the dominant motivating force. Other writers emphasise the importance of *global media* which diffuse a new global culture, largely based on US values—MacDonaldisation or Disneyfication of the world (eg. Martin and Schumann 1997). *New forms of urbanisation* are seen as important by some observers, notably Saskia Sassen with her analysis of 'the global city' (Sassen 1991). Giddens (1990) stresses the importance of '*time-space compression*' - the way in which new forms of communication and transport speed up flows and transactions to the point that old barriers become meaningless. Bauman (1998) takes up this notion, and shows how *new forms of global stratification* are emerging, especially the class division between those who have the resources and knowledge to become mobile and participate in global markets for employment, social goods and cultural symbols; and those confined to a purely local (and therefore disempowered) existence.

Some accounts of globalisation focus on *international relations* and the development of *global and regional forms of governance*. Strategic and military criteria are seen as equal in importance to political economy. The end of the Cold War and the collapse of the Soviet Bloc are crucial in creating the political conditions for globalisation. An extreme view on this is provided by Fukuyama (1992): his idea of 'the end of history' implies that liberalism, having defeated communism, is now a universally-accepted model for economic and political cooperation. By contrast, most international relations scholars argue that the end of the bipolar world has opened the way to new types of fragmentation and conflict, which present major threats to democracy and social order. Castells (1997) and Huntington (1993)—from widely differing perspectives—stress the emergence of new forms of identity politics. McGrew (1997) examines the future perspectives for democracy at the state and supra-state levels. Links between international relations, regionalisation and globalisation in the Asia-Pacific region are explored in Berger and Borer (1997).

Some of the most interesting discussions of the origins of globalisation put it in a long historical perspective. If globalisation represents a major social transformation for the whole world, does this mean that it is a new phase of modernity, or the emergence of post-modernity, or the beginning of an altogether new 'global age'? Such discussions are pursued at length by such authors as Albrow (1996); Giddens (1990); Lyotard (1984); Robertson (1992); Bauman (1998). This topic may seem somewhat abstract, but in fact has considerable significance. If we accept the idea of a new age or epoch, it implies not only major economic and political changes, but also the need for new philosophical principles and cultural values appropriate to a new type of civilisation. The changes would be as major as those between the ancient and the medieval world, or between the medieval and the modern world.

Regional effects of globalisation and social transformation

Analyses of the impacts of globalisation and social transformation generally emphasise the differing effects on various regions of the world (Castells 1996:106-48). Distinctions are generally made between:

- The highly-developed countries of North America, Western Europe and Japan, which experience a crisis of rustbelt industries, the decline of welfare states and increasing social polarisation.
- The Asian 'tiger economies', and the next wave of tigers which were rapidly reaching the status of highly-industrialised countries until growth was interrupted by the Asian Crisis in 1997. Sometimes the oil economies of the Persian Gulf are included in this category.
- The rest of Asia, including the giants of India and China, which, despite areas of rapid industrialisation and emerging middle classes, still have generally backward economies and low income levels, making them into labour reserves for the fast-growing economies.
- Latin America, with its uneven experience of sporadic growth, economic dependence and political conflict.
- Africa, which is largely excluded from the global economy. Here the failure of economic development and nation-state formation have led to declining incomes, appalling social conditions, endemic conflicts and vast refugee flows.
- The so-called 'transition countries' (the former Soviet bloc), beset by problems of restructuring their economies and institutions to fit into the capitalist world.

Understanding the varying forms of globalisation and social transformation in different world regions is important for the theoretical and comparative work of CAPSTRANS. However, of more immediate interest is the character of globalisation and social transformation in the various sub-regions, countries and local communities of the Asia Pacific region.

In the 1980s and 1990s, the Asia-Pacific region came to be seen as the most economically dynamic area of the world, characterised by rapid industrialisation, high rates of economic

growth and rising living standards. This economic success was seen as a challenge to the previously dominant regions of Western Europe and North America, especially as it was (according to some observers) based not on western liberalism, but on a competing approach labelled as 'Asian values' or 'Confucianism'. Economic strength was expected to lead to regional integration and to increased political and military strength. In view of these trends, it was thought that the current 'American century' would be followed by the coming 'Pacific century' (Borthwick 1992). Such ideas received a considerable shock through the sudden onset of a financial and economic crisis in mid-1997.

It can be argued that both the economic rise of Asia and the current Asian Crisis are due as much to globalisation as to endogenous factors. To understand this requires a look at the history of the region since 1945. But first it is necessary to discuss why we have chosen the term 'Asia Pacific region', and what it means.

The concept of the Asia Pacific region

Asia is a vast area containing over half the world's population, and it makes little sense to treat the continent as a single region. It is diverse in historical, economic, cultural, environmental and political terms; and does not function as a unit in any meaningful way. It makes more sense to differentiate a number of sub- regions based on spatial proximity, and historical and cultural links. Such regions include the Middle East, the Indian Subcontinent, Southeast Asia, Northeast Asia and Oceania. However, alternative constructions based on economic, political and other factors may be more useful for analytical purposes. The notion of an Asia-Pacific region, which has emerged over the last two decades, may be seen as such an alternative way of constructing spatial perceptions:

The Asia-Pacific is sometimes defined as that part of the world stretching from Siberia in the north to New Zealand in the south and encompassing Northeast and Southeast Asia, Australia and the Pacific Islands, or Oceania, but excluding South Asia. It is also conceived more broadly as including the west coast of North America and the Pacific Rim as a whole (Berger 1997:300-1).

Attempts to integrate the region over the last two decades have given rise to a range of regional bodies such as the Asia Pacific Economic Cooperation (APEC) forum (based on the wide definition) and the Association of South East Asian Nations (ASEAN) (based on a much narrower sub-regional definition). The choice of the preferred regional concept is a response to differing economic and political interests. The broad APEC notion corresponds with Australian wishes to strengthen links with Asia without losing its traditional economic and strategic relationship with the USA, but is seen by some Asian leaders (such as Prime Minister Mahatir of Malaysia) as a way of maintaining western domination of Asia. Hence the preference of such leaders for more narrowly Asian linkages which exclude not only the USA but also Australia.

The lack of precision and the political ambiguity of the Asia Pacific label has caused some observers to reject its use, and to argue that Australia should instead focus on links with East Asia as the most strategically important region for us (FitzGerald 1997). However, I

suggest that this very lack of precision is why we should use the term in CAPSTRANS: it makes it possible for us to avoid rigid boundaries, and to focus on the social processes which are significant for our region, but which involve linkages with other regions. Thus we can study migration systems which centre on East Asia, but also include South Asia or the Pacific Islands; we can examine labour issues in Southeast Asia, but also take account of historical links with India or North America, and so on.

Globalisation and the emergence of the Asia Pacific region after 1945

The starting point was a situation of destruction and chaos after the failure of Japan's attempt to replace western colonialism with its own form of imperialism. The USA was the dominant regional power at the end of the War. The ensuing two decades were marked by failed attempts at recolonisation (France in Indo-China, the Netherlands in Indonesia), as well as by successful communist revolutions in China, North Korea and North Vietnam. The region became one of the main battlefields of the Cold War, with four major military confrontations: the Chinese Civil War, 1945-49; the Korean War, 1950-53; the first Indo-China War, 1946-54; and the second Indo-China War, 1965-75. There were many other violent struggles, such as the insurrection in Malaya and the putsch of 1965 in Indonesia.

The rise of communist regimes in the region led the USA to support economic reconstruction and growth in Japan, South Korea and Taiwan. The success of such capitalist economies was seen as vital to the containment of China. At the same time, the USA, supported by Australia and other western countries, fought to prevent the expansion of communism in Vietnam, following the 'domino theory' according to which the defeat of one anti-communist regime could cause the whole region to unravel. The military and political defeat of the USA in Vietnam led to increased emphasis on economic development and trade promotion as ways of countering communism.

Thus a major impetus for the economic recovery and rapid growth of Northeast Asia came from western strategic interests. The USA provided military protection as well as much of the investment capital for economic growth. Northeast Asian manufacturers were given privileged access to North American markets. Japan, not permitted to re-build its armed forces, could concentrate on industrial growth, which soon gave it the strength to begin large-scale direct investment in other Asian countries. By the 1970s, Japanese companies controlled over half the international trade of Taiwan and South Korea. In the 1980s, Japanese investment quickly spread to the emerging economies of South East Asia, and then to China, after the market-based reforms introduced by Deng Xiaoping.

From the mid-1970s, US and European companies increasingly exported capital to establish manufacturing operations in low-wage economies. This contributed to Asian industrialisation and rise of the four 'tiger economies', Taiwan, South Korea, Hong Kong and the Singapore. In the context of the Cold War, western governments were willing to accept authoritarian developmental states with protected domestic markets and imposed tight controls on foreign investment. By the late 1980s, rapid industrialisation—often based on capital from Japan and the tiger economies—was spreading to Malaysia, Indonesia,

Thailand and other countries. East Asia showed remarkable sustained growth over a period of more than 30 years from the early 1960s, with annual growth rates of over 5 per cent. Moreover, this growth was achieved with a higher degree of economic equality than in most western countries. The proportion of East Asians living in poverty declined from about 60 per cent to 20 per cent in this period (Godement 1999:6).

The end of the Cold War brought a re-assessment of the Asian economic miracle on the part of the west. The demise of the Soviet Union and the move to market economies in China and Vietnam reduced the need to support Asian economies as a bulwark against communism. By the beginning of the 1990s, the Asia Pacific region came to be seen increasingly in terms of trade competition, and as a threat to western prosperity. Nonetheless, the high growth rates and the easy profits to be made in the region acted as a magnet for investment from western countries, where economic growth was more sluggish. As new information technologies speeded up the flow of capital in never-closing financial markets, much of this investment took the form of short-term speculative loans. This capital fuelled growth and, in a situation of economic euphoria, nobody worried about the absence of adequate regulatory bodies or the risks of a credit crunch if short-term loans were not renewed.

When the credit crunch did come in 1997, the *Asian Crisis* appeared both as a threat to the global economy and as a vindication of the western economic model. The much-admired Asian virtues were suddenly reinterpreted as nepotism, corruption, cronyism and lack of sound financial regulation. Western economists called for liberalisation of markets and strict financial discipline. However, other observers noted that the Crisis was mainly caused by global factors, especially the huge inflows of short-term credit pumped into the region by western banks and investment funds. The sudden withdrawal of such credit at the onset of liquidity difficulties in Thailand shattered investor confidence and led to a downward spiral, which was further exacerbated by the IMF's deflationary loans policy (Bezanson and Griffith-Jones 1999).

The Crisis has wiped out many of the gains made in the past 30 years with regard to economic growth and poverty alleviation. However, recovery is likely to take place over the next few years, probably accompanied by economic restructuring and improved financial regulation. Economic interdependence within the region is now very high (as the Crisis has demonstrated), yet the establishment of regional institutional frameworks is still in its infancy. Such regional bodies as APEC or ASEAN can be compared with emerging European institutions in the 1950s, and represent a much lower level of institutionalisation than today's EU or even NAFTA.

This brief overview of developments in the Asia Pacific region since 1945 makes it clear that economic and political developments have been strongly influenced by global factors. First colonialism and then the Second World War brought Asia into global relationships. Decolonisation, the Cold War and the superpower struggle for political control in the region continued the process of integration. The economic take-off of Japan and the tiger economies was strongly encouraged by such factors. In turn, this rapid industrialisation (which confounded the predictions of dependency theory) laid the basis for greater

economic independence, especially from the USA. Once the Cold War lost its force as a determining factor, a new emphasis on Asian independence and regionalism became possible. Economic globalisation fuelled rapid economic growth, but also led to patterns of interconnectedness and integration into global financial markets which worsened economic difficulties once a slow-down did take place.

Social transformation as an analytical framework: research principles

However, globalisation is only one side of the story. Social transformation at the national and local levels is the other. This relates both to causes and effects of global trends. Global strategic and economic considerations created the conditions for the rise of Asia, but it was the political systems, the social structures and the cultures of the various countries which determined whether and how they would participate in global economic and political patterns. The emergence of social movements or religious groupings opposed to globalisation is a frequent response by groups which are threatened by rapid change. This points to the need for historical and cultural research if we are to understand the events of the last half century. The effects of globalisation are mediated through the specific conditions of each locality, community or society. *These complex two-way processes of mediation are the real research object of CAPSTRANS.*

We have divided our research activities into four programs:

- Migration and Multicultural Societies;
- Labour Relations, Regulation and Organisation;
- Human Resource Development; and
- Managing the Production and Diffusion of Knowledge.

An implicit 'fifth program' relates to our overarching aim of theorising the social transformation process as a whole. In each program we need to analyse the processes of mediation between globalising forces and the specific local and societal conditions. These conditions can be categorised as economic, demographic, environmental, political, social and cultural factors. All of these are relevant for each program, although the relative weight will vary—eg economic factors may play a larger role in one area than another. It would be useful to work through each of these factors for all of our programs, but that would be an enormous task. In any case, these specific analyses are being carried out in the program groups. There are also issues common to all programs: for instance, the complex relationships between states, markets and communities. I will conclude by mentioning some *research principles* which derive from the use of social transformation as an analytical framework for our work.

1. We need to adopt a *holistic* approach. Although research will generally focus on specific areas and topics, it should be informed by a consciousness that social transformation always concerns all aspects of social existence. To fully understand any specific issue, we always have to understand its embeddedness in much broader processes. In other words we need a concept of the totality of societal relationships.

2. A consequence which logically flows from the first principle is the *interdisciplinarity* of our approach. It is hard to think of any research theme in the context of globalisation and social transformation which can be adequately understood within the bounds of a single academic discipline. This means firstly that individual researchers need to expand their disciplinary horizons, and secondly that much of our teaching and research should be carried out by interdisciplinary teams.
3. Interdisciplinarity also means understanding the nature of knowledge production processes. Changes in technology and the biosphere play a crucial part in social transformations, and we therefore need to include *science and technology studies* in our research agendas.
4. Studies of specific localities or countries should always include an *analysis of the broader context* and its significance for the research topic. This means that we need a general awareness of global and regional factors and their linkages with the area being examined. This can be seen as a general descriptive framework which includes such components as international relations, political economy, demographic trends, environmental conditions and cultural factors.
5. An understanding of past experiences which have helped shape contemporary cultures, institutions and societies is vital for understanding both the present and the possibilities for the future in all of our research areas. *Historical analysis* should therefore be part of every study.
6. *Comparative analysis* is often the appropriate method for understanding the relationship between the global and the local. By examining how similar global factors can lead to different results in various places, we gain insights into the significance of cultural and historical factors.
7. However, comparison can only be carried out effectively on the basis of *detailed expert knowledge about specific cultures and societies*. Analysis of local factors is vital to be able to adequately understand their responses to globalising factors.
8. Similarly we need *disciplinary expertise* with regard to theory, methods and particular areas of knowledge. This is the pre-condition for interdisciplinarity.
9. The *study of culture and identity* is important in many of our research areas. Identity politics is often a form of mobilisation against globalising forces which appear as threats to the livelihoods and values of marginalised groups. This makes it necessary to reject prevailing dualisms between objective and subjective, modern and traditional, rational and emotional. Every type of social research needs to consider both structural factors and the meanings produced by the groups concerned.
10. The production of knowledge is not a value-free undertaking. It is important to define the *underlying values* in our own choices of research themes and methods. I suggest that our central aim should be to produce knowledge designed to improve the social

conditions and sustainable livelihoods of the greatest possible number of people in the areas we study.

11. This means that we should seek to make our research findings *useful to society*, through making them available in accessible forms to civil society organisations, governments, business and the public at large.
12. In order to ensure that our work is relevant, we should seek *partnerships* with groups that are likely to use our results. This means involving government agencies, NGOs and business in the planning and carrying out of research, and in the dissemination of results. However, no such partnership should be allowed to compromise the independence of the research process.

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