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On the Essence of Economic Globalization

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Abstract: After analyzing different viewpoints about essence of economic globalization, this theme thinks that Marxism is the optimal way to summarize the conclusion. From angle of productive force, the essence of economic globalization lies in globalization of resource allocation and market economy. From angle of relations of production, the essence of economic globalization lies in capitalism globalization, which is launched by America, Japan and Europe. From contradictory development between productive force and relations of production, economic globalization, as surely outcome of the historical evolution, will lead to a new system, maybe socialism globalization in the future.

Key words: resource allocation westernization productive force and relations of production.

Birth of economic globalization issue

Economic globalization is bringing great changes to the world. Merchandise exchange,

capital flow, work force and technology communication, multinational outspread, economic cooperation among governments, all of these indicate that economic globalization is overwhelming and inundant today. Economic globalization, penetrating nearly all the economic fields, has turned into the springboard of investigating global affairs and vital force to solve various problems. In the presence of global expansion of western civilization and ethical values, especially in the face of international arbitrary power of western developed countries, it may relate to socialistic future and promoting succession and development of Marxism to identify the essence of economic globalization and grasp the developing trend.

Globalization has become an international hot topic since 1980s. The term "global village" was first popularized by Marshall McLuhan in the 1960's, the Canadian communication science theorist wrote that visual, individualistic print culture would soon be brought to an end by what he called "electronic interdependence": when electronic media replace visual culture with aural/oral culture. In this new age, humankind will move from individualism and fragmentation to a collective identity, with a "trial base". McLuhan's coinage for this social organization is the global village, and on the base of this term comes globalization. In 1985, *Harvard Business Review*, Theodore Levitt, one American scholar, in his article *About Market Globalization*, used the term "globalization" to describe great changes taking place in international trade field since 1960: continually increasing scale of international trade, multinational global management, the arising new problems about setting up factories and selling goods around the world, etc.

Globalization issue, relating to the benefits and future of all countries, brings the ethical identification into prominence than anytime ever before. Nowadays, influence of globalization has penetrated into economy, politics, culture, sovereignty, life style and ideology, etc. Among these, economic globalization is the most important and key matter. Focusing on economic globalization, Chinese academe is mainly researching on meaning, essence, influence and settlement.

Exploration to essence of economic globalization

What's the essence of economic globalization? Domestic and oversea scholars have produced different points of view from separate angels, and after investigating, there are several kinds of representative points listed below:

The first, it thinks that essence of economic globalization lies in efficiency allocation of resource around the world. In 1997, IMF lodged that the meaning of economic globalization is *increasing scale and form of multinational goods and service trade, international capital flow and technique spreading worldwide, boosts up economic ties among nations.*^[1] From resource allocation angle of economics, this view considers that the

scope of resource allocation has extended from one country to worldwide, which brings about efficiency elevation of resource allocation and makes economic ties around all countries and areas. Many Chinese scholars support this point, such as *the core of economic globalization is to achieve efficient allocation of resource worldwide, and to carry out international recombination and expansion of labor division* (Chang Zhi-xiao, China, 2002). We should acknowledge that this point commendably characterizes the world current situation of resource allocation. With China opening up to world, large quantities of foreign capital, technique, management and other productive factors enter China, inosculate with Chinese productive factors and manufacture consumptive goods for us, which makes it difficult today for us to identify the nationality of some goods. Many disputes in international trade associate with identifying nationality of some kind of goods, because it's really a puzzle when international economic ties become so tight that trade obstacle effect has been weakened and cooperation has become the mainstream.

The second, it thinks that essence of economic globalization lies in capitalism globalization or westernization. *Immanuel Wallerstein* put forward the world-system theory^[2], which claims that unequal exchange leads to forming of capitalistic world system with the structure of center—semi-brim—brim, and modern world system comes from Europe by origin, so economic globalization is the outcome of capitalistic economic expansion worldwide based on Europe. Such as *Capitalism is becoming the real global system, the basic logic of capitalism such as capital accumulation, competition and profit maximum, has already filtered every corner of the world from ideology* (Ellen Wood, America, 1997) Some Chinese scholars insist on the same view, *the so-called economic globalization is actually the course of capitalistic worldwide spread, and it is the new developing course of capitalism around the world* (Zhan Jun-Zhong, Su Jing-Xiang, China, 2000) The view is accessible in some sense when overturn took place in East Europe, Soviet Union collapsed, most of former socialistic countries moved into capitalism camp without hesitation, and especially when China declared its reform and opening-up to world and many western scholars deemed that China has gone into capitalistic road. On the basis of these great events, they argued that essence of economic globalization was the course of capitalism overspreading worldwide, also the course of capitalism conquering socialism. It is undeniable that socialistic power is weaker than capitalistic power in current world, and western capitalistic countries are playing main role in economic globalization wave. However, it is also a clear fact that China still sticks to socialistic road, reform and opening-up to world can't be equal to capitalism simply because of its systematic basis of public-owned property remaining unchanged.

The third, it thinks that essence of economic globalization lies in market economy globalization. In the spring of 1992, when inspecting Chinese southern areas, Deng Xiao-ping advanced *planned economy, also existing in capitalism, is unequal to socialism, and market economy, also existing in socialism, is unequal to capitalism. Planned economy*

and market economy is all means of resource allocation ^[3]. This judgment, from a brand-new angle, guides people to study socialism and to investigate relationship between capitalism and socialism again. On the basis of the idealistic breakthrough, many Chinese scholars conclude that essence of economic globalization lies in market economy globalization. Such as *market economy, because of its twoness, can optimize efficiency of resource allocation, and also has limitation of blindness, spontaneity and lag effect. The outcome of economic globalization has brought advantages and disadvantages into globalization* (He Zi-Li, China, 2003). *Economic globalization is a sameness course of economic system, pushed by market mechanism* (Xu Yuan-Geng, China, 2001). Market economy, as one kind of resource allocation means, has been approved by increasing countries. Former socialistic planned economy countries began to restudy character and function of market economy, and started to allocate resource with market economy. Global marketing is the basis of globalization because market economy rules is the world vulgate rules and only thus it can form the common criterion in global economic activities.

The fourth, it thinks that essence of economic globalization lies in the combinative course of subjective factors and objective factors. In 1995, The Group of Lisbon, subjected to European Committee, published the book *Limits to Competition— economic globalization and human future*, and put forward that essence of economic globalization lies in the combinative and international course between objective realities and subjective strategy. Objective realities refer to revolution of science and technology, especially revolution of information industry, which results in the cost of transportation and communication falling down enormously. As a result, it becomes more frequent than ever before in communication of information, technique, goods, capital and personnel, thus the worldwide nations establish unprecedented tight relations. Subjective strategy refers to developing strategy of western multinationals and guideline of capitalism globalization pushed by western politicians. Objective realities provide base and conditions for subjective strategy implemented by capitalistic countries and multinationals. Subjective strategy accelerates the occurring and developing of objective realities. It comes into being for current course of economic globalization in reciprocity between the two kinds of factors above. As we can see, the course of current economic globalization happened and developed in the peaceful evolution strategy implemented by western capitalistic countries, in the global outstretched strategy pushed by multinationals, on the basis of technology changing with each passing day. This view still can't gain broad agreement in academe as it is in some sense only course describing but not character definition.

The views above, from different angles, have worked out different conclusions about essence of economic globalization, and are propitious to deeper understanding. However, such investigations are still inadequate and can't lead us to hold the problems of economic globalization, to forecast the developing trends, and are inclined to blur our understanding in face of various viewpoints. We should find the most veracious angle to hold the essence

of economic globalization.

Explanation from basic conception of Marxism

The basic theory of productive force and relations of production, in Marxist political economics, has provided perhaps the most proper angle to explore essence of economic globalization for us. Productive force is the ability acquired by working people in combination with the means of production to conquer and transform nature. The level of development of productive force marks the degree of man's conquest of nature. Relations of production are social relations formed in the course of the production of material goods, and it is ownership of the means of production that plays the deciding role.

As two indivisible aspects in social production, productive force is the material content and relations of production are the social modality. For human being, the formation of relations of production is to carry out production, to deal with the material problems in survival and expansion. As a result, some relations of production are built up to suit some productive force situation. In the contradictory development process, productive force determines relations of production and relations of production all to nothing should suit the situation of productive force, or the development of productive force will be impeded. Productive force is the most active and most revolutionary element in social production because of its incessant development ahead. It is a natural rule that relations of production should definitely suit to situation of productive force.

The boundary extension of resource allocation, from one area to whole country, from one country to the whole world, and rational choice for resource allocation means, taking market economy as the dominant means, reflects the elevation of human ability to conquer and reconstruct nature, accounts for the elevation of human ability to obtain materials from nature. Therefore, resource allocation globalization and market economy globalization is to define economic globalization from the angle of productive force.

Capitalism, as relations of production based on private ownership system and wage labor, greatly promoted the development of productive force in history, and boosted economic globalization process. If the fundamental intrinsic contradiction in capitalism can't be eliminated, the development of productive force will be impeded. However, capitalistic relations of production may self-adjust to some extent in global scope, thus to excavate potentials to promote development of productive force, to infuse energy for capitalism and to suit the developing needs of productive force in some time. Self-adjustment of capitalism promotes the evolution of economic globalization. Accordingly, capitalism globalization, and globalization dominated by America, Japan and EU, even Americanization, is to recognize economic globalization from the angle of relations of production. The *objective realities* advanced by Group of Lisbon refer to

productive force, and the *subjective strategy* pushed by western developed countries refers to relations of production. Thus, from the angle of productive force and relations of production, we can know synthetically the above views and logically grasp essence of economic globalization, also hold the connection among above views.

As outcome of historical evolution, economic globalization arises for suiting the intrinsic needs of productive force development, and for resource allocation globalization and overspreading of market economy, occurs for pushing capitalistic relations of production on the basis of multinational carriers by western developed countries. It is the course of excavating potentials of Capitalism, promoting the development of productive force and leading all countries in the world to take part in capitalistic productive system. With capitalistic development, the boundary of people, country and area has been broken through. Capitalistic relations of production continually adjust itself to meet the needs of economic development, and the degree of social production has been greatly improved, so the world productive force has been promoted and the whole countries in world are ceaselessly amalgamating. In the course of economic globalization, new factors in capitalistic relations of production are growing and preparing for the birth of new relations of production which are more suitable for development of productive force, so that the socialistic factors are constantly expanding and socialistic relations of production could be leading in the future just like capitalism today. All kinds of powers together, in consciousness or unconsciousness, are driving development of productive force, and promoting adjustment of relations of production to figure out a new world.

It can help us take precautions and forecast the trend of economic development to keep a clear cognition about essence of economic globalization. From the analysis above, we can make out that the Marxist basic conception, better than other views, is the optimal view for us to study the economic globalization problem.

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