

## Capítulo 2

### Neoliberalism and globalization

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M.Ramos, L.Espinoza (eds.) *Economía y las oportunidades de desarrollo: Desafíos en América Latina*, Temas Selectos de Economía ©ECORFAN-Santa Elena, Ecuador, 2014.

## Abstract

In this research contextualize globalization in its complete form considering the territories, evolutionary processes together with their economic, political, social and cultural rights in our country coupled with strategies Geospatial reference in its historical moment, thus we consider the inflections of variables such as competitive and comparative skills in the historical development and thus to differentiate between global and international.

**Key words:** globalization, internationalization, liberalization.

## 2 Introducción

The term globalization has experienced a long evolutionary process consists of four main stages. The first record was five centuries ago when the word balloon was used to refer to the entire planet. Second, in the nineteenth century took the overall adjective connotes global. Third, during the forties of the twentieth century came the verb globalize. Finally, in 1961 the word globalization was first included in a U.S. dictionary. Since then, globalization has become a common expression in the political, economic, social and academic environment. For example, the case highlights two important researchers of International Relations. Robert Keohane and Joseph Nye began to develop studies of global interdependence in the late seventies. In 2002, the word globalization was accepted into the Dictionary of the Royal Academy of the Spanish Language. In this case its meaning refers to the process induced by the internationalization and interdependence of national economies. The countries are on a planet that tends to be a single market and a single economic unit. Some Latin American authors use globalization as synonymous with globalisation. While the Germans call the phenomenon mondialisation globalisierung and French. On the other hand, the term globalism represents the ideological. This is a conceptual drawing that explains and seeks to justify from an ethical point of view to globalization. While the latter is a tangible reality expressed through the development of information networks, telecommunications and information technology.

### 2.1 Neoliberal revolution.

Globalization currently implies different connotations. First is scientific globalization. This term refers in particular to the rapid advancement in science and technology has enabled the development of trade, economy, business and communications. Second, computers globalization is defined as the expansion of the global information network. Thus, the informational events have reached a global scale through information services such as computers and the Internet.

Third, the globalization of production of goods and services is related to the emergence of multinational companies during the twentieth century.

Fourth, economic globalization means the internationalization of trade, production, finance, services and consumption [Eckhardt, G. M., Dholakia, N., & Varman, R. (2013)]. Particularly, the globalized economy due to technological advances in communications and transport. In recent decades, it has attempted to establish a concept of globalization that satisfies the view of sociologists, political scientists, and entrepreneurs internationalists. On the one hand, there is the group of globalists (globalists) who argue that globalization is the most important contemporary event. The argument presented says that social relations have become completely globalized.

Among its leading exponents are entrepreneurs John Naisbitt and Kenichi Ohmae [Beveridge, R., Hüesker, F., & Naumann, M. (2014)].

In contrast, ultra skeptics say that globalization is not a transcendental phenomenon. From this perspective, the writer John Berger adds that global bodies like the World Bank have taken the place of states in relation to decision making.

Finally, the moderates are located between. For example, Jan Aart Scholte concludes that globalization represents an important direction. However, there are other relevant social forces such as changes in production structures, government, community and knowledge. Within the group of ultra skeptics out Venezuela's president, Hugo Chavez. In recent years this president has led the resistance in Latin America against the U.S. initiative to create a free trade area on the continent. The position taken by Chavez is clear: Globalization is nothing more than an attempt by the globalization of neoliberal dogma, the false idea that the way, the end of history is over, the idea that with the fall of Berlin Wall, the collapse of the Soviet Union and the story ended here beat neoliberal capitalism. That's the dogma.

A kind of fundamentalist religion. Many, blindly, many uncritically, some only marked by the grim thought, have been pushed to a model that is being presented as if the end of the story was the bridge to happiness.

Below five different definitions of globalization, each rotating around a specific term presented. The first is a personal approach to globalization in terms of internationalization. Paul Hirst, professor of social theory at the University of London, uses the global adjective to refer to the relationships that transcend national borders. The globalization means increased international reciprocity and interdependence of countries. It is a large and growing trade flow and capital investment. Most of this globalization is also expressed by a lot of exchange of messages and ideas that circulate freely through the States.

Second, globalization and liberalization. In this case it refers to the withdrawal of state restrictions on movements between countries. The goal is to form an open, borderless world economy. In other words, globalization has become the key word to describe the development of international economic integration. Harald Sander economics, liberalization observed in the constant downward pressure on the flow of capital controls and the disappearance of trade barriers. Although the free movement of people is a significant slope. The third definition, the work of the British archaeologist Clive Gamble, equates globalization with globalization. From this perspective, Global means worldwide. It is the spread of various projects and national experiences to people from all over the world. For example, the globalization of automobiles, Chinese restaurants, decolonization, livestock breeding, among others. Fourth, globalization as westernization or modernization, particularly an Americanized form. This definition is a dynamic where social structures of modernity (capitalism, rationalism, industrialism, bureaucratism) extend worldwide. Normally during the establishment of the new structures are destroyed forms of self-determination and local cultures. For the American economist Herbert Schiller, globalization in this sense is described as an imperialism of McDonald's, Hollywood and CNN. Finally, David Held, professor of political science at the University of London, identifies globalization. This perspective indicates a geographical space where social change cannot fully conceived in terms of places, distances and territorial borders. Thus, globalization is defined as a series of processes that incorporate a step in the spatial organization of social relations and transactions.

There is now a proliferation of social connections that are part of a separate territorial logic.

Some examples of supranational relations are phone calls, e-finance and the deterioration of the ozone layer. These phenomena share three important characteristics. Firstly, they cannot be placed in a fixed geographic point. Second, they operate largely without considering the distance based on a territory. Third, constantly transcend territorial boundaries. Therefore, we can see a clear difference between global and international. While international relations are inter-regional, global relations. The international role is in a territorial space. The global dimensions that transcends geography may decide.

From the second half of the twentieth century have intensified inter-regional and supra-territorial relations. Consequently, globalization has been conceived as a growing interdependence. There are three main dimensions underlying this perspective. First, trade and foreign investment. Domestic markets are inserted in globalization when each country producers looking to market to the outside. Foreign investment and trade are both complementary alternative forms of globalization. Are alternatives because domestic firms access to foreign markets through exports. Are complementary when corporations move their own goods to the outside as part of an integrated production process.

The second dimension of interdependence is the flow of capital. One of the most important features of globalization has been the growth of transnational or Multinational Corporation.

Emphasizes the expansion of industrial and financial companies. It is estimated that the movement of products between different agencies of the same multinational corporation represents a third of world trade [Parreñas, R. S. (2013)]. Third, the workforce. The labor market is the only one who observed a negative trend in integration is concerned. In recent decades, most of the advanced capitalist countries (PCA) have systematically hindered free access to foreign workers. Particularly, the entry is considered prevents unskilled or from least developed countries. The controls are increasingly stringent; consequently, workers have opted for illegal means to access new labor markets.

## **2.2 The international market.**

Globalization emerged from the increase in the intensity of commercial activities from the fifteenth century. It is a cyclical development with ups and downs that has integrated economies, finance, markets, production methods, standards, cultures and people on one stage. Since the second half of the twentieth century, including at least four key trends.

First, free movement of large amounts of financial capital circulating in the international market. In recent years, transactions occur in real time thanks to technological advances. At the end of the last decade of the twentieth century, a daily volume of \$ 1.500 trillion dollars in foreign exchange was handled. This amount of money is the result of the deregulation of capital markets in each country.

Second, the increasing establishment of an integrated production process worldwide. That is, the various stages for the development of goods and services have been fragmented and distributed around the world. This means that no longer involves only produce the national level. Third, the continued integration of national markets into global markets. Producers in each country need arise mainly exports of goods and services they produce [Bonanno, A. (2013)]. Thus, seeking to be equally competitive both internally and externally. Fourth, the transformation of everyday life of individuals as a result of technological advances. Social relationships are in constant change. Technology seems not only facilitate business transactions but also the daily activities of people.

For example, use of the Internet as a communication medium. Globalization implies an increase in the level of economic interaction between countries. Leads to a qualitative change in treatment between nation-states and national markets to international. Also, the major world powers have begun to organize their actions in economic, commercial and financial matters. National economies are intertwined and depend increasingly on institutions like the World Bank and the International Monetary Fund (IMF). This whole process has been accelerated due to three main reasons.

First, a decrease in the barriers that inhibit international trade and increased their operational cost. Second, the technological revolution in transport, communications and data processing. Third, trade liberalization, foreign direct investment and foreign capital flows between countries.

Neoliberalism is a word that is sometimes used as a synonym of economic globalization, but do not mean exactly the same. On the one hand, globalization is a process. While neoliberalism has been the dominant political doctrine related to globalization in contemporary history. In fact two complementary concepts. Neoliberalism has global scope, but is fundamentally a political model of economic, social and cultural implications. It is an indispensable ideological-political pattern in the development model called economic globalization. The ideology of neoliberalism is its theoretical foundation in the principles of John Locke, Adam Smith and David Ricardo.

Is essentially based on two premises of classical liberalism [Bianchi, R. V., & Stephenson, M. L. (2013)]. First, that market forces will bring prosperity, freedom, democracy and peace to all mankind. Second, competition is the key to both producers and consumers benefit from being mechanism.

In the late nineteenth and early twentieth century, classical liberalism was the ideological framework of the American economy. His postulates raised the no intervention. However, this relaxation led to the crisis known as the Great Depression of 1929. State economic policy pro John Keynes came to relay. During the sixties, a group of economists from the University of Chicago made a doctrine against Keynesianism. This was a restatement of classical liberalism that later was called neoliberalism. He defended first, free trade with the outside as a way to unite the nation with the world in a peaceful and democratic manner. Second, it allowed the State's participation in economic processes of a country, not to harm the freedom of the individual and the market.

Third, the supply and demand determine the prices of goods and services, wages for workers, among others [Cerny, P. G. (2013)]. Fourth, the State would only intervene in cases where the market was unable to solve them.

Freedom is one of the fundamental principles that neoliberalism takes of classical liberalism. The main threat for the free development of people is the concentration of power. Historically, the state has been considered as a potential subject in the centralization of control. Neoliberalism intends to implement measures aimed at preventing the power wielded by the state to the detriment of freedom. For example, limiting the scope of state functions.

Under the neoliberal framework, the obligation of the State to refer to the protection of the freedom of individuals, the momentum of competitive markets and the maintenance of order and law. From this measure, the State shall be subject to effective control by the citizens themselves.

Neoliberalism retains the original meaning of liberalism as a doctrine concerning free man [Pearson, Z. (2013)]. However, showing his pragmatic side considering that unanimity raised by classical liberalism is ideal because it is impractical to find a uniform vote on all issues.

In reality the actions are taken based on the decision of a majority. This solution turns out to be practical but not a basic principle. Neoliberalism recognizes some areas where the market cannot solve the problems or the cost is so high that it is preferable to use political channels. One example is to provide public services to a remote community. Thus, neoliberalism provides to state resources as an inevitable measure.

Both liberal and neoliberal argument defends the best possible use of the forces of competition as a means of coordinating human efforts [Choi, J. M., & Khaksar, V. (2013)]. This does not mean to leave things as they are. The efficient functioning of competition demand as a first action, proper organization of institutions like money, markets and channels of information. Second, the existence of an appropriate and directed to maintain competition in the most productive way legal system.

Third, it is not enough that the law recognizes the principle of private property and freedom of contract. You also need to have exact definitions of concepts in context where applicable.

Shortcomings in this third point have caused the decreased effectiveness in competition. In recent decades, neoliberal thinkers have addressed two issues in particular [Baines, D., & Cunningham, I. (2013)]. The first has to do again with the determination of the state role in the affairs of the world economy. In this regard, it has raised the idea of turning the state into a facilitator for the development of neoliberal policies [Kwak, M. J. (2013)]. The neoliberal doctrine poses start with the removal of all limitations that may affect the free movement of money, goods, services and capital. In particular, it remains the transit workers. It also proposes to minimize asset ownership by the State. There are even neoliberals, particularly the businessmen who support the reduction of social welfare guarantees provided by the state. This stream proposes to leave social work and voluntary sectors market.

The second case concerns the measures proposed neoliberalism as the minimum conditions that must prevail in a country to foster their development.

These include the privatization of public enterprises, a steady decline in deficit spending and social legislation. Similarly, state deregulation is necessary to promote trade liberalization and encourage the arrival of foreign investment. In short, neoliberalism proposes rid of all obstacles that hinder state flow of goods and money between countries [Martinez-Gomez, F., Aboites-Manrique, G., & Constance, D. H. (2013)]. However, although governments around the world have shown a growing acceptance for the enforcement of these measures cannot always be performed optimally. For example, there are countries where neoliberal provisions sharply clash with nationalist principles. Meanwhile, the general public thinks that once initiated a process of neoliberal reform, development is irreversible [Semali, L. M., Baker, R., & Freer, R. (2013)].

There is controversy about the precise origin of globalization in space and time. On the one hand, Roland pioneer and specialist in the study of globalization Robertson, locates its inception in Europe during the fifteenth and sixteenth centuries [Lim, H. C., & Kong, S. K. (2013)]. For his part, School of Business, Harvard University Michael Porter says that the onset occurred in the nineteenth century. Porter draws on one of the latest in the industry and trade accelerated development observed periods. While the perspective of writers Alexander King and Bertrand Scheider, globalization is a process that began in recent decades.

These two authors believe that technological innovations such as aircraft and computers have fostered relationships worldwide [Miura, R. (2013)]. Therefore, the world is experiencing right now a first global revolution.

Actually globalization was the result of the constant activity of capitalism and its expanding operation. Particularly, the process began through maritime trade conducted by commercial companies [Heinemann, T. (2013)]. In 1492 America was united with the European economy. This event was a new departure in the history of mankind. Since then, globalization has seen a steady development with large scopes from the late eighteenth century. During the development of the globalization process are three important stages.

The first is the germination phase where an Atlantic economy was formed, and goes from the early fifteenth century to the mid-eighteenth [Niblock, T. (2013)]. The second is known as the stage of take-off (off), and started from the second half of the nineteenth century. Finally, the third phase began in the early twentieth century and has been characterized by intense economic, financial and commercial activity.

### **2.3 Liberalist actions Current Economy.**

The conditions of the world economy in the late nineteenth and twentieth centuries are very similar. Both cases represent a global capitalist system in the process of development. Institutions and trade agreements were the main means promoted economic development. However, the original pattern of globalization changed since the end of World War II.

As a result of the conflict, was destroyed Europe and the United States became the most important player on the international stage. Thus, America represents the starting point of global relations. From the second half of the twentieth century, globalization has entered a new era that promises to lead to economic convergence among countries that join the system. Currently, it is everyday listening that globalization has developed unprecedented scope.

In contrast, skeptics note that ultra contemporary story has nothing new or distinctive that it could be called globalization. For moderate authors as Jan Aart Scholte, this is a particularly important development. However, globalization is not always the main guiding principle in all societies of the world. For example, developed countries like the United States or Western Europe region represent the global zone.

Although you cannot say the same thing happening in the African Sub-Saharan Africa. There are two perspectives to analyze the phenomenon of globalization. First, as a scientific category. This case concerns a concept whose historical origin is linked to economic internationalization from the Renaissance period. Then it happened the industrial revolution and the proliferation of national companies that started operations internationally [Thomas, M. K., & Yang, W. L. (2013)]. Based on the above, globalization became consolidated during the second half of the nineteenth century. Second, as a historical category. Within this framework it is considered as a synonym of economic internationalization. That is, globalization is a phenomenon deeply associated with the capitalist mode of development as inherently expansive production.

Initially, the spread was given by the colonial experience. Currently, the establishment of rules and institutions means that the globalized world in which we live is different from previous stages.

Here are four points of debate on globalization and social change have been brought from its beginning to the present are presented. The first is about the production.

Globalization has changed the nature of economic activity. For example, from the emergence of global markets. This event is widely associated with the technological revolutions in transport, communications and data processing.

Scientific developments have caused significant changes in what is produced and the way how it is made. The improvement in production processes mean enough to say that the history of mankind has entered a third stage support.

That is, it has surpassed the rural life and industrial civilization, to move towards the era of the knowledge society.

The second point is comprised of state power. The issue has taken about two radically found positions. One extreme believes that contemporary globalization has deprived the State sovereignty [Wrenn, M. (2013)]. It is a change of actor in the exercise of power originally vested in the citizens. This view links the growth of the overall relations with the nation-state decreased.

Within this perspective there are radical views announcing a crisis of the nation state and the extinction of nation states.

Meanwhile, the other end does not perceive a real loss of power by the State. This argument states that States, and particularly economically powerful states, remain the main regulatory force. Inclusive assumptions globalized sectors such as financial systems are regulated through mechanisms arising from government initiatives. The idea of the disappearance of the state has immediate background in political theory. For example, anarchism proposed that social control was given without the need for a state apparatus. Nowadays this issue reappears (surface) light versions of globalization. The most pessimistic stance to ensure policy era and the beginning of a post-political era. It also speaks of the presence of a globalized world where borders tend to disappear and the state will go to a secondary plane.

For its part, the optimistic side says that state power remains in force [Smith, D. G. (2014)]. Reality gives reason to both views.

When an economic or financial crisis occurs, it is essential to the joint intervention of the state and international agencies like the World Bank. For example, this situation occurred in 1982 when it sought to resolve the debt crisis in several countries in Latin America.

Culture represents the third point of discussion. The main debate centers on whether globalization promotes cultural homogenization or heterogenization. On the one hand, there are analysts who see globalization in terms of liberalization and westernization.

## **2.4 Conclusions**

Theoretical arguments suggest that the development of globalization has brought about a cultural synchronization on a global scale. On the other side is neoliberalism, which sometimes is directly related to globalization, and even you will get confused. This means that neoliberalism represents the idea of an economic model whose dimensions beyond national borders. Therefore, place it on a global level. Both globalization and neoliberalism have played a decisive role at the international level in recent years.



Currently, Mexico is a cosmopolitan country in many ways. For example, commercial activity is one of the main channels link to the outside. However, before reaching this point the country had to go through a process of change in various structures that characterized the regime in past decades. Globalization and neoliberalism subjects were unknown to Mexico until the early eighties. Instead, the country performance based on protectionism and keeping the border closed to foreign products. However, in 1982 the Mexican government became insolvent to pay its foreign debt next beat.

This widely questioned the feasibility of further outside of the new phenomena arising abroad.

Based on the above, it was established that the following hypothesis will prove : Thanks to the political, economic and institutional reforms that have made the Mexican government since 1982 , inspired by the neoliberal model , the country has been able to successfully entering the international stage and now plays a leading role in the globalization process . In order to prove this hypothesis specifically on definitions and general concepts related to globalization and neoliberalism. We sought to establish a first approach to both topics to know its precise meaning. In the case of globalization, it was explained that it is just a word created in 1961, although five centuries have used other terms to refer to this term.

It was mentioned that currently implies different connotations globalization. For example, one of the most important is the scientific globalization. This term refers to fast forward raised in science and technology, a factor that has enabled the development of trade, economy, business and communications. Subsequently, the debate on the definition of globalization is presented. It was explained that there are two completely opposite opinions about it. The globalists for and against the ultra-skeptics. At the end of the term was defined from the perspective of moderate authors. Specifically, Jan Aart Scholte argues that globalization is an important course that coexists with other relevant social forces such as changes in production structures, government, community and knowledge. Finally, five definitions of globalization that revolve around a term are presented. These highlighted a Westernization Americanized form. The represents the idea of imperialism McDonald's, Hollywood and CNN.

Regarding the development of globalization as a phenomenon, it was concluded that its beginning dates back to the fifteenth century when increased intensity of commercial activities. Since then, America was linked to the rest of the commercial network. The four points of the debate on globalization and social change that has involved from the beginning to the present were also explained. These four issues are emphasized postmodernism. The globalists (globalists) believe that globalization has brought humanity to the edge of the modern era. Indeed, the globalization process has highlighted due to the rapid progress made in recent years in areas such as science and technology. On the other hand, about the difference between the global and the international following is stated. While international relations are inter-regional, global relations. The international role is in a territorial space.

The global dimensions that transcend geography may decide. A turn was defined neoliberalism as a political model of economic, social and cultural implications.

It was determined that freedom is one of the fundamental principles that returned from the ideas of classical liberalism. Moreover, it was established that the difference between the two models was about the role of the state.

Finally we believe that liberalism proposes to leave the market absolute control over economic affairs. While neoliberalism accepts state intervention only in cases where the market is unable to resolve the measures taken to meet this objective sought to reduce import quotas and tariffs that prevented the entry of foreign goods.

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