Part I

Introduction
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- Discussion/analysis actually weighted in favor of capitalism since the analysts were trained in market operations
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- Discussion/analysis actually weighted in favor of capitalism since the analysts were trained in market operations
- Basically, they supported the party line
- The discussions were supported by analyses of existing countries and their operations
But what was not mentioned was the fact that the discussions presupposed the existence of **nation-states** or economies

- Will these nation-states continue to exist?
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- Will these nation-states continue to exist?
- If not, how will they change?
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- Will these nation-states continue to exist?
- If not, how will they change?
- Is CE then less concerned with comparing existing nation-states or with trying to find the best one for an eventual single nation-state?
In fact, are we headed for a single nation-state?

- Is striving for a single nation-state a "false alternative"?
Some, as noted before, have argued that we’re now in a global economy

- Maybe this is that single nation-state?
Some, as noted before, have argued that we’re now in a global economy

- Maybe this is that single nation-state?
- What else could be ”single” if not the whole world?
Question

What is globalization?
Part II

Globalization
The word "globalization" is used everywhere

- It seems to be in every publication
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- But this fracturing of a nation-state has economic consequences
"The premises of the welfare state and pension system, of income support, local government and infrastructure policies, the power of organized labour, industry-wide free collective bargaining, state expenditure, the fiscal system and 'fair taxation' - all this melts under the withering sun of globalization...”¹

¹Beck (2000, 1)
The nation-state is under attack, to be replace, many feel, by a "world society"

- The nation-state is a territorial concept

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2 Beck (2000, 4)
The nation-state is under attack, to be replace, many feel, by a "world society"

- The nation-state is a territorial concept
- "...its power is grounded upon attachment to a particular place..."\(^2\)

\(^2\)Beck (2000, 4)
"The world society which, in the wake of globalization, has taken shape in many (not only economic) dimensions is undermining the importance of the national state, because a multiplicity of social circles, communication networks, market relations and lifestyles, none of them specific to any particular locality, now cut across the boundaries of the national state."³

³Beck (2000, 4)
But, although this world society has been forming, or at least it is believed that it has been, no consensus view has appeared about what this new entity should be like.

- **We do believe that this world society and world market exists**
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But, although this world society has been forming, or at least it is believed that is has been, no consensus view has appeared about what this new entity should be like.

- We do believe that this world society and world market exists
- In fact, the idea of an all powerful world market cripples our ability to function
  - We are resolved to this happening and we are powerless against it
Part III

Defining Globalization
Three Meanings

Three terms have been identified

- Globalism
Three Meanings

Three terms have been identified
- Globalism
- Globality
Three Meanings

Three terms have been identified

- Globalism
- Globality
- Globalization
"Globalism is the view that the world market eliminates or supplants political action..."\textsuperscript{4}

- Some feel that the central task of politics is to define the rules under which economic activity will function.

\textsuperscript{4}Beck (2000, 9)
"Globalism is the view that the world market eliminates or supplants political action..."\(^4\)

- Some feel that the central task of politics is to define the rules under which economic activity will function.
- Under globalism, the political structure dissolves or is suppressed.

\(^4\) Beck (2000, 9)
"Globalism is the view that the world market eliminates or supplants political action...”

- Some feel that the central task of politics is to define the rules under which economic activity will function.
- Under globalism, the political structure dissolves or is suppressed.
- Basically, the economy is run like one large company.

4 Beck (2000, 9)
Globality

This is a situation in which we live in a world society

- There are no closed areas

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Beck (2000, 11)
Globality

This is a situation in which we live in a world society

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- No one is shut off from the rest of the world

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- There are no closed areas
- No one is shut off from the rest of the world
- Nothing that happens is a local event
  - Everything that happens affects the rest of the world - nothing is in isolation
  - This means that we must reorganize ourselves along a 'local-global' axis\(^5\)

\(^5\)Beck (2000, 11)
Globalization

This means the process by which the nation-states are undermined

- It is an irreversible process
Globalization

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- Almost Marxian in concept
Globalization

This means the process by which the nation-states are undermined:

- It is an irreversible process
- Almost Marxian in concept
- It is a process in which there is a disorganized capitalism
We can speak of two modernities: a first and second

- The *first modernity* involves the nation-state and its territorial power
We can speak of two modernities: a first and second

- The first modernity involves the nation-state and its territorial power
  - The nation-state rules locally

- The second modernity involves the world society without borders: without a world state or world government
  - A new kind of world market will dominate
  - Not clear what that world market will be like
Modernities

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The view of globalization is different in the two modernities\(^6\)

- In the first modernity, "globalization is interpreted within the territorial compass of the state and politics, society and culture."

\(^6\)Beck (2000, 117)
The view of globalization is different in the two modernities\textsuperscript{6}

- In the first modernity, "globalization is interpreted within the territorial compass of the state and politics, society and culture."

- In the second modernity, "globalization changes not only the relations between" nation-states, but also the quality of how those nation-states operate. This hold true also for the economic dimension of a nation-state.

\textsuperscript{6}Beck (2000, 117)
An nation-state can be viewed as a collection of "spheres" that interact based on the rules established by the nation-state

- **Economic sphere**
An nation-state can be viewed as a collection of "spheres" that interact based on the rules established by the nation-state

- Economic sphere
- Legal sphere
An nation-state can be viewed as a collection of "spheres" that interact based on the rules established by the nation-state:

- Economic sphere
- Legal sphere
- Cultural sphere
An nation-state can be viewed as a collection of ”spheres” that interact based on the rules established by the nation-state

- Economic sphere
- Legal sphere
- Cultural sphere
- Etc.
Much of the study of economics is concerned with the economic sphere (of course) within the context of a nation-state.

- Some study about how the other spheres interact with the economic sphere.
What happens when the nation-state as we know it dissolves under the process of globalization?
The Path of Globalization

First Modernity

Second Modernity

World Society

Convergence Under Globalization

Economic
Legal
Political
Cultural
Technological

Economic
Legal
Political
Cultural
Technological

Economic
Legal
Political
Cultural
Technological

Economic
Legal
Political
Cultural
Technological

Nation-state #1

Nation-state #n
Question

What happens??
Whatever happens, we have a chance to influence it. As economists, we study how the world works and make policy recommendations.

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  - This is called "mechanism design" (what else?)
Our Focus

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  - This is called "mechanism design" (what else?)
  - Typically, much economic work focuses on existing economies
Whatever happens, we have a chance to influence it. As economists, we study how the world works and make policy recommendations.

- We can influence the design of the mechanism
  - This is called "mechanism design" (what else?)
  - Typically, much economic work focuses on existing economies
- In mechanism design, we seek the best way to achieve social goals
I previously said that at the end of the semester, I would like at chart that shows...

<table>
<thead>
<tr>
<th>Social Goals</th>
<th>Performance Measures</th>
<th>Measurement Ranges</th>
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The Goals cannot be vague statements (like "justice for all"), no matter how laudable - we need actionable and measurable statements.