

Session 24

Culture: An Economic Strike Force

Globalization and Culture: Diversity, Standardization, or Universalism?

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The debate on globalization and culture raises empirical and ethical questions:

1. Under what conditions do various forms of globalization lead to cultural diversity or standardization?
2. What is more desirable, standardization, universality, or diversity? Standardization implies products distributed and consumed internationally. Diversity implies group particularity, while universalism is an ideal cutting across diversity.

Globalization results in cultural aspirations and frustrations, often to thwart standardization. These concerns are of heightened importance in the post-Brexit vote era. At the core of this vote was the intersection of economic and cultural preferences: that of the consequences of globalization versus societal valuations of shared identity. Therefore, it is analytically and empirically important to examine international cultural flows and the distributive consequences of these flows across societies and politics.

Cultural Diversity or Standardization?

Globalization can lead to diversity or standardization. The question really is diversity or standardization for whom and at what cost? The axioms of international trade lead us to expect standardization as firms expand to capture larger market shares. Therefore, efficient (or oligopolistic) market producers such as from Hollywood can command large market shares globally as cultures standardize.

The explanation above does not account for related economic aspects of cultural production and diversity, regardless of oligopolies. These include the following:

- Culture is mutable and evolutionary: arguably creative and cultural diversity has increased not decreased with globalization and changes in creative technologies such as a video camera. Nigeria's Nollywood is a powerful example.
- Creative industries can also grow with large numbers of producers catering to particular cultural groups. Bollywood is an example.
- Protectionism may not lead to increased cultural production. Market size may still be important for creative industries. Cultural standardization is often necessary to capture a large market size. Example, Hollywood vs. French cinema.

Neither markets nor subsidies offer any one-size-fits all solution to preserving creative industries. Several national film industries have flourished mobilizing international networks and domestic support. Others have languished. Smart policies are the answer. South Korean films and Taiwanese soaps are examples.

Baumol's "cost disease", increasingly high fixed costs through time for the same piece of art such as a Schubert Sonata, entails making political choices on which art to support, whose correlation with cultural diversity may be tenuous.

In economic terms, while cultural homogenization seems to be the dominant outcome, cultural diversity may not be excluded a priori. The developing world lacks production and distribution infrastructures for its creative industries despite centuries of colonial presence. Location of multinational firms can boost

local production. Examples include the film industry in South Africa, and the book and music industries in Colombia.

Normative and Ethical Questions

The desirability of cultural diversity and framing of related policy measures are also normative and ethical questions. They are intrinsically related to, on one hand, the economic drivers of globalization, and on the other, the ways of life and the rituals and symbols, including cultural products, which sustain them. The political economy behind the framing of these debates and policies reveals the influence of three powerful groups:

- cultural producers such as firms with low transaction costs for collective action;
- cultural elite, including bureaucrats, who supply ideas and policies;
- political entrepreneurs, including politicians who can mobilize groups.

The relation between these three powerful groups and the cultural aspirations of people is not immediately obvious. Cultural standardization can mean the loss of a cultural voice to name one's world in sounds and images, and the intergenerational transfer of these practices through curation and other cultural practices. An immigrant in London or a third-generation resident of the English Midlands can both experience the loss of a cultural voice in a globalized world. Their interactions with institutions and political processes can, as we have recently seen, have profound impact on the future. Equally the resolution of their divergent or convergent preferences entails the work of producers, elite, and the entrepreneurs named above.

The nation-state as a political unit imposes a cultural boundary and a constitutional framework for resolving divergent cultural preferences. By definition, the nation-state has a patrimonial imprint, one in which 'foreign' ideas and people are easily marginalized, or even demonized. This is not always effective for safeguarding diversity.

The post-war world also tried another organizational solution to resolving divergent preferences through international organizations. In hindsight, nation-states dominated these organizations, which are also often blamed for their democratic deficit. UNESCO is an example. While framing cultural aspirations, including an international legal instrument for cultural diversity, its rule-making often reveals the influence of powerful actors unresponsive to grass-roots cultural aspirations. UNESCO's bureaucrats traditionally also scoffed at market means for cultural production though this changing.

Finally, one might ask if production of cultural diversity is desirable for its own sake. Cultural debates framed in standardization versus diversity terms often overlook the value of moving toward universal cultural aspirations. The very idea of a museum, it can be argued, is a universal aspiration. As is the idea of a UNESCO.

There are two ways forward toward reaching an optimal balance between standardization, diversity, and universal aspirations. One is through market means. While oligopolies have power, start-ups and new technologies can empower groups through disruptive innovation. Another solution to ensuring cultural diversity is resolution through deliberative politics, which includes all cultural voices. The sub-optimal solution entails partial inclusion, especially the three powerful groups named above. Unfortunately, our quotidian cultural politics tend to be sub-optimal.