



## THE 3 -TIC APPROACH TO ECONOMIC GLOBALISATION: GAME THEORY PERSPECTIVE

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The French term *mondialisation* means generalisation or a process of assimilation or the Korean word *Il-Che-Hwa* understood as “making one body” represents one fabric of globalisation. (HERRMANN, 2010). *Globalization* is the intensification of world social relations connecting societies in such a way that local issues, events & incidents effecting the global ones and vice-versa. However economists say – “*Globalization as the integration of world’s economy*”. This can also be attributed to *de-territorialization* or *time-space compression*. This concept of globalization is characterized by *stretching, intensification and acceleration* of the world wide systems of transport and communication (JOHN BAILEYS, 2014). It’s also understood as a process from being international to transnational and finally been to structural (re-structuring of the market and market forces) thereby breaking down the barriers between societies, economy, political system with increased volume of exchanges. Immanuel Kant (1784) in his essay “*Idea for a Universal History*” vouched for development of states and their relations with others in international relations through cooperation to form a world government (HALLIDAY, 2000).



In the words of Deepak Nayyar (2006), globalisation is seen in two perspectives positive & normative sense that leads to confusion. The positive sense calls for integration of world economy while normative talks for prescribing the strategy for development on the basis of accelerating integration with world economies. However it’s more than that, looking for economic openness, higher degree of economic transactions and re-organisation of financial activities across political system (NAYYAR, 2006). The historical lineage of globalisation as a process depicts the economic & social culmination of 500 years of integration of world into a unified economy pioneered by the strongest that leads to creation of political power. The contemporary phase of globalisation with the end of cold war and collapse of communism brought four consequences that are economic, political map redrawing, intellectual and lack of political responsibility. This leads to creation of four structures of power namely security, production, finance and knowledge (HALLIDAY, 2000).

In the era of liberalisation (neo), technology has been the accelerator for to speed up the process of globalisation. It’s a two way process that creates space and simultaneously provide opportunities for the ideas/items that is best expressed “*Local to Global*”. Globalization as an approach needs to shift our focus from societies to ‘sociology of one world’. Out of the various dimensions of globalization the economic perspective has acclaimed or has been criticised with greater degree. The debate over this can be briefed on three parameters (namely Optimistic, Pessimistic and Pragmatic) by using economic tools i.e. **Game Theory**.

**Optimistic Approach**

The Optimistic concentrates on the positive side of this phenomenon and includes scientists like Robert Kehone, Joseph Nye, Joseph Stiglitz, Jagdish N. Bhagwati and Amartya Sen. Kehone and Nye in the book *“Interdependence in world Politics”* and *“Power and Interdependence”* emphasised the interdependence of the states and their institutions. They highlighted the various complex transnational connections and interdependencies between different political systems were increasing, while the use of power balancing and military force is declining (NYE, 2011). According to the Indian Noble laureate Amartya Sen *“Globalization is not western rather evolved historically”*. He pointed *‘Globalization of knowledge’* led to the emergence of decimal system, Industrial Revolution or renaissance. Simultaneously he stated *“Globalization came as the gift from the east. So it’s difficult to achieve economic prosperity without using market opportunities (SEN, 2002)*. Stiglitz too vouched for pro-globalisation policies, that has the potential for providing stability and development but caution at the speed of liberalisation calling for states to embrace upon its characteristics, history, tradition & culture at its own pace thereby denoting one size doesn’t fit all model (STIGLITZ, 2002).

**TABLE 1- POSITIVE SUM GAME**

*Fig .1* explains where two players (A & B) making rational decisions and creating win-win or cooperative situations with maximum payoffs in the given matrix.

Bhagwati (2004) an international economist, drawing from his experience addressed it as a powerful force that can eradicate social evils like literacy, women’s issue, poverty if properly regulated. He meant globalisation as a tool of

	A strategy player 2 adopt	B strategy player 2 adopt
Player 1 adopt A strategy	4 , 4	1 , 3
Player 1 adopt B strategy	3 , 1	2 , 2

balance force that can have consequential results in underdeveloped states marred with rights & equalities of women, poverty, child literacy & development (BHAGWATI, 2004). In the contemporary phase of Globalization where structuralist and neo-structuralist emphasised on the role of structures, Multi-national corporations and Transnational Corporations had amassed profits and there by *interchanging the state’s high politics and low politics preferences*. Liberal thinkers see globalization as a *Positivist sum game* for example- Love or market exchange of goods where in both the cases both the parties are at the receiving end.

**Pessimistic Approach**

This branch of science includes the Dependency School, Marxist, WORLD SYSTEM THEORIST and Walden Bellow. Samuel P. Huntington in his *“Globalisation and Culture”* termed globalisation as a pervasive force that is assimilating the diversity and uniqueness thereby working for homogenisation of culture which is creating rift and an intense one (HUNTINGTON, 2003). The Dependency School presents the exploitations of the global south by the global north. Walden stressed the concept of de-globalization or anti-corporatisation, thereby dismantling the Bretton-woods institution (JOHN BAILEYS, 2014). Writers like Presbich, Paul A. Baran, A. G. Frank, Immanuel Wallerstein and Samir Amin had expressed the exploitation of the underdeveloped countries(African continent, Latin America, and Asian continent) by the developed ones (UK, US, and Europe). Michael Klair summarised his notion of *resource war* where states overpower the resource of other nation for their use (HEYWOOD, 2014). Gramsci notion of hegemony is coupled with capitalism intermingled with globalisation address the cultural and ideological roots of hegemony created by the hegemon i.e. the developed stated over the underdeveloped one thereby streamlining them in their zone of influence (GRAMSCI, 1929-1935).

This categorization of world economy into metropolis and satellite or centre- semi periphery – periphery shows the dominance, control and exploitation of the peripheral countries. Marxist explains this as a conflict of interest in economic sphere of globalization dividing the haves and haves- not into

developed and under developed countries respectively. Marxist believe this globalization as a **zero sum game**, where one’s gain is others loss.

In the Figure II- the given payoffs in the Matrix shows once gain at the expense of others between two choices (I and 2).

**TABLE 2- ZERO SUM GAME**

	Choice I	Choice II
Choice I	-A , A	B , -B
Choice II	C , -C	-D, D

**Pragmatic Approach**

This section deals with the pragmatic approach where rational decisions, political structures and diplomacy comes into play. In ‘**Globalization and its discontents**’, Joseph Stiglitz (renowned economist) supported globalization as a power to extract benefits for the state if the country adopts it at its own pace with some reformations like **Adjustment Assistance Programme**. There had been examples of East Asian countries like *Taiwan and Korea* not complying with the US system of liberalization and privatization but had tasted the economic prosperity. But still there are countries like *Thailand* which had devastating effects after opening of its market for free trade. Globalization is far more costly than the benefits it has provided but it’s up to states to run the mechanism of national interest and sovereignty in securing the advantage for itself, consumers and tax payers like the US system of **Trade Adjustment Programme** authorised under *Trade expansion Act of 1962 and 1972* for workers, farmers, firms and communities.

This approach can be clubbed into **Nash Equilibrium** where each player is taking rational decision with respect to others. Pay-offs in the matrix (**25, 40: 40, 25: 10, 10**) presents the best suitable strategy/options for the players ABC.

	Option X	Option Y	Option Z
Option X	0 , 0	<b>25 , 40</b>	5 , 10
Option Y	<b>40 , 25</b>	0 , 0	5 , 15
Option Z	10 , 5	15 , 5	<b>10 , 10</b>

**TABLE 3 NASH EQUILIBRIUM**

**CONCLUSION**

States in the era of globalisation is caught in the quagmire of taking their diplomacy channels through the pragmatic approach to further their cause in policy formulation for economic sphere. It quintessentially provides a boon to streamline their national interest in view of multi-vector foreign policies pursued by the non-western and developing ones specifically to come out of the stagnation, **buck-passing & fall under favour system**.

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