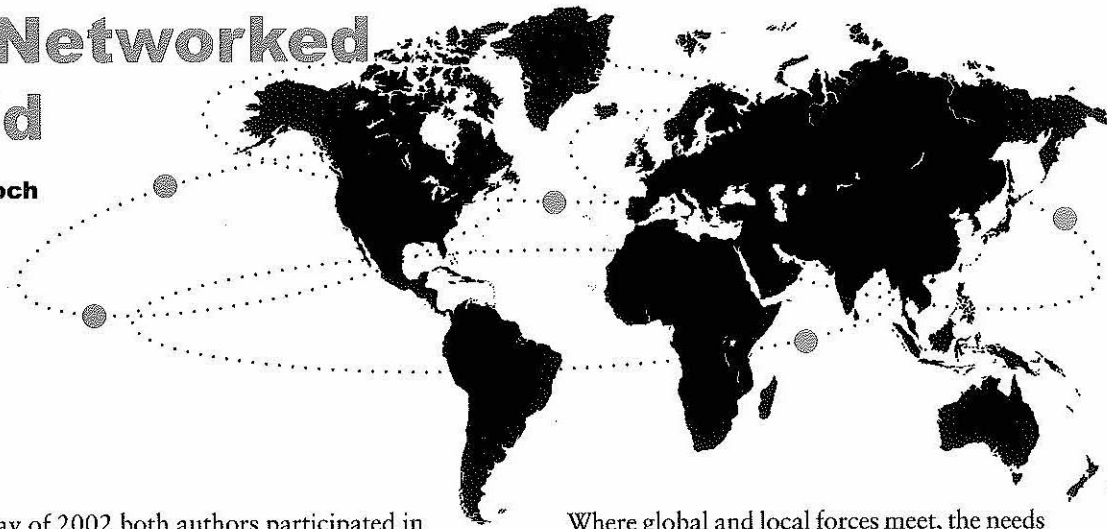# Glocalism and Our Networked World

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Overview

In May of 2002 both authors participated in the First Glocal Forum in Rome, Italy. Uri and the Honorable Mayor of Rome, Walter Veltroni, organized this event. The purpose of this three-day dialogue was to examine the growing tensions that exist in our globally networked world from the perspective of cities and from the perspective of youth. Network communication systems act both as enablers of increasing degrees of global integration and as a powerful force in redefining culture, markets, and the allocation of economic benefits. Thus, information and communication technologies (ICT) were also a key focus of these probing dialogues and the initiatives that have followed. This article discusses the concept of glocalism as an effort to seek a better balance between global forces and local needs, interests, and identities.

> *"...the concept of glocalism as an effort to seek a better balance between global forces and local needs, interests, and identities."*

Glocalism as a Social Process

CERFE, an Italian economic and social science research organization for which both authors serve as advisors for Glocal Forum sponsored research, describes glocalism as:

> "a social process that is especially evident in cities where it consists of the concurrent drives toward globalization and localization."

It is also seen as "diffused social action. . .that can be interpreted as a kind of ideal and cultural movement oriented towards linking the benefits of globalization to local situations, and toward governing globalization also through local situations."

Where global and local forces meet, the needs for institutional change and social adaptation that are compelled by technologically enabled global integration frequently encounter strong countervailing pressures to preserve local identity and customs. These pressures are especially salient in the presence of increased cultural diversity and growing economic disparities that accompany wide-scale global migrations to major cities.

The United Nations defines a mega-city as a massive urban center of more than ten million people. In 1950, New York was the one mega-city in the world. "By the year 2015 there will be twenty-five mega-cities, nineteen of them in developing countries, and fifteen of them in Asia. In addition to these mega-cities, there will be fifty-nine cities with populations greater than five million, and those crowded, polluted, urban centers will by and large not have the well-developed infrastructures that have sustained today's major cities" (Thomas Hoog, Hill and Knowlton, First Glocal Forum, Rome, Italy, May 2002). The proportion of our world's population living in cities of a million or more has risen from thirty-seven percent as recently as 1970 to nearly fifty percent today. By 2030 more than two-thirds of world population will be in large cities. Since for the most part high-speed networks exist only in these cities, when we speak of a networked world, it is essentially a global economy made up of very large, interconnected metropolitan regions (Manuel Castells, *The Internet Galaxy*, Oxford, Oxford University Press, 2001). High value-generating services, high-paying jobs, and human development opportunities act as a magnet for migration to these increasingly dense urban centers. They are the focal points for industry clusters and territorial webs of interpersonal networks for resource exchange, collaboration, and learning. At the same time, these concentrated human settlements are subject to growing income disparities and severely strained infrastructures.

Globalization and Glocalism from a Corporate Perspective

Over the past quarter century the notion of glocalism has had various connotations. In the 1980s President Akio Morita of Sony, one of the world's most successful multinational firms, used this term to describe a corporate strategy that he popularized with the phrase "think global, act local." *Time Magazine* named President Morita one of the twenty most influential "builders and titans of the twentieth century—innovators who changed how the world works." In markets that were increasingly global and clearly on a path to becoming more so, he argued that it was critical for companies to frame all elements of their strategy in a context that was fundamentally global. As trade barriers came down and regional boundaries were blurred by modern transportation, sophisticated just-in-time logistics, integrated financial markets, and modern communications the corporation that focused solely on national markets was likely to see its local markets erode to more aggressive globally-minded competitors. Creating the capacity to act locally in diverse and far flung markets around the world was seen as a way to achieve greater efficiencies, to optimize supply chains, to tailor products to local needs, and to establish the beachheads for penetrating rapidly growing international markets.

> "...a growing portion of the market capitalization of firms was attributable to creating a dominant brand."

In the 1990s research on global brands like Sony, Toyota, McDonald's, and Coca-Cola indicated that a growing portion of the market capitalization of firms was attributable to creating a dominant brand. In a global marketplace this "brand equity" enabled the multinational firm to create a "virtuous cycle." It could be leveraged in attracting all manner of resources from annuitizing customer loyalty in the form of future revenue streams, to economies of scale, purchasing leverage, and favorable access to financial markets. The global scope of brands contributed to the ability to access the lowest cost manufacturing labor on the one hand while, at the same time, becoming a magnet for attracting the best and brightest knowledge workers to foster future innovation. The integration of markets and the more frictionless flow of products, capital, labor, and know-how made all of this possible.

Conventional economic theory holds that specialization across national boundaries contributes to greater efficiency, greater aggregate production, and rising living standards for all. By the end of the millennium this optimistic view spilled over to the geopolitical context. It is argued by some that if all people in the world live increasingly without boundaries, consuming the same food, listening to the same music, surfing the same Internet, it would contribute to harmony and equity. Everyone would be better off. Thomas Friedman, the Pulitzer Prize winning Foreign Affairs correspondent for the *New York Times* predicted that there would be no two countries that have McDonald's that would have war with each other. Unfortunately, there are McDonald's in Tel Aviv and Ramallah and we have war between Israel and Palestine.

Friedman's optimistic appraisals came before a raft of significant events: the 1999 Seattle World Trade Organization demonstrations and continuing similar protests, the concerns raised at the 2001 World Conference of Mayors in Porto Alegre, the horror of September 11, 2001, and the sustainable development issues expressed at the 2002 Johannesburg Summit. In other arenas, criticisms began to appear in the writing of respected economists, including Nobel Laureate Joseph Stiglitz (*Globalization and Its Discontents*, New York: W.W. Norton & Co., 2002), who openly challenge the "Washington consensus" that has shaped the IMF's one-size-fits-all monetary and fiscal policies for facilitating the integration of less developed nations with global financial markets.

Subsequently, in the opening speech at Santa Clara University's year-long Institute on Globalization in fall 2002, Friedman described a more complex view of globalization than the one implied by his earlier "McDonald's" anecdote. In this new globalization system all communities are affected differently, based on who they are connected to in the global network. Similarly, all face unique local circumstances to which policies must respond.

Globalization: Ground Level View from World Cities

Against this backdrop mayors and senior local officials from developed and less developed countries, as well as World Bank, United Nations, and corporate and university leaders assembled for the First Glocalization Conference from May 11-13, 2002 in Rome, Italy. Conference host Mayor Walter Veltroni's welcoming comments set a context for the sentiments of many of his fellow mayors:

> "...these are the times of interdependence of new technology, scientific discoveries, integration of markets, all on an international level. We know what this means, that this offers opportunities to man, but we also know that a large part of the world is very far from these opportunities, that large geographic areas and populations are very far from these processes, and run the risk of sliding further down. We know that many human rights and freedoms are violated, that there is injustice in the world, that there are too many risks of instability and destruction of social rights, and that there are too many disparities in access to knowledge and information. We know what it means to be globalized; it is the economy, the financial markets that are globalized, but not human rights and education. When we talk of globalization, our thoughts go to the gap, the divide between the powerful and the weak, and the risk in the rich part is that society is split into two—those who are considered useful on the one hand, and those who are considered useless on the other hand."

> "Relations among cities are no longer a matter of transportation, but a matter of communications."

Through the three days of this unique conference the ground level perspectives of mayors and senior officials from Boston to Istanbul, from Kigali to Stockholm, and from Belfast to Athens, formed the foundation of a rich dialogue. The following were among the salient views and concerns expressed:

Networked Knowledge Economy
- Success and affluence today are not related to land mass, but to the level of knowledge, the capacity to get hold of new opportunities that serve as a major invitation for a nation to become rich, or to remain poor.
- Relations among cities are no longer a matter of transportation, but a matter of communications.
- There is a false impression that moving ahead as a high tech region involves buying computers and connecting to the Internet. Progress in science and technology is grounded in a set of values, foremost among which is the pursuit of truth.

Limits of Privatization
- Borders do not bound many of the most urgent problems. Terror, narcotics, pollution, and HIV are all global. They will not be solved by privatization.
- Privatization and other democratic reforms in Latin America and elsewhere will not lead to social cohesion without at least a minimum of equality. For example, tariffs on agricultural and textile products, as well as corruption in privatization of former state-run industries have differentially impacted social classes and this ferments social chaos in cities.
- For transitioning economies in Eastern Europe and elsewhere, openness and competition in the tendering of public procurement are key to attracting foreign direct investment (FDI).

Poverty and Peace
- Poverty is at the root of terror all around the world. Eradication of terror depends on elimination of poverty. Military operations are not the solution. A child who is raised among arms and weapons is more likely to become a warrior or terrorist later in life than a doctor. Unemployment levels among individuals under 30 are extremely high in many cities—in excess of 40 percent for most developing countries, where populations are growing at six times the rate in advanced nations.
- Mayors must balance efficiency criteria with equity and social justice in how they embrace globalization or it will not be sustainable.
- "In the next 25 years the world grows from six to eight billion people, and all but 50 million people go to developing countries. . . And what will they be saying about poverty? Will they be saying that four billion people live on $2 a day? If they are saying that, I can assure you there will not be peace in the world in which these people are living" (James Wolfensohn, World Bank, FirstGlocal Forum, Rome Italy, May 2002).

Migration and Social Cohesion in Cities
- If wealth and well-being can be found elsewhere mass migrations will continue.
- Cities are the nexus of a network of services and they can relate more closely to individuals to offset the tendency toward the loss of identity and growing global migrations.
- North American cities face their own challenges of a digital divide that could contribute to widening the gap between rich and poor. They must vie for global relevance at the same time as they seek to serve the common good of local citizens. Cities everywhere are struggling with how to become more competitive and contribute to GDP growth without excluding people from the benefits of globalization.
- In Europe, migration and multiculturalism raise questions about what it means to be civil and a citizen in a genuinely multicultural city.

Cities as Strategic Gateways

Reflecting on the wide-ranging perspectives of mayors, sociologist Saskia Sassen comments that in a networked world cities are strategic gateways for three kinds of dynamics: "global capitalism, global migration, and a kind of conflict that we did not associate with cities in the recent past of which September 11th is but the most dramatic example" (*Denationalization, Economy, and Polity in a Global Digital Age,*

Princeton, N.J, Princeton University Press, 2003). As gateways for global capitalism, successful cities are those that have developed highly specialized service capabilities for management, finances, insurance, public relations, accounting, and for securing legal and intellectual property rights. Sassen suggests that these cities are bound together as nodes in a network of inter-city transactions involving specialized capabilities in particular economic sectors. Yet, in nearly all instances these same cities face the common problems of poverty and/or growing economic divides and inadequate resources.

Sassen argues that global governance is situated in supranational institutions like the World Trade Organization, the International Monetary Fund, the World Bank, and the U.N., as well as national governments. "It floats above the daily reality of people and contributes to the growing democratic deficit of our current institutions for global governance." She suggests an alternative model that would "partly anchor global governance in networks of cities." At this level she posits that a broader range of citizen concerns could be raised—housing, environmentally sensitive practices, and the rights of citizens of the city to infrastructure, parks, clean air, and so on.

"Companies may do well, while communities decay, and governments are in deficit."

Most cities have chronic budget deficits that stem from the fact that "national budget systems were set up mostly after World War II when the geography of economic activity and profits, the geography of social costs, and other crucial geographies were quite different from what they are today." Sassen proposes rethinking the structural parameters of budgets:

"Under those older economic conditions many major cities had to return a large share of revenues to the national government. Thus New York every year returns more dollars to Washington than it gets from Washington. But today cities are concentrated places for many, many of the social costs of a country's population, in addition to the fact that more and more people are becoming urbanized and that more and more federal governments are devolving functions to cities. That brings with it additional funding obligations without corresponding funding; and it brings enormous

demands for additional infrastructure, housing, public services, public security, and many other rapidly increasing and often novel costs. Under these conditions the question of national budget arrangements becomes a crucial issue and I think this is one of the challenges that national governments face—the need to redraw certain features of these national budgets. Many of these trends may have made national states leaner and meaner, more competitive, as we like to say, but they have added costs to cities."

The guiding principles for a glocalism movement would likely include references to the need for social processes that seek a better balance between the forces of globalization and local interests, values, and culture. Similarly, this movement would be seen as seeking a better balance between economic and social criteria, between short-term interests and long-term concern for sustainable communities, and between the public and private benefits of globalization. At the First Glocal Forum, Former Israeli Prime Minister Shimon Peres underscored the governance challenge posed by globalization. The role of nation-states, he suggested, has been supplanted by a global economy in which private companies and privatization play an ever greater role in shaping the destiny of local regions and the societal conditions to which mayors in cities with swelling populations must respond. This creates a problem because under the economic orthodoxy of privatization "...everything that makes money goes to private hands. Everything that costs money remains in the hands of the governments." Companies may do well, while communities decay, and governments are in deficit.
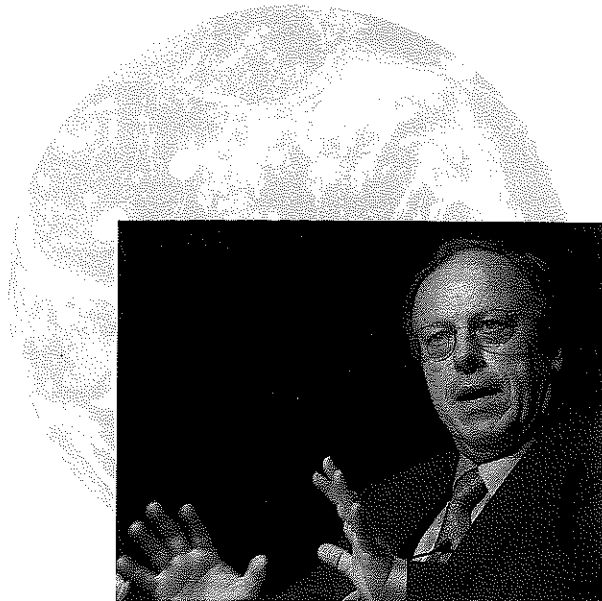
Audience with His Holiness Pope John Paul II

At an audience with Pope John Paul II for participants in the First Glocal Forum, the Mayor of Rome, Walter Vetroni, spoke on behalf of conference attendees. His comments are not reflective of the full scope of this fertile, sense-making conference. Neither do they signal the course of actions and initiatives that have followed since, including the Spring 2003 Global Incubator launch by the Center for Innovation and Entrepreneurship in Santa Clara University's Business School to support the winners of Rome's Global Junior Challenge. The Mayor's eloquence, however, does reflect the level of compassion and sense of urgency that was evident in these meetings:

"Today, gathered here into your presence, are the mayors of some of the most important cities in the world. I believe I can voice their emotions by saying what brought them here to Rome, to take part in this Glocalization Conference—what brought them here was a shared feeling, namely the awareness of the world's suffering, which has become unbearable and unacceptable, and the awareness of our enormous responsibility. . . just like words can be at times, when they speak the truth and describe a compelling situation, from which we simply cannot turn our eyes. How heavy words can be on our conscience is very easy to see, we just have to look through a U.N. magazine to read what a little girl from Zambia had to say about her situation. She said: 'If we are the future of the world and we are dying, then this means that the future is dying too.'

Time and again, your Holiness, you have urged men and women, especially those entrusted with greater political responsibilities, to do all they could to remedy this dismal situation in which we all live—a world divided into two halves, virtually 'broken' in two, where the geographical and moral division between the wealthy and powerful on one side, and the poor and helpless on the other side, is becoming deeper and deeper. In some areas of the world, incentives are allocated for people to lose weight, when elsewhere people do not have enough food to live through the day. The truth is that hunger, disease, and war are not waiting for political decisions to be made. It is a moral obligation on our part, as well as the ultimate realistic action, to realize that the world cannot survive for too long in this situation and that the international community, our governments, have to change priorities and deadlines in their agenda.

A major role can, and must be played by local policy-makers in large cities. We intend to do so and this was the very reason we all assembled here over the last few days—to reiterate our commitment to the importance of establishing links and alliances between local governments which every day have a chance to see what discomfort, marginalization, and exclusion mean in real life. That is why we are all the more convinced that globalization should not be limited to financial markets but should extend to solidarity and human rights. The key, the road to follow, is through inclusive social policies based on solidarity, hinged on the recognition of the individual rights of every citizen. Policies must be addressed to those who are in need, to those who suffer and whom we see every day in our inner cities: the homeless, the elderly, families and children in need, immigrants trying to escape poverty or war who have to overcome countless difficulties to become fully integrated in our societies...

And for those who have greater responsibilities, such as ourselves, there is the awareness that eradicating poverty and reducing inequalities, as well as working for peace, are objectives of historical importance—objectives which can provide a deeper meaning to our actions and to the lives of every man and woman of good will."

In his address to attendees Pope John Paul II offered these views on cities and solidarity:

"A city is much more than a territory, an economic productive zone, a political reality. It is above all a community of people, and especially of families with their children. It is a living, historically rooted, culturally distinct, human experience. Those who exercise administrative and political control over it have weighty responsibilities for the common good of the people, human beings graced with inalienable dignity and rights; just as citizens have important duties toward the community.

The ethos of a city should be marked by one characteristic above others, solidarity. Every one of you faces serious social and economic problems which will not be solved unless a new style of human solidarity is created. Institutions and social organizations at different levels, as well as the state, must share in promoting a general movement of solidarity between all sectors of the population, with special attention to the weak and marginalized. This is not just a matter of convenience. It is a necessity of the moral order, to which all people need to be educated, and to which those with influence of one kind or another must be committed as a matter of conscience.

The goal of solidarity must be the advancement of a more human world for all, a world in which every individual will be able to participate in a positive and fruitful way, and in which the wealth of some will no longer be an obstacle to the development of others, but a help."

Globalization: Local Challenges Facing Silicon Valley

Silicon Valley, like most other major world city regions, has sought to adapt its governance to sustain the region's economic vitality in the presence of new global systems. Joint Venture: Silicon Valley Network (JVSV), founded in 1991, grew in part out of the concern that globalization's benefits might bypass even this richly endowed region. The JVSV mantra, "a community collaborating to compete globally," underscored efforts to unite diffuse local resources for better positioning in a globally integrated economy. While the region today is the second most globally integrated in the nation from a trade perspective (S.L. Bachman, *Globalization in the San Francisco Bay Area: Trying to Stay at the Head of the Class,* Los Angeles, Pacific Council on International Policy, 2003), it suffers from adverse effects on quality of life caused by traffic congestion and lack of affordable housing, and the lowest civic involvement among forty comparable U.S. regions (James L. Koch, Ross Miller, Kim Walesh, and Elizabeth Brown, *Building Community; Social Connections and Civic Involvement in Silicon Valley,* Preliminary Findings Report, Santa Clara University, Center for Science, Technology, and Society, 2001).

Friedman's new globalization metaphor, a 100-meter dash run over and over every day where many drop out, suggests that while the Valley remains a robust habitat for inventors, entrepreneurs, and innovation service providers, the local needs for balance between economic and sustainable social benefits cannot be ignored if the region is to continue as a pivotal player in a globally networked ecosystem.

Conclusion

Cities experience the consequences of globalization; they do not drive it. Their systems of governance were invented to address the challenges of the twentieth century, drawing upon the experience of the nineteenth century. Nonetheless, cities today are global constructs. Their boundaries no longer match the boundaries of our more borderless twenty-first century. Neither do they align with the broader realities of metropolitan regions or the allocation of economic opportunities that make them a magnet for migration. They face the difficult challenge of balancing economic competitiveness on a world stage with the challenge of maintaining social cohesion, civic vitality, and the public good under widely disparate local circumstances.

The ideal of a city is one that is balanced economically and socially. It has a heart that flourishes, civic virtues, quality of life, and quality of design. It provides a sense of place and community that nurtures the soul. Professor Michael Parkinson, a European scholar, cautions against globalization implying homogenization. In the future, he posits that cities will become more important as places than they will be as centers of economic activity. If this is so, then glocalism as a concept that seeks a better balance between global forces and local needs and identities is likely to grow in importance in the years ahead. ●

About the Authors

James L. Koch is Director of the Center for Science, Technology, and Society, and Professor of Management at Santa Clara University. He received his MBA and Ph.D. from UCLA. From 1990-96 he served as Dean of the Leavey School of Business and Administration. His research and consulting focus on socio-technical systems and high performance organizations. His current work examines information technology and organizational change, social capital and the psychological sense of community, and the role of technology in improving the quality of life in developing nations.

Ambassador **Uri Savir** has extensive experience as a senior career diplomat, serving as head of Israeli diplomacy in the critical years 1993-96 when he was the Chief Negotiator of the Middle East Oslo Accords. Later as Member of Israeli Parliament, he was head of the Sub-Committee for Foreign Affairs and has now established various international non-profit organizations over which he presides today, including Metro International, Global Metro City, The Glocal Forum, and the Peres Center for Peace.
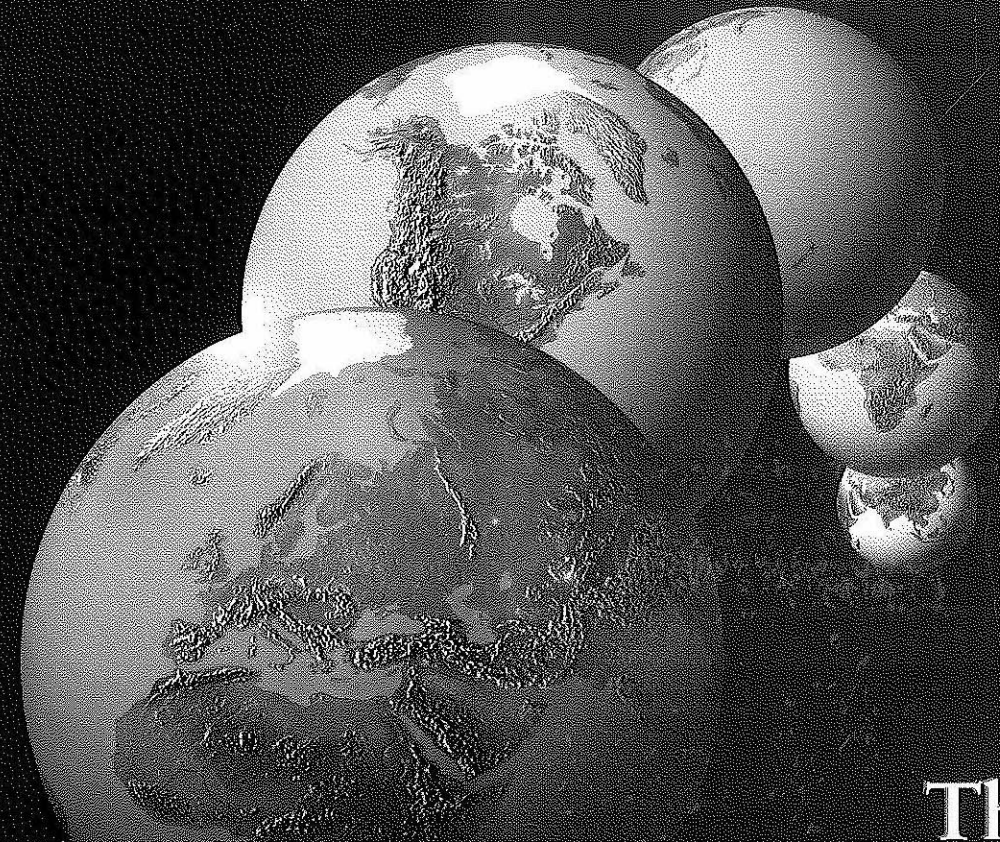
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