

**A CRITICAL DISCOURSE ANALYSIS
OF GLOBAL ECONOMY
IN STRATEGIC TEXTS**

MUSTAFA

**FACULTY OF LANGUAGES AND LINGUISTICS
UNIVERSITY OF MALAYA
KUALA LUMPUR**

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**A CRITICAL DISCOURSE ANALYSIS
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IN STRATEGIC TEXTS**

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Abstract

A contentious question in critical discourse analysis has been whether and how ideology is embedded in discourse. This question has attracted attention from scholars within humanities and social sciences. A number of scholars argue that there is a dialectical relationship between discourse and ideology. Discourse internalizes and is internalized. By referring to discourse analysis as an explanatory critique, this study examines the discursive strategies in ideological construction of global economy in strategic texts. A discursive strategy is defined as the tool by which a discourse is given meaning and force and through which its object is described. It is a device by which ideology about the object is instilled in discourse and a means by which the agency and state are constituted. A strategic text is a discourse type that dominates the ways of representing the social issues, such as free market and trade liberalization. It discursively inculcates ideology, internalizes values, establishes social relations, and constructs identity. The strategic texts referred in this study are newspaper Opinion-Editorials and political speeches.

This study examines the discursive strategies from the lens of ideological and identity construction and the desirable values of global economy in the strategic texts. The main objective of study is to analyze how an author—defined as a writer or speaker who textures texts—discursively constructs global economy in the strategic texts and to uncover what ideology and identity are embedded in those texts. The theoretical framework for the study is built upon a transdisciplinary approach to global economy that comprises theories of globalization, theories of discourse and ideology, and theories of discourse as a facet of globalization as articulated in the field of critical discourse analysis.

The main sources of data were collected from Opinion-Editorials of two widely circulated newspapers—the *Washington Post* and the *China Daily*—and speeches by political figures and economists, George Bush, Barrack Obama, Ben Bernanke, Frederic Mishkin, Wen Jiabao, and Zeng Peiyan. The data consist of 14 newspaper Opinion-Editorials and six speeches. 10 texts represent the USA and the other 10 represents China. These typical strategic texts on the global economy appeared between 2005 and 2011. The method of analysis is critical discourse analysis in which a set of developed analytical tools is used for analyzing text extracts.

The analysis shows that the discourse of global economy in the strategic texts is constructed through universalization and naturalization of the political economy systems that global economy is inevitability and inexorableness. The authors construct these systems through a mixture of textual processes. The most apparent discursive strategies of internalizing these systems are vocabulary and argumentation. The analysis also reveals that the discourse of global economy is not ideology-free. The analysis of extracts indicates that the strategic texts construct the ideologies of capitalism and new capitalism. The social identity of the authors and national identity are embedded in the discourse of global economy. Five major desirable elements in the discourse of global economy are identified: increased flows of capital and investment, competition in global marketplace, scaling economic programs, restructuring economic practices, and deregulation of trade. The genres and discourses are networked together in the global economic texts. The analysis of the U.S. and China's views on the global economy shows that the U.S economic system is built upon Western liberal capitalism while China has moved from communism to state capitalism with Asian values. Although the two countries endorse free market capitalism, China has currently been an economic threat to the USA. The practices of free market capitalism have discursively given rise to the global financial crisis and war on currency.

Global economic programs can be both realities and imaginaries. The world society thus should acclimatize the real programs, but needs to transform and emancipate the ones that are incompatible with the discursive practices of global economy to create the well-being of nations through equity of social changes. For that reason, there should be a critical awareness-raising program for the society on the importance of understanding both the discursive processes and the material processes of global economy. This can be done by incorporating critical language awareness into globalization studies within an institutional system of higher education.

Abstrak

Perkara yang masih diperselisihkan dalam kajian analisis wacana kritis ialah adakah dan bagaimana ideologi tersirat dalam wacana. Perkara ini telah menarik perhatian para sarjana bidang kemanusiaan dan sains sosial. Kalangan pakar berpendapat bahawa terdapat hubungan dialetikal antara wacana dan ideologi. Wacana menginternalisasi dan diinternalisasi. Dengan menggunakan analisis wacana sebagai sebuah kritik penyelidikan, tesis ini mengkaji strategi diskursif yang terdapat dalam pembangunan ideologi ekonomi global dalam teks strategik. Strategi diskursif didefinisikan sebagai alat wacana yang memiliki makna dan kekuatan dan sebagai alat untuk menjelaskan sebuah objek. Teks strategik ialah sebuah bentuk wacana yang mendominasi dalam merepresentasikan isu-isu sosial, seperti pasaran bebas dan liberalisasi perdagangan. Teks strategik dapat membentuk ideologi, menginternalisasi nilai, membangun hubungan sosial, dan mempertahankan identiti. Teks strategik yang dikaji dalam tesis ini iaitu kata pengarang (*Opinion Editorial*) surat kabar dan pidato politik.

Tesis ini membahas strategi diskursif dari sudut pandang pembentukan ideologi, identiti dan tata nilai penting mengikut gagasan ekonomi global yang terdapat dalam teks-teks strategik. Tujuan utama dari pada kajian ini ialah untuk menganalisis bagaimana seorang pengarang—iaitu penulis atau pembicara yang menciptakan teks—membentuk wacana ekonomi global dalam teks strategik dan untuk menguraikan ideologi dan identiti yang terkandung dalam teks tersebut. Untuk mengkaji wacana ekonomi global, landasan teori dikembangkan melalui sebuah pendekatan transdisiplinari yang terdiri dari teori globalisasi, teori wacana dan ideologi, teori wacana sebagai sebuah bentuk globalisasi sebagaimana diperbincangkan dalam bidang analisis wacana kritis.

Sumber data utama berasal dari koleksi Editorial-Opini dari dua surat khabar yang memiliki sirkulasi luas, iaitu *Washington Post* dan *China Daily* dan teks pidato para politisi dan ekonom, George Bush, Barrack Obama, Ben Bernanke, Frederic Mishkin, Wen Jiabao, and Zeng Peiyan. Data dalam bentuk teks tulis terdiri dari pada 14 Editorial-Opini surat kabar dan anam teks pidato. Sepuluh teks bersumber dari pada Cina dan sepuluh teks dari Amerika Syarikat. Semua teks strategik khas ini tentang ekonomi global dan diterbitkan di antara tahun 2005 dan 2011. Kaedah yang digunakan ialah pendekatan analisis wacana kritis yang mengaplikasi alat penganalisis data yang dibangunkan untuk menganalisis ekstrak teks.

Hasil analisis menunjukkan bahawa wacana ekonomi global dalam teks strategik dikonstruksi melalui universalisasi dan naturalisasi sistem politik ekonomi dan ekonomi global tidak dapat dihindari dan tidak dapat disekat. Strategi diskursif yang paling menonjol dalam menginternalisasi sistem ini ialah vokabulari dan argumentasi. Hasil analisis mengungkapkan bahawa wacana ekonomi global tidak bebas dari ideologi tertentu. Analisis estrak teks menunjukkan bahawa teks strategik tentang ekonomi global membentuk ideologi kapitalisme global dan kapitalisme baru. Wacana ekonomi global turut mempertahankan identiti sosial dan identiti bangsa. Hasil analisis mengenal pasti lima unsur penting dalam amalan wacana ekonomi global: peredaran modal dan investasi yang meningkat, persaingan dalam satu pasaran global, skalasasi program-program ekonomi, penyusunan semula praktek ekonomi, dan rombakan semula pasaran. Genre dan wacana dirangkaikan bersama dalam teks ekonomi global. Hasil analisis menunjukkan bahawa ekonomi Amerika Syarikat terbentuk dari kapitalisme liberal Barat sementara itu Cina telah merobah diri dari sistem ekonomi komunis kepada sistem kapitalisme Negara yang dilandasi nilai-nilai Asia. Meskipun kedua bangsa bersetuju kapitalisme pasaran bebas, ekonomi Cina telah menjadi sebuah ancaman besar

bagi ekonomi Amerika Syarikat. Ditemukan bahawa amalan pasaran bebas kapitalis moden telah menyebabkan krisis kewangan global dan perang mata wang.

Program-program ekonomi global dapat diwujudkan sebagai realiti dan juga hanya seperti angan-angan. Oleh kerana itu, masyarakat dunia perlu menyesuaikan diri dengan program-program ekonomi global yang sebenar, namun perlu mengkritik dan mentransformasikan program-program yang tidak sesuai dengan wacana ekonomi global untuk menciptakan kemakmuran bagi manusia melalui perubahan sosial global yang adil. Oleh itu, perlu dibentuk program-program pemahaman kritis dalam masyarakat tentang pentingnya pengetahuan amalan wacana dan proses pengwujudan ekonomi global. Ini dapat dilakukan dengan memasukkan pengetahuan bahasa kritis ke dalam kurikulum studi globalisasi yang terdapat pada pendidikan siswazah.

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TABLE OF CONTENTS

	Page
Original Literary Work Declaration	ii
Abstract	iii
Abstrak	vi
Acknowledgments	ix
Table of Contents	xi
Chapter 1: Introduction	
1.1 Background of the Study	1
1.2 Research Problem	3
1.3 Boundaries of the Terms	4
1.3.1 Discourse	5
1.3.2 Critical Discourse Analysis	6
1.3.3 Ideology	7
1.3.4 Global Economy	8
1.3.5 Strategic Texts	11
1.4 Objectives of the Study	12
1.5 Research Questions	12
1.6 Sources of Texts for Analysis	14
1.7 The Approach to the Study	16
1.8 Analytical Framework	19
1.9 Analytical Technique	21
1.10 Significance of the Study	22
1.11 Scope and Limitations	23
1.12 Structure of the Thesis	24
1.13 Chapter Conclusion	27
Chapter 2: Globalization and Transdisciplinarity	
2.1 Introduction	28
2.2 Globalization as a Complex Phenomenon	29
2.3 Global Economy	34
2.4 Globalization as Social Reality and Discourse	37
2.4.1 Discourse of Globalization	40
2.4.2 Political Economy and Discourse	46
2.5 State and Political Economy	49
2.6 The IMF and Political Economy	50
2.7 The World Bank and Political Economy	51
2.8 The WTO and Political Economy	52
2.9 State Access to Globalization	54
2.10 Chapter Conclusion	61

Chapter 3: Discourse, Ideology and Identity

3.1	Introduction	64
3.2	The Historical Origin of the Study of Ideology	65
3.3	Modern Studies of Ideology and CDA	68
3.4	Discourse and Ideology Interface in CDA Research	71
3.5	Discourse and Identity	81
3.5.1	Social identity	82
3.5.2	National Identity	84
3.6	Chapter Conclusion	89

Chapter 4: CDA from a Transdisciplinary Research Perspective

4.1	Introduction	92
4.2	Principles of Transdisciplinary CDA	93
4.3	Analytical Tools for Transdisciplinary CDA	98
4.3.1	Topic Choice	99
4.3.2	Argumentation	103
4.3.3	Strategic Maneuvering	106
4.3.4	Speech Function	108
4.3.5	Vocabulary	111
4.3.6	Grammatical Resources	112
4.3.6.1	Transitivity	112
4.3.6.2	Nominalization	114
4.3.6.3	Pronouns	114
4.3.6.4	Modality	116
4.3.7	Intertextuality	118
4.4	Sources of Strategic Texts for Analysis	123
4.5	Presentation of the Strategic Texts	123
4.5.1	Presentation of the Texts for the USA	124
4.5.2	Presentation of the Texts for China	125
4.6	Chapter Conclusion	128

Chapter 5: Discourse of Global Economy and Ideology

5.1	Introduction	130
5.2	The Discourse of Globalization and Financial Crisis	132
5.2.1	The Discourse of Global Economy and Argumentation	145
5.2.2	The Discourse of Global Economy and Topical Selection	155
5.2.3	The Discourse of Global Economy and Audience Demand	160
5.2.4	The Discourse of Global Economy and Presentational Choices	165
5.2.5	The Discourse of Global Economy and Speech Function	169
5.3	Ideology in Discourse of Global Economy	175
5.3.1	Capitalism	182
5.3.2	New Capitalism	196
5.3.2.1	Advances of Technology and New Capitalism	197
5.3.2.2	Management and New Capitalism	209
5.3.2.3	Web Culture, Knowledge-Based Economy and New Capitalism	213
5.4	Chapter Conclusion	219

Chapter 6: The Discursive Construction of Desirable Elements and Democracy

6.1	Introduction	224
6.2	Five Desirable Elements in the Discourse of Global Economy	224
6.2.1	Increased Flows of Capital and Investment	225
6.2.2	Competition in the Global Marketplace	236
6.2.3	Scaling Economic Programs	243
6.2.4	Restructuring Economic Practices	246
6.2.5	Deregulation of Trade	249
6.3	Democracy and neoliberal economy	262
6.4	Chapter Conclusion	278

Chapter 7: Discourse of Global Economy and Identity

7.1	Introduction	281
7.2	Social Identity	282
7.2.1	Social Identity and Speech Functions	282
7.2.2	Uses of Modality and Social Identity	291
7.2.2.1	Modal ‘must’ and ‘have to’	292
7.2.2.2	Modal ‘will’	295
7.2.2.3	Modal ‘can’	298
7.2.2.4	Modal ‘may’	301
7.3	The Discursive Construction of National Identity	304
7.3.1	Uses of the First Person Plural ‘we’	304
7.3.2	Uses of Nominal Groups and Prepositional Phrases	310
7.4	Chapter Conclusion	319

Chapter 8: Global Economy and the Order of Discourse

8.1	Introduction	321
8.2	Intertextuality in the Discourse of Global Economy	322
8.3	Interdiscursivity in the Discourse of Global Economy	331
8.4	Interdiscursivity and Assumption	350
8.5	Chapter Conclusion	356

Chapter 9: Two Views on the Discourse of Global Economy

9.1	Introduction	358
9.2	The USA on Global Economy	359
9.3	China on Global Economy	368
9.4	Shared Views between the USA and China	382
9.5	Currency War between Nations	403
9.6	Equity before Global Economy: A CDA Reflection	406
9.7	Chapter Conclusion	408

Chapter 10: Conclusion

10.1	Introduction	412
10.2	The Rationale of Study	412
10.3	The Framework of Study	415
10.4	Ideology and the Discourse of Global Economy	422
10.5	Global Economy, Desirable Values and Democracy	426
10.6	Identity in Discourse of Global Economy	430

10.7 Global Economy and Discursive Configuration	432
10.8 The USA and China on Global Economy	433
10.9 Reflection and Implication	436
10.10 Topic for Further Research	439
References	440
Appendices	
Appendix A: Texts Analyzed for the United States	457
Appendix B: Texts Analyzed for China	498
List of Figure	
Figure 1.1: Scheme of Transdisciplinary CDA	18
List of Tables	
Table 5.1: The Arguments on Global Economy in the U.S. and China Texts	146
Table 5.2: The 25 Keywords and the Number of Their Occurrences	176
Table 7.1: Six Modal Verbs and the Number of Their Occurrences	291
Table 7.2: Five Modal Adverbs and the Number of Their Occurrences	292
Table 9.1: Discursively Shared Outlooks between the USA and China on the Global Economy	383

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Language is a resource for expressing meanings. Since the rise of the globalization era in the second half of the twentieth century, the relationship between this resource and other social realities—notably discourse and the reality on the global economy and of its impacts—has been more salient in the development of New Capitalism (Fairclough, 2002). The relationship between the two thus has become a burgeoning field of scientific inquiry. The interdependence between these aspects has drawn attention from a number of academic disciplines, such as political economy, sociology, and critical linguistics. Although economic globalization research virtually falls within the field of political economy, some critical discourse analysts also seem to have currently paid their attention to this phenomenon. They agree that globalization as a social reality cannot entirely be separated from discourse, because the two aspects are dialectically related (Fairclough, 2006; Harvey, 1996). They contend that it is through discourse that a particular social reality, such as economic globalization can be constructed (Fairclough, 2006, 2009). For instance, a political speech or a newspaper article on the global economy as specific semiosis may inculcate or defend a particular ideology (Chiapelo & Fairclough, 2002), that ultimately brings about social changes in the contemporary society.

The study of ideology has virtually been in existence since antiquity. Dozens of books and papers in humanities and social sciences alike have been published, but most of them have been written as theoretical bases (e.g. Eagleton, 1991; Thomson, 1990).

Although they have dealt with this complex topic rigorously, they usually do not pay attention to how ideology is invested in discourse. Most of these studies also have clung themselves only to classical matters like classes, consciousness, and material production (e.g. Marx & Engels, 1974; Amin, 2001).

Discussing the ideology of globalization from the discursive aspect is virtually also a complex matter. A scholar who recently has attempted to link discourse to particular social reality, particularly globalization is Norman Fairclough (e.g. 2006, 2009). For Fairclough discourse practice is part of social practice; it is social acts of people doing, talking and writing things; it is a particular way of representation, of meaning-making in conjunction with other moments, such as promoting free trade.

According to Fairclough globalization is a good but incomplete process (Fairclough, 2001). He sees discourse of globalization as social practice that has a dialectical relationship between the discursive processes and social processes. Social practice does not only reflect reality, but it also can change reality. Social practice which is created in a particular way constitutes a social order, such as an economic order in a particular society at a particular time. The discourse aspect of a social order is what is frequently called an “order of discourse”, a term originally used by Michel Foucault (Foucault, 1984, p. 162). An order of discourse is a social order considered from a discursive perspective, a particular social ordering of relationships among different ways of making meaning on social matters through genres, discourses, and styles (Fairclough, 2003, 2010). This social order is internalized in discourse and vice versa discourse internalizes social order, which leads to the production of a particular ideology. Nevertheless, the relationship between the order of discourse and ideology is still a contentious matter to which we will now turn and problematize.

1.2 Research problem

According to Fairclough, ideologies are closely related to power, because ideologies are contingent on power relations which are embedded in particular convention. In addition, ideologies are closely linked to language, since language is the commonest form of social behavior. Nevertheless, despite the close relationship between these aspects, linguists have paid less attention to how ideology is imbued in discourse, a fact which has limited the area of linguistics (Fairclough, 2001).

Although “semiotic systems have become the engines of globalization and of new economies” (Luke, 2001, p. 107), research on the interrelationship between language and globalization in critical linguistics has attracted less attention. Although there are numerous literatures dealing with discourse of globalization, many of them were written as theoretical accounts (e.g. Steger, 2005; Tomlinson, 1999). Some scholars emphasize that language has played a more important role in globalization processes (Fairclough, 2002; Graham, 1999, 2002), but the literature that addresses globalization as discourse often lacks evidence from textual analysis (e.g. Backhaus, 2003; Robertson & Khondker, 1998).

In addition, previous studies have usually touched only peripherally on the relationship between discourse and ideology and even then only in abstract terms. Studies on discourse and ideology are generally based on critical reading of the subject matter, but rarely support their claims with textual evidence (Backhaus, 2003; Koh, 2005; Thompson, 1990; Hay & Rosamond, 2002). The previous researchers do not realize that many procedures of institutions are embedded in the texts and wider contexts of institutional practices (Fairclough, 2003, 2010). They usually base their analysis upon

traditional discourse theory (Laclau & Mouffe, 1985) or classical and philosophical exploration of ideology (Thompson, 1984; Eagleton, 1991).

Different from discourse theory in general and traditional sociology of economy fueled by the analysis of globalization, which is an abstract concept, Critical Discourse Analysis (CDA) does not only analyze discourse of globalization as an ideological practice of social change that needs to be adapted, altered, and transformed but is also driven by a unique principle that the meaning of a text cannot be exclusively derived from the text itself (Benwell & Stokoe, 2006), but from other practices. CDA is therefore committed to incorporating the intertextual and interdiscursive (to be discussed in Section 4.3) dimensions of social and historical practices within which texts are only part of (Fairclough, 2003; Chouliaraki & Fairclough, 1999). The previous studies (e.g. McLellan, 1986; Dant, 1991; Eagleton, 1991) consequently, cannot be considered as an absolutely finished research project, since there have been only a few fully-fledged theories that demonstrates an intermingling between discourse and ideology from concrete textual analysis (e.g. van Dijk, 1998b; Fairclough, 2006); let alone be accepted as unchallengeable theories. No theory of discourse and ideology has been written in a coherent way without debate (see. e.g. van Dijk, 1998b). After we looked at the potential of analyzing the link between discourse and ideology in the context of global economy, let us now move to the technical terms that help us in the examination of the issue.

1.3 Boundaries of the terms

A systematic inquiry of a social issue can never escape from using operational definitions. The same holds true for this work. The main objective of the definitions is not to avoid a disagreement but to clarify and set boundaries of the terms as how they

may be used in the present work. These terms include *critical discourse analysis*, *ideology* and *strategic texts*. We begin with the most fundamental term discourse.

1.3.1 Discourse

There are a number of definitions of the term *discourse* in the literature of humanities and social sciences. Some authors define discourse as language beyond sentence level (e.g. Brown and Yule, 1983; Stubbs, 1983). Schiffrin (1994) views discourse as utterances while Stenstrom (1994) defines it as social interaction and Renkema (1993) sees it as verbal communication. Others who come from a European perspective, especially those influenced by the French model of discourse analysis define the term as groups of statements (Foucault, 1972; see also Jäger & Maier, 2009). The approach of the present study to discourse has been conceptually influenced by the Continental tradition, as it defines discourse as

... systematically-organized sets of statements which give expression to the meanings and values of an institution. Beyond that, they define, describe and delimit what it is possible to say and not possible to say (and by extension – what it is possible to do or not to do) with respect to the area of concern of that institution, whether marginally or centrally. A discourse provides a set of possible statements about a given area, and organizes and gives structure to the manner in which a particular topic, object, process is to be talked about (Kress, 1985, p. 6–7).

This definition was built upon the work of the French discourse analyst Michel Foucault (1972), who puts forward that institutions and social groupings have specific meanings and values which are articulated in language in systematic ways. This concept of discourse has been followed by some critical discourse analysts, for example Fairclough (e.g. 1992; 2001), Fairclough & Wodak (1997). Discourse is a moment of the social material process (Fairclough, 2003). As it holds true for them, the current study also views discourse as a hybrid field of inquiry within human and social sciences and takes discourse as representation of the social world or parts of the world like the discourse of

globalization (Fairclough, 2006; Fairclough & Thomas, 2004). The dialectical relationship between discourse and globalization is theorized in Chapter 2.

1.3.2 Critical Discourse Analysis

The term *Critical Discourse Analysis* (CDA) is closely related to critical linguistics which is concerned with language use and its effects on society, such as language in the mass media, textbooks, and political speeches. Simply put, CDA deals with language in social life (see e.g. Fairclough, 2001, 2006; Wodak, 1996). To date, three distinct and most referenced versions of CDA have emerged: Teun van Dijk's socio-cognitive analysis (e.g. van Dijk, 2009), Norman Fairclough's social practice analysis (e.g. Fairclough, 2009) and Ruth Wodak's historical-based analysis (e.g. Wodak, 2001). Although these CDA scholars have different approaches, their fundamental aim and social political stance are the same. That is, CDA attempts to emancipate society from dominance, social inequality and exploitation by exploring relationships between discourse and society. In CDA, society in itself is seen as a way of securing power and hegemony. For the purpose of the present study, CDA is thus defined as a transdisciplinary research scheme that

analyses language as 'discourse', which we take to mean that language is conceived as one element of the social process dialectically interconnected with others... It is a 'critical' analysis of discourse in that it sets out precisely to explore these often opaque dialectical interconnections with the tradition of critical social science (Fairclough, 2010, p. 304).

In his approach to language in social life, Fairclough (2010) states that CDA is based upon 'a view of semiosis (language) as an irreducible element of material social processes' in which social practices (economic, politic, and culture) are seen as 'interconnected networks of social practices (p. 264). These networks have a dialectical

relation in that discourse is regarded as a moment of social practices. Dialectical means ways of thinking and arguing (Fairclough, 2003; van Eemeren & Grootendors, 2004).

This study also views CDA as a movement of social emancipation that focuses more on social issues than on academic paradigms, and typically studies the many forms of the dominance, social, economic injustices, abuse of power, and hegemony (Fairclough, 2001; van Dijk, 1993). The present study adapts the version of CDA as social practice analysis (Fairclough, 2010). The current study thus views CDA as a theory as well as research method, which is propelled by a set of proposed analytical tools. For a more detailed discussion, we shall return to CDA topic in Chapter 4.

1.3.3 Ideology

The term *ideology* is so pervasive and complicated that it is difficult to define inclusively. However, a position has to be taken and in order to make it applicable to the analysis of gathered data resources later the practical meaning of ideology in the present study is defined as follows:

Ideologies are representations of aspects of the world which contribute to establishing and maintaining relations of power, domination and exploitation. They may be enacted in ways of interaction (and therefore in *genres*) and inculcated in ways of being or identities (and therefore in *styles*). Analysis of texts (including perhaps especially *assumptions* in texts) is an important aspect of ideological analysis and critique, provided it is framed within a broader social analysis of events and social practices (Fairclough, 2003, p. 218). (Italic in original)

The present study refers to ideologies as particular systems of representing concepts, mental frameworks and ways of constructing society which can be invested in texts, arts and economic practices by different groups and which give rise to hegemony, dominance in such manifestation as economic practices—free trade, borderless flow of capital, and competition—in global economy and society. More space for the discussion

of ideology in relation to discourse in general and the discourse of economic globalization in particular are allocated in Chapter 3.

1.3.4 Global economy

Global economy in the current study is treated as a specific social problem that has semiotic (language) aspects. Global economy first of all is part of the buzzword *globalization* that is difficult to define precisely; it is often used to describe so many different things that the term is essentially meaningless. Globalization has become the “el Nino of the social sciences”—a force that can be responsible for almost anything (Johnstone, 1999). The term globalization is omnipresent; it is so broad, so diverse and so changeable that it can refer to anything on the subject matter in social sciences: economy, culture, technology, environment, education, and communication. For the present purposes, an explicit definition is needed to help the analyst focus on the argument of the conception. Although it is obviously difficult to define a social problem such as the one being considered in this research and if one wants to take into account all existing definitions, a choice has to be made. Since it is particularly connected to a manifestation of globalization, the term global economy in the current research is defined as:

... [a] dominant economic theme that encapsulates both: a description and a prescription. The description is the widening and deepening of international flows of trade, finance and information in a single, integrated global market. The prescription is to liberalize national and global markets, the belief that free flows of trade, finance and information will produce the best outcome for economic growth and human welfare. All is presented with an air of inevitability and overwhelming conviction (Clive 2000, p. 44).

First and foremost, globalization is trapped in economic terms, which is regarded as “the broadening and deepening linkages of national economies into a worldwide market for goods, services, and especially capital” (Ohiorheneuan, 1998, p. 6). Global economy

is thus a practice of globalization; yet globalization has been seen in both positive and negative senses. Positively, globalization is regarded as a new way of interaction concerning free trade, market liberation, and flows of capital among nations. Negatively, globalization is an inevitable myth that offers a particular perspective on the global trading and financial order and dismisses other perspectives by declaring them as unrealistic or unfeasible (Hirst & Thompson, 1996). To put it differently, globalization in the context of CDA is virtually an ideology of political economy created by capitalist discourse that promotes and operates on the principle of free-increase movements between countries of goods, people, capital, information and services (Amin, 1997). Although this conception of globalization is vulnerable to ramification, it is still formidably shared among supporting groups of globalizing economists, academics, corporate managers, commercial circles and many journalists. The way of internalizing this phenomenon is not neutral to values, beliefs, attitudes of social practice of the capitalists who have access to exercise of power and dominate the system of global economy.

One way of internalizing globalization is the transcendental practice of borderless trade relations. The values underlying this practice is embodied as a trend whereby social relations become less tied to the territorial frameworks as the contemporary large-scale of borders demands states to remove countless regulatory barriers for global trades, financial transfers and communication (Scholte, 2000). To study such issues in the discourse of globalization, we will relate it to political economy. The term political economy is used in this thesis to describe the changing relation between political systems (both national and international) and economic forces (Woods, 2000). The discourse study of globalization is of the standpoint that economic policies and processes are predetermined and politically embedded (Fairclough, 2006). Since we will look at bodies of texts from a number of different sources, we need to narrow down the

approach to globalization from political economy to cultural political economy. While the former is concerned more with how politic and economy intermingle, the latter is more to do with how economic processes and systems are not only politically constituted and predetermined, but also how it is culturally embedded (Fairclough, 2006).

China for example is assumed to conceptualize and materialize its economic principles and practices by considering national interests that comprise local governments, including cities and provinces. The strategies including discourse that represent economic activities and systems that China conceptualizes and materializes in global economy are in some way different from those of the USA. Therefore, when dealing with global economy within a particular country, it is necessary to refer to cultural political economy. This is so because discourse and political economy have a dialectical relationship (The analyst will elaborate this theme in Chapters 2 and 4). By way of social construction, this dialectical relationship provides us with a transdisciplinary approach to notion of globalization.

From CDA or sociological perspective, scholars concur that globalization is driven by an ideology (Fairclough, 2006) or a myth (Hisrt & Thompson, 1996), because globalization is derived from ideas within political economy of the capitalist intellectual discourse that fosters free and highly profitable action on the part of the corporations of the industrialized countries on earth such as the USA and China. Although it is still categorized as an emerging economy, China for decades has materialized the myth of economic globalization both in politic and in real activities. That is, China is now the second largest exporting country in the world. The USA on the other hand has been much earlier in practicing this myth, presumably for centuries (Smith, 1976; see also D'Souza, 2002).

1.3.5 Strategic text

The term *text* is usually used in a broad sense that people can refer to a myriad of written and printed materials from cooking recipes to ‘transcripts of (spoken) conversations, interviews, as well as television programs and web-pages’ (Fairclough, 2003, p. 3). But the term *strategic text* is perhaps the debut of the current work. Therefore, it deserves clarification. What is meant by a strategic text is a discourse type (Fairclough, 1992) that is specifically concerned with the systems of political economy, policies, and plans and the ways these elements are strategically embedded in genres such as newspaper articles. Vaara, Sorsa & Pälli (2010) use a nearly similar term ‘strategy text’ to refer to a text type that is concerned with organizing strategies that are textually constructed in genres they studied that include interviews and emails (see the review in Section 3.4). Vaara et al. (2010) relate the term strategy text to language-based organizing activities whereas this study uses the term strategic text, inspired by Habermas (1984) and Fairclough (2003, p. 199), to refer to the discursive representation of globalization that involves political economy, belief systems, policies, and planned strategies. A strategic text has an economic and political nuance.

To uncover the aim of the scholastic exploration through a critical analysis of discourse, references will mainly be made to two sources of strategic texts, that is, newspaper Opinion-Editorials (signed newspaper articles) and political speeches that are typically related to the global economy. These strategic texts are produced, delivered, and circulated by influential figures, such as a head of state and a politician or by social groups and professionals, such as leading economists. The researcher will deal with the theoretical bases *vis-à-vis* the discursive representation of globalization and transdisciplinarity in depth in Chapter 2. We now turn to the focus of our study expressed in the objectives of the study.

1.4 Objectives of the study

A systematic examination of social world affairs like the global economy needs to be contingent on specific purposes. This study thus has four main objectives as follows:

1. The study aims to identify the discursive features used to promote social, economic and political ideas concerning the global economy in the strategic texts.
2. The study attempts to describe the discursive strategies a text producer deploys to construct the discourse of the global economy.
3. The study aims to explain the kinds of ideology constructed in the strategic texts on the global economy.
4. The study represents an attempt to examine the discursive construction of identity in the strategic texts on the global economy.

1.5 Research questions

The authors of the strategic texts are not only learned scholars but also competent language users who are capable of dealing with global issues in a maneuvering manner. The present study assumes that the discourse of global economy is constructed by means of discursive strategies. A discursive strategy (Foucault, 1972, pp. 36–37) is an umbrella term: it is the way that a discourse is deployed. It is a linguistic resource by which a discourse is given meanings and force, and through which its object is described. It is a discursive feature through which ideology and knowledge about the object is constructed and the social actor, agency and state are constituted. In other

words, discursive strategies are part of linguistic processes in constructing a social phenomenon, such as the global economy.

The researcher has a hypothesis that discourse on a particular topic within economic globalization in the strategic text is shaped to construct certain ideologies, which is raised from a stock of global economic issues. Presumably, the text also discursively constructs social identity and national identity as well. To explore the assumptions, we need to work on some specific questions and provide coherent answers through a sufficient analysis of selected reliable sources. Thus, the analysis of the extracts of the selected texts is guided by the research questions as follows:

1. How is the discourse of global economy constructed in the strategic texts?
2. What ideology is constructed in the discourse of global economy in the strategic texts?
 - a. How is this ideology constructed in the strategic texts?
 - b. What linguistic resources are used?
3. What elements of this ideology are constructed as desirable in the discourse of global economy in the strategic texts?
 - a. How are these desirable elements embedded in the strategic texts?
 - b. What linguistic properties are used?
4. What identity can be identified in the discourse of global economy in the strategic texts?
 - a. How are these identities constructed in the strategic texts?
 - b. What linguistic devices are used?
5. In what aspects does the discourse of global economy between the USA and China differ and in what aspects is it similar in the strategic texts?

The research objectives set up in Section 1.4 are further elaborated in the form of research questions in Section 1.5 above. Together they provide the goals and guidelines as what the thesis attempts to achieve and how it is going to do so. The objectives of the study determine the resources to seek and the answers to the research questions provide the evidence for discussion. Both the resources and the answers in the form of discussion are the concern of the core of the thesis that is reserved in Chapters 5–9.

1.6 Sources of texts for analysis

This study is strongly library-oriented and qualitative in nature. The researcher will mostly make use of the library resources particular books, academic journals, newspapers, political speeches and other relevant sources. This study will exclusively analyze only the strategic texts on globalization, particularly the discourse of global economy from two populous countries: the USA and China. The USA is chosen, because it is industrially advanced and constitutes the major determinant of world economy; its economic policy and political roles are decisive and affect hundreds of millions of people at home and hundreds of millions abroad. The U.S. sources on global economy are collected from opinion articles in the *Washington Post* and the speeches addressed by President George W. Bush, President Barack Obama, and Fed Governor Frederic S. Mishkin, and Chairman of Federal Reserve Ben S. Bernanke.

China is chosen because it is an emerging economy which plays a very important role globally and has its distinct strategies in the global economy. The sources on the global economy for China are selected from the *China Daily* and speeches by Premier Wen Jiabao and by Vice Premier Zeng Peiyan of the State Council of the People's Republic of China. The speeches were actually delivered in Chinese, but this study refers to the English version of the speeches. As the English version of the speeches was

authoritatively prepared by the government of China, it is still reflective of the institutional discourse. All the sources appeared between 2005 and 2011. How the data sources are gathered is discussed in detail in Chapter 4.

The strategic texts referred to in the present study are political speeches and newspaper Opinion-Editorials (OP-Eds) that are addressed by influential figures or are published internationally in recognized dominant newspapers in coping with the issues of a nation's economic policies, a state's interests in such issues as global market and free trade. A political speech on the global economy by a state leader like Barack Obama or an Op-Ed article in the *Washington Post* or in the *China Daily* are conceived as strategic (Habermas, 1984; Hardy, Palmer & Phillips, 2000), not because they present information to the global society but because the information is newsworthy and has to do with not only the ideological import but also with the agendas of political economy. The audiences of these strategic texts are generally influential figures: leaders of states, members of the parliament, bank directors, corporate managers, and even the influential general public who are concerned with political economy.

Political speeches and newspaper Opinion-Editorials (OP-Eds) are addressed by influential figures or are published internationally in recognized dominant newspapers in coping with issues of a nation's foreign economic policies, a nation's interests in such issues as the global economy and free market. In other words, the presentation of the issue is worth disseminating because it affects policy-making, governmental reactions and the like.

There are several reasons why these sources of texts are chosen. Firstly, these sources are part of communicative and strategic action in the public sphere (Habermas, 1984; Fairclough, 2003). They are used not only for exchange of meaning but also commonly

address fundamental social issues, such as free market (Fairclough, 2006), monetary policy and trade competition. Secondly, these genres are conceived as rhetorically strategic argumentative discourse, a part of social practice, intending not only to disseminate information to the readers and share it with them but also to influence their perception, beliefs, attitudes, and consciousness, which are mainly assumed rather than explicit in the text on the raised social issues. Thirdly, these texts provide a wider opportunity for the analyst to search for and select typical examples. Finally, these two discourse types construct beliefs that do not fragment. Globalism in France, for example, is not substantially different from that of the USA or Japan. Wherever the ideology exists, it operates generally on the same principles. Consequently, although in principle studying globalization requires a specific location, from an ideological point of view choosing texts for a critical analysis of shared values, beliefs and common-sense does not need to attach to specification of material locations. Chapter 9 elaborates on how the USA and China each represent the discourse of economic globalization. Why the *Washington Post* and the *China Daily* are chosen and how the sources of data are generated is further described in Section 4.4.

1.7 The approach to the study

There are a multitude of different approaches in doing text-based research, content analysis, discourse analysis and critical theory, among others. Deciding what approach to choose is certainly dependent on the role and the goal of the scientific inquiry itself. The present work draws on the constructivist critical science (Fairclough, 2006) for examining the relationship between discourse and globalization. Social constructivism adhered to a stance that the world around us is socially constructed (Fairclough, 2010). The role of critical science is to provide people with resources for saying and doing things (Hammersley, 1997). Central to that the critical science plays a crucial role in

emancipating human beings from the abuse of power, social injustices, dominance, manipulation and exploitation. As a political project, critical science is aimed at “altering inequitable distributions of economic, cultural and political goods in contemporary societies” (Kress, 1996, p. 15).

Since a social transformation and emancipation constitute the major goal of doing critical science, a most suitable methodology for this scientific inquiry is an explanatory critique (Bhaskar, 1986; Chouliaraki & Fairclough, 1999). The explanatory critique belongs to part of critical inquiry that can be in the form of either idealism (e.g. Laclau & Mouffe, 1985; Mill, 2007; Said, 1993; Haworth, 2000; Gergen, 1999) or realism (Fairclough, 2006; Sayer, 2000) or both (Chilton, 2004; Fairclough, 2003; Wodak, de Cillia, Reisigl & Liebhart, 2009). The aim of explanatory critique is to reflect on the social problem at issue and provide solutions for the society, with the medium of language (Chouliaraki & Fairclough, 1999). Choosing the idealist or realist approach or both is determined not by the objectives alone, but by the approach to the issue in question, the method of the research and sort of data and analytical tools the critical analyst applies (Fairclough, 2003; Haworth, 2000). To guide the researcher to a systematic analysis of the discursive representation of global economy, he refers to the diagram in Figure 1.1 (p. 18) as a research design.

The scheme of the research design below is drawn upon an amalgamation of various ideas from Fairclough (particularly, 2003, 2006) and Jessop (2004, 2008). The scheme is also stimulated by Hallidayan Systemic Functional Linguistics (SFL), which studies language according to three fundamental functions of language: ideational metafunction, interpersonal metafunction, and textual metafunction (Halliday, 2004). The ideational metafunction is concerned with construing our experience of the world, which can be manifested as knowledge or ideology. The interpersonal metafunction is

concerned with the enactment of our social relationship (e.g. construction of social identity). The textual metafunction is concerned with the creation of text, which as a whole constitutes genre. We use the scheme in Figure 1.1 below as a conceptual base for the purpose of theoretical and methodological rationale of the study.

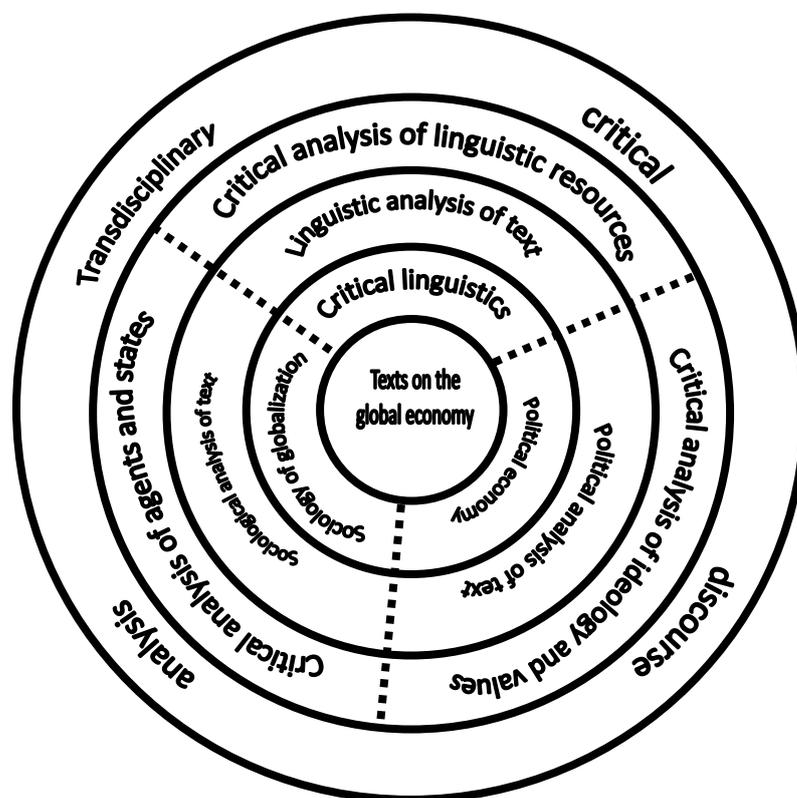


Figure 1.1: Scheme of transdisciplinary CDA

Since the scheme in Figure 1.1 above is inspired by Fairclough’s approach to language in new capitalism and Hallidayan SFL, this study refers to transdisciplinary CDA as a dialogue between disciplines, i.e. critical linguistics (Halliday, 2004; Fairclough, 2010), cultural political economy (Jessop, 2004; Fairclough, 2006) and sociology of globalization (Chiapelo & Fairclough, 2002; Martell, 2010). The scheme is centered by discourse as one moment of social material process, realized ontologically in the current study in the form of concrete text. In other words, the scheme is centered by a social problem that has a semiotic aspect, in the current study, global economy. The circles in the diagram symbolize “dialogicality” (Fairclough, 2003, p. 42) and the dotted lines

indicate that the researcher needs to cross the discipline by which the analysis enables to oscillate from one discipline to another in analyzing texts on the global economy.

According to Fairclough (2003), to deal with the language-oriented social problem, one needs to refer to genre which is a way of interaction (e.g. newspaper Op-Ed article, speech), discourse which is a particular way of representation (e.g. new capitalism), and style which is a way of being (e.g. politician). To do so, the analyst can use the transdisciplinary approach to tackle the social problem. The transdisciplinarity is located in the oscillating process of analysis, broadly as in Figure 1.1 above, narrowly, see points *a*, *b*, and *c* in Section 1.9 below and Sub-section 4.3.8.

The researcher refers to the transdisciplinary CDA generated from the scheme above because of the standpoint that economic systems are politically embedded and that both political and economic objects are socially constructed in discourse (Fairclough, 2006). Consequently, the combination of critical linguistics, political economy and sociology of globalization will assist the analyst in using concrete examples to show how the analysis of texts can be coherently integrated through a dialogue between theories.

1.8 Analytical framework

The research method that the analyst uses to collect empirical material and examine the data in this research shares an important set of family resemblances with some linguistic, political and sociological forms of research. The most suitable research method therefore as the topic has suggested is discourse analysis that concerns three levels of analysis (genre as way of interaction; discourse as a way of representation and style as a way of being). This allows the analyst to oscillate between the two main paradigms of explanatory critique i.e. critical reading on “social structures” (Fairclough, 2003, pp. 16–17; Fairclough, 2010, p. 172) which is part of linguistics and critical social

analysis on “strategies of social agents” (Fairclough, 2003, pp. 22–23), which is part of political economy. Thus, the analysis mutually becomes transdisciplinary (see immediately below).

As briefly outlined above, the system of analysis of discourse referred to in this research, appositely, is transdisciplinary. Transdisciplinary is a particular type of interdisciplinary (Fairclough, 2009). It is linguistic (Fairclough, 2003), cultural political economy (Jessop, 2004), and sociology of globalization (Giddens, 2000; Jessop, 2008). Thus, we need a transdisciplinary analysis for the examining language “in the workings of contemporary capitalist society” (Fairclough, 2010, p. 1) as the focus of inquiry. CDA in this research is used as an inclusive term to mean as a critical framework for doing research and a research method as well.

This transdisciplinary CDA can be applied in investigating the relationship between discourse of global economy and its ideology and values because CDA explores how social structures, social practices, social events (Fairclough, 2003; Chouliaraki & Fairclough, 1999) and texts arise from, and are ideologically shared by relations of power and struggles over power.

This research is based on CDA insights that treat discourse as semiotic (language), inter-subjectivity of meaning, as an irreducible element of all material social processes. We can see social life as interconnected networks of social practices of diverse sorts—economic, political, cultural etc. (Fairclough, 2003). This study regards discourse of globalization as a practice within social life consisting of three interrelated dimensions: genre (practice of interaction), discourse (practice of representation) and style (practice of constituting identity). This paradigm of exploration allows the analyst to investigate the two types of genre both through a visible, textually oriented analysis and through a

social, abstract explanation. This is because CDA views language as a form of social practice, which both constitutes the social world and is constituted by other social practices. The analysis should focus on (1) the linguistics features of the text (the concrete ontological form), (2) processing relating to the circulation of text (intertextuality and interdiscursivity); and (3) the wider social practice to which the communicative event belongs (construction of ideology and identity). We elaborate these layers of analysis in the Sub-section below.

1.9 Analytical technique

At a preparatory step, the social problem for analysis is identified. As introduced in Sub-section 1.3.4, the object of the analysis in this study is the discursive representation of global economy. The discussion about global economy will be critically reviewed and problematized in Chapter 2. After the identification of the social problem, we then move to the analytical technique. Built upon the three segments in Figure 1.1, the analytical technique in this study is based on three different sorts of analysis. This paradigm of analytical technique originally comes from Fairclough (2001 & 2003):

- a. Text analysis: referring to the analysis of linguistic features e.g. vocabulary, syntactic devices, and modality within a genre. The task of the analyst at this stage is to describe the linguistic aspect in the discourse (Fairclough, 2001, 2003). This is the level of the analysis where part of SFL's lexico-grammar including transitivity, modality and speech function (Halliday, 2004) fits in the transdisciplinary approach to the analysis of social 'wrongs' (Fairclough, 2009, pp. 167–171). At a broader analysis, one can also look at the argumentation (van Eemeren & Grootendorst, 2004) and strategic maneuvering (van Eemeren &

Houtlosser, 2002; van Eemeren, 2010) used in the construction of discourse. We shall return to this level of the analysis in more detail in Chapter 4.

- b. Discursive analysis: this level of analysis looks at wider issues of order of discourse; the different ways of meaning making that includes intertextuality, interdiscursivity and assumptions. At this dimension, the relation between genre and discourse is both described and explained (Fairclough, 1992, 2003). We shall discuss the intertextuality and interdiscursivity in Chapter 4.
- c. Social analysis: this analysis focuses on discourse in relation to society, institution, and culture, especially on the relation of discourse to power and society, for example the discourse of globalization as articulated and construed by social actors, agencies, governments and states (Fairclough, 2006). The explanatory critique lies at this stage of analysis, where the analyst explains the social phenomenon in connection with discourse and society. These three layers of analysis are what constitute, according to Fairclough (2001), doing CDA. In practice, these dimensions of analysis may oscillate between each other.

1.10 Significance of the study

Corresponding to the all aspects that have been raised above and that will be discussed in detail in the next chapters, the study is expected to provide the following significant contributions:

- a. The study is to provide innovation, new methodology and breakthroughs in language-based research, particularly CDA. By combining theories, frameworks, and methodology from other disciplines and approaches, the study will provide resources on how the oscillation between CDA practitioners and the others'

research paradigms is able to enhance and improve one's research agenda and its validity without reducing or generalizing one's own research paradigm and claim it to be the most justifiable.

- b. The study is intended to shed light and add new insights to critical linguistics, political economy and sociology of capitalism. Since the working of language has played a more significant role in the contemporary capitalist society, the study is expected to show how and why our social life is now partly controlled by an amalgamation of linguistic, economic, social and political phenomenon.
- c. The research findings are expected to contribute to the development of critical language awareness for educators, labor right activists, policy analysts or any person interested in the subtle relationship between discourse of globalization as a moment of social practices and reasonable access to social structures and resources.

1.11 Scope and limitations

This study sets up a scope and limitations as follows:

1. This study mainly explores ideological and discursive aspects of global economy in strategic texts; the study does not focus on the actual processes of globalization.
2. The exploration is based generally on the analysis of linguistic resources, the discursive strategies that have been designed, such as vocabulary, modality, and argumentation.

3. The sources of data are limited only to newspaper Op-Ed articles from two print media outlets, the *Washington Post* and the *China Daily* and the speeches by the state leaders and economists from two countries: the USA and China. The sources appeared between 2005 and 2011.
4. When dealing with the spoken texts, the linguistic features such as tone and intonation are not taken into account. This is because the study relies heavily on broad-transcription of speeches, treating their written utterances as tailor-made from their original sources.
5. The limitation of this study is also characterized by the fact that the researcher will be able to analyze a variety of only selected extracts from the texts which are relevant to the topic under scrutiny.

1.12 The structure of the thesis

This thesis is made up of 10 chapters. Chapter 2 will focus on a transdisciplinary perspective through the dialogue between theories of globalization, discourse, and political economy. The analyst treats discourse as a facet of globalization and as a social problem whose dialectical relationship needs an explanatory critique. The discussion of Chapter 2 begins with the historical concept of globalization, the global economy and then moves to the discussion about the dialectical relation between discourse and globalization.

Chapter 3 will be concerned with the literature review on the interrelationship between discourse, ideology, and the ideological impact on the discursive construction of identity. The Chapter will first discuss the historical concept of ideology as defined by social scientists in general and by discourse analysts in particular. The chapter will be

dealing with the discussion about the notion of ideology, tracing its relevant historical development and its current use in discourse studies. The general ontological concepts of ideology drawn from a body of literatures will be helpful for the critical analysis of texts as well as for social analysis of the globalization issues as they are raised in newspaper articles and political speeches by influential figures. Although the chapter is mainly concerned with the interdependence between discourse and ideology in general, the framework it offers is of practical importance for the study of global economy as a social issue which is ideologically motivated, particularly when ideology is considered as a social system that constructs and represents society in a certain way. In this Chapter the analyst will also provide a theoretical framework for the analysis of identity, particularly social and national identity.

To be able to put the theory into practice, the analyst in Chapter 4 will provide a synthesis of principles which are built upon modern discourse studies and an emphasis is placed on CDA, particularly the CDA perspective that views discourse as a moment of social practices that has a dialectical relationship with other elements such as economy and politic. The principles include discourse as a form of social action. In addition, it will offer a set of recommended analytical tools for the synthesis of the research method with respect to the objectives of exploration and theories of the current study. These tools by which the extracts will be analyzed constitute as part of transdisciplinary CDA research method for the analysis of discourse on the global economy. The whole theoretical construct from Chapter 2 to Chapter 3 together with the accompanying principles and the analytical techniques in Chapter 4 is conceived of as an offer for studying globalization as a socially complex human phenomenon from a transdisciplinary framework that consider discourse and globalization as having a dialectical relationship that gives rise to ideological constitution and regulating society.

The next five following chapters are allocated for the core discussion of the study. They are all aimed at giving textual evidences for the transdisciplinary analysis of a social phenomenon, the global economy, which has a semiotic aspect. First, Chapter 5 will deal with the discourse of globalization during the financial crisis. Then the chapter uncovers the discursive construction of ideology. The chapter concentrates on capitalism and new capitalism. It will talk about how the discourse of global economy is mixed with other practices like political economy. To provide linguistic evidence, we refer to the extracts generated from the selected newspaper opinion articles and speeches. The analysis brings in argumentation, strategic maneuvering, speech function and other linguistic processes, devices of the communicative event in the discursive representation of global economy.

Chapter 6 will concentrate on the desirable elements and democracy embedded in the discourse of global economy. We shall refer to the relevant linguistic features, such as vocabulary and the grammatical processes to describe the textual processes in the discursive construction of global economy. Chapter 7 will specifically examine the discursive construction of identity, especially social identity and national identity. Textual analysis will be illustrated in Chapter 7 where linguistic properties such as modal verbs and the system of pronoun will be analyzed. In Chapter 8, the discussion will further move to the role of meaning making processes: intertextuality and interdiscursivity in the presentation of global economy in the two types of genres.

Chapter 9 then will focus on the two views between the USA and China on the discourse of global economy. We provide a separate discussion about two views on the globalization discourse in a special chapter, because studying globalization to some extent needs to be location-based, particularly when a nation's strategies in economic development are part of a research inquiry. In this chapter we shall uncover the

differences and shared characteristics between the two countries' views on the discourse of global economy. The analysis will reveal the differences and similarities in terms of the discursive processes and social processes. Both countries may have the same linguistic processes but different social processes. Chapter 10 is the conclusion of the thesis in which we shall deal with the summary of the study, the conclusion, the limitations of the study and the proposed topics for future research.

1.13 Chapter conclusion

This introductory chapter has explained the background of study. The rationale of research explains that discourse and ideology are two interdependent aspects that have attracted some people working on sociology, political economy and critical linguistics. It is assumed that ideology and social reality are mediated by discourse. The present study is, therefore, aimed at analyzing the discursive construction of ideology and identity in global economic texts through a transdisciplinary approach. It is assumed that discourse, ideology, and identity are dialectically related. Nevertheless, as we shall see in Chapter 3 there has been no consensus in literature as how an ideology, such as new capitalism, and identity are actually constructed in discourse.

Given the fact that not only because the topic has attracted inadequate attention from researchers but also because the issues are still contentious especially in CDA, further research needs to be done to assist the development of a matured modern language-based social theory for understanding the nature of ideology and identity implanted in discourse. To do that, a number of the research questions are put forward. The analyst expects that the study, to a large extent, will make a significant contribution to the CDA research agenda and to our new understanding of linguistic processes and social processes having to do with the discursive construction of global economy.

CHAPTER 2

GLOBALIZATION AND TRANSDISCIPLINARITY

2.1 Introduction

We are now living in the era of globalization where language and discourse plays a very decisive role. In this global age discourse is seen to be crucially determined in constituting and internalizing the way we talk about the systems of economy, market policies, regulations of trades, services and the way we look at other social realities. Consequently, academic circles particularly those working in critical social research seem to have begun to refer to a language-based approach to explore a scientific phenomenon, such as the role of language in political economy, making such social inquiries not only more interesting but also more challenging. These researchers have treated language as crucial as the other social aspects in exploring the human phenomena. The study of economy, for example, has attracted wider attention, not just from economists, but also from those working in the areas of sociology and linguistics. Such scientific interest has turned scholars into theorizing a social phenomenon from an eclectic approach, taking into account the significance of hybridity across disciplines that leads the way to the birth of transdisciplinarity.

The analysis of discourse on global economy is a conundrum. Therefore, it needs to be approached through a transdisciplinary form of research. The term *transdisciplinary* suggests that there is a dialogue between disciplines, theories, frameworks and methodology while doing critical analysis. Transdisciplinarity is a way of doing research in discourse analysis that puts to work the logic of other disciplines, theories,

and methodology into the development of one's own theories and research agenda (Fairclough, 2010). A more detailed description and discussion is provided in Chapter 4.

The selected topic of analysis for the present work is global economy. To theorize the subject matter, we need to approach it as an oscillating process, even though certain aspects have to be discussed in separation. In this chapter *and* in conjunction with the preceding and following chapters, the researcher will first provide the theory of globalization in general and global economy in particular. The chapter reviews and discusses the complexity of the term *globalization* and its orientation, accounting for its claimed advantages and its contentious effects on the economic world order. Then the chapter attempts to provide a transdisciplinary theory for researching discourse of globalization in texts on the global economy. The transdisciplinary approach will treat globalization as a social problem and discourse as part of its manifestation. To that end, in its transdisciplinary perspective the chapter takes into consideration four existing positions in theorizing discourse of globalization: the objectivist, the rhetoricist, the ideologist and constructivist. Referring to Fairclough (2006), the position taken by the present work can be categorized as the social constructivist. Finally, in the last section we reiterate the main points that we have discussed in the preceding sections.

2.2 Globalization as a complex phenomenon

Globalization is a heavily contested and unprecedented phenomenon. Many people would agree to a large extent that globalization is a process triggered by and gives rise to increasing transborder flows of goods, money, services, people, information, and culture (Held, McGrew, Goldblatt and Perraton, 1999: p. 16). Sociologist Anthony Giddens (1990, p 63) regards globalization as a consequence of modernity. As he puts it, “modernity is inherently globalizing” and as a decoupling or “distanciation” between

space and time. Geographer David Harvey (1989) and political scientist James Mittelman (1996) observe that globalization entails a “compression” of space and time, a shrinking of the world. Others such as sociologist Manuel Castells (1996, p. 92) emphasize the informational aspects of the global economy as when he defines it as “an economy with the capacity to work as a unit in real time on a planetary scale.” In a similar vein, sociologist Gary Gereffi (1994) writes about global “commodity chains,” whereby production is coordinated on a global scale. Management scholar Stephen Kobrin (1997, pp. 147–148) describes globalization as a process driven not by foreign trade and investment but by increasing technological scale and information flows. Political scientist Robert Gilpin (1987, p. 389) defines globalization as the “increasing interdependence of national economies in trade, finance, and macroeconomic policy.”

Sociologist Roland Robertson (1992, p. 8) argues that globalization “refers both to the compression of the world and the intensification of consciousness of the world as a whole.” Also, sociologist Martin Albrow (1997, p. 88) defines globalization as the “diffusion of practices, values and technology that have an influence on people’s lives worldwide.” Corporate management expert, Kenichi Ohmae (1994) describes globalization as an imaginatively world-scaled business opportunity. In brief, all these ideas about globalization are concerned to a large extent with globalization as a process leading to greater interdependence and mutual understanding among economic, political, and social institutions in the world, and agencies in general as well as advances in technology.

On the other side of the coin, generally, the term also appears to have been linked to cross-border advocacy networks and organizations defending human rights, the environment, women’s rights, or world peace (Guidry *et al.* 1999; Keck & Sikkink 1998). The environmental movement, in particular, has raised the banner of globalism

in its struggle for a clean planet, as in its “Think Global, Act Local” slogan (Held *et al.* 1999, pp. 376–413). Thus, globalization is often constructed as an impersonal and inevitable force in order to justify certain policies or behaviors, however praiseworthy some of them might be. In a broader historical sense, Mazlish (1993, pp. 6–7) and Robertson (1992, pp. 68–71) cogently argue that not only capitalism or advocacy movements but also Christianity, Islam, and Marxism have made global claims and harbored global pretensions. Hirsch & Fiss (2000) and Fiss & Hirsch (2005) record that the use of the term “globalization” in the press appears to be associated with multiple ideological frames of reference, including “financial market,” “economic efficiency,” “negative effect,” and “culture.”

Still there are others who regard globalization as “a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions...generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power” (Held *et al.* 1999, p. 16) and a “complex connectivity...the rapidly developing and ever-densening network of interconnections and interdependencies that characterize modern social life” (Tomlinson 1999, p. 2).

These ‘flows’, ‘networks’ and ‘interconnections’ are generally seen as very diverse in character that include flows of goods and money and international financial and trading networks in the economic field. The flows also comprise inter-governmental networks and interdependencies and interactions and interconnections between international agencies such as the United Nations, the International Monetary Fund, the World Bank, and the World Trade Organization and government agencies at national and regional levels (Fairclough, 2006). These global processes also include the mobility of people as migrants, tourists, or members of commercial or governmental organizations; streams of

images and representations and interactions through contemporary media and forms of technology.

In addition to the inclusive definition, the start of globalization itself is also a contested issue (Held *et al.* 1999). One could argue that globalization begins with the dawn of history. The literature, however, has tended to date the start of globalization more recently in the experience of the Western power. At one end of the spectrum, historians have noted the importance of the first circumnavigation of the Earth in 1519–1521 (Mazlish 1993). World-system theorists maintain that the expansion of European capitalism in the sixteenth century marks the start of globalization (Wallerstein 1974; see also Waters 1995, pp. 2–4). Frank (1998) contends that globalization has been in existence since the rise of trade links between Sumer and the Indus Valley Civilization in the third millennium B.C.

Some economic historians point to the turn of the twentieth century as the heyday of international trade and investment before the convulsions of World War I and the Great Depression threw the world into spiraling protectionism (Williamson 1996). Robertson (1992, p. 179) argues that globalization was on air between 1875 and 1925 with the “time-zoning of the world and the establishment of the international dateline; the near-global adoption of the Gregorian calendar and the adjustable seven-day week; and the establishment of international telegraphic and signalling codes.” Murphy (1994) recounts the history of international organizations to foster transportation and communication since 1850. In addition to the debated orientations and historical development, globalization is also assumed to have distinct characteristics.

The first and foremost feature is globalization as unprecedented economic interdependence, driven by cross-border capital movements, rapid technology transfer,

and online communication and information flows. The second most conspicuous character of globalization is the emergence of an increasingly Western-dominated international culture, a trend which in many countries has sparked concern about the erosion of national identity and traditional values. Rise of new actors that challenge state authority, particularly non-governmental organizations and civic groups, global firms and production networks and even financial markets is also taken as one character of globalization (Palmer, 2002; Tomlinson, 1999; Fairclough, 2006). In addition, globalization is the epoch when growing pressure on states to conform to new international standards of governance, particularly in the areas of transparency and accountability exists. Finally, globalization is characterized as the era which leads to the rise of severe transnational problems that require multilateral cooperation to resolve (Huntington, 1991; Rodrik, 1997). What is absent from this body of literature on globalization is the viewpoint that include text as part of globalization processes. The researcher will return to this theme in Section 2.3.

From these multiple-complex points of view on the definitions and the contentious, traceable history of globalization, for the sake of studying globalization from its linguistic domain it is reasonable to add another standpoint that the discourse of globalization *is* just an ideology of the expansion of struggle for power with multiple meanings and lineages (The ideology-discourse interface will be discussed in the next chapter). For example, as a body of literature has observed, sometimes globalization appears loosely associated with neoliberalism and with technocratic solutions to economic development and reform (Cox, 1996; Evans 1997, McMichael 1996; Fairclough, 2009). It is linguistically a process of re-semanticization of the word *global* (Hasan, 2003) through the use of metaphor (Holborow, 2007) that gives rise to emergence of ideologies founded on the principles of free movements (of capitals,

goods & services, and information and people) and the abolition of government intervention in economic matters: no restrictions on manufacturing, no barriers to commerce, no tax and tariff. Stated in a more polished form, globalization is both the processes of representing imaginaries in discourse and making them actualize in material manifestation. After we looked at a body of literature on the conceptual definition of globalization, its historical development and its main characteristics, in the next section let us relate globalization to global economy.

2.3 Global economy

Globalization, since it arguably emerged in 1990s, has much been debated in the context of economy. For example, Fairclough (2006) and Adams (2011) talk about globalization in its particular connection to global economy. In a similar vein, many other scholars (e.g. Bhagwati, 2007; Held, et al. 1999; Amin, 1997) have disputed that the reality of globalization is that it is a continuous economic process driven both by fundamental economic policy changes by individual governments and by technological innovation. New emerging-economy countries and sources of supply of and demand for an ever-increasing number of goods and services are being integrated at an accelerating tempo into a global economy (Ohmae, 1994; Kobrin, 1997). As such, it is often claimed that globalization is an inclusive process through which emerging countries like China and India join the developed nations as increasingly integrated "equal partners" in the now so called global economy. Some people raise questions whether global economy was truly a new phenomenon. They posit that the entire course of human history can be seen as the gradual expansion of transportation and communication networks; in that context, global economy may be little more than an extension of past patterns of human interaction (Polanyi, 1994; Ohmae, 1994; Scholte, 2000). This process of dominance virtually comes under the impact of internationalization. Internationalization has existed

for centuries, but globalization is an idea whose time has come (Held *et al.* 1999), that is, the phenomenon emerging in the late 20th century. And since it embraces every angle of political economy, globalization should be seen more than enhanced internalization of human interaction if the process is to be more distinctive and meaningful (Keily, 2000; Hirst & Thompson, 1996). Globalization in the domain of economy must be seen as a global project that provides an equal distribution of wealth, goods and services without dominance.

Economic globalization can be seen in countless situations of contemporary socio-economic life. For example, in the sphere of communications, media, air travel, and the internet, people anywhere on earth have nearly immediate contact with each other, irrespective of the territorial distance and borders that might lie between them. Economic globalization can also be observed from foods such as KFC and McDonald and beverages like *Coca Cola* and in the area of organizations like the World Trade Organization. The twenty first century has witnessed a proliferation and expansion of business enterprises, civic associations and regulatory agencies that work as transborder operations. In respect of global economy, movements of goods and services between countries today fall within a transnational marketing exercise: consider, for example, Disney films, Prudential insurance policies and countless other global products. In terms of finance, globalization occurs with the spread of capital in various currencies (e.g. the US dollar and the Euro) and payment instruments (e.g. American Express credit card) that can be used electronically almost anywhere across the world for 24 hours a day. Central to these ideas is the consciousness— the mindsets of people who conceive of the world as a single place and affiliate themselves with communities that go beyond borders.

As a proponent of globalization, Bhagwati (2007) argues that rather than creating dissatisfaction, globalization plays a positive role in improving the livelihood of the people in the 'Third World' (the term 'Third World' was coined at the conference of Non-Aligned Nations 1955 in Bandung (Indonesia) and was meant to emphasize the existence of a third power between the big power blocs, Backhaus, 2003). Bhagwati (2007) refers to India where globalization has done a great deal in reducing child labor, illiteracy, and poverty among women. He is not alone in such an argument. Other proponents (e.g. Sachs, 2005) are of the same opinion that free trade as an operational principle in economic globalization increases economic prosperity, enhances civil liberties and provides a more efficient way of allocation of capital. They seem to not be aware of the history of the Great Depression and World War II which have been attributed to a liberal prescription of self-regulating markets (Schmidt & Hersh, 2006) and turned the world into spiraling protectionism (Williamson, 1996). Supporters of globalization also seem to have forgotten historical evidence that any change in society always comes with unintended consequences (to be discussed in Chapters 5 & 6).

Economic globalization might have benefited some countries in helping their people attain higher standards of living, but it has marginalized and impoverished many people in other countries (Hirst & Thompson, 1996). Different from what has been proclaimed pervasively in a plethora of discourses within many types of genres, books, journal papers, media coverage and speeches at conferences and summits, the benefit of economic globalization has not been distributed equitably (Kiely, 2000). The world is still far from being global (Hirst & Thompson, 1996). What has been tangentially practiced is still more imagined than real. And for that discussion we need a transdisciplinary framework at least between political economy, critical linguistics and sociology to scientifically unravel the issue.

2.4 Globalization as social reality and discourse

CDA does not exist without social problems. A social problem constitutes the focal point or the ‘black hole’ in the transdisciplinary CDA. A social problem is defined as the problem that is caused by underlying social conditions or that produces consequences that affect a social system— interdependent, cultural and structural elements that can be thought of as a unit (Johnson, 2000). In critical social research, the social problems include economic injustices, dominance, unemployment, and abuse of power. They usually violate and interfere with what is good, important and desirable in a system. Social problems affect everyone. Nonetheless, although the scheme in principle (see Section 1.7) is designed for its broad application of describing, interpreting, and explaining critical exploration of social problems that have a discursive aspect, the focus here is the discursive dimension of global economy in its relation to language, politic, and the society. While we are moving to the discussion of globalization and transdisciplinarity, there are terms that still need further clarification: genre, discourse, and text.

The term *genre* used in the present study refers to the ways of interacting which can be realized in various forms: newspaper Op-Ed, speech, white paper, and even manifesto (Fairclough, 2003). The term *text* is used to mean a general linguistic material in its physical form, which can be in any form of spoken genres (e.g. speech, interview) and written genres (e.g. Op-Ed article, manifesto).

The genres that will be the main objects of analysis in the present work are texts which deal with the global economy which are published as the Op-Ed pieces in newspapers and speeches by political figures. The two types of genres play a crucial role in

promoting the discourse of global economy. Mass media constitutes the loudest voice in respect to the discourse of globalization (Fairclough & Thomas, 2004).

Newspaper is part of print mass media. It is assumed that the presentation of reality offered by the newspaper is not reality itself, but reality produced by a sign-system in relation to social structure. The information in Op-Eds is conceived as a very specific example of “language-in-use” of socially constructed meaning. It both shapes and is shaped by the dominant notion of what is significant, and therefore contributes to the ongoing process of the development of ideology through which the audience is forced to perceive the reality (Fowler, 1991). Information in the media is a social product, which cannot be understood as a separate force, outside the social relations it seeks to report, but very much part of them.

From a genre perspective, newspapers besides the news story and advertisements, as we can see every day in such newspapers as the *Washington Post* and the *China Daily*, is accompanied by one or two signed Op-Ed, the article containing opinion pieces published in the newspaper by the author/s. The Op-Eds differ from the news story and other regular items and generally express opinions in relation to the ‘hot’ issue (van Dijk, 1998b). Op-Eds may vary in their ideological manifestation, depending on the type and the position of the newspaper as well as the authors which claim to present their own point of view (van Dijk, 1995). The Op-Eds are diverse in their textual strategies, raising the question of the possibility of value-free information. They have a social and political axe to grind. This does not mean that other texts such as chemistry textbooks are free of discursive construction of some social representation. But what makes the Op-Eds distinct from chemistry and other texts is that they offer values and beliefs by employing textual strategies. In other words, the ways truth is represented in the chemistry texts are different from those of newspaper Op-Ed articles. Chemistry

texts normally present audience with facts while Op-Eds can present facts, ideologies, beliefs and values. This presupposes that in Op-Eds the ideologies, beliefs, and other social representations of the author/s may influence the opinions put forward on raised issues, which in turn influence the discourse proposition of the Op-Eds. These representations are of course not stated explicitly all time; only through critical reading and examining the various levels and dimensions of discourse can the opaque relationship between the discourse and the ideology be unmasked.

Political speeches which are also the objects of exploration in the present study can also share similar aims with Op-Eds. That is, they are a type of genre that is often aimed at addressing economic and political issues such as trade liberation and monetary policy in the age of globalization. Therefore, as with the Op-Eds, the issues raised in such speeches may be constrained by social positions of the authors, including their ideological stand, nationality and world view.

The other term that needs further clarification is *discourse*. The term is concerned with the presentation and the contents of what is in the genre and text. As with text, discourse can also come in the form of singular or plural. We can say the discourse or discourses. When we talk about the discourses of economic globalization, for instance, we refer to the presentation of global economy—the ideological, political, and social aspects—and its practices which include free trade, market regulations, free movement of goods, services, capital and labor. Language is always intricately included in the operationalization of these social aspects: discourses, texts and genres. It is used a way of inculcating ideology, social identity, values and attitudes (Fairclough, 2003; Graham, 2000). The important point to make in this study is that the critique of the contemporary global economy is incomplete without a significant element of language critique. As had been described in Introduction, Section 1.1, further problematized in Section 1.2,

and will be argued in more depth in the next chapter), the role of language and discourse is extremely important and carries significant weight in the constitution of ideology. Therefore, language critique becomes correspondingly vital. The constitution of global economy is partly the reproduction and constitution of discourse for example by mass media, agencies and political figures. State leaders, analysts, and lawmakers and so forth are social actors. Organizations such as the IMF, the World Bank and the WTO are social agencies. All these entities all are politically and economically parts of society within a country.

A social problem can be represented by the triad of these three aspects: text, discourse and society. From CDA's perspective, the three entities are relational. As was explained in Section 2.2 globalization or global economy in particular is a complex social issue. From a transdisciplinary study, the researcher tends to argue that economic globalization is a social reality and discourse practice is of social reality as well. Both have a dialectical relationship. They internalize each other. In other words, social realities are essentially linguistic realities (van Leeuwen, 2008). They do not exist independently from the world of objects they present (Fairclough, 2006). They are just different but not discrete (Fairclough, 2010). For example, discourse of global economy not only internalizes a particular way of looking at social reality but also simultaneously constructs or naturalizes a particular ideology and it likely sustains social identity and national identity.

2.4.1 Discourse of Globalization

Discourse of globalization in this study is seen a complex social issue. It is seen to be crucially determined in constituting and internalizing the way we talk about the systems of politic, economy and development and the way we look at other social realities (e.g.

Luke, 2002). At the same time, agencies and states are in search of and promoting their economic policies and identities through texts and discourse at national and international levels in this globalization era (see Sub-section 2.3.3 below). This is so, because those who dominate the material production also attempt to control mental production (Eagleton, 1991). In the case of global economy, material production contributes to shaping immaterial production (language, ideas) of global capitalism and vice versa (Holborow, 1999).

To do a critical analysis of discourse thus involves all these concepts—text, discourse, society—in relation to the social problem. In addition, since the exploration is supported by different disciplines—sociology, political economy, linguistics—the analysis then becomes transdisciplinary, meaning across disciplines.

There are two main commitments that inspire this study: transdisciplinary and critical. Transdisciplinary commitment concerns the radical changes that are taking place in our contemporary social life (Fairclough, 2010). It thus contributes to the development of research topic in social sciences like global economy. The critical commitment is to make us aware of discursive and linguistic perspectives of how people's lives are determined by discourse formation, which constitutes a system of linguistic relation within which actual discourse processes are generated (Fairclough, 2010). Each discourse formation through its statement (see Sub-section 1.3.1, particularly the operational definition) embeds ideological formation, beliefs and values.

The point of view in the paragraph above is derived from the researcher's belief that there is no single theory or research method, which is perfect. What this study is going to show is that a piece of text can be analyzed by a combination of theoretical frameworks and analytical tools. In this study critical analysis of discourse is essentially

an integrated study of communicative event, involving linguistics, political economy, and sociology among others. This stance emerges from the current research interest that in modern approach of scientific inquiry it is no longer a discipline that orients research, but the problem of the investigation.

Discourse from a transdisciplinary perspective is conceived of as social actions as essentially involving three dimensions, namely language use, social representation and cognition in their cultural contexts. Critical analysts of discourse (e.g. Fairclough, 2001, 2009; van Dijk, 1995; Chouliaraki & Fairclough, 1999) distinguish various levels, units or constructs within each of these dimensions, and formulate the rules and strategies of their normative or actual uses. CDA practitioners (Fairclough, 2003; van Dijk, 2009a) functionally relate such units or levels among each other, and thereby also explain why they are being used. In the same way, the practitioners functionally connect discourse structures with social and political context structures, and social cognition (van Dijk, 1998a; 2009a) or to use Fairclough's term Members' Resources (Fairclough, 2001, see Section 3.3 for further clarification). Discourse thus moves from macro—ideology, hegemony, legitimation—to micro level of texts—linguistic aspects and vice versa. Discourse inculcates ideas, beliefs, and values and even able to manifests the imagined into the actual social realities, such as the discursive practices of global economy to virtual realization of the free trade.

We must acknowledge that when we talk about globalization, there are various conceptual frameworks (see Section 2.2 above for overview of the concepts) and a number of positions, voices, and motives. The same is true from the discursive point of view. Discourse of globalization is myriad. There are different arguments, counter-discourses produced by individuals, agencies in different locations within social practices associated with different projects and interests (Fairclough, 2006). This is why

we cannot track and examine these myriad discourses simultaneously. What we can do is to theorize the concepts within two or three points of views and select one or two locations and examine specific texts on global economy produced within these locations. Thus, this section is aimed at theorizing the issue of globalization as discourse from critical linguistics, particularly CDA and political economy for the purpose of analyzing the concrete texts in the core discussing chapters.

To theorize globalization as a facet of discourse and ideology, we need a dialectical view (see Sub-section 2.3.1) that guides to the standpoint that discourse and ideology are internalized and internalize within moments or social practices (Fairclough & Thomas, 2004, pp.381-389). A social practice has various orientations— economic, ideological, political and cultural—discourse may be embodied in all of these without any of them being reducible to discourse (Fairclough, 2003; Jessop, 2004).

One source that describes globalization as a discourse, and an ideology is Steger (2005). He successfully identifies six core claims of globalism: 1) Globalization is about the liberalization and global integration of markets 2) Globalization is inevitable and irreversible 3) Nobody is in charge of globalization 4) Globalization benefits everyone 5) Globalization furthers the spread of democracy in the world 6) Globalization requires a war on terror.

The most pivotal of the five claims above is that globalization is concerned with the liberation of trade and market. This claim is the fundamental consideration of neoliberal globalist discourse. When treated as an ideology, the discourse of globalization can be seen as having created a space for unconstrained and highly profitable action on the part of the corporations of the most powerful countries on earth, especially the USA and Japan, on the basis of a claim that markets work benignly without external regulation

which the crises of the late 1990s (in East Asia, Latin America, and Russia) and specifically of first decade in 21st century (Greece, Portugal) have shown to be false (Harvey, 2010). This experience indicates that neoliberal global economy (discussed further in the analysis) can lose its anchors if the needs of government intervention in the economy are constrained.

In a similar vein, Fairclough (2006) documents four positions that relate discourse to globalization: objectivist, rhetoricist, ideologist, and social constructivist. The objectivist treats globalization as objective processes that the social scientists need to describe. The objectivist position sees globalization as an objective fact; it is the approach least inclined to take discursive structures into account. One of the supporting objectivist positions is Held *et al.* (1999) who see globalization as “a process (a set of processes) which embodies a transformation in the spatial organization of social relations and transactions ... generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power’ (p. 16). The objectivist does not see globalization in a subjective aspect.

The rhetoricist position is characterised by a specific interest in the strategic use of globalisation discourse to rationalize unpopular political or economic decisions. The rhetoricist uses politic as rhetoric to represent globalization in public sphere through discourse. In this position discourse of globalization is seen as a resource to legitimize political acts, such as war on terror, economic policies, such as competition and free market as a non-negotiable economic constraint that puts forward deregulation of global economy. When compared to Held *et al.* 's (1999) outline this position in the discourse of globalization occupies the position of hyperglobalist (Ohmae, 1994; Greider, 1997) and transformationalist (Rosenau, 1997; Giddens, 1990). The ideologist position is the authors (e.g. Steger, 2005) who regard discourse of globalization as a set of ideas and

material processes that contributes to the sustaining hegemony, dominance in global life. Finally, social constructivists hold the standpoint that discourse of globalization is a subject of social construction in response to social realities and take discourse as the vital character in constructing social realities. Fairclough (2006) categorizes the latter two positions as skeptical.

The present study places more weight on the position of social construction of globalization and take discourse as part of globalizing processes. It takes up the argument that narrative of globalization contributes to the constructive effects of the real processes of globalization (Cameron and Palan, 2004). The discursive practices of globalization which are often presented as imaginaries have the possibility of being transformed into social realities that can be materialized in economic processes such as import & export activities and tax and tariff exemption.

The social constructivist holds the vested position that narratives or discourse can be manifested in people's experience of the social world, for instance, global economy both from its perspective of material processes such as deregulation of global trade and immaterial production such as ideology of global capitalism.

In respect to this classification of positions we can still refer to Fairclough (2006, pp. 26 & 165), where he identifies five general claims about discourse as a facet of globalization:

1. Discourse can represent globalization, giving people information about it and contributing to their understanding of it.
2. Discourse can misrepresent and mystify globalization, giving a confusing and misleading impression of it.
3. Discourse can be used rhetorically to project a particular view of globalization which can justify or legitimize the actions, policies or strategies of particular (usually powerful) social agencies and agents.

4. Discourse can contribute to the constitution, dissemination and reproduction of ideologies, which can also be seen as forms of mystification, but have a crucial systemic function in sustaining a particular form of globalization and the (unequal and unjust) power relations which are built into it.
5. Discourse can generate imaginary representations of how the world will be or should be within strategies for change which, if they achieve hegemony, can be operationalized to transform these imaginaries into realities.

All these claims are in relation to discourse. They are not alternatives among which we can choose. Discourse is embodied in all these ‘moments’ of globalization. But most pertinent to the present study are points 3 and 4. This is so because one aspect that critical discourse analysts have been concerned with in the last two decades is the role of discourse in inculcating in and representing ideology in texts. The study of globalization can be generated from a body of texts and discourse in relation to the agencies, organizations and states which constitute identities, beliefs and values. What is often absent in most literatures on globalization is that scholars do not theorize and analyze globalization as a form of discourse.

2.4.2 Political economy and discourse

This study as announced in Chapter 1 approaches globalization by taking a stance that discourse as particular ways of representation constructs the global economy through (cultural) political economy. This adopted position is derived from the standpoint that economic and political objects are socially constructed (Jessop, 2004; Fairclough, 2006; see also Section 1.7). These objects include economic system, the role of management, financial institutions and division of labor. From these constructed objects emerge social relations—the relations between objects and subjects, bringing people and their economy, culture into interaction (Jessop, 2004). The interactions between subjects and objects involves discourse that enables to sustain relations, represent beliefs and values as well as construct identities as individuals, agencies and even nationalities. Fairclough (2006) distinguishes social structures, social practices and social events as different

levels of abstraction, where social structures represent the long-term social conditions, social events are instances of social life and social practices are institutionalized ways of doing things. All these levels of social life have semiotic moments which constitute their discursive aspect. At the level of social practices, he sees orders of discourse at work which are constituted by discourse, genres and styles (Fairclough, 2003). While discourse relates to the particular way of representation, genre relates to the level of interaction and style to a way of being, thus characterizing identity aspects.

Discourse whose function to represent some particular part of the social life provides us with resources in dealing with how the notions of globalization, its systems of operation, success and failure are politically and culturally embedded. Discourse allows us to see how a system of world economy, such as flows of capital and investment is embodied by a certain fixed framework of economy. We can see the processes of recontextualization of disciplines from economy to politic, rescaling of spaces (regional, nation-state) and restructuring of economic agendas, national identities and systems of economic operation in discourse.

Different from the descriptive paradigm of ideology as positions and beliefs, CDA treats ideology as representation of power, dominance, and legitimation by social groups (Eagleton, 1991; van Dijk, 1998 and Fairclough, 2003). For example, the new global economy is bound up with transformations of language and ideology in many different ways by different individuals and agencies (e.g. Giddens 1990). These include emerging tensions between social politic—state-based and corporate identities—and discourse practices between local, national and supra-national interests as well as between hybridity and uniformity of practices.

Hybridization is a separate form of an existing practice, but which creates a new form when it comes in contact with other forms and ultimately gives rise to a new practice (Pieterse, 1995). For example, the practice of the systems of political economy in certain states will result in the policies of economy from which new practices, new texts, discourses and identification will emerge (Fairclough, 2010). These new forms of discourse within political economy and practices will dominate other discourses—generally counter-discourses—and there is a possibility of becoming hegemonic discourse particularly when it has obtained the consent from the society.

Global economy is politically determined and embedded in discourse (Fairclough, 2006). It is an ideologically motivated practice of globalization involving discourse which is produced and naturalized by the proponent states, globalist individuals, agencies and organizations. Thus if we want to figure out the global economy as a social issue, which is ideologically and politically motivated we can refer to the discursive aspects of that issue by examining concrete forms of texts within which the social problem is exposed and represented.

Ideologies can be identified in texts (see Section 3.3 of the next chapter for this standpoint). This is so because ideology can be invested in texts, which can be used by discourse producers to exercise power, enact dominance and impose legitimation (Fairclough, 2001; van Dijk, 1998b). One example is the ideology that is enacted by the system of global economy that competition, flexibility and interconnectedness should be imposed if a state wants to survive economically and politically. One way of promoting and exposing this ideology is through the use of language—discourse, enacted by states leaders in speeches in summits or forums, by means of articles in newspapers by government think-tanks, economists, political analysts or members of trade

organizations, such as WTO and international financial institutions, such as the World Bank and the IMF (we shall discuss these organizations in the coming sections).

An ideology in texts such as capitalism or neo liberalism does not say that it is ideological. Rather it is usually embedded in texts and therefore it is presupposed, needing a type of assumption for interpretation of the proposition of texts (Fairclough, 2003). For example, discourse of global economy may presuppose that competitiveness should be desirable in a system of free market. A text may presuppose that the factuality of global economy, such as the reality of free trade and global flows of capital and investment is to be taken for granted. It is a fact which is unavoidable and unquestionable in the age of modernity (Giddens, 1990). This process of universalizing meanings does ideological work. Politically speaking, there are agencies that determine the manifestation processes of this ideological work.

2.5 State and political economy

Discussing discourse as a facet of globalization cannot leave aside the role a state and/or the government plays as a major institution in controlling the economy. State and government are sometimes used interchangeably. But in social science and political science the state is often defined as the social, distinctive institution that holds power to make the rules which govern society (Johnson, 2000). In his book *The State in Capitalist Society*, Ralph Miliband (1973) equated state with society as a whole and the distribution of power within it. The state consists of a form or social blueprint for how various functions should be accomplished. The state is different from government which consists of a particular collection of people who at any given time occupy the position of authority within a state (Lowes, 2006). The state is run by the armed forces, judiciary, local and national councils as representative (such as parliament). The state is

not a unified institution. Rather it is a set of institutions which is organized around a set of social functions, including maintaining law, order, and stability, providing common defense, implementing public health program, providing mass education, and resolving a various kind of disputes through the legal system (Johnson, 2000). Michele Foucault in his book *Discipline and Punish* (1979) considered these form of social activity to amount to cultural regulation of daily lives through the projection of norms, such as the description of welfare payment as a ‘benefit’. Similarly, Antonio Gramsci (1973) in *The Prison Notebook* concluded that the state was not only involved in presenting force for example in the form of military and police but also manufacturing consent through culture and ideology, a process he referred to as hegemony. In this globalization era, states are in search of new forms of economy like knowledge-based economy (KBE) and are promoting their economic policies and identities through texts and discourse at national and international levels (Jessop, 2002).

2.6 The IMF and political economy

Theorizing discourse as a facet of globalization needs to deal with international agencies that shape the discursive practices of global economy and usually support its implementation. One of those institutions is the International Monetary Fund (IMF). The IMF was set up a specialist agency of the United Nations following the Bretton Woods conference in 1944. It now has 188 member countries. Although the IMF is a specialized agency of the United Nations, it has its own charter, governing structure, and finances. Its members are represented through a quota system broadly based on their relative size in the global economy. Each country is represented by a board of governors who meet once a year. Together with the World Bank, the IMF is responsible for implementing the Bretton Woods, the terms of which serve as its charter (Lowes, 2006).

The main role and responsibilities of the IMF focus on promoting international monetary cooperation and exchange rate stability, facilitating the balanced growth of international trade, and setting up the regulation of the international and financial system as outlined in its Articles of Agreement. These include promoting a cooperative international monetary system by monitoring national economic policies to avoid conflicts of interests between nations, to ensure the stability of private financial flows, and to provide surveillances of multilateral exchange rates (Lowes, 2006). The intervening aim of this global mechanism is to ensure that the international trade takes place continuously. The most well known function of the IMF is its lending role in making resources available to member countries that experience difficulties in economy such as in balance of payments. In such cases the IMF provides bridging finance so that problems can be resolved through a policy program approved by the national authorities and the IMF.

The IMF supports deregulation of the market, privatization of state-owned assets and reduction of government spending specially on social and welfare programs. The usually directs national economic policies of developing countries that normally deserves loans for their development. The agency prefers foreign creditors over citizens' development in promoting economic growth, the attitude that can breach the democratic mandates and the sovereignty of a government. Critics of IMF argue that the IMF is no longer taking part in preventing crisis, but only in controlling them after they have occurred (Felix, 1998).

2.7 The World Bank and political economy

The World Bank is another international agency that usually takes part in discursively, politically constructing, and socially implementing policies of the global economy. The

World Bank was founded as a United Nations special agency in 1945 with the ratification of the Bretton Woods system (Lowes, 2006). The IMF is headquartered in Washington DC and consists of and is governed by 184 member countries. Its main roles include providing member countries with finance for development and poverty reduction. The World Bank has mainly functioned in increasing living standards through the provision of financial support for development projects to stimulate economic growth (Buckley & Desai, 2011). However, the manner in which this is achieved has changed over time; which countries receive assistance and which do not depends on the World Bank's decisive policy, therefore breaching the central function (Lowes, 2006). The decision-making processes of the World Bank tend to involve notably the wealthiest countries, which is an indicator of a lack of the democratic practice in promoting equal global economy.

The World Bank in its current position has the ability to influence potential foreign investors and to direct national economic policies in a neoliberal direction and thereby under the euphemism 'economic liberation' weakening the national sovereignty (Lowes, 2006). In tackling debts, the World Bank and the wealthiest countries represented in Group of 8 usually impose their policies on the developing countries compatible with their interests of controlling economic liberation through the international financial institutions and their corporations for the experimentation of free market economy, which is against the interests of local people (Lowes, 2006). As a result, the intention of the indebted countries to reduce poverty and to stimulate growth remains feeble.

2.8 The WTO and political economy

The World Trade Organization (WTO) is an international agency that not only discursively enacts and legitimizes global trade policies but also tries to settle a global trade called the Doha Round after Qatari city where the initial meeting took place

(Lowes, 2006). The WTO came into existence on 1 January 1995 to replace the General Agreement on Tariffs and Trade (GATT). It is based in Geneva, Switzerland. It has a Director-General and a General Council, heads of delegations, and officials. By 2011 the WTO has had 148 member countries and covers 97% of world trade (Buckley & Desai, 2011). About 30 other countries are waiting for their entries into the organization. Nevertheless, the USA has used its veto power to refuse some countries, for example Iran and North Korea, from joining the organization.

The main role of the WTO is to supervise trade between countries in accordance with the provision of the GATT. The WTO provides training, technical assistance, trade policy courses, regional seminars to representatives from developing and least-developed countries (Lowes, 2006). The activities are designed to integrate countries into a trading system based on WTO agreements and neoliberal doctrine (Ghafele, 2004). Through lobby, groups of corporations are also represented in WTO seminars and symposia. These groups as well as the International Chamber of Commerce and the intergovernmental organizations all contribute to processes of free trade (Choudry, 2002).

The predecessor GATT was originally concerned with reducing tariffs on manufactured goods, but the WTO is concerned with new multilateral agreements such the trade-related intellectual property rights (TRIPs). The agency has not developed without challenges by developing countries and anti-WTO organizations. To illustrate, the third meeting of its Ministerial Conference in Seattle, USA in November 1999 was faced with massive demonstrations (Kiely, 2000). Also, the fifth Ministerial Conference in Mexico in 2003 failed to reach an agreement because of concerns of 22 developing countries over a range of issues relating to competition, investment, and agricultural subsidies (Lowes, 2006). Although the WTO allowed flexibility in the developing

countries, they ultimately formed a coalition of 20 countries (G20) to protect their interests against the dominant USA and European Union. This is a fact that suggests there is a conflict of interests in the existing global economy. Despite its discursive practice in promoting the global economy, the WTO is a notoriously known international trade organization that politically regulates the processes of free trade (Wallach & Sforza, 1999).

2.9 State access to globalization

The role of the state in the era of globalization has been put into question. As a result, disputing ideas in literature on globalization and states are inevitable. For example, according to Held (1989), states should determine their own directions and policies. Held (1989) argued that there is a decline in the role of state in the era of globalization while Hirst & Thompson (1996) questioned the continued strength of state. Hirst & Thompson (1996, p. 186) argue “there is no strong tendency toward a globalised economy and the major advanced nations continue to be dominant.” The present study in this subsection focuses on globalization in respect to states and international agencies, but endorses the standpoint of Hirst & Thompson (1996) that “globalization is myth” (p. 2). The global economy is still far from being global. Their argumentative position can be summarized as follows:

1. The present international economy is not unique in history. Statistical evidence shows that it is rather less open now than it was between 1870 and 1914.
2. Genuinely transnational corporations appear relatively rare.
3. Capital mobility is overstated. Foreign direct investment is highly concentrated among the advanced industrial countries.
4. Trade, investment and financial flows are concentrated in the triad-Europe, Japan and North America.
5. Major economic powers have the capacity, if they coordinate policy, to exercise powerful governance over financial markets and economic tendencies. (Hirst & Thompson, 1996, pp. 24–192)

The first point argues that economic globalization does not really happen as imagined where every country in the world is opening up for the movements of goods, people, and services. The fact is that there are a number of developed countries that do not open up, but force the developing countries through a variety of ways to liberate (Jessop, 2009). In reality, the contemporary global economy is not more open than that of in the late of 19th and the beginning of 20th century. Economic blocs, trade relations, such as NAFTA, and AFTA are still found in the globalized economy. The second argument challenges that the notion that Multinational Corporations (MNCs) substitute the national companies. In reality, they do not replace companies at the national level. What happens generally is that global corporations take over local firms and national companies through privatization.

The third argument defies the idea that globalized economy boosts investment. The actual practices however indicate that the faster global economic integration concentrates on monetary (banking, stock market, and foreign exchange) and not on investment. In effect, Foreign Direct Investments (FDI) does not flow where it is demanded (Kiely, 2000). Rather it is highly concentrated among the advanced industrial countries. These practices (global banking, stock market, and foreign exchange) are vulnerable because the advanced economies subordinate the financial institutions in developing countries. As a result, the financial stability in developing countries and regional economy are at stake, because of speculations by the financial global corporate like the Nikkei and the Wall Street. This leads to the fourth argument that financial flows and investment are located among a big Triad—Europe, Japan and North America.

Finally, there are parts of the world that grow differently. Growth in certain countries cannot be measured symbolically by the growth of their stock market where money

plays a crucial role as the main commodity. On the other hand, developing countries are dependent on real sectors, for example agriculture, to measure the economic growth. As a result, the tendency toward a zero sums game (a situation in which one participant's gains result only from another participant's equivalent losses) is feasibly stronger than equal financial system.

Industrial globalization, trade, and financial system are partial towards global market because of the dominant processes involving the three big economies—especially Europe, Japan, and the USA. The majority of small states and less developed countries found in parts of Africa, Eastern Europe and South Asia are still marginalized (Lee & Smith, 2010; Kiely, 2000). The big Triad and their private institutions still have capacity to control the world economy. Consequently, the process of globalizing the economy is not naturally determined on the basis of equality but based on politic.

According to (Hirst & Thompson, 1996), global economy will not replace the internationalization of the world economy that has been practiced since the earlier days. Global economy is thus a contested economic policy from which advanced countries gain more advantages than do the developing ones. Global economy is different from internationalized economy. The former does not abide by the national policies while the latter does. The internationalized economy allows nation-states to create international regulation to form governance of the world economy (Hirst & Thompson, 1996).

The internationalized economy recognizes the strengths of each country because they do not lose their own identity since it is not contested. It is outward looking and is characterized by the interdependence between countries even though the countries involved in that economic system might have different products and services to offer. On the other hand, in the global economy, the state needs to be rescaled (Fairclough,

2006). In addition, according to Hirst and Thompson (1996) globalization does not ignore politics. Hirst and Thompson (1996) observe that financial market, movement of FDI, and the number of MNCs are politically structured. Although there are shared interests between countries in the global economy for example in trade, there are still overlapping interests that are likely to emerge between countries, which cover the issues of environment, health, human rights and democracy. Furthermore, in a fully globalized economy the national economy is integrated to form a new economy. There is a tendency for a loss of governance and inequality is viable and the emergence of 'the law of the jungle' is likely inevitable.

Globalization impacts heavily on the state: its policies, institutions, and administrations. Individuals and groups will suffer from disruptions as the state is no longer in full control of its economic and political matters. The disadvantaged and poor for example will suffer because the state cannot fully protect their needs and interests. Global economy may affect the world countries differently, depending on the integration of the individual country in achieving the degree of involvement in global economy. The countries that are members of the Organization for Economic Cooperation and Development are better prepared than the transition countries, like Brazil and India and the countries located in the Sub-Saharan may suffer more severely.

In the case of a Nation-State, defined as the state that is inhabited by a fairly harmonious group of people who share a feeling of common nationality (Baradat, 2000), the state faces a narrowing option of resulting globalization despite its scale. It is dominated by a particular nationality and nationalism as its ideological justification sustains. Without doubt, larger nation-states may be less vulnerable to the consequences of increasing contact with global economy than the smaller ones. As a result, each state needs to analyze those consequences, for example by building indispensable

infrastructures, stable legal system, and viable governance processes that can attract investments. Unfortunately, not every state is capable of providing reliable infrastructures and facilities on its own to attract investment.

In coping with the global economy, a government must still have role to play. For instance, it needs to adjust its policies in accordance with the globalization processes. The government will be committed to making policies and actions that are for example compatible with needs of competition in the global market and seek for the alliances and strategic partners. They must seek to establish rules, standards of operations among partners with respect to political, social and economic practices. Surprisingly, these practices as Chapter 6 will reveal are parts of ‘global games’ played by each country through its strategies in an attempt to be a winner. In addition, certain states have a more accessible tie with global agencies such as the World Bank and IMF by which they are capable of oscillating between economies and politic to boost their growth.

Political economy allows a state to lose part of its authority to be repositioned by some international institutions that involve some pooling of sovereignty such as the IMF and the World Bank. Although states surrender authority over some aspects of economic and financial governance, there are areas within which national governments retain substantial degrees of judgment like in the policy of immigration control (Lowes, 2006; see also, Bacon, 2010). Unfortunately, in the areas of global trade, trade liberalization and capital movement, the international organizations such as the WTO through their endorsed regulations takeover the international government’s part of control that can lead to the destruction of national businesses, such as textiles and agricultural products (Lowes, 2006).

Countries in the age of globalization through political economy as well as governmental agencies, such as state banks and national chambers of trade usually construct and construe the processes of globalization in their own image. The developed nations, such as the USA, Japan and the Europe contextualize the discourse of global economy in accordance with their interest, goals and spirit. The same applies to emerging economies such as China and India. One spirit that all these countries share is the ability to compete in the global market in the name of world economic growth. As a result, the variegated capitalism, competitive capitalism, inevitably emerges, where capitalism opposes capitalism (Peck & Theodore, 2007).

Both the developed and emerging economy countries possess their own social strategies in translating the discourse of global economy into the actual material processes. Two countries, for example the USA and China, as it will be revealed in Chapter 7, interpret the discourse of global economy in different perspectives. One premise for this standpoint is that developed economies do not merely concentrate on the small scale production for meeting the demand of local and national market. Rather they open up and seek the opportunities of the global market. In fact, they have been moving from conventional economy to a KBE, in which knowledge and information are given more predominant roles than in the past (Jessop, 2004). Unsurprisingly in the age of globalization, developed countries have turned to “knowledge economy” and “knowledge society” that are capable of bringing about social changes in that “knowledge-driven” amounts to “discourse driven” (Fairclough, 2003; Graham, 2002).

In addition to a shift to this new economy, a small number of countries particularly those that make up the G7—such as the USA, Europe and France—predominate access to the international agencies, for example the IMF, WTO, and the World Bank. Consequently, there is an inevitably oscillating process of economy and politic among

these countries in response to the rest of the world. This oscillating process functions not only in the distribution of loans and bailouts but also in the recruitment of financial institutional leaders. For example, when French National, Strauss Kahn, was ousted from the IMF chief due to the alleged scandal with a hotel maid in New York, he was replaced by another French national, Christine Lagarde, as if the experts from non G7 countries are not appropriate for the post (The *Economist*, June 30, 2011; *UN Election*, August, 2011: Issue 161). The economy and politic always come in juxtaposition in the era of globalization. When agencies, institutions either governmental or non-governmental, and countries refer to global economy, they often at first construct it in and as discourse before the economic order itself is put into practice as material process.

To sum up, globalization does not dismantle states, but state sovereignty may be feeble as agencies both governmental and non-governmental take control of the economies. The U.S. Federal Reserves and the Central Bank of Europe implement financial policies that can either boost the global economy through their monetary policies or spark a crisis through their careless decisions. The WTO controls policies of global trade; its dominance in the global economy plays a crucial role in maintaining and promoting the economic stability of global development. The *Wall Street*, marked by occupying protesters in November of 2011, has been blamed for the recession of the U.S. economy that contributes to the global financial crisis.

The discourse of global economy can have not only an optimistic but also a skeptical narrative. To constructively unravel the narrative and the way of its meaning-making strategies in the discourse of global economy in concrete texts require critical investigation— through both textual analysis and social analysis—through guided principles and a reliable set of analytical tools that we will discuss in more detail in Chapter 4. However, before doing so, in the next chapter we need to look at another part

of the proposed scheme in Figure 1.2, that is, the role that the relationship between ideology and discourse plays in the discursive construction of ideas and identity.

2.10 Chapter conclusion

This chapter has attempted to provide a part of the framework for the study of globalization from a transdisciplinary perspective. It has provided an overview of globalization as a complex social issue both from the meanings that have been assigned to it and the contentious history of the emergence of globalization. The chapter in its first sections has also tried to describe the effects of globalization on the global society.

From the myriad of definitions, specifically from the objectivist point of view it can be said at the moment that globalization is an unprecedented phenomenon whose time has come (Held, et al. 1999). It refers to the extraordinary compression of space that allows movements of people, capital, goods and services on a global scale. To the other authors (e.g. Giddens, 1990, 2000; Rosenau, 1997) globalization is the inevitable social transformation while Hirst & Thompson (1996) see globalization as a myth benefits some countries but is detrimental of others. Global economy at the present stage is tellingly far from being global.

Since the term globalization has become a difficult concept to define and to set an inclusive boundary, the present work has tried to offer a transdisciplinary perspective of globalization: sociology of economy, political economy and critical linguistics. The proposal is not to solve the dispute totally but to offer integrated ways of talking about it that can reduce the dispute. Language and globalization itself is a difficult field of study.

This offer stems knowingly from the negative standpoint that globalization is not virtually a reality driven by unprecedented natural forces but socially and linguistically

constructed initially by imaginary and intellectual discourse within academic circles, media, politicians, and policy analysts that later on guides the motion of the cultural political economy for making globalization work in real practices. The chapter thus offers a transdisciplinary theory for the analysis of globalization in a particular context, that is, global economy. As a transdisciplinary research form this offer is not only interesting but also challenging.

Even though there are a number of classifications on the positions of looking at discourse of globalization, this transdisciplinary framework is built upon the approach of the constructivist critical science. It approaches the issue from a specific version of critical analysis of discourse: CDA. As an interdisciplinary critical science, CDA views language and other social elements like global economy as having a dialectical relation. That said, discourse formulates and is formulated by other elements without other elements being reducible to discourse (Fairclough, 2009). In other words, they are different but not separate. Given the concept that language and other social realities that have semiotic aspects are interconnected, for the sake of the analysis of texts on global economy, the present study makes use of cultural political economy that is based on the thought that economic ‘objects’ —economic system, financial institutions, division of labor and the states— are politically embedded and socially constructed (Jessop, 2004).

CDA is critical and interdisciplinary in its operation. In its application, the term critical implies showing connections and causes which are hidden. It also implies interventions that can assist for example those who are marginalized and disadvantaged in the era of global economy through social transformation. The term interdisciplinary means a connection between disciplines to find out solutions to social problems. This chapter has focused on discourses of globalization mainly from a political-economic perspective and offers CDA as a macro ‘subversive’ method to analyze their semiotic aspects. This

allows for a critical analysis of a macro-level of relatively complex orders of discourse combined together in the phenomenon of globalization. The framework virtually can be applied for a number of interesting sites where globalization discourse is at issue and explain how it works for different agents and in different countries. In cooperation with the framework as a whole, the proposed scheme above is supported by a number of principles and a set of the techniques for critical analysis of discourse of global economy in texts, which will be explained in Chapter 4.

In the last part of this chapter, several sections were devoted to theorize the roles of international institutions in the global political economy. The international agencies such as the World Bank, the IMF and the WTO have set up their own roles in the global political economy. But their roles to some extent have been practiced more at the discursive level than in actual material practices. Their policies sometimes cannot escape from challenges and social protests. The accounts of these institutions provide essential resources for the analysis of the global economy from a transdisciplinary approach. At the point they are relevant to the analysis of strategic texts, we shall bring in these institutions. For the time being, we need to move to Chapter 3 to theorize from a CDA perspective the interdependence between discourse, ideology and identity.

CHAPTER 3

DISCOURSE, IDEOLOGY AND IDENTITY

3.1 Introduction

The researcher in Introduction, Section 1.1 related discourse to ideology. Then he problematized this relationship in Section 1.2. Furthermore, he contended at the end of Section 2.2 on the various definitions of globalization and in Subsection 2.3.2 concerning the discourse as a facet of globalization that the discourse of globalization is ideological. That is, the semiotic aspect of global economy is ideologically motivated. This standpoint is derived from a major and profound standpoint that discourse and ideology are interconnected. They constitute each other. Although this statement is still open for contention, the analyst will further argue in this chapter that ideology can be embedded in discourse. To do so, we need to set our objectives. This chapter has three main tasks to accomplish. The chapter will first look at the theoretical concept of ideology in general and trace its historical trajectories in human and social sciences. We will draw our attention to the notion of ideology from the classical Marxist false consciousness commencement of ideology to Gramsci's (1971) conception of the world and Althusser's (1971) *interpellation* perspective.

Having surveyed a body of classical literature on ideology, we then move to its modern studies in the context of CDA. We review a body of literature on ideology as proposed by linguists and other scholars. We will refer comparatively to scholars in discourse studies particularly Norman Fairclough and Teun van Dijk and other scholars who took language as a social aspect in their research. While reviewing the literature, the analyst

takes the standpoint that although discourse and ideology are not the same, they can constitute each other in such genres as newspaper Op-Eds and political speeches.

Later to support this standpoint with empirical studies, the chapter deals with previous pertinent studies between discourse analysis and the realism of ideology inculcation in general and globalization in particular. The Chapter also includes a review of a study on strategic texts which assists the analyst in building a solid theoretical framework. These empirical studies were generally produced by linguists and have in some ways substantial relationship to the issue that was raised in Chapter 1. The analyst refers generally to the studies by linguists in an attempt to narrow the complexity of ideology research and to be more relevant to the current work. Before concluding the chapter, the analyst allocates two brief sections to reviewing and conceptualizing discourse in relation to ideological effects on identity, especially social identity and national identity. Finally, we move to the concluding section to summarize the main points raised in the chapter.

3.2 The historical origin of the study of ideology

In this section, the analyst's first objective is to provide a concise review of the classical theory of ideology before he moves to the second task, that is, the conceptual framework of ideology within modern social theory in Section 3.3.

The study of *ideology* undoubtedly has a very long history. It started when French aristocrat Destutt de Tracy who fought as a soldier during the French Revolution proposed a 'science of ideas' in his prison cell and called it *idéologie* (Eagleton, 1991, p. 66). Since then philosophers and sociologists from Karl Marx to Karl Mannheim have hatched the term in various concepts. Mannheim (1936) treated ideology as

relational knowledge and related it to utopia; Durkheim (1938) put it as collective representations; while the founding fathers Marx and Engels (1974) conceived it as false consciousness and linked it to representations of social structure and oppression. These social representations can have different forms of realizations (Moscovici, 1988). They can come as beliefs, values, and prescriptions. These are the tasks to be empirically uncovered in Chapter 5 and Chapter 6 as the central part of the exploration.

For more detailed treatments of the classical concepts of ideology are among others McLellan (1986); Marx and Engels (1974); Larrain, (1979), and Gramsci (1971). Gramsci (1971) as a Marxist follower asserts that ideology is a “conception of the world that is implicitly manifest in art, in law, in economic activity and the manifestations of individual and collective life” (p.328). Similarly, the concept was also socially theorized by Thompson (1984) and Pêchuex (1982). In his *Language, Semantics and Ideology* (1982), Pêchuex asserts that “there is no practice except by and in an ideology” (p.102).

In addition, while Eagleton’s *Ideology* (1991, pp. 1-191) is a survey of ideology in a very comprehensive and authoritative way from Marx to Bourdieu, Vološinov’s (1973) *Marxism and the Philosophy of Language* is the origin of the study on discourse and ideology. It is ‘the only work that explicitly seeks to elaborate a Marxist philosophy of language’ (Lecerle, 2009, p. 105) and a ‘must read’ book at least once in life for a person if he wants to call himself a practitioner of CDA (Blomaert, 2005). Vološinov’s (1973) central thesis is “without signs, there is no ideology” (p. 9). One type of sign is semiosis—language. The sign possesses meanings, represents, portrays, or stands for something lying outside of itself. A word or an image is a sign, because it has meaning. Whenever a sign is present, ideology is present, for example a hammer and a sickle of the flag of the demised Soviet Union, which represents communism. Everything that is

ideological possesses semiotic value. Every ideological sign is not only a reflection of a reality but it also is a material segment of that reality (Vološinov, 1973).

It was the critical study of ideology that was reintroduced by Luis Althusser, a Marxist follower, in his celebrated essays *Ideology and ideological state apparatuses* (1971) that paved the way of 'modern' theory of discourse (e.g. Foucault, 1972) and ideology (Larrain, 1979; Eagleton, 1991; Thompson, 1984). Althusser negatively compared *ideology* to *science*. The former is conceived as imperfect, false knowledge and theoretically flawed. The latter is conceived as true knowledge, theoretically refined and could be transformed through theoretical practice. He was well-known for his study of ideology on the conception of *interpellation*, the process by which individuals could become subjects as the effect of ideology. That is, the process of hailing a person on the street by a policeman, for instance, could turn the person to become the subject of the dominant discourse. What Althusser contributed to critical theory and critical linguistics as well is his understanding of ideology that material productions, institutions, apparatuses and so forth could be constituted into an abstract entity such as social relations through social and discursive formation. Discursive formation is what in the modern study of discourse and ideology some authors call practices (e.g. Fairclough, 1992). According to Eagleton (1991, p. 56) "An important device by which an ideology achieves legitimacy is by *universalizing* and "eternalizing" itself" (italic in original). Values and interest that operate in certain places and times are generalized for all humankind. This is a brief review of classical studies on the concept of ideology. Let us now move on to consider the study of ideology and discourse in a more constructive and modern perspective of critical science before we relate it to current empirical studies.

3.3 Modern studies of ideology and CDA

The study of ideology in the last 20 years has attracted attention from linguists particularly those interested in discourse studies. These linguists relate ideology to other aspects. For example, in modern interdisciplinary discourse studies particularly, in CDA as a field of the explanatory critique, ideology has even been related not only to the social but also to cognition. This interdisciplinary stance proposes that ideology is systems of social beliefs embodying mental object, norms and values (van Dijk, 2008; 2009b) and knowledge of social world, language, assumptions, and common-senses (Fairclough, 2001, 2006). These modern studies treat ideology as dominance, hegemony and legitimation (Wodak, 1996).

Ideologies are cognitively and socially represented in texts or other social realities. An ideology like global capitalism is postulated to have a fixed internal representation, that is, the same schema as that of the self-representation of groups (van Dijk, 2009). Schema is conceived as a chunk of unconscious knowledge, which is shared within a group of people and which is drawn upon in the process of making sense of the world (van Dijk, 1998b). This concept stems from the assumption that social interaction takes place within social structures in the widest sense— laws, education and knowledge— and other social systems of classification that includes law.

Ideologies control discourse and other social practices (van Dijk, 1995, 1998b). For example, a group of people who believe in and foster the idea that free trade in the global economy should not be restrained by government regulations inculcate and naturalize this belief through discursive practices, such as a speech to address a nation or an argumentative newspaper Op-Ed, which is often used to persuasively convey ideologies.

CDA scholars theorize ideology from a number of perspectives. Van Dijk (1998b) talks about ideology from a sociocognitive paradigm—cognition, society, and discourse. He contends that ideologies are social, cognitive and are not false consciousness. According to van Dijk (1995, 1998b) ideologies can be cognitive, in the sense that they involve mental objects such as ideas, beliefs, judgments, values and representation; and social, in the sense that they relate to groups, group positions and interests and motives, touching on topics such as social power, dominance, hegemony and legitimation. They are also shared beliefs, held by members of a group. Different from the Marxist school of thought, van Dijk (1998b) argues that ideologies are neither true nor false; they are evaluative, in that they provide a basis for judgment of what is good or bad, right or wrong—as the basic guidelines for social perception and interaction. Ideology is a force that affects human agency and is not necessarily completely true or false (Heron, 2008).

Van Dijk (1995) suggests that ideological categories consist of representations, beliefs, values, and attitudes, which he calls sociocognition—social representations shared by members of a group, stored episodic memory or mental representations of personal experiences of specific actions, events or situations. Van Dijk (1998b) ensures that discourse which includes communicative events and texts are the most crucial social practices in the formation of ideology. Ideologies grow from a functional consequence of the conflicts of interests that emerge from goals and preferences that are seen as mutually incompatible. Groups may claim, defend or legitimize their interests against other groups through discourse and use of language.

The emergence of group ideology and group interests in society implies that power relations in society can also be reproduced and legitimated at the ideological level through discourse, as a means to control other people. Discourse is the most effective way to try to control people's beliefs, attitudes, systems of values and especially their

fundamental, attitude-producing ideologies. In such circumstances, people will be dominated and possibly behave out of their own free will in accordance with the interests of the people in power. Van Dijk's (1995) thesis implies that the exercise of power in modern, democratic, civilized societies is no longer primarily coercive, but persuasive, that is, ideological.

In a similar vein, Fairclough (2001) also relates ideology to CDA as the project of ideology critique. According to Fairclough (2003), ideologies are 'representations of aspects of the world which can be shown to contribute to establishing, maintaining, and changing social relations of power, domination and exploitation' (p. 9). An ideology is represented, circulated through production and consumption of texts, which he calls 'Members' Resources' (MRs)—people's knowledge of language, beliefs, values, and representation of the social world or what van Dijk (1993) terms as sociocognition. Fairclough's study of ideology touches the issues of injustices of economic distribution, dominance, global economy and management (e.g. Fairclough, 2006; Fairclough & Thomas, 2004).

In transdisciplinary (Fairclough, 2003, 2010) discourse studies, an ideology is regarded as a system of ideas, values and beliefs oriented to explaining a given political order, legitimizing existing hierarchies and power relations and sustaining group identities. Ideology elucidates both the horizontal structure (the division of labor) of a society and its vertical structure (the separation of rulers and ruled), producing ideas which legitimize the latter, explaining in particular why one group is dominant and another dominated (Chiapelo & Fairclough, 2002). It explains why one group issues orders while another takes orders. Ideology is thus closely linked to legitimacy where domination and obedience require the belief of the dominated in the legitimacy of the dominant. Scholars who deal with the transdisciplinary approach to CDA (e.g. Chiapelo

& Fairclough, 2002) often refer to other scholars (e.g. Giddens, 1991; Harvey, 1989, 2003).

Briefly, any CDA practitioner agrees that discourse and ideology are contingent. Discourse shapes and is shaped (Fairclough, 1992). Thus, ideological representations can be identified in texts, for example by the analysis of propositions, words, presuppositions and argumentation strategies among others. (This topic will be discussed in the next chapter, Section 4.2). If we want to know, therefore, what ideologies look like, how they are virtually shaped, naturalized, and defended, we need to do close readings of their discursive strategies. CDA scholars agree that different ideologies are always contested in society. This means that even dominant ideologies are open to being opposed in unpredictable ways, for example, the ideology of communism and socialism. One way of presenting ideologies in society is through discourse. Consequently, connecting discourse studies to the study of ideologies is part of scientific inquiry.

In the following section is a body of literature that scholars have recently examined on the interrelationship between discourse and ideology in general and globalization in particular. This whole review supports the theoretical framework of the analysis of sample text extracts in Chapters 5 & 6 of the study.

3.4 Discourse and ideology interface in CDA research

The interplay between discourse and ideology has become a controversial issue not only in humanities (e.g. Eagleton, 1991, Chapter 7, pp. 193- 220) and social sciences (e.g. Purvis & Hunt, 1993, also see Section 3.2 and Section 3.3 above for an overview) but also in critical linguistics. There is even a body of literature on this topic in critical linguistics (e.g. van Dijk, 1995, 1998a; Kress & Hodge, 1993). In critical linguistics the

debate centers on whether and how the ideology of discourse producers, agents and groups of the ideological adherents is essentially embedded in texts. A number of studies have been conducted and these discussed below.

In his study on the ideology of liberalism and discourse studies, Beaugrande (1999) attempted to reconcile the issue of the ways ideology is embedded in discourse. He began his exploration by arguing that even sciences cannot be free from a particular ideology of the institution to which the scientists are attached (see Althusser (1971) for the dichotomy between science and ideology and Kuhn (1991) for the ‘vagueness’ of scientific knowledge in relation to institutions). The same holds true for linguistics whereby some linguists have tried to idealize the study of language as non-ideological. Such a paradigm of language studies according to Beaugrande (1999) is based on the static dichotomies ‘langue’ versus ‘parole’ or ‘competence’ versus ‘performance’, which draws the line between ideal language and real language.

Beaugrande (1999) argued that the ideology of linguisticism, the study of language as a pure science, was authorized by the theoretical linguists who separate the language from the speech community. He posits that sciences, such as modern linguistics also impinge on an ideology; it is not the ideology of content but the ideology of methods, which he calls “scientism” (Beaugrande, 1999, p. 260). He does not accept the attitude of mainstreaming linguistics which attempts to be free from an ideology by idealizing language. Theoretical linguistics as an academic discipline studies human language scientifically, but in isolation, which also needs to be conceived as linguisticism.

To challenge the paradigm of formal linguistics, which was pioneered by de Saussure (1961) and Chomsky (1965), Beaugrande turns to critical linguistics which gives rise to a new interdisciplinary science of text and discourse (Beaugrande, 1997). Consequently,

he relies on corpus linguistics, because according to him the order of language is dynamic and transitory. Language is always created and negotiated in discourse. Corpus linguistics enables linguists to explain how language operates in society. This is so because corpus linguistics is considerably involved in data-driven or bottom-up theories. Working with corpus data leads the linguists to real language of the speech community. To provide evidence for his position, Beaugrande (1999), relying corpus analysis, unraveled how the ideology of 'liberalism' is manifested in three corpora: the UK, the U.S. and South Africa sources. He makes use of systemic functional linguistics, particularly the system of grammatical colligations and lexical collocations. The former refers to morphological and syntactical conditions of linguistic elements to be combined and the latter is to do with co-occurrence of individual lexical items (Matthiessen, 1998; Quirk, Greenbaum, Leech & Svartvik, 1985). In other words, the grammar and the lexical support each other.

Beaugrande's (1999) analysis of authentic discourse showed that there was a different tendency of the use of the key term 'liberalism' in the three corpora. The UK data revealed that the term 'liberal' was closely related to the context of economy, policies and free market. The contextual meaning of 'liberal' has deviated from the meaning enacted by the conservative ideology, which often refers to a political type rather than the economic and social policies. The U.S. corpus indicated that 'liberal' or 'liberalism' was rarely used in connection to economic meaning. This could be inferred from the data, because in the U.S. politic there is no respected 'Liberal Party.' Consequently, the term has been used in a blurred sense, discrediting the reinforcement of the rights of minorities, intellectuals, and environmentalists. In the South African data, the study revealed that the terms 'liberal' and 'liberalism' occurred more frequently compared to the UK and U.S. data. The terms with a specific meaning were used to promote the

rights of Black Africans by the White Africans. The terms ‘liberalize’ and ‘liberalization’, which carry the economic meaning, were not frequently used. Different from the UK data, the South African data indicated that ‘liberal’ did not associate with the ‘conservative’, but was associated with the ‘communist.’ These findings suggest that there exists the process of what Hasan (2003) refers to as Re-semanticisation in the English language. The meaning of the word has shifted.

The study by Beaugrande (1999) also revealed that the adjective ‘liberal’ was far more variable and contested in its collocations than the noun ‘liberalism’. The analysis also indicated that the subjects of the verb ‘liberalize’ were almost always the government, institutions, or countries and objects of the verbs were nearly always abstractions, such as prices, trade, market, tariffs and financial system. The word ‘economy’ constitutes as the head word.

What Beaugrande (1999) implies is that ideologies of discourse participants might reside not only in texts (Kress and Hodge, 1993) but also in other social practices (Fairclough, 1992, 2003)—economies, politic, cultural and social— which is partly constructed in texts. This is so, because ‘meanings are produced through the interpretations of texts *in relation to other practices, such as economy and politic* and texts are open to different interpretation, which can differ in their ideological import’ (Fairclough, 1992: 89; *emphasis added*). The data from the three corpora also suggests that uses of language served to establish, sustain and change social relations are ideological and words are the most straightforward way of producing ideological effect. What Beaugrande’s (1997, 1999) studies lack is the role of pragmatic and presupposed meaning that is difficult to be generated through corpus analysis. It was only based upon the study of lexical items that ignore the wider social and political contexts. As a result,

the analysis is less critical. It does not attempt to make the implicit explicit nor does he take a genuine social political stance.

Other studies that relate discourse to ideology of dominance and in particular racism are van Dijk (1998a, 1998b) in his exploration of a number of editorials in newspapers, particularly the *New York Times*, the *Washington Post* and a political treatise, *The End of Racism* by Denise D'Sauza (1996). He based his study on the major triad relationship between cognition, society, and discourse (see Section 3.3 above for this triad paradigm). The study suggests that discourse meaning constructed during production and comprehension is reliable to embody opinions that derive from underlying ideologies. Discourse meaning is accounted for only in terms of abstract concepts, lexical structures or mental models—representations as based on social knowledge. In these studies it was revealed that lexicalization, such as the use 'fundamentalist', 'terrorism' and 'communist' are the most dominant and straightforward way of expressing ideology. The more complex discursive strategies are structures of propositions, implication and overall meaning or topic of discourse (van Dijk, 1998a, 1998b). Racist ideology, calling a certain group of people 'terrorist' or 'fundamentalist' and another group 'civilized' or 'democratic' is conceived as one impact of globalization on modern society (Fairclough, 2006; Steger, 2005). That is, globalization affects how people construct their ideology and how they represent and position themselves in discourse in the age of globalization, as revealed by studies of the role of language in new capitalism (e.g. Chiapello & Fairclough, 2002; Fairclough, 2006, 2009). Different from the current study, van Dijk's (1995, 1998b) studies on ideology in newspaper Op-Eds and the political treatise did not focus on globalization. Instead, he looked at the ideology of racism in modern society.

In a collaborative study, Chiapello & Fairclough (2002) explore the way to approach the issue of language use in the new capitalism in a transdisciplinary paradigm, i.e., sociology of new capitalism (Chiapello) and Critical Discourse Analysis (Fairclough). They specifically examine the ideology of new management as represented by Robert M. Kanter, a celebrated management expert at the Harvard Business School.

They analyzed the extracts of Chapter 9 'Leadership for Change' from the book *Evolve!* by R.M. Kanter (2001). The collaborative analysis suggests that transdisciplinary research not only brings together different theories and analytical frameworks but also provide a dialogue between two disciplines and framework. This dialogue provides a basis for development of each discipline. CDA, for example, can obtain a contribution from new sociology of capitalism the theoretical concept that relates to the way of meaning making (Fairclough & Thomas, 2004). That is, the substantive change in new capitalism constitutes the change in ideology and order of discourse. The same holds true for the new sociology of the capitalism. Analyzing texts from a CDA perspective enlightens the development of the new sociology of capitalism.

Another relevant study to the present work is Flowerdew (2002). He examined the discourse of globalization from the view of a specific Eastern country, Hong Kong. Using CDA for textual analysis, he analyzed a speech that was addressed by Tung Chee Hwa, head of Hong Kong Administrative Government, in London in October 2000. The analysis reveals that Hong Kong as a Semi-Autonomous Special Administrative Region needs to tackle the challenges of globalization on its own rights and takes advantages of it. The examination also indicates that in Hong Kong, globalization is discursively constructed and the government has to face the phenomenon and its consequences. The study also makes clear that there are a number of discursive strategies that Tung Chee

Hwa deployed in the discursive construction of globalization, such as modality, nominalization and system of pronominalization.

Also central to the framework of the current work is Fiss and Hirsch (2005). In their study on the discourse of globalization in the United States from the sociology of media perspective in relation to the concept of framing and sense-making, Fiss and Hirsch (2005) explore how globalization discourse emerged in response to U.S. involvement with the international economy and how the frame concept contributes to the meaning-making of globalization in respect to groups' interests. The theoretical foundation was built upon two concepts of frame, i.e. positive and negative and sense-making. Framing is the process by which actors influence the interpretations of reality among various audiences. In other words, frames are schemata of interpretation that positively, neutrally or negatively organizes experiences and guide action. Meanwhile, sense-making is defined as response to action in regard to positioning of the actors themselves on what they are for or against and what they need to do (Hirsch & Fiss, 2000).

They based the study on an analysis of newspaper articles on economic discourse published from 1985 to 1998 in the *Washington Post*, the *New York Times* and the *Wall Street Journal*. They also surveyed the press releases on the same issue available from the *PR Newswire* and extracted from all these sources of data through the Dow Jones Interactive database available in the similar period. The data set was segmented using the key word 'globalization' and its derived forms, such as 'globalized' and 'globalizing.' In the end, the newspaper segment contained 1,805 documents and press releases segment contained 1,735 press releases.

Using both the quantitative and qualitative measurements, Fiss and Hirsch (2005) found that there was a substantial increase of awareness of globalization in the United States.

That it, the discourse of globalization emerged in the early 1980s, attained a small increase in 1989-90, and then receded until 1994. However, the newspaper articles and press releases on the discourse of globalization increased sharply by 1995. They also revealed that there was a combination between material process and public sense-making of the globalization discourse they examined.

From the perspective of the scope of data and the time range, Fiss and Hirsch's (2005) study was fairly comprehensive. Unfortunately, although they used both quantitative and qualitative analysis, the study seems to have relied more on the statistical graphs than on the uses of text extracts to justify their findings. They only examined the data in terms of the computer-generated texts, which is vulnerable to the distortions of pragmatic meanings.

Two recent studies of discourse and ideological manifestation that also rely on CDA are Holborow (2007) and Vaara, Sorsa & Pälli (2010). While Holborow looked at language and the ideology of neoliberalism in the documents, brochures of the asylum seeker process and the interaction between the 'customers' and the official in the call centers in Ireland, Vaara *et al.* (2010) examined the discursive aspects of strategy texts deployed by the municipality on a plan of the City of Lahti in Finland. Holborow (2007) firstly argues that language and ideology is interconnected but later concludes that the ideology of liberalism cannot be sufficiently described as a discourse. She found that there was a gap between the 'speak as if you are smiling' of the training manual and the actual attitudes of the operators in the call centers. In other words, there exists a customer metaphor of a top-down process; at the top process, asylum seekers are regarded as customers, but in reality at the lower level they are not referred to as customers.

Vaara *et al.* (2010) analyzed the strategy texts and their power effects. They referred to interviews, emails, diaries and presentation slides for the sources of data. Using CDA as a research methodology particularly from Fairclough's version of CDA, they found in their inductive analysis that the strategic plan of the city was enacted through five main discursive features: self-authorization, special terminology, discursive innovation, forced consensus, and deonticity.

Self-authorization acts as a basis for textual agency that the city organization has to rely on giving directions in the city planning. Special terminology refers to specified lexicon that is used to plan, present and to interpret the final product of the strategy genre. The terms such as scenarios, vision, SWOT, and change factors were used in the interaction. These terms were used to sustain the power relation in which the authors construct the self-identity as experts and that the readers deserve an explanation of those lexicons. This is what in Boudieu's (1991) terminology is referred to as field—the expertise of the discourse producing subject.

The third aspect that Vaara *et al.* (2010) reveal as a crucial feature of the strategy plan is discursive innovation. What it is meant by discursive innovation is the statements that clarify the idea that the city's strategic decision is part of individual responsibility. The fourth feature of the strategy text is forced consensus. This discursive feature provides space for the involved individuals, the City Council, elected leaders, and political parties to agree on the disagreement. And the most apparent forced consensus was directed to the individual responsibility.

The last feature of the strategic planning genre that Vaara *et al.* (2010) found was deonticity. This discursive feature of the strategy planning emerged from the text when the declarative statements were used for imperative aims, especially when the text is to

lead future actions. The declarative statements become the imperative ones. That is, linguistically the authors use mood or the grammatical metaphor for giving directions (Halliday, 2004). Vaara *et al.* (2010) conclude their study by emphasizing that CDA can be applied in analyzing strategic genres and be used by any research inquiry that is dependent on linguistic aspects and that needs a critical analysis. Central to this important point and its closest relevance to the present study are the findings that suggest that strategic texts constitute power relations among discourse participants and that although language and ideology are different, they are not independent.

The other studies which are much earlier such as Fowler (1991); Kress and Hodge (1993); van Dijk (1993, 1995) and Fairclough (1992, 2010) have also attempted to investigate the interrelationship between ideology and discourse. Each of these studies referred to CDA as a research paradigm. Fowler mainly focused on newspaper features; Fairclough was interested in a number of discourse types, such as newspaper features and pregnancy and baby books; van Dijk mostly relied on newspaper editorials and newspaper Op-Eds while Kress and Hodge looked at a variety of texts including interviews and news headlines. Despite a difference of sources of data, they affirmed in their exploration that ideology and discourse could not be entirely separated. However, what ideology is shaped and how it is actually fixed in discourse still remain not only as a contentious matter but also as a quest in scientific social research. In addition, although there is a great body of literature on globalization— either from the dominance or counter-discourses—those studies often lack evidences from concrete textual analysis (e.g. Pieterse, 1995; Koh, 2005). Consequently, the present study is an attempt to explore the discourse-ideology dialectical relation which is mainly based on both the textual and social analysis. The expectation of it relies on the enlightenment it contributes to the development of critical social research from the interdisciplinary

paradigm. The discussion above has taken a position that ideologies are discursive constructions. Therefore, ‘the question of ideology is part of the question of how discourse relates to other moments of social practices’ (Chouliaraki & Fairclough, 1999, p. 26), be they economy, politic, and culture. This constitutes the main issue raised in the current transdisciplinary work.

3.5 Discourse and identity

The relationship between language as discourse and identity has been a topic of research for discourse analysts for several decades. Foucault (e.g. 1980; and in Dreyfus & Rabinow, 1983, pp. 208–226), one of the well-known discourse analysts in the 20th Century, stressed the importance of identity in language through the notion of ‘subject’. Foucault (1979) sees identity from a subject perspective. The subject, according to Foucault, is the self of all of human treated in social life through concepts and discursive formation (Foucault, 1979). Two types of subjects are madman (Foucault, 1969) and prisoners (Foucault, 1979), who are constructed through discursive formation and statements (see Sub-section 1.3.1). Yet, for many discourse theorists, identity is not regarded as the impact of ideological work, because for them everything is discourse (Derrida, 1978; Laclau & Mouffe, 1985). CDA, on the other hand, implicitly treats identities as effects of ideological work performed by discourse (Fairclough, 2003; van Dijk, 1998b).

CDA scholars often link identity to the discursive environments. For example, Benwell & Stokoe (2006) who define identity in its broadest sense, in terms of how people display who they are to each other, relate identity to discursive settings in which people do ‘identity work’. Benwell & Stokoe then identify the discursive construction of identity in institutional settings, spatial locations, and commodified contexts. Wodak et

al, (2009) and Li (2009) link identity to discourse in terms of national communities (see Sub-section 3.5.1). Since identity research is complex, in the current study we are concerned only with two kinds of identity in discourse: social and national identity.

3.5.1 Social identity

The term social identity refers to the way of positioning oneself and the others. In classical sociology (e.g. Durkheim, 1938), social identity is often associated to the answer to the question ‘Who am I?’ or to the statement ‘Who one is’, but in Transdisciplinary CDA, social identity can even answer the question ‘What are we?’ Despite this difference, the answers all agree that social identity is dynamic; it changes from one situation to another. Someone can be an author in one context but a politician in another or both at the same time. Here the social identity refers to the style of a particular individual from a discursive dimension. The style includes the way one uses language, interacts with others or even the way one dresses (Fairclough, 2003).

Social identity is part of relation that is often defined as relations between social agents, which can be in the form of an organization, such as the local government or a group, such as a campaigning group or even individuals (Fairclough, 2009). Social relations determine the structure and the style of discourse. Globalist discourse thus is a potential setting for embodying social identity as well as national identity (see Sub-section 3.5.2).

As was unveiled in the last chapter, discourse constitutes systems of belief and meaning as well as social identity and social relations. In other words, discourse shapes the way one thinks, what is conceived as truth as well as who one is (Foucault, 1972). Each individual and each group of people have their own system of belief vis-à-vis the ideology that guides them in representing the way of social life and practices that

operate in society. Social identity is the effect of ideology or systems on individuals (Monica, 2003) or groups of people (van Dijk, 1998b).

CDA research has paid attention to discursive construction of social identity. Machin and Thornborrow (2003), for example, used CDA as an approach to analyze the social process of branding discourse and its effects on women identity as being feminist. They examined the globalization of discourse of 'being women' in a women magazine, *Cosmopolitan*. They based the analysis on 44 different versions of this popular magazine published around the world. They applied a multimodal discourse analytic approach to explore different, localized versions of the magazine. They found that the magazine represents the women's sexual and work practices so that women understand the role of the global brand. They also discovered that women are connected to social interaction rather than to technical, creative or intellectual skills.

The analysis reveals that either through sexual attractiveness or through their activities, women must act alone and maneuver through pleasing or even manipulating others. Machin and Thornborrow (2003) argue that it is this interrelationship that defines women's social identity as agency and that what makes women powerful and independent is the way they interact and use certain products. However, this self-contradictory identification is presented by the *Cosmopolitan* global discourse not as realistic but as fantasy. It is a game for fun. These values are articulated through such things as the clothes women wear, the cafes they visit and the lipsticks they use. The implicit value of this fun game is global economy. It is the commercial products that are explicit in the *Cosmopolitan*. Wearing the global brands provide women with social identification, pride, and style. Language as a means of brand and branding plays a central role in *Cosmopolitan*. The magazine not only shapes the perception of feminist

ideology but also persuades them to be in the position of consumers or objects of consumerism.

Ainsworth & Hardy (2004) is another study that analyzes identity in language through CDA approach. They concentrated on a particular identity—the older worker. They focused on the particular identity in order to compare the CDA approach with other approaches, including cultural studies, economics and labor market research. They offer identity researchers a CDA approach with a systematic analysis and with the research questions they can address, but which other theories cannot. Thus, as the article is more on proving the advantages of CDA than researching identity, the critique achieved its objective.

3.5.2 National identity

The discursive quest for the definition of national identity is traceable to the works of classical philosophers: Plato, Aristotle, Locke and Rousseau. These thinkers treated national identity as a “collectively shared conception of the good life” (Parekh, 1994, p. 492); the good life that each individual shared, but differed from others in relation to polity. In the modern quest, national identity is often defined as the person’s identity and sense of belonging to one state or one nation; it is “a constructed *and* public national self-image based on membership in a political community as well as history, myths, symbols, language, and cultural norms commonly held by members of a nation” (Hutcheson, Domke, Billeaudeaux & Garland, 2004, p. 28). Smith (1991) describes a nation as “a named human population sharing an historic territory, common myths and historical memories, a mass, public culture, a common economy and common legal rights and duties for all members” (p. 42). Similarly, Schlesinger (1991) describes national identity as a specific form of collective identity that simultaneously polarizes

“one of inclusion that provides a boundary around ‘us’ and one of exclusion that distinguishes ‘us’ from ‘them’ ” (p. 301).

This study adapts the modernist perspective of national identity that conceives the nation as a modern invention, created by political forces that include industrialization and technological innovation (Gellner, 1983), emerging capitalist economic systems (Hobsbawm, 1990), and the rise of mass media (Jackson, 2005; Fairclough, 1995) that produce myths constructed by national leaders (Hutcheson *et al.* 2004) and through political and financial institutions (Fairclough, 2006; 2010).

CDA like the social constructivist sees the nation as ‘systems of cultural representations’ (Hall, 1996, p. 612). It differs from the traditional understanding of national societies as being fixed and stable in history and society. Hall (1996) asserts that ‘[a] national culture is a discourse – a way of constructing meanings which influences and organises both our actions and our conception of ourselves’ (p. 13). In a similar vein, Wiley (2004), who studies nationality in the context of globalization, emphasizes the need to study meanings within particular social spaces and to see the nation as a particular kind of an organizational logic by which society can be organized. This view regards the nation as a regulative system that brings together and reorganizes social, economic, and political practices into meanings that people attach to. Billig (1995) explains nationalism as a form of ideology that makes nations appear natural. This nationalism can be produced and reproduced in daily newspapers, and political speeches. Billig (1995) refers to this kind of representation as ‘banal nationalism’. These genres can ‘enlighten’ the audience on the issues of their homeland as well as social and political stance.

National identity can also be constructed in genres as well as in discourse. In their analysis of the discursive construction of the Austrian national identity, Wodak et.al, (2009; see also in the same Sub-section below) point out that at the most apparent level, national identity can be realized through the linguistic devices which include:

1. Personal reference (personal pronouns, quantifiers);
2. Spatial reference (adverbs of place, spatial reference through persons, by means of prepositional phrases as ‘with us’ and
3. Temporal reference (temporal prepositions, adverbs of time, temporal conjunctions).

Other researchers have also paid attention to the discursive construction of national identity. For example, Ricento (2003) analyzed the discursive construction of the American national identity that emerged during the Americanization campaigns in 1914–1924. The analysis was focused on historical texts. The analytical technique was drawn upon Wodak’s (2001) discourse-historical approach. The analysis reveals that there are three representations of Americanism in the texts. Two representations are in agreement with the American identity. The third is considered narrow-minded and against attempts of promoting democracy. Ricento (2003) suggests that the arguments found in today’s American public discourse are traceable to the model of competing discourses during those campaigns.

Hutcheson, et al. (2004) also focuses on the discursive construction of Americanism, especially post September 11, 2001 attacks. They examine the media discourse in *Time* and *Newsweek* magazines, reporting “war on terrorism” for five weeks after the aftermath. Hutcheson, et al. finds that the U.S. government and military officials promote American national identity, the core values and the power of American people

while they simultaneously condemn the enemy. Following the style of their politicians, the journalists also use similar nationalistic language in their news reporting.

Drawing upon Fairclough's (1992, 2003) concept of intertextuality, Li (2009) analyzes the discursive construction of national identities in the press from two countries. She focuses on the discursive construction of national identities during the political crisis between the United States and China. Li (2009) analyzes how meanings of national identities and ideologies are constructed in newspaper discourse. She focuses specifically on *The New York Times*' and *China Daily*'s reports of two particular events that trigger moments of crisis in the US–China in the past decade: the NATO bombing of the Chinese embassy in Yugoslavia in May 1999 during the Kosovo war, and the air collision between a US military airplane and a Chinese fighter jet in April 2001.

As she looks at the meaning making processes of intertextuality and interdiscursivity as heterogeneous elements in text construction, Li suggests that “the multidimensionality of text and the dynamic process for its production is especially important for a critical examination of the construction of meanings about national identities and positions” (2009, p. 114). Her analysis of the intertextual properties in the two newspapers' discourses of national conflicts between the US and China show that meanings about national identities, positions, and images, especially those about China, are related to the particular events and the interactions between discourses, styles, or genres reproduced in the news texts. The *China Daily* represents China as a nation which respects international regulations in its political and military activities, whereas the *New York Times* constructs China as the US's military and diplomatic rival which is a potential threat to the US's politics and military.

In the bombing event, Li (2009) finds that *The New York Times* constructs an image of China trapped in wild nationalism with its unreasonable, fanatical, and incompetent protests to the bombing, whereas *China Daily* develops a discourse that represents China as a nation that promotes peace and justice through a condemnation of NATO's aggression and admiration of its citizens engaged in fights against the aggression. In the collision event, *The New York Times* constructs China as the US's military and political rival which is a potential threat to the US's politics and military, whereas *China Daily* projects China as a nation which respects international regulations in its political and military activities.

Li's examination (2009) also reveals that China is constructed as a nation with different, competing identities in both newspapers' discourses of national conflicts between the two countries. China is imagined as a nation tied to its history, traditions and values, which are characterized by intense nationalism in *The New York Times*' discourse, and by heroic struggles against western hostilities through non-violent means in *China Daily*'s discourse. On the other hand, China is construed as a nation with global influence which plays an important role in international politics, with the emphasis on its status as a competitor of western politics and ideology in *The New York Times*' discourse and on its efforts to pursue international systems in *China Daily*'s discourse (Li, 2009).

In an earlier study, de Cillia, Reisigl & Wodak (1999) examine the discursive construction of the Austrian national identity. They based their data on corpus that included 23 speeches of politicians at specific commemorative events; newspaper articles discussing Austrian neutrality and European security policies in June 1994; posters, slogans and direct-mail advertisements sent out or displayed during the campaign leading up to the referendum on becoming a member of the EU; seven focus-

group discussions organized in different provinces of Austria; and 24 problem-centered, qualitative interviews concerning different aspects of national identity. They analyze the data through Wodak's (2001) discourse-historical approach. The contribution of the study is that while previously, the approach was used to describe differences, they argue that the approach is also applicable for the analysis of discursive construction of the sameness (see also Wodak et al, 2009). Similarly, this study is concerned more with testing a research approach rather than accomplishing the research program of CDA.

3.6 Chapter conclusion

In conclusion, the analyst has accomplished three main tasks in this chapter. The first task was reviewing a body of literature on the study of ideology from its historical, classical perspective. Reviewing the classical works from Marx & Engels (1974) to Althusser's (1971) concept of ideology we can draw a conclusion that ideology is a shared consciousness of a group of people. The chapter then moved to the reviews of a number of studies on ideology from a modern perspective specifically the framework that has been advocated by scholars in discourse studies that include the works of Teun van Dijk (1998b) and Norman Fairclough (2001). These CDA scholars redefine the notion of ideology which not only includes beliefs, values and norms but also emphasize on ideology as neither true nor false. Ideology is represented as common sense through its manifestation in discourse. The third task was to explain the relationship between discourse and ideology in general and the discourse of globalization in particular which was examined by a number of researchers across disciplines, the majority of whom used CDA as their research approach. The researcher also relates the discourse-ideology dimension to the discursive construction of identity. The focus was on social and national identity.

Scholars in the field of linguistics, particular of CDA, have provided evidences that discourse and ideology might be interdependent. Although they might suggest that discourse and ideology are not the same, the researchers all advocate that discourse and ideology are constitutive. Even though discourse and ideology are not the same, the social function of the discourse can be ideological (Holborow, 2007). In other words, ideologies can be embedded in discourse and discourse is the means of inculcating ideologies which include beliefs and values. Unfortunately, although hundreds of books and articles have been published concerning the relations between language and ideology, and the ideological effect on identity, the majority of them are not based on textual evidence (see also Fairclough, 2003; 2006 for this standpoint). In addition, even if they are, they rarely look at the ideology of globalization whose epoch has come to be talked about and materialized equally. Nevertheless, the current work shares a similar standpoint with the previous studies in that discourse shapes and is shaped even though the authors of those studies mostly based their research interests on other social issues.

In addition, it is worth noting that the difference between the previous studies and the present one is that, while most of the previous studies generally examined a single discourse type or many texts in a particular country, this study will look at two discourse types, newspaper Op-Eds and speeches from two *populous* countries: the USA and China. Other large countries such as Indonesia are also referred to intermittently. Concerning the research setting, this study will refer to global economy in the context of political economy. Furthermore, this study will refer to a set of specially designed analytical tools, such as argumentation and speech function which other researchers and practitioners (see e.g. Fairclough, 2009 and van Dijk, 2009) have attempted to broadly and peripherally prescribe.

In the next chapter we shall develop a research method for the interdisciplinary approach to the study of ideological construction and identity enactment in the discourse of global economy. As mentioned in the previous chapters our approach to globalization that is treated as a social problem is built upon political economy, sociology of globalization and constructivist critical linguistics. The coming chapter will be the last component of the framework—constructivist critical linguistics—which is packaged under the label CDA from a transdisciplinary research perspective.

CHAPTER 4

CDA FROM A TRANSDISCIPLINARY RESEARCH PERSPECTIVE

4.1 Introduction

In Section 1.7 of the Introduction Chapter, the approach to the study of language and global economy was briefly discussed. This chapter will give a more detailed and systematic explanation of the approach. The chapter will attempt to build a 'bridge' between textual analysis and the principles of critical social analysis of the visible practices of text interpretation and use. The bridge will allow us in the main discussion chapters to oscillate from the types of analysis where we will focus on linguistics, political economy, sociology of capitalism. Consequently, to explain that approach in a systematic way, it is important for us to divide the chapter into sections and set tasks to be accomplished. There are two main objectives to be fulfilled in the current chapter.

First, the chapter presents the basic principles that will be implemented in the analysis of global economic discourse. These essential foundations that are adapted from linguistics and social critical research can be categorized as eclectic. The analyst prefers an eclectic approach in conducting research in discourse studies, because he is of the standpoint that the relation between theory and practice should be seen as dynamic. These diverse principles will be dealt with in Section 4.2 below. It needs to be borne in mind that although the principles are miscellaneous, they are not to be taken into consideration as exhaustive. The principles are particularly drawn upon Fairclough & Wodak (1997), van Dijk (1993) and Fairclough (2001).

The second objective is to provide a list of the analytical tools for transdisciplinary CDA, which constitutes as a flexible guide for the analysis of the texts on global economic discourse. These analytical tools have been sketched in the Introductory Chapter. The more detailed description of the tools will be the theme of Section 4.2 below. It needs to be kept in mind that since CDA is a broad field of inquiry, the section will mainly discuss selected resources of analytical tools influenced by (e.g. Fairclough, 2006; Halliday, 2004). This chapter will provide examples of argumentation and grammatical resources to unveil the discursive construction of global economy. Finally, in the last section the task is to draw a summary of the chapter.

4.2 Principles of transdisciplinary CDA

The present study draws upon the common principles of existing CDA, which is endorsed as a theory and/or method by some practitioners (e.g. Fairclough and Wodak, 1997; Fairclough, 2003, 2006) and whose first aim in analysis is transdisciplinarity, involving a dialogue across disciplines. Second, the study is committed to providing substantial solutions to the social ‘wrongs’ (Fairclough, 2009, pp. 174–176) at issue. The core perspectives in effect are politically committed to the CDA research program. As for critical linguistics in general, transdisciplinary CDA has an overtly political agenda. It is different from orthodox language studies such as conversational analysis (e.g. Pomerantz & Fehr, 1997; Romaine, 1999; Sacks, 1992) and interactional sociolinguistics (e.g. Schiffrin, 1994; Schegloff, 1990), which consider texts as a mere social interaction enterprise (Blommaert, 2005). CDA aims to unravel the production, internal structure, intertextuality, and interdiscursivity in relation to social change. In other words, transdisciplinary CDA aims to present a dialectical and critical dimension in its theoretical and descriptive accounts of texts. The principles of transdisciplinary CDA are discussed below:

1. Transdisciplinary CDA deals with social problems

Transdisciplinary CDA is concerned with the analysis of processes of social problems and their linguistic aspects. Social problems, such as the incomplete process of globalization are not a mere matter of social practice but a discursive one as well (Chouliaraki & Fairclough, 1999; Fairclough, 2006). Therefore, to cope with the issue, a transdisciplinary CDA approach is required, for one thing, to make the issue explicit and transparent through thorough linguistic analysis of the social problem; and the other, it has to be done through thorough social analysis of the social problem. For example, in the case of global economy, globalization is treated by transdisciplinary CDA as an incomplete capitalist agenda (Fairclough, 2001) and as an ideological project (Fairclough, 2006) which attempts to promote a free global economy that mostly benefits the industrially ‘advanced’ producing countries but which may hurt others (Hirst & Thompson, 1996; Amin, 1997). This opaque global project needs to be made unequivocal through transdisciplinary analysis, so there is empirical evidence that the project benefits only a few people while exploiting the majority. To create a social transformation should be the next step which is beyond this thesis (but see point 6 on page 96).

2. Discourse is vulnerable to ideological manifestation

Discourse can be ideologically motivated. For example, when a man shouts in a theater ‘Fire!’ the utterance is not ideological. But when a man in the same setting whispers to a woman sitting next to him while watching an action movie ‘Men are superior to women’, the utterance is ideological i.e. chauvinistic, sexist (Eagleton, 1991). An ideology is a particular way of representation of the world which can be manifested in discourse and other social practices (Fairclough, 2010). In this study, discourse is seen

as a field of ideological processes and linguistic process (Fowler, 1991; Harvey, 1996). Discourse functions to legitimize and naturalize inequality; discourse directs us to think along a particular way of thinking (Foucault, 1979; Chilton, 2004), creating a common sense that does not give rise to subversive conclusion (Fairclough, 2003). It needs to be noted that ideology is not only a matter of representation of the aspects of the social world but also a process of constructions of distinctiveness, particularly of collective identity of groups and people's inherent nationality as well as the identification of the followers of a global economy project, such as the European G-3 (France, Germany and the United Kingdom) and the WTO.

A transdisciplinary critical approach to discourse analysis typically concentrates on the uncovering of implicit ideology embodied in texts such as the discourse of global economy. This has to be done, because discourse exposes underlying ideological bias and therefore, the exercise of power, social relations and even domination and exploitation in texts. To put simply, ideological representations can be identified in texts (Fairclough, 1992, 2010; see also Section 3.4).

3. Discourse is historical

Discourse is historical, taking context into consideration. Discourse does not exist in a vacuum. Discourse and context is mutually constitutive (van Dijk, 2008). This is so, because language both constructs social and political reality and is also constituted by it (Fairclough, 2006). Discourse needs context either for production or for interpretation (van Dijk, 2008). This can be drawn for example from political economy in which context can be defined in terms of conditions of production and conditions of interpretation (Fairclough, 2010). A discourse on global economy is always related not only to other discourses (social, political, and cultural) through intertextuality but also to

its social setting (place of production, institutional sites). Uncovering the history of discourse assists discourse analysts in understanding the ideological work and its effect on identification of the authors of the texts, for example on global economy, social groupings, agencies they are emotionally involved in, or the nation they belong to (Fairclough & Wodak, 1997). Therefore, examining the discourse of global economy from a historical perspective makes CDA dialectical; history is fused into discourse analysis (e.g. see Wodak et al. 2009).

4. Discourse analysis is interpretative and explanatory

Discourse from the social constructivist perspective in this information era can be interpreted in accordance to the subject position or analyst stance. This is so, because there are many ways of looking at social realities. For the purpose of its relevance to the present study, the conception of global economy may be seen as unprecedented interdependence of the practice of world market by some globalists (Held et al, 1999) or as a 'silent genocide' by the protectionists. Thus the texts on global economy are described in order to unearth the ideology it constructs, the discursive strategies it deploys and the ways agencies and authors construe it to meet vested interests, goals and motives of particular interest groups. Texts are interpreted and explained based on the social position of the analyst that may be open for contention (Fairclough & Wodak, 1997).

5. Transdisciplinary CDA is not concerned with 'facts'

The description, interpretation, and explanation that transdisciplinary CDA provides is to do with values, system of beliefs, evaluation and is not based on quantitative dimensions (Fairclough, 2003, p. 6). The reason that forces transdisciplinary CDA to be inherently intact with such principle in dealing with social problems is that linguistic

communication is not always precise. Implication, for example, is always at work. In other words, there is no one possible reading of texts (Fairclough, 2001). This principle of course is incommensurable with the paradigm of scientific positivism which relies on precise measurements in examining facts. This assumption is included as another 'recipe' in the current research project, because transdisciplinary CDA is built upon the acceptance of ambiguity, probability of interpretation and diversity of opinions that have triggered the social research paradigm in the era of linguistics turn since the middle of twentieth century (Chouliaraki & Fairclough, 1999).

6. Discourse is a form of social action

Transdisciplinary CDA is aimed at making subtle values, beliefs, attitudes explicit (Fairclough, 2010; Fairclough & Wodak, 1997) and for the analyst to hold an overt sociopolitical stance. Transdisciplinary CDA forces the analyst to reveal opaqueness and unequal power relationships for emancipation, transformation and change. Transdisciplinary CDA is virtually a socialist attempt of transforming in equitable distributions of economic, political and cultural resources in the contemporary social world system, which is hopefully beneficial for all levels of societies. Its approach to social analysis is expected to be able to produce knowledge for understanding not only how society *is* but how it *can* and *should be* (Hammersley, 1997). Since it is motivated by social problems, transdisciplinary CDA does not aim to directly contribute to a *specific* discipline or theory, but (as a research program) rather to bring about changes through critical understanding assisted by layers of analysis, textual, discursive and social (Chouliaraki & Fairclough, 1999). Accordingly, its success is measured by how effective is its contribution to social transformations. To deploy these principles with more practical ways for the analysis of the discourse of global economy in a body of the

texts, they should be accompanied by analytical tools (Fairclough, 2003) to which we now turn.

4.3 Analytical tools of transdisciplinary CDA

The research method applied in the current study is ‘labor intensive’, relying on a limited amount of research material rather than a large corpus (millions of words). After all, corpus analysis is less appropriate for a transdisciplinary approach (Fairclough, 2003, p. 23). Given the theoretical frameworks for the analysis of discourse as a moment of social practices, there are discursive features that should be taken into account when analyzing texts, particularly the discourses that may have an ideological dimension. The following are the analyst’s suggestions of discursive elements that should be concentrated upon. Some discourse analysts (e.g. van Dijk, 1998 and Fairclough, 2001) contend that there are no standard ways of doing discourse analysis. Van Dijk (1995, 2009a) suggests that one who desires to unravel the ideological enactment in discourse need to analyze the text elements that include topic or ‘macrostructure’, syntax, lexical choice, argumentation and speech act. To refer to such linguistic elements, the analyst uses the spacious term ‘analytical tools’.

In correspondence with the perspective above, transdisciplinary CDA offers two types of analysis that should be accounted for, micro and macro analysis. Micro analysis is concerned with linguistic properties (Fairclough, 2001): vocabulary, modality, and system of pronouns, among others while macro analysis includes speech functions, intertextuality and interdiscursivity.

According to Fairclough (1992), central to the textual analysis on vocabulary, syntax and modality is the intertextual analysis—the analysis of how one text is built upon other texts which may be explicitly demarcated or merged in and which the text may

assimilate, contradict, ironically echo, and so forth. Fairclough (1992, p. 16) writes “linguistic analysis is descriptive in nature, whereas intertextual analysis is more interpretive”. In addition, Fairclough (2010, p. 299) regards intertextual analysis and interdiscursive analysis as a crucial mediating link between linguistic analysis and social analysis, placing CDA in a stronger position to make a substantive contribution to social research.

With the criteria of variability and applicability, the following Sub-sections illustrate the discourse features or the analytical tools, which transdisciplinary CDA has adjusted and developed from the proposals of Fairclough (1992, 2003), Halliday (2004), van Dijk (1995), van Eemeren (2010), van Eemeren & Grootendorst (2004) and other scholars. It should be borne in mind that these analytical tools are not a set of ‘blue print’. As was introduced in Section 1.8.1, CDA is made up of three dimensions of analysis. However, it needs to be pointed out that the focus of analysis of each layer differs but is not discrete. The following are the major analytical tools that contribute to the analysis of the discourse of global economy.

4.3.1 Topic choice

Topic is part of context. According to the SFL approach to language, topic was known as ‘field’ in the earlier Hallidayan (1978) discussion of context. However, in this study we refer to both the situational context (Halliday & Hasan, 1989) and the context model (van Dijk, 2008). It is a fact that language use does not exist in isolation both socially and cognitively. It must need a setting, which considerably constraints discourse meaning as well as its relevance to the *weltanschauung* (comprehensive world view) of discourse participants (Habermas, 1984). The present study treats context as the first priority in analyzing a concrete text, because it provides central clues for interpreting and understanding the process of the text.

Like a sentence, a discourse also has a topic. But we focus more on discourse topic rather than on sentence topic in this study. Sentence topic is what a sentence is about and discourse topic is what the discourse is about (Brown & Yule, 1983). Topic choice is essential to be taken into account, because a discourse must have a topic to talk about (van Dijk, 2008). Uncovering how the discourse topic is structured and why it is done in a certain way is the task of an analyst. The present study treats topic choice as the first priority in analyzing a concrete text because it provides central clues for interpreting and understanding process of discursive formation (Foucault, 1972).

Communicative events—text and talk—do not exist in isolation (van Dijk, 2008). Therefore, to understand the ideological position or opinion of the speaker or writer in a text, we need to take into consideration both the communicative context and cognitive context. We need to describe the aims of communicative events, the intended audiences, the setting (time, location), the social relation etc. We also need to be capable of determining the background, subjective, personal knowledge, beliefs and norms of the text. We need to analyze the conditions of productions as well as the conditions of interpretation. By analyzing the contexts of the discourse, the ideological functions and social relations can be unmasked. For instance, a newspaper opinion article may ideologically function as a manifesto of system of political economy or an institution, thus involving the power relations between the text producer and its interpretators.

For an illustrative purpose, let us now consider the text below which originally appeared as a press release by KLM, to which the analyst will refer whenever it is relevant to the theme of this methodological section.

PRESS RELEASE

KLM sincerely apologizes for having been forced to have 440 squirrels destroyed, last Monday in the KLM Cargo animals' hotel. KLM has acted in a way that is formally

justified, but admits that an ethical assessment mistake was made. KLM fully endorses the criticisms that have been voiced by the public and the various organisations.

The airline company has decided to start a thorough investigation into what exactly happened at the reception of the package in Beijing. The events in the KLM Cargo animals' hotel will also be investigated.

Pending this investigation and in view of the emotions that these events have aroused, the Board of KLM has deemed it desirable that the employee concerned will stay home for the period of this investigation.

On Sunday April 11, 1999, KLM has received orders from the Department of Agriculture, Environmental Management and Fishing (AEMF) to destroy the animals. KLM is of the opinion that this order, in this form and without feasible alternatives, was unethical.

The Board of KLM holds, however, that the KLM employee concerned has acted formally correct in this matter by promptly following the directives of the Department of AEMF, but also acknowledges that this employee has made an assessment mistake.

KLM once more emphasises that the company regrets the course of events and offers its sincere apologies to all animal lovers and all those who have been hurt by the events.

KLM has informed the Animal Protection Society, the AAP Foundation, the Worldwide Fund for Nature, the Cites Netherlands Foundation, the Foundation for the Relief of Squirrels in The Meern, the European Association of Zoos and Aquaria, and the Dutch Association of Zoos of the above and has invited these organisations to come to a consultation on how to avoid deplorable situations of this kind at a short term.

(Source: *KLM Newsroom*, April 15, 1999)

The social context of the above press release is that on April 12, 1999 the airline company KLM was in the news because it had killed 440 North-American banded ground squirrels after it had been ordered to do so by the national agency for the inspection of cattle and meat. The required exportation and health documents were lacking, and the squirrels were not adequately packaged. The animals were put through a chopper alive. The squirrels came from Peking and were on their way to Athens. The sender in Peking did not want to take the squirrels back and no country outside Europe volunteered to receive the animals. The chopper in which the squirrels came to their end was a destroyer that is also used in the bio-industry to cut up chickens.

Taking the cognitive context into consideration, one can infer from the process of killing that cocks are substantially smaller than squirrels, and with chickens one can make sure that the head goes first. With the ground squirrels, whose size equals that of three hands, this was not feasible. In the press release above, KLM management provides an account for having destroyed the squirrels. The explicit goal of the press release was to make an apology that vindicates KLM Airline's reputation in the global society.

Topic generally refers to what the discourse is about (Brown & Yule, 1993). A topic may be formally described as semantic macrostructure, the global meaning of a discourse, and may be expressed by its title or headline or by summarizing sentences (van Dijk, 1998a). The macrostructure propositions can be uncovered by three ways: by eliminating the propositions which are not relevant for the interpretations of other propositions (deletion), by converting a series of specific propositions into a more general proposition (generalization) and by constructing a proposition from a number of propositions in the text (construction) and from activated world knowledge (van Dijk, 1995; van Eemeren, Grootendorst, Jackson & Jacobs, 1994). For an illustrative purpose, let us refer to KLM text again. The main topic of the KLM text above is virtually the destruction of squirrels by KLM, even though the press release is diverted in rhetoric to an apology by KLM for having destroyed the animals (see Sub-section 4.3.8 below). So the topic can be the properties of the text itself as well as of the contextual knowledge, the ideology, or values that the discourse participants hold to believe. In addition to identifying the topic, the analyst will also refer to the following linguistic features. The analysis of topic choice is fruitful particularly when we take into account the argumentative strategies.

4.3.2 Argumentation

The argumentation theory that is applied in the current study is the pragma-dialectical approach (van Eemeren and Grootendorst, 2004). The pragma-dialectical approach sees an argument as social, verbal activity, which can be performed orally as well as in writing. Many genres have argumentative structures, for instance an opinion article in the press, a policy speech on global economy, scholarly articles, or even an everyday fight of a couple. Typical of such genres is that discourse participants (or speakers and addressees) have different opinions, different standpoints or points of view. In the argumentative discourse of such a situation one or more of the participants then tries to make his or her standpoint more acceptable, credible or truthful by formulating 'arguments' that are purported to sustain the chosen point of view. That is, such an argumentative discourse may be conventionally divided into two main categories: Arguments concluded by a standpoint or a standpoint followed arguments, depending on what comes first. Either model can be put forward explicitly or implied (van Dijk, 1995).

Argumentation on a social issue such as global economy must have a standpoint. Whether it comes first or later, the standpoint is identifiable in either at the argumentation stage or concluding stage. The role of authors in the argument is to defend the standpoint that they have adopted. Since an argumentative discourse is exchanged around an adopted standpoint, unrevealing the way the argument is manifested is important in analyzing the ideological construction within the discourse of global economy. The analysis of argumentation on global economy contributes to better understanding the linguistic and social processes of constituting the practices of global economy. Generally, an argumentative discourse must have a rational structure (van Eemeren, Grootendorst & Snoeck Henkemans, 2002).

From a transdisciplinary CDA perspective, however, the foremost task of an analysis of the argumentative discourse is not to examine the argument structure itself but to determine the difference of opinion or standpoint that the arguing author has adopted on a debated issue (van Eemeren, Grootendorst & Henkemans, 2002). This is because it is the content of arguments that has an ideological position.

In an argumentative discourse, an author can adopt a positive, negative or neutral position. For example, when an author asserts that 'I think globalization is an unprecedented phenomenon', in that the author has adopted a positive standpoint with respect to the proposition that globalization is an unprecedented phenomenon. An author can alternatively say that 'I do not think globalization is an unprecedented phenomenon, in that the author has adopted a negative standpoint. An author can also even state that 'I do not know whether globalization is an unprecedented phenomenon', in that the author has not committed him/herself to this proposition in a way because he/she is not sure about it. In that case, the author is taking a neutral standpoint.

Whether or not argument structures vary with ideology is still a quest. The content of an argumentation however may depend on our ideologies; the *argumentation structure* itself is probably independent of our ideological position. And 'good' and 'bad' argumentation is rather something that varies with individual speakers than with group membership (van Dijk, 1998a). Of course, like any genre, various argumentative discourses may be learned, and be associated with a profession and hence with professional ideologies: An experienced politician, scholar, journalist, economist or teacher probably is more experienced in 'good' argumentation than those who do not have such professional training and experience. But this is as close as one may get to relate discourse structures with groups, namely through education, training and

experience. But this still does not link discourse structures, such as those of argumentation, with ideology (van Dijk, 1995).

As is the case for many genres, argumentation is controlled by a number of normative rules, interaction principles and efficient strategies of actual performance. Some of the normative rules are: 1). the proponent who puts forward a standpoint is to defend it; 2). the proponent may defend his or her standpoint only by advancing the argumentation related to that standpoint; and 3). the reasoning in the argumentation must be logically valid or must be capable of being made valid (van Eemeren *et al.* 2002; van Eemeren and Grootendorst, 2004). In reality, of course, one may break the rules of argumentation, for instance by using fallacies, false moves in the arguments, but still respect interaction principles (for instance of respect or cooperation) or still be a very efficient arguer. Fallacies, very generally defined, are breaches of argumentation rules and principles.

Argumentation rules can also be broken if, for instance, we use an irrelevant argument, play on people's emotions as what can be seen in the KLM text above, ask the opponent to show I am wrong, argue that something must be true because everybody thinks so, or because some authority says so. Similarly, we engage in fallacies when we overgeneralize, use false analogies, are begging the question, or assume that from bad one necessarily goes to worse.

The question now is whether these and other fallacies may be ideologically variable. The answer is that there is no direct link between fallacies or ways of arguing and ideology (van Dijk, 1993, 1995). Where these links exist, they are only semantic: The contents of arguments are of course related to ideological attitudes and social identity. The use of the argumentation assists the analyst to examine the discourse of global

economy where CDA is put to work with argumentation studies without the former being reducible to the latter (Fairclough, 2010; Chouliaraki & Fairclough, 1999). To bring these disciplines into a more solid dialectical relation, we can refer to the strategic maneuvering conceptualized by the argumentation theory.

4.3.3 Strategic manoeuvring

Central to the analysis of argumentative discourse is the role of rhetorical dimensions that are conceived as strategies for influencing result of argument. The aim of the parties (proponent and opponent) to be involved in argumentative discourse is to find out ways of resolving a difference of opinions. This implies that the parties are obliged to abide by the rules instrumental in achieving the argumentation goal by maintaining a certain standard of reasonableness (van Eemeren & Grootendorst, 2004). However, obeying this commitment does not mean that the parties cannot resolve the difference of opinion in their own favor. To put it differently, the participants involved in a critical discussion can use rhetorical means in argumentative discourse as long as they maintain the rules of the discussion and they must be responsible for what they say or imply.

An argumentative discourse on global economy may rhetorically be realized through strategic maneuverings. That is, the authors of the discourse of global economy can use discursive strategies to manipulate the difference of an opinion in their argumentative discourse to be accepted by an audience—hearers or readers. The strategic maneuverings can be manifested in three ways: topical selection, adaptation to audience demand and presentational choices (van Eemeren, 2010; van Eemeren & Houtlosser, 1999). The analysis of argumentation and its argumentative strategies can assist a discourse analyst to uncover the standpoint of an argument (van Eemeren, 2010), the authors' social beliefs and values on social issues such as global market.

In argumentation, the parties involved in a critical discussion can fuse a resolution-minded objective with a rhetorical objective as an attempt to have one's views accepted. This technique of argumentation is often referred to as strategic maneuvering (van Eemeren and Houtlosser, 2002). Since the parties involved in a critical discussion make use of this technique of argumentation, an analyst also has to take this strategy into consideration.

The strategic maneuvering manifests in three ways. The first strategy is called the *topical selection*, in which the arguers make a convenient choice from the options (van Eemeren & Houtlosser, 2002). The arguers may choose the materials they find easiest to handle. They introduce the particular topics that are important and relevant to the discussion, which can work to provide the disagreement space of the argument to the benefit of the proponent. The second strategy is *adaptation to audience demand*, in which the arguers will choose the perspectives they think most agreeable to the audience. They try to create empathy with the audience through appeal to audience's beliefs, common senses or preferences. The third strategy is *presentational choices*, in which the arguers choose the rhetorical repertoire, which can frame their contribution in the most effective ways (van Eemeren, 2010). They can choose the presentational devices, such as loaded definitions, figures of speech such as metaphors and rhetorical argumentative structure (e.g. comparison, generalization). CDA practitioners can draw upon these argumentation techniques to support their analysis, because ideology can be embedded in texts by various ways (e.g. naturalization, common sense) and at different levels (e.g. lexical, argumentation).

CDA practitioners need to combine the strategic maneuvering into their analysis, because rhetorical figures of speech are conceived as presentational device that can be employed strategically to make argumentation persuasive to the mind of audience.

Although rhetorical figures are non-obligatory structures in both argument and in text in general, their inclusion must be regarded pragmatically and methodologically. Given that these three strategies can be employed by the arguers to influence the result of argumentative discourse in their own favor, the analyst too need to take them into consideration.

If we want to refer to the KLM text above, we can uncover the strategic maneuvering that the implicit standpoint of the argument is that KLM should not be blamed for having destroyed the animals. The company strategically maneuvers through topical potential and audience demand. That is, KLM destroyed the animals because they have been ordered to do so; to play with the audience feelings, KLM refers to many organizations that are concerned about animal rights. This strategy of argumentation can be accounted for as a technique of sustaining KLM refutation from the public. In other words, it is the agency's reputation of the Royal Dutch flight company that is being attempted to implicitly embody and defend in the press release. The way of defending the KLM internalizes the corporate ideology that KLM is required to apologize to a number of global organizations concerning about animals rights. Virtually, the hidden objective of this discursive practice is to escape from guilt.

4.3.4 Speech functions

Speech function in this study is used in a nearly similar way to speech act (Austin, 1962; Searle, 1979), who referred to speech acts as doing things with words. According to Searle (1979, p. 18), uttering utterances does not only mean saying something meaningful, but also mean accomplishing a number of social actions, especially when performed by people who have power, expertise or knowledge to make a speech function. Speech function is not a refinement of speech act (Fairclough, 2003).

As was introduced in Chapter 1, the current study refers to SFL for part of its analytical framework; the analyst uses the term speech function (Halliday, 2004; Fairclough, 2003) as a more appropriate term for the slight modification of Searle's speech acts. The analysis of the speech function seems to be more practical, because it can reveal the author's social belief, value systems, evaluations, and goals which can be explicitly or implicitly constructed in a discourse.

The adjustment does not attempt to override the contribution of the speech act theory to the analysis of discourse. Speech function is more linguistic-driven while speech act is more philosophically oriented. Speech act is more appropriate for pragmatics and conversational analysis while speech function is more practical for CDA, because CDA takes into consideration evaluation aspects, such as the uses of evaluative adjectives (see examples in the paragraph below) in analyzing texts (Fairclough, 2003).

When describing clauses as exchanges, Halliday (2004, p. 108) classifies 'primary speech functions' into four: offer, command, statement and question. In relation to this, Fairclough (2003, p. 109) points out that these speech functions could be elaborated and differentiated for doing CDA. Statements, for example, can be elaborated in terms of Statements of fact or 'realis' statements (statements about what is, was, or has been the case e.g. global economy is facing the financial crisis); 'Irrealis' statements (prediction and hypothetical statements e.g. global economy reduces poverty) and Evaluations e.g. free trade is a good economic practice).

When speech functions such as statements are made, they have to be described in terms of social conditions of the participants, namely, their beliefs, institutions and goals that have social implication (van Dijk, 1998b). Speech functions, such as commands and statements presuppose the existence of power relations. For example, when an author in

the media or forum advises the leaders of the financial institutions, it implies that the author has power that can control the beliefs and attitudes of the bankers, managers and possibly the common people too. This suggests that the social relations are not only based on power but they are also ideologically grounded.

In the current work, we are concerned with the speech functions made by authorities, such as a leader of state and a leading economist. That is, we examine the linguistic performances in which subjects are empowered to make serious truth claims, because of their knowledge, power, institution location and mode of discourse. For example, statements about the prospects of global economy can be performed only by suitably qualified economists and political elites who present plausible theories and evidence to justify their arguments.

If we want to refer again to the KLM text as a case, traditionally we can observe that the press release performs the speech act of commissive (Searle, 1979). But politically, the KLM virtually performs a speech function, which strategically states that the KLM is not to be blamed for having destroyed the squirrels.

Performing a speech function is frequently contingent on power, knowledge and authority. For example, a politician or head of state is well-known and cunning in making populist statements. He will order his ministers, spoke-persons, and think-tanks to make statements for him when dealing with less crucial matters that could reduce his reputation. But when it is for the sake of his personal and group vested interest, he will make them himself. President Bambang Yudhoyono of Indonesia, for instance, when announcing the hike of fuel price, had his Minister of Finance do it. On the other hand, when reducing its price, he did it himself (the researcher's own observation).

Making a speech function is concerned not only with a *locutionary act* (Searle, 1979), that is, producing an utterance in some language but also with the accomplishment of language functions, for example, to represent or evaluate a social issue. Since the discursive construction of global economy is part of social life, speech function constitutes one of the most fruitful and prolific analytical tools to be examined. The analysis of speech function will help the analyst reveal the opaque relationship between language use and power in discourse.

4.3.5 Vocabulary

What we mean by vocabulary is the power of lexicalization, that is, the use of words to express norms, beliefs and values (van Dijk, 1998b). The relationship between words and their meanings is not always one-to-one but one-to-many, that is, a single word may have multiple meanings (Fairclough, 2001). A word also has meaning potential and its relationship with other words can come in the form of synonym, antonym and collocation (Fairclough, 2003; Halliday, 2004). Lexicalization is believed to be the most direct way of producing an ideological effect.

Text producers are free to choose words related to social interests, expressing norms, values, beliefs or knowledge. They may use metaphors, for example, labor is a “resource”. The metaphor equates human work with natural resource, which may lead one to perceive it as the cheaper the better (Lakoff and Johnston, 1980). In the personal advertisements we often find language of sexism. Women often describe themselves as ‘petite’, or ‘full-figured.’ A man may describe himself as ‘attractive’, ‘fun’ and ‘fit.’ In economic discourse, the vocabulary ‘labor skills’ is often used to mean human capital and ‘governance’ to signify diminished government. In brief, vocabulary is conceived as the major dimension of discourse meaning through which ideology is produced,

controlled and reproduced. Vocabulary is included as one of the analytical tools in this research, because “The word is the fundamental object of the study of ideologies” (Vološinov, 1973, p. 15). Since vocabulary is the most direct way of inculcating ideology (van Dijk, 1998a), the current work pays extra attention to this linguistic feature in the analysis of the discourse of global economy. Language and political economy constitute each other. The analysis of vocabulary assists the analyst to uncover the perspective of one’s political economy since the latter is inculcated in the former and vice versa. For the sake of analysis of the selected texts, the extracts for lexical items are identified through the icon ‘Find’ available from the *Microsoft Word* program. The items are tallied manually and then their occurrences are calculated by a system of percentage in accordance with the number of total words in the data base of the strategic texts on global economy.

4.3.6 Grammatical resources

Grammatical aspects can provide a number of resources for doing textual analysis on the discursive representation of global economy. They can include transitivity/process type, nominalization, and pronominalization.

4.3.6.1 Transitivity

Transitivity construes the world of experience into a manageable set through a grammatical system known as process types (Halliday, 2004; Thompson, 2013). To simplify the concept, let us refer to the first paragraph of the KLM text and analyze it by means of the SFL system of transitivity:

KLM sincerely apologizes for having been forced to have 440 squirrels destroyed, last Monday in the KLM Cargo animals’ hotel. KLM has acted in a way that is formally justified, but admits that an ethical assessment mistake was made. KLM fully endorses the criticisms that have been voiced by the public and the various organisations.

From the SFL perspective, the extract above can be described through a lexico-grammar analysis known as process type (Halliday, 2004). Broadly, the analysis would broadly be:

- KLM (Senser) sincerely apologizes for (Mental process) having been forced (Material process, passive) to have 440 squirrels (Phenomenon) destroyed, last Monday (Temporal) in the KLM Cargo animals' hotel (Location)– [Circumstances].
- KLM (Behaver) has acted (Behavioural process) in a way (Manner) that is formally justified (Mental process: passive), but admits (Mental process) that an ethical assessment mistake (Phenomenon) was made (Material process: passive).
- KLM (Senser) fully endorses (Mental process) the criticisms (Phenomenon) that have been voiced by (Material process: passive) the public and the various organisations (Actor).

(The researcher's own analysis)

The subjects of the sentences in the paragraph above are all KLM, in which the subjects are personalized, referring to the aviation institution. In addition, the overt subjects are in the form of nominal groups functioning as Senser, or Carrier, but not actor. This implies that the KLM is not the real social agent of killing the squirrels.

Similarly, the passive constructions in the nonfinite clause 'for having been forced to have 440 squirrels destroyed', in the relative clause 'a way that is formally justified' and in the embedded clause 'but admits that an ethical assessment mistake was made' all indicate that the responsibility for killing the animals should not be laid only against KLM. This analysis shows us that the triviality of aspects of the syntactic features (van Dijk, 1995; Halliday, 2004; Fairclough, 2003) can always be to the effects of social representation and identity protection.

4.3.6.2 Nominalization

Nominalization is a type of grammatical metaphor (Halliday, 2004; Fairclough, 2003). It is a linguistic aspect where a verb becomes a noun; a verb is nominalized for a certain political reason. For example, the sentence ‘the employees produce steel’ can metaphorically be nominalized to ‘the production of steel’, a linguistic process that leads to the exclusion of the employees. The aim of concealing agency is politically motivated.

4.3.6.3 Pronouns

Another grammatical aspect that constitutes the useful resource for CDA is the pronoun system, i.e. “pronominalization”. Although pronominalization is a crucial resource in discourse studies, it is complex to explain in relation to ideological construction. The focus in this thesis is only on the uses the pronoun ‘I’ and ‘we’. According to Íñigo-Mora (2004, p. 34), “two of the main uses of the personal pronoun ‘we’ are the exclusive ‘we’ and the inclusive ‘we’. Whereas the first one excludes the hearer (so ‘we’ = ‘I’ + my group), the second includes it (so ‘we’ = ‘I’ + ‘you’). Exclusive ‘we’ represents a way of distancing, both from the hearer and from what the speaker is saying, and it is normally associated with power.”

The way people use pronouns allows polarization to exist and place the ideational and interpersonal relation on the spot (Fairclough, 2001, 2003). For example, the pronoun ‘we’ and ‘they’ can polarize people, such as ‘we-group’ and ‘they group’ (van Dijk, 1995; see also p. 114). This is, because the comments and evaluations in concrete texts generally involve beliefs, norms and values of a social group. For each group, tasks and goals are subjected to a group-specific selection of ideological criteria for judgment representing self- image of each group, featuring membership devices, aims and norms.

Thus, the polarization, membership category, We-group and They-group emerge (van Dijk, 2003). Ideologies are at the basis of attitudes of individuals or groups of people, such as capitalist, globalist, and neo-liberalist.

Pronouns in English can serve relational values. A relational value refers to the extent to which one feels valued by others. Politically speaking, the pronoun *we*, for instance, can be used inclusive or exclusive signification. The use of the inclusive *we* in newspaper opinion articles or in a political speech may include the author, the newspaper, but not all readers or listeners. In Obama's political campaign catch phrase 'Change, we can believe in', here the first person plural *we* refers to Obama's think-tanks and Democrat proponents, but exclude the non-Democrat Americans.

The articulation of such a phrase occurs, because political discourses are forms of social practices. They do not only present the views and actions of individuals or certain social groups, but they are also subject to the social constraints, and institutional relations within which the author operates (Fairclough, 2001). The comments and evaluations in political speeches or opinion articles involve beliefs, opinions, norms and values of a social group. For each group, tasks and goals are subjected to a group-specific selection of ideological criteria for judgment representing self-image of each group, featuring membership devices, aims and norms (van Dijk, 1995). Thus, the polarization or membership category, i.e. the We-group and They-group emerge. Ideologies are at the basis of making common sense and beliefs of groups, such as feminists, capitalists and liberalists. The following is an extract (quoted in van Dijk, 2003, p. 102), for an illustration, of a speech by Prime Minister Tony Blair before a parliamentary debate in the British House of Common, namely the debate held on Friday September 14, 2001 on "International Terrorism and Attacks in the USA", particularly the response to the occasions on the 9/11 attacks of the World Trade Center and the Pentagons:

We know a good deal about many of these terror groups. But as a world we have not been effective at dealing with them. Of course it is difficult. We are democratic. They are not. We respect for human life. They do not. We hold essentially liberal values. They do not. The people perpetrating it wear the ultimate badge of fanatic: they are prepared to commit suicide in pursuit of their beliefs. Our beliefs are the very opposite of theirs. We believe in reason, democracy and tolerance.

The discourse producer, in this case Tony Blair, polarizes people into two groups, Us versus Them. Our group is usually represented in a positive way ‘We are democratic’, their group in negative ‘They are not’ and ‘We respect for human rights’, ‘They do not’. ‘We believe in reason, democracy and tolerance’. ‘They do not’. What happens in the quote is positive self-presentation and negative other-presentation through rhetoric (van Dijk, 2003, p. 102). In brief, uses of pronouns can sometimes engender polarization of relation in the social reality among people. We shall refer to this aspect of analysis when we deal with social and national identities.

4.3.6.4 Modality

In general there are two types of modality to be considered: relational modality and expressive modality (Fairclough, 2001). The former is concerned with the authority of one participant in relation to others. The latter refers to a matter of the speaker or writer’s authority with respect to the truth or probability of representation of reality (Fairclough, 2003).

One way of expressing modality is through auxiliaries (e.g. can, must, will); these modal auxiliaries are linguistic features that are important for expressing knowledge and relation in grammar. Modal auxiliaries are ambiguous about whether they are claims to knowledge or power. For example, the modal *can* in ‘She can talk’ means either that ‘she is able to talk’ (claim to knowledge) or ‘she is allowed to talk’ (claim of authority in giving opinion). There is also the potential for ambiguity about the temporality that

depends on context. ‘She can talk’ refers to either to future event if it is giving permission meaning or present states if it claims knowledge (Dant, 1991, p. 26). In addition to being expressed by modal auxiliaries, modality is also expressed by modal adverbs (possibly, certainly, probably), which are used by language users to represent possibility, certainty or probability (Fairclough, 2001, p. 129):

‘Your library books are *probably* overdue.’

‘Your library books are *certainly* overdue.’

‘Your library books are *possibly* be overdue.’

When they deal with the necessary knowledge of others, text producers often place modal auxiliaries in juxtaposition with epistemic modals as demonstrated in Tony Blair’s opening speech in the parliamentary rally debate on terrorism (quoted in van Dijk, 2003, p. 102):

The fanatics *should* know that we hold our beliefs every bits as strongly as they hold theirs, and now is the time to show it.

They *should* know they would be regarded by the other nations of the world as legitimate targets *should* they indeed harbour terrorists.

People *must* know that, whatever acts they commit, they *will* be caught and brought to the bar of international justice.

The normative framework (“you should know”, or “they must know” often shows that the use of “know” typically mark the speech functions of promises and threat, that is, knowledge about good or bad future acts or states of affairs. The knowledge is normatively attributed to the others, as an epistemic consequence of what is now being stated as a menace or promise.

Modality thus can be said as the interconnection in discourse between making meaning of reality and enactment of social relations or to use the terms from systemic linguistics, between the ideational and interpersonal functions of language (Halliday, 2004; Fairclough, 2003). In other words, modality is significant in both ideological

manifestation and texturing of identities, either personal or social, what one commits to is an important part what one is (Fairclough, 2003). In the example ‘Men *are* superior to women’, the discourse producer does not only construe sexism, but also commits himself to truth, using the modality ‘are’ rather than ‘can be’ or ‘may be’. Modality analysis can be used for uncovering the discursive construction of social identity (Fairclough, 2003). As with the process of generating the extracts for the lexical items (see Table 5.2), the extracts for the uses of modality are also generated through the icon ‘Find’ available from the *Microsoft Word* program. Before they are calculated into percentage, the occurrences of modality are tallied manually.

4.3.7 Intertextuality

Intertextuality refers to how a text is always related to some preceding or simultaneous discourse; interdiscursivity is concerned with how texts are always linked and grouped in particular text varieties or genre (e.g. an email and a letter) by formal criteria, such as the salutation (Fairclough, 1992). Analyzing the heterogeneity in text critically assists the analyst to unearth the connection and hybridity of the relationship between genre, discourse, and style (Fairclough, 2003).

Text producers, such as a writer of an opinion article or a politician may make use of this order of discourse to construct and support his argument. This is why the analysis of discourse from transdisciplinary perspective has also been interested in the ways in which texts and prior texts are connected. The analyst refers to this connection as intertextuality. Similar to the notion of context, the term intertextuality has multiple meanings. The most acceptable meaning proposed by linguists (e.g. Fairclough, 1992) is that intertextuality is a set of relationships of quotations between texts or a relationship between different genres or forms of discourse or form of discourse and representation.

According to Fairclough (1992), there two types of intertextuality: manifest intertextuality and constitutive intertextuality. The former refers to the heterogeneous constitution of texts “where specific other texts are overtly drawn upon within a text” (p. 85). This kind of intertextuality is marked by explicit signs such as quotation marks, indicating the presence of other texts. Constitutive intertextuality, on the other hand, refers to “the heterogeneous constitution of texts out of elements (types of convention) of orders of discourse (interdiscursivity)” (p. 85). This kind of intertextuality refers to the structure of discourse conventions that go into the new texts’ production.

In an analysis of literary work (e.g. Kristeva, 1986) intertextual analysis is also divided in two types: horizontal and vertical. Intertextual analysis is called horizontal when the analysis is focusing on how texts build on texts with which they are related sequentially, that is, they follow and precede (Fairclough, 1992). For example, new personal-experience stories in a conversational story may pick up plots from the previous ones. In the other cases, such as newspaper opinion article, the author may pick up words and phrases used by politicians or other writers and reuse them to support the argument in the text. Intertextual analysis is called vertical when the analyst wants to find out how texts build on texts that are paradigmatically related to them in various ways, that is, of the similar categories. For example, an email message may borrow from and transform the conventions of letter writing, or a university professor may borrow conventions of presidential campaign, mixing them with facts and probably jokes. The same holds true with case of KLM text. Looking on the surface and its title, we could say that the text is a press release, but when we closely scrutinize it, we learn that the text is not substantially produced in the form a press release, but rather like a letter of apologia (‘KLM sincerely apologizes for having been forced to have 440 squirrels destroyed’) whereby the institution is attempting to defend its social identity.

In analyzing discourse critically, there are several resources of intertextuality to be taken into consideration. Given the fact that a quotation is an example of intertextuality, the analyst can pay attention to how multiple voices—multiple ways of talking, multiple points of view, and multiple things to say—are transformed and reused each time something new is written. Intertextual analysis of quotations is not complete unless it makes an explicit account of such quotations. Fairclough (2010) points out that intertextual analysis shows how texts selectively draw upon *order of discourse*—the particular configurations of conventionalized practices (genre, discourse, style etc.) which are available to text producers and interpreters in particular circumstances (p.74). This is due to the fact that orders of discourse are like records of history in which the historian may reuse the records when producing something new.

From these types of intertextual analysis, the most important idea that critical discourse analysts need to rely on is the notion of appropriation. That is, whether someone is a language learner or an author of the newspaper opinion article, he must start by borrowing. He can borrow words or phrases or discourse strategies. A critical discourse analyst hence needs to take into account the ways the discourse producers make use of these borrowings in the social context. This is because, as Fairclough (2010) argues, intertextual analysis crucially mediates the connection between language and social context. Intertextual analysis can add to the analysis of context by allowing the analyst to consider how it is worked up in other texts.

Transdisciplinary CDA thus does not simply focus on individual texts, because social reality does not depend on individual texts, but rather on a collection of texts. This is because transdisciplinary CDA involves exploration of the ways the texts are meaningful, the way they are linked to other texts, how they are disseminated, by what means and to whom they are directed (Fairclough, 1992).

Texts can embody hybridity for example in the case of the present study between the recontextualization of the economy and the politic. This recontextualization is not a simple matter of the spread of strategies and discourses to new contexts. Recontextualization is a dialectical process of external “colonization” by and internal “appropriation” of recontextualized elements, which are appropriated within an internal field (or rather complex set of fields) of strategic diversity, contestation and struggle (Bourdieu, 1991; Chouliaraki & Fairclough, 1999).

From the intertextuality analysis, one can move on to the interdiscursive analysis of “how genres, discourses and styles are articulated together in a text of a specific event, and in more stable and durable orders of discourses as part of networks of practices, which... are objects of various forms of social analysis” (Fairclough, 2009, p. 170). While the intertextual analysis assists an analyst in critical reading of texts, the interdiscursive analysis can provide the analyst with resources for the critical reading of the social world that generate beliefs, ideology and values but which are embedded in texts. This study refers to intertextuality analysis, because CDA is devoted to the principle “that the meaning of a text cannot be exclusively derived from the text itself. It is, therefore, dedicated to explicating the interdiscursive and intertextual layers of social and historical practices within which texts are embedded” (Benwell & Stokoe, 2006, p. 104). The interdiscursive analysis enables the analyst to “compare how genres, discourses and styles are articulated together in a text as part of a specific event, and in more stable and durable orders of discourses as part of networks of practices, which (qua *social* practices) are objects of various forms of social analysis” (Fairclough, 2009, 170). In sum, the analysis of intertextuality and interdiscursivity attempts to compare the dominant and resistant strand of discourse (Fairclough, 2003, 2010) as well as different ways of meaning making. This is where again CDA practitioners need to refer to a transdisciplinary approach in the analysis of a social problem.

A discursive genre can sometimes detach itself from its ‘natural’ format, a process so called disembedding (Giddens, 1991; Fairclough, 2003). Disembedding is characterized by a socio-historical process of part of certain social life but that transforms into another context and field (Chouliaraki & Fairclough, 1999). This social process symbolizes the genres and discourses of new capitalism or globalization as Fairclough (2006) calls it. The analyst will bring in the intertextuality when he examines the order of discourse of global economy. The focus of examination on heterogeneity in genres and discourses allows the textual and social analysis of global economy.

To conclude this section, CDA in its transdisciplinary approach does not prescribe specific linguistic resources for analysis (Fairclough, 2003). Thus what has been discussed here is not a ‘fixed’ method of analysis. What needs to be seriously taken into account is that when a choice is made on what to use and how to use it, the decision is strategically reasonable. To uncover how this choice is decided on, proving through the analysis of text is fundamental. At a lower level one can refer to vocabulary, modality, and syntactic devices, among others. At a higher level, one can refer to argumentation, speech function, intertextuality, interdiscursivity, and proposition analysis. When it is necessary to do a macro-sociological analysis, the researcher analyzes the content of texts as what Ricento (2003, see discussion in Sub-section 3.5.2) did in CDA research on discourse and identity. The analytical tools described above are incorporated into the macro-sociological content analysis. This incorporation is ideally suited for the analysis of economic and political dimensions of globalization discourse.

Quantitative method of analysis is applicable at the lower level. In this study, tally marks are used for coding the occurrences of the “keywords” and modality, which then is converted into the central tendency of frequency in the form of percentage. Drawing upon the SFL perspectives, the analyst will look at the grammar of the keywords.

4.4 Sources of strategic texts for analysis

The researcher has briefly described the sources of data for the present study in the Introduction Chapter, in Sub-section 1.6.3. It is now time to explain it in detail. The sources of texts come from two types of genres. The sources of strategic texts derive from a selection of newspaper Op-Ed articles and speeches on globalization, particularly the global economy.

The criteria that guide the selection of the texts are the dates of publication or dissemination. The study refers only to sources that have been made available online between 2005 and 2011. The analyst chooses this period because it was the reemerging epoch of globalization debates. Although the pervasive debate of global economy was unleashed since 1980s (Fiss & Hirsch, 2005; see Section 3.3 for its review), the discourse of globalization reached the peak again after the late 1990s Asia's financial crisis and was once more at the beginning of the 21st century when the global financial crisis emerged. The texts from the USA and China sources were accessed between April 09, 2010 and July 12, 2012.

4.5 Presentation of the texts

The current study, as was introduced in Sub-section 1.6.3, refers mainly to two countries for the research site and the sources of texts: the USA and China. This consideration is taken based on the principle that we cannot even think about globalization or discuss it effectively without the reference to specific locations and places (Beck, 2000).

For each of the two countries the strategic texts are classified into two major categories: the Op-Ed articles from print media and speeches. The two modes of genre are chosen

to avoid the privilege of one discourse type over the other. The print media texts came from the *Washington Post* to represent the USA and the *China Daily* to represent China. The speeches were delivered by leaders of the states and leading economists on several occasions in terms of global economy. The analyzed Op-Ed articles and the speeches consist of 20 texts/36,566 words. All these 20 texts were selected because they are typical in their treatment of the theme of global economy. They can be seen in the appendices. The data in the form of extracts are verified by the fact that they all appear in the context of global economy. In other words, each of the texts is chosen because it deals with political economy and globalization. In addition, the data are justified by the principle of maximally argumentative analysis and maximally argumentative interpretation (van Eemeren, *et al.* 2002; see also Section 4.3 above for the treatment of argumentation and other discursive strategies in transdisciplinary CDA). Briefly, the data is verified by the form and content of discourse. All the texts are argumentative discourse and are concerning with the global economy; the authors as well as the discourse participants—hearers and readers—are therefore eager to find resolution to the differences of opinion concerning the notion of global economy.

4.5.1 Presentation of the texts for the USA

The text sources from the U.S.A on global economy are derived from two main sources: the print media, the *Washington Post* and speeches by the U.S. Presidents: George W. Bush and Barack Obama, and the Fed leaders Ben S. Bernanke and Frederic S. Mishkin. To do justice, the analyst selects the speeches from the president of the two U.S parties, the Republican and the Democrat. The data sources for the global economy from the U.S.A were retrieved from <http://www.washingtonpost.com/>, the U.S. government <http://www.whitehouse.gov/>, and <http://www.federalreserve.gov/newsevents/speech/>. The *Washington Post* is Washington D.C.'s largest newspaper and its oldest still-

existing paper, founded in 1877. Located in the capital of the United States, the *Washington Post* has a particular emphasis on national politics. According to its website, Washington, Maryland, and Virginia editions are printed for daily circulation.

The *Washington Post* is generally regarded as one of the leading daily American newspapers—in addition to the *New York Times* and the *Los Angeles Times*—which is known for its general reporting and international coverage; as of September 2009, its average weekday circulation is 582,844, making it the fifth largest newspaper in the country by circulation. While its circulation (like that of almost all newspapers) has been slipping, it has one of the highest market-penetration rates of any metropolitan news daily.

The *Washington Post* is chosen because its editorial positions on foreign policy and economic issues have seen a definitively conservative stance (Li, 2009): it has steadfastly supported the 2003 invasion of Iraq, warmed to President George W. Bush's proposal to partially privatize Social Security, and advocated free trade agreements.

The sources of the data were collected through browsing the sites whereby the analyst used the key words 'global economy', 'world economy', 'globalization', and 'global development' (See Appendix A for data sources on global economy from the U.S. perspective).

4.5.2 Presentation of the texts for China

The data sources for China's perspective are also derived from two main sources: the print media, the *China Daily* and speeches by China's state leaders, Prime Minister Wen Jiabao and Vice Premier Zeng Peiyan. The *China Daily*, which was established on June 1, 1981, is the only national English-language newspaper in China circulated to both

China and abroad in more than 150 countries and regions. It is not only the most widely circulated Chinese newspaper among the majority of Western readers but also the most frequently quoted Chinese newspaper by international news media. According to its website (See also, Li, 2009), the *China Daily* is regarded as one of the country's most authoritative English media outlets and an important source of information on Chinese politic, economy, society and culture.

The *China Daily* is committed to helping the world know more about China and the country's integration with the international community. According to its website source, the newspaper is often called the "Voice of China" or "Window to China". This is so, because the *China Daily* "has been the most influential English language national newspaper in China since its first publication in 1981. Its language use provides a direct comparison with that in its American counterpart– the *Washington Post*" (Li, 2009, p. 87). For a basic reason, the *China Daily* is chosen because it "plays an important role in creating China's national images and articulating the Chinese government's politics and foreign policy concerns and priorities to the international community" (Li, 2009, p. 87). Most important of all, the *China Daily* is chosen because it is a special newspaper for the production of Chinese nationalist ideologies (Stone, 1994).

The text sources for global economy from China's perspectives were retrieved from <http://www.chinadaily.com.cn/> and the China government's English website <http://www.english.gov.cn/>. The same key words were used for searching the data sources on global economy from China's perspective. (See Appendix B for data sources on global economy from China's perspectives). As with the U.S. sources of data, all these particular texts were selected because they are typical in their treatment of the subject of economic globalization. The analyst chooses the speeches of Prime Minister Wen Jiabao and Vice Premier Zeng Peiyan, because it is Wen Jiabao and Zeng Peiyan,

not other leaders of China, who often represent China in most of international economic agendas, for example at the World Economic Forum Annual Meetings and state visitations to foreign countries for the negotiation and cooperation of economic relations.

For the sake of systematic organization, one important factor needs reiteration in this section. In Chapter 1 the analyst has pointed out that the current study has three objectives to explore and six research questions to answer. The major questions include how the discourse of economic globalization is constructed in the texts, what ideology is naturalized in the texts on global economy, and how the populous countries such as the USA and China according to the two types of genres construct the discourse of global economy in texts. Using the theoretical framework we developed in Chapter 2 and its accompanying review of literature in Chapter 3 and the proposed analytical ‘tool box’ we discussed above, we shall attempt to examine these questions in the following chapters.

The study will analyze the texts through a dialogue between disciplines, which is supported by the analytical tools and the CDA principles in connection to the signification and role of global economic discourse in society. The choice of the text extracts is based on its relevance to the objective of the study and the research questions. The extracts are in the form of sentences, clauses, phrases, words or larger linguistic constituents, paragraphs which construct ideas, enact social relation and embody beliefs, values and attitudes pertinent to economic discourse of globalization. The analyst describes and explains the extracts after careful and critical reading of each text. The extracts are verified in accordance with the rationale of study, the theoretical framework, and the developed analytical tools. To uncover the social and ideological

dimension, the analyst relies on the propositional analysis of the discourse which is supported by the textual analysis.

4.6 Chapter conclusion

Concluding the chapter, the analyst has discussed a number of principles in CDA research and proposed a set of analytical tools that he will use as the research perspective and guidelines for analyzing the discourse of global economy. The principles include the notion that discourse analysis is interpretative and explanatory and that discourse analysis is a form of social action. The analytical tools include argumentation and vocabulary.

The analyst would like to restate that transdisciplinary CDA is basically aimed at enabling analysts to have access to the ontological and epistemological assumptions of social problems embedded in texts. By revealing the hidden motivations behind a social reality, in the form of texts, and making them explicit, the analyst is capable of viewing the problems from a higher stance and awareness. The accomplished objectives together with the political stance of the study are expected to be able to uncover a current social change.

The analyst anticipates that the principles, methods, and procedures explained above can direct the process of analysis including description, interpretation and explanation of the texts. As we have seen, the quasi-qualitative methods used by a discourse analyst to generate and collect empirical material share an important set of family resemblances with historical, ethnographic and anthropological forms of research. Critical discourse analysts thus gather primary data from a range of possible sources, which include surveys of newspapers, magazine articles, speeches, official reports, unofficial documents such as pamphlets, organizational minutes and agendas, personal

biographies and media representations such as television documentaries and films. For the purpose of this study, the research is concerned only with some of these sources.

It needs to be borne in mind that what the analyst has discussed in Section 4.3 above is not a 'blue print' of analytical tools, since there is no standard way of doing CDA (van Dijk, 1993). Rather, what the analyst has attempted to propose is a set of analytical tools generated from a number of works in (critical) discourse analysis, which can support the exploration of what is at issue in this thesis.

CHAPTER 5

DISCOURSE OF GLOBAL ECONOMY AND IDEOLOGY

5.1 Introduction

This is the first analysis chapter of the thesis. In the previous chapters the analyst has provided the theoretical frameworks for the current transdisciplinary study. Those chapters cover, among others, insights of globalization and the notion of transdisciplinary CDA in Chapter 2 and the interdependence between discourse, ideology, and identity in Chapter 3. Subsequently, Chapter 4 was devoted to a discussion about a number of transdisciplinary CDA principles and analytical techniques that play a role as the research ‘method’ in this study.

As the central part of the exploration, this chapter and the next four chapters are to endeavor to apply these theories and the analytical tools to an analysis of the discourse of global economy to uncover how discourse is linguistically constructed, politically and economically inculcated, and socially naturalized in a number of strategic texts. The discussion about the discourse of global economy in the coming chapters in principle will mainly focus on two countries: the USA and China. Nevertheless, the analyst will also refer comparatively at certain points to any other country that tends to have been politically affected by the social process of global economy.

Most important of all, every analysis that follows is in line only with the theoretical frameworks, CDA principles and its analytical tools which were developed in the previous chapters. As asserted in Chapter 1, the analysis is deemed to be descriptive, interpretative, and explanatory. The process of analysis within this dimension moves back and forth. The critical exploration is concerned with making explicit the dominant

discourse of globalization. This is because as has been explained in Section 4.1 practitioners of CDA make the opaque relations between linguistic elements and social aspects transparent and take a social political stance.

This chapter attempts to identify the sort of ideology constructed in the discourse of global economy, particularly in the era of global financial crisis. The chapter is an effort to demonstrate what ideology is and how it is textually constituted in the discourse of global economy. Accordingly, the main objective of this chapter is to analyze the ideological construct, which is, on the one hand, supported by the linguistic resources, but which is also sociological on the other. It therefore needs to be reiterated that the discussion is also only in line with the framework that has been conceptualized in the main theoretical parts that attempt to fuse linguistics and political economy through a critical dialogue.

In this chapter we want to see how the ideology manifested in the discourse of global economy is textually and socially constructed in two genres: newspaper Op-Eds and speeches. This is derived from the assumptions that the discourse of global economy in these genres does not only contain particular linguistic features but it also shapes ideologies. It is only through both critical reading of the texts and macro analysis of the social world, such as social beliefs and values we can fully unearth the political ideas of global economy.

As the texts for analysis were published during the financial crisis, in the first part of the chapter (Section 5. 2), we will discuss how discourse of the global economy is argumentatively (re) constructed during the financial crisis in relation to (cultural) political economy and ideological import. This discussion will inevitably represent the social and contextual background of the current global economy. Later, in the second part of this chapter it will be argued based on the textual evidence that the discourse of

global economy is not ideology-free. It has ideological configurations to be sharpened. In the Sub-sections, we shall discuss the kinds of ideological constructs embedded in the global economic texts. The ideology that we shall look at includes capitalism, new capitalism, and neo-liberalism. We shall deploy the analytical framework, including argumentation, strategic maneuverings and speech functions to identify and describe the sociopolitical dimension of the discourse.

We shall refer mainly to the sources of the texts that we have made available in the appendices. For the analytical convention, the term Example is used for ease of reference. The contextual clues deemed relevant to the theme of discussion are underlined. Numbers in square bracket [para. 1] specify paragraph. Bracketed dots (...) indicate omissions.

5.2 The discourse of globalization and financial crisis

At the beginning of the 21st century the world economy was not progressing as it had been discursively practiced. History has shown that no economic system is resistant for all time. Even the neoliberal global economy is at risk. The following extracts reveal that the free market economy can also suffer from a financial crisis:

Example 1

- (1) 'The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy' (headline)

We are living through the first financial crisis of this new global age. And the decisions we make will affect us over not just the next few weeks but for years to come [para. 2]. (...)

There are no Britain-only or Europe-only or America-only solutions to today's problems. We are all in this together, and we can only resolve this crisis together. If we do this, 2008 will be remembered not just as a year of financial crisis but as the

year we started to build the world anew [para. 11]. (*Washington Post*, 17 October 2008)

- (2) And today I appreciate you giving me a chance to come and for me to outline the steps that America and our partners are taking and are going to take to overcome this financial crisis [para. 1]. (...)

The financial crisis was ignited when booming housing markets began to decline. As home values dropped, many borrowers defaulted on their mortgages, and institutions holding securities backed by those mortgages suffered serious losses [para. 10]. (...)

This is a decisive moment for the global economy. In the wake of the financial crisis, voices from the left and right are equating the free enterprise system with greed and exploitation and failure [para. 26]. (George Bush, 13 November 2008)

- (3) Protectionism has swept across the world in the face of the financial crisis. (*China Daily*, 02 April 2009, para. 3)

- (4) There's one word we are unlikely to hear from the new British government and that is "globalization". Even though there may be countries in worse trouble as a result of the global financial crisis, such as Greece, no other has experienced it quite so much as a psychological shock as Britain [para. 1]. (...)

The global financial crisis has swept all this away [para. 5]. (*China Daily*, 01 July 2010)

- (5) This annual meeting has a special significance. Amidst a global financial crisis rarely seen in history, it brings together government leaders, business people, experts and scholars of different countries to jointly explore ways to maintain international financial stability, promote world economic growth and better address global issues. Its theme-"Shaping the Post-Crisis World" is highly relevant [para. 1]. (...)

The global financial crisis is a challenge for the whole world. [para. 8]

The ongoing international financial crisis has landed the world economy in the most difficult situation since last century's Great Depression. In the face of the crisis, countries and the international community have taken various measures to address it [para. 2]. (Wen Jiabao, 28 January 2009)

The definite nominal groups 'the financial crisis', 'the global financial crisis', and 'the ongoing international financial crisis' all explicate that the global economy has been interrupted by the financial turmoil. The financial crisis in the age of global liberalism has actually disturbed the economic progress of developing countries and industrialized

ones as well. The financial crisis was a blow to the dominant discourse of global economy. It can put at risk both the national economic system and its material processes such as free trade as an author says 'The global financial crisis has swept all this away' Example 1(4). The 'this' refers to the fact big economies like Britain does not rule the world economic anymore due to the crisis. The cause of the financial crisis is recognizable. For example, 'when booming housing markets began to decline' 'Example 1 (2)', but the agency that precipitated the crisis is not identifiable. The verbal group 'was ignited' Example 1 (2) is a passive form in which the actor of the material process of the verb 'ignited' is in doubt. However, politically speaking, 'it brings together government leaders, business people, experts and scholars of different countries to jointly explore ways to maintain international financial stability, promote world economic growth and better address global issues' Example 1 (5). This is because, from a CDA perspective, economy and politics work closely during the global financial crisis (Fairclough & Fairclough, 2011).

Although it is not explicitly stated, the responsibility of the crisis should be on big tycoons, such as the Fannie Mae, Freddie Mac and Lehman Brothers that ignited the US financial instability (McDonald & Robinson, 2010). The authors who texture the texts admit that the financial crisis hinder the process of prevailing global economic processes, for example as in 'We are living through the first financial crisis of this new global age' Example 1 (1), 'The financial crisis was ignited when booming housing markets began to decline' Example 1 (2), 'The global financial crisis has swept all this away' Example 1 (4), as well as in 'The ongoing international financial crisis has landed the world economy in the most difficult situation since last century's Great Depression' Example 1 (6). The verbal groups 'was ignited', 'has swept' and 'has landed' imply that capitalist economic system is not to be blamed for the financial crisis.

The extracts demonstrate that the authors see the global financial crisis as a challenge and an advantageous event ‘The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy’ Example 1(1) and ‘The global financial crisis is a challenge for the whole world’ Example 1(5). They linguistically and socially regard the crisis as a good thing. They textually construct the crisis as a natural socio-economic process; they perceive it as a personalized process that requires a political intervention. Ideologically, this is part of the process of globalization in which that nobody is in charge of it (Steger, 2005), thus ‘the whole world’. Consequently, countries in the world have to adapt to globalization processes in accordance with their own politic and economic strategies (e.g. see Flowerdew, 2002, in Section 3.4 on the case of Hong Kong).

The global financial crisis grammatically becomes the initial participants of the clauses ‘the (global) financial crisis is ...’ and does not require the material or mental processes. This is because ‘the financial crisis’ is seen an economic phenomenon as if it happened by itself. But when the economy gets entangled in politic, humans as the animate agency must take over the matter. The extracts below illustrate:

Example 2

(1) We must deal with more than the symptoms of the current crisis. We have to tackle the root causes. (*Washington Post*, 17 October 2008, para. 7)

(2) Secondly, we must ensure that markets, firms, and financial products are properly regulated [para. 19]. (...)

Third, we must enhance the integrity of our financial markets [para. 20]. (...)

Fourth, we must strengthen cooperation among the world's financial authorities. (...)

We should also reform international financial institutions such as the IMF and the World Bank, which are based largely on the economic order of 1944. (...) we should

move forward with other reforms to make the IMF and World Bank more transparent, accountable, and effective [para. 21]. (George Bush, 13 November 2008)

- (3) In other words, we must strike a balance between savings and consumption, between financial innovation and regulation, and between the financial sector and real economy. (Wen Jiabao, 28 January 2009, para. 2)
- (4) We should encourage regional monetary and financial cooperation, make good use of regional liquidity assistance mechanisms, and steadily move the international monetary system toward greater diversification [para. 10]. (...)

We should expand the regulation coverage of the international financial system, with particular emphasis on strengthening the supervision on major reserve currency countries. We should put in place a timely and efficient early warning system against crisis. We should introduce reasonable and effective financial regulatory standards and improve oversight mechanisms in such areas as accounting standards and capital adequacy requirements. We should tighten regulation of financial institutions and intermediaries and enhance transparency of financial markets and products [para. 11]. (Wen Jiabao, 28 January 2009)

In the extracts above, the social actors of the clauses are human with material process verbs ‘tackle’, ‘strike’, ‘expand’, ‘reform’ and ‘tighten’, among others. These words collocate with modal verbs ‘must’ and ‘should’, implying a strong necessity and confusion. This linguistic process characterizes the discourse of global economy during the financial crisis. The authors put forward their arguments with the material process verbs.

The animate social agents are central in dealing with political economy during the crisis. Therefore, the first person plural ‘we’ constitutes the actors. In contrast, the free market economic practices can run without the government intervention, the so called *laissez-faire* policies of the de-regularized trade (Buckley & Desai, 2011). Consequently, through the linguistic process of nominalization or reification ‘globalization’ is regarded as a self-process phenomenon in the absence of animate agency. The extracts in Example 3 illustrate:

Example 3

- (1) It is no more possible to undo globalization than it was possible, in the 19th century, to undo the Industrial Revolution. (*Washington Post*, 16 July 2008, para. 9)
- (2) (...) globalization works not just for some but for all hard-pressed families and businesses in all our communities. (*Washington Post*, 17 October 2008, para. 9)
- (3) Globalization is leading to the integration of the world's markets, culture, technology, and governance. (*China Daily*, 06 May 2006, para. 5)
- (4) Globalization's rules should not force Americans or Europeans to consume goods that are produced in ways that most citizens in those countries find unacceptable. (*China Daily*, 11 January 2011, para. 11)
- (5) Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards. (*China Daily*, 20 May 2011, para. 14)
- (6) Although it has taken time, globalization is helping to generate the demand for an improved financial system, which is driving the reform process [para. 26]. (...) Globalization should be one of the highest priorities for developing countries [para. 43] (Frederic Mishkin, 26 April 2007)
- (7) Trade and globalization are lifting hundreds of millions of people out of poverty, especially in Asia, but also in parts of Africa and Latin America [para. 12]. (...) Although globalization and trade will continue to be forces for economic change, concerns about a massive loss of jobs due to offshoring do not seem justified [para. 20]. (...) Globalization and offshoring work both ways [para. 22]. (Ben Bernanke, 1 May 2007)

Even though it is a self-process phenomenon, globalization is assured to have been 'lifting hundreds of millions of people out of poverty', being 'forces of economic change', 'leading to the integration of the world's markets', 'brings more efficient use of scarce resources' etc. Rather than saying people/Americans/ Chinese/MNC managers globalize the economy/trade/market/culture and so forth, the authors tend to use nominalization. Globalization is seen as an entity whereby 'globalizations' rules',

instead of the government's rule. As a living phenomenon 'globalization is leading', 'globalization works' and 'globalization brings'.

Globalization is seen as self-regulating social processes and is linguistically embedded by the grammatical metaphor (Halliday, 2004; Fairclough, 2003). It is no more possible to undo globalization (what we have globalized) than to undo the Industrial Revolution. The intriguing aspect of the discourse is that globalization is never seen from a negative point of view. If it is so, the negative viewpoints of globalization are denied through concessions, for example with the use of 'although', 'but' etc. 'although it has taken time, globalization is helping to generate the demand for an improved financial system' or 'but' clauses as well as negative clauses with positive perspective 'globalization works not just for some but all hard-pressed families'.

The present globalization particularly with regards to the economic is being mystified by a crisis. The crippling global financial crisis provides us with a sign that modern capitalism has reached the end of its time (Harvey, 2010). Surprisingly, free market ideologues and hyper-globalists claim that such a collapse exist not because there is no sufficient government involvement but because there is too much government involvement. George Bush says 'History has shown that the greater threat to economic prosperity is not too little government involvement in the market, it is 'too much government involvement in the market' (George Bush, 13 November 2008, para. 24). The academic language 'history has shown' and 'not too little but too much government involvement' provide an indication that Bush's economic thinking is far from the Keynesian paradigm in which government intervention is considerably important in a country's economy.

The hyper-globalist discourse of the global economy views that the financial crisis emerges, because the market is not deregulated and there is too much government involvement. This may be true in some way, but it does not necessarily mean that free market is not susceptible to a crisis. History has shown that no single political and economic system is endless. Like languages, the economic system is always in the state of flux and humans are always in search of a new system through changes and transformation (Giddens, 2000; Harvey, 2010).

Economically it is admitted that the global crisis was triggered not only by too much presence of the government in political economy but also by excessive expansion of financial institutions, inappropriate economic policies, high consumption and low savings:

Example 4

- (1) This crisis is attributable to a variety of factors and the major ones are: inappropriate macroeconomic policies of some economies and their unsustainable model of development characterized by prolonged low savings and high consumption; excessive expansion of financial institutions in blind pursuit of profit; lack of self-discipline among financial institutions and rating agencies and the ensuing distortion of risk information and asset pricing; and the failure of financial supervision and regulation to keep up with financial innovations, which allowed the risks of financial derivatives to build and spread. (Wen Jiabao, 28 January 2009, para. 2)

At the same time, a confession is made that one way of tackling the crisis is by expanding demands:

- (2) As a big responsible country, China has acted in an active and responsible way during this crisis. We mainly rely on expanding effective domestic demand, particularly consumer demand, to boost economic growth (Wen Jiabao, 28 January 2009, para. 4)

There seems to be two contradictory discourses in the current global economy; the discourse of the financial crisis, where savings are needed and the discourse of consumption where spending is necessary. Confusion exists in the discourse of global economy (Fairclough, 2006). However, encouraged by the attitude that ‘Confidence is the source of strength’ (Wen Jiabao, 28 January 2009, para. 8) and ‘Confidence about the future is vital to building confidence for today’ (*Washington Post*, 17 October 2008, para. 7), it is argued that the financial crisis is solvable by cooperation ‘we must strengthen cooperation among the world's financial authorities’ (George Bush, 13 November 2008, para. 21), and by working together ‘Let us strengthen confidence and work closely together to bring about a new round of world economic growth’ (Wen Jiabao, 29 January 2009, para. 15). ‘Confidence’ and ‘working together’ from non economic discourses has been appropriated for economic practices (see Section 8.3 on interdiscursivity). From a political economy point of view, financial crisis is intrinsic in capitalism itself; it is the means by which it renews itself (Harvey, 2010). It can be true that capitalism has opportunities to renew itself only if the goods that the giants have produced have a strong demand for high returns. If they do not, capitalism will be ‘in a roller coaster-ride’ (*Washington Post*, 27 February 2008, para. 1).

Economic globalization is constituted by networked local systems that facilitate exchanges of information, goods, capital, and labor (Held et al., 1999). The very structure of this network is vulnerable to severe impacts resulting from socio-political dynamics of the local systems. Malfunction in any point of this network would easily spread, creating damage to the entire system (McDonald & Robinson, 2010). Such risk can exist in the global financial system constituted by a network of local independent financial institutions. If one local institution experiences a breakdown, the whole network will be exposed to fatal risk. The authors argue that ‘We live in a world in

which our economies are interconnected' (George Bush, 2008, 13 November 2008, para. 4), but the interconnected economies are the most vulnerable to a crisis (Harvey, 2010). This is the risk of hyper-globalization. The risk of the hyper-globalization is even worse when there is no circulation of trust of the capital from the actors to whom the system is bestowed. Hyperglobalist frequently pass this phenomenon unchecked. If the circulation of trust grows thin, then the whole global financial system would get into a crisis then possibly collapse (McDonald & Robinson, 2010). For example, Iceland that financially interconnected collapsed in a matter of weeks. Furthermore, the course of history has witnessed the impact of globalization on both local and global society, such as the collapse of aforementioned giant investment bank Lehman Brothers, which has institutionally contributed to the recession of American economic crisis at the beginning of this century (Buckley & Desai, 2011).

The speech extracts in Example 1 (2) and (6) and Example 2 (2) and (4) demonstrate that even during financial turmoil, global economy is still discursively reconstructed and politically argued for. From a CDA point of view, the argumentation is derived not only from the standpoints of the arguments but also from both the topic and the context of the discourse. The topic of discourse is planned according to the context of the discourse and their audience demand, for example the speeches which were addressed by George Bush and Barack Obama were adjusted to the context of situation. The choices of locations of the speeches cannot be coincidental. They have been planned according to the issues the authors are tackling. George Bush could have addressed his speech under the title 'Financial Markets and World Economy' (George Bush, 13 November 2008) at the National Cathedral as he did when he responded in the rival speech to the 9/11 attacks. But this speech is not about war on terror. Thus the Federal Hall National Memorial is one of the best places.

In a similar vein, that President Barrack Obama chose General Electric (GE) Plant, Schenectady, New York as the specific situational context for his speech on ‘Competing in the Global Economy’ (Barack Obama, 21 January 2011) is not without a reason. He had visited China and India before he gave this speech. This is in line with Obama’s own argument that ‘Part of the reason I wanted to come to this plant is because this plant is what that trip was all about’ (Barack Obama, 21 January 2011). It is aimed at fulfilling the attention of the competition in the global economy which both corporate managers and the blue-color labors have a stake in. The locations of both speeches are also in accordance with audience demand (see Section 5.2.3).

What one can learn from the genres is the evidence that discourse on a particular social problem has social relations with other social entities (Fairclough, 2010). In the case of the context and discourse topic there is a dialectical relation between the discourse of global economy and venue, between discourse and its participants—the presidents as the states leaders, the authors of Op-Ed articles and the readers, who include the IMF and the World Bank as agencies. All these discourse participants are tied to the context of the global economy.

In general the context of the U.S. and China texts is concerned with the global economy in crisis. Cognitively speaking, however, their contexts seem to be different in the course of history. From a political economy context, the USA has always been a liberal country that is contingent on and allows for the free market impulse (D’Souza, 2002) through ‘specialization’ which is argumentatively uttered e.g. in ‘Through the specialization made possible by trade, the farmer can benefit from the doctor’s medical knowledge and the doctor can enjoy lunch’ (Ben Bernanke, 1 May 2007, para. 3). That said, since the mid 20th century, the USA has been turning to new global economy

within a number of ways, for example, by liberating the system of trade, market, and investment as revealed in the extracts below:

Example 5

- (1) Since World War II the United States has led the international quest to liberalize world trade and investment. (*Washington Post*, 07 June 2005, para. 2)
- (2) Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. (George Bush, 13 November 2008, para. 28)

Americanism and the hegemony exist in the two extracts above. The nominal groups ‘the United States’ and ‘the American Dream’ are two nominal groups that can only refer to the USA. It is argued that the USA ‘liberalizes world trade and investment’ and through the ‘free market capitalism’ achieves ‘the American Dream.’ The lexical item ‘liberalize’ presupposes that the world trade and investment had been closed before World War 2 and it is the U.S.A that took the lead.

China, on the other hand, is a former communist country that heavily relied on a system characterized by the collective ownership of property and by the organization of labor for the common advantage of all members (Baradat, 2000), as well as a system of government in which the state plans and controls the economy (Ali & Guo, 2005; the *White Paper*, October 19, 2005; for a detail, see Section 9.3). A single, often authoritarian party holds power, claiming to make progress toward a higher social order in which all goods are equally shared by the people. Production facilities are state-owned and production decisions are made by official policy and not directed by market action.

In the present situation however even China seems to be dependent on the global market and has to follow and abide by the system of neoliberalism and the global capitalism in the struggle for dominance in the global economy. This statement is supported by the discursive practices in the newspapers Op-Eds and speeches of its state leaders. The following extracts from China's sources (*China Daily*, 29 January 2010; Wen Jiabao, 28 January 2009 and Wen Jiabao, 13 September 2010) indicate that China has entered the system of capitalist globalization and neoliberalism in their economic and political discourse:

Example 6

- (1) The theme of this year's annual meeting-"the Creative Imperative"-demonstrates extensive interest in the global development prospects and hope for a better future based on reform and innovation. (Zeng Peiyan, 25 January 2006, para. 1)
- (2) I want to reaffirm here China's abiding commitment to peaceful, open and cooperative development. China is ready to work with other members of the international community to maintain international financial stability, promote world economic growth, tackle various global risks and challenges, and contribute its share to world harmony and sustainable development. (Wen Jiabao, 28 January 2009, para. 14)
- (3) At the same time, we will continue to make full use of both the international and domestic markets. China's economy is an open economy, and China is both a major exporter and a major importer. (Wen Jiabao, 13 September 2010, para. 8)

The extracts above provide us with the accounts that China now firmly supported the global system of economy. The extract 'China's economy is an open economy' grammatically consists of identified, intensive, identifier, manifestly embedding national particularity with globalism. China's economy is an open economy because 'China is both a major exporter and a major importer' and which is eager to be 'reformed' and willing to 'take risk and challenges'. Economic activities as 'import' and

‘export’ signify that a country’s economy is open economy even though the discourses are concerned more with export (77 occurrences) than on import (32 occurrences, see Table 5.2 in Section 5.3 below). We shall not deal with these two types of economic activities in detail, because they are less significant from a CDA perspective.

The analysis of the situational and cognitive contexts from the political economy perspective indicates that both the USA and China are textualizing the discourse of globalization in a similar socio-political context, namely, being engaged in the global economy. More detailed discussion about the views of the global economy between the USA and China is reserved in Chapter 9. We now turn to the global economy and the argumentation.

5.2.1 Discourse of global economy and argumentation

As described in Section 5.2, the sociopolitical context of the current study centers on the discourse of global economy in the period of financial crisis. Argumentatively, the discourse of global economy is conceived as the strategic texts of complex discursive genre. Each of the texts provides a standpoint. Although it is not easy to extract the standpoint of all the texts, the analyst attempts to draw the authors’ main point of views on global economy. As we shall see immediately below, the main position of all arguments is the defense of practices of global economy. To uncover the overall standpoint, the arguments in each text should be analyzed based on their argumentative structures. The best way to uncover the construction of this logic is by dismantling the argumentative discourses into their argumentative structures. To do so, a simple analytical convention is needed.

The first column in the table below indicates the title, source/author of texts as they appear in the appendix A and appendix B. The second column represents the structure

of arguments. Numbers symbolize the arguments and sub-arguments of each text. Since each text contains multiple arguments, the numbers appear in sequence. The bracketed numbers indicate implied arguments or implied sub-arguments. The argumentation structure is analyzed according to the pragma-dialectical approach (van Eemeren, Grootendorst & Henkemans, 2002), which is based on the principles of maximally argumentative analysis and maximally argumentative interpretation (see Section 4.5). The structure of arguments is set out in Table 5.1.

Table 5.1: The Arguments on Global Economy in the U.S. and China Texts

Text, source/author and date	The structure of argumentation
<p>Is the Global Economy Unstable? <i>Washington Post</i>, 16 March 2005</p>	<p>1 The global economy is unstable. (1.1) (Unexpected crisis is threatening global economy.) 2 We do not know how global economy actually works. 3 The well-being of developed countries should not be taken for granted as evidences for the smooth growth of global economy.</p>
<p>The Payoff from Globalization <i>Washington Post</i>, 07 June 2005</p>	<p>1 The Americans receive indirect payoff from globalization. (1.1) (The payoff was a positive indirect impact of trade liberation.) 2 The benefits of trade and investment liberalization are positive and large. (2.2) (Trade liberation may result in job losses, but it does not much affect national gains.) 3 The U.S. national interest will be to maintain free trade and investment.</p>
<p>Capitalism's Next Stage <i>Washington Post</i>, 26 October 2006</p>	<p>1 Someone must do for capitalism's next stage what Chandler did for the last. 1.1 The defining characteristics of Chandler's successful firms have changed. 2 Google, eBay and Yahoo rule the internet, not General Motors, Sears or Disney. (2.1) (The internet has altered the operation of managerial capitalism)</p>

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p>Mobilization for Globalization</p> <p><i>Washington Post</i>, 27 February 2008</p>	<p>1 For the past 30 years, American capitalism has been on a roller-coaster ride.</p> <p>(1.1) (The U.S.A needs to restructure how globalization affects the American economy.)</p> <p>2 Americans have nothing to fear from globalization except their own unwillingness to do something about it.</p>
<p>A Baffling Global Economy</p> <p><i>Washington Post</i>, 16 July 2008</p>	<p>1 We've been having the wrong discussion about globalization.</p> <p>2 The good that globalization has done is hard to dispute.</p> <p>2.1 Trade-driven economic growth and technology transfer have alleviated much human misery.</p> <p>3 Today's global economy baffles experts—corporate executives, bankers, economists—as much as it puzzles ordinary people.</p> <p>3.1 Countries are growing economically more interdependent and politically more nationalistic.</p> <p>4 It is no more possible to undo globalization than it was possible, in the 19th century, to undo the Industrial Revolution.</p>
<p>Out of the Ashes</p> <p><i>Washington Post</i>, 17 October 2008</p>	<p>1 The financial crisis is also an opportunity to create new rules for our global economy.</p> <p>1.1 The financial crisis is a defining moment for the world economy.</p> <p>1.2 The global problems we face require global solutions.</p> <p>1.3 The old postwar international financial institutions are out of date.</p> <p>2 Confidence about the future is vital to building confidence for today.</p> <p>(2.1) (Confidence is needed to resolve the global financial crisis.)</p>

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p><i>Globalization and Financial Development</i></p> <p>Frederic S. Mishkin, Washington, D.C. 26 April 2007</p>	<ol style="list-style-type: none"> 1 Globalization and financial market depend on each other. 2 The institutional reform must comprise the following steps: Develop strong property rights, Strengthen the legal system, Reduce corruption, Improve the quality of financial information and Develop sound, prudential regulation and supervision of the banking system. 3 One of the most powerful weapons for stimulating institutional development is globalization. <ol style="list-style-type: none"> 3.1 Globalizing the domestic financial system by opening financial markets to foreigners encourages financial development and growth in wealth in two ways. <ol style="list-style-type: none"> (3.2) (Trade liberation promotes global economic growth) 4 The globalization of trade is driving financial reform in China. <ol style="list-style-type: none"> (4.1) (World government must not impose large taxes on exports.) 4.2 Decreasing barriers to imports also helps promote exports. 4.3 Advanced countries' open markets help emerging-market economies become successful.
<p><i>Embracing the Challenge of Free Trade: Competing and Prospering in a Global Economy</i></p> <p>Ben S. Bernanke, Montana Economic Development summit, Montana, 1 May 2007</p>	<ol style="list-style-type: none"> 1 Free trade enhances competition and prosperity in a global economy. <ol style="list-style-type: none"> (1.1) (Nations needs trade for economic progress.) 2 At the most basic level, trade is beneficial. <ol style="list-style-type: none"> 2.1 Trade allows people to specialize in the goods and services they produce best and most efficiently. 2.2 Patterns of trade are determined by variations in a number of factors, including climate, the location of natural resources, and the skills and knowledge of the population. <ol style="list-style-type: none"> (2.3) (Although trade may cause job displacement, it can be mitigated by adopt policies and programs.) 3 Restricting trade by imposing tariffs, quotas, or other barriers is exactly the wrong thing to do. <ol style="list-style-type: none"> 3.1 Restricting trade causes higher prices for consumers and reduces competition. 4 Trade allows us to enjoy both a more productive economy and higher living standards.

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p><i>Financial Markets and World Economy</i> George W. Bush, National Memorial, New York, 13 November 2008</p>	<p>1 We live in a world in which our economies are interconnected.</p> <p>2 The massive inflow of foreign capital, combined with low interest rates, produced a period of easy credit.</p> <p>3 The easy credit affected the housing market.</p> <p>(3.1) (The financial crisis was unavoidable.)</p> <p>(3.2) (The financial crisis should not be blame on free market capitalism.)</p> <p>4 Free market capitalism is far more than economic theory.</p> <p>4.1 Free market capitalism is the engine of social mobility.</p> <p>(4.2) (We should implement free market capitalism in economic affairs.)</p> <p>(4.3) (Free market maintains the free movement of goods and services.)</p> <p>(4.4) (But the financial crisis has interrupted the practices of free market.)</p> <p>5 We're facing this challenge together and we're going to get through it together.</p>
<p><i>Competing in the Global Economy</i> Barrack Obama, General Electric, Schenectady, New York, 21 January 2011</p>	<p>1 American people must compete in the global economy.</p> <p>1.2 America is still home to the most creative and most initiative businesses around the world.</p> <p>(1.3) (The American people should be proud of it.)</p> <p>2 General Electric, Schenectady, is part of that tradition.</p> <p>2.1 We've seen technologies transform the ways we work and the ways we communicate with one another.</p> <p>3 We've seen our economy transformed by rising competition from around the globe.</p> <p>3.1 Winning the global competition comes down to living up to the promise of places like this.</p> <p>(3.2) (The U.S.A still leads global economic competition.)</p> <p>4 The future belongs to us by competition.</p>

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p>'Genghis Khan started globalization' <i>China Daily</i>, 06 May 2006</p>	<p>1 'Genghis Khan started globalization.' (1.1) (Globalization is more than selling Coca-Cola in Calcutta or Starbucks in Shanghai.) 1.2. Globalization features include shrinking space, shrinking time, and disappearing borders (2) (China has rights to join the WTO.)</p>
<p>Compromises needed to save global economy <i>China Daily</i>, 02 April 2009</p>	<p>1 Compromises needed to save global economy. 2 Protectionism has swept across the world in the face of the financial crisis. (2.1) (Global economy is on the verge of ruin.) 3 The G2 summit should coordinate policies and strategies among different powers to save the world economy.</p>
<p>Globalization is not equal to national interest <i>China Daily</i>, 01 July 2010</p>	<p>1 Globalization is not equal to national interest. 2 Globalization cannot be equated with the national interest. 3 A country needs to translate global economy as part of a process of social change for its citizens and humankind.</p>
<p>New rules for the global economy <i>China Daily</i>, 11 January 2011</p>	<p>1 Global economy needs new rules. 2 Global economy is faced with today's problems: the eurozone crisis, financial regulation, international macroeconomic imbalances. (2.1) (Social actors of the new global economic order must accept a number of principles.) 3 Globalization works best when it is not pushed too far.</p>
<p>Rebalancing global economy <i>China Daily</i>, 24 February 2011</p>	<p>1 Global economy needs rebalancing. 2 Global economic imbalances are in essence a result of the imbalances in global comparative labor advantages among different countries. 3 The current dollar-led international monetary order already fails to reflect the latest developments in the global economic structure. 3.1' Global economy would better develop with a multi-currency monetary system.</p>

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p>We must resist de-globalization</p> <p><i>China Daily</i>, 20 May 2011</p>	<ol style="list-style-type: none"> 1 We must resist de-globalization. 1.1 Globalization has been going on for centuries. 2 Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards. 2.1 The last two of these benefits are clearly linked.
<p><i>Bring Forth New Ideas and Seize Future Opportunities</i></p> <p>Zeng Peiyan, WEF, Davos, 25 January 2006</p>	<ol style="list-style-type: none"> 1 The world economy is facing an increasing number of destabilizing and uncertain factors, international competition, an unfair global economic order and a widening South-North gap. 2 China will have an important window of opportunity for development. <ol style="list-style-type: none"> 2.1 (China's economy is opening-up) 2.2 Cooperation and development have become the trend of our times. 3 China cannot achieve development in isolation of the rest of the world, and the world needs China for development. 4 The World Economic Forum offers an excellent platform for the discussion and study of issues in global economic development. <ol style="list-style-type: none"> (4.1) (The WEF encourages the global economic cooperation)
<p><i>Strengthen Confidence and Work Together for a New Round of World Economic Growth</i></p> <p>Wen Jiabao, WEF, Davos, 28 January 2009</p>	<ol style="list-style-type: none"> 1 The ongoing crisis has landed the world economy in the most difficult situation since last century's Great Depression. <ol style="list-style-type: none"> 1.1 The current crisis has inflicted a rather big impact on China's economy. 2 The global financial crisis is a challenge for the whole world. <ol style="list-style-type: none"> (2.1) (We can tackle the global financial crisis if we have confidence.) 3 Practical cooperation is the effective way to tackle the crisis. <ol style="list-style-type: none"> (3.1) (A new global economic order that is just, equitable, sound, and stable needs to be established.)

Table 5.1: (Continued)

Text, source/author and date	The structure of argumentation
<p><i>Consolidate the Upward Momentum and Promote Sustained Growth</i> Wen Jiabao, Port city, Tianjin, 13 September 2010</p>	<p>1 In tackling the international financial crisis, we have always given top priority to transforming the economic development pattern and restructuring the economy.</p> <p>(1.1) (China has implemented a pro-active fiscal policy and the stimulus package.)</p> <p>1.2 The fiscal policy and the stimulus package are the right choice that will bring benefits to both the current and future generations and serve the interests of the world.</p> <p>2 China's development is open development.</p> <p>2.1 China gives high priority to intellectual property protection and has already made this a national strategy.</p> <p>3 China has attracted more multinational enterprises to invest in China.</p> <p>(3.1) (But they need to abide by China's laws and regulations.)</p>
<p><i>Promote Sound, Sustainable and Quality Development</i> Wen Jiabao, WEF, Dalian, 14 September 2011</p>	<p>1 The first decade of this century has seen major changes in the global political and economic landscape.</p> <p>(1.1) (China's economic growth has become the second largest in the world despite the financial crisis.)</p> <p>2 We have continued to resolve challenging issues in development by carrying out reform and steadily improved the socialist market economy.</p> <p>3 We are pursuing a win-win strategy of opening-up to increase the openness of China's economy.</p> <p>(3.1) (Joining the WTO has provided China with the 'green channel' of open economy.)</p> <p>(3.2) (China has set a number of goals and strategic tasks for boosting economic growth.)</p> <p>(3.2.1) (Increasing consumer demand, improving human capital, enhancing the role of technology, deepening reform and opening-up are among the strategic tasks.)</p> <p>4 China cannot develop itself in isolation from the world and the world also needs China for its development.</p>

The major standpoint of arguments on global economy in the U.S and China strategic texts as set out in Table 5.1 can be amalgamated by means of a modus ponens analysis, that is, an “if...then...” statement (van Eemeren, *et al.* 2002, p. 57), which is shown as follows:

Premise 1: If the values of global economy assure the well-being of humankind, they must be translated into reality even in the epoch of the financial crisis.

Premise 2: The values of global economy assure the well-being of humankind.

Conclusion: Therefore, they must be translated into reality even in the epoch of the financial crisis.

The major standpoint of arguments in the strategic texts is that the values of global economy assure the well-being of humankind; therefore, they must be translated into reality even when global economy is faced with the financial crisis. This major argument is internalized with a variety of premises. These premises all support the materialization of global economy even in the period of financial turmoil, taking for granted the role of opportunity, confidence, and challenge in the free market as the driving force for economic development. The proposition of the arguments is that the global economy must keep operating. This major standpoint is embedded in the discourse by means of a mixture of discursive processes from political economy and sociology of globalization (see Table 5.1 above). The discourse of global economy is treated as an exorable economic logic that needs to be always contested.

The discourse of global economy in the strategic texts promote and reconstruct the shared common sense, that is, building the global economy through competition in the global market, taking into account all desirable elements (discussed in Chapter 6). In certain strategic texts, the argument is very strong, for example in *China Daily*, 20 May 2011, which openly states to fight for globalization ‘We must resist de-globalization’. The deontic modal ‘must’ collocates with the verb ‘resist’, indicating an assertive opposition to de-globalization. Other texts are in doubt but still support the major standpoint, for example in the *Washington Post*, 16 March 2005 that says ‘We do not

know how global economy actually works’, assuming that global economy exists but works differently from people’s expectation. The similar arguments are found the *China Daily*, 02 April 2009 that says ‘Compromises needed to save global economy’ and *China Daily*, 24 February 2011, which mitigates ‘Global economy needs rebalancing’, implying that global economy exists but has been practiced unfairly.

The argumentative discourse explicates that even the financial crisis is seen as a ‘defining moment for the world economy’. The crisis is also seen as an opportunity i.e. ‘an opportunity to create new rules’, presupposing that global economy needs ‘new rules’ and ‘rebalancing’, because it has been seen as fulfilling ‘national interest’. The arguments in the extracts demonstrate that although it may be at stake, global economic discourse is worth fighting for. The discursive struggle is not only in the form of economy, but also through political and social aspects.

As a whole, the strategic texts share a general standpoint explicitly or implicitly. That is, the propositions of the newspaper Op-Ed articles (e.g. *Washington Post*, 17 October 2008; *China Daily*, 02 April 2009; *China Daily*, 01 July 2010) and speeches (e.g. Ben Bernanke, 1 May 2007; Barack Obama, 21 January 2011; Wen Jiabao, WEF, 28 January 2009) are concerned with prevailing global economy. The biggest standpoint of the arguments from a point of view of the context of situation is concerned with the global economy in the era of the unexpected financial crisis that has punctuated the development of globalization. As a result, differences of opinions are articulated in restructuring the disturbed global economy.

The authors are bewildered by the current development of the global economy. Therefore, different voices are articulated, for example the arguments in the *Washington Post*, 26 October 2006 and *China Daily*, 06 May 2006 (Further discussion in Chapter 8).

The authors are of the opinion that the present global economy is ‘unstable’, ‘baffles experts’, needs ‘a multi-currency monetary system’, ‘Compromises’, ‘new rules’ and ‘rebalancing’. Despite different arguments, it is contended that the world nations must ‘translate global economy as part of a process of social changes for their citizens and humankind.’

In addition to the argumentation structures as presented in Sub-section 5.2.1 above, the ways the authors maneuver in texturing strategic texts deserve discussion. In the next three sub-sections, we shall thus focus on the argumentative discourse of global economy in relation to the strategic maneuvering developed in Sub-section 4.3.3. The discussion includes: discourse of global economy and the topical potential; discourse of global economy and the audience demand; discourse of global economy and the presentational choices. In the final sub-section (Sub-section 5.2.5), the discussion turns to the discourse of global economy and speech function. These sub-sections all together constitute parts of the discursive features that are identifiable for the research objectives set out in Section 1.4.

5.2.2 Discourse of global economy and topical selection

The discourse of global economy is strategically maneuvered through topical selection. The topic of the discourse during the global financial crisis seems to suggest that the authors are defending the ideas of capitalist globalization. Whether it is clearly stated in the headline of the press like ‘Is the Global Economy Unstable?’ (*Washington Post*, 16 March 2005), ‘Capitalism's Next Stage’ (*Washington Post*, 26 October 2006), ‘A Baffling Global Economy’ (*Washington Post*, 16 July 2008) and ‘Compromises needed to save global economy’ (*China Daily*, 02 April 2009) and in the title of a speech like ‘Competing in the Global Economy’ (Barack Obama, 21 January 2011) or it can be

derived from the overall propositional content of text, the topic of discourse is all about the struggle in the current global economy. Like any other social problem, the global economy can be ‘unstable’ or ‘baffling’; hence an active social process that is hard to explain. In Obama’s speech, choosing ‘competing’ for the title rather than ‘competition’ also indicates that globalizing economy is a dynamic social material process. It is the process characterized by successive trajectories ‘Next Stage’ that need ‘Compromises’.

The topic choices are made most relevant to the context of situation (Chouliaraki & Fairclough, 1999) and the mental model (van Dijk, 2008) as part of a bigger issue in the current process of the global economy. Since the global economy affects everyone, its discourse topics correspond to the field of social life (Bourdieu, 1991) and the lifeworld (Habermas, 1984). These topics are raised and their arguments are put forward, because they are potential for measuring the economic development of the world economy. The topical potential suggests a movement from the current situation to a better improvement through discursively a yes/no question, ‘Is the Global Economy Unstable?’, through legitimization ‘Compromises needed to save global economy’ and through inexorable economic logic trajectory ‘Capitalism's Next Stage.’

The texts are bound to the context and issues of economic competition and survival in the age of globalization. For example, an Op-Ed article by Gordon Brown ‘Out of the Ashes’ (*Washington Post*, 17 October 2008) and his attention-getting sentence ‘This is a defining moment for the world economy’ fixes both the context and topic of the article. This article was written in response to the reform of the international financial system by the European Union and the USA. This Op-Ed article is persuasive. The headline of the article clearly states that ‘The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy’ (*Washington Post*, 17 October 2008). From a transdisciplinary paradigm, what one can detect from the context of its headline and the

article as a whole is that recontextualization is mobilized—a movement from the economy ‘is’ to the politic ‘ought’; the economy is nationally sluggish. Therefore, it needs restructuring between economy and politic and rescaling from the national, regional to the global economy (Fairclough, 2010; see also Section 6.3). In other words, ideologically speaking, it is a system of neoliberal economy that operates here—the economic structure that attempts to restrict the trade regulation of the government by ‘new rules’ (also in *China Daily*, 11 January 2011, the title) but allows it to be decided by the global market (Fairclough, 2009). New rules can include tight supervision ‘To do this, we need cross-border supervision of financial institutions’ (*Washington Post*, 17 October 2008, para. 8). Some countries have to supervise and regulate others in terms of financial matters. The hidden agenda beyond the discourse of supervision within the global economy is the legitimization of dominance and control of the developed economies over the least developed ones. The dominance and control are usually exercised by manipulating the mind of the public through discourse (van Dijk, 1998b).

To accord with the audience demand, the discourse topic can derail what has been announced in the title or introduction. For example, the discourse topic of George Bush’s speech was about ‘Financial markets and world economy’ (George Bush, 13 November 2008), but the speech later derails. The extracts in Example 9 below reveal:

Example 7

- (1) The leaders attending this weekend's meeting agree on a clear purpose — to address the current crisis, and to lay the foundation for reforms that will help prevent a similar crisis in the future. We also agree that this undertaking is too large to be accomplished in a single session. The issues are too complex, the problem is too significant to try to solve, or to come up with reasonable recommendations in just one meeting. So this summit will be the first of a series of meetings. It will focus on five key objectives: understanding the causes of the global crisis, reviewing the effectiveness of our responses thus far, developing principles for reforming our

financial and regulatory systems, launching a specific action plan to implement those principles, and reaffirming our conviction that free market principles offer the surest path to lasting prosperity(Applause.) [para. 6].

At the beginning of his speech, President George Bush talks about the global financial crisis and offers suggestions of how governments in the world should deal with it cooperatively, but later in the speech he move to the issue to the advantages of free market capitalism as in the extract below:

- (2) Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod [para. 28].

Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems. Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players [para. 29]. (George Bush, 13 November 2008)

This movement happens because George Bush is talking in front of American audience. He takes this opportunity of the economic crisis issue for granted and contextualizes it into preaching the global capitalism. This topic shift is ideological. The main topic of argumentative discourse is manifested in the title ‘Financial Markets and the World Economy’, but later it derails to free markets and capitalism. The topic of the speech was to ‘outline the steps that America and our partners are taking and are going to take to overcome this financial crisis’ (George Bush, 13 November 2008, para. 1). But the

argumentation shifts and thus it is rhetorically correct, but argumentatively fallacious. In other words, the argument seems to be sound, but is not so. This is because it violates the rule that the proponent must defend the topic and observes the relevance rule (van Eemeren *et al.* 2002). It is thus a good argument, but with a bad process (Tindale, 2007).

Simply put, the speech is socially and cognitively defending the global capitalism as it is clearly asserted in ‘Like any other system designed by man, capitalism is not perfect. It can be subject to excesses and abuse. But it is by far the most efficient and just way of structuring an economy’ (George Bush, 13 November 2008, para. 27). The denial linker ‘but’ and the superlative ‘most efficient’ presuppose as if other economic systems are less efficient and not just.

In a different part of the same speech, George Bush implies that the other models of economy—Cuba’s communist and Iran’s Islamic socialist—are detrimental and backward ‘Cuba, once known for its vast fields of cane, is now forced to ration sugar. And while Iran sits atop giant oil reserves, its people cannot put enough gasoline in its—in their cars’ (George Bush, 13 November 2008, para. 30). The author raises the topic that is easier to handle and most agreeable to the audience. He picked up the Less Developed Countries (LDCs) and presented their weaknesses. He undermines the development of these countries. He does not realize that the development of these countries are not always attributed to the economic systems they hold, but to the global discriminations in an opportunity due to the hegemonic political economic policies such as embargos, blockades and limited accesses to technological advances.

5.2.3 Discourse of global economy and audience demand

Argumentative discourse does not always look neutral to all audiences. The fact that George Bush (13 November 2008) chose Federal Hall National Memorial as the location for the speech delivery is political. The speech is strategically maneuvered in order to show that Americans are steadfast in holding their positions in coping with practices of the global economy even during the financial crisis. After all, the speech was delivered several days before the G20 talks about the global economic crisis.

George Bush put forward the argument that is easy to handle and most agreeable to audience as in ‘Free market capitalism is what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career’ (George Bush, 13 November 2008, para. 28). The embedded clause ‘what makes it possible’ presumes that other economic systems cannot do better than ‘free market capitalism’. Economic hardship of the “uncounted for” is marginalized. Therefore, Bush’s statement is ideological. As covered by Al-Jazeera TV between August and November 2011, the statement is contradictory to the fact that thousands of Americans had to sleep on their pick-up trucks on the street amid the seizure of their homes by the capitalist investment banks. But George Bush is still eager to promote the idea that capitalism ‘transforms’ America into a great economy, and ‘changes’ the way people buy and sell their products, without considering that capitalism is beneficial to a few people but detrimental to the others. The past failures of capitalism in 1940s and 1970s were not discussed.

Discourse and social reality, as was conceptualized in Chapter 2, have a dialectical relationship. The dialectical interdependence between discursive and non-discursive aspects provides the authors with resources for saying things according to communication setting. For example, President Barrack Obama gave his *Competing in*

the Global Economy speech at a very specific location. The President addressed his speech at General Electric Plant, vital and powerful resource for competing in global economy. Therefore, he can relate the speech to the issues of employment.

Example 8

- (1) So the deals we struck are going to mean more than \$45 billion in new business for American companies — \$45 billion — that translates into 235,000 new jobs for American workers. (Applause.) And that’s also why I fought hard to negotiate a new trade deal with South Korea that will support more than 70,000 American jobs. That’s why I traveled to India a few months ago —and Jeff was there with us—where our businesses were able to reach agreement to export \$10 billion in goods and services to India. And that’s going to lead to another 50,000 jobs here in the United States. (Applause.) (Barrack Obama, 21 January 2011, para.17)

President Obama’s speech is in some way in line with the expectation of the American audience. We can see in the text the way he adapts his speech to the majority of Americans who are still enthusiastic to maintain the interests of controlling the global market even during the US financial turmoil. According to Buckley & Desai (2011), the effect of the U.S. financial crisis from 2008 to 2011 has put millions of Americans out of work. Harvey (2010) made a similar point. Nonetheless, one of the crucial issues in Obama’s administration, as represented in the speech, is to create jobs for the American people. And that is the reason why Obama addressed his speech at such a colossal industrial plant, GE, and persuasively affirmed that he had reached a trade consensus with the leaders of China, of South Korea and India as illustrated in Example 8 (1) above.

Creating ‘jobs’ and reaching an ‘agreement to export’, among other things, is what the audience expects Obama to address in the speech. The fact that the audience applauded Obama’s statements above indicates that his messages are compatible with audience

demand, particularly in the argument ‘that translates into 235,000 new jobs.’ In short, although the two American presidents addressed their speeches in two different locations, the choices of venues and issues they raised are politically and ideologically significant. The speeches are in some way political, because Bush’s speech attempts to discursively lead other nations to follow his recommendations in tackling the financial crisis and Obama’s speech encourages the Americans to ‘compete around the world and we need to export more goods around the world’ (Barack Obama, 21 January 2011, para. 13). Both speeches are ideologically motivated, because Bush defends global capitalism through the tenets of free market and Obama through global competition.

Similar things may be surmised from the texts from China. For example, Chinese Premier Wen Jiabao delivered a speech at the opening ceremony of the World Economic Forum (WEF) meeting in Davos on January 28, 2009 and the second speech was also delivered in a similar occasion of the WEF, but in northern China's port city of Tianjin on September 13, 2010, a strong business district in China. Also, the third speech on September 14, 2011 was delivered in China but still with respect to the WEF meeting.

The first speech was attended by the WEF chairman, Professor Schwab, members of the forum, economists and corporate leaders. The other speech was attended by entrepreneurs, corporate managers, market analysts and the like. This all has its relevance to China’s role in the global economy and these people determine how the global economy propels. Earlier, Vice Premier Zeng Peiyan’s speech (25 January 2006) was delivered in the similar event, at the WEF Annual Meeting.

The choice of venue for Zeng Peiyan’s speech on 25 January 2006 and Wen Jiabao’s speech on 28 January 2009 on was arranged by the WEF organizing committee. But the

choice of venue of Wen Jiabao's speeches on 13 September 2009 and on 14 September 2011 in terms of their locations was economically and politically motivated. Nevertheless, all speeches were delivered with contents that were in accordance with audience demand. Premier Wen Jiabao bows to the free market ideology and agrees to the developed countries' proposal of finding solutions to the global financial crisis. For such a maneuvering strategy, Wen Jiabao makes persuasive statements in the 2009 WEF meeting that 'As a big responsible country, China has acted in an active and responsible way during this crisis' (Wen Jiabao, 28 January 2009, para. 4); the verb group 'has acted' and its circumstance 'in an active and responsible way' presupposes that people thought China did not act in such a way. At the end of that speech Wen Jiabao convincingly states:

- (2) I want to reaffirm here China's abiding commitment to peaceful, open and cooperative development. China is ready to work with other members of the international community to maintain international financial stability, promote world economic growth, tackle various global risks and challenges, and contribute its share to world harmony and sustainable development (Wen Jiabao, 28 January 2009, para. 14).

The extract demonstrates that although Wen Jiabao does not use the ideological word 'global' for the context of economic growth, he uses it for 'risk' and 'challenges'. This is the political economic strategy of China from the discursive perspective. The articulation of 'the commitment' agrees with audience demand. If the utterance had been 'I want to reaffirm here China's abiding commitment to free, *global* economic growth', it would sound provocative. The WEF members would think of emerging of China as the economic rival of the dominant USA. But given the fact that his authority as a leader from China is concerned with capital (economic, social, cultural), even the socialist Wen Jiabao is transforming China into the global capitalist economy. This

transformation is achieved through the audience demand in terms of a less conciliatory word ‘open’. For further examples, the extracts below illustrate:

- (3) We are committed to reform, opening-up and win-win progress. (Wen Jiabao, 28 January 2009, para. 14)
- (4) China's economy is an open economy, and China is both a major exporter and a major importer. (...) We cannot and will not pursue development with our door closed [para. 8]. (...)

China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial [paras. 13]. (Wen Jiabao, 13 September 2010)

- (5) Great progress has been made in China's comprehensive reform, opening-up and modernization endeavor during this decade [para. 3]. (...)

We are pursuing a win-win strategy of opening-up to increase the openness of China's economy. Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services [para. 6]. (Wen Jiabao, 14 September 2011)

The discourse of ‘opening-up’ is enacted to be less provocative. Actually, Barack Obama, Frederic Mishkin and Ben Bernanke also use the word ‘open’ in their speeches (see Sub-section 6.2.4); they use it as an indicator of globalist style, denoting liberal economy (Mann, 2003). But politically as an emerging economic country that wakes from its communist orthodoxy, for China the discourse of ‘opening-up’ is in some way well-matched with the globalist audience’s expectation that China has woken up from its communist slumber and embraced the free market ideology. This does not deny that the contents of the speeches are in general still tied with China’s national economic interests, where banal nationalism (Billig, 1995) is inevitable in that one’s nationality is inevitably articulated in front of the general public. The discourse of ‘opening-up’ portrays China’s involvement in the world economic arena by rescaling its national interests. We shall return to the global economy from China’s perspective in Chapter 9.

Wen Jiabao's initial placement of the adverbial circumstance 'Since joining the WTO in 2001' as the topical Theme (Halliday, 2004) of the clause complex 'we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix ...' is a discursively strategic bow to the audience demand of the international political economy that includes its institutions, the WTO and the IMF. The bow is not physical but semiotic, that is, the strategic maneuvering used in the global economic texts.

5.2.4 Discourse of global economy and presentational choices

From a genre perspective, the strategic texts are all talking about the same social problem, the same social reality, that is, economic globalization vis-à-vis in the global financial crisis. The global economy is generally argued as real—the concrete results that have been achieved. But sometimes it is imagined, which no more than the intellectual language game. This imagination is presented through 'conditional if' discourse as illustrated in the following extracts:

Example 9

- (1) In the next few weeks, we need to show the same resolve and spirit of cooperation to create the rules for our new global economy. If we do this, 2008 will be remembered not just as a year of financial crisis but as the year we started to build the world anew. (*Washington Post*, 17 October 2008, para. 11)
- (2) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. If present economic trends continue (a big "if"), the worldwide middle class will expand by 2 billion by 2030, estimates a Goldman Sachs study. (*Washington Post*, 16 July 2008, para. 4)
- (3) The record is unmistakable: If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go. (George Bush, 13 November 2008, para. 31)

- (4) If we could get beyond stale ideology, it's not hard to imagine what such a grand bargain would look like—a bit of Sweden combined with a strong dose of Silicon Valley, spiced with a pinch of Putin's Russia. (*Washington Post*, 27 February 2008, para. 11)
- (5) This is a strategic priority if we are to fundamentally ease the resources and environmental constraints, adapt ourselves to the adjustments in the international demand structure and new changes brought by the upgrading of domestic consumption, raise the quality and efficiency of our economic development and national competitiveness across the board, and promote sustainable economic development. (Wen Jiabao, 13 September 2010, para. 9)
- (6) If globalization's boosters are right, the clamor for protection will fail for lack of evidence or support. If wrong, there will be a safety valve in place to ensure that contending values – the benefits of open economies versus the gains from upholding domestic regulations – both receive a proper hearing in public debates. (*China Daily*, 11 January 2011, para. 10)

The conditional clauses in Example 9 are part of 'irrealis' statements (Fairclough, 2003); they are assumptions and predictions (e.g. 1 & 2). The enactment, discursive formation of such an argumentation strategy as conditional clauses is ideologically motivated. The use of the conditional "if" for the discourse topic strategically shapes a populist discourse that globalization is an effective moment to gain economic prosperity and that everybody is responsible to contribute. That is, the discourse supports free trade of global capitalism and belittles its negative impacts on the small firms, and the owners and their family. The 'spirit of cooperation', the 'free market' and the expansion of the 'middle classes' are naturalized as the indicators of economic globalization success. This general technique of argumentation substantially manifested through the derailment of the arguments, that is, overall the arguments are about tackling the global financial crisis.

In addition, references are often made to the voices of other global economy-backing agencies in the field, globalists, and statistical figures by means of rhetorical repertoire

and quotations. The following extracts show us that the authors refer to experts or a person with authority as well as statistical figures to strategically polish the argumentation:

Example 10

- (1) But in many new industries, vertical integration has virtually vanished, as economists Naomi Lamoreaux of UCLA, Peter Temin of MIT and Daniel Raff of the University of Pennsylvania argue in a recent study. The computer industry is hugely splintered. Some firms sell components (Intel, AMD), some software (Microsoft, SAP), some services (IBM, EDS), some hardware (Dell, Apple). There's overlap, but not much. (*Washington Post*, 26 October 2006, para. 8)
- (2) "This is what globalization features: shrinking space, shrinking time, and disappearing borders," said Hao [para. 4].

Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao [para. 5]. (...)

"Genghis Khan promoted globalization as has no ruler before him," said the Mongolian academician, who is also director of the International Institute for the Study of Nomadic Civilizations [para. 9]. (*China Daily*, 06 May 2006)
- (3) Using four different methods, we estimate that the combination of shrinking distances—thanks to container ships, telecommunications and other new technologies—and lower political barriers to international trade and investment have generated an increase in US income of roughly \$1 trillion a year (measured in 2003 dollars), or about 10 percent of gross domestic product. This translates to a gain in annual income of about \$10,000 per household. (*Washington Post*, 07 June 2005, para. 3)
- (4) In the past 27 years of the reform and opening-up, China has enjoyed an average annual GDP growth rate of 9.6% and fast development in social undertakings. In 2005, China recorded a GDP of US\$2.2 trillion and a per capita GDP of over US\$1,600. (Zeng Peiyan, 25 January 2006, para. 3)
- (5) In 1900, the GDP per capita of Argentina and Austria was \$2,765 and \$2,882 a year. During the course of the next century their growth rates were 1.13 percent and 1.94

percent. By 2000, their GDP per capita was \$8,544 and \$20,077. (*China Daily*, 20 May 2011, para. 16)

The rhetorical strategy of presentational choices by referring to competent agencies and authorities strengthens the arguments as well as inculcates the globalism. In extracts in Example 10 (1) and (2) exist rewording or direct quotes what other globalists have proclaimed in their scientific studies or use the statistical figures as illustrated in Example 10 (3)–(5) to convince the discourse participants. Such argumentative techniques of presentational choices (van Eemeren; 2010) and the statistical method (Fairclough & Thomas, 2004) characterize the discourse of global economy. The economic growth is argued to be a direct impact of ‘reform’ and ‘opening up’ which then is translated into the statistical figures.

In Example 10 (3)–(5), the language of the statistical methods manifested by the verbal groups with the mixture of processes ‘estimate’ (mental), ‘generated’ (material), ‘enjoyed’ (mental), ‘recorded’ (material), ‘was/were’ (relational) and the nominal groups ‘four different methods’, ‘an average annual GDP growth rate of’ and ‘their GDP per capita’ together with the temporal circumstances ‘In the past 27 years’, ‘In 2005’, ‘In 1900’, ‘During the course of the next century’ and ‘By 2000’ all convinces the audience about the globalization success. No information is provided whether the growth is based on all layers of society or on the wealth of just a few elites.

In this Sub-section we have seen that raising the global economy issues through the presentational choices such as ‘conditional if’, referring to authority, and the uses of statistical figures characterize the discursive construction of the global economy.

5.2.5 Discourse of global economy and speech function

The discursive construction of the global economy cannot be free from speech functions. This is because a speaker must perform a sort of speech function when she/he makes an utterance (Halliday, 2004). The focus in this section however is not on the casual speech function (Refer to Sub-section 4.3.4 for speech function) that can be performed by ordinary people but on the analysis of speech functions that are ideologically and politically based on an economic significance (see Sub-section 4.3.4). A speech function which is made by an influential figure usually performs more than that an utterance meaning signifies (see immediately below). Although the speech functions are performed in a number of realizations—demand, offer, statement, and question—the intention of the speech is ideological. Here are the extracts for the textual evidence:

Example 11

- (1) All this leads to the most important principle that should guide our work: While reforms in the financial sector are essential, the long-term solution to today's problems is sustained economic growth. And the surest path to that growth is free markets and free people. (Applause.) [para. 25]. (...)

Like any other system designed by man, capitalism is not perfect. It can be subject to excesses and abuse. But it is by far the most efficient and just way of structuring an economy. [para. 27]

Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream [para. 28]. (...)

Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players. Today, the success of the world's largest economies comes from their embrace of free markets [para. 29]. (George Bush, 13 November 2008)

- (2) Trade protectionism serves no purpose as it will only worsen and prolong the crisis. It is therefore necessary to move forward trade and investment liberalization and facilitation. (Wen Jiabao, 28 January 2009, para. 9)
- (3) There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case [para. 1].
But Congress should consider how freer trade affects the nation as a whole [para. 2].
(*Washington Post*, 07 June 2005)
- (4) Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards. (*China Daily*, 20 May 2011, para. 14)
- (5) Our export growth is rapidly recovering, yet our import has grown even faster. We cannot and will not pursue development with our door closed. (Wen Jiabao, 13 September 2010, para. 8)
- (6) China's huge market volume, sound infrastructure, strong industrial support ability and stable and fair market environment are attracting more and more multinational enterprises to invest and establish business in China. China is now one of the world's largest foreign investment destinations.(Wen Jiabao, 13 September 2010, para. 14)

The extracts above are in the form of declarative that perform the speech functions of statements. From a CDA point of view, the extracts also all perform the speech functions of evaluation in the form of statements, using evaluative adjective ‘surest’, ‘the most efficient’, ‘just’, ‘more efficient’ and ‘faster economic growth’. The evaluative statement supports that free market capitalism and that globalization is the ‘surest’ path to the world economic growth and that ‘trade liberalization’ is its operational system in which the governments need to have confidence.

President George Bush specifically in Example 10 (1) was able to make such evaluative statement as ‘And the surest path to that growth is free markets and free people’, because he has the power to do so. The statement will not be taken seriously by discourse participants, should he make the same statement after his retirement from the

presidency. Similarly, it can be said for Wen Jiabao and other authors who make the speech functions above because they have expertise and access to knowledge.

Additionally, the statements by Gordon Brown ‘The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy’ and ‘This is a defining moment for the world economy’ (*Washington Post*, 17 October 2008, para. 1) all presuppose expertise and authority, even though the statements look simple. They are not possible to be made by Britney Spears as a singer or Mike Tyson as a boxer, who are both concerned with a different social world. Making speech functions such as these require power, knowledge of the world, and authority. Neither Britney Spears nor Mike Tyson fulfills the necessary condition (Searle, 1979) that allows them to make such statements.

The extracts indicate that, as for other discourses, the discourse of global economy is shaped and constrained by social structures: power relations, education, knowledge, law and the like. These social structures constitute capital in modern society. They show people’s occupation of a network of positions in accordance with the field (Bourdieu, 1991; Chouliaraki & Fairclough, 1999). They restrict people in saying things that are either possible, i.e. meaning fulfilling felicity condition; or impossible, i.e. meaning not fulfilling felicity condition. In other words, from the constructivist point of view, “the meaning of an utterance is given in its interpretation– that is, in the struggle required to impose this interpretation, in the power relationship that it establishes” (Lecercle, 2009, p. 103). The possibility of saying the right things in the right place has something to do with social identity, the way of being attached to individuals, not collective (more discussion in Chapter 7, sub-section 7.2.1).

George Bush was able to make such evaluative statements on economic systems and simultaneously made them meaningful to the audience, because at the time he was still a globally influential figure, so that whatever he said would tend to influence the policy of the world economy. And he had power and expertise to do so. The same holds true when the statements on the global economy were made by Gordon Brown. The expression they contain can transform economic and political policies. In other words, when a speech function is performed by a powerful figure, it affects the constitution of social reality (e.g. financial market, investment, currency rate). It does so, because discourse and social reality are dialectically interconnected; discourse is constitutive and constituted (Fairclough, 2003, 2010). The individuals with a strong political power (for example as those in governments and parliaments) have access to legitimizing policies or actions by coercive discourse (Chilton & Schäffner, 1997) in the form of evaluation.

Access to power and knowledge allow people to make speech functions on debated issues:

Example 12

- (1) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. (*Washington Post*, 16 July 2008, para. 4)
- (2) *Markets must be deeply embedded in systems of governance.* (*China Daily*, 11 January 2011, para. 11)
- (3) One of the most powerful weapons for stimulating institutional development is globalization. (Ben Bernanke, 1 May 2007, para. 16)
- (4) If trade both destroys and creates jobs, what is its overall effect on employment? The answer is, essentially none. In the long run, the workings of a competitive labor market ensure that the number of jobs created will be commensurate with the size of the labor force and with the mix of skills that workers bring. (Ben Bernanke, May 1, 2007, para. 17)

- (5) Will China's economy continue to grow fast and steadily? Some people may have doubts about it. Yet I can give you a definite answer: Yes, it will. We are full of confidence. (Wen Jiabao, 28 January 2009, para. 7)
- (6) R&D is crucial in guiding our efforts to accelerate the change of growth model. During the 12th Five-Year Plan period, we will give greater priority to R&D, deepen reform of science and technology institutions, and address the root causes of R&D not fully meeting the need of economic development. (Wen Jiabao, 14 September 2011, para. 11)

The extracts above consist of claims, particularly (1–3 & 6). Economic growth has become a standard for measuring the success of economic globalization. But saying that ‘trade-driven economic growth and technology transfer have alleviated much human misery’ is beyond everyone’s capacity unless he is endowed with economic knowledge. Thus, making the speech function (1) requires that one is not only familiar with the world being represented but also demands that one is engrossed in that world. Extract (2) is a strong statement ‘must be deeply embedded in systems of governance’. The exercise of power is located in the ‘systems of governance’; it is the governance by which markets operate. The government is not accountable for in the market, but only their activities that count.

Extract (3) performs another speech function. One’s judgment of globalization as one of the ‘most powerful weapons’ for stimulating institutional development requires expertise and access to power in accordance with the social order one is attached to. Otherwise, the speech function is not to be observed by others.

The other extracts also demonstrate that making scientific but contentious statements transcends ordinary people’s knowledge. For example, whether trade and jobs can be advantageous and disadvantageous is a controversial issue that can be evaluated by an expert in the field. Extract (4) is a speech function in the form of a simple Wh-question,

but the question cannot be answered by an ordinary person. After all, the answer is ‘essentially none’ that calls for one’s qualification in the social and authoritative access to knowledge. The same goes for extract (5) in which ‘Yet I can give you a definite answer: Yes, it will’ presupposes the reliable qualification for being able to articulate the voice. Politically, even though (4) and (5) are in the forms of questions, the aim of the speech functions is for exchange of knowledge and not information seeker.

In (6) the author, Wen Jiabao, declares Research and Development as a central priority in transforming the economy. The extract cannot be articulated by a Chinese farmer because he does not have the capacity and authority to do so. The items ‘crucial in guiding effort’, ‘accelerate the change of’, ‘deepen reform’ are language used by those who have power and knowledge in the field. Neither power nor knowledge as such is shared with the general public; specific knowledge is shared only among the members of an epistemic society (van Dijk, 2003).

To sum up this sub-section, speech functions in the form evaluative statements are used by the authors of strategic texts to naturalize ideas, for example, the notion that free market system is the surest path to create and accomplish economic growth. The authors are able to produce such statement because they have access to knowledge. Through knowledge and power they have, the authors can legitimize policies, make claims, and position themselves in the issues of global economy. Understanding and having social structures such education, law and knowledge are necessary conditions that provide one with resources for saying the right things in the right places. For example, saying that globalization is one of the most powerful weapons for stimulating institutional development transcends the knowledge of an ordinary person.

5.3 Ideology in the discourse of global economy

As has been discussed in the transdisciplinary framework of CDA in Chapter 2 and Chapter 4, the essential aim of CDA is an ideology critique. The following two Sub-sections are thus concerned with the social-explanatory analysis of ideology embedded in the discourse. The main critical stance of this section, as we shall see, is that the discourse of global economy constructs capitalism and new capitalism. The discursive processes of ideology construction include lexicalization such as ‘competing in the global economy’, ‘free market’, ‘trade liberalization’ and ‘global economic development’, among others. The discursive of capitalism and new capitalism are derived from the ways a number of typical ‘keywords’ (Fairclough, 2006; see also Williams, 1983) are used in the texts.

Table 5.2 below shows us the frequency of 25 keywords occurring within 36, 566 word database on the global economic texts from the U.S and China sources. These keywords will support the analysis of the extracts. We shall, therefore, refer to these keywords at the point they are relevant to the topic of the discussion about ideology. For example, the lexical items ‘development’ and ‘growth’ are dominantly related to the discourse of global economy. Meanwhile, although its occurrences are less frequent than the items ‘development’ or ‘international’, the lexical ‘competition’ and ‘free market’ are politically conditioned in the discourse of global economy (Fairclough, 2009; see also Sub-section 5.3.1 and Sub-section 6.2.2).

Table 5.2 demonstrates that the item ‘development’ is the most apparent word (210 occurrences or 0.57%) of 25 keywords selected from the database. Meanwhile, the lexical item ‘communication/telecommunication’ ranks the lowest (12 occurrences or 0.032%). Theoretically, the item ‘development’ means “the application of human, financial, living and non-living resources to satisfy human needs and improve the

quality of human life” (Nagpal, 1995, p. 83) whereas the item ‘communication’ theoretically refers to a means of passing information through the media (Williams, 1983; see Sub-section 5.3.2.1).

Table 5.2: The 25 keywords and the number of their occurrences

No.	Vocabulary	Number of occurrences	Percentage (%)
1.	development	210	0.57
2.	growth	201	0.54
3.	international	124	0.33
4.	open	90	0.24
5.	reform	87	0.23
6.	export	71	0.19
7.	change/exchange	70	0.19
8.	capital	61	0.16
9.	investment	58	0.15
10.	import	39	0.10
11.	labor	38	0.10
12.	confidence	36	0.098
13.	cooperation	34	0.092
14.	liberalization	32	0.087
15.	employment	30	0.082
16.	innovation	26	0.071
17.	management	26	0.071
18.	challenge	25	0.068
19.	competition	25	0.068
20.	technology	25	0.068
21.	free market/free trade	23	0.062
22.	intellectual property rights	19	0.051
23.	governance	18	0.049
24.	opportunity	14	0.038
25.	communication/telecommunication	12	0.032

The item 'development' in the global economic texts, however, is used to mean economic progress. The extracts below illustrate:

Example 13

- (1) In recent years, the field of economic development has come to the conclusion that "institutions rule" and are critical to economic growth. An extensive literature focuses on financial development as a significant force driving economic development [para. 3].

However, developing good institutions that foster financial development is not easy: It takes time for institutions to evolve and adapt to local circumstances [para. 4]. (...)

2. *Strengthen the legal system.* A legal system that enforces contracts quickly and fairly is an essential step in supporting strong property rights and financial development [para. 8]. (...)

Globalizing the domestic financial system by opening financial markets to foreigners encourages financial development and growth in wealth in two ways [para. 18].

China, of course, is an example of a country that has actively encouraged exports as a means of propelling its economic growth and development [para. 28]. (Frederic Mishkin, 26 April 2007)

- (2) This time every year, renowned personages around the world would gather here to discuss major and hot issues on global development. The annual events have played an active and important role in enhancing international exchanges and cooperation and promoting prosperity and stability across the world. The theme of this year's annual meeting-"the Creative Imperative"-demonstrates extensive interest in the global development prospects and hope for a better future based on reform and innovation [para. 1]. (...)

At present, the world economy is undergoing profound changes, as evidenced by in-depth development of economic globalization, rapid advancement of science and technology, faster flow of productive factors and industrial relocation, and ever closer economic links among countries. Cooperation and development have become the trend of our times. At the same time however, the world economy is facing an increasing number of destabilizing and uncertain factors, fiercer international competition, rising trade protectionism, an unfair global economic order and a widening South-North gap. Under these new circumstances, we need to find ways to

maximize benefits and minimize harms and be more creative in development [para. 2]. (Premier Zeng Peiyan, 25 January 2006, para. 1)

Historically, in the context of an industrial and trading economy, the word ‘development’ was coined in 20th century. In its old use, the word was in close relation to evolution (Williams, 1983). The modern use of the word, however, is related to the ideas of the nature of economic transformation that need to be shared and fought for, being an economic standard for measuring the well-being of humankind. The extracts in Example 13 shows that term development is broadly used in the context of Keynesian economics, referring to financial growth, hence ‘economic development’, ‘financial development’, ‘development of economic globalization’ but with a Eurocentric model that deal with the efforts to expand capitalism in which the global discourse intersects national discourse. Thus as stated in Example 13 (2) ‘a widening South-North gap’ is inevitable. The form of intended development still cannot get away from a capitalist paradigm of development.

Global economic texts manifest the capitalist economic system. Capitalism is based upon the system of free market economics characterized by ‘free market’ and ‘free trade’ (Fairclough, 2006). The Op-Ed articles ‘The Payoff from Globalization’ (*Washington Post*, 07 June 2005), ‘Capitalism’s Next Stage’ (*Washington Post*, 26 October 2006) and the speech ‘Financial Markets and World Economy’ (George Bush, 13 November 2008) are three examples of texts concerning capitalism; see Sub-section 5.3.1 below for extracts). The texts also construct new capitalism. This ideology is characterized by the ideas such as liberation of trade, deregulation of market and reforms of social welfare, among others. This ideology also has its specific features that include the uses of advances of technology, communication, and any technological breakthrough (textual evidence in Sub-section 5.3.2 below) that escalates knowledge-driven economy.

The strategic texts also discursively construct the neoliberal economy (discussion and text extracts in Chapter 6, Section 6.3). Neoliberalism is a political, social and economic agenda aimed at removing the barriers of free economy (see Bourdieu, 1998) that are promoted as tenets by the IMF, the World Bank and the WTO (Lowes, 2006). Some governments —Britain, the USA and the European Union— support this agenda. International Banks, MNCs and the media also support this agenda. The central neoliberal orthodoxy is that markets are inherently efficient and that the state and public sector have no essential role to play in economic development apart from facilitating the expansion, intensification, and primacy of market relations. Neoliberalism operates on the designed policies that include the deregulation of the market (Replay, 2004; textual evidence in Chapter 6, Sub-section 6.2.4) and domestic and international financial systems that allow free-flow exchange rates. Neoliberalism replaces the principles of Bretton Woods reached in 1944, in which each country attempted to maintain the exchange rate of its currency (Lowes, 2006). The principles are also applied to the labor market where reduced employment and trade-union rights are designed to stimulate job creation by lowering wages and producing the labor force.

Removing or lowering the tariffs and other trade barriers like environmental standards for smooth free trade is a defining feature of neoliberalism (Rapley, 2004). The speeches by Ben Bernanke (1 May 2007) and George Bush (13 November 2008) candidly promote the neoliberal economy. The should-government-controlled industries and services such as financial institutions, railways, education, telecommunication, electricity, water, and post are privatized. The free monetarist mechanisms are used to control the movement of capital including inflation. When needed, the money supply is reduced by lowering public expenditure through cuts in welfare spending—thereby lowering social standards and demand—and increasing the cost of borrowing money by

raising interest rates (Lowes, 2006). Financial institutions are reformed, but by ‘improving corporate governance’ [para. 12] and ‘globalizing the domestic financial system by opening financial markets to foreigners [para. 18] (Frederic Mishkin, 26 April 2007).

Historically, the aforementioned ideologies are established and spread by North America, Europe and East Asia (Hirst & Thompson, 1996). This big triad of developed economies (see Sub-section 5.3.1) in the name of ‘global development’ universalizes these ideologies through economic principles, free market, deregulation of the market, and uses of technological communication. These areas of developed economies make use of policies, regulations, and laws of the international institutions, such as the IMF, and the WTO to inspire and manifest the practices of global economic system.

The emergence of these ideologies within the discourse of economic globalization likely grows from a functional consequence of the conflicts of interests that derive from goals and preferences. For example, capitalism is set out to ‘offer people the freedom to choose where they work and what they do, the opportunity to buy or sell products they want, and the dignity that comes with profiting from their talent and hard work’ (George Bush, 13 November 2008, para. 28). The freedom is materialized through many ways, including free trade since ‘Trade liberalization has a critical role to play in economic growth (Frederic Mishkin, 26 April 2007, para. 43). This tenet is mutually incompatible with other groups, such as the socialists (Fairclough, 2006) who attempt to collectively control the economy. The group of capitalist political economy seems to claim, defend or legitimize their interests and goals against other groups. For example, the idea of private control of economic productions under intellectual property rights (IPRs) and capital flows in the forms of financial markets and investment is part capitalist interests (Harvey, 2007, 2010).

The possible discrepancies in ideologies and interests imply that power relations in society can also be reproduced and legitimized at the ideological level, meaning to control other people (van Dijk, 1995). And through discourse is the most effective way to control group attitudes and ideologies, especially the fundamental, attitude-producing ones (Eagleton 199; van Dijk, 1998b). In such circumstances, people in general will not necessarily behave out of their own free will, but in accordance with the interests of the powerful and dominant as resistance in the context of globalization does not bring about economic advantages. In other words, globalization discourse examined here implies that the exercise of economic power in modern, global society is no longer primarily coercive, but persuasive, that is, ideological. For example, competition is treated as a transformative force for manifesting the global economy as in ‘We’ve seen our economy transformed by rising competition from around the globe’ Barack Obama, 21 January 2011, para. 5). But the socialist group might see global competition as the hegemonic agenda of the developed nations.

The persuasiveness and ideological aspects are internalized in the strategic argumentative discourse, both in the newspaper Op-Eds in the press and in the speeches by the leaders of the nations, who promote the global market ideology. The persuasiveness and ideological import (as we will see below) are not only inspired by the breakthroughs of social creativity such as management and technological advances that includes the web or e-culture but is also linked to politic, that is, democracy (see Section 6.3). In brief, capitalism realized by the free market and competition is seen as an inspiring economic system, because the idea allows for the private impulse or corporate ascendancy as the result of hard work (Baradat, 2000), while liberal democracy (discussed in Sub-section 6.2.4) guarantees individual freedom in a society. We shall further discuss capitalism and its trajectories, with more text extracts, in the following Sub-sections.

5.3.1 Capitalism

The discourse of global economy, as with other discourses, e.g. immigration (Wodak et al. 2009) cannot be free from ideology. The discourse of economic globalization constructs the ideology of capitalism, specifically global capitalism. For example, the authors of strategic texts argue on the advantages of ‘competitiveness’ (Ben Bernanke, May 1, 2007; Barrack Obama, January 21, 2011) ‘perseverance for opportunities’ (Zeng Peiyan, 25 January, 2006) and ‘production of large quantities of specific goods’ (Ben Bernanke, 1 May 2007), ‘free market’ (George Bush, November 13, 2008), and ‘free flow of capital’ (*Washington Post*, 17 October 2008) and ‘new economic rules’ (*Washington Post*, 17 October 2008; *China Daily*, 11 January 2011) in the discourse of global economy. This clearly indicates that the capitalist political economy is embedded in the discourse of global economy. The present global economy is in reality not really globalized; there still exists dominance, hence marginalization.

The rules of the game in the global economy (e.g. those of the WTO and the world financial institutions) are largely established in and controlled by developed economies. The following extracts can be presupposed that the U.S.A. Japan and Europe and their economic alliances played a dominant role in the global economy:

Example 14

- (1) Together, the United States, Europe and Japan are half the global economy. If they went into recession, other countries might follow. (*Washington Post*, 16 March 2005, para. 8)
- (2) Countries are growing economically more interdependent and politically more nationalistic. This is a combustible combination. The old global economy had few power centers (the United States, Europe, Japan), was defined mainly by trade and was committed to the dollar as the central currency. Its major countries shared democratic values and alliances. Today's global economy has many power centers (including

China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar. (*Washington Post*, 16 July 2008, para. 8)

- (3) With our strong institutions, deep capital markets, flexible labor markets, technological leadership, and penchant for entrepreneurship and innovation, no country is better placed than the United States to benefit from increased participation in the global economy. (Ben Bernanke, 1 May 2007, para. 30)
- (4) Because of our attractive political, legal, and entrepreneurial climates, the United States and other developed nations received a large share of that money. (...) I know some may question whether America's leadership in the global economy will continue. The world can be confident that it will, because our markets are flexible and we can rebound from setbacks. (George Bush, November 13, 2008, para. 8)
- (5) The United States, Europe, and Japan have produced comparable amounts of wealth over the long term. (*China Daily*, 11 January 2011, para. 6)

The extracts demonstrate that globalization manifestations have presumably deepened merely in the specific spaces of the Big Triad, the United States, Europe and Japan (see Hisrt & Thompson, 1996; Amin, 1997 for the argument but without textual evidence). The extracts above are in line with their claims. Although it is implied that impartiality needs to take place and confess that there are virtually new emerging economies in the age of globalization, such as 'Saudi Arabia and Russia' that attempt to get holistically involved in the global trade, the social reality of material processes is different from what the discursive practice proclaims.

The capitalist countries through their canny political economy policies still dominate the global market because 'Together, the United States, Europe and Japan are half the global economy' (1) and 'the United States and other developed nations received a large share of that money' (4). President George Bush in his speech (November 13, 2008) on the global market and world economy in the extracts below asserts that the U.S. system of economy is bound by capitalism and acknowledges that others have adopted it (see also extract 2 in Example 7) and below:

- (6) Like any other system designed by man, capitalism is not perfect. It can be subject to excesses and abuse. But it is by far the most efficient and just way of structuring an economy. At its most basic level, capitalism offers people the freedom to choose where they work and what they do, the opportunity to buy or sell products they want, and the dignity that comes with profiting from their talent and hard work [para. 27]. (...)

Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod [para. 28].

Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems [para. 29]. (George Bush, 13 November 2008)

The global capital political economy is not only articulated by speech functions (as illustrated in Example 10 and in the extracts above), it is also embedded by specific lexical items. Vocabularies play a crucial role in internalizing ideologies (Vološinov, 1973; Fairclough, 2001; see also Sub-section 4.3.5). The keywords play an important role in the discursive construction of global capitalism. These keywords and their variants include ‘free market’, ‘free trade’, ‘capital’, ‘liberalization’, ‘competition’ ‘communication/telecommunication’ (see Table 5.2 above for these keywords and the frequency of their occurrences in the texts).

The lexical items ‘free market’ and ‘free trade’, as we shall see below, play their part in the discursive construction of global economy. Market which used to mean an institution where people sold and bought things, it now means a network of dealers connected by telephone and computer. Conversely, trade that normally means exchange of goods between two individuals or nation now includes the exchange of commodities like currency and the provision of services, such as banking, telecommunication, and

transportation. As part of the exchange process, commodities and services are bought and sold for a price, which is expressed as an amount of money (Buckley, & Desai, 2011; Chomsky, 1999). The form of trade can be bilateral and multilateral and occur locally, regional and internationally. At the international level, trade can be between two countries (bilateral) or several countries (multilateral) in the export and import of commodities and services. In earlier years, trade between countries and their corporations tended to be conducted based on a tradition of being regulated to reduce risks to traders, such as licensing, insolvency, default, and rejection (Lowes, 2006). In the texts, the lexical item ‘free trade/free market’ occurs 23 times. The items are used in a way that socially constructs the political system of economy. Below are the samples of the extracts:

Example 15

- (1) It will focus on five key objectives: understanding the causes of the global crisis, reviewing the effectiveness of our responses thus far, developing principles for reforming our financial and regulatory systems, launching a specific action plan to implement those principles, and reaffirming our conviction that free market principles offer the surest path to lasting prosperity. (Applause.) [para. 6]. (...)

And the surest path to that growth is free markets and free people. (Applause.) [para. 25].

This is a decisive moment for the global economy. In the wake of the financial crisis, voices from the left and right are equating the free enterprise system with greed and exploitation and failure. It's true this crisis included failures—by lenders and borrowers and by financial firms and by governments and independent regulators. But the crisis was not a failure of the free market system [para. 26]. (...)

Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream [para. 28]. (...)

Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems. Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free

markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players. Today, the success of the world's largest economies comes from their embrace of free markets [para. 29]. (...)

The record is unmistakable: If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go. (Applause.) [para. 31]. (...)

Just as important as maintaining free markets within countries is maintaining the free movement of goods and services between countries [para. 32]. (George Bush, 13 November 2008)

- (2) But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment [para. 2]. (...)

But our estimates of future policy liberalization alone (excluding likely benefits from better communications and transportation) indicate that a move from today's commercial environment to global free trade and investment could produce an additional \$500 billion in US income annually, or roughly \$5,000 per household each year [para. 6]. (...)

America's national interest will best be served by staying the course of free trade and investment [para. 8]. (*Washington Post*, 07 June 2005)

- (3) I have no doubt that Americans overstate the degree to which globalization is responsible for this economic malaise, just as I have no doubt that economists and business executives understate it. We could probably spend the next decade figuring out whether it is free trade or changing technology or the decline of unions or simply the herd instincts of corporate executives that are most to blame for decisions to move production to Mexico or outsource to Lithuania. (*Washington Post*, 27 February 2008, para. 6)

From a CDA perspective, it is not the word 'market' or 'trade' that are politically and socially significant, but the word 'free'. A corpus-based dictionary, *Collins COBUILD* (1987) describes 21 uses of the word 'free'. The first of it means "not restricted, controlled, or limited, for example by rules, customs or other people. E.G, with the ECC there is of course free movement of labour" (p. 577).

The extracts demonstrate that market is no longer seen as the physical location from which its original use came. The vocabulary 'free' is used as a modifying adjective, meaning not intervened by government regulations. In (1) the 'free market' collocates with 'capitalism' and 'system'. This extract is from the speech of George Bush, who seems to have preferred the term 'free' to 'open'. This must have something to do with his liberal political economy, where a government's intervention in a global market is reduced to a minimum. Repeated uses of 'free market' in (1) 'free market capitalism', 'free market system' are all socially constructing the capitalist globalization. Free market capitalism is an unprecedented economic theory which can be practiced globally (Japan, South Korea, Singapore, and Taiwan) without acknowledging that free market can be detrimental to non industrialized countries, because free market presumes that there are no taxes and tariffs applied imports. The economic players presented in the extract are 'Singapore', 'Hong Kong' and 'Taiwan'; the small states that have geographical access to commercial hubs due to their locations. Other countries such as Ethiopia, Botswana, and Tonga are not represented.

The extract (1) supports the system of global capitalist political economy. The system that 'free market system' and that 'free markets turned small areas (...) into global economic players' spell out that the author prefers the capitalist economy. The American hegemonic ideological construct exists in the extract. While countries are belittled in terms of areas, free market empowered them to be global players. Only with the free market can an inanimate entity like an area be turned into global players. George Bush, as head of administration of the American congress at the time, discursively constructs global capitalism as the best system of economy as if there were no other systems that are also able to contribute to prosperity. The free market certainly has been practiced in other countries such as the United Kingdom, particularly under

Margaret Thatcher's leadership whose economic policy was notoriously known as 'TINA' —There Is No Alternative (Fairclough, 2001, 2003). But it cannot be generalized that one economic system that works in certain countries also works in many other countries (see below).

It is confessed in Example 14 (6) that capitalist economic system 'offers people freedom to choose' and other 'freedoms'. Unsurprisingly it works best for developed countries such as the USA and Japan, but does not for many of the countries in the developing world. The countries in the 'First World' have advanced technology, well connected telecommunication, qualified human resources, and reliable infrastructure that can support their industries to produce and distribute large amounts of goods. On the other hands, some developing countries could not even afford to send delegates to ministerial conferences, or to the annual WEF and others suffered from a shortage of skilled negotiators (Johnstone, 1999). Indonesian negotiators, for example, failed to negotiate with the American Freeport management in Western Papua on equal pay between local and American workers. In fact, the everlasting conflict of interests between the worker union who demand fair wages and the management of American Freeport who reject the workers demand has led to a serial number of deaths (*Jakarta Post*, October 11, 2011).

A number of LDCs particularly those in Africa (e.g. Somalia, Burundi) and Asia (e.g. Cambodia, North Korea) have thus seen the discursive practices and social practices on the global economy as a new form of imperialism originating in the USA and other industrially advanced countries through the Bretton Woods organizations they established, such as WTO, IMF (Fairclough, 2006; Harvey, 2003, 2007). Free market does not 'allow' these countries to take part in the global market because they are not able to compete with their 'super' counterparts.

Some former LDCs fortunately such as Botswana and Maldives have graduated from the LDC status. Botswana ‘graduated’ in 1994 while Maldives ‘graduated’ in 2011. However, their graduation is only in terms of the criteria according to the UN in its resolution 2768 (XXVI) of 18 November 1971 that exhibits the lowest indicators of socioeconomic development, with the lowest Human Development Index ratings of all countries in the world (United Nations, 1971). They have yet to graduate from the trap of globalization. Even developing countries (e.g. Indonesia, Kenya, and Mexico) were rated in a poll as the slowest in the globalization process (BBC, 2008).

The dominant capitalist political economy allows the social resentment to emerge among nations. For example, during ASEAN financial crisis in the late 1990s, the attitude of the dominant capitalism of rich countries has resulted in a strong reaction among the ASEAN countries due to the arrogance of the West’s response to the crisis (Johnstone, 1999). The Western countries withdrew the capital flows and terminated investment (Lowes, 2006). Although the IMF was eventually willing to help to provide loans, the funds were politically and economically maneuvered. Allocations of funds were provided for specifically buying products from the USA, such as from F16 engines, computer programs, and baby powder to chicken thighs. As a consequence, an ASEAN country, Indonesia, ceased cooperation with the IMF in 2008. The countries from the ASEAN regions have become victims of the global economy, and they constantly need to balance global political and cultural norms with traditional values and identities (Wallach & Sforza, 1999). The ASEAN values and identities are realized by regionalism, for example the establishment of APEC, which provides guidelines on what a member country can import and export for the sake of regional economic growth. Regionally these values and identities have been manifested by the ‘recalcitrant’ countries such as Malaysia and have achieved a tremendous success in

their own ways of the global economy (Fairclough, 2006). Such countries as Malaysia, Brazil and Iran have propounded a powerful national ideology and in some way rejected the ‘Anglo-American capitalism’. They join the world economy with their own strategies and rejoice in the practice. For example, each of these countries to exercise capital controls in its own ways (Woods, 2000). Capital control is the policy that is often directed by the international agencies such as the IMF on the movement of capital, exchange rate, and fiscal tightening. In the global economic policies, capital control includes controls on overseas investments and limitations on overseas lending. Emergent economies like Malaysia control their own capital movements.

The extracts (2) & (3) in Example 15 also clearly demonstrate that ‘free’ collocates with ‘trade’. The *Collins COBUILD* (1987) defines trade as “the activity of buying and selling, or exchanging of goods or services between people, firms, or countries” (p. 1550). Similarly, a dictionary of Economics (Black *et al.* 2009: 452) defines trade as “the exchange of goods between individuals or nations. Trade is the basic component of economic activity and is undertaken for mutual advantage”. Manifesting trade is one of the different things that many scholars have agreed about globalization (Schaeffer, 1997). The term ‘free trade’ should politically be called ‘corporate-managed trade’, because it produces constraints, not freedom, for the rest of the world (Wallach & Sforza, 1999).

Used either for economic reasons or a political one, the lexical items ‘free market’, ‘free trade’ is part of the concept that is nothing new under the sun, but is a new form of capitalism, an expansion of capitalist relationships in terms of time and space (Fairclough, 2006). ‘Free market’ virtually emanates from the proponents of economic globalization; the truer term should be “private market”, because the social practice of free market in their concept brings about classes; not everyone, firm is able to compete

in the global economy. The term 'free' is best applicable in such discourse as free public education; everyone can attend it and it is hardly costly. As it collocates with 'market' and 'trade', the adjective 'free' is now not only socially, but also economically and politically significant in the English language.

Theories on global economy (e.g. Adams, 2011; Held, *et al.* 1999; Buckley & Desai 2011) regard free trade as an unprecedented economic activity which is undertaken for the mutual advantage. The extracts see it as an income provider (Example 14 above) for the whole nation by providing its citizens with jobs (see also Examples 8 & 10). To put to work, a free trade economy is not only open, global but it is also based on 'competition' and 'liberalization'. Here are the extracts:

Example 16

- (1) Thanks in large part to open markets, the volume of global trade today is nearly 30 times greater than it was six decades ago—and some of the most dramatic gains have come in the developing world. (George Bush, November 13, 200, para. 32)
- (2) Shortly after the stock market crash in 1929, Congress passed the Smoot-Hawley tariff—a protectionist measure designed to wall off America's economy from global competition. The result was not economic security. It was economic ruin. (George Bush, November 13, 2008, para. 34)
- (3) In the United States, imports and foreign competition have raised incomes by 10 percent since World War II, some studies suggest. Job losses, though real, are often exaggerated. (*Washington Post*, 16 July 2008, para. 4)
- (4) Trade liberalization, which promotes a more competitive environment, will lower the revenue of entrenched firms so that they will need greater access to external sources of capital. (Ben Bernanke, 26 April 2007, para. 23)
- (5) Trade liberalization, more importantly, promotes competition in domestic markets, which in turn forces domestic firms to increase productivity and make better products, both of which drive economic growth. (Ben Bernanke, 26 April 2007, para. 36)

- (6) There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case. But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. (*Washington Post*, 07 June 2005, para. 1)
- (7) We are ready to Work with the international community to expand two-way market access, improve the multilateral trade system and advance trade and investment liberalization and facilitation so as to create a better environment for trade and economic cooperation. (Zeng Peiyan, 25 January 2006, para. 14)
- (8) Trade protectionism serves no purpose as it will only worsen and prolong the crisis. It is therefore necessary to move forward trade and investment liberalization and facilitation. (Wen Jiabao, 28 January 2009, para. 9)

One specific value of global economy is competition in the free market. Open competition is an opportunity within global economy. It is a great opportunity for the growth of global economy in which countries are all required to engage. This opportunity is globally ‘open’ for seizing by any competitive state. Since the way of competition is conditionally embedded by the cultural-political economy of each state, every state therefore must compete with one another accordingly.

Competition in the world trade is textually manifested as foreign as in ‘imports and foreign competition have raised incomes’ and global as in ‘America's economy from global competition’ and international as in ‘to compete effectively in the international arena.’ The critical question that needs a reasonable answer is that if trade is theoretically an activity that aims at mutual advantage (Black *et al.* 2009) why does trade need competition and is liberalized at the same time. The critical question demands a critical answer. Trade in the global economy has to be in ‘competition’ and needs to be ‘liberalized’, because there are monopolistic firms or groups of “bourgeoisie” who want to control their competitors. To be able to control their competitors, corporations and their supporting organizations such as WTO enacted the

policies that governments should not interfere with the free trade (Ghafele, 2004), because it is believed that trade is determined by market. In other words, there are the ‘invisible hands’ that control the market. These invisible hands are in the forms of multinational corporations (MNCs) and groups of people who have a belief in classical Greek philosophy called Hedonism and Adam Smith’s *The Wealth of Nations*—a debut masterpiece that promotes free trade, endorses competition and appreciates the IPRs with which the free market system operates.

We see from the extracts that ‘free market’ and ‘free trade’ are standard terms in global capitalism. But culturally, capitalist globalization through its new economy realized in the forms of free market and free trade tends to make the rich richer and the poor poorer (Wallach and Sforza, 1999; Hart-Landsberg, 2013); the gap “which has been widening over two decades” (Fairclough, 2006, p. 162). This can be said, because the basic premise of the capitalist economy is that competitiveness will sort out ‘the most efficient and just way of structuring an economy’ (4) in Example 11, a process that involves winners and losers (Giddens, 1990, 1999).

In the last fifteen years, free trade areas like those in Europe and North America have been established to lessen barriers between participants. The organizations such as GATT and its resultant WTO have regulated the international trade. The hidden aim of these agencies is the expansion of free trade—that is, the negotiated removals of quotas, regulations, tariffs, duties, import controls, and licensing (Fairclough, 2006; Ghafele, 2004). Competition stimulated by the open international trade is expected to boost global economic products and consequently raise the living standards for all. The side effect of free trade is that developed countries are usually capable of exporting whereas the less developed are better at importing. Consequently, as the exports are deregulated,

advanced countries and their corporations get more rewards because of existing specialization and large-scale production (Bernanke's speech, May 1, 2007). It can be surmised that there is nothing new about the idea that provisions of trade favor rich and highly capitalized countries at the detriment of underdeveloped countries because those countries that advocate free trade are generally already in a strong, competitive position. In fact even in the era of the global economy the developed countries still practice protectionism (to be discussed in Section 9.4).

The EU and the USA, for example, still provide subsidies to their agricultural, clothing and textile industries to be able to compete in the free market by getting comparative advantage. Developing countries generally are not able to provide larger subsidies for their agricultural and textile industries to retaliate their competitive counterparts from the developed countries. Ultimately, if that happens, they turn bankrupt. Local producers are unable to compete with MNCs because much of the trade that takes place in the world today comprises the exchange of elements within MNCs and corporate affiliates (Kiely, 2000; Amin, 1997). As a result, the conflict of interests within the ideas of free trade and more likely the IPRs is inevitable (Dunkley, 2004). The notion and practice of fair free trade has yet to be materialized; it is generally still part of the discursive practice.

The system of global economy manifested by free trade pioneered by the Western capitalist political economy which controls not only capital and labor force 'We know that labor is cheap in poor countries, and so we might think that capital would be especially productive there' (Frederic Mishkin, 26 April 2007, para. 18) but also excellence in producing goods as in 'The United States also excels in the manufacture and export of sophisticated capital goods and scientific equipments. Outside of manufacturing, a number of U.S. high-tech companies, including software developers

and online service providers, are world leaders in their fields' (Ben S. Bernanke, 1 May 2007, para. 7). The *modus operandi* behind this ideology is in accordance with the practices of capitalist ideology, which is based on the pursuit of three main economic objectives: (a) Larger market range (b) Lower costs of labor, and (c) Opening new opportunities provided by information technology and mass media (Scholte, 1997). These objectives are discursively embedded in the extracts in Examples 12, 13 above and Example 17 below. To argue objectives (a) and (b) by an illustration, when a capitalist company is set up in China or Vietnam, it is not only because the owner believes that China or Vietnam needs foreign investment to attain economic growth but also because the market area is large and the labor costs are low (Ali & Guo, 2005). The owner is always ready to move the company anywhere else that guarantees more returns, but with low producing costs. Technological advances, transnational trade, and labor availability ease the capitalist economy to operate around the globe.

The global economy operates as in the domain of football (Ghafele, 2004). To determine the winner, there must be a loser. This rule of the game is similar to that of the incomplete globalization processes that have forced villages and slums in poor countries to remain without telephones, electricity or safe water. The children attend school without shoes, pencils, paper or books. These countries may be rich in natural resources and agricultural products —liquid natural gas, crude oil, iron ore and cocoa, coffee—but are exploited, processed by the foreign power capitals in industrial countries and sent back to original countries to be sold at higher prices. To cite a case, we refer to the fact that the U.S. giant Mobil Oil exploited the natural gas in North Aceh from 1970s to late 1990s and processed it outside the country and sold it back to Indonesia —where the majority of the people of Aceh, Indonesia, can hardly afford wood and coconut shells for cooking. The worst was the injustice distribution of

revenues which triggered the 30-year long severe armed conflict that cost more than 15000 people of Aceh to lose their lives (Braithwaite *et al.* 2010; Chaidar, 1999). There are certainly a number of voices, for example from labor unions, Green Peace, and other environmental-protection activists who contend that globalization—characterized by free trade, free market—has benefited only the rich, deprived the poor (Hirsrt & Thompson, 1996) and caused the environment to deteriorate due to the air pollution that “does not respect national boundaries” (Brimblecombe, 2005, p. 429). Nevertheless, their voices are seldom heard.

Another undeniable fact of the economic globalization is that despite the tremendous increase in social wealth and productivity, laborers (working in sweatshops) experiences serious infringements of their rights while on the job. Their working hours always tend to be longer while the request for increase in wage does not always receive approval from the employers. Voices of labor unions are usually passed unnoticed. Laborers’ rights are frequently neglected. For example, at the time of this thesis writing, there is no a single memorandum of understanding between Indonesia as the house maid supplying country and Saudi Arabia as the employer country. As a result, the maids are sometimes beaten, tortured by the employers, and even executed by the employer country but they receive no blood money, let alone wages. This sort of extreme exploitation still exists in the era of globalized, liberalized, competitive economies.

5.3.2 New capitalism

New capitalism is the emergent form of capitalism that includes globalization, global economy, knowledge-based economy, the information society, and management (Fairclough, 2006). It is a form of capitalism that has attempted to dominate the power in the global economy, politic and other social aspects of human life. The role of

technology and telecommunications that functions in the global economy is part of new capitalism in addition to management and web culture. For ease of discussion, we have divided this sub-section on the features of new capitalism into minor Sub-sections.

5.3.2.1 Advances of technology and new capitalism

New capitalism can be characterized by the uses of advances of technology and communication. Global capitalism in addition to control on its ideology is also dominant in the technology mastery. The concept of capitalist global economy allows its practical actors to encourage the growth of global trade relations with the help provided by technology, for example, air freight and shipping. This change of operation has transformed capitalism into new capitalism. The technology-oriented capitalism is supported by its discursive construction. The extracts below from the U.S and China's sources illustrate the means by which the new capitalist political economy technically operates:

Example 17

- (1) The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. (*Washington Post* , 16 March 2005, para. 1)
- (2) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. (*Washington Post*, 16 July 2008, para. 4)
- (3) What Silicon Valley can contribute to a new American economic model is not just its fantastic technology, but its entrepreneurial spirit. (*Washington Post*, 27 February 2008, para. 13)
- (4) Over the centuries, with stops and starts, the volume of trade has expanded exponentially, driven in large part by advances in transportation and communication technologies [para. 1]. (...)

Trade also promotes the transfer of technologies, as when multinational firms or transplanted firms bring advanced production methods to new markets [para. 10]. (Ben Bernanke, 1 May 2007)

- (5) We've seen technologies transform the ways we work and the ways we communicate with one another [para. 5]. (...)

All of you represent people who each and every day are pioneering the technologies and discoveries that not only improve our lives, but they drive our economy [para.6]. (Barrack Obama, 21 January 2011)

- (6) Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao. (*China Daily*, 06 June 2006, para. 5)

- (7) We encourage our enterprises to upgrade technologies and make technological renovation. We support them in making extensive use of new technologies, techniques, equipment and materials to restructure their product mix, develop marketable products and improve their competitiveness. (Wen Jiabao, 28 January 2009, para. 5)

The lexical noun 'technology' has its own social history. According to Williams (1983), it was introduced in the English language in the seventeenth century. It was used to describe a systematic study of arts. In the modern society, technology is often associated with the application of science as it is defined as "the body of knowledge about materials, techniques of production, and operation of equipment, based on the application of science" (Black *et al.* 2009, p. 446). Technology seen as application of science has become a leading force of the global economy (Schaeffer, 1997). This indicates that concerning 'technology', a language change in the form of semantic shift in the English language and a social change in the socio-economy have occurred. For example, the information technology and telecommunications in particular have driven the global economy at a faster speed.

Textually, the extracts above demonstrate that 'technology' can collocate with 'transfer', 'transform' and 'renovation'. It is countable therefore pluralized 'upgrade

technologies’, ‘extensive use of new technologies’. Economically, technology is transferable, that is, “the transfer of techniques from countries where they more advanced to countries where they less advanced. Technology transfer may involve foreign direct investment” (Black *et al.* 2009, p. 447). Technological transfers are part of undeniable ‘gains from globalization.’ In social reality, however, like capital, technology does not move where it is more sophisticated to a location where it is financially not promising (Kiely, 2000).

The extracts show that technologies not only socially ‘transform the ways we work and the ways we communicate with one another’ but they also economically ‘improve our lives’ since they ‘drive our economy’. The discourse also manifests technology centers, such as Silicon Valley that contributes to a new economy and industrial strength. Giant companies such as the General Electric and Silicon Valley have traditionally been able to manufacture sophisticated goods ‘the high-tech steam turbines’ and ‘generators’ (Barrack Obama, 21 January 2011, para. 4) due to pioneering technology. Advances of technology have enabled activities in globalization to achieve its goals such as ‘economic growth’. This reality is ‘indisputable’. As a result, technologies should always be ‘upgraded’, and made use of for the sake developing economic growth. The authors see technologies only from the positive contribution they make for the people who can afford them.

The breakthroughs of technology especially when they achieve their IPRs are not always good for the sake of generic human progress. In the statement, ‘technologies transform the ways we work and the ways we communicate with one another.’ The ‘we’ in this context is the “monopolistic we”, and not ‘we’ as in the general public. For example, since advances in pharmaceutical technologies emerged, the secret of traditional Indian medicine producers who have relied on tree leaves for two centuries

was confiscated by the U.S. pharmaceutical companies through the WTO's regularized law, leaving the indigenous Indian populations unable to profit from knowledge they have developed over centuries (Wallach & Sforza, 1999). The pharmaceutical technology has a negative impact on traditional medicine.

The worst effect of technology transfer is when it falls to the hands of irresponsible capitalists. For example, the Bakrie Brothers in Indonesia that drilled the earth for the exploration of natural resources in Sidoarjo, East Java, have caused thousands of people to be homeless and unemployed because of the unstoppable mud flows (Normile, 2011). The application of this type of seismic technology has resulted in hundreds of homes, small leather firms, and schools to be coated with five-meter high mud flows, and ultimately contaminating the environment. Since the hot mud flows erupted in 2005, the company has refused to be accountable, declaring that the flows are a natural national disaster. Surprisingly, it is only when it causes a disaster that the technological use is a collective responsibility.

The worth that technology has contributed to human progress amid globalization is of course hard to 'dispute', see Example 16 (1) & (2). But the fact that the advantage of technological advances is selective is disputable. It is argued that 'advances in communication technologies' in Example 16 (4) have expanded economic activities such as 'trade', but communication technologies are not always affordable to every part of the planet. Technologies benefit more industrial countries than the LDCs (see Blomaert, 2005, for the presentation of an African LDC in getting access to electricity technology and Kiely, 2000, for telecommunication technology). Communication technologies are selective as they do not apply the same rate. For example, when you make a call from Sydney to Jakarta, the telecommunication cost is more expensive than when you make a call from Sydney to London, despite the fact that Jakarta is much

closer to Sydney. The rate is different because globalization has divided the planet into the nations' historical backgrounds and political interests. It is not based on geographical space. The cost of a call from Sydney to London is less expensive because Australia is part of the Commonwealth, while Indonesia is not. Telecommunication technology has benefited only some locations of the planet and not others (Kiely, 2000).

What can be generated from the socio-political angle of the extracts above is that global capitalism can make use of resources such as machinery, telecommunication facilities and other advances in technology to dominate a system of productions and distributions as the global capitalists are 'pioneering technologies'. As a result, giant companies, for example, Bill Gates Microsoft, General Motors, Netherlands-based Philip electronics, Andes chocolate, Switzerland-based Nestlé Milo, Google and AIG Insurance can manufacture products in unlimited quantities or sell their services in a wider range and distance. Consumers around the planet can buy "the same goods at the same time" (Scholte, 1997, p. 434). Unfortunately, the profits gained from the products are mostly returned to the capitalist countries where the property rights owners are headquartered not to the 'Third World' countries where the goods are manufactured or services are offered. Even though the developing countries where the products are made and sold gain revenue, the source countries gain profits. Therefore, the distribution of wealth is still the same. This is where the political economy is really functioning to divide the world economically and politically.

Using sophisticated technology, global capitalist actors can manufacture large amounts of goods with lower costs (Scholte, 2000). If the manufacturers have to hire labor force, they will attempt to do it at a low cost even though they can afford to pay higher. As a result, two associated companies, one in the USA and the other in China can obtain labor with considerably different wages. For example, when an American worker

receives US\$ 10000 per year in an American firm in the USA, a Chinese worker will make US\$ 800 a year working at the same associated American firm in China. This is the reason that foreign companies invest in countries that pay lower wages for the labor force. Although it is not stated explicitly, the authors, for example, Wen Jiabao in his speeches implies this information, as illustrated in the following extracts:

Example 18

- (1) For a country like China with 1.3 billion people, without a certain rate of economic growth, full employment and people's well-being can only be empty talk. (Wen Jiabao, 13 September 2010, para. 2)
- (2) China's huge market volume, sound infrastructure, strong industrial support ability and stable and fair market environment are attracting more and more multinational enterprises to invest and establish business in China. China is now one of the world's largest foreign investment destinations. More than 470 of the top 500 global companies have established their presence in China. (Wen Jiabao, 13 September 2010, para. 14)
- (3) We will adjust income distribution, ensure that personal income grows in step with economic growth and that labor remuneration grows in step with increase of productivity. We will gradually raise the share of personal income in national income distribution and the share of labor remuneration in primary distribution. (Wen Jiabao, 14 September 2011, para. 13).

As a country with a population of '1.3 billion people', it can be assumed that China has a very accessible labor force (we should be cognizant of Jiabao's intention). By stating that 'labor remuneration grows in step with increase of productivity', it can be inferred that current labor wages are not high. That is why hundreds of 'top companies have established their presence in China.' Unfortunately, low wages, longer working hours and pure living conditions are among the factors that have triggered suicide among the workers laboring in the global companies in China. The global media such as the CNN and the BBC covered this sad news in May of 2011.

Global investors usually spend their capital, including on technologies of production, the regions where wages are low but where market is large, so that they can exploit the huge labor force as they need it. By means of technology and labor force they can produce large amounts of goods in an efficient time period and sell their products there as well. As a result, foreign investors obtain the high returns. This is why Naomi Klein, the opponent of globalist discourse, in her book *No Logo* (1999) belittles the logic of global capitalism that justifies the unethical manner of multinational corporations in exploiting ‘Third World’ workers for the sake of profit-making. Thus globalizing an economy is a victory for the global capitalists whose agenda has resulted in “a self-fulfilling prophecy” (Kiely, 2000: 1064).

As it is true for the role of technology, communication also plays a crucial role in manifesting new capitalism (Fairclough, 2002). The extracts below (some repeated) provide further illustration that the genres and discourse of the global economy make references to ‘communication’ as a social material process that contributes to a real global economy:

Example 19

- (1) But our estimates of future policy liberalization alone (excluding likely benefits from better communications and transportation) indicate that a move from today's commercial environment to global free trade and investment could produce an additional \$500 billion in US income annually, or roughly \$5,000 per household each year. (*Washington Post*, 07 June 2005, para. 6)
- (2) Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao. (*China Daily*, 06 May 2006, para. 5)
- (3) London Heathrow airport was to become the global communications hub, the BBC the world's news provider. (*China Daily*, 01 July 2010, para. 3)

- (4) In addition, international supply chains, made possible by advances in communication and transportation, reduce costs and increase the competitiveness of U.S. firms [para. 10]. (...)

Offshoring has been driven by several factors, including improvements in international communication, the computerization and digitization of some business services, and the existence of educated, often English-speaking workers abroad who will perform the same services for less pay [para. 19]. (Ben Bernanke, 1 May 2007)

The lexical item ‘communication’ cannot escape from the language of new capitalism. This can be said so, because “today, communication is a key sector of advanced capitalism” (Lecerle, 2009, p. 65); communication manifests ‘international supply chains’ (4). As it implies, the term communication seems to have been used in the extracts to mean the transmission or exchange of information, messages or data from one party or group to another by ‘better communication’. Socially, people communicate to achieve the planned goals of interactional processes, such as obtaining or controlling economic practices within a social system (Watson & Hill, 2000). Historically, in the 18th century, the word ‘communication’ was used as an abstract general term, referring to physical facilities (roads, canals, and railways). But since the 20th century the term communication has been used to refer to a means of passing information through the media (Williams, 1983), such as the press, broadcasting and lately the internet.

The extracts in Example 18 show that globalization results in ‘the spread of communication’ (2), which leads to a possibility of being improved ‘better communication’ (1) and rescaled from the assumed local and national communication to ‘global communication’ (3), ‘international communication’ (4). Communication is used in a political sense and within a similar social context as free trade. For example, a satellite or a space station is called ‘international’ simply when two nations are involved in constructing and making use of it.

Communication is used as a tool by corporate and news network, such as the BBC for spreading globalization, disseminating information and building communication of the globe, hence 'global communication' and 'the BBC the world's news provider'. In the other words, communication plays an important role in making the world as a global village. Thus from a transdisciplinary standpoint, language has played a central role in a new capitalist system, because "the system is information-based, depends on communication technologies" (Fairclough 2002, p. 163) and because brand and branding trigger the global customers' choices (Machine & Thornborrow, 2003). People watch international news networks, such as the BBC. In Example 19 (3), 'London Heathrow airport' as 'the global communications hub' is cited, because it plays a crucial role in globalization processes. The BBC is referred to, because the salient role of language in global capitalism is taken for granted by such a media corporation.

The giant news networks, such as the BBC and the CNN can be received around the globe. Unfortunately, despite their claim of going beyond borders, these networks are in some way still partial. The CNN for example has been very much North Atlantic-oriented (Fairclough, 2001). The same holds true for the BBC. Its news coverage in a way is still more Anglo-Saxon. They of course may cover news from all parts of the world, but they usually do so from their point of views. For example, the networks often negatively expose cases of terrorism in the Middle East (Said, 1997), women rights and patriarchy system (e.g. Fish, 2002), and sectarian conflicts in the Muslim world (Kuttab, 2004).

In one of its coverage during the Egyptian uprising, the CCN interviewed a couple in a grocery store. The couple said they needed freedom, but the CNN simultaneously relayed a lady shop selling bikinis and other luxurious lady's wear. That is how the CCN interprets freedom. More than that, surprisingly, such networks usually cover what

happens in the Muslim world rather than why something happens. Presumably, the aim of these networks is to sell news rather than resolve conflicts. It seems that the networks do not want to distinguish between conflicts caused by politics, the cultural injustices and the ones triggered by faith (Said, 1997; Benhabib, 2002). The networks merely report news. Alas, the economic injustices that emerge in most small LDCs seem to have gotten less attention (Bora, Razzaque & Grynberg, 2004).

With respect to global information technologies often treated as the knowledge-based economy by advanced countries, globalization as such puts global society at risk. Globalization produces not only physically damaging risks (e.g. war and violence, see Fairclough, 2006, p. 140) but also socio-economic risks, the widening economic gap between rich and poor (see Fairclough, p. 162), that are pervasive across nations. 'Global communication' is seen as the integration process of every individual and group around the earth into a gigantic network mediated by information infrastructure, e.g. the BBC, CNN, CNBC and AL-JAZEERA. People in this globalization age can refer to global communication channels for miscellaneous recourses—from stock exchanges to everlasting conflicts (Palestine and Israel).

In short, the global economy is constructed by generalization and naturalization of ideas, policies, strategies and progresses of social material processes via genres and discourses. This generalization is part of the globalist shared consciousness. The following extracts (including repeated ones) reaffirm the discussion particularly on the role of globalization in creating people's well-being:

Example 20

- (1) The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. Countless millions have escaped poverty in Asia and

Europe. A recent study by the Institute for International Economics concluded that American living standards are roughly 10 percent higher as a result of globalization's benefits (cheap imports, greater competition, new technologies). Globalization's winners vastly outnumber its losers. (*Washington Post*, 16 March 2005, para. 1)

- (2) With our strong institutions, deep capital markets, flexible labor markets, technological leadership, and penchant for entrepreneurship and innovation, no country is better placed than the United States to benefit from increased participation in the global economy. (Ben Bernanke, 1 May 2007, para. 30)
- (3) Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology. (*China Daily*, 06 May 2006, para. 5)
- (4) This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth. (Wen Jiabao, 14 September 2011, para. 5)

The propositions in the extracts above are of the globalism in that 'technology', 'technology transfers', and 'technological leadership' are discursively constructed to play an essential role in prevailing global economy, because they eliminates 'poverty', improve 'living standards' and increase 'social wealth'. This is because in the course of the global economy 'Countless millions have escaped poverty in Asia and Europe' (1). The judgement is supported by the claim that 'Globalization's winners vastly outnumber its losers' (1).

The fact that economic prosperity does not result only from advances in 'new technology' and 'the integration of the world's markets' and good 'governance' but also from the fact that the world does not suffer from catastrophes such as droughts (destroyed agriculture of the USA and Russia in 2011), major floods (hit agriculture of Australia in 2011) and epidemics (still haunting Africa) should have been accounted for. But these social issues have been belittled in the discourse of global economy by globalization proponents. Presumably, if the proponents talked about such an issue, they

would need to deal with climate change, the issue being contentious among globalists and anti-globalization.

The statements of ‘Countless millions have escaped poverty in Asia and Europe’ and ‘Globalization's winners vastly outnumber its losers’ (1) are argued as the success of the global economy. It is argued that globalization has transformed aspects of social life, such as ‘markets’, ‘leadership’, good ‘governance’, and reliable ‘transport’ without taking into account the dominance of the advanced nations that surpass LDCs. This is because the aspiration of capitalist political economy is measured by ‘technological leadership’, higher ‘living standards’ and ‘greater competition’ of the developed economies.

Different from old capitalism which was practiced in terms of private ownership of firms, land, and machinery, new capitalism operates on limited-liability corporations, stock exchanges, ‘the world's markets’, IPRs, telecommunication and the like inspired by the application of technological innovation. All these recourses of the practices within new capitalism focus on “earning money by money” therefore ‘more cross-border trade’, the ‘integration of the world's markets’ rather than “earning money by bones”, using sickles or rudimentary tools as is still continuously practiced by blue color workers and peasants in villages in many parts of the globe. The majority of the world citizens specifically in the ‘Third World’ have to earn their living through manual labor because they do not have the required financial capacity or machinery to compete in the global economy. Or they have to work for private owners of production and distributions as ‘We have a large well-trained and relatively low-cost labor force’ (Wen Jiabao, 28 January 2009, para. 7), where there is a possibility of exploitation (see the explanation of Example 18). What labor force owns is physical strength, bio-power (Foucault, 1979) and they never dream of controlling ‘the word’s market’ or ‘cross-

border trade'; what peasants mostly own is a pair of gloves, a sickle or a hammer as it was symbolized in the flag of the demised USSR and the flag of Communist Party of China.

For the last two decades or so new capitalism has even transformed its operational strategies from capital measures or the 'earning money by money' principle to the role of management expertise in the global economy. We shall discuss this issue immediately below.

5.3.2.2 Management and new capitalism

Management has played a more crucial role in capitalism. It gives rise to new capitalism and simultaneously has become a vehicle of new capitalism (Chiapelo & Fairclough, 2002). Genres and discourses on the global economy manifest management as a trajectory of capitalism. As it can be revealed from the *Washington Post* (26 October 2006) and other texts, the management expertise contributes to a successful economic practice in modern capitalism. The extracts below are concerned with the importance of the contribution of management in exercising new capitalism even during the global financial crisis:

Example 21

- (1) Elsewhere the story was similar. Companies didn't achieve lower costs simply by adopting new technologies or building bigger factories. No matter how efficient a plant might be, it would be hugely wasteful if raw materials did not arrive on time or if the output couldn't be quickly distributed and sold. Managers were essential; so were statistical controls. Coordination and organization mattered. Companies that surmounted these problems succeeded [para. 6]. (...)

The rise of big business involved more than tycoons. Its central feature was actually the creation of professional managers. Like many great truths, this one seems obvious after someone has pointed it out [para. 7]. (...)

Older firms often suffer from their own success; managers become wedded to existing products, technologies and procedures [para. 10]. (*Washington Post*, 26 October 2006)

- (2) Silicon Valley is about a culture of risk-taking, not just by companies and investors, but workers as well. It's about companies where everyone understands that the way to get rich is to make great products that change the world. And it's about management that eschews bureaucracy, that values talent above all else, that includes fun in the compensation system and expects ideas and inspiration to flow from the bottom up rather than the top down. (*Washington Post*, 27 February 2008, para. 13)

- (3) For people to be willing to buy stocks, another way to channel funds to business, rules must be established to ensure that the managers of corporations act in the stockholders' interest. If managers find it easy to steal from the corporation, or to use funds for their own personal use rather than for the benefit of the company, no one will want to invest in the company [para. 12]. (...)

Preventing banking crises must start with prudential *regulation*, in which rules set by the government ensure that banks have sufficient capital and manage risks well [para. 13]. (Frederic Mishkin, 26 April 2007)

- (4) More generally, investing in education and training would help young people entering the labor force as well as those already in mid-career to better manage the ever-changing demands of the workforce. (Ben Bernanke, 1 May 2007, para. 26)
- (5) Because of outdated regulatory structures and poor risk management practices, many financial institutions in America and Europe were too highly leveraged [para. 10]. (...)

In addition to these important—to these management changes, we should move forward with other reforms to make the IMF and World Bank more transparent, accountable, and effective [para. 22]. (George Bush, 13 November 2008)

- (6) Always the Middle Kingdom, it has never aspired to rule the world. And the philosophy of the "middle way", a pragmatism that avoids extremes, can serve it well in treating globalization for what it is: a process of social change like any other to be managed to the advantage of a country's citizens and for the welfare of humankind. (*China Daily*, 01 October 2010, para. 9)

- (7) They (criticisms of globalization) present challenges that have to be managed. (*China Daily*, 20 May 2011, para. 13)
- (8) In terms of the major tasks of our reform, we need to promote the reform of the administrative system, and accelerate government restructuring to strengthen government capacity of social management and public services. (...) Second, we will actively and effectively use foreign investment and improve the quality of FDI utilization, laying emphasis on introducing advanced technologies, managerial expertise and high-caliber professionals. (Zeng Peiyan, 25 January 2006, para. 12)
- (9) We managed to maintain steady and relatively fast economic growth in 2008 despite two unexpected massive natural disasters [para. 6]. (...)
- Only with closer cooperation and mutual help, can we successfully manage the crisis [para. 8]. (Wen Jiabao, 28 January 2009)
- (10) What's important is to keep those negative impacts within a scope that we can manage [para. 4]. (...)
- We will make all-round efforts to save energy, water, land and materials and make comprehensive use of all kinds of resources, enhance the conservation and management of all natural resources, and take a holistic approach to protect and repair the eco-environment [para. 10]. (Wen Jiabao, 13 September 2010)
- (11) This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth. (Wen Jiabao, 14 September 2011, para. 5)

The extracts above demonstrate that the discursive representation of the global economy deals with ‘management’ (26 occurrences; see Table 5.2 in Section 5.3). The item ‘management’ can come together with ‘bureaucracy’ (2), ‘changes’ (5), ‘labor, capital, knowledge, and technology’ (11). The discourse of new capitalism concentrates on management because it is management that actually counts in the successful economic globalization. In the past, ‘Managers were essential.’ But now time has changed. Management has to be remodeled because it is part of the social change that needs to be adopted. Globalists now need the management that avoids ‘bureaucracy’ and that moves ‘the bottom up rather than the top down’, that ‘act in the stockholders’ interest’, and that is able to attack ‘challenges of globalization criticism’. This sort of management is

exemplified by giant corporations such as those in the Silicon Valley. The new management covers all economic, political, and social aspects from the financial ‘crisis’, ‘criticism of globalization’, ‘demands of the workforces’ to ‘all natural resources’. The management enables to control ‘social risks. The new management model has to be implemented even in giant financial institutions, the IMF and the World Bank, because these institutions are presupposed to be no longer suitable for contemporary economic development.

The propositions of the extracts above are in line with what high level managers advise on-job managers or those who are in training. They see management as the core priority in organizations. Management ‘guru’ Kenichi Ohmae in his *The Borderless World* (1994) is one example of these managerial experts. Management is conceived of as a sophisticated skill as there are significant changes in trade, finance and governance and one has to be very skillful in managing change. The managers should be capable of turning the imagined, the beliefs, to institutional forms and material processes (Fairclough & Thomas, 2004). The free market mechanisms of the hyper-global capitalism (see Examples 11 & 14) that include competitiveness and capital flows all have to be steered by ‘the managers of corporations’ who ‘act in the stockholders’ interest (3) in accordance with their ‘managerial expertise’ (8), i.e. management that ‘eschews bureaucracy’ (2). To achieve that end, companies therefore must be able to adapt to and transform the market in accordance with the preference of the time and customers’ tastes. This task can be implemented only by ‘the managers of corporations’ and ‘high-caliber professionals’.

Managers are seen as high rank human capitals that must be able control the companies’ affiliates, labor force, and materials. Although natural resources are abundant, labor is intensive, and the ‘new technologies’ are capable of producing large

amounts of products in a short time, the companies will still not gain profits 'if raw materials did not arrive on time or if the output couldn't be quickly distributed and sold' (1). To that end, corporations are in need of superb management.

The modern capitalism also seems to have taken for granted the breakthroughs of information technology for its development. Rather than relying on the fax-machine, conventional telephone connection, the management of new capitalism has prioritized the contribution of the internet and social networking, for example for advertising and selling the products. The tycoons not only invent these devices, but also sell and make use of them. We now turn to the analysis of the role of information-based economy in new capitalism.

5.3.2.3 Web culture, knowledge-based economy and new capitalism

In new capitalism supported by knowledge in management, technological information has also played a significant role in controlling the productions and distributions of goods and services (see Sub-section 5.3.2.1 for the general treatment on the role of technology in new capitalism). The following extracts (including repeated) show us how the new capitalist economy refers to information technology as a fundamental aspect in transforming the way people work and dominating industries in the era of global markets:

Example 22

- (1) It's also true that old, established firms —despite ample capital and technical know-how —often don't dominate new industries. Google, eBay and Yahoo rule the Internet, not General Motors, Sears or Disney [para. 9]. (...)

Chandler admits as much. Asked about how the corporation might evolve, he confesses ignorance: "All I know is that the commercializing of the Internet is

transforming the world". To fill that void, someone must do for capitalism's next stage what Chandler did for the last [para. 11]. (*Washington Post*, 26 October 2006)

- (2) Today, in a world of container ships, jumbo jets, and the Internet, goods and many services are delivered faster and more cheaply (in inflation-adjusted terms) than ever before [para. 1]. (...)

But because farming and medicine require special knowledge and skills, a far more efficient arrangement is for the farmer to specialize in growing food and for the doctor to specialize in treating patients. Through the specialization made possible by trade, the farmer can benefit from the doctor's medical knowledge and the doctor can enjoy lunch [para. 3]. (...)

Patterns of trade are determined by variations in a number of factors, including climate, the location of natural resources, and the skills and knowledge of the population [para. 5]. (...)

Offshoring has been driven by several factors, including improvements in international communication, the computerization and digitization of some business services, and the existence of educated, often English-speaking workers abroad who will perform the same services for less pay [para. 19]. (...)

Moreover, in many fields, closeness to customers and knowledge of local conditions are also of great importance [para. 20]. (...)

Importantly, workforce skills can be improved not only through K-12 education, college, and graduate work but also through a variety of expeditious, market-based channels such as on-the-job training, coursework at community colleges and vocational schools, extension courses, and online training [para. 26]. (Ben Bernanke, 1 May 2007)

- (3) This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth. (Wen Jiabao, 14 September 2011, para. 5)
- (4) It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod. (George Bush, 13 November 2008, para. 28)
- (5) We will vigorously develop strategic emerging industries, with a focus at this stage on industries related to energy conservation, environmental protection, new-generation information technology, biotechnology, high-end equipment

manufacturing, new energy, new materials and new energy vehicles. (Wen Jiabao, 14 September 2011, para. 11)

In the technological information age, giant companies such as ‘Silicon Valley’, ‘Google’, ‘eBay’ and ‘Yahoo’ that work by means of the capitalist principles (competitive in research and development) make use of cyber technology ‘the Internet’ and ‘the computerization and digitization of some business services’ as a way of dominating the economy. This new paradigm of dominating social and political economy is theoretically justified by academia (Kanter, 2001; Foster & McChesney, 2011), and is economically, politically constructed in discourse by economists (Ben Bernanke), politicians (Wen Jiabao), and socially mediated by newspaper columnists (Robert Samuelson, the *Washington Post* Op-Eds, 16 March 2005 and 26 October 2006).

The discursive construction applies to the advanced economy, the USA, as ‘Google, eBay and Yahoo rule the Internet, not General Motors, Sears or Disney’ (*Washington Post*, 26 October 2006). The negation ‘not’ indicates the development of new capitalism from old capitalism ‘General Motors, Sears or Disney’. The internet contributes to ‘faster’ and ‘more cheaply’ in delivering ‘goods and services’ (Ben Bernanke, 1 May 2007). For an emerging economy like China, in terms of information technology the same paradigm applies as ‘We will vigorously develop strategic emerging industries ... new-generation information technology’ (Wen Jiabao, 14 September 2011). China has been moving to a new economy, hence, ‘new-generation information technology’. This happens because, as it is optimistically said, the ‘internet is transforming the world’. This transformation includes changes the way people commercialize ‘goods’ and ‘many services’ and even in preparing ‘workforce skills’ by means of ‘on-line training’. What the discourse embeds here is that the breakthroughs in information technologies are

seen from a market perspective. Economic activities such as ‘commercializing’ accordingly colonize other social interests, such as disseminating information.

According to Foster & McChesney (2011) engagement in the digital world is now regarded as a requirement for successful participation in society. In the domain of management (see Sub-section 5.3.2.2), scholars have seen the internet as a necessity. Kanter (2001), a management *guru*, prescribes that companies that are successful on the web are guaranteed to *operate* differently from their laggard counterparts (cited in Fairclough, 2003). Economically speaking, the internet helps producers sell their products anywhere around the world ‘faster and more cheaply’, but politically it is only ‘Google, eBay and Yahoo’ that rule the internet. It is true to say that in present days, these web providers have replaced the way people shop from the conventional transaction (coming to the shops) to modern transaction (using internet) and unsurprisingly it does not matter whether one buys a frying pan or a diamond ring. It is even truer to say that these internet giants dominate the world information technology (see van Dijk, 2009a).

The eminent success in the way people communicate in doing businesses in modern days is not always advantageous to any business in society in all parts of the globe. This is because from a global economic perspective, it is the best products that dominate the market. Social media is helpful for some giants, but at the same time they belittle micro home industries that do not have capital to get access to such communication technologies. According to a globalization proponent, Palmer (2002), handmade products of home industries in an African developing country can be as high-quality as machine-made products in developed countries. Nevertheless, the globalist seems to have forgotten that people in developing world can hardly compete to sell their products in the global market in the information era as they do not have access to expensive

telecommunication (see Sub-section 5.3.2.1 and Kiely, 2000, p. 1064, for an example of expensive communication cost in an African country). It is absolutely true that ‘Google, eBay and Yahoo rule the Internet, not General Motors, Sears or Disney’.

Communication experts agree that advances in information technology such as the internet have transformed the corporate world. Financial institutions and business people now interact in an efficient way. This is because globalization has been seen as a process driven by increasing technological scale and information flows (Kobrin, 1997; see also Section 2.2). The information technology has made the world borderless (Ohmae, 1994; Giddens, 2000). But simultaneously unfair globalization through its information technology has turned the borderless world into parts, the producing countries and the consuming countries.

The extracts (2) & (3) also demonstrate that the global economy is now organized around the production and possession of intangible objects, that is, ‘knowledge’ and ‘skills’ as commodities. The acquisition of these ‘commodities’ is facilitated by new information and communication technologies. Graham (2002) refers to this tendency as hyper-capitalism. The economic resources as capital, technology, management and ‘knowledge’ are inseparable entities in manifest hyper-capitalism. Knowledge is a resource for ‘rapidly increasing social wealth.’ Knowledge is treated in a similar way to ‘capital’, hence, ‘social wealth’. A farmer or doctor needs to rely on specialized knowledge for economic interaction. Each needs one another. Their ‘special knowledge’ determines the ‘patterns of trade’. Knowledge is a commodity for trade. New capitalism is characterized by knowledge-based economy (KBE), for example the internet.

From a free market business perspective, the advantage of the internet and knowledge in the global economy is undeniable. In the e-culture survey for her book *Evole!* Kanter

(2001) found that the companies that use the internet tend to have flexible, empowering and collaborative organizations (Cited in Fairclough, 2003, p. 178). She urges that the companies that are laggard have difficulties in collaboration no matter how hard they work. Kanter (2001) further prescribes that companies in the e-culture globalization must create communities that are guided by the integrated purpose. This is because, she argues, web-based communities work more successfully than bureaucracy. According to Kanter, decisions in companies should not be made by those who have higher ranks but by those who have more knowledge; therefore, today KBE community is controlling the economy.

The e-culture managers who know how to manage themselves will have their companies provide self-help resources. For these managers, network companies, internet, and global finance, varying productions constitute forms of capital accumulation process. According to Robert Samuelson (*Washington Post*, 26 October 2006), companies today cannot rely entirely on professional managers without taking into account the managers' knowledge of the e-culture, the internet. Different from most roundtable-oriented management, e-culture management decisions are not made by authoritarian chiefs in a meeting. On the other hand, they can be made by those who have competencies and the decisions can be made in "exile". With the help provided by the information technology, the planet is now scaled in a "compression" of space and time, a shrinking of the world (Mittelman, 1996), the borderless world (Ohmae, 1994), "the intensification of consciousness of the world as a whole" (Robertson, 1992, p. 8), as if the informational aspects of the global economy were a "unit in real time on a planetary scale" (Castells, 1996, p. 92).

The extracts in Example 20 above discursively construct the mindsets concerning information technology, the internet, and knowledge in relation to the free market

economy deriving from the social beliefs and practices of the new capitalist political stance. But the practices need to be shared between the people who have already had the access to modern expensive information technology and those who have not, unless social critics will keep speaking for them until an alternative globalization is implemented (e.g. Kiely, 2000 and Amin, 1997).

5.4 Chapter conclusion

We can conclude from the preceding discussion that the discourse of global economy is constructed through universalization and naturalization of the beliefs, ideas, and system of modern capitalist political economy i.e. global economy is seen as an unprecedented and inexorable economic logic driven by such factors as free trade, open competition and flows of capitals. Nevertheless, the prevailing practices of this economic logic have been mired by the global financial crisis.

The authors reconstruct and defend the discourse of global economy in the period of financial crisis by argumentation. The financial ruin is arguably regarded as challenges and opportunities to create new rules for the global economy. The topics of the discussion or arguments on the financial crisis are used to promote the advantages of such issues as free market, trade liberalization and economic reform for the well-being of society.

The authors refer to the topics for ‘conversation’ through topical selection. They choose the materials they find easiest to handle. They choose the topics that are most relevant to the context of situation. The authors also choose the issues that are in accordance with audience demand, for example, the power of free market capitalism and creation of jobs. The authors can use linguistic processes, such as nominalization and statistical figures, to support their arguments. The locations and settings of genre and discursive

construction also play a considerable role in the discursive construction of global economy, for example the WEF.

The argumentative discourses on the global economy are based both on material realities and on rational imaginaries. In other words, the global economic program is reconstructed as real as well as still mystifying. Even though the authors can be in doubt concerning the current progress of global economic agenda amid the global financial crisis, their ideas are implicitly and politically in support of globalizing the world economy. The authors argue that the current globalization is not operating well, yet their points of views concerning globalizing the economy are optimistic. For example, the authors contend that (1) Globalization is leading to the integration of the world's markets, culture, technology, and governance (2) Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards and (3) Trade and globalization are lifting hundreds of millions of people out of poverty, especially in Asia, but also in parts of Africa and Latin America.

Speech functions are another linguistic resource that the authors use in reconstructing the discourse of global economy. The analysis demonstrates that through speech functions the authors can use their authority, power, and expertise to naturalize ideas, legitimize policies and reshape a particular ideology. The performance of the acts of naturalization, legitimation and reconstruction of economic policies, strategies, and activities is identifiable through the analysis of the ways the authors discuss and evaluate the progress of global economy.

The linguistic means, such as the uses of adjectives, such as 'free' and 'open' in making evaluative statements together with the intentionality of speech functions indicate that

the authors are positioning themselves in materializing the global economy through power and access to knowledge they have. The advantages brought about by globalization processes, such as ‘free trade’ and ‘open market’ are acknowledged. If disadvantages emerge, they are perceived as challenges and opportunities to seize. The ways that people struggle for these opportunities are manifested through constituting the advantages of the global economy, i.e. ‘globalization creates *more* winners than losers.’ The global economic activities may be seen as imaginaries, but manifesting them is the trajectory in economic perseverance. In other words, the shared standpoint of the argumentative discourse is that the global economy must be practiced equally and permanently even though this main goal is still far from being achieved.

The analysis indicates that the discourse of global economy in the strategic texts is not ideology free. It constructs global capitalism and new capitalism. The analysis demonstrates that the economic paradigm of dominant countries still relies on the political economy that is built upon capitalist impulse. Despite the claim that ‘the good that globalization has done is hard to dispute’ and that ‘we live in a world in which our economies are interconnected’, the current, actual practices of the global economy are still dominated by big triad economies (North America, Europe, and East Asia) and they are likely to sustain.

Global capitalism is reconstructed through speech functions. Free market system, trade liberalization and open competition are said to provide nations with a definite system of economy as well as economic development. Global capitalism is also textually constructed through keywords, such as ‘free market system’, ‘global competition’ and ‘trade liberalization’. While the advantages of the capitalist system are lionized, the government intervention in economy is discursively contested. The capitalist ideological import is discursively internalized through the frame of persuasive

communication that global economy in terms of free trade and open, global competition must be preached, adopted and implemented, because it is argued that in the end, global economy benefits all countries (large and small) and all layers of societies (labors, managers, farmers, immigrants, doctors) even though in reality this is not so.

As the ideology that has been applied in the economic system for centuries, capitalism has transformed itself into new capitalism. The examples demonstrate that this new ideology is discursively constructed in the texts on the global economy produced in newspaper Op-Eds articles and political speeches. In the course of its trajectory, old capitalism has transformed itself into new capitalism, the so-called globalization that is dependent on advances of technology, management, and knowledge. Emerging economies such as China follow the advanced capitalist steps from the USA and Europe to make progress by adapting the dominating economic system.

Advances of technology have changed the way people work, communicate and do businesses. The Silicon Valley and internet for example are claimed to have changed people's life in many aspects. The internet giants Google and Yahoo, therefore, are now in control of the new industries. Socially, the advances of telecommunication technology regrettably have not benefited the world society as a whole. They are still more accessible for communities in the developed world. Not all people in developing countries or LDCs can have access to breakthroughs in telecommunication technologies. As a result, the manifest of the global economy is partly still a dream for those people, especially when these people are forced to compete politically in order to boost the economic growth. But no mentions concerning this disadvantage are made in the strategic texts.

The advantages of free trade, technological advances and communication are often incorporated into the process of manifesting the actual global economy and are regarded instrumental in globalizing the economy. Without a doubt, this social and political incorporation inevitably gives rise to globalism. This is because the advances of technology, telecommunication, managerial expertise, deployment of the internet in businesses and knowledge-based economy are admired universally but without the thinking of the equal distribution of these resources to the world society.

CHAPTER 6

THE DISCURSIVE CONSTRUCTION OF DESIRABLE ELEMENTS AND DEMOCRACY

6.1 Introduction

The preceding chapter dealt with the ideological dimensions of the discursive construction of global economy. Two major economic ideologies were identified and discussed: capitalism and new capitalism. These ideologies are identifiable by the analysis of the aspects of texts that include argumentation, strategic maneuvering, speech functions, and vocabulary.

This chapter is the continuing discussion of the previous analytical chapter. The difference lies in the focus of discussion. The main objective of this chapter is to discuss the desirable values (assumed elements) that are embedded in the discursive construction of global economy in relation to the aforementioned ideologies. We shall discuss the desirable elements that include: the increased flows of capital and investment; competition in the global marketplace; scaling economic programs; restructuring economic practices and deregulation of trade. We shall also discuss democracy and neoliberal economy. Finally, we shall conclude our discussion by reiterating the main points of the discussion.

6.2 Five desirable elements in the discourse of global economy

The discourse of global economy is bound not only to the ideological domain but also to subtle values and beliefs. The texts examined in this thesis assume that there some elements in the form of values and beliefs in the discourse of global economy that the

proponents consider as more desirable than other economic principles. Among these important elements are increased flows of capital, competition in the global marketplace, scaling and restructuring economic practices, and deregulation of trade. We will discuss each of these major characteristics of the globalist discourse of economy in turn.

6.2.1 Increased flows of capital and investment

The most apparent characteristic of the discourse of global economy is the idea that increased flows of capital are desirable. This conceptual and operational value of the global economy is taken for granted in the discourse practice of the capitalist economic globalization. One way of presenting this value is through Foreign Direct Investment (FDI) modus operandi that is often called ‘capital’ (61 occurrence or 0.16% out of 36,566 word database) and ‘investment’ (58 occurrence or 0.15% of the database).

The word ‘capital’ and its derivatives together with the synonym ‘money’ characterize the discursive construction of global economy. The following extracts provide us with illustrations:

Example 1

(1) Vast global flows of money threaten unintended side effects. (*Washington Post*, 16 July 2008, para. 6)

(2) International flows of capital are so big they can overwhelm individual governments. And trust, the most precious asset of all, has been eroded [para. 5]. (...)

Tomorrow, French President Nicolas Sarkozy and European Commission President José Manuel Barroso will meet with President Bush to discuss the urgent reforms of the international financial system that are crucial both to preventing another crisis and to restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses [para. 9]. (*Washington Post*, 17 October 2008)

- (3) Among the institutions that are most crucial to economic growth are those that enable a country to allocate capital to its most productive uses [para. 2]. (...)

Hernando de Soto, in his important book *The Mystery of Capital*, argues that the inability of the poor in developing countries to acquire property rights is a central reason that they are unable to gain access to capital and so remain mired in poverty. For example, the use of collateral is a crucial tool that helps the financial system make loans because it reduces losses when loans go sour. A person who would pledge land or capital for a loan must, however, legally own the collateral [para. 7]. (...)

The skills necessary for bank officers to assess risks and make good lending decisions are critically important and often scarce. Poor lending policies may cause too much capital to be channeled toward low-return projects and insufficient capital to be directed toward the high-return projects needed to propel income and growth [para. 13]. (...)

First, opening financial markets to foreign capital directly increases access to capital and lowers its cost for those with productive investments to make. We know that labor is cheap in poor countries, and so we might think that capital would be especially productive there. Just think of how hugely profitable a factory might be in a country where wages are one-tenth of those in the United States. Although some of that differential would likely reflect the higher productivity of American workers, capital should, nevertheless, have extremely high returns in such countries, and, in principle, we should expect substantial flows of capital from rich countries (where the returns on capital should be relatively low) to poor countries (where they should be far higher). Such capital flows could lead to substantial benefits for poor countries in the form of larger capital stocks, higher productivity, and more rapidly growing incomes [para. 18]. (...)

Facilitating production for overseas markets creates a greater need for a well-functioning financial system because, to compete effectively in the international arena, firms need better access to capital. If they can't get capital, they won't be able to make the investments they need to increase productivity and price their goods competitively [para. 25]. (Frederic Mishkin, 26 April 2007)

- (4) The United States also excels in the manufacture and export of sophisticated capital goods and scientific equipment [para. 7]. (...)

With our strong institutions, deep capital markets, flexible labor markets, technological leadership, and penchant for entrepreneurship and innovation, no

country is better placed than the United States to benefit from increased participation in the global economy [para. 30]. (Ben Bernanke, 1 May 2007)

- (5) This is a city whose capital markets have attracted investments from around the world and financed the dreams of entrepreneurs all across America. This is a city that has been and will always be the financial capital of the world [para. 2]. (...)

At its most basic level, capitalism offers people the freedom to choose where they work and what they do, the opportunity to buy or sell products they want, and the dignity that comes with profiting from their talent and hard work [para. 27]. (George Bush, 13 November 2008)

- (6) Conservative and Labour governments both promoted the free movement of capital and the reduction of trade barriers. (*China Daily*, 01 July 2010, para. 3)

- (7) The first category is mainly represented by Germany, Japan and China, all big commodity exporters that hold a huge current account surplus, and the second is represented by the US and some European countries that enjoy huge financial advantages in exporting capital and various kinds of financial products and services that contributed to their huge current account deficits. (*China Daily*, 24 February 2011, para. 4)

- (8) Financial authorities around the world should step up information sharing and the monitoring of global capital flows to avoid the cross-border transmission of financial risks. (Wen Jiabao, 28 January 2009, para. 11)

- (9) This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth [para. 7]. (...)

China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers [para. 10]. (Wen Jiabao, 14 September 2011)

The item 'capital' was initially referred to as a formal economic category (Williams, 1983) versus capitalism as a particular form of economic system based on the principle of private ownership of the means of production and distribution (Amin, 1997).

Capitalism then is not more than ‘a product of a developing bourgeois society’ (William, 1983, p. 51). Capitalist, on the other hand, is used as an adjective to describe the whole society or the features of society in which capitalism prevails (Williams, 1983).

In its current use, capital refers to a form of economic resources. It can refer to man-made materials, financial wealth, means of production and distribution as well as labor, often referred to as human capital (Black *et al.* 2009). The extracts demonstrate that capital can refer to any of these resources: man-made materials ‘sophisticated capital goods’; financial wealth ‘the financial capital’, ‘the flow of money’, ‘free movement of capital’, ‘capital flows’, ‘larger capital stocks’; means of distribution ‘deep capital markets’; and human resources ‘the quality of human capital.’ However, it is the financial wealth that seems to provide more profits for the capitalist countries; it is thus more the focus of the discussion.

Capital is transferable from one place to another, hence ‘capital flows’, ‘to allocate capital to its most productive area’, and ‘capital would be especially productive there.’ This movement of capital is economically global as in ‘international flows of capital are so big...’, ‘global capital flows’, and ‘the financial capital of the world’. But the movement of capital is socially and politically constructed. The invisible hands do the job, hence, ‘Such capital flows’ (self-process entity), ‘exporting capital’ (active nonfinite verb without overt agency), and ‘capital to be channeled...capital to be directed toward the high-return projects’ (passive form).

Capital flows is the transfer of capital in a country or abroad. Thus, capital flows or can be moved freely; it can attract investors and governments, but it can sometimes erode trust between governments (Harvey, 2010; Lowes, 2006). It is a process where capital is

circulated to provide the owners of the means of production with a surplus they can extract as profits. It can be short, medium or long term but all have some effect on the exchange rate because money entering or leaving a country has to be converted from one form of currency to another. Medium- or long-term capital flows are considered less troublesome because they have less dramatic effect on the exchange rates and often associated with investment (Lowes, 2006). It can be short, medium or long term but all have some effect on the exchange rate because money entering or leaving a country has to be converted from one form of currency to another. In contrast, short-term capitals flows can be speculated for profit generated by interest-rate levels. A rapid growth of short-term flows can also lead to the increased instability of financial markets, such as the late 1990s East Asia crisis (Lowes, 2006; Harvey, 2010). Capital flow is the life blood of the capitalist system since it moves around the global economic system. The system sometimes weakens, gets interrupted and enters crisis. Then it alters again; hence, the enigma of capitalism (Harvey, 2010) as a vicious circle.

From an ideological trajectory point of view, this system of economy can be transformed, for example, from old capitalism (ownership of land, factories) to new capitalism (financial market, technological information, knowledge). Most important of all, the system offers people 'freedom'. People who endorse capitalism can do what they want and run any business they like; it provides them with dignity and profit because of competitive hard work. Profits in capitalist economy are perceived as a reward for those who are capable of competition (Baradat, 2000).

Investment is also conceived as a resource for the global economic development (210 occurrences) that, like capital, needs to be open, moved and increased. This is because investment is part of the resources that the discursive construction of global economy keeps constructing and is assured as part of the gains of globalization in the social

material process. The extracts below (some repeated) show us how the word ‘investment’ is deployed in the strategic texts:

Example 2

- (1) One of the big questions of our time is whether the global economy is stable. The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. (*Washington Post*, 16 March 2005, para.1)

- (2) Since World War II the United States has led the international quest to liberalize world trade and investment [para. 2]. (...)

But our estimates of future policy liberalization alone (excluding likely benefits from better communications and transportation) indicate that a move from today's commercial environment to global free trade and investment could produce an additional \$500 billion in US income annually, or roughly \$5,000 per household each year [para. 6]. (...)

America's national interest will best be served by staying the course of free trade and investment [para. 8]. (*Washington Post*, 07 June 2005)

- (3) We've been having the wrong discussion about globalization. For years, we've argued over whether this or that industry and its workers might suffer from imports and whether the social costs were worth the economic gains from foreign products, technologies and investments [para. 1]. (...)

But on the other, oil countries have an interest in keeping advanced countries prosperous, because that's where much surplus oil wealth is invested [para. 5]. (*Washington Post*, 16 July 2008)

- (4) In the same spirit, why not announce that the United States welcomes investment from the sovereign wealth funds of any nation except those that are members of OPEC and other price-fixing cartels? (*Washington Post*, 27 February 2008, para. 15)

- (5) *1. Develop strong property rights.* Strong property rights are needed to encourage productive investment because it will not be undertaken if the returns on investment are likely to be taken away by the government or others [para. 7]. (...)

Eliminating corruption is essential to strengthening property rights and the legal system. When corrupt officials demand bribes, they reduce the incentives for entrepreneurs to make investments [para. 10]. (...)

First, opening financial markets to foreign capital directly increases access to capital and lowers its cost for those with productive investments to make [para. 18]. (...)

If they can't get capital, they won't be able to make the investments they need to increase productivity and price their goods competitively [para. 25]. (...)

As we have seen, exporters have strong incentives to be productive so that they can take advantage of access to our markets, and thus they will make the investments needed for growth [para. 44]. (Frederic Mishkin, 26 April 2007)

- (6) The United States has a large surplus in trade in financial services, and U.S. firms are leaders in providing banking, investment, and insurance services to the world. (Ben Bernanke, 1 May 2007, para. 11)
- (7) This is a city whose capital markets have attracted investments from around the world and financed the dreams of entrepreneurs all across America. (...) When nations open their markets to trade and investment, their businesses and farmers and workers find new buyers for their products. (George Bush, 13 November 2008, para. 2)
- (8) And that's why, as part of the tax cut compromise that I signed at the end of the year, we provided incentives for businesses to make new capital investments – and in fact GE is investing \$13 million in advanced manufacturing at this plant, taking advantage of some of these tax breaks. (Barack Obama, 21 January 2011, para. 11)
- (9) Moreover, it should coordinate policies and strategies among different powers in the hope of building a harmonious and orderly trade and investment system to save the world economy. (*The China Daily*, 02 April 2009, para. 16)
- (10) Fast-forward to the present day and we find a truly worldwide nexus of trade, technological and financial integration, investment and migration, embodied and exemplified by global organizations including the International Monetary Fund and the World Trade Organization. In some respects, the so-called death of distance is all but complete [para. 12]. (...) To date, China, of course, has substantially outperformed India. Greater roles for foreign direct investment, export development and technology upgrading - all key elements of globalization - have been crucial to the disparity [para. 18]. (*China Daily*, 20 May 2011)
- (11) We will take the expansion of domestic demand as the basic principle in the next five years, and maintain appropriate growth in fixed-assets investment. At the same time, we will work to achieve a balance between investment and consumption, so as to enhance the role of consumption in pulling up economic growth [para. 7]. [...] First, foreign trade will be further expanded. We will step up the transformation of China's trading model and optimize the trade mix. Second, we will actively and effectively

use foreign investment and improve the quality of FDI utilization, laying emphasis on introducing advanced technologies, managerial expertise and high-caliber professionals [para. 12]. (Zeng Peiyan, 25 January 2006)

- (12) They [policy measures] are designed to stimulate consumption through increased investment, overcome the current difficulties with long-term development in mind, and promote economic growth in the interest of people's livelihood. (Wen Jiabao, 28 January 2009, para. 5)
- (13) We have pursued the dual strategy of introducing foreign capital and encouraging Chinese companies to invest overseas to achieve greater balance between the use of FDI and overseas Chinese investment [para. 6]. [...] We will continue to improve foreign-related economic laws, regulations and policies so as to make China's investment environment in keeping with international standard, transparent and more business friendly [para. 15]. (Wen Jiabao, 14 September 2011)

The extracts in Example 2 demonstrate that the lexical item ‘investment’ is textually embedded in the discursive construction of global economy, together with the vocabularies ‘free trade’ and ‘technology’ (see Sub-section 5.3.1 and Sub-section 5.3.2.1). The corpus-based dictionary *Collins COBUILD* (1987:769) describes three uses of the word ‘investment’. The first use means “the paying of money into a bank or the buying of shares, in order to receive a profit”. Used in the way, the word is synonymous with “outlay”. Meanwhile, the *ODE* by Black *et al.* (2009: 242) provides two main definitions of the word. The first use is defined as “the process of adding to stocks of real productive assets. This may mean acquiring fixed assets, such as buildings, plant, or equipment, or adding to stocks and work in progress”. In the second use the word means “the acquisition of financial assets, such as company shares.”

The extracts indicate that ‘investment’ like capital can move from one country to another called ‘foreign direct investment’ or ‘FDI’. The word thus can collocate with a number of words including ‘foreign’, ‘direct’, ‘productive’ ‘increased’ (adjectives), ‘capital’, ‘trade liberation’, ‘system’ (nominal groups), and ‘make’, ‘use’, ‘attract’ (verb

groups). The adjectival words are concerned with productivity or increase. The nominal groups are concerned with beliefs or values; meanwhile the verbal groups that the word accompanies are to do with material process verbs. The grammatical colligation of 'investment' is geographical spaces, for example, 'a city', 'the United States', 'China'; nominal groups denote economic institutions 'U.S. firms', 'future policy liberalization', 'strong property rights', 'policy measures', and the first person plural 'we'.

The extracts show that investment has become an essential concept in the discourse of global economy. Socially, investment has become one of the many different things that need to be globalized (Schaeffer, 1997); hence, its contribution to globalization gains is discursively 'indisputable'. The potential object of investment is 'capital' or money that provides investors with 'higher returns'. In fact, investment can also be directed to labor training to improve skills of the workforce and research and development; but this spending is rarely included as part of investment in the discursive construction of global economy except for 'advanced technologies, managerial expertise and high-caliber professionals'. This is perhaps because training the labor force is less lucrative.

Conceptually countries are encouraged to develop, equal growth of the world, for example, through FDI. But in reality, investment tends to move into its favored locations. The bigger the economy is, the more difficult to negotiate for investment (Lowes, 2006). This is one side effect of unequal globalization. The main objective of global economy is to create growth for mankind, i.e. 'a process of social change (globalization) like any other to be managed to the advantage of a country's citizens and for the welfare of humankind' (*China Daily*, 01 July 2010, para. 9). However, we all know that investors do not throw a dice when they invest the capital. They are selective. Put it differently, although globalization does not geographically destroy specific

locations or nationalities, from a political economic perspective, it turns the world into parts.

As we can see from the extracts in Examples 1 and 2 above, free movements of capital and investment are inevitable in global economy. Unfortunately, in reality capital investments are usually concentrated in the developed world and in a few developing countries (Hoogvelt, 1997). In recent years, China as an Asian emerging economy has become one of the most preferable among the developing countries. China has become an easy target for investment because foreign investors generally aim to take advantage of cheaper labor where production is labor intensive (Andresosso-O'callaghan & Wei, 2003).

Many other Asian countries such as Cambodia and Bangladesh are neglected. Perhaps this happens because there is still an alleged lack of infrastructure, facilities and skilled labors in these 'Third World' countries or because of the small market that exists there. The majority of developing worlds still allocate more finances in their budget on social welfare, food sustainability, clean water and sanitation. As a result, they are unable to build better roads, industrial ports and airports that could attract FDI. In effect, some developing countries (e.g. Indonesia, Bangladesh, and Tanzania) are even still 'busy' tackling crippling poverty (see Kiely, 2000; Blomaert, 2005) and corruption (see King, 2005; Lindsey & Dick, 2002; Henderson & Kuncoro, 2004) in the so called postmodern era. This situation is considerably different from the globalist's expectation that 'eliminating corruption is essential ... to make investments' (Frederic Mishkin, 26 April 2007, para. 10) and that 'the resulting economic growth ... is an important tool for poverty alleviation' (Frederic Mishkin, 26 April 2007, para. 38). These countries still have hard times understanding the goal of global economy and making it work.

The undesirable consequences of the free movement of capital and investment hurt neglected countries. For example, as lack of FDI is suffered by countries of the ‘Third World’, marginalization and inequality are unavoidable (Amin, 1997). This could be the case because “investment does not flow from the areas of capital abundance to the locations where capital is relatively scarce. Instead, it tends to concentrate in favoured locations” (Kiely, 2000: 1066). North America, European Countries and Japan are among the most favored and less developed South America and Sub-Saharan as well as small states are marginalized (Bora, Razzaque & Grynberg, 2004; Lee & Smith, 2010). Indeed, the flows of wealth to the ‘Third World’ have declined not in the globalization era but since the colonial period (Hoogvelt, 1997).

Marginalization does not always mean low quantities of investments but it also means low quality. That is, companies invest in the locations where the labor force is cheap as stated in Example 1 (3) ‘We know that labor is cheap in poor countries, and so we might think that capital would be especially productive there’ and where a lack of the government’s regulations concerning the maximum labor’s wages and environmental regulations constitute an advantage. This is partly in line with globalization from the Washington consensus onwards that was directed at freeing the movement of capital and labor so that businesses could find the cheapest labor in the most convenient locations (Lowes, 2006). But from a CDA perspective, for the sake of the overall-targeted development of humankind, the alternative globalization—the one that emerges from “below” must be compelled—by empowering the labor and labor providing countries.

However, this is not only the issue of creating equal globalization. In addition to the increased flows of capital and investment, competition also constitutes part of the

desirable elements of global economy. We now turn to the discursive representation of this issue.

6.2.2 Competition in the global marketplace

The value of stiff competition in the global marketplace is inculcated in the discursive construction of global economy. This desirable value is triggered by the notion that economic activities in this modern age are regarded successful if the firms and companies are capable of high competition (Giddens, 1990; Bernanke, 1 May 2007). The following extracts (some repeated) provide examples of the concept of competition (25 occurrences/0.068%) in the discourse of economic globalization:

Example 3

- (1) A recent study by the Institute for International Economics concluded that American living standards are roughly 10 percent higher as a result of globalization's benefits (cheap imports, greater competition, new technologies). (*Washington Post*, 16 March 2005, para. 1)
 - (2) The old postwar international financial institutions are out of date. They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies. (*Washington Post*, 17 October 2008, para. 5)
 - (3) In the United States, imports and foreign competition have raised incomes by 10 percent since World War II, some studies suggest. Job losses, though real, are often exaggerated. (*Washington Post*, 16 July 2008, para. 4)
 - (4) Facilitating production for overseas markets creates a greater need for a well-functioning financial system because, to compete effectively in the international arena, firms need better access to capital. If they can't get capital, they won't be able to make the investments they need to increase productivity and price their goods competitively [para. 25]. (...)
- Trade liberalization, more importantly, promotes competition in domestic markets, which in turn forces domestic firms to increase productivity and make better products, both of which drive economic growth. (...) One graphic example of how

trade promotes competition occurred in India, which up until 1991 had protected its tool industry with a 100 percent tariff [para. 36]. (...)

Decreasing barriers to imports also helps promote exports. Increased competition from imports lowers the profits firms can earn by focusing solely on the domestic market, and so they naturally concentrate more of their energy on exporting [para. 37]. (...)

Indeed, all examples of successful growth stories in developing economies (China, Japan, South Korea, Singapore, Taiwan, Chile) have involved export sectors that met the test of international competition, and some of these economies have also pursued trade liberalization [para. 41]. (Frederic Mishkin, 26 April 2007)

- (5) By creating a global market, trade enhances competition, which weeds out the most inefficient firms and induces others to improve their products and to produce more efficiently. The U.S. manufacturing sector, which is perhaps the sector most exposed to international competition, has achieved truly remarkable increases in its productivity in the past decade or so [para. 10]. (...)

Does opening U.S. markets to foreign producers destroy jobs at home? The expansion of trade or changes in trading patterns can indeed destroy specific jobs. For example, foreign competition has been an important factor behind declining employment in the U.S. textile industry, including in my home state of South Carolina [para. 14]. (Ben Bernanke, 1 May 2007)

- (6) Shortly after the stock market crash in 1929, Congress passed the Smoot-Hawley tariff—a protectionist measure designed to wall off America's economy from global competition. The result was not economic security. It was economic ruin. (George Bush, 13 November 2008, para. 34)
- (7) We've seen our economy transformed by rising competition from around the globe [para. 5]. (...)

So we know we can compete. Not just in the industries of the past, but also in the industries of the future [para. 12]. (...)

For America to compete around the world, we need to export more goods around the world. That's where the customers are. It's that simple [para. 13]. (...)

Our job is to do everything we can to ensure that businesses can take root and folks can find good jobs and America is leading the global competition that will determine our success in the 21st century [para. 28]. (...)

So ultimately winning this global competition comes down to living up to the promise of places like this [para. 34]. (Barack Obama, 21 January 2011)

- (8) At the same time however, the world economy is facing an increasing number of destabilizing and uncertain factors, fiercer international competition, rising trade protectionism, an unfair global economic order and a widening South-North gap. (Zeng Peiyan, 25 January 2006, para. 2)

The term 'competition' is linguistically defined as "a situation in which two more people or groups are trying to get something which one person or group can have" or "an activity involving two or more firms, in which each firm tries to get people to buy its goods in preference to the other firm's goods" (*Collins COBUILD*, 1987, p. 283). These two definitions of 'competition' inform us that competition is a situation in the first definition; or an activity in the second, that involves two or more people or firms. Linguistically, these definitions are self-evident. However, in the discourse of global economy the word is used in a similar way, but may not be materialized fairly in practice.

Competition is discursively viewed as the economic operational element in the world economy. The extracts indicate that competition can lexically come together with 'trade' as in 'trade promotes competition' and 'trade liberation' as in 'Trade liberalization, more importantly, promotes competition', collocated by 'promote' or 'enhance' as in 'trade enhances competition.' Competition is global in nature, hence 'global competition', and 'international competition', 'foreign competition'. But at the same time, competition can be 'fiercer', 'greater', and 'rising'. Competition needs 'promoting', 'enhancing', and most importantly 'winning'. The social agent of the competition process is not specified, but can be dominated as in 'to compete effectively in the international arena, firms need better access to capital', 'For America to compete around the world', and 'America is leading the global competition'.

The grammatical colligation can be nationalities as in ‘For America to compete’, ‘America is leading the global competition’, ‘developing economies’ (China, Japan, South Korea, Singapore, Taiwan, Chile) and financial institutions and organizations as in ‘The old postwar international financial institutions’, ‘U.S. markets’, ‘Trade liberalization’. This indicates that competition amounts to a desirable value of the global economy since competition drives the global economy. This value is politically constructed by the dominant economies and their financial institutions.

Like the flows of capital, competition is determined by market. As a result, economic globalization provides opportunities for countries around the world to compete in the single global marketplace. But the reality is different from what the dominant globalists proclaim. Most of the economies are dominated by giant corporations. As a result, there is no actual competition in the global market. For example, the French *Danone* mineral water producer under the name *Aqua* controls 93% of mineral water market in Indonesia. The worst is the fact that this company takes 7, 2 billion litres of water a year from Indonesian ground alone and gains a profit of Rp 10 trillion/US\$1 billion a year. Ironically, the incoming revenue from this company to Indonesia is only Rp 35 billion a year, which is approximately Rp 5/\$00.05 cent per litre (Solidaritasburuh.org, 2011; see also Taliwang, 2011).

The same is true for other giant companies. Switzerland’s patented trademark dairy products Nestlé reaches the global market from Ethiopia to Indonesia, undermining the development of local dairy companies (*GRAIN*, 07 December 2011; *KOMPAS*, 17 June 2009). Unfortunately, despite huge profits from these products, such giants rarely take part in helping reduce starvation in poor countries like Somalia and Ethiopia despite the fact that they sell their products there. In fact, Nestlé is even accused of having killed babies in those places (see *INFACT’s* report, 2004).

Despite the claim ‘there is global, not national, competition’, the course of history has shown that competition as a system of global market is, in the end, not always fair. This is because a strong trade competition very often brings about monopolistic market. Only those companies that manufacture mass productions will control the market. Ultimately, certain groups of people and firms control the global economy.

Global economy of course does not exist without competitive trade. In fact, as some authors have argued, “trade is as old as humanity, or nearly so” (Bernanke, May 1, 2007, para. 1). According to Guiseppi (2000), even ancient peoples traded objects such as rare stones and shells across fairly long distances even in prehistoric times. Nevertheless, we do not know whether the ancient peoples traded as we do in the era of global economy.

Countries are encouraged to compete in order to thrive and provide jobs for their people. The utterances ‘We’ve seen our economy transformed by rising competition from around the globe’ and ‘America is leading the global competition’ in Example 3 (7) show us that the USA is still eager to dominate the world’s economy by means of naturalizing competitiveness value in economic social affairs. Given the fact that not all companies particularly those located in the developing economies are giants, this desirable value needs to be transformed, so that local and national companies in those countries are able to participate in the global economy by cooperating with the giants, such as Silicon Valley and General Motors.

Competition in global capitalism is seen as the engine of a new economic system. One way of economic competition in the global economy is to produce large amounts of goods and provide high quality services. The discourse of global economy encourages companies to manufacture special goods in order for them to compete. According to

Bernanke (1 May 2007), when the companies are producing large quantities of specific goods, the opportunity for them to compete is open and as a result of that the competitive free trade becomes global. The worst consequence of it is that this practice of global economy brings about an unhealthy competition. That is, the social Darwinism philosophy of 'survival of the fittest' emerges. Small firms have to produce limited amount of goods and they have to raise the prices. For example, in Malaysia a global mint company can sell six pieces of chewing gum for only one Ringgit and still gets profit. Conversely, a similar small local firm must sell three pieces of chewing gum for one Ringgit in order to get profit. As a result, the local small firms do not have customers and ultimately they collapse. The practices of existing global capitalist economy give rise to perils not promises.

The most dangerous peril is monopoly. The competitive market has placed the 'nation-state' like the USA to hold the top position in the global hierarchy because of its capacity to compete in the global market (Amin, 1997). The USA and the G7 have attempted even to control worldwide financial markets in order to exercise the monopoly, using the U.S. dollar as one of the main currencies of transaction. More than that, the USA and its seven partners managed to establish the Bretton Woods institutions, the IMF, the World Bank and GATT-WTO (Lowes, 2006). But unfortunately these institutions have not done much to facilitate development in developing countries (Amin, 1997). Instead, they prefer countries which are excellent competitors.

The role of competition in the practices of global capitalism has made the social affairs, free trade, import and export vulnerable to oppression. At the beginning the process of competition is like a game of football (Ghafele, 2004). It normally runs smoothly, but in the long run it may turn to a real competition. This is because whether the game is held

for friendship or for a trophy, the participants of each side are cognizant that the set target is to win the game. The same is true in a global marketplace. Although countries sign mutual trade agreements as stated in the following ‘During those meetings, we struck a deal to open Chinese markets to our products. They're selling here, and that's fine. But we want to sell there.’ (Barrack Obama, 21 January 2011, para. 16), each country endeavors to obtain the best opportunity. In other words, the countries engaged in the agreement always attempt to export more but import less. Accordingly, the item ‘export’ occurs 71 times (0.19%) while ‘import’ occurs 39 times (0.10%) in the strategic texts. This suggests that it is the strongest producing-country that will benefit most.

One can learn from ‘They're selling here, and that's fine. But we want to sell there.’ that the global economy involves exports and imports between countries. But the economic policies and politic of a country are the most determinant. At first, the reification of open competition in the global economy is manifested via discourse. Then the discursive practice moves to social reality, realizing through productions–distributions, and imports–exports. A country can win either at the discursive practice or in actual material processes or even both. Normally competition is of the same importance within the practices and within the hybridity of moments of economy and politic. As the two practices have a dialectical relationship, those countries that control the discursive practice also dominate the actual material processes (Eagleton, 1991). In brief, although an open competition plays a guiding role in the global economy (Bernanke, 1 May 2007), it does not seem to support the statement that globalization benefits everyone (Steger, 2005). The global economy definitely benefits some countries and simultaneously it does hurt others. For example, the U.S. market once rejected China-made children toys because they were judged unsafe. At the time of writing this thesis, the European authorities still prohibit the Indonesian *Garuda Airway* to fly in the

European flying zone, because the company cannot meet the European standards of aviation. The ‘unsaid’ regulation is enacted because the Indonesian Garuda will take the European Sky Team’s customers such as of *KLM* and *Air France*. This indicates that the unequal globalization still operates in the late modernity, even though, as we shall see below, attempts have been discursively made to rescale the economies.

6.2.3 Scaling economic programs

In this Sub-section we look at the role of scaling economic practices, which is constituted as desirable in the practices of global economy. The discursive practice of the current economy focuses on rescaling from local, national to global and restructuring the economy and politic. The notion of flexibility (Fairclough, 2006) in defining space and time is conceived as a crucial feature of the discourse of global economy. This desirable value should stand hand in hand with the concept of competition discussed above and other desirable values. The extracts below, partly reused, allow us to make references for the illustrations of rescaling:

Example 4

- (1) But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. (*Washington Post*, 07 June 2005, para. 2)
- (2) Today's global economy has many power centers (including China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar. (*Washington Post*, 16 July 2008, para. 8)
- (3) The old postwar international financial institutions are out of date. They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies [para. 5]. (...)

We have to tackle the root causes. So the next stage is to rebuild our fractured international financial system [para. 7]. (*Washington Post*, 17 October 2008)

- (4) Over the past week, we have shown that with political will it is possible to agree on a global multibillion-dollar package to recapitalize our banks across many continents. In the next few weeks, we need to show the same resolve and spirit of cooperation to create the rules for our new global economy. (*Washington Post*, 17 October 2008, para. 11)
- (5) One of the most powerful weapons for stimulating institutional development is globalization. Wealth is not something that can be attained by remaining closed off to the rest of the world. (Frederic Mishkin, 26 April 2007, para. 16)
- (6) We will deepen reform and increase the dynamism and vitality for sustainable development. China's development and progress would not have been possible without reform and opening-up. And to achieve the modernization goal of building a prosperous, democratic, culturally-advanced and harmonious country, we still need to rely on reform and opening-up. (...) We must deepen comprehensive reforms in the economic, political and other fields to enable the entire system to better meet the needs of developing a modern economy and building socialist democracy, push forward social equity and justice and facilitate the free and all-round development of the people. (Wen Jiabao, 13 September 2010, para. 12)
- (7) We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations. China today is a fully open market economy. The opening-up policy has both benefited China's development and the well-being of its people and contributed to regional and global economic growth [para. 6]. (...)
- We will continue to advance both economic and political structural reform to create strong impetus for economic and social development [para. 14]. (Wen Jiabao, 14 September 2011)

Being able to define critically and implement the concept of time and space: past vs. today, agricultural age vs. information technological era, local vs. global is absolutely necessary in the era of globalization (Fairclough, 2003). The processes of rescaling and restructuring are not predetermined, not naturally given, but socially constructed (Fairclough, 2006). For example, the discourse of national economy is recalled from the UK to global and from the USA to global.

The extracts in Example 4 demonstrate that now there exists the economy that is not ‘national’ but ‘global’; hence the global economy is articulated to include ‘China, Saudi Arabia and Russia’, or being lexicalized and grammaticalized ‘across many continents’, ‘not ... by remaining closed off to the rest of the world’, ‘bilateral and multilateral economic and trade relations’. Since scaling economies involves politic, the process also involves human agents ‘we’ as in ‘we have shown...’ and ‘we must deepen comprehensive reforms...’ Despite scaling, there exists dominance even during the financial turmoil. The control is in the form of trade liberation ‘the United States has led the international quest to liberalize world trade and investment’ and the ‘new rules’ such as international financial supervision. But these rules are to be supervised by selected cross-border countries as in ‘To do this, we need cross-border supervision of financial institutions’ (*Washington Post*, 17 October 2008, para. 8). It can be assumed that the supervision is conducted by the advanced economies, those are in the continental Europe and the USA. Developing economy countries in other continents set up their own social policies and strategies to prosper in the global economy.

As a smart emerging-economy country, China represented by its leaders strategically maneuvers by taking part in the global economy as stated in the following ‘The opening-up policy has both benefited China's development and the well-being of its people and contributed to regional and global economic growth’ (Wen Jiabao, 14 September 2011, para. 6). The opening-up policy provides China with a “safe haven” to political bow to the dominant U.S. and European paradigm of the global economy but at the same time prioritizing national interests. In fact, that discursive practice is no more than lip service— an intelligent attempt to maintain a status quo by the metaphor of ‘opening-up’ and ‘reform’ (see Sub-section 6.2.4 for opening up and reform and Sub-section 6.2.5 for opening-up and liberalization). This statement seems pejorative, but it

can be true because the discursive representation of global economy does not seem to abandon the national interests, goals and motives of an engaging country (We shall discuss national particularities in Chapter 9). We now move to restructuring.

6.2.4 Restructuring economic practices

Restructuring can mean changing the ways a country operates its economic policies and strategies in reorganizing enterprises for the long-term development. The extracts in Example 4 above and those in Example 5 below provide us with typical examples:

Example 5

- (1) Global economic integration—the merging of markets, the mutual dependencies of countries— has raced well ahead of either political integration or intellectual mastery. We simply don't understand well how the global economy operates. Nor is it clear how countries with diverging interests and shared suspicions will cooperate in a crisis [para. 3]. (...)

Every economic system requires a political framework, but the framework for the global economy is creaky. Twenty years ago, the "world economy" consisted mainly of the United States and its Cold War allies. But the political foundation for cooperation has weakened. Our relations with old Cold War allies are strained, while relations with new trading partners—China especially—are ambiguous [para. 10]. (*Washington Post*, 16 March 2005)

- (2) Despite the huge payoff to the United States, maintaining political support for trade liberalization has never been easy. (*Washington Post*, 07 June 2005, para. 7)
- (3) Third, implement the industrial restructuring and rejuvenation program on a large scale. We are seizing the opportunity to push ahead comprehensive industrial restructuring and upgrading. (Wen Jiabao, 28 January 2009, para. 4)
- (4) We are seizing the opportunity to push ahead comprehensive industrial restructuring and upgrading. In tackling the international financial crisis, we have always given top priority to transforming the economic development pattern and restructuring the economy. In the past two years, domestic demand, consumption in particular, has played an increasingly strong role in driving economic growth. (...) What is more important is that we have made all-round arrangements for accelerating the

transformation of economic development pattern and economic restructuring from a macro and strategic perspective. (Wen Jiabao, 13 September 2010, para. 3)

- (5) We need to take into consideration both the immediate needs and long-term development and, while continuing to energize the recovery, create conditions for sustainable development through structural reform. This is a common task for all countries. (Wen Jiabao, 13 September 2010, para. 3, para. 8)
- (6) We must deepen comprehensive reforms in the economic, political and other fields to enable the entire system to better meet the needs of developing a modern economy and building socialist democracy, push forward social equity and justice and facilitate the free and all-round development of the people. (Wen Jiabao, 13 September 2010, para. 3, para. 12)
- (7) We will continue to advance both economic and political structural reform to create strong impetus for economic and social development. (Wen Jiabao, 14 September 2011, para. 14)

Restructuring the global economic development is textually constructed as ‘diverging interests’, ‘transforming the economic development pattern’ from small to ‘a large scale’ and from micro to ‘a macro and strategic perspective’ which is politically seen as a ‘common task for all countries.’ The process of restructuring enables a globalizing country to increase domestic demands that plays a crucial role in driving the economic growth in a short term. It also facilitates a country’s economic growth in the long run. Restructuring is taken for granted as a strategic momentum in the processes of global economy. Restructuring and rescaling are internalized through a contextualized movement from the economy to the politic, from ‘closed’ to ‘open’ and from local, regional, national to global. Restructuring is a dialectical process. Economy and politic constitute each other. Both rescaling and restructuring economic practices involve people ‘we’ as in ‘We will continue to advance both economic and political structural reform (7) and nations as in ‘countries with diverging interests’ (1); hence, the interface between economy and politic is inevitable in the age of globalization.

Rescaled economic globalization has socially and politically created the dominant Western culture, but victimizes others (Tomlinson, 1999). The English wizard Harry Potter, for example, stormed with craze among children around the world in the last decade and the earlier Japanese Pokemon did the same. But the analyst has never seen American or European children watch the Malaysian made cartoon “Upin and Ipin” in their homes despite the availability of its English version. Nor has he seen the Dutch buy the Indian “Bollywood” DVDs in stores in Amsterdam. The “Upin and Ipin” and “Bollywood” DVDs could not have a market among the American or Dutch consumers not only because they lack distributive representatives (in fact Bollywood DVDs are sold in Indian stores in American cities and in Amsterdam) but also because these DVDs belong to and come from “Them”—the product from the East. India and the Philippine produce more movies than the USA, but the films from Hollywood are distributed more widely and generate far more revenues than films from other countries (*Le Monde Diplomatique*, 2003, quoted in Backhaus, 2003). Practices of the global economy are no more than attaining wealth, not equally distributing it. The globalists merely play a game with the global economic logic, but do not make it globally work in social life (Fairclough, 2001, 2006). Economic globalization is a good world agenda and is directed for any state, but the process of actualizing it is still far beyond the discursive practice of the globalists. Neither economic nor cultural globalization is equitably practiced. There must be a ruling dominance with an imperialist register. Heron (2008, p. 86) writes: globalization is “intricately tied up with the forces of imperialism and is essentially, not really new in form, but rather new in the nature of its manifestations of domination.” This domination is not only discursively constructed in texts but also practiced in social life.

6.2.5 Deregulation of trade

Deregulation of trade is the process by which the governments remove certain restrictions from the operation of business in general and corporate in particular. The term “deregulation” can be used interchangeably with liberalization, a name for similar policies to promote free-trade economies. Supporters of neoliberalism such as the WTO believe that removal of regulations encourages the efficient of a market by raising competitiveness and ultimately lowering prices—especially wages. Deregulation of the economic practices has been a major trend in Britain, the USA, and Japan. These practices are supported by the international institutions like the OECD, the IMF, and the WTO.

In the discourse of global economy, deregulation of trade is textually constructed by lexicalization, such as ‘trade liberation’ and ‘opening-up.’ Trade deregulation is also manifested by the articulation of the economic practices ‘free from the intervention of government’. The extracts below (some reused) provide a picture of how deregulation of trade is manifested in term of liberalization:

Example 6

- (1) There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case [para. 1].

But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. (...) After a half-century of steady liberalization it is fair to ask, what do Americans have to show? [para. 2]. (...)

Unfortunately for the cause of continued liberalization, Americans do not receive this money as a check marked “payoff from globalization.” Instead, the payoff is hidden within familiar channels: fatter paychecks, lower prices and better product choices

(compare the telephones available now with the standard black model of 1980) [para. 4]. (...)

While none of the four estimates is perfect, the broad result is clear: The benefits of trade and investment liberalization are positive and large. (...) Despite the huge payoff to the United States, maintaining political support for trade liberalization has never been easy [para. 5]. (*Washington Post*, 07 June 2005)

- (2) Trade liberalization, more importantly, promotes competition in domestic markets, which in turn forces domestic firms to increase productivity and make better products, both of which drive economic growth [para. 36]. (...)

Indeed, all examples of successful growth stories in developing economies (China, Japan, South Korea, Singapore, Taiwan, Chile) have involved export sectors that met the test of international competition, and some of these economies have also pursued trade liberalization [para. 41]. (Frederic Mishkin, 26 April 2007)

- (3) History has shown that the greater threat to economic prosperity is not too little government involvement in the market, it is too much government involvement in the market. (George Bush, 13 November 2008, para. 24)
- (4) Though militarily relatively insignificant and with a tiny economy compared with the United States, the new imperial superpower, this small country aimed to be "global Britain", demonstrating the benefits of globalization to the whole world in raising standards of living and promoting liberal values. (*China Daily*, 01 July 2010, para. 2)
- (5) Since its accession to the World Trade Organization more than four years ago, China has faithfully honored its commitments, looked into and revised relevant laws and regulations, gradually cut tariffs, removed mom-tariff measures, liberalized trade in service, pushed forward a new round of multilateral trade talks in an effort to create a favorable environment for further expanding international economic and technical exchanges and cooperation [para. 3]. (...)

China follows an opening-up strategy that promotes mutual benefit. We are ready to work with the international community to expand two-way market access, improve the multilateral trade system and advance trade and investment liberalization and facilitation so as to create a better environment for trade and economic cooperation [para. 14]. (Zeng Peiyan, 25 January, 2006)

- (6) It is therefore necessary to move forward trade and investment liberalization and facilitation. China firmly supports efforts to reach balanced results of the Doha Round negotiations at an early date and the establishment of a fair and open multilateral trading regime. (Wen Jiabao, 28 January 2009, para. 9)

From a linguistic point of view, ‘liberalization’ derives from the stem ‘liberal’ meaning “progressive, less strict and allows people more freedom from their actions” (*Collins COBUILD*, 1987, p. 833). From an economic point of view, for example, Black *et al.* (2009, p. 260) liberalization means “a programme of changes of directions of moving toward a free-market economy” that includes the reduction of direct controls on international trades and reduction and removal of tariffs. All of the changes in such reductions are parts of the system of neoliberal economy.

From a critical constructivist perspective, the terms liberal as in ‘liberal values’ (4) and ‘liberalization’ (1) and in the other extracts in Example 6 have been recontextualized (Fairclough, 2006) and undergone the process of resemanticisation—the process of meaning shift (Hasan, 2003) from political discourse into the economic discourse that brings about a textual hybridity (Fairclough & Thomas, 2004; Pieterse, 1995). This indication is in line with Beaugrande’s (1999) analysis (see Section 3.4) of the corpus analysis of ‘liberalism’. Liberalization is, above all, a process of promoting the discourse of global economy in such practices as free market, international trade, and foreign investment.

The extracts demonstrate that the word ‘liberalization’ (32 occurrences) grammatically collocates with ‘trade’ and ‘investment’. Trade liberalization is assumed to have created ‘winners’ and ‘losers’ (1). However, in the next paragraph, the denial ‘but’ refuses the assumption, that is, the interest of the majority is taken into account ‘But Congress should consider how freer trade affects the nation as a whole’ (1). The trade liberalization is coordinated by the global governance regime as articulated in ‘China firmly supports efforts to...the establishment of a fair and open multilateral trading regime’ (6).

The grammatical colligation of ‘liberalization’ is covert which, like the flows of capital, is assumed to be controlled by invisible hands. The nominal group ‘trade liberalization’ occupies preposition phrases as in ‘After a half-century of steady liberalization’ and ‘Unfortunately for the cause of continued liberalization’ or fills in the subject slots as in ‘Trade liberalization, more importantly, promotes competition...’, ‘trade liberalization creates winners and losers.’ This indicates that the discourse of deregulation of trade is strategically constructed involving no overt human agents, even though it socially is a human being who practices trading. But trade liberalization is assumed to be a self-regulated process. Should the government be involved in the market or trade, it is accused of being not too little but too much as in ‘too much government involvement in the market’ (3).

Deregulation of trade is also textually manifested by the economic strategy frequently referred to as ‘opening-up’. The word ‘open’ seems to have been grammatically used as a synonym to the word ‘global’. The extracts (including repeated) in Example 7 give us a picture:

Example 7

- (1) They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies. International flows of capital are so big they can overwhelm individual governments. (*Washington Post*, 17 October 2008, para. 5)
- (2) Globalizing the domestic financial system by opening financial markets to foreigners encourages financial development and growth in wealth in two ways. (Frederic Mishkin, 26 April 2007, para. 18)
- (3) Financial openness allows U.S. investors to find new opportunities abroad and makes it possible for foreigners to invest in the United States. The ability to invest globally also permits greater diversification and sharing of risk [para. 11].

Trade benefits advanced countries like the United States, but open trade is, if anything, even more important for developing nations [para. 12]. (...)

If trade is so beneficial, why do we sometimes see political resistance to freer, more open trade? [para. 13]. (Ben Bernanke, 1 May 2007)

- (4) When nations open their markets to trade and investment, their businesses and farmers and workers find new buyers for their products. (...) Thanks in large part to open markets, the volume of global trade today is nearly 30 times greater than it was six decades ago—and some of the most dramatic gains have come in the developing world [para. 32]. (...)

Stories like these show why it is so important to keep markets open to trade and investment. This openness is especially urgent during times of economic strain [para. 34]. (...)

There are clear-cut ways for nations to demonstrate the commitment to open markets [para. 35]. (George Bush, 13 November 2008)

- (5) If wrong, there will be a safety valve in place to ensure that contending values – the benefits of open economies versus the gains from upholding domestic regulations—both receive a proper hearing in public debates. (*China Daily*, 11 January 2011, para. 1)
- (6) China firmly supports efforts to reach balanced results of the Doha Round negotiations at an early date and the establishment of a fair and open multilateral trading regime [para. 9]. (...)

I want to reaffirm here China's abiding commitment to peaceful, open and cooperative development [para. 14]. (Wen Jiabao, 28 January 2009)

- (7) China's economy is an open economy, and China is both a major exporter and a major importer. (...) China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial. (Wen Jiabao, 13 September 2010, para. 13)
- (8) The first decade of this century has seen major changes in the global political and economic landscape. It has also seen rapid industrialization and urbanization in China. Great progress has been made in China's comprehensive reform, opening-up and modernization endeavor during this decade [para. 3]. (...)

We are pursuing a win-win strategy of opening-up to increase the openness of China's economy. Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services. (...) China today is a fully open market economy. The opening-up policy has both benefited China's

development and the well-being of its people and contributed to regional and global economic growth [para. 6]. (...)

China will continue to deepen reform and opening-up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development [para. 14]. (Wen Jiabao, 14 September 2011)

Economy is part of social life. Social life is an open system (Chouliaraki & Fairclough, 1999); therefore, the economy is an open system. Ontologically, as we see in the extracts, the ‘openness’ stance is constructed through the lexical item ‘open’ or ‘opening-up’.

The word ‘open’ (90 occurrences/0.24%) perhaps has a less provocative meaning, euphemism, compared to the word ‘global’ *per se*; it is socially used in other contexts such as the domain of education, for example open university; the university that is open welcomes every person, but sounds less competitive. This is a reason why perhaps the authors (George Bush, Wen Jiabao) have preferred the term ‘open’ to global. The word ‘open’ also suggests that there should be no secret agenda from a special state in the global economy. In other words, there must be accountability, transparency, and trusted governance between countries. But the lexical ‘open’ in the extracts above is used to indicate the value of liberalizing economic practices, that is, open in competition.

From a systemic grammar point of view (Halliday, 2004; see also Beaugrande, 1999, reviewed in Section 3.4), the item ‘open’ can be used as a verbal group, such as ‘When nations open their markets’ and therefore it can co-occur with a non animate colligate subject ‘nations’ and its predicate collocations include ‘market’, ‘trade’ and ‘investment’. However, the word is used as an adjective as in ‘open markets’, ‘open economies’, ‘open multilateral trading regime’. Whether it is used as a main verb or a

modifying adjective, in the texts on the global economy, the word ‘open’ is part of language that embodies global capitalism.

One can learn from the extracts that economic social actors, trade organizations, such as the WTO and other institutions contribute to liberalizing trade. Below are the extracts including reused for illustrative purposes:

- (9) History has shown that the greater threat to economic prosperity is not too little government involvement in the market, it is too much government involvement in the market. (...) And there is a clear lesson: Our aim should not be more government—it should be smarter government. (George Bush, 13 November 2008, para. 24)
- (10) Conservative and Labour governments both promoted the free movement of capital and the reduction of trade barriers. They opened the domestic market to unrestricted foreign investment and allowed British firms to be taken over by foreign companies. (*China Daily*, 01 July 2010, para. 3)
- (11) Restricting trade by imposing tariffs, quotas, or other barriers is exactly the wrong thing to do. Such solutions might temporarily slow job loss in affected industries, but the benefits would be outweighed, typically many times over, by the costs, which would include higher prices for consumers and increased costs (and thus reduced competitiveness) for U.S. firms. (...) Working through the World Trade Organization or in other venues, we should continue to advocate the elimination of trade distortions and barriers in our trading partners even as we increase the openness of our own economy. We should also work to ensure that both we and our trading partners live up to existing agreements under the World Trade Organization (Ben Bernanke, 1 May 2007, para. 24).

In a similar vein, in the quote below the former Fed Chief Alan Greenspan in a speech says:

Because of a lowering of trade barriers, deregulation, and increased innovation, cross-border trade in recent decades has been expanding at a far faster pace than GDP. As a result, domestic economies are increasingly exposed to the rigors of international competition and comparative advantage (Greenspan, 2004).

Deregulation of the market lessens the government's function in controlling trade. But for the globalists, 'restricting trade' is 'the wrong thing to do.' It is not the government but trade organizations such as the WTO that are the players and act as the resource of legitimizing free trade. The WTO, formed on January 1, 1995, as a successor of the General Agreement on Tariffs and Trade (GATT) in the Uruguay Round Agreements now with 134 member countries, is committed to the global free trade through the reduction of 'tariffs', taxes and 'other barriers' from trade. "Governments should interfere in the conduct of trade as little as possible," said GATT Director General Peter Sutherland, in a March 3, 1994, speech in New York City where he promoted U.S. approval of the WTO (Quoted in Lowes, 2006). Similarly Greenspan (2004) says "Because of a lowering of trade barriers, deregulation, and increased innovation, cross-border trade in recent decades has been expanding at a far faster pace". Greenspan makes a generalization from certain particularities, i.e. the trades performed by the developed economies 'our trading partners'. Politically speaking, the idea of trade deregulation is supported by both 'Conservative and Labour governments' as they are presupposed to promote 'the free movement of capital and the reduction of trade barriers' (10).

The powerful WTO and other international trade agreements, such as the North American Free Trade Agreement have approved global competition and unregulated market as the best opportunity to create the equal prosperity of the world's population. This new governing regime increasingly provides a major general control over every aspect of the lives of the majority of the world's people. Unfortunately, the control is not for the economic well-being of nations as the claim is often made but rather on the enhancement of the power and wealth of the world's largest corporations (see below) and financial institutions.

The approval of the Uruguay Agreements and other further WTO's agreements has institutionalized a global economic and political structure that makes every government increasingly dependent on a baffling system of transnational 'governance' (18 occurrences/0.049%) designed to boost corporate profit (Wallach & Sforza, 1999), often with complete ignorance of social and environmental consequences (see Brimblecombe, 2005). In fact, there exist globalists who claim that 'freer trade appears to be good for the environment' (Antweiler, Copeland & Taylor, 2008).

The WTO and other trade agreements have moved away beyond their traditional roles of setting quotas and tariffs. Now such institutions set new and unprecedented controls over democratic governance (Lowes, 2006). Erasing national laws and economic boundaries to foster capital mobility and free trade has led General Motors, Toyota, Shell, Microsoft and other mega-corporations to celebrate their success.

Multinational companies have shaped the globalization of trade and finance. The establishment of the WTO marks a momentous formalization and strengthening of their power. To the WTO and its supporting alliance, the globe is viewed primarily as a common market and capital source. Governments, laws and democracy are irritating factors that restrict their exploitation and limit their profit (Wallach & Sforza, 1999).

The Bretton Woods agencies, the World Bank, the IMF and particularly the WTO admittedly approve the IPRs and trade liberalization, as an operational principle and it is endorsed by the global governments as indicated in the extracts including reused below:

Example 8

- (1) The Basle rules on capital requirements and the World Trade Organization's rules on subsidies, intellectual property, and investment measures typify this kind of overreaching. (*China Daily*, 11 January 2011, para. 5)

- (2) Working through the World Trade Organization or in other venues, we should continue to advocate the elimination of trade distortions and barriers in our trading partners even as we increase the openness of our own economy. (Ben Bernanke, 1 May 2007, para. 29)
- (3) Furthermore, we should work to ensure a good market economic order, strengthen all-dimensional protection of intellectual property rights (IPR) and standardize law enforcement in this area. We will adhere to the basic national policy of opening up to the outside world and raise the level of openness in an all-round way. (Zeng Peiyan, 25 January 2006, para. 12)
- (4) On 1 August 2008, the Beijing-Tianjin Intercity Railway, China's first top-class high-speed rail with full intellectual property, was put into operation, shortening the travel time between Beijing and Tianjin to only 30 minutes and binding the two major municipalities as one [para. 3]. (...)

We will upgrade the traditional industries with advanced technologies, nurture a number of internationally competitive enterprises with their own intellectual property and well-known brands, and build a number of world-class modern industry clusters which can serve as growth drivers, so that China can move industry clusters which can serve as growth drivers, so that China can move from a big manufacturing country to a strong manufacturing country [para. 9]. (...)

China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial. We will uphold all policies conducive to opening-up. China is committed to creating an open and fair environment for foreign invested enterprises. China gives high priority to intellectual property protection and has already made this a national strategy [para. 13]. (Wen Jiabao, 13 September 2010)

- (5) We will enhance capacity to create, utilize, protect and manage intellectual property rights and bring into play the creativity of the whole society. (Wen Jiabao, 14 September 2011, para. 11)

The crucial value of the free market system is the attempt to deregulate trade and fully justifies the property rights of individuals. Property rights are a reward for those who are hard working and are capable of competition. The intellectual property rights (IPRs) refer to the intangible property resulting from inventive activity, such as copyrights and trademarks (Rutherford, 1995). The IPRs (19 occurrences/0.051%) control two broadly

categorized groups of ownership: industrial property and copyrights. The former includes industrial designs, e.g. patents for inventions and trademarks for brand identity. The latter refers to copyrights for the works, such as paintings and novels (Lowes, 2002). This term from the academia is now appropriated to suit the economic discourse. Thus, IPRs need to be ‘utilized’, ‘protected’ and has become ‘a national strategy’.

In brief, for the hyper-globalist, market is practiced based on the principle of *laissez-faire* (let it be), in which governments should stay out of economic matters due to ‘the elimination of trade distortions and barriers.’ This is part of the characteristic of neoliberal economy, a political project that aims at facilitating the restructuring and rescaling of relations across social fields (economic, politic, and social) and spaces (national, regional, and global). This is a notorious social change of the contemporary global society (Fairclough, 2003). The change of market systems has brought about radical attacks (e.g. riots, and looting in Britain in August, 2011) by the affected groups of people who used to live with support from the welfare state. The neoliberal controlled economy creates a wider division between rich and poor (see Sub-section 5.3.1).

The most severe consequences of deregulation are not from trade liberation but from liberation of the capital or financial markets. Financial deregulation, for example, allows banks and corporations to borrow abroad and invest without any government controls or coordination and without sufficient bank supervision (Lowes, 2006). When connected by advances in communication technology (see Sub-section 5.2) used in the international monetary system, speed of the process of capital transaction can be increased globally. For example, persuaded by the IMF, western governments and Asian governments alike agreed on radical financial deregulation in 1990s which ultimately led to the Asian financial crisis. Thanks to small and medium-size

enterprises, Asian countries, for example Malaysia and Indonesia survived from the crisis (Che Ha, 2012; Prawiro, 1998).

Summing up the sub-sections above, free flows of capital and movement of investment are forms of the features in the global economy. These features are textually constructed, particularly through vocabularies such as ‘global flows of money’, ‘international flows of capitals’ and ‘investment’. From the social perspective, it is argued that capital movements and investment can boost the economic growth if it is equally distributed. However, in the real practices, investors tend to concentrate in certain locations that they can get high returns. Countries that have large market for goods and services but with lower cost of productions will attract investment most. On the other hand, countries that provide small market do not attract capital investment. Ultimately, to reduce poverty as one objective of capitalist globalization remains merely a claim that is discursively constructed.

Competition in the global market is conceived as an important value in the discourse of global economy. Competition is not a new thing in economy. The function of competition is clearly articulated in the texts on global economy. The overt manifestation through the lexical item ‘competition’ is used. Competition is taken for granted in achieving a nation’s economic successes. The fact that a strong competition does not always lead to fair free trade but to monopolistic market controlled by world giants is not articulated by the globalist. Proponents of the free market ideology may claim that globalization allows rescaling programs and restructuring economic practices. But these ways of economic strategies give rise to groupings and regionalization rather than globalization. Trade cooperation that triggers exclusionism is inevitable.

The same holds true for the deregulation of trade that constitutes another essential value in the practices of global economy. The deregulation of trade is seen as a way of globalizing the economy. This value is discursively constructed by means of vocabulary ‘trade liberalization’ and ‘opening-up’; the social material process committed by the invisible hands. Both economy and politic interact in trade liberalization and opening-up the economy. The deregulation of trade, without doubt, benefits importing and exporting services, and not people at large. The goods imported into a country cannot become cheap just because there is no tariff or taxes. Brokers or distributors are always in pursuit of high profits. Deregulation of market can work properly if the economy is under state’s control and is managed by wise leaders, who are scarcely found in modern times and let alone in the competitive and individualistic society. Riots in many parts of globe in mid and late 2011 indicated that the current economic globalization needs a paradigm shift. Otherwise, conflict of interests can prompt the bigger crises, such global financial turmoil and currency war. The unfair practices of global economy have led to opposition of capitalist economic ideology (e.g. Wall Street occupation in October of 2011) that was unable to control the liberated economic system that is susceptible to recession due to “capital hunger”. For that reason, the ideological manifestation that major economic countries like the USA and China galvanize in constructing the discourse of global economy is the emergence of obviously inevitable impacts of free market on the world economy that has led to the international financial crisis and national instable currencies. The globalist often speak for ‘free people’ and ‘free economy’ in the name of democracy without thinking that a too free economy can destroy the democracy. This is the topic to which we now turn.

6.3 Democracy and neoliberal economy

Globalization helps the spread of democracy in the world. This is one of the claims that Steger (2005) has identified in the discourse of globalism (see Sub-section 2.3.2). As it will be illustrated with text extracts below, the discourse of global economy also shows that globalization is often linked to democracy. Yet we need to sketch the term democracy first before we discuss it in the context of globalization.

Democracy is the most appreciated and also perhaps the vaguest concept in the modern world. Democracy (rooted from two Greek words: *demos* ‘the people’ and *kratos* ‘the rule’ and when applied to politics) means “the rule of people”. It came into English in the 16th century. Although ‘democracy’ is a very old word, its meanings have always been very complex (Williams, 1983). Democracy is a social system in which everyone has an equal share of power. The term democracy takes more constructive meanings when it is modified by other words with which it is associated, for example political, liberal, social, representative, and economic (Johnson, 2000). Nonetheless, even societies that rejoice relatively the high level of political democracy often do not extend such equality to economy. In the industrial capitalist society, for example, the elite control the vast majority of wealth and means of production. Even though labors refuse to work for a particular employer, they often do not have freedom to work for themselves. In addition, when the media and politicians use the term they invariably mean a combination of its liberal and representative versions. Particularly in the USA, liberal democracy is often connected to neoliberalism (e.g. Vázquez-Arroyo, 2008).

There is thus a conceptual and historical similarity between neoliberalism and liberal democracy. This could be because neoliberalism is nurtured by the depoliticized culture that liberal democracy not only raises but also is historically intrinsic to liberal

democracy's rationality of power, to the compromise it represents on the part of the haves to pacify and accommodate the have-nots without radically changing their status or condition (Lowes, 2006; Ritzer, 2009). Neoliberalism not only has a political agenda and uses democracy to cover itself with legitimacy but also requires the institutional framework that liberal democracy has historically provided for it. Neoliberalism fosters a sense of privatized responsibility whose reliability of freedom is guaranteed by the free market. Liberal democracy has thus provided the framework of legitimacy where such compromises have taken place, for example in the USA. It is then hardly surprising that the American imperial polity has exported liberal democracy and neoliberalism as part of the same package during the twentieth century, especially after the demise of Soviet communist (Vázquez-Arroyo, 2008).

CDA scholars attempts to advocate democracy that offers equal opportunities of economic development to all layers of society, for example access to resources and knowledge (Fairclough, 2010; van Dijk, 2003). Political democracy needs to be shifted because it is often used by political parties to protect the interests of the elites (Lowes, 2006). While the governing elites often promote political democracy to the masses (Schwartzman, 1998; Gills, 2002; see also Wen Jiabao's speech on 13 September 2010, para. 12), the elites themselves in the two last decades have tended to talk too much about free trade and not enough about social justice and stability (Galbraith, 2000).

In this Sub-section, the analyst relates the ideology of neoliberalism to democracy with respect to the global economy. The extracts below (including repeated) show us the examples of the discourse of global economy that defends the neoliberal globalization:

Example 9

- (1) The “modern” debate over trade barriers can be traced to the 19th century (...) There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case [para.1].

But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. With leadership from the White House, Congress has slashed the simple average tariff rate from 40 percent in 1946 to 4 percent today, and other industrial nations have done much the same [para. 2]. (*Washington Post*, 07 June 2005)

- (2) The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy. (*Washington Post*, 17 October 2008, headline)
- (3) Conservative and Labour governments both promoted the free movement of capital and the reduction of trade barriers. They opened the domestic market to unrestricted foreign investment and allowed British firms to be taken over by foreign companies. (*China Daily*, 01 July 2010)

Whether it is articulated by leaders of state or economists, the discourse manifested in the extracts above supports the idea of neoliberal economy. The nominal groups ‘the reduction of trade barriers’, non-finite verbal groups ‘to liberalize world trade and investment’ and ‘to create new rules’, and the clause ‘But Congress should consider how freer trade affects the nation as a whole’ all support neoliberalism. Although there has been resistance to global market ideology in the course of history, governments have to think twice about the benefits it contributes to the society as a whole. The American government and other governments alike need to work together to promote neoliberal globalization and cooperate even in the time of crisis. The neoliberal global economy comes hand in hand with the development of democracy. The extracts below provide us with a picture of the democratic issues internalized in the discursive construction of global economy:

- (4) Its major countries shared democratic values and alliances. Today's global economy has many power centers (including China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar. (*Washington Post*, 16 July 2008, para. 8)
- (5) *For the foreseeable future, democratic governance is likely to be organized largely within national political communities*. The nation state lives, if not entirely well, and remains essentially the only game in town. The quest for global governance is a fool's errand. National governments are unlikely to cede significant control to transnational institutions, and harmonizing rules would not benefit societies with diverse needs and preferences. The European Union may be the sole exception to this axiom, though its current crisis tends to prove the point [para. 4]. (...)

Non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies. What gives the previous principles their appeal and legitimacy is that they are based on democratic deliberation – where it really occurs, within national states. When states are not democratic, this scaffolding collapses. We can no longer presume that its institutional arrangements reflect its citizens' preferences. So non-democracies need to play by different, less permissive rules [para. 14]. (*China Daily*, 11 January 2011)

- (6) We will deepen reform and increase the dynamism and vitality for sustainable development. China's development and progress would not have been possible without reform and opening-up. And to achieve the modernization goal of building a prosperous, democratic, culturally-advanced and harmonious country, we still need to rely on reform and opening-up. With China's reform endeavor at a crucial stage, we must advance the reforms in all areas with greater determination and courage. We must deepen comprehensive reforms in the economic, political and other fields to enable the entire system to better meet the needs of developing a modern economy and building socialist democracy, push forward social equity and justice and facilitate the free and all-round development of the people. (Wen Jiabao, 13 September 2010, para. 12)
- (7) We will exercise governance pursuant to law and address the institutional causes for over-concentration of power and lack of checks on it. We will protect people's democratic rights and their lawful rights and interests so as to uphold fairness and justice. (Wen Jiabao, 14 September 2011, para. 14)

Globalization has become a means of promoting democracy (Schaeffer, 1997; Giddens, 2000). This is evidenced in the discourse of global economy from the extracts above.

The extracts clearly show that the discourse of global economy is usually contested in the representation of politicization of democracy. That is, development or modern economy is contextualized within democracy, hence, 'democratic' as in 'democratic values and alliances', 'democratic governance' and 'democratic, culturally-advanced and harmonious country'. Conversely, the label is 'Non-democratic' or 'not democratic.' But it is the democratic "brand" that is politically and economically significant. The nominal group 'Non-democratic countries' negatively colligates with the neo-liberal economic label 'the same rights and privileges in international economic order' (5), but when it is democratic, a country fulfils the standard, hence, textually 'a democratic ... country' means 'reform and opening-up' (6).

The interface between political economy and political democracy is still in the stage of perplexity, being discursively contested. Thus to obey democracy, the state leader articulates a democratic country as amount to economic 'reform' and 'opening-up'. This Western-based paradigm of fostering democracy is naturalized in the egalitarian way of transformation of power, transparency and accountability as in 'Its (the old global economy) major countries shared democratic values and alliances'. *But* 'Today's global economy has many power centers (including China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar' Example 9 (4). Economy and democracy are a combustible amalgamation in the era of global economy. Democracy is discursively constructed in terms of economic rights such as rights to 'exploring currency alternatives to the dollar', but these rights and privileges do not apply to non-democratic countries as in 'non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies'. Democracy and economic development are believed to reinforce each other (Huntington, 1991; Schwartzman, 1998). But in certain parts of the world (e.g. Iraq,

Afghanistan, and Egypt), democracy has been forced upon instead of having it grow. This indicates that the global economy and world politics are not always in harmony.

The inclusion of democratic issues in the discourse of globalization is politically and ideologically motivated. It is believed that a democratic society can be transformed through a top-down hierarchical process, that is, global structural changes, domestic structural changes, and citizen mobilization and ultimately democratic society (Schwartzman, 1998). The success of democratization of one country encourages the other locations to follow a similar path through diffusion or snowball (Huntington, 1991). These scholars as well as the authors of the global economic texts are content to the argument that it is democracy that is capable of creating economic prosperity, social justice, a free society and law enforcement as Example 9 (5) and (6) indicate. It is assumed that when the experience of political events in one country is transmitted around the globe e.g. through satellites, webs, it can lead to the success of similar events elsewhere. These globalists seem to undermine the reality that democracy is disorderly. For example, not every party taking part in an election likes the results of it. Emerging economies such as China in Example 9 (5) need to reform their economic and political perspectives to take part in the global economy. As a result, a new perspective of what democracy means emerges. China sees democracy from a socialist point of view without the abandonment of participation in the global economy. Its leader strategically uses lexicon 'open' in addressing the issue (see Example 6 (5–6) and Example 7 (6–8), which is actually another way of saying 'global'. For globalist, liberal democracy and economy are two inseparable entities in the era of globalization.

CDA regards neoliberalism as a political project that attempts to remove trade barriers and other obstacles such as welfare programs in order to develop into new capitalism (Fairclough, 2009; see also Adams, 2011, for an economist's point of view). If present,

the engagement of the government is merely to facilitate the process of globalization for example free movements of capital (Fairclough, 2006) and provision of infrastructures. Neoliberal thinkers claim that the communist economic system and socialist system both have failed, and the citizens have accepted neoliberalism as the only reasonable course. As we have seen in the extracts from Example 6 and 7, the hyper-globalist ideas are internalized through the notion of the 'free market' system, eliminating 'capital controls', and 'reducing tariffs'. Further, privatizing public services and weakening regulations that protect labors are the projects of neoliberalism. Governments, by making use of international agencies—the IMF, the WTO, naturalize the discourse by universalization of the particulars that the global economy is inevitable and it is essentially materialized by 'free trade' and 'free movement of investment'. Historically, globalization is seen as a period whose time has come (Held et al. 1999) and there is no possibility of turning back (Fairclough & Thomas, 2004). The neoliberal system is often linked to creating democratic ways of life without taking account the clashes of civilization triggered by its economic policies.

A deterioration of democratic accountability and the local, state and national sovereignty concerning the global market has taken place over the past several decades. According to Wallach & Sforza (1999), under the WTO, not only are the minimum levels of living standards and ecological and health care at stake, but also the very principles and processes of democracy by which such standards are fought for and won. Enactment of the free trade deals virtually pledges that democratic efforts to ensure that corporations pay their fair share of taxes, provide their employees a civilized living standard or limit their pollution of the air, water and land will be responded with the renounce. China used to be an example that is often linked to negligence of the environment concern and the labor rights.

The neoliberal global market claims that the absence of governments' intervention in free trade makes goods and services more available and cheap (Ritzer, 2009). A globalist claims in his Op-Ed article that 'Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards' (*China Daily*, 20 May 2011). The 'cheaper range of goods and services' is one advantage that globalization brings. But the reality shows mass protests over higher prices around the globe (e.g. in Israel & Italy in July and August of 2011) inevitably emerged. The people in developing countries (Indonesia, Thailand and Vietnam) experienced this phenomenon in late 1990s.

The neoliberals refuse to recognize (Chomsky, 1999) that the severe impact of neoliberal political economy of the material processes on the society is the prices of goods and services passing through monopolistic control by multinational giant corporations, such as *Samsung*, *FedEx* and *Unilever*. Free market mostly benefits the corporate in industrialized countries but victimizes the poor ones. The profits gained from selling the products mostly go into the 'pocket' of the owners in industrialized countries. The developing countries scroll in development and grow in debt. Indonesia for example has a total foreign debt of Rp 2,500,000,000,000,000/US\$250,000,000,000 as of June 30, 2011 (quoted in Taliwang, 2011). Surprisingly, it has not obtained any bailout from the international financial institutions. As the economy and politic oscillates, it indicates that economic globalization do create winners and losers (Hirst & Thompson 1996; Wallach & Sforza, 1999). This is because in reality democracy merely exists in the political agenda rather in economy.

The global neoliberal economy from the industrialized countries has been adapted by social governments such as China and Indonesia (see Taliwang, 2011, for Indonesia). One effect of this adaptation is that there are no distinctive political policies. As a result,

the role of democracy itself is weakening. The emerging-economy governments with different goals and available resources have to bow to the unregulated market of the global economy. In the end, the states that stress on strong social welfares are at stake, having to compete with matured economies of the industrially advanced countries. This could be the case, because it is the free market that is decisive. But the by-product of the neoliberalism is usually new imperialism (Fairclough, 2006; Harvey, 2003). The international financial institutions for example treat certain states as less fortunate and even willingly impose social punishments such as forbiddance of loans from IMF when these states are laggard in promoting democracy Example 9 (5) and sustaining development through free trade.

The restructuring of economic progress within politic constitutes a hegemonic project of the Western dominance to the rest of the world. The contextualization of economy within a political agenda that is strategically enacted in the globalist discourse is frequently adopted by and embedded within the political economy of emerging economies like China in Example 9 (6 & 7) and new emerging-economy countries like Indonesia in which its state leader, Susilo Bambang Yudhoyono, says:

Today, Indonesia is the third largest democracy in the world – after India and the United States. We are Southeast Asia’s largest and arguably strongest democracy. And not just a democracy by name – we are a vibrant democracy, with a free press, a multi-party system and regular elections. We are a functioning democracy that has maintained our brand of moderation and tolerance (Yudhoyono, 30 March 2009).

As a developing country with a population of nearly 250 million people, Indonesia seems to oscillate from economy to politic and has adopted the pragmatism approach ‘not just a democracy by name’ in its economic, political, and social development (Prawiro, 1998). The notorious and most effective strategy that Indonesia has adopted is

through vindicating global issues such as democratization, war on terrorism, improving records of human rights, tolerance in religion, and law enforcement through ‘our brand of moderation and tolerance’.

Developing economies have to follow the dominance’s discourse as a powerful strategy for fulfilling an essential term and condition for receiving loans from the World Bank, joining the WTO or attracting FDI. The discourse of political democracy is reified into the discourse of economic development. The fulfillment of a civilized and democratic society is perceived as a necessary condition for human prosperity. A democratic government becomes a ‘service passport’ for the ‘Third World’ countries to obtain entrance to the green channel of the global economy.

Politicization and democratization of multilateralism within the discourse of global economy is at stake. Each state has its own motives, interests and strategies in fostering economic development. This is why the discourse of global economy, world market, international agencies—the IMF, the World Bank, the WTO—is always contested between the more industrialized countries and the crippling-economies countries. Consequently, the world is economically and politically divided—between the ‘First World’ and the ‘Third World’ and between the ‘democratic’ and the ‘non-democratic’ (5).

Positively speaking, the globalizing capitalism fosters democracy, but negatively it can also become a barrier to economic development. This is because the people of a democratic country in principle can control the state. In turn, the state would structure the social relations for the benefits of its citizens. Unfortunately, the neoliberal capitalism—the reduction of free trade barrier idea—has made this principle unachievable (Scholte, 1997). Global production, global business associations, and free

markets have ruined the traditional democracy that the state controls, and replaces it with liberal democracy. Liberal democracy protects the rights of individuals from the interference of the government, but treats the voices of the majority (either from representative or from direct election) to be placed on the government's policies that abide by constraints that do not violate the individual rights contained in the constitutions (Lowes, 2006). Simply put, liberal democracy includes capitalism as its economic base (Baradat, 2000). This system of democracy is implemented in the USA, Great Britain and Canada.

The global market and business association within capitalism attempt to control a state's currency, exchange rates and interest level (Scholte, 1997; Fairclough, 2006). The global market usually puts aside the national interest and its activities reduce the role of sovereignty of the state (Woods, 2000). The state's interests are regulated by the market. What a state should produce and how the distribution has to be conducted are determined by giant companies and firms. It is the market that is crucial. Ultimately, although the globalizing capitalism does not totally destroy a government, it weakens its governance and sovereignty. Virtually, people agree that it is time to liberalize markets—the practice which had been carried out for centuries (Mazlish 1993). But to liberalize global affairs like free trade in the age of globalization, there are other alternatives and the American model of democracy is not the only choice. There are other options of democracy in this postmodern period even though they are from Western origins.

Benhabib (1996) suggests that a deliberative democracy be a more sound democracy in the globalization era than liberal democracy. Deliberative democracy is a discussion-based democracy; when there is a conflict or social problem emerging, it is reason that is decisive. Rationality provides humankind with reasonableness of what is humane and

what is not (Benhabib, 2002). For example, in the context of global economy, the solution to current economic affairs should not be on the basis of the voices of those developed economies, financial institutions and organizations in power, but of multiple voices including of the 'have yet to be lucky' states which are still found in Asia, Africa and in other parts of the planet.

Although in its current development Benhabib's double-track model of deliberative democracy seems to be too optimistic (Benhabib, 2002), a rather arm-chaired-theory of cultural diversity, not likely to be feasible in the current modern society, it is still an alternative. It should be admitted that in Benhabib's (1996) hatched deliberative democracy, rationality is conceived a procedure, and not based on rational subjects in general. Thus, the model she proposes does not seem to be cross-cultural enough. Consider, for example, the War on Terror in Iraq, does reason decide? There is no rationality, situated self or cross-cultural dialogue. No one has seen the dossier. Many museums and cultural heritage have been bombarded and thousands of Iraqis have lost their lives. Saddam Hussein has been hanged. Not a single piece of weapon of mass destruction has been found. David Kelly committed suicide because he felt that he was losing face. It is only madness that is finally decisive. The logic of the 'war on terror' over weapons of mass destruction has been exercised to manage and police the world while other strategies are seemingly doomed to failure (Amin, 1997).

The same holds true in the context of neoliberal global economy, while people in 'advanced' countries like the USA and Europe create new inventions and enjoy free trade, the people in the 'Third World' countries are suffering in poverty. In Tanzania for example 55 percent of homes are still without electricity and 35 percent of its population is illiterate (Blomaert, 2005). Globalization and democracy thus cannot propel together especially when certain developed countries force the developing

countries that are historically, socially and culturally different to follow their tracks. It is thus essential that the global economy take a “middle path” that ‘globalization works best when it is not pushed too far’ (*China Daily*, 11 January 2011, para. 15).

But generally the globalist authors of the strategic texts not only construct the discourse of global economy but also legitimize it (detail in Section 7.2). That can be said because one of the social functions of ideologies is legitimation (van Dijk, 1998b). Legitimation allows justification. In the discourse of global economy particularly in its relation to the global financial crisis, the authors justify certain actions, norms, and values which can be illustrated in the Example 10 below whose extracts are reused:

Example 10

- (1) The global problems we face require global solutions [para. 3]. (...)

The old postwar international financial institutions are out of date. They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies. International flows of capital are so big they can overwhelm individual governments [para. 5]. (...)

We agreed that urgent decisions implementing these principles should be made to root out the irresponsible and often undisclosed lending at the heart of our problems. To do this, we need cross-border supervision of financial institutions; shared global standards for accounting and regulation; a more responsible approach to executive remuneration that rewards hard work, effort and enterprise but not irresponsible risk-taking; and the renewal of our international institutions to make them effective early-warning systems for the world economy [para. 8]. (*Washington Post*, 17 October 2008)

- (2) History has shown that the greater threat to economic prosperity is not too little government involvement in the market, it is too much government involvement in the market. (George Bush, 13 November 2008, para. 24)
- (3) *Non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies.* (*China Daily*, 11 January 2011)

- (4) In tackling the crisis, practical cooperation is the effective way. In a world of economic globalization, countries are tied together in their destinies and can hardly be separated from one another. The financial crisis is a test of the readiness of the international community to enhance cooperation, and a test of our wisdom. (Wen Jiabao, 28 January 2009, para. 8)

Actions, norms and values in the discourse of global can be legitimated by individual figures, agencies, organizations or a society as a whole. The extracts demonstrate that the authors justify certain actions, values because they have the same goals, such as tackling the global financial crisis; ‘The global problems we face require global solutions’ (1), ‘In tackling the crisis, practical cooperation is the effective way’ (4); liberalizing global trade ‘it is too much government involvement in the market’ (2) and preconditioned politic ‘Non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies’ (3). Their main objective targeted in the discourse is to liberalize markets, to lionize the intellectual property rights, and to reduce government’s regulations of free trade by means of specialization and open competition in the production and distribution of goods and providing services. Greenspan (2004) in the quote above makes clear that the global economy works in accordance to those objectives. Trade liberation, technology, specialization, and innovation are projected to support one another in the neoliberal global economy as entailed in the (repeated) extended extracts below:

- (5) At the most basic level, trade is beneficial because it allows people to specialize in the goods and services they produce best and most efficiently [para.3]. (...)

If trade is so beneficial, why do we sometimes see political resistance to freer, more open trade? Notably, negotiations in the so-called Doha Round of trade talks now under way have proceeded very slowly, notwithstanding a consensus among economists that all countries involved would enjoy substantial benefits from further trade liberalization [para. 13]. (Bernanke, 1May 2007)

- (6) The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. (*Washington Post* , 16 March 2005, para.1)
- (7) But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. (...) But our estimates of future policy liberalization alone (excluding likely benefits from better communications and transportation) indicate that a move from today's commercial environment to global free trade and investment could produce an additional \$500 billion in US income annually, or roughly \$5,000 per household each year. (...) America's national interest will best be served by staying the course of free trade and investment. (*Washington Post*, 07 June 2005, para. 2)
- (8) On scientific and technological innovation, China has formulated medium-and long-term programs for scientific and technological development and set the strategic goals and policies of building an innovation-driven country. On institutional innovation, China has identified priorities for institutional reforms in all sectors as required by building a well-established market economy. With the support of innovation, China will keep a sound momentum of growth, improve the quality of development and press ahead with the people-oriented economic and social development in a comprehensive, coordinated and sustainable manner [para. 5]. (Zeng Peiyan, 25 January 2006)

The textual representations ‘technology transfers’, ‘free trade’, ‘technological innovation’, ‘institutional innovation’, and ‘a well-established market economy’ constitute part of the neoliberal discourse. The nominal groups ‘technological innovation’, ‘global free trade and investment’, ‘scientific and technological development’ and ‘a well-established market economy’ imply that the capitalist elite (scientists, system analysts, management consultants) are taking control of the new global economy. Even though this is in line with the democratic society ‘the people-oriented economic and social development’ (8) that promotes freedom of practices in free trade, technology, and innovation, a too free trade destroys the democratic global economy and high technology and innovations do not always benefit all levels of social stratification. Bernanke’s (5) textbook-based extract and other authors’ text extracts are

still part of myths in the global economy. For example, the statement that patents and intellectual property rights protect innovation and individual knowledge is not always true. The neoliberal discourse of global economy still resists that the alternative globalization seems to be not the best choice, because it leads to isolation. The reality shows that patents and intellectual property rights slow down technology transfers and make technology becomes more expensive, for instance in medicinal world and food processing (Wallach & Sforza, 1999). Another myth that free trade constructs is that free trade of foods benefits customers, because prices are cheap since there are choices to make. But the reality has shows the reverse, that is, the practice of neoliberal free trade threatens the sustainability of foods in ‘Third World’ countries (Fakih, 2003) and even in the developed world (Falcon & Naylor, 2005). This is because the world population does not always share the scarce resources amid their control by a few people.

The analysis suggests that democracy and neoliberalism are politically and economically relevant. Linguistically the two aspects are discursively constitutive. They internalize each other. In practice, however, neoliberalism has undermined the democratic legitimacy of the state by reducing its role to merely facilitating and intensification of market relations through ceding of powers to trade blocs like NAFTA and the UE and agencies like the World Bank, the IMF and the WTO. These agencies and the principles they practice are considered to prevent the state from acting as agent of development, as a protector of community and from continuing poverty-reducing and equal alternatives that enhance the interests of poor and marginalized people.

6.4 Chapter conclusion

This chapter addressed two essential themes in the discourse of global economy: desirable values and democracy in the context of global economy. The first complex issue was divided into five fundamental elements of global economy: increased flows of capital and investment; competition in the global marketplace; scaling economic programs; restructuring economic practices and deregulation of market.

The analyst has demonstrated that capital movements in the form of ‘capital markets’ and ‘investment’ are a practice of the economic freedom in the era of globalization. This freedom is discursively constructed in global economic texts, among others, through lexicalization ‘global flows of money’, ‘free flows of capital’, ‘global capital flows’ and ‘foreign direct investment’ but syntactically with concealed human agents. The idea that capital movements increase the economic growth is discursively constructed. However, the analyst argued that in the real practices, investors tend to concentrate in certain locations in which they can get high returns. Locations that have large market for goods and services but with lower cost of productions will attract investment most. On the other hand, countries that provide small market do not attract investments. Eventually, to provide the well-being for all humankind as one objective of economic globalization remains an unrealized dream.

The analysis demonstrated that competition is regarded an important value in the practice of global economy. This value is discursively constructed in that competition is not a new thing in economy and people need to compete globally to attain success. Nevertheless, in practice strong competition does not always lead to fair free trade but to monopolistic market controlled by giant corporations. Proponents of free market ideology may claim that globalization allows for rescaling of spaces, restructuring

economic programs, and recontextualizing economic practices. But these ways of manifesting economic strategies bring about groupings and regionalization rather than globalization. Economic cooperation is unable to escape exclusionism.

The deregulation of trade is part of social material processes of global economic practices. The analyst has demonstrated that the reduction of trade barriers and the government intervention are discursively constructed in the texts on global economy. The authors regard government intervention and other barriers in the global trade as interfering factors in practicing the global economic programs.

The uses of lexicons ‘opening-up’ and ‘trade liberalization’ in the texts indicate that the authors’ belief in new capitalist global economy is discursively constructed. The analyst argued that the authors seem to have forgotten the actual practices of neoliberal economy that the regulation of trade benefits importing and exporting services, not the general public. Reduction of tariffs and taxes are not sufficient conditions for making things easy to get and cheap. Importers and distributors are always in search of high profits. Practices of economic activities can be implemented properly if the economy is under a wise control of the government. Otherwise, the conflict of interests between the upper class and the working class will result in a markedly polarized population.

In the second part of the chapter the discussion moved to the discursive construction of neoliberal economy in the context of political democracy. There is a crucial social relation between the economic practices and the spread of democracy. It is argued that economic globalization is constituted by a complex interconnection between capitalism and democracy. Although there are resistances from opponents who have seen globalization to have been steered in accordance to the interests of global corporate, the economic policies should stand in juxtaposition with the democratization of global

society. The globalist democracy allows freedom, open and competitive market and the private ownership of properties under the IPRs. The hyperglobalist do not realize that uncontrolled trade competition leads to monopoly of the global economy by the (multinational) giants, leaving out basic universal rights such as food security and equal access to resources. For them, the government's involvement in regulating trade has to be reformed for the sake of the so-called benefit of humankind. In a situation of crisis, the state needs to recapitalize banks, not the affected individuals. Financial agencies need to allocate loans to the fostering-democracy countries, not to non-democratic ones.

The alternative political stance is that when a social issue occupies the public sphere such as the media and the press, it should not be built upon the pure rationality in the name of democracy that provides recourses for saying and doings things, but the constructive critical science. Dealing with the agenda of globalizing the economy, people need subjective rationality, because it is this rational reality that is decisive for all. In other words, economic development in this civilized world must be fostered equally, taking into account human progress beyond a dominant nation's progress and the hegemonic corporations. The argument was illustrated with the facts that the riot and looting in the UK in mid and late 2011 and the Wall Street occupation in October of 2011 were two consequences of the unequal practices of the neoliberal global economy that gave rise to the widening gap between the rich and poor in the modern, democratic world society.

CHAPTER 7

DISCOURSE OF GLOBAL ECONOMY AND IDENTITY

7.1 Introduction

The discourse of global economy in the context of ideological construction and the economic desirable values discussed in the last two chapters are linked to identity. This is because the ideological construction can manifest identity construction. Discourse and identification are intermingled in text.

The focus of this chapter is to unfold the identities embedded in the discursive construction of global economy. The chapter will concentrate on the social identity and national identity. The social identity represented as style, way of being, is manifested in the forms of authority as experts in the articulation of the social material process in the discursive representation of global economy.

Social identity can discursively be constructed either by ideology that the authors believe in or by their personal identity, such as the heads of states or experts in the field or vice versa. In other words, there is a dialectical relationship between ideology and identity that are embedded in discourse. The social identity is identifiable through the styles, way of being, of the authors. National identity, on the other hand, is explicitly manifested in the texts through a number of ways including syntactic devices. The authors internalize national identity to promote, sustain or defend the national particularities in the context of the global economy.

In the following sections we relate these two identities to the discourse of global economy as they are inculcated in the two types of genres. As was demonstrated in the

last two chapters, the discussion in this chapter will also be interspersed with text extracts.

7.2 Social identity

The order of discourse which is networked together in discourse, genre and style (Fairclough, 2003, 2006) not only constructs ideologies and other social beliefs but it also implicitly internalizes the social identity of the authors. The discourse of global economy within the two types of genres often contributes to constructing, sustaining and restructuring identities. One type of identity that the discourse of global economy can embody in texturing social relations in genres is personal identity; the relation of the self to others and the social world. When an author disseminates information, transfers knowledge, proposes suggestions or even tells stories on the global economy, the author does not do it without presenting, explicitly or implicitly, his capacity, belief, values and attitudes in regard to the issue he is dealing with. This representation in a rather implicit manner linguistically and socially establishes or sustains who the author is in relation to the social problem at issue. Social identity of the authors in the global economic texts is discursively constructed by means of speech function and modality. We shall deal with social identity and speech function immediately below and modality later.

7.2.1 Social identity and speech functions

The following extracts demonstrate the entailment of the authors' styles as supporters of capitalist globalization in that they discursively belittle other ideologies of political economy:

Example 1

- (1) Communism was dead and buried, an American-led tech boom was in full swing and the rest of the world was looking to the United States as the indispensable source of global growth [para. 3]. (...)
Sweden has been successful in retooling its once-socialist economic model by embracing the notion that the government should protect workers rather than jobs. [para.12]. (*Washington Post*, 27 February 2008)
- (2) Meanwhile, nations that have pursued other models have experienced devastating results. Soviet communism starved millions, bankrupted an empire, and collapsed as decisively as the Berlin Wall. Cuba, once known for its vast fields of cane, is now forced to ration sugar. And while Iran sits atop giant oil reserves, its people cannot put enough gasoline in its — in their cars. (George Bush, 13 November 2008, para. 30)
- (3) The Communist leadership recognizes that the old development model must change. (Frederic Mishkin, April 26, 2007, para. 27)

The extracts in Example 1 above unfold that the representation of political economy is constructed within a certain style—a specific way of self presentation as part of social identity (Fairclough, 2003, 2009; van Dijk, 1998b). That is, the discourse of global economy is discussed in accordance with the social role of the authors at both the institutional and international levels—the global media, the *Washington Post* and the political arena—and as national and international figures—head of financial institutions, or as the president of the United States.

The extracts 1 and 2 discursively undermine other economic systems by means of the speech function they contain ‘Communism was dead and buried’, ‘Soviet communism starved millions, bankrupted an empire, and collapsed as decisively as the Berlin Wall’ and therefore it ‘must change’ (3). The anti-global capitalist states, such as Iran and Cuba and their economic systems are negatively presented. In (1) and (2) communism was pronounced ‘dead’, ‘buried’ and ‘starved millions’. The lexicons ‘dead’, ‘buried’

and ‘starved millions’ carry negative connotation. The speech function in the forms of the statements that ‘communism is dead, bankrupted, and collapsed’ was articulated, because the authors believe that the industrialized nations, such as the USA and Japan are committed to capitalist-based economy as the author says in the extract (repeated):

- (4) Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod [para. 28].

Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems. Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players. Today, the success of the world's largest economies comes from their embrace of free markets [para. 29].

(George Bush, 13 November 2008)

The cleft syntactic form ‘It's what...’ and the speech function of the statement entail the social identity of the author as a capitalist adherent. Further, the author in (4) presents countries—Japan, Hong Kong, and South Korea positively, perhaps as exceptional performers. Meanwhile, countries—Cuba, Iran and former Soviet—that do not submit to capitalism are entailed as “rogue states”. The nominal groups ‘the best evidence’, ‘its performance’, ‘other economic systems’, ‘an island with few natural resources’ and ‘small areas’ internalize the style of the author as a believer in capitalism. The adjectives ‘few’ and ‘small’ are articulated in a positive sense.

One can derive particularly from the extract (2) that polarization exists although the pronoun 'we' does not occur in the texts. The authors describe that American-led capitalism is the best choice 'on top' and 'the best evidence' of existing economic systems. Other systems such as socialism (Iran) and communism (Cuba) are implied to be backward, outmoded 'dead and buried' and uncivilized 'starved millions'. The polarizing dominance in this case is not enacted through pronominalization as revealed by previous studies (e.g. van Dijk, 1998b) but is internalized through discourse semantic, propositions (van Dijk, 1993). In other words, polarization is created by way of positive self-presentation and negative other-presentation in the forms of the way of being.

The extracts above conceal polarization. The Anglo-American economic system and its capitalist system were positively accounted for as the model of the world's economy 'the rest of the world was looking to the United States as the indispensable source of global growth' (1). On the other hand, the communist system of economy was represented negatively. These authors forget the fact that the former USSR communist could also send man to space as the USA did; its athletes reached the top level in Olympic Games, and its economic systems could feed millions of people for more than 70 years before it was eventually demised. This finding adds to the previous studies (see e.g. van Dijk, 2005; 1995), that show that polarization is created by pronominalization.

The social identity, the style of the authors, is enacted in the global market principles. Speaking with a persuasive style as in (4) is as ideological as with force as in (3). This is because ideology and personality are dialectically related (Fairclough, 2003, 2003; Fairclough & Thomas, 2004). For example, as clearly asserted in the texts from the USA and China, President George Bush, President Barrack Obama, and Premier Wen Jiabao and other authors are the proponents of economic globalization articulated

through linguistic devices: vocabulary (e.g. free market, opening-up, trade liberalization, competition); speech function (see Example 1 above); modality (extract 3 and below) and the first person singular as the following extracts, some are reused, demonstrate:

Example 2

- (1) This is a defining moment for the world economy [1]. (...)

Confidence about the future is vital to building confidence for today [7]. (...)

The reforms I have outlined are vital to ensuring that globalization works not just for some but for all hard-pressed families and businesses in all our communities [para. 9].

It is important, too, that in the international leaders' meeting that has been proposed we seek a world trade agreement and reject the beggar-thy-neighbor protectionism that has been a feature of past crises [para. 10]. (*Washington Post*, 17 October 2008)

- (2) I will argue that one possible response to the dislocations that may result from trade-- a retreat into protectionism and isolationism--would be self-defeating and, in the long run, probably not even feasible. (Ben Bernanke, 1 May 2007, para.2)

- (3) I'm a market-oriented guy, but not when I'm faced with the prospect of a global meltdown [para. 12]. (...)

As President, I have seen the transformative power of trade up close. I've been to a Caterpillar factory in East Peoria, Illinois, where thousands of good-paying American jobs are supported by exports. I've walked the grounds of a trade fair in Ghana, where I met women who support their families by exporting handmade dresses and jewelry. I've spoken with a farmer in Guatemala who decided to grow high-value crops he could sell overseas — and helped create more than 1,000 jobs [para. 32]. (George Bush, 13 November 2008)

- (4) And that's also why I fought hard to negotiate a new trade deal with South Korea that will support more than 70,000 American jobs. That's why I traveled to India a few months ago —and Jeff was there with us — where our businesses were able to reach agreement to export \$10 billion in goods and services to India [para. 18]. (...)

Part of the reason I wanted to come to this plant is because this plant is what that trip was all about [para. 19]. (...)

So it's a perfect example of why promoting exports is so important. That's why I've set a goal of doubling American exports within five years [para. 20]. (Barrack Obama, 21 January 2011)

- (5) Will China's economy continue to grow fast and steadily? Some people may have doubts about it. Yet I can give you a definite answer: Yes, it will. (...) Trade protectionism serves no purpose as it will only worsen and prolong the crisis. It is therefore necessary to move forward trade and investment liberalization and facilitation [para. 7]. (...)

I want to reaffirm here China's abiding commitment to peaceful, open and cooperative development [para. 14]. (Wen Jiabao, 28 January 2009)

- (6) I am confident that China's economy will grow over a longer period of time, at a higher level and with better quality and make new contribution to robust, sustainable and balanced growth of the global economy. (Wen Jiabao, 14 September 2011, para. 18)

Extracts in Example 2 were voiced by authors who are not only political figures but also people who possess expertise in the new global economy, hence the first person singular 'I' followed by evidence of active process verbs: 'argue', 'give', 'set' and 'seen'. That is, the statements indicate their styles, way of being, as authoritative persons in dealing with the global economy, hence, the argument 'I will argue', 'Yet I can give you a definite answer: Yes, it will', 'That's why I've set a goal' and narratives 'I have seen', 'I've spoken with', 'I fought hard' and 'I traveled to India'. These declarative clauses functioning as speech function of informing internalize social identity. The authors construct their positive contributions to the stock of the raised issues.

Extract (1) was articulated by a global economic architect Gordon Brown who sees the severe financial crisis of 2008 as a crucial moment in transforming the global economy. The clauses 'This is a defining moment for the world economy', 'The reforms I have outlined are vital' and 'It is important that' in respect to economic globalization in the era of crisis presuppose expertise in the field. Unless he is an expert, Gordon Brown would have said 'this can, may, or might be' a defining moment for the world economy.

Gordon Brown was also able to have made such a statement because of his being a state leader and politician as well.

The utterance 'I'm a market-oriented guy' (3) is a real process of self-identification. The story telling in the extract indicates George Bush's styles as an economic globalist. He constructs the global capitalism by giving examples. The same holds true for extract (4) in Which Barack Obama 'fought hard' in an attempt to sustaining his role as president to compete in the global economy.

The extracts (5–6) also embed style of being for Wen Jiabao in which he asserts that trade protectionism is useless and trade and investment liberation are the way to go. The clauses 'It is therefore necessary' (5), 'I am confident that' (6) like 'it is important that' (1) internalize social identity. These clauses manifest the attitudinal meaning and evaluative orientations (Lemke, 1998). Wen Jiabao was able to make such statements as 'It is therefore necessary to move forward trade and investment liberalization and facilitation' because he is a prime minister. His being the prime minister provides him resources, for example for asking the question 'Will China's economy continue to grow fast and steadily?' and making the self-assured answer 'Yes, it will' while overriding the projected answer 'Some people may have doubts about it' by the unknown audience.

Through their ways of being such as the heads of states and well-known economists, the authors are able to express economic judgments, market policies and political determination and to legitimize actions. They speak according to their styles of being, the leaders of states, political figures, or an economist. They provide examples for solid illustrations, tell stories to convince the audience, and put forward argumentative premises that are difficult to challenge. In addition, the raised issue in the strategic texts

is rarely connected to the domestic role of the authors. Consequently, the ideology expressed in the genres and discourses represents not the authors in person at the domestic level like in a family, but collectively at the national and international level. For example the Op-Ed article (*Washington Post*, 17 October 2008) by Gordon Brown under the title ‘Out of the Ashes’ and its contents support the global economy and does not concern his personal economic status. Gordon Brown writes in accordance with his style as Prime Minister, an architect of the new global economy, and a political economist. He thus mixes the conversational discourse in the title ‘Out of the Ashes’ with the global governance discourse in the headline ‘The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy’ and later summarizes with the political economic discourse ‘This is a defining moment for the world economy.’ This is because the beliefs, values, and other social aspects expressed in this Op-Ed are digested internationally by corporate managers, policy makers, economists, and business people around the globe.

The ideology in the forms of norms, values, and social beliefs that are represented by text producers in the discourse influences the text consumers’ MRs or social cognition (see Section 3.3). That is, how people think about themselves in connection to the others. This effect of ideological construction may not be achieved completely (Fairclough 2001, 2009). Instead, ideology such as globalizing capitalism is at risk and in constant struggle. Some people can state that the ideology of global economy is open to dominance, but others can also argue that it can also be vulnerable to attacks by resistance groups like the World Social Forum or labor unions. But people still speak with a certain style, way of being, according to the beliefs and their political stance that is discursively unavoidable in verbal interaction.

Proponents of global capitalism with their styles argue that the global economy brings about changes to increased productivity, specialization in production (Bernanke, 1 May 2007, para. 3), improving the standards of livings and ultimately eradication of poverty (*China Daily*, 20 May, 2011, para. 14). This hyperglobalist discourse has its roots in individualistic ways of life within industrially advanced countries like the USA (see Held, *et al.* 1999 for profound hyperglobalist perspective of economic globalization) but which have yet fulfilled the wealthy people with peace of mind and inner happiness (Diener & Oshi, 2000; Easterlin, 1995). Globally speaking, the reality is still far from discourse. Concerning poverty eradication, millions of people are still starving in Somalia; millions of children are still living on the street in India; millions of people are still living without electricity in Tanzania. But the globalist discourse style is standing behind the rhetoric of freedom that every nation on the planet is entitled to join free market. Liberal market is for every country and being democratic allows for any nation to enter an open economic system (see Section 6.3).

The rhetoric behind the ‘market oriented’ economy is absolutely dependent on the beliefs of the authors that affect their styles of being, for example, George Bush as a politician and the president from the Conservative Republican. He openly declared that he was ‘a market-oriented guy’. By doing so, he sustains his political and economic position in the discursive representation of the world economy he is extrapolating. The propositions of the extract (4) in Example 1 and (3) in Example 2 are in the form of assertions, strengthening the personal identity that the author is committed to globalization and free market capitalism even in the situation of the financial turmoil. Textually, in addition to speech function, the social identity of the authors can also be internalized by another specific linguistic property i.e. the modal verbs which we now turn to.

7.2.2 Uses of modality and social identity

Modality can be manifested through expressive modality as in ‘The bank *may* be open’ or deontic modality as in ‘The employees *must* work hard to get paid.’ In the first example, the author is not sure whether the bank is open and he is therefore not committed to truth. In the second, the author is sure that it is obligatory for the employees to work hard. In this study, the focus on is modal verbs such as *must*, *have to*, *will*, and *can*. These modalities play a more significant role in the discursive construction of identity in respect to the global economy compared to modal adverbs such as *likely*, *perhaps*, and *maybe* even though their occurrences are also listed. Table 7.1 provides the list of modal verbs that occur in the strategic texts.

Table 7.1: Six modal verbs and the number of their occurrences

No.	Modal verbs	Number of occurrences	Percentage (%)
1.	can	111	0.30
2.	have to	13	0.035
3.	must	41	0.11
4.	may	36	0.098
5.	will	234	0.63
6.	shall	0	0.00

We notice from Table 7.1 above that the most dominant usage of modality in the discursive construction of global economy is the modal adverb ‘will’ (234 occurrences), followed by ‘can’ (111 occurrences) and ‘must’ (41 occurrences). This indicates that the global economic thinking of the authors is forward-looking and optimistic. But before the analyst discusses this topic in detail, it is also necessary to find out the occurrences of modal adverbs in the texts.

The computer-generated extracts indicate that in addition to modal verbs, modal adverbs also occur in the strategic texts even though their number is rather smaller. They can be seen in Table 7.2 below.

Table 7.2: Five modal adverbs and the number of their occurrences

No.	Modal adverbs	Number of occurrences	Percentage (%)
1.	probably	3	0.008
2.	certainly	4	0.010
3.	possibly	1	0.002
4.	maybe	1	0.002
5.	likely	14	0.038

From 36, 566 word database modal adverb ‘likely’ occurs most (14 occurrences), followed by ‘certainly’ (4 occurrences) and ‘probably’ (3 occurrences). This suggests that today global economic discourse is beyond society’s confidence. Since the current study is concerned with social identity, the focus is therefore more on the uses of modal verbs. As we shall see in the following Sub-sections, these modalities are more relevant in the discursive construction of social identity.

7.2.2.1 Modal ‘must’ and ‘have to’

The exploration of the discourse of global economy shows that the authors of the strategic texts can deploy modality to show relations and signification of reality. Commenting on the strategies of tackling the global financial crisis and the capitalist economic reform, the authors in Example 3 below assert:

Example 3

- (1) Chandler admits as much. Asked about how the corporation might evolve, he confesses ignorance: "All I know is that the commercializing of the Internet is transforming the world." To fill that void, someone must do for capitalism's next stage what Chandler did for the last. (*Washington Post*, 26 October 2006, para. 11)
- (2) We must deal with more than the symptoms of the current crisis. We have to tackle the root causes. (*Washington Post*, 17 October 2008, para. 7)
- (3) A person who would pledge land or capital for a loan must, however, legally own the collateral [para. 7]. (...)

To make reliable and accurate information more accessible, accounting standards must be high enough so that prospective lenders can make sense of what is in a business's books. Rules that require businesses to disclose information must be enforced to enable prospective investors to make sensible decisions about whether the business deserves to get their hard-earned money [para. 11].

For people to be willing to buy stocks, another way to channel funds to business, rules must be established to ensure that the managers of corporations act in the stockholders' interest [para. 12]. (...)

Preventing banking crises must start with prudential *regulation*, in which rules set by the government ensure that banks have sufficient capital and manage risks well. To guarantee that these regulations are enforced, the government must also engage in prudential *supervision*, in which it monitors banks by examining them on a regular basis to ensure that they are complying with government regulations [para. 13].
(Frederic Mishkin, 26 April 2007)

- (4) One vital principle of reform is that our nations must make our financial markets more transparent [para. 18]. (...)

Secondly, we must ensure that markets, firms, and financial products are properly regulated [para. 19]. (...)

Third, we must enhance the integrity of our financial markets [para. 20]. (...)

Fourth, we must strengthen cooperation among the world's financial authorities [para. 21]. (...)

In addition to these important—to these management changes, we should move forward with other reforms to make the IMF and World Bank more transparent, accountable, and effective. For example, the IMF should agree to work more closely

with member countries to ensure that their exchange rate policies are market-oriented and fair [para. 22]. (George Bush, 13 November 2008)

- (5) With China's reform endeavor at a crucial stage, we must advance the reforms in all areas with greater determination and courage. We must deepen comprehensive reforms in the economic, political and other fields. (Wen Jiabao, 13 September 2010, para. 12)
- (6) The international community must have more confidence, enhance cooperation and jointly tackle the challenges. (Wen Jiabao, 14 September 2011, para. 16)

The use of deontic modality of a strong obligation 'must' in the extracts above signals not only the expected global commitment of the state leaders 'We must deal with more than the symptoms of the current crisis', 'we must ensure that markets, firms, and financial products are properly regulated.'; agencies 'The international community must have more confidence, enhance cooperation and jointly tackle the challenges' and other institutions in combating the financial crisis. But it is also a way of supporting the globalism that is in need of changes from the financial capital 'wealth' to smarter management (4). The use of the deontic (obligatory) modality has to do with the social identity of the author. The authors are committed to the proposition that it is obligatory for global governments, bankers, financial institutions, and business people among others to act in an attempt to find out solutions to the global financial crisis.

In terms of speech function (Fairclough, 2003; Halliday, 2004; see also above), all the extracts that contain modal 'must' in 'we + must + process verb + nominal groups are made up of statements. On the one hand, the texts are in the form of a monologue. On the other hand, the authors are actually dialoging with other people, the readers and listeners. The statements with deontic (obligatory) modalities are connected to evaluation. From a SFL point of view, these evaluative statements are generally made up of material process type relation (Halliday, 2004; Fairclough, 2003), i.e. the clauses

are realized by verbal groups such as ‘deal with’, ‘enhance’, ‘deepen’ and ‘strengthen’ + nominal groups.

The subjects of the verbs are human agents (the actors) in the form of first person plural ‘we’ when it is to do with political economy, in which accurate actions are desperately needed, for example as in, ‘we must ensure that markets, firms...’, ‘we must enhance the integrity of our financial markets’ and ‘we must strengthen cooperation’, ‘we must advance the reforms’, and ‘We must deepen comprehensive reforms’. This exclusive authoritative ‘we’ and modal verb ‘must’ are part of enacting social representation that links social identity, the style of the authors, to representing the voices of others through the access to power as the leaders of states or experts in the field. In addition to ‘must’, the modal verb ‘will’ also brings our attention to the uses of modality in the discursive construction of social identity.

7.2.2.2 Modal ‘will’

In addition to obligations, the discourse of global economy is also in some way manifested through intentionality. The extracts below contain the modal “will” that signifies intention:

Example 4

- (1) America's national interest will best be served by staying the course of free trade and investment. (*Washington Post*, 07 June 2005, para. 8)
- (2) We are living through the first financial crisis of this new global age. And the decisions we make will affect us over not just the next few weeks but for years to come. (*Washington Post*, 17 October 2008, para. 2)
- (3) Certainly, advancing technology will continue to increase the feasibility of providing services from remote locations. (Ben Bernanke, 1 May 2007, para. 20)

- (4) In addition to addressing the current crisis, we will also need to make broader reforms to strengthen the global economy over the long term. This weekend, leaders will establish principles for adapting our financial systems to the realities of the 21st century marketplace. We will discuss specific actions we can take to implement these principles. We will direct our finance ministers to work with other experts and report back to us with detailed recommendations on further reasonable actions [para. 7].

(...)

I know some may question whether America's leadership in the global economy will continue. The world can be confident that it will, because our markets are flexible and we can rebound from setbacks [para. 36]. (...)

The world will see the resilience of America once again. We will work with our partners to correct the problems in the global financial system. We will rebuild our economic strength. And we will continue to lead the world toward prosperity and peace [para. 37]. (George Bush, 13 November 2008)

- (5) We will pursue balance growth of domestic and external demand and establish a long-term mechanism to expand domestic demand, consumer demand in particular. (...) We will speed up the reform of the income distribution system, and raise the proportion of individual income in the national income and the proportion of the primary distribution that goes to wages and salaries. We will create conditions for more people to earn income from property, reverse the trend of widening income gap as quickly as possible, and boost the sustainable growth of people's income and consumer spending. (...) We will continue to implement the overall strategy for regional development, push forward the development of the western region and the reinvigoration of the old industrial bases in northeast China and other places, energize the development of the central region, cultivate new drivers for domestic demand, and open up new space for the growth of domestic demand in rural areas and central and western regions [para. 8]. (...)

We will spur economic development through innovation and promote scientific and technological advances and upgrading of the industrial structure [para. 9]. (...)

We will continue to conserve resources and protect the environment, and raise the efficiency in resources utilization and capacity in tackling climate change [para. 10]. (...)

We will strike a balance between economic and social development and strive to ensure and improve people's livelihood and promote social equity and justice [para. 11]. (...)

We will deepen reform and increase the dynamism and vitality for sustainable development [para. 12]. (Wen Jiabao, 13 September 2010)

- (6) China will continue to follow the strategy of expanding domestic demand, with focus on improving the structure of demand and increasing consumer demand to drive economic growth. (...) We will expand consumption in the course of advancing urbanization, protecting and improving people's well-being and speeding up the development of service industries [para 9]. (...)

China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers [para. 10]. (Wen Jiabao, 14 September 2011)

The uses of modal ‘will’ in Example 4 (particularly extracts 4 & 5) indicate that the authors are determined to act to achieve the desired goals of tackling the global financial crisis and do whatever can be done to set up the reforms and save the global economy. Different from the uses of ‘must’, the modal ‘will’ is used as if it was in a circumstance of a global political campaign in that discourse participants are offered a series of promises as in (4) ‘We will rebuild our economic strength’, ‘we will continue to lead the world toward prosperity and peace’ and (5) ‘We will create conditions for more people to earn income from property’, ‘We will continue to conserve resources and protect the environment’.

Furthermore, the uses of modal ‘will’ also suggest that there is a blunder that has been sparked by the wrongly led global economy (2), which is in need of a set of self-evaluations and that the global governments are to take responsibility and measures to deepen reform and to spur economic growth by using innovations and advances of technology (4 & 5). But this reform needs to be adjusted to the ‘moment’ as not to destroy the environment that leads to the climate change. The use of ‘will’ implicates

the social identity that the authors are committed to what they articulate in respect to certainty of future actions, hence, ‘will’ collocates with the process verbs ‘establish’, ‘discuss’, ‘direct’, ‘deepen’ and the like. Replacing ‘will’ with ‘shall’ brings about less certainty which politically speaking is less appropriated when the statements are made by the leaders of states or other influential figures. Saying ‘we will’ rather than ‘we shall’ is an indication of a particular style, the very optimistic attitude of the political stance of the author.

It also happens in extract 3 that the modal ‘will’ is in colligation with the modal adverb ‘certainly’. The colligation between the modal verb ‘will’ and the modal adverb ‘certainly’ internalizes the author’s commitment to truth in the statement he makes ‘. The modality adverb ‘certainly’ embodies the social identity of the author as an expert in the field of economics, enabling him to relate the economy to using the technological advances to develop the remote places.

7.2.2.3 Modal ‘can’

The modal verb ‘can’ occupies 111 word positions in the discursive representation of global economy. Theoretically, the modal ‘can’ is used to show both ability and permission. However, socially the use of ‘can’ embeds social identity in the discursive construction of global economy. The following are the extracts for the illustrative purposes:

Example 5

- (1) The “modern” debate over trade barriers can be traced to the 19th century.
(*Washington Post*, 07 June 2005, para. 1)

- (2) We can also identify many of the forces reshaping business: new technologies, globalization and modern finance (pressure for higher profits; corporate "buyouts" by private equity firms). (*Washington Post*, 26 October 2006 , para. 10)
- (3) We are all in this together, and we can only resolve this crisis together. (*Washington Post*, 17 October 2008, para. 11)
- (4) What Silicon Valley can contribute to a new American economic model is not just its fantastic technology, but its entrepreneurial spirit. (*Washington Post*, 27 February 2008, para. 13)
- (5) Different countries will naturally bring different perspectives, but there are some points on which we can all agree: (...) The IMF and World Bank are working to ensure that developing nations can weather this crisis. (...) We will discuss specific actions we can take to implement these principles. (George Bush, 13 November 2008, para. 17)
- (6) Our challenge is to do everything we can to make it easier for folks to bring products to market and to start and expand new businesses, and to grow and hire new workers [para. 1]. (...)
So we know we can compete [para. 12]. (Barrack Obama, 21 January 2011)
- (7) These measures can mobilize all resources to meet the current crisis [para. 5]. (...)
When China, a large developing country, runs its affairs well, it can help restore confidence in global economic growth and curb the spread of the international financial crisis [para. 6]. (Wen Jiabao, 28 January 2009)

All the sentences that contain the modal 'can' in the extracts above are affirmative. Therefore, its meanings cover *be able to*, *be capable of* and *know how to* (Quirk *et al.* 1985). The uses of 'can' present the knowledge and the social identity of the presenters that they have the ability to say that something is the case. Socially the 'can' in the extracts above are the globalist 'can' as in 'we can only resolve this crisis together', 'So we know we can compete', 'it can help restore confidence in global economic growth'. Only by economic globalist do the statements and their propositions seem to be authoritatively constituted.

The grammatical subjects of the sentences are both animate and inanimate. Extracts (2), (3), (5), and (6) contain animate grammatical subjects. On the other hand, those that appear in (1), (4) and (7) have inanimate grammatical subjects. The subjects of the verbs are personalized ‘No single trade or investment agreement’ (1) and ‘What Silicon Valley’ (4) and ‘These measures’ (7). When the subjects are animate, the social actors tend to be people, ‘we’. The ‘we’ is socially constructed by the styles of the authors, referring to ‘themselves’ as politicians, experts, economists, but not the general public. When they are inanimate, the subjects are institutionalized ‘investment agreement’, ‘Silicon Valley’, ‘developing nations’, and ‘These measures’, referring to a group of people, a plant or programs that have the capability to organize for economic development. But again the statements are only producible in the presence of a certain sort of beings, be they state leaders, economists or policy analysts.

The uses of the modal ‘can’ in the extracts imply that social actors need to economically, socially, and politically compete in the global economy. They need to know how to identify the forces reshaping businesses and capable of resolving the current global crisis. Linguistically, the modal ‘can’ in the extracts is grammatically interchangeable with *be able to*, *be capable of* and *know how to*. Nevertheless, from the discourse of globalization and CDA perspective the uses of this modality in the extracts suggest that social actors that include governments, financial institutions, and business people are optimistic in globalizing economy and that global capitalism has to prevail by restructuring the political economy (e.g. sustaining competition). The objective of the uses of the modal verb ‘can’ in those circumstances (global competition, global crisis) is to manifest the authors’ access to knowledge on the subject matter, signifying “I have the ability to say that something is the case.”

7.2.2.4 Modal 'may'

Another modal verb that frequently occurs in the texts is 'may'. It occurs 36 times in the database; its occurrences are less than the modal 'must' (41 occurrences). The occurrences of the modal 'may' exist in the following contexts:

Example 6

1. At present the greatest peril may lie in huge global trade imbalances -- and the financial pressures they create. The basic dilemma is that the world needs American trade deficits as an "engine" of growth, compensating for weak growth in Europe and Japan. But the same trade deficits may now be destabilizing because they send large amounts of dollars abroad. (*Washington Post*, 16 March 2005, para. 5)
2. Just as John Jacob Astor defined a distinct stage of capitalism, we may now be at the end of what Chandler perceptively called "managerial capitalism." Managers, of course, won't disappear. But the new opportunities and pressures on them and their companies may have altered the way the system operates. (*Washington Post*, 26 October 2006, para. 11)
3. Now, China and other emerging markets may be moving beyond export-led growth. Unfortunately, that shift could abort, if high inflation (8 percent in China and India) derails domestic expansion. (*Washington Post*, 16 July 2008, para. 7)
4. China, of course, is an example of a country that has actively encouraged exports as a means of propelling its economic growth and development. To some extent, China may have gone too far in its use of policy to promote export growth. (Frederic Mishkin 26 April 2007, para. 28)
5. I will argue that one possible response to the dislocations that may result from trade--a retreat into protectionism and isolationism--would be self-defeating and, in the long run, probably not even feasible. Instead, our continued prosperity depends on our embracing the many opportunities provided by trade, even as we provide a helping hand to individuals and communities that may have suffered adverse consequences [para. 2].
(...)

This is all standard textbook material, and it may well leave you unconvinced of the importance of international trade [para. 6]. (...)

Although expansion of trade makes the U.S. economy stronger, as I have noted today, the broad benefits of trade and the associated economic change may come at a cost to some individuals, firms, and communities [para. 30]. (Ben Bernanke, 1 May 2007, para. 2)

6. We're facing this challenge together and we're going to get through it together. The United States is determined to show the way back to economic growth and prosperity. I know some may question whether America's leadership in the global economy will continue. (George Bush, 13 November 2008, para. 36)
7. There's one word we are unlikely to hear from the new British government and that is "globalization". Even though there may be countries in worse trouble as a result of the global financial crisis, such as Greece, no other has experienced it quite so much as a psychological shock as Britain. (*China Daily*, 01 July 2010, para. 1)
8. *4. Countries have the right to protect their own regulations and institutions.* The previous principles may seem innocuous. But they carry powerful implications that clash with the received wisdom of globalization's advocates [para. 9]. (...) We should therefore accept that countries may uphold national rules – tax policies, financial regulations, labor standards, or consumer health and safety rules – and may do so by raising barriers at the border if necessary, when trade demonstrably threatens domestic practices enjoying broad popular support [para. 10]. (*China Daily*, 11 January 2011)
9. Will China's economy continue to grow fast and steadily? Some people may have doubts about it. Yet I can give you a definite answer: Yes, it will. We are full of confidence. (Wen Jiabao, 28 January 2009, para. 7)

The extracts show that modal 'may' is used to indicate that the authors are in doubt of the issues they are raising. The modal 'may' comes with process verbs: 'lie'(relation), 'be destabilizing' (relation), 'result from' (material), 'question' (verbal), have altered (material), 'seem' (mental) and 'have' (mental), among others. But rarely does the modal 'may' come with the grammatical structure: animate agent (actor) + may + material process verb + goal.

When we relate the modal to identity construction, it is evident that the authors are playing with their expertise. That is, they use a "probable" possibility 'may' when the

authors are in uncertainty and expect the audience to share a similar attitude as well. This is because the uncertainty is used for expressing a positive effect of negative presumption i.e. the political economic stance of the authors who texture the texts is assumed to be congruent with the belief of the majority of people.

The issue that is raised through the modality ‘may’ is commonly an economic one as in ‘the greatest peril may lie in huge global trade imbalances’, ‘the same trade deficits may now’, (1), ‘and it may well leave you unconvinced of the importance of international trade’ (5), ‘I know some may question whether America's leadership in the global economy will continue’ (6), ‘The previous principles may seem innocuous’ (8), ‘Some people may have doubts about it’ (9). But when they cope with a stringent economic logic, the authors prefer to use modal ‘must’ particularly when they are dealing with cooperation in the international political economy (see Sub-section 7.2.2.1 above). This provides us with another indication that way of beings of the authors are internalized in discourse in different ways and at different levels (Fairclough, 2003), including modality use and speech function.

Summing up, a modality such as ‘must’ ‘expresses relational values between the authors and the world they are dealing with. That is, the authors believe that they have the authority to express their concerns and ideas or give directions to others, particularly in dealing with the financial crisis. There is a relationship between the authors and the presentations they make in clauses, i.e. they commit themselves to truth and necessity; the world economy is in severe crisis and that the world government needs to take necessary actions. The ‘must’ collocates with ‘engage’, ‘enhance’, ‘advance’, ‘deepen’, and ‘strengthen.’

Similar things apply to the modality ‘will’ and ‘can’. The modal ‘will’ indicate future acts of the authors and self-commitments and it collocates with ‘strike’, ‘expand’, ‘continue’, and ‘deepen’. The deployment of the modal ‘will’ that appears 27 times in the extracts alone implies that the social commitment of the authors including Wen Jiabao in tackling problems in the global economy is strong and optimistic. The intended acts in terms of speech function (speech acts) are expressed as promises that the authors and those in charge need to keep, at least discursively. Meanwhile, the modal ‘can’ is related to representations in terms of ability, knowledge and permission. The analysis of ‘can’ in this study seems to show that ‘can’ is used to express more on capability than permission. This is perhaps because the authors are people in power. The modal ‘may’ is used to express uncertainty and the audience is also expected to be doubtful about the subject matter at issue.

7.3 The discursive construction of national identity

The discourse of global economy, in addition to social identity, also constructs national identity. The potentiality of embodying national identity in the discourse of global economy occurs in the extracts from both the U.S and China’s sources. National identity in the global economic texts is identifiable at least in three ways: pronominalization, noun phrases and prepositional phrases. We shall discuss these linguistic devices directly below in relation to the global economic texts.

7.3.1 Uses of the first person plural ‘we’

The interpretation of the pronoun ‘we’ in discourses can be very complex. In effect, the pronoun system in English is complicated even when it is dealt in theory of grammar. The interpretation of pronouns in this thesis is built upon the knowledge of grammar and pragmatics, that is, as they occur in the texts on the background of global economic

discourse. There is an implicit polarization taking place in the discourse of global economy. There are we-group and they-group emerging in the texts. This can be said so, because from a semiotic perspective the globe is economically and politically divided.

In the Op-Ed article of the *Washington Post* (17 October 2008) which was written by the proponent of globalization project of the world economy contains the pronoun 'we'. In fact, this text was produced by one of the most influential figures, Gordon Brown, who was among the first politicians to proclaim that the era of global economy has come. Since he possesses a top authority, then the Prime Minister of Britain, his strategies of argumentation on the idea of global economy is also remarkable. To provide the evidence, let us illustrate with some reiteration of extracts. The extracts from the *Washington Post* (17 October 2008) below exemplify:

Example 7

- (1) We are living through the first financial crisis of this new global age.
- (2) And the decisions we make will affect us over not just the next few weeks but for years to come.
- (3) The global problems we face require global solutions.
- (4) We must deal with more than the symptoms of the current crisis. We have to tackle the root causes.
- (5) We are all in this together, and we can only resolve this crisis together.

The extracts indicate that in his opinion piece, Gordon Brown strategically naturalizes the globalism through the use of the exclusive pronoun 'we' that refers to state leaders, particularly of European Union, the USA and other leaders who come from the 'First World.'

From the critical social science perspective and that of cultural political economy, the pronoun 'we' in the extracts above is not totally a globalized 'we' but regionalized 'we',

referring to those belonging to the continental Europe and North America. This exclusive ‘we’ refers mainly to the core countries (the United States, Canada, and the European Union). This is an authorial ‘we’ which is used in serious writing and seeks to involve the reader in a joint enterprise (Quirk *et al.*, 1985). But from a CDA perspective, the ‘we’ in Example 7 creates ‘ism’, that is, the imperialism of the nation states, the EU and the USA. The context of the Op-Ed article (*Washington Post*, 17 October 2008) was the “global” financial system that firstly precipitates the US financial crisis but which later spreads to the Continental Europe. Therefore, the ‘we’ as in ‘the decisions we make’, ‘we have to tackle the root causes’, and ‘we can only resolve this crisis together’ does not refer to the people in an African or Asian nation. It is an American and European ‘we’ although the crisis is global in principle. In the clause ‘We are living through the first financial crisis of this new global age’ (1), the ordinal number ‘the first’ indicates that the crisis does not refer to the countries outside the USA and the EU. The following are other extracts for further illustrations of the first person plural ‘we’ indicating nationalism:

- (6) Finding the right balance of control between management and stockholders is a challenge with which even we in the United States continue to struggle. (Frederic Mishkin, 26 April 2007, para. 12).
- (7) After all, the United States is a big country, and we can certainly achieve many of the benefits of specialization by trading within our own borders. (Ben Bernanke, 1 May 2007, para. 6)
- (8) We’ve seen technologies transform the ways we work and the ways we communicate with one another. We’ve seen our economy transformed by rising competition from around the globe [para. 6]. (...)

But what has never changed –we see it right here at this plant, we see it right here at GE –is that America is still home to the most creative and most innovative businesses in the world. We’ve got the most productive workers in the world (...) So we know we can compete. Not just in the industries of the past, but also in the industries of the future [para.12].

But in an ever-shrinking world, our success in these efforts will be determined not only by what we build in Schenectady, but also what we can sell in Shanghai. For America to compete around the world, we need to export more goods around the world. That's where the customers are. It's that simple [para. 13]. (...)

That's where the customers are, and we want to sell them products made here in America. That's why I met with Chinese leaders this week, and Jeff joined me at the state dinner [para. 15].

During those meetings, we struck a deal to open Chinese markets to our products. They're selling here, and that's fine. But we want to sell there. We want to open up their markets so that we got two-way trade, not just one-way trade. (Applause.) [para. 16].

So the deals we struck are going to mean more than \$45 billion in new business for American companies — \$45 billion — that translates into 235,000 new jobs for American workers. (Applause.) [para. 17]. (Barrack Obama, 21 January 2011).

In the last three extracts (6)–(8), the first person plural ‘we’ refers to the American people. The nationalistic ‘we’ is sometimes in colligation with the noun phrase ‘the United States’ or ‘America’ as in ‘we in the United States continue to struggle’, ‘we see it right here at GE –is that America...’, ‘For America to compete around the world, we need to export more goods around the world’ and ‘the deals we struck are going to mean more than \$45 billion in new business for American companies’. The colligation indicates the authors’ construction of the national identity in the global economic texts. The global economy is seen as the competitive space for the economic affairs, hence, ‘we need to export more goods around the world’. The American national identity is enacted in the discourse and genres of the global economic texts through the pronoun ‘we’ and its verb colligations with ‘achieve’, ‘compete’, ‘export’, ‘sell’, and ‘open’. The colligated words are the process verbs dealing with competition in the global marketplace.

In a similar way, the uses of pronoun ‘we’ are also pervasive in the speeches by Wen Jiabao. Below are the extracts with a particular reference to the speech of 13 September 2010):

Example 8

- (1) We will pursue balance growth of domestic and external demand and establish a long-term mechanism to expand domestic demand, consumer demand in particular.
- (2) We will spur economic development through innovation and promote scientific and technological advances and upgrading of the industrial structure.
- (3) We will continue to conserve resources and protect the environment, and raise the efficiency in resources utilization and capacity in tackling climate change.
- (4) We will strike a balance between economic and social development and strive to ensure and improve people's livelihood and promote social equity and justice.
- (5) We will deepen reform and increase the dynamism and vitality for sustainable development.
- (6) We are full of confidence. Where does our confidence come from? It comes from the fact that the fundamentals of China's economy remain unchanged. (Wen Jiabao, 13 September 2010)

Slightly different from those of extracts in Example 7 (particularly extracts 1–5), the first person plural ‘we’ in Example 8 above is used exclusively and totally China-oriented. That is, ‘we’ obviously refers to the leaders of China and its people, hence, national identity even though the speech was addressed to the WEF members and the world. The use of ‘we’ in this sense is rhetorical: it is used in the collective sense of ‘the nation, ‘the party’. It may be viewed as a special type of generic ‘we’ (Quirk *et al.* 1985).

Whether it is used as inclusive authorial or rhetorical, the pronoun ‘we’ in the extracts polarizes in terms of nationality ‘we’ the people of China. It is used to ideologically share the interests in promoting the global economy with national interests. The first

person plural ‘we’ in Examples 8 represent national responses to the global economy in respect to the global financial crisis. In a similar way as the extracts concerning the U.S national identity in Example 7, the extracts in Example 8 on China’s national identity also indicate that the ‘we’ is in the grammatical colligations with material process verbs ‘continue’, ‘strike’, and ‘deepen’. The extracts below provide a similar picture:

- (7) But we in China remain level-headed. We are clear about the situation and we are fully confident about our future [para. 2]. (...)

We have continued to resolve challenging issues in development by carrying out reform and steadily improved the socialist market economy. (...) We have made full progress in expanding social services. (...) Through reform, we are removing bottlenecks hampering development and have released the initiative, enthusiasm and entrepreneurial spirit of the Chinese people [para. 5].

We are pursuing a win-win strategy of opening-up to increase the openness of China's economy. Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services. We have pursued the dual strategy of introducing foreign capital and encouraging Chinese companies to invest overseas to achieve greater balance between the use of FDI and overseas Chinese investment. We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations [para. 6]. (Wen Jiabao, 14 September 2011)

The national identity of China is without any doubt internalized in the extract above. The economic progress and processes discursively constructed above are to a great extent concerned with the global economy in accordance with China’s orientation. Even though, the vocabulary ‘foreign trade’, ‘the global economic governance structure’, ‘foreign capital’, and ‘multilateral economic and trade relations’ is intermingled in the discourse, the presence of China’ national identity is obvious. The first person plural ‘we’ refers to the leaders of China in particular and Chinese people in general. The ‘we’ in this extract does not include any other nation.

Unsurprising to the audience, the national identity discursively constructed in extract 7 is in a very positive manner. For example, the author uses optimistic language ‘remain level-headed’, ‘fully confident’, ‘full progress, ‘removing bottlenecks’, ‘an active part’ and ‘encouraging Chinese companies’ with human agent ‘we’ as the main social actor. The deployment of this linguistic strategy in the global economic texts opens room for the author to construct Chinese national identity while pretending to provide serious contribution to the global economic development.

7.3.2 Uses of nominal groups and prepositional phrases

Noun phrases or nominal groups (in SFL terms) and prepositional phrases provide resources for the analysis of national identity. Nominal groups can function as actor, goals, identified or phenomenon (Halliday, 2004). The extracts below show that nominal groups are used in the discursive construction of national identity:

Example 9

- (1) America's national interest will best be served by staying the course of free trade and investment. (*Washington Post*, 07 June 2005, para. 8)
- (2) As it turned out, America's obituary as an economic superpower was premature. By the turn of the millennium, the Anglo-American economic model was back on top. (*Washington Post*, 27 February 2008, para. 3)
- (3) Finding the right balance of control between management and stockholders is a challenge with which even we in the United States continue to struggle. (Frederic Mishkin 26 April 2007, para. 12).
- (4) The United States also excels in the manufacture and export of sophisticated capital goods and scientific equipment. Outside of manufacturing, a number of U.S. high-tech companies, including software developers and online service providers, are world leaders in their fields. American films and music attract large worldwide audiences [para. 7. (...)]

Although expansion of trade makes the U.S. economy stronger, as I have noted today, the broad benefits of trade and the associated economic change may come at a cost to some individuals, firms, and communities. We need to continue to find ways to minimize the pain of dislocation without standing in the way of economic growth and change. Indeed, the willingness to embrace difficult challenges is a defining characteristic of the American people [para. 30]. (Ben Bernanke, May 1, 2007)

- (5) Here in the United States, we have taken unprecedented steps to boost liquidity, recapitalize financial institutions, guarantee most new debt issued by insured banks, and prevent the disorderly collapse of large, interconnected enterprises [para. 13].
(...)

Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod [para. 28]. (...)

The world will see the resilience of America once again [para. 37]. (George Bush, 13 November 2008)

- (6) But what has never changed –we see it right here at this plant, we see it right here at GE –is that America is still home to the most creative and most innovative businesses in the world. We've got the most productive workers in the world. America is home to inventors and dreamers and builders and creators. (Applause.) All of you represent people who each and every day are pioneering the technologies and discoveries that not only improve our lives, but they drive our economy [para. 6]. Across the country, there are entrepreneurs opening businesses. There are researchers testing new medical treatments. There are engineers pushing the limits of design and the programmers poring over lines of code. And there are workers like you on assembly lines all across the country, eager to create some of the best products the world has ever seen [para. 7]. (...)

But in an ever-shrinking world, our success in these efforts will be determined not only by what we build in Schenectady, but also what we can sell in Shanghai. For America to compete around the world, we need to export more goods around the world. That's where the customers are. It's that simple. (Applause.) [para. 13]. (...)

In these pioneering efforts, we see what America is all about. We see what has in our past allowed us to not only weather rough storms but reach brighter days. And it's got to remind us that we've got those same strengths. This is America. We still have that spirit of invention, and that sense of optimism, that belief that if we work hard and we give it our all, that anything is possible in this country [para. 35].

The future belongs to us. And you at this plant, you are showing us the way forward. So thank you so much, everybody. God bless you. And God bless the United States of America [para. 36]. (Applause.) (Barrack Obama, 21 January 2011)

The extracts in Example 8 in certain parts inculcate the U.S. national identity. The nominal groups 'America's national interest', 'the U.S. economy', 'the American Dream', 'the resilience of America and the prepositional phrases 'For America', 'in the United States', 'across the country', 'in this country' all concern the USA in regard to the economic, political, and social enterprises. The economic aspect is to do with dominance as in 'America's obituary as an economic superpower was premature' (2), 'For America to compete around the world', 'America is still home to the most creative and most innovative businesses in the world' (6), 'American films and music attract large worldwide audiences' (4).

The political aspect is enacted in 'America's national interest', 'The world will see the resilience of America once again'; and the social aspect is in 'Indeed, the willingness to embrace difficult challenges is a defining characteristic of the American people' and 'This is America'. These linguistic devices praise the USA and its people as being proud of being American. The nominal group 'the world' (6) indicates that the American people should admire themselves.

The analyzed texts also provide evidences for the construction of China's national identity in the discourse of global economy. The extracts below illustrate:

Example 10

- (1) China's Han Dynasty (206 BC-AD 220) was a crucial component of the same well-established trade network of 2,000 years ago, and now the country once again stands at the heart of the world economy [para. 2].

But few nations know better than China that globalization can go backward as well as forward [para. 3]. (...)

China's rise has become perhaps the defining story of globalization. More dramatically than any other nation, it has shown how increased globalization can lead to an increase in both the quantity and quality of available productive assets. [para. 19] (*China Daily*, 20 May 2011)

- (2) First, the development of China is the kind that is based on our own domestic market. China's huge potential in domestic demand will provide an enormous market for further development, as evidenced by the 514 million new telephone subscribers and more than 200,000 megawatts of newly installed power-generation capacity over the past five years. (...) China is not only a major energy consumer, but also a major energy producer. Over the years, China has been able to meet over 90% of its total energy demand on its own and it enjoys a large growth potential in its hydropower resources has been utilized, and the share of nuclear power in the total installed capacity is merely 1.7%. (...) We will rely on domestic talent, give priority to science, technology and education, and lose no time in training professionals at various levels and in various fields. China has a national savings rate of around 40%, a vast labor pool of over 800 million, as well as, considerable natural resources on our vast land. (...) Looking ahead, we are confident that China is capable of attaining long-term and sustained development. [para. 7]

Second, China's development will be one with an optimized structure. According to China's first national economic census, the primary, secondary and tertiary industries in 2004 accounted for 13.1%, 46.2% and 40.7% of the economy respectively, showing initial success in industrial restructuring but also room for further improvement [para. 8]. (...)

Third, China's development will be resource-efficient. A large population and relatively scarce resources are the basic national reality of China [para. 9]. (...)

Fourth, China's development will be environment-friendly. We will continue to implement the strategy of sustainable development and the basic national policy of environment protection, speed up the building of an environment-friendly society and highlight the protection of the environment [para. 10]. (...)

Fifth, China's development is aimed at comprehensive and coordinated progress. We will endeavor to transform the countryside into new socialist rural communities, vigorously promote modern agriculture, give priority to infrastructure construction and access to utilities in rural areas, and work hard to raise farmers' income. Efforts will be made to promote urbanization in an active and steady manner, ensure the orderly transfer of rural labor surplus and improve the urban habitat. We will further develop China's west, revitalize the northeast and other old industrial bases, facilitate the rise of the central region and encourage the eastern region to take the lead in development [para. 11]. (...)

Sixth, China's development is based on reform and opening-up. We will always stick to the path of building a socialist market economy, and deepen reform and opening-up to provide impetus and guarantee for economic and social development. In terms of the major tasks of our reform, we need to promote the reform of the administrative system, and accelerate government restructuring to strengthen government capacity of social management and public services. (...) We will step up the transformation of China's trading model and optimize the trade mix [para. 12]. (...)

China cannot achieve development in isolation of the rest of the world, and the world needs China for development. In 2005, the total value of China's trade in goods reached US\$1.42 trillion with import worth US\$660 billion, and China received US\$60.3 billion in FDI, ranking third in the world in both counts. Since reform and opening-up in the late 1970s, China has benefited a lot from the useful assistance by many countries. The inflows of overseas capital, technology and human resources have provided strong support for China's modernization drive. At the same time, China also made contributions to the development of the world. In recent years, China extended preferential tariff treatment to 40 least developed countries (...) In the next five years, China's development will bring more opportunities to the rest of the world. The total import of commodities alone is expected to exceed US\$4 trillion. It is our hope that foreign entrepreneurs and people from various sectors will seize the opportunity, expand trade with and investment in China, and continue to support and participate in the economic development of our country [para. 13].

China follows an opening-up strategy that promotes mutual benefit [para. 14]. (Zeng Peiyan, 25 January 2006)

- (3) China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial. We will uphold all policies conducive to opening-up. China is committed to creating an open and fair environment for foreign

invested enterprises. China gives high priority to intellectual property protection and has already made this a national strategy. (Wen Jiabao, 13 September 2010, para. 13)

- (4) China's economy is in good shape on the whole. We managed to maintain steady and relatively fast economic growth in 2008 despite two unexpected massive natural disasters. (...) When China, a large developing country, runs its affairs well, it can help restore confidence in global economic growth and curb the spread of the international financial crisis. (...) Steady and fast growth of China's economy is in itself an important contribution to global financial stability and world economic growth [para. 6]. (...)

Will China's economy continue to grow fast and steadily? Some people may have doubts about it. Yet I can give you a definite answer: Yes, it will. We are full of confidence. Where does our confidence come from? It comes from the fact that the fundamentals of China's economy remain unchanged [para. 7]. (Wen Jiabao, 28 January 2009)

- (5) Three years have passed since the outbreak of the international financial crisis. International organizations, governments, the business communities and the academia are all taking a hard look at the root causes of the crisis and exploring ways to sustain the growth of both the global economy and national economies. With regard to China's economic development, some people have hailed its achievements, while some others have expressed doubt. Some are optimistic about China's economic future, while some others say that China is in trouble. But we in China remain level-headed. We are clear about the situation and we are fully confident about our future [para. 2]. (...)

With its development entering a new historical stage in the second decade of the 21st century, China is in an important period of strategic opportunities. Peace, development and cooperation remain the trend of our times. The international environment is generally conducive to China's pursuit of peaceful development [para. 7]. [...] The current 12th Five-year Plan period is a critical stage in China's efforts to build a society of initial prosperity in all respects [para. 8]. (...)

China will continue to follow the strategy of expanding domestic demand, with focus on improving the structure of demand and increasing consumer demand to drive economic growth. Domestic demand is crucial and a necessary choice for a big country to achieve sustainable economic growth. China has 20% of the world's population. (...) With its per capita GDP exceeding US\$4,000, China has entered a key stage for upgrading consumption structure [para. 9]. (...)

China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers. (...) And we will move faster to make China not only a big country but also a strong country in both education and human resources. This will provide strong intellectual impetus for sustaining China's economic development [para. 10].

China will continue to build an innovation-driven society, speed up the development of an innovation system, and enhance the role of science and technology in driving economic and social development [para. 11]. (...)

China will continue to save resources and protect the environment, follow the path of green, low-carbon and sustainable development, use resources in a more efficient way, and develop stronger capacity for tackling climate change. To conserve resources and protect the environment is crucial to achieving sustainable development, and this is one of China's basic state policies. We will speed up the building of an industrial structure, a mode of production and a model of consumption that are conducive to resource conservation and environmental protection, and promote harmony between man and nature [12]. (...)

China will continue to put people's interests first, pay more attention to ensuring and improving people's well-being and pursue common prosperity. Everything we do is to enable all the people to have better lives, and this is the criterion to measure the performance of all of our work. Our goal is to bring the benefit of development to all, ensure and improve people's well-being, and advance social progress in all respects. We will give priority to job creation in promoting economic and social development and create equitable job opportunities for all. We will adjust income distribution, ensure that personal income grows in step with economic growth and that labor remuneration grows in step with increase of productivity. We will gradually raise the share of personal income in national income distribution and the share of labor remuneration in primary distribution [para. 13]. (...)

China will continue to deepen reform and opening-up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development. China owes its rapid development in the past 30 years and more to reform and opening-up, and this will be equally true for its future development and progress. (...) We will uphold and improve the basic economic system, speed up fiscal, taxation and

financial reform, reform of prices of factors of production, reform of monopoly sectors and other important fields, and strive to make major progress in these reforms. We will exercise governance pursuant to law and address the institutional causes for over-concentration of power and lack of checks on it. We will protect people's democratic rights and their lawful rights and interests so as to uphold fairness and justice [para. 14].

China cannot develop itself in isolation from the world and the world also needs China for its development. Here, I wish to reiterate that China's opening-up to the outside world is a long-term commitment which covers all fields and is mutually beneficial. China's basic state policy of opening-up will never change. We will continue to get actively involved in economic globalization and work to build a fair and equitable international trading regime and financial system [para. 15]. (...)

I am confident that China's economy will grow over a longer period of time, at a higher level and with better quality and make new contribution to robust, sustainable and balanced growth of the global economy [para. 18]. (Wen Jiabao, 14 September 2011)

The extracts in Example 10 above are part of the governance discourse of the Chinese government. Concerning the national identity, the discourse already speaks for itself. The presence of the first person plural 'we' as well as the nominal groups 'China' is ubiquitous in the extracts. This clearly demonstrates that national identity is at work in the discourse. However, a critical analysis of its articulation process is crucial.

The discourse is concerned with the policies and strategies of China's economy. At the lower linguistic level, the noun phrase 'China' generally occupies the subject slot. This demonstrates that national identity is being enacted in the discourse, because it is the proper name 'China' that constitutes as Themes of the clauses. The presentation of the discourse is very much national-oriented. Thus the presentation is in the positive sense. As was shown above, the first person plural 'we' in Example 10 also characterizes the construction of national identity. In extract 5, Example 10, the 'we' also constitutes as Themes in the clauses.

The nationalistic nominal group ‘China’ is in grammatical colligation with other nominal groups ‘development’, ‘economy’, ‘any other nation’, ‘Steady and fast growth’, ‘a national strategy’, ‘a large developing country’, ‘huge potential’, ‘opportunities’, ‘national savings rate’ and other positive nominal constituents. This indicates that the government of China is willing to be looked “good” in respect to its participation in the material processes of the global economy.

The positive evaluation is manifested by the quality adjective ‘well-established’, ‘good’, ‘fast and steadily’, ‘environment-friendly’, ‘comprehensive and mutually beneficial’ and ‘remain unchanged.’ Syntactically the proper name ‘China’ as well as the human agent in the form of the first person plural occupies the subject of the finite clause as in ‘China will continue’ and ‘China cannot develop itself in isolation from the world’ and ‘We will continue’, ‘We will endeavor’, ‘We will raise’, ‘We will give priority’, ‘We will step up’ and ‘We will adjust’. The national interest is discursively more dominant than the international interest in the construction of global economy even though mentions are made at least at the beginning and at the end of the texts as in extract (5) that the author is talking about the global economy.

The uses of proper name ‘China’ and the first person plural ‘we’ in colligation with positive evaluative adjectives and positive material process verbs indicate that national identity is being instilled in the global economic texts. The authors construct the social reality, the socio-economic strategies and policies as well as what have been achieved by texturing; the ultimate objective of the constructing process is the manifestation of Chinese national identity in the era of global economy.

7.4 Chapter conclusion

The analysis of the extracts demonstrates that, in addition to ideological import (see Chapter 5), the texts constitute resources for the discursively constructed social identity as well as national identity. Like ideology, these types of identities are not always explicitly constructed in the texts. They are embodied in the discourse. There is an implicit social relation between the authors as the text producers and the social world they extrapolate. This relation is the effects of the social beliefs of the authors who texture texts in accordance with their expertise and power that result in a particular style, the way of being.

Social identities of the text producers can be unearthed by analysis of the styles of the authors including the statements they make, the beliefs they express and the linguistic means they use. The beliefs and statements include the reconstruction of the economic system that free market capitalism is far more than economic theory. The linguistic devices include the uses of modality by which the authors gain resources to show self-commitment in defending a standpoint of the argumentative discourse on the global economy such as trade liberalization and sustaining openness to FDI or enacting a country's strategies and policies, such as putting people's interests first. All of these matters are discursively and socially embedded in the production of texts by means of linguistic devices including modality.

The uses of modal 'must', for example, designate self-representation that the authors play an essential role as authoritative persons who have power to legitimize required actions e.g. to deal with the financial crisis and reconstruct global capitalism. The modal 'will' also contributes to social positioning that one is committed to the future acts for sustaining the smooth global economy. The uses of modality are aimed at the discursive

construction of social identity not only as the authors of the texts but also as the experts in the field of global economy.

The analysis also demonstrates that the first person plural 'we' in English can bring about relational values. The analysis of pronoun 'we' in the extracts reveals that the authors use the pronoun inclusive 'we' while they could have used the collective references, the Europeans, the Americans, the Chinese, the bankers, the leaders, or the government. The use of pronoun 'we' in that circumstance implies that corporate ideology and nationalism are at work in the discourse of global economy. But to a great extent the first person plural 'we' is used to indicate adherence to one's nationality. In addition to the nationalistic 'we', nominal groups in the forms of proper names and prepositional phrases also contribute to the discursive construction of one's nationality.

Ideologically speaking, whether a country can be categorized as modern capitalism as the USA or state capitalism as China, the country cannot get away from protectionism. Its leaders, politicians, and economists discursively construct the national identity in respect to the actualization of global economy. The discourse of global economy thus goes hand in hand with a country's politic.

Regarding the cultural political economy, there seems to be no discursive difference between the USA and China in respect to national interests. Both countries attempt to dominate the world economy. We shall deal with this topic in detail in Chapter 9. Now let us move to the orders of discourse within the global economic representation in the two text types.

CHAPTER 8

GLOBAL ECONOMY AND THE ORDER OF DISCOURSE

8.1 Introduction

One of the research questions the thesis raises in the Introduction, Section 1.5, is how the discourse of global economy is constructed in the strategic texts. And in Chapters 1 and 4, intertextuality and interdiscursivity are described as part of the discursive aspects that will be a focus in the analysis of texts on the global economy. The task of this chapter is thus to provide additional answers to that question, especially taking into account the textual and social analysis of discourse.

Drawing upon Fairclough (1992, 2003), intertextuality is conceptualized as the relation between texts that can be manifested through linguistic means, such as quotation (see Sub-section 4.3.7). I also alluded to interdiscursivity concerning the analysis of mixture between genres, discourses and styles. Given the fact that the approach taken in the current study is transdisciplinary (a dialogue between disciplines), it is therefore obligatory to provide a separate discussion chapter that specifically addresses the topic.

The main objective in this chapter is to provide further textual evidences for the framework that was developed in Chapters 1–4. I shall firstly attempt to demonstrate how genres, in the current study the Op-Ed articles and speeches are networked together. I shall deal with this in a section on intertextuality. Then I shall move to the second section on interdiscursivity to provide the textual evidence as how different discourses are articulated together in the global economic texts. In the third section I shall relate interdiscursivity to assumptions (presupposed, implied social knowledge). Finally, in the concluding section I shall provide a summary of the discussion.

8.2 Intertextuality in the discourse of global economy

Intertextuality in the texts on the global economy is manifested in a number of ways; one of which is quotation. The role of intertextuality presented by ‘quoting speech’ or ‘reported speech’ (Halliday, 2004) in the text is to bring in other voices—different ways of meaning making for similar claims made by the authors in a particular discipline, as can be revealed in the extracts from the *China Daily* (06 May 2006) below:

Example 1

- (1) It was under Genghis Khan's empire that the Eurasian landmass began to demonstrate the characteristics of global exchanges, according to Hao Shiyuan, a researcher at the Chinese Academy of Social Sciences (CASS) [para. 2].
- (2) Thanks to the expansion of the empire, "economic and cultural exchanges became possible to the maximum extent and previously isolated civilizations became linked," said Hao, director of the academy's Institute of Ethnology and Anthropology (...). [para. 3]
- (3) An in-depth understanding of the historical context and social system of the time is needed to evaluate Genghis Khan and his contribution to history, said B. Enkhtuvshin, vice-president of the Mongolian Academy of Sciences, at the symposium [para. 8].
- (4) "Genghis Khan promoted globalization as has no ruler before him," said the Mongolian academician, who is also director of the International Institute for the Study of Nomadic Civilizations [para. 9]. (*China Daily*, 06 May 2006)

The extracts above are part of the argumentative discourse ‘Genghis Khan Started Globalization’. To strengthen the argument, the author appeals to authority, the president and experts in the field of interests. The use of the intertextuality of quotations from authorities turns the text to be not only convincing but also to sound academic. More interestingly, the quotes are provided with identification of sources in terms of names, the agencies and institutions through nominal appositives, such as ‘director of the International Institute for the Study of Nomadic Civilizations’ and ‘director of the

academy's Institute of Ethnology and Anthropology'. Perhaps, the Op-Ed article above is a summary report of the symposium on globalization. Thus it is full of quotes. This can be true, but the argument within the article is ideological. It is written not only for selling news but also for newsworthiness—to defend an ideological construction of globalization. The intertextuality here is realized in the form of quoted speech ('said Hoa', 'said Enkhtuvshin') or reported speech ('according to Hao Shiyuan'). That is, words, voices from other authors are rearticulated or their thoughts are reproduced through which legitimization emerges by way of a reported speech or summary (Fairclough, 2003). Surprisingly, only are voices from the globalist included ('shrinking space, shrinking time, and disappearing borders', and 'the world's markets'). Voices from alternative globalization activists, such as the widening gap between the rich and poor are excluded.

The intertextuality in other texts is achieved by rewording of one's own voices or others'. The extracts below by Robert J. Samuelson in the *Washington Post* Op-Ed article on March 16, 2005 provide an illustration:

- (5) The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. Countless millions have escaped poverty in Asia and Europe. [para. 1]

And in his later *Washington Post* Op-Ed article of July 16, 2008, the author reasserted a similar proposition of the discourse of global economy, that is, globalization has contributed a lot of good things to human progress:

- (6) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. [para. 4]

The intertextuality of the extracts (5) and (6) share similar ideological import, that is, the author belongs to the globalist discourse that is argumentatively still in need of being promoted constantly.

The rewording that is realized through paraphrasing can exist between genres, for example, the OP-Ed article by Prime Minister Gordon Brown in the *Washington Post* (17 October 2008) in which he says ‘This is a defining moment for the world economy’ (headline) and the speech on financial markets and world economy by President George Bush (13 November 13, 2008), which rewords Brown’s statement into ‘This is a decisive moment for the global economy’ [para. 26]. The word ‘defining’ is substituted with ‘decisive’. Both words can have a synonym of ‘important’. Rewording also occurs in other places as in Example 2:

Example 2

- (1) Confidence about the future is vital to building confidence for today. We must deal with more than the symptoms of the current crisis [para. 7]. (...)

Tomorrow, French President Nicolas Sarkozy and European Commission President José Manuel Barroso will meet with President Bush to discuss the urgent reforms of the international financial system that are crucial both to preventing another crisis and to restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses [para. 9]. (*Washington Post*, 17 October 2008)

- (2) When China, a large developing country, runs its affairs well, it can help restore confidence in global economic growth and curb the spread of the international financial crisis [para.6]. (...)

The global financial crisis is a challenge for the whole world. Confidence, cooperation and responsibility are keys to overcoming the crisis. Confidence is the source of strength. The power of confidence is far greater than what can be imagined. The pressing task for the international community and individual countries is to take further measures to restore market confidence as soon as possible. In times of economic hardships, confidence of all countries in the prospect of global economic

development, confidence of leaders and people around the world in their countries, confidence of enterprises in investment and confidence of individuals in consumption are more important than anything else [para. 8]. (Wen Jiabao, 28 January 2009)

Both the item ‘confidence’ and the phrase ‘restoring confidence’ appear in Prime Minister Gordon Brown’s *Washington Post* Op-Ed article earlier and in the speeches by Prime Minister Wen Jiabao. While Gordon Brown says ‘Confidence about the future is vital to building confidence for today’, Wen Jiabao says ‘Confidence is the source of strength’. Both leaders of the states economically share ways of approaching the global financial crisis.

Brown says ‘restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses’, meanwhile Wen Jiabao says ‘further measures to restore market confidence as soon as possible’. Brown relates confidence to banking, individuals and businesses; Wen Jiabao relates it to the market, individuals and enterprises. Both leaders discursively construe their shared beliefs, attitudes in the global economic turmoil through intertextuality.

In addition to the construal of confidence during the crisis, the same can be said for the ‘supervision’ which emerges in both Brown and Jiabao’s texts:

- (3) To do this, we need cross-border supervision of financial institutions; shared global standards for accounting and regulation; (...) and the renewal of our international institutions to make them effective early-warning systems for the world economy. (*Washington Post*, 17 October 2008, para. 8)
- (4) This crisis is attributable to a variety of factors and the major ones are: inappropriate macroeconomic policies of some economies and their unsustainable model of development characterized by prolonged low savings and high consumption; (...); and the failure of financial supervision and regulation to keep up with financial innovations, which allowed the risks of financial derivatives to build and spread. (...) Third, strengthen international cooperation in financial supervision and regulation and guard against the build-up and spread of financial risks. (...) We should expand

the regulation coverage of the international financial system, with particular emphasis on strengthening the supervision on major reserve currency countries. (Wen Jiabao, 28 January 2009, para. 11)

In the extracts (2) and (3), Prime Minister Brown states that the global financial crisis needs the cross-border supervision to resolve the problem while Prime Minister Jiabao rewords it by stating that the global crisis needs strong international cooperation for financial supervision (see Example 5 below).

The intertextuality in Example 2 concerns economic policies. Major economies such as the USA and China are really affected by the contemporary global economic crisis and therefore articulate similar strategies and economic policies. Below are more extracts for the illustrative purposes:

- (5) Fourth, we must strengthen cooperation among the world's financial authorities. For example, leading nations should better coordinate national laws and regulations. We should also reform international financial institutions such as the IMF and the World Bank, which are based largely on the economic order of 1944. (George Bush, November 13, 2008, para. 21)
- (6) Second, reform of the international financial system is not only a long-term strategic issue, but also a pressing one which will determine the direction of the world economy. (*China Daily*, 02 April 2009, para. 9)
- (7) Reforms need to be deepened in the areas of finance, taxation and investment, macro-control improved and a modern market system put in place. (Zeng Peiyan, 25 January 2006, para. 12)
- (8) Second, advance the reform of the international financial system and accelerate the establishment of a new international financial order. (Wen Jiabao, 28 January 2009, para. 10)
- (9) We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations. China today is a fully open market economy. The opening-up policy has both benefited China's development and

the well-being of its people and contributed to regional and global economic growth.
(Wen Jiabao, 14 September 2011 para. 6)

In the extracts above, the authors are dealing with ‘reform’ of the international financial system. They agree that the system needs to be reformed because it is rather old and the global economy has to be adjusted. Reform can mean lesser involvement of the governments in regulating the financial institutions or more open system of privatization. In either meaning, the main agenda of the reform is to provide ‘new rules of the global economy’, which is in part of neo-liberalism. These rules are self-regulated by the market (Fairclough, 2006; Woods, 2000). Reforms are seen as more human-driven processes as in ‘We should also reform international financial institutions’, ‘Reforms need to be deepened’, ‘We have taken an active part in the reform of the global economic governance structure’ rather than self-regulated processes. This is because reforms require political actions. The authors see reforms as an enumerated process and thus reworded each other’s voices.

Reform is a human-driven process; thus it is possible that the clause is uttered in the form of ‘command’ as in ‘advance the reform of the international financial system’ (8), which has an intertextual relationship with a proposal ‘We should also reform international financial institutions’ (5). Both clauses share the proposition that it is people who conduct the reform.

Furthermore, intertextuality through rewording also occur other places as in:

- (10) China cannot achieve development in isolation of the rest of the world, and the world needs China for development. (Zeng Peiyan, 25 January 2006, para. 14)

and the speech by Wen Jiabao five years later in the extract:

- (11) China cannot develop itself in isolation from the world and the world also needs China for its development. (Wen Jiabao, 14 September 2011, para. 15)

The two extracts were articulated by two different authors but with the same goal, that is, promoting China's role in the global economy. The finite clause 'China cannot achieve development' is repeated with a similar finite clause 'China cannot develop itself'. Such a repetition implies that intertextuality plays a crucial role in maintaining global economic dominance. The two authors construe that the China's economic development cannot be independent. The prepositional phrase 'in isolation' occurs in the two extracts, indicating that the textual process of configuring discourse between two authors is at work.

Intertextuality also exists in the extracts below:

Example 3

- (1) This week, European leaders came together to propose the guiding principles that we believe should underpin this new Bretton Woods: transparency, sound banking, responsibility, integrity and global governance [para. 8]. (...)

There are no Britain-only or Europe-only or America-only solutions to today's problems. We are all in this together, and we can only resolve this crisis together [para. 11]. (*Washington Post*, 17 October 2008)

- (2) We're facing this challenge together and we're going to get through it together. The United States is determined to show the way back to economic growth and prosperity. (George Bush, 13 November 2008, para. 36)

- (3) Strengthen Confidence and Work Together for a New Round of World Economic Growth (title). (...)

Amidst a global financial crisis rarely seen in history, it brings together government leaders, business people, experts and scholars of different countries to jointly explore ways to maintain international financial stability, promote world economic growth and better address global issues [para. 1]. (...)

In tackling the crisis, practical cooperation is the effective way. In a world of economic globalization, countries are tied together in their destinies and can hardly be separated from one another [para. 8]. (...)

No country can be insulated from these challenges or meet them on its own. The international community should intensify cooperation and respond to these challenges together [para. 13]. (...)

Let us strengthen confidence and work closely together to bring about a new round of world economic growth [para. 15]. (Wen Jiabao, 28 January 2009)

The intertextuality that emerges in the extracts above is also in the context of the global financial crisis and strengthening the global economic growth (201 occurrences). The authors share their points of view on finding solutions to the financial crisis. That is, they are bound to the attitude of ‘togetherness’. The political stance of togetherness is textually manifested by the process verbs ‘resolve’, ‘challenge’, and ‘work’, to name but a few.

From the configuration of discourse perspective, the concept of togetherness seems to have been introduced by Prime Minister Gordon Brown when he talked about the 2008 global financial crisis in his *Washington Post* Op-Ed on 17 October 2008, as he writes:

- (4) This week, European leaders came together to propose the guiding principles that we believe should underpin this new Bretton Woods: transparency, sound banking, responsibility, integrity and global governance. [para. 8]
- (5) We are all in this together, and we can only resolve this crisis together. [para. 11]

The discourse of ‘togetherness’ was then borrowed by President George Bush in his speech on ‘Financial Market and World Economy’ in November 2008, several days before G20 meeting, in which he says:

- (6) We're facing this challenge together and we're going to get through it together. [para. 36]

This process of discursive construction went on when Prime Minister Wen Jiabao later adopted the concept of togetherness and used it in his speech at the World Economic Forum annual meeting in January 2009, as he says:

- (7) Amidst a global financial crisis rarely seen in history, it brings together government leaders, business people, experts and scholars of different countries to jointly explore ways to maintain international financial stability, promote world economic growth and better address global issues [para. 1]. (...)

In tackling the crisis, practical cooperation is the effective way. In a world of economic globalization, countries are tied together in their destinies and can hardly be separated from one another [para. 8]. (...)

No country can be insulated from these challenges or meet them on its own. The international community should intensify cooperation and respond to these challenges together [para. 13]. (...)

Let us strengthen confidence and work closely together to bring about a new round of world economic growth [para. 15].

Extracts (4)–(7) are repeated for the purpose of indicating the articulation that the leaders were in some way all working on the same track in tackling the global financial crisis. Unfortunately, the discourse of ‘togetherness’ is seemingly articulated only when the big economies, the USA, Europe, and China are also suffering. Politically, the ‘dark’ economies found in Sub-Saharan Africa are usually not taken into consideration, because they are not capable of contributing to the tackling of the crisis and let alone for the global development. The authors present their own major economies since it is their countries that control the world economy. The togetherness discourse is bound to the national identities of the two countries, the USA and China, particularly in tackling the financial crisis (see Sub-section 5.2.1.1), particularly Examples 1 & 2. Yet, beyond the financial crisis, the discourse is considerably emphasized on the individual country (see Section 7.3) in respect to the global economy.

In the extracts above, the intertextuality in the form of ‘togetherness discourse’ does not seem to be manifested through direct quotations. Instead it is configured with and shared among the mindsets of the leaders of the globalizing economies. The extracts demonstrate that the leaders of states, Gordon Brown, George Bush and Wen Jiabao see the global financial disaster in an optimistic manner. As political figures, they construe the crisis as ‘challenge’, a political economic stance that brings these leaders to articulate the same voice that accepts the new Bretton Woods’ principles ‘transparency, sound banking, responsibility, integrity and global governance’ (1) to promote ‘a new round of world economic growth’ (7). Through this configuration of discourse, the leaders proved to the world, in spite of different occasions of the articulation of voices, that they had the same attitudes, proposals, and strategic actions in tackling the financial crisis to sustain the processes of economic globalization. Nevertheless, intertextuality is not the only textual process that configures the order of discourse of the global economy.

The interrelation of voices, mindsets and so forth in text that we call intertextuality is not the only single discursive configuration that texts on the global economy share linguistically; the order of discourse in the global economic texts also has another semiotic relationship in term of interdiscursivity. This is the theme of the section to which we now turn.

8.3 Interdiscursivity in the discourse of global economy

The discourse in the texts on global economy is also constructed through interdiscursivity. The critical reading of the texts seems to suggest that there is a process of assimilation of prior texts, other authors or link by a chain of background knowledge and common-senses (Chouliaraki & Fairclough, 1999). For example, the speech by

Wen Jiabao in January 2009 and his speech in September 2010 share similarities. That is, from a genre perspective, the first parts of both speeches are like the financial report of an institution. He listed statistical figures in numbers, percentages and the time frames. The extracts below are from Jiabao's two speeches:

Example 4

- (1) The Chinese Government has rolled out a two-year program involving a total investment of RMB 4 trillion, equivalent to 16% of China's GDP in 2007. (...) Second, frequently cut interest rates and increase liquidity in the banking system. The central bank has cut deposit and lending rates of financial institutions five times in a row, with the one-year benchmark deposit and lending rates down by 1.89 percentage points and 2.16 percentage points respectively. Thus the financial burden of companies has been greatly reduced [para. 4]. (...)

China's economy is in good shape on the whole. We managed to maintain steady and relatively fast economic growth in 2008 despite two unexpected massive natural disasters. Our GDP grew by 9%. CPI was basically stable. We had a good grain harvest for the fifth consecutive year, with a total output of 528.5 million tons [para. 6]. (Wen Jiabao, 28 January 2009)

- (2) In view of this, we acted immediately to introduce a stimulus package. From the second quarter of 2009, the downward trend in economic growth was quickly reversed. The economy grew by 9.1% in 2009 and 11.1% in the first half of 2010. [para. 2]. (...)

Last year, we shut down small thermal power plants with a total capacity of 26.17 million kilowatts and phased out inefficient production capacity of 16.91 million tons of steel, 21.13 million tons of iron and 74.16 million tons of cement. By the end of this month, we will have eliminated an additional amount of inefficient production capacity, including 8.25 million tons of steel, 30 million tons of iron and 91.55 million tons of cement. Energy consumption per unit of GDP has been reduced by 15.6 percent in the first four years of the 11th five-year plan period. Regional development has been more coordinated. In 2009, the growth rates of value added of industries above a designated scale in the central and western regions were 1.1 and 4.5 percentage points higher than the national average respectively [para. 3]. (Wen Jiabao, 13 September 2010)

The two extracts above are full with statistical figures (in percentage, quantity, date). What the author does in the extracts is constructing reality by statistical methods involving texts. The economic logic is construed by applied mathematics. This indicates that the actual processes of globalization and the discourse of globalization cannot be separated. From a genre point of view, it is obvious that even though the speeches are marked by salutations to the chairman of WEF to signal a sincere bow to the globally structured economic development, the central parts of the speeches share a similarity with a governance report, which later appear to be similar to the genre of a political campaign. That is, they consist of the future ‘promises’ that will be fulfilled. Whether these promises were implemented or not seem to have passed unnoticeably. The mixture between a governance report and a political campaign indicates that a genre chain (Fairclough, 2003) exists in Jiabao’s speeches on the discourse of global economy. The speeches have detached from their nature of ‘special remarks’ to be a governance report, a process known as disembedding (Giddens, 1991). This indicates, as Fairclough (2003) maintains, that the process has become a salient feature in the discourse of new capitalism.

The interdiscursivity also emerges in Op-Ed articles and other speeches. For example, it occurs in the *China Daily*’s Op-Ed (11 January 2011), where the author re-contextualizes his ideas of economic globalization from the book he published *The Globalization Paradox* and an Op-Ed article in the press. The main objective of this signed newspaper article is perhaps to disseminate and elevate knowledge concerning globalization. The hidden aim behind this Op-Ed article is likely to promote his new book. But our concern here is how he actualizes his globalization concept from the academic genre to the newspaper Op-Ed article. The author internalizes his seven commonsense principles of the global economy governance in the form of an

enumeration which is followed by concise descriptions. As a university professor, the author uses the style as in an academic text even though no quotes exist. In this Op-Ed article the sentences are modest in length. But the propositions they express are so condensed that the article resembles an academic genre, for example 'Markets require other social institutions to support them. They rely on courts, legal frameworks, and regulators to set and enforce rules. They depend on the stabilizing functions that central banks and counter-cyclical fiscal policy provide'. The propositions are so contentious that they need to be packed in an academic way.

Normally an Op-Ed article is not linguistically unified (van Dijk, 1993, 1998b). But a number of Op-Ed articles e.g. the *Washington Post* (26 October 2006) the *China Daily* (06 May 2006) the *China Daily* (20 May 2011) are organized like an academic text. The most apparent presence of academic genre is in Mishkin's speech (26 April 2007) and Bernanke's speech (1 May 2007) in which quotations exist. These speeches were composed to be read (perhaps in summaries) in front of the audience.

The similarity between genres, in terms of discourse configuration, indicates a hybridity of the structure between an academic text, Op-Ed articles, and speeches. By means of the mixture of genres, the texts characterize a discursive representation of new capitalism. After all, the ideas expressed through hybridity of texts are ideological. For example in the *Washington Post* (26 October 2006), in paragraph 11 a quote exists 'Asked about how the corporation might evolve, he (Chandler) confesses ignorance: "All I know is that the commercializing of the Internet is transforming the world". The same holds true for Mishkin's speech (26 April 2007) in which parts of the speech are equipped with citations, for example, paragraph 23 'opening domestic markets to foreign goods, known as "trade liberalization," can be a key driver of financial development' and paragraph 34 'trade globalization is a key driver of economic

growth'. The clauses are followed by citations. Ideologically, this demonstrates that either the Op-Ed article or the speech supports globalism through the linguistic process known as appropriation (Fairclough & Thomas, 2004).

The interdiscursivity in the discourse of global economy emerges not only between forms of genre but it also occurs between discourses. In other words, the dialectical relation between the economic discourse and other discourses emerge in the global economic texts. For example, the authors have appropriated the terms 'cooperation', 'supervision', and 'management' from the field of management into the economic discourse. The following extracts demonstrate how the item 'cooperation' is incorporated in the economic discourse:

Example 5

- (1) Global interdependence has inspired some cooperation—the SARS outbreak and Asia's 1997-98 financial crisis being examples. But the political foundation for cooperation has weakened. (*Washington Post*, 16 March 2005, para. 10)
- (2) Today, the same sort of visionary internationalism is needed to resolve the crises and challenges of a different age. And the greatest of global challenges demands of us the boldest of global cooperation. (...) In the next few weeks, we need to show the same resolve and spirit of cooperation to create the rules for our new global economy. (*Washington Post*, 17 October 2008, para. 4)
- (3) Fourth, we must strengthen cooperation among the world's financial authorities. For example, leading nations should better coordinate national laws and regulations. (George Bush, 13 November 2008, para. 21)
- (4) Too often we waste international cooperation on overly ambitious goals, ultimately producing weak results that are the lowest common denominator among major states. (*China Daily*, 11 January 2011, para. 5)
- (5) The pursuit of peace, development and cooperation is the irreversible trend in today's world. (Wen Jiabao, 28 January 2009, para. 7)

- (6) Confidence, cooperation and responsibility are keys to overcoming the crisis. (...) In tackling the crisis, practical cooperation is the effective way. In a world of economic globalization, countries are tied together in their destinies and can hardly be separated from one another. The financial crisis is a test of the readiness of the international community to enhance cooperation, and a test of our wisdom. Only with closer cooperation and mutual help, can we successfully manage the crisis. (Wen Jiabao, 28 January 2009, para. 8)

In economics the term cooperation is defined as “Agreement by two or more individuals, firms, or governments to work together” (Black, Hashimzade & Myles, 2009, p. 88). The term is also used to mean as a method of coordinating economic activity that is contrasted with competition. As classified by the second definition, the extracts (particularly 3, 4 and 6) seem to have used the word ‘cooperation’ to mean working together. This is because the authors are talking about the way to tackle the global financial crisis. But when the topic shifts from tackling the crisis to economic activity in general, the authors do not use the term ‘cooperation’, instead they use the item ‘competition’ (see Sub-section 6.2.2). This indicates that in the global economy there are times when the nations have to work together and there are times when they must work independently and sometimes in opposition to each other. In other words, the global economy is the opportunist economy—the economy that is driven by challenges and opportunities.

We can see from the sentence ‘we need to show the same resolve and spirit of cooperation to create the rules for our new global economy’ (*Washington Post*, 17 October 2008, para. 4) and the utterance in the speech ‘leading nations should better coordinate national laws and regulations’ (George Bush, 13 November 2008, para. 21) that not every country is legitimized to create new rules and leads the path to undertaking the crisis. The leading nations are developed economic countries, excluding emerging economies such as China, which is sometimes resisted by the middle path

globalist like Dani Rodrik who says ‘Too often we waste international cooperation on overly ambitious goals, ultimately producing weak results that are the lowest common denominator among major states’ (*China Daily*, 11 January 2011, para. 5). An advanced country will not work together with other countries unless it can gain advantages from the cooperation. In addition to cooperation, the managerial term ‘supervision also exists in the global economic texts. This means that countries do not only need to cooperate but some countries also even have to supervise and regulate others in terms of financial matters. Two leaders of states (Gordon Brown & Wen Jiabao) appropriate this managerial term into the economic discourse as exemplified in the (reused) extracts below:

Example 6

- (1) We agreed that urgent decisions implementing these principles should be made to root out the irresponsible and often undisclosed lending at the heart of our problems. To do this, we need cross-border supervision of financial institutions; shared global standards for accounting and regulation; a more responsible approach to executive remuneration that rewards hard work, effort and enterprise but not irresponsible risk-taking; and the renewal of our international institutions to make them effective early-warning systems for the world economy. (*Washington Post*, 17 October 2008, para. 8)
- (2) This crisis is attributable to a variety of factors and the major ones are: inappropriate macroeconomic policies of some economies and their unsustainable model of development characterized by prolonged low savings and high consumption; excessive expansion of financial institutions in blind pursuit of profit; lack of self-discipline among financial institutions and rating agencies and the ensuing distortion of risk information and asset pricing; and the failure of financial supervision and regulation to keep up with financial innovations, which allowed the risks of financial derivatives to build and spread. (...) Third, strengthen international cooperation in financial supervision and regulation and guard against the build-up and spread of financial risks. Financial authorities around the world should step up information sharing and the monitoring of global capital flows to avoid the cross-border transmission of financial risks. We should expand the regulation coverage of the international financial system, with particular emphasis on strengthening the

supervision on major reserve currency countries. (Wen Jiabao, 28 January 2009, para. 11)

The managerial discourse ‘supervision’ is recontextualized into the economic discourse. It collocates with the items ‘cross-border’, ‘financial’, and ‘currency’. Supervision is not seen as a national matter but a ‘cross-border’ one. Supervision suggests that there is a lack of trust among countries. As described in Chapter 5, when the trust among institutions and even countries is weak or abused, the financial system can turn into a crisis. The crisis can affect the global economy even if it basically emerges in certain countries, e.g. the U.S. 2008 financial crisis that spread to European countries.

The hidden agenda beyond the managerial discourse of ‘supervision’ within the global economy is the legitimization of dominance and control of the developed economies over the least developed ones. This dominance and control are exercised by manipulating the mind of the public (van Dijk, 1998b), here by the notion that there must be strong economic governments and supervising institutions, such as the IMF and the World Bank (but both of which are located in the developed economies that have major currencies) to supervise the smaller financial institutions at the national level.

The discursive articulation of supervision is intended to prevent the crisis from spreading (2) and the countries that persevere through hard work need to be rewarded (1). This is because hard work and perseverance are among the features of capitalist system of economy (Baradat, 2000). Construed in this way, it can be simplified that in the discourse of global economy the enactment of dominance and control by industrial countries over the least developed ones are the processes and the accomplishment of economic hegemony.

The economic way of talking is mixed with the managerial discourse in that supervision is specified as ‘financial supervision’ and ‘supervision on major reserve currency countries’, suggesting the involvement of economics and management in the economic governance discourse (see Example 10, particularly extracts 1–3). This involvement characterizes the hybridity of social material processes in the modern capitalist discourse. In addition to supervision, the discursive articulations between economics and management emerge in the global economic texts involving the item ‘management’ itself. The extracts below including reused ones reveal:

Example 7

- (1) And it's about management that eschews bureaucracy, that values talent above all else, that includes fun in the compensation system and expects ideas and inspiration to flow from the bottom up rather than the top down. (*Washington Post*, 27 February 2008, para. 13)
- (2) If managers find it easy to steal from the corporation, or to use funds for their own personal use rather than for the benefit of the company, no one will want to invest in the company. (Frederic Mishkin, 26 April 2007, para. 12)
- (3) In addition to these important—to these management changes, we should move forward with other reforms to make the IMF and World Bank more transparent, accountable, and effective. (George Bush, November 13, 2008, para. 22)
- (4) In terms of the major tasks of our reform, we need to promote the reform of the administrative system, and accelerate government restructuring to strengthen government capacity of social management and public services. (...) Second, we will actively and effectively use foreign investment and improve the quality of FDI utilization, laying emphasis on introducing advanced technologies, managerial expertise and high-caliber professionals. (Zeng Peiyan, 25 January 2006, para. 12)
- (5) What's important is to keep those negative impacts within a scope that we can manage [para. 4]. (...)

We will make all-round efforts to save energy, water, land and materials and make comprehensive use of all kinds of resources, enhance the conservation and management of all natural resources, and take a holistic approach to protect and repair the eco-environment [para. 10]. (Wen Jiabao, 13 September 2010)

- (6) This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth. (Wen Jiabao, 14 September 2011, para. 5)

The extracts above further illustrate the configuration of the discourse of global economy with the managerial discourse. The weaving together of economy with management discourse indicates the colonization of economics over management, a new recontextualized practice, as in ‘management that eschews bureaucracy’, ‘management of all natural resources’ and ‘these management changes.’ When it is networked together with the economic discourse, the management discourse possesses distinctive features, processes, and orientation including natural resources; hence, the management that includes fun in ‘compensation system’, ‘management from bottom up to top down’, ‘social management’ provided by government capacity, ‘managerial expertise’ concerning reform, and ‘management’ of social welfare.

The discursive construction of global economy is also articulated through the psychological domain. The configuration of building confidence, restoring confidence, and responsibility from psychology is woven with economics particularly in relation to the financial crisis. The extracts below, with some repetitions, provide illustrations:

Example 8

- (1) Confidence about the future is vital to building confidence for today. We must deal with more than the symptoms of the current crisis. (*Washington Post*, 17/10/ 2008, para. (*Washington Post*, 17 October 2008, para. 7)
- (2) Tomorrow, French President Nicolas Sarkozy and European Commission President José Manuel Barroso will meet with President Bush to discuss the urgent reforms of the international financial system that are crucial both to preventing another crisis and to restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses. (*Washington Post*, 17 October 2008, para. 9)

- (3) When China, a large developing country, runs its affairs well, it can help restore confidence in global economic growth and curb the spread of the international financial crisis. (...) The global financial crisis is a challenge for the whole world. Confidence, cooperation and responsibility are keys to overcoming the crisis. (Wen Jiabao, 28 January 2009, para. 6)
- (4) Confidence is the source of strength. The power of confidence is far greater than what can be imagined. The pressing task for the international community and individual countries is to take further measures to restore market confidence as soon as possible. In times of economic hardships, confidence of all countries in the prospect of global economic development, confidence of leaders and people around the world in their countries, confidence of enterprises in investment and confidence of individuals in consumption are more important than anything else. (Wen Jiabao, 28 January 2009, para. 8)
- (5) We have the confidence, conditions and capabilities to maintain steady and fast economic development. (Wen Jiabao, 28 January 2009, para. 8)

The psychological term ‘confidence’ is implanted in the economic discourse. Having confidence constitutes ‘the source of strength’ that is essential for both today and the future global economy. This psychological entity is seen as a resource that should be gained by individuals, business people, leaders as well as the world government. The textual process of interdiscursivity of ‘Confidence is the source of strength’ is condensation (Chouliaraki & Fairclough, 1999), articulated in a simple sentence consisting of an identified (confidence) and identifier (the source of strength) nominal group functions. However, the socio-economic message behind this simple textual process is not simplistic. Confidence amounts to capital. Confidence which is part of the psychological field is fixed into the economic field.

The discursive configuration of ‘restoring confidence’ (2) and (3) in the texts presupposes that the confidence has been lost in the economy. Therefore, confidence from the market, banks, and all countries are seen as the savior of the global economy. The psychological concept of confidence is appropriated for economic discourse, hence,

in colligation with ‘symptoms’, ‘preventing’, ‘key’, ‘power’, ‘hardship’, and ‘imagination’. The crisis has symptoms and is preventable while people’s reactions to it in the form of confidence are powerful and beyond imagination. The domain of psychology is thus networked together with the economic discourse. This practice provides proof that social changes are occurring in socio-economic life. The extracts demonstrate that the system of one social aspect (psychology) is married with the other part of social life (economy) that gives rise to a complex unit of lifeworld made by the semiotic system (language).

The interdiscursivity is not only a complex process but it is also a ubiquitous discourse phenomenon of meaning making. As we shall see straight away, the terms communication, telecommunication technology and internet which constitute the objects of the discipline called information technology have obtained new uses germane to the discourse of economic trajectory. Example 9 provides the extracts, including repeated ones:

Example 9

- (1) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. (*Washington Post*, 16 July 2008, para. 4)
- (2) Offshoring has been driven by several factors, including improvements in international communication, the computerization and digitization of some business services, and the existence of educated, often English-speaking workers abroad who will perform the same services for less pay [para. 9]. Over the centuries, with stops and starts, the volume of trade has expanded exponentially, driven in large part by advances in transportation and communication technologies [para. 1]. (...)
Trade also promotes the transfer of technologies, as when multinational firms or transplanted firms bring advanced production methods to new markets [para. 10].
(Ben Bernanke, 1 May 2007)

- (3) We've seen technologies transform the ways we work and the ways we communicate with one another [para. 5]. (...)

All of you represent people who each and every day are pioneering the technologies and discoveries that not only improve our lives, but they drive our economy [para. 6]. (Barrack Obama, 21 January 2011)

- (4) It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod. (George Bush, 13 November 2008, para. 28)

- (5) We encourage our enterprises to upgrade technologies and make technological renovation. We support them in making extensive use of new technologies, techniques, equipment and materials to restructure their product mix, develop marketable products and improve their competitiveness. (Wen Jiabao, 28 January 2009, para. 5)

- (6) We will spur economic development through innovation and promote scientific and technological advances and upgrading of the industrial structure. (...) We will integrate our efforts in strengthening the capacity for scientific and technological innovation with those for improving the modern industrial system. We will upgrade the traditional industries with advanced technologies (...). (Wen Jiabao, 13 September 2010, para. 9)

- (7) We will vigorously develop strategic emerging industries, with a focus at this stage on industries related to energy conservation, environmental protection, new-generation information technology, biotechnology, high-end equipment manufacturing, new energy, new materials and new energy vehicles. (Wen Jiabao, 14 September 2011, para. 11)

Technology is often referred to as the application of science. But in new capitalist practices its role has been networked together with the economic discourse. The extracts demonstrate that in the era of globalization, technology is seen to have improved people's well-being as in 'Trade-driven economic growth and technology transfer have alleviated much human misery' (1). The economic discourse and the technological discourse are woven together. Socially, this is because technology 'not only improves

our lives, but they drive our economy' (3). Putting it simply, economy operates closely with technology. Economic 'development' (210 occurrences) relies on the advances of technology. This implies that if one country is weak in technology, its economy is also sluggish. Technology changes people's socio-economic 'lifeworld'. Economy develops as advances of technology progresses. This interdependence between fields is articulated through discourse. The articulation of the dialectical relationship between these two discourses pays our attention to the complexity of semiotic system in the contemporary capitalist society.

The discourse of global economy also seems to have been mixed with political science, being represented by such terms as governance and momentum. Below are a number of extracts for an illustration:

Example 10

- (1) This week, European leaders came together to propose the guiding principles that we believe should underpin this new Bretton Woods: transparency, sound banking, responsibility, integrity and global governance. (*Washington Post*, 17 October 2008, para. 8)
- (2) To better reflect the realities of today's global economy, both the IMF and World Bank should modernize their governance structures. (George Bush, November 13, 2008, para. 21)
- (3) Here are seven commonsense principles of global economic governance that they might agree on. I discuss them in more detail in my new book, *The Globalization Paradox*. [para. 2].
 1. Markets must be deeply embedded in systems of governance [para. 3]. (...)
The quest for global governance is a fool's errand [para. 4]. (...)
Yet their labor markets, corporate governance, antitrust rules, social protection, and financial systems differ considerably, with a succession of these "models" – a different one each decade – anointed the great success to be emulated [para. 6]. (...)

The current crisis has fully exposed the deficiencies in the existing international financial system and its governance structure. It is important to speed up reform of the governance structures of major international financial institutions, establish a sound global financial rescue mechanism, and enhance capacity in fulfilling responsibilities [para. 10]. (...)

Relying on nation states to provide the essential governance functions of the world economy do not mean that we should abandon international rules [para. 12]. (*China Daily*, 11 January 2011)

- (4) On institutional innovation, China has identified priorities for institutional reforms in all sectors as required by building a well-established market economy. With the support of innovation, China will keep a sound momentum of growth, improve the quality of development and press ahead with the people-oriented economic and social development in a comprehensive, coordinated and sustainable manner. [para. 5]
- (5) Consolidate the Upward Momentum and Promote Sustained Growth [Title]. (...) The stimulus package has enabled us to not only maintain the current economic growth and social stability, but also, and more importantly, secure the sound momentum of economic development [para. 2]. (...)

This good momentum is continuing and retail sales in the first half of this year grew at roughly the same rate as the same period of last year. While maintaining the continuity and stability of our policies, we will make macro-control measures more targeted and flexible to consolidate and strengthen the sound momentum of development [para. 3]. (Wen Jiabao, 13 September 2010)

- (6) We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations [para. 6]. (...)

China will continue to deepen reform and opening-up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development [para. 14]. (Wen Jibao, 14 September 2011)

The presence of expressions ‘global governance’, ‘global economic governance’ and ‘corporate governance’ in the economic texts indicate the mixture of economic discourse with the discourse of political science. This suggests that a social change is taking place in people’s lifeworld in that global governance replaces the roles of the state politically and economically.

The extracts above (1) and (3) indicate both the optimistic attitude in the global governance ‘integrity and global governance’ and the pessimistic one ‘The quest for global governance is a fool’s errand’ in the actualization of the global political economy. This indication presumes the discursive difference in the practice and politic of global economy that leads to the opinion that ‘Today’s global economy baffles experts—corporate executives, bankers, economists—as much as it puzzles ordinary people’ (*Washington Post*, 16 July 2008, para. 8). But the biggest attempt is voiced to consolidate the exercises of global governance as in ‘We have taken an active part in the reform of the global economic governance structure’ (6).

In addition, the discourse of global economy has regarded ‘momentum’ as a powerful force in that globalization processes must continue developing and changing. The authors virtually see ‘momentum’ to play a similar role as of opportunity (14 occurrences) and confidence (36 occurrences) in (re)structuring the global economy even when the governments are faced with a financial crisis. The configuration of the economic discourse with political discourse presumes that economy cannot be independent from politic.

The ‘momentum’ is rhetorically described as ‘upward’, ‘good’, and ‘sound’. All the items are part of positive evaluation to achieve the economic growth by mitigating the financial crisis to be a ‘momentum’. The global governments should consider the financial crisis as a best time to provide ‘stimulus package’ for companies, banks to support the economic growth. This growth is measurable through the continuation of ‘retail sales’, the process of selling and buying activities in societies. Critically, the stimulus package is just a ‘soft name’ given to a program for the government’s recapitalization of financial institutions and giant companies through which it is actually making them more thriving. Nevertheless, this program is woven together with the

political way of speaking, i.e., ‘momentum’ for economic development as in ‘secure the sound momentum of economic development’ and ‘to increase the momentum of pursuing sustainable development’.

Governmental authorities, economic analysts and policy makers among others are encouraged to have an upward looking, being able to transform economic upheavals into momentum so that development grows and social stability can be created. The capacity to do this relies on the flexibility measures that countries need to impose in such situation as a financial crisis.

In addition to its dialectical relation to the presence of political science within the economic discourse which we have just discussed, interdiscursivity also exists between economy and other fields in the discursive representation of global economy. The following excerpts provide examples of this configuration process:

Example 11

(1) When he died in 1848, John Jacob Astor was America's richest man, leaving a fortune of \$20 million that had been earned mainly from real estate and fur trading. Despite his riches, Astor's business was mainly a one-man show. He employed only a handful of workers, most of them clerks. This was typical of his time, when the farmer, the craftsman, the small partnership and the independent merchant ruled the economy [para. 1].

Only 50 years later, almost everything had changed. Giant industrial enterprises—making steel, producing oil, refining sugar and much more—had come to dominate [para. 2].

The rise of big business is one of the seminal events in American history, and if you want to think about it intelligently, you consult historian Alfred D. Chandler Jr., its preeminent chronicler. At 88, Chandler has retired from the Harvard Business School but is still churning out books and articles. It is an apt moment to revisit his ideas, because the present upheavals in business are second only to those of a century ago [para. 3]. (...)

It began with railroads. In 1830 getting from New York to Chicago took three weeks. By 1857 the trip was three days (and we think the Internet is a big deal). From 1850 to 1900, track mileage went from 9,000 to 200,000. But railroads required a vast administrative apparatus to ensure the maintenance of "locomotives, rolling stock and track" —not to mention scheduling trains, billing and construction, as Chandler showed in his Pulitzer Prize-winning book "The Visible Hand: The Managerial Revolution in American Business" (1977) [para. 5]. (...)

Typical was Singer Sewing Machine. Around 1910 it produced 20,000 to 25,000 machines a month and had 1,700 U.S. branch offices, whose salaried managers supervised an army of salesmen [para. 6]. (...)

Chandler admits as much. Asked about how the corporation might evolve, he confesses ignorance: "All I know is that the commercializing of the Internet is transforming the world." To fill that void, someone must do for capitalism's next stage what Chandler did for the last [para. 11]. (*Washington Post*, 26 October 2006)

- (2) A lot has changed since those early days. We've seen technologies transform the ways we work and the ways we communicate with one another. We've seen our economy transformed by rising competition from around the globe. (Barrack Obama, January 21, 2011, para. 5)
- (3) We think of globalization as selling Coca-Cola in Calcutta or Starbucks in Shanghai. But researchers claim the process dates back 800 years, to the time when Genghis Khan was building his empire. (*China Daily*, 06 May 2006, para. 1)
- (4) China's Han Dynasty (206 BC-AD 220) was a crucial component of the same well-established trade network of 2,000 years ago, and now the country once again stands at the heart of the world economy. (*China Daily*, 20 May 2011, para. 2)
- (5) But few nations know better than China that globalization can go backward as well as forward. Witness the 400 years of isolation before the sweeping economic reforms that have wrought such a dramatic transformation during the past three decades. (*China Daily*, 20 May 2011, para. 3)
- (6) In 1900, the GDP per capita of Argentina and Austria was \$2,765 and \$2,882 a year. During the course of the next century their growth rates were 1.13 percent and 1.94 percent. By 2000, their GDP per capita was \$8,544 and \$20,077. (*China Daily*, 20 May 2011, para. 16)
- (7) In the past 27 years of the reform and opening-up, China has enjoyed an average annual GDP growth rate of 9.6% and fast development in social undertakings. (Zeng Peiyan, 25 January 2006, para. 3)

The extracts above exemplify the genres and discourses from different disciplines (history, economics, and statistics), being hybridized in the articulation of new capitalist economy. In extracts 1, it is very clear that the networking of discipline between sociology of capitalism is woven with economics and history. The historical past of the social events ‘When he died in 1848’, ‘Only 50 years later, almost everything had changed’ and ‘From 1850 to 1900, track mileage went from 9,000 to 200,000’ is networked together with the economic present ‘All I know is that the commercializing of the Internet is transforming the world’. The economic present becomes the rationale for future actions ‘To fill that void, someone must do for capitalism's next stage what Chandler did for the last.’ The author portrays the economic trajectory with a mixture of discourses. The recontextualization of history discourse over economic discourse is aimed for the emergence of new capitalism, textually wrapped as ‘Capitalism’s Next Stage’, the title of the Op-Ed article (*Washington Post*, 26 October 2006).

The historical fact in (2) ‘A lot has changed since those early days’ is mixed together with what economic present ‘We’ve seen technologies transform the ways we work and the ways we communicate with one another’. Similarly, in extract (4), the ‘historical’ clause ‘China's Han Dynasty (206 BC–AD 220) was a crucial component of the same well-established trade network of 2,000 years ago’ is networked together with the ‘economic present’ clause ‘and now the country once again stands at the heart of the world economy’. This extract further exemplifies the presence of different discourses in a global economic text.

Different disciplines are merged into globalization discourse. The final hidden objective of this hybridity is economic significance. That is, the economy makes use of other fields. The mass media and societal forums as the public spheres as well as the genres and discourses for sharing and understanding social events are appropriated to influence

the society. The uses of the historical facts and statistical figures, for example', 'in 1900, the GDP per capita of Argentina and Austria was \$2,765 and \$2,882 a year'; 'by 2000, their GDP per capita was \$8,544 and \$20,077' provide other evidences of the configuration process of inserting history into the economy. The use of the factual information is not to merely share knowledge with the society but to have an effect on it. The economy (money) transforms the state (people). The transformation of the social event is articulated through social practice, i.e., via discourse. This implies that in the era of globalization the verbal communication is not only for understanding but also for effects. In other words, the instrumental rationality has colonized the communicative rationality (Habermas, 1984; Chouliaraki & Fairclough, 1999) through genres and discourses.

8.4 Interdiscursivity and assumption

The interdiscursivity, as we saw above, can occur between genres and discourses, for instance, between an Op-Ed article and a speech, economy and politic. This dialectical relationship can be explicit or assumed. Generally, assumed knowledge in the economic discourse is usually ideological (Fairclough, 2001). But the notion of capitalist economy in the genres on the discourse of globalization can be asserted explicitly for example in the title of an Op-Ed article 'Capitalism's Next Stage' (*Washington Post*, 26 October 2006) or assumed as in an Op-Ed title 'Globalization is not equal to national interest' (*China Daily*, 01 July 2010), where 'not equal to national interest' presupposes that someone has said that it is. This title assumes that there are people who see globalization in the national image that attempts to dominate the world economy. The interdiscursivity then can also be presupposed rather than explicitly stated. Below are other examples:

Example 12

(1) The “modern” debate over trade barriers can be traced to the 19th century (...) Since World War II the United States has led the international quest to liberalize world trade and investment. (*Washington Post*, 07 June 2005, para. 1)

(2) For the past 30 years, American capitalism has been on a roller-coaster ride [para. 1]. (...)

What none of the candidates has offered is what Americans most desire: a grand bargain that would restore confidence in the competitiveness of the U.S. economy and make it possible politically for the country again to embrace globalization [para. 11]. (*Washington Post*, 27 February 2008)

(3) Out of the Ashes (title)

The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy (headline)

We are living through the first financial crisis of this new global age. And the decisions we make will affect us over not just the next few weeks but for years to come [para. 2]. (...)

The old postwar international financial institutions are out of date. They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies [para. 5]. (...)

Tomorrow, French President Nicolas Sarkozy and European Commission President José Manuel Barroso will meet with President Bush to discuss the urgent reforms of the international financial system that are crucial both to preventing another crisis and to restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses. The reforms I have outlined are vital to ensuring that globalization works not just for some but for all hard-pressed families and businesses in all our communities [para. 9].

(*Washington Post*, 17 October 2008)

(4) Communism was dead and buried, an American-led tech boom was in full swing and the rest of the world was looking to the United States as the indispensable source of global growth. (*Washington Post*, 27 February 2008, para. 3)

(5) Trade benefits advanced countries like the United States, but open trade is, if anything, even more important for developing nations [para. 12]. (...)

Because the benefits of trade are widely diffused and often indirect, those who lose from trade are often easier to identify than those who gain, a visibility that may influence public perceptions and the political process. That said, the job losses and worker displacement sometimes associated with expanded trade are a legitimate economic and social issue. In the remainder of my remarks, I will focus on the impact of trade on U.S. jobs--both positive and negative--and discuss some possible policy responses [para. 13]. (Ben Bernanke, 1 May 2007)

(6) 'Genghis Khan started globalization' (title)

We think of globalization as selling Coca-Cola in Calcutta or Starbucks in Shanghai. But researchers claim the process dates back 800 years, to the time when Genghis Khan was building his empire [para. 1]. (*China Daily*, 06 May 2006)

(7) Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services [para. 6]. (...)

China will continue to follow the strategy of expanding domestic demand, with focus on improving the structure of demand and increasing consumer demand to drive economic growth [para. 9]. (...)

China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital [para. 10]. (...)

China will continue to build an innovation-driven society, speed up the development of an innovation system, and enhance the role of science and technology in driving economic and social development [para. 11]. (...)

China will continue to save resources and protect the environment, follow the path of green, low-carbon and sustainable development, use resources in a more efficient way, and develop stronger capacity for tackling climate change [para. 12]. (...)

China will continue to put people's interests first, pay more attention to ensuring and improving people's well-being and pursue common prosperity [para. 13]. (...)

China will continue to deepen reform and opening-up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development [para. 14]. (Wen Jiabao, 14 September 2011)

The clauses 'The "modern" debate over trade barriers can be traced to the 19th century' and 'For the past 30 years, American capitalism has been on a roller-coaster ride' imply

that the U.S. system of economic liberalization and American capitalism have a very long history. The USA has played a crucial role in liberalizing trade for a long time (since World War II) and its economic system is admittedly to have been in fluctuation for a long period (for the past 30 years). Historically, that was the economic trajectory. But politically, the rationality is that the other countries as in ‘the rest of the world was looking to the United States’ have to follow the U.S. paradigm of capitalism, because it is ‘the surest path to that growth is free markets and free people’ (George Bush, November 13, 2008, para. 25). It is assumed beforehand that there are nations (e.g. Cuba, Iran cited in Bush Speech, para. 30) that reject to bow to the U.S. economic model; therefore globalization is not equal to national interest (see below). If one thinks it is, the idea has to be a rebuttal, because it detours from ‘the international quest to liberalize world trade and investment’ (1).

An ideology does not claim that it is ideological. Usually, the ideology is assumed to be already shared between members of the group in connection to the norms, values and belief. This is because the ideological meaning is usually presupposed (van Dijk, 1998b). But when an emphasis is stressed on the disadvantages, drawbacks of the social issue, it is usually stated. For example, extract (1) and the opinion article as a whole (*Washington Post*, 17 October 2008) is also written in defense of neoliberal economy in the form of globalization. The message is explicit but the ideological import is embedded. For example, the nonfinite clause ‘maintaining the flow of money to individuals and businesses’ (para. 9) is a very explicit message, but ideologically the clause simultaneously entails that the author is standing behind the economic system of capitalism. When the subject matter at issue is against the discourse producer, it can be clearly stated as ‘The old postwar international financial institutions are out of date’ and ‘They have to be rebuilt for a wholly new era in which there is global, not national,

competition and open, not closed, economies' (*Washington Post*, 17 October 2008, para. 5). The rhetoric seems to be new here, but the hegemonic ideology is still operating in the system of global economy. That is, free flow of capital to individuals and businesses' and 'a wholly new era in which there is global, not national, competition and open, not closed, economies' are taken for granted in sustaining the global economy. This hegemonic ideology might have reached consent, but partially and temporarily (Fairclough, 2009). For example, in Example 12 (5) it can be assumed from 'but open trade is, if anything, even more important for developing nations' that not all developing nations are open enough in respect to 'the open trade.'

It should be realized that the globalized system of economy is not always immune to disadvantages as we can reveal from the text (e.g. *Washington Post*, 17 October 2008). The use of the item 'reform' in the texts e.g. 'The reforms I have outlined' (3) presupposes that the international financial system has been going in the wrong direction. Similarly, the phrase 'to preventing another crisis and to restoring confidence' (*Washington Post*, 17 October 2008, para. 9) and 'a grand bargain that would restore confidence in the competitiveness of the U.S. economy' (*Washington Post*, 27 February 2008, para. 11) presuppose that the system had once already been affecting in the past and that people have lost their confidence. Restoring confidence (3) presupposes that the global financial confidence has shaken economic liberation that the developed countries used to have and that it has to be restored.

In a similar vein, the title of the Op-Ed 'Genghis Khan started globalization' (*China Daily*, 06 May 2006) and 'the process dates back 800 years' presuppose that globalization has been in existence for a very long time (since 13 century), and that it is the Chinese who started it. The statement in the title is manifested by a historical justification. Politically, that is why there is no reason that China cannot join the WTO

(see below). The same is true with the headline of the Op-Ed article ‘Out of the Ashes’ (*Washington Post*, 17 October 2008) that implies that although the global economy is disorienting ‘the job losses and worker displacement’ due to the ‘free trade’ (5) and the ‘global, not national, competition and open, not closed, economies’ (3) that ultimately precipitate the global crisis, there are still a lot of opportunities to seize e.g. to ‘create new rules’(3). The creation, loss and layoff of jobs are conceived as the process of positive changes of the economy system, not as the consequence of the negative effect of economic globalization. Loss of jobs is not accounted for as the result of global trade, and free markets but as the consequence of people’s refusal of globalization processes (*Washington Post*, 07 June 2005).

The nonfinite clause ‘Since joining the WTO in 2001’ in extract 7 presumes that joining the WTO is an economic advantage for the people of China. The repeated finite verb ‘will continue’ implies that China has already taken part in globalizing the economy by following ‘the strategy of expanding domestic demand’, promoting ‘economic development’, building ‘an innovation-driven society’, enhancing ‘the role of science and technology’ and deepening ‘reform and opening-up’. These are China’s future strategic tasks which are textually constituted through the material process verbs as ‘promote’, ‘build’ and ‘deepen’.

Whether the tasks have been performed or not is beyond the knowledge of the general public. But the social knowledge that is discursively constructed in the text is to be assumed that the Chinese government has once taken the actions; this message is manifested by a textual process i.e. the repeated uses of the finite clause ‘China will continue ...’ in order to achieve the ‘sustainable development’ (7).

To sum up, assumptions articulated through presupposed knowledge can be said as a type of the implication from text interpretation. This implication can be derived from

certain verb groups ‘restore’, ‘reform’, ‘continue’ and syntactic mood (e.g. negative sentence). For example, the sentence ‘globalization is not equal to national interest’ (*China Daily*, 01 July 2010, title) implies that someone has said the globalization is equal to national interest. In addition, presupposition can also be derived from time frame, for example, ‘Genghis Khan started globalization’ implies that globalization has been in existence for a very long time.

The assumptions have ideological functions (Fairclough, 2003). Assumptions presume common senses and background knowledge; there is an interdiscursive relation between one text and the other texts or between one text and its historical, political course—someone else has said that something is the case.

8.5 Chapter conclusion

This chapter has dealt with intertextuality and interdiscursivity in the discourse of global economy. The analysis of intertextuality indicates that different voices by quotes and borrowings are manifested in the discourse of global economy. This implies that the authors are consistent in attempts to materialize the global economic agenda through discourse as a moment of globalization processes. The authors reworded the voices of one’s own and others, repeating similar words, quotations, propositions, and arguments. The dialogic relation emerges between one text and the other. This intertextual relation commonly exists between texts that have similar voices. The texts that do not have supporting voices tend to be excluded.

The analysis of interdiscursivity in the discourse of global economy reveals that there is an incorporation of genres between media discourse and academic writing and between economics and politics or other fields. This genre mixing or hybridity indicates that a social change is taking place in economic practices of the modern society. It seems that

the aim of genre hybridity is to make the argumentative discourse more convincing and rational to the hearers or readers.

The articulation of specific lexical items, for example, 'confidence' or 'reform' in the economic discourse indicates to us that a discourse as representation of some particular part of the social world can draw upon other discourses (psychological, political) even if its representation in a text is only minimal, a single word. But this minimal presence of other discourses in the text is significant.

The weaving together of a discourse with other discourses results in the hegemonic power of one discipline over the other. Different disciplines are networked in the globalization discourse. The concealed agenda of this networking is of economic significance. The authors make use of other disciplines to conceptualize, broaden and enlighten the economic perspectives. Nevertheless, one country's economy can have shared perspectives, policies, and strategies with that of other economies or they may partly or totally preclude each other. In the next Chapter we shall specifically deal with this issue: the USA and China's perspectives on the global economy from both the textual and social processes.

CHAPTER 9

TWO VIEWS ON THE DISCOURSE OF GLOBAL ECONOMY

9.1 Introduction

In Chapter 4, the analyst pointed out that studying the discourse of global economy and likewise its semiotic elements ought to refer to the location where it actually disseminates. This is because countries in the world have their own principles, policies, programs, and strategies in internalizing the discourse of global economy and materializing it in the actual practices. For example, there seems to be a number of different principles and social policies between the practices of global economy of the USA and those of China. These principles encourage the USA and China to internalize and materialize the global economy in their own constructed ways. In addition to the principles that can be different, there are likely to be the policies and strategies that are shared between these two populous countries. In the following first three sections we shall pay our attention to these issues. In the later two sections we shall briefly discuss one important, neglected aspect of free market practices on recent development of economic globalization, i.e., the currency war. In the end, the space is devoted to a CDA reflection.

The main purpose of this chapter is to examine how the USA and China, as articulated by the authors, see the global economy. The chapter will first discuss the social policies that each country is committed to fostering the global economy. We are first concerned with the U.S. view on economic globalization and how it is constructed in discourse. Then we deal with China's perspective on the same issues. After that the chapter tackles

the issues from the paradigm of similarities. Later the analyst argues that based on the evidence from the texts on global economy *even* a free market itself cannot escape from serious obstacles, such as the ‘currency war’ in the processes of globalizing an economic agenda. Finally, we summarize the important points of what we have previously discussed in the concluding section.

9.2 The USA on the global economy

The study of global economy needs to refer to the history and the location of the country at issue. This is because a country has its own policies and ways constructed in discourse, showing a proactive participation in the global economy. The USA for example has its own civilization and its own ways of fostering the economic development. The American civilization is built upon three Western institutions: science, democracy and capitalism (D’Souza, 2002). These institutions are discursively constructed in the strategic texts. Yet, the most pertinent subject matters to the current work are the role of capitalism in sustaining development of the USA and democracy. Democracy was discussed in Sub-section 6.2.4 and the role of science is perhaps less significant at this point.

In America democracy predates industrialization. In the USA, capitalism developed as the cause or even the effect of the absence of strong Marxist movement in the country (Harvey, 2003). This was an opportunity for individuals to develop private companies especially when the government’s involvement in economy was feeble (Rajan & Zingales, 2004). Different from the rest of the world (e.g. Europe and Asia), in the USA, capitalism developed without foreign influence (Harvey, 2010).

The intellectuals of the ‘First World’ argue that capitalism and the Industrial Revolution have contributed to the prosperity of the U.S. economy since the middle of 19th century

(D'Souza, 2002). This statement can be linked to the extracts below (including reused) from the U.S. sources that portray the history of American capitalism in the world economy:

Example 1

- (1) The “modern” debate over trade barriers can be traced to the 19th century. Then as now, the debate has been dominated by special interests (land barons vs. merchants in the 19th century; the AFL-CIO vs. the Chamber of Commerce today). There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case [para. 1].

But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment [para. 2]. (*Washington Post*, 07 June 2005)

- (2) When he died in 1848, John Jacob Astor was America's richest man, leaving a fortune of \$20 million that had been earned mainly from real estate and fur trading. Despite his riches, Astor's business was mainly a one-man show. He employed only a handful of workers, most of them clerks. This was typical of his time, when the farmer, the craftsman, the small partnership and the independent merchant ruled the economy [para.1]. (...)

Just as John Jacob Astor defined a distinct stage of capitalism, we may now be at the end of what Chandler perceptively called "managerial capitalism." Managers, of course, won't disappear. But the new opportunities and pressures on them and their companies may have altered the way the system operates. Chandler admits as much. Asked about how the corporation might evolve, he confesses ignorance: "All I know is that the commercializing of the Internet is transforming the world." To fill that void, someone must do for capitalism's next stage what Chandler did for the last [para. 11]. (*Washington Post*, 26 October 2006)

- (3) For the past 30 years, American capitalism has been on a roller-coaster ride [para. 1]. (...)

As it turned out, America's obituary as an economic superpower was premature. By the turn of the millennium, the Anglo-American economic model was back on top [para. 3]. (*Washington Post*, 27 February 2008)

- (4) Among the institutions that are most crucial to economic growth are those that enable a country to allocate capital to its most productive uses. Such institutions establish and maintain strong property rights, an effective legal system, and a sound and efficient financial system. (Frederic Mishkin, 26 April 2007, para. 2)
- (5) Some features of the world trading regime, such as excessive restrictions on trade in services and the uneven protection of intellectual property rights, are both unfair and economically counterproductive. Working through the World Trade Organization or in other venues, we should continue to advocate the elimination of trade distortions and barriers in our trading partners even as we increase the openness of our own economy. We should also work to ensure that both we and our trading partners live up to existing agreements under the World Trade Organization. (Ben Bernanke, 1 May 2007, para. 29)
- (6) This is a city whose capital markets have attracted investments from around the world and financed the dreams of entrepreneurs all across America. This is a city that has been and will always be the financial capital of the world. (Applause.) [para. 2]. (...) Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod [para. 28]. (George Bush, 13 November 2008)

The propositions of the statements from the extracts above are lionizing capitalism. The nominal groups ‘the commercializing of the Internet’, ‘trade liberalization’, ‘the new opportunities’, ‘the uneven protection of intellectual property rights’, ‘the elimination of trade distortions and barriers’, ‘free market capitalism’ and ‘the engine of social mobility’ characterize the capitalist discourse. The same holds true for the verbal groups: ‘affects’, ‘has led’, ‘establish and maintain’, ‘may have altered’ and ‘has been and will always be.’ The discourse is produced in the American context. Yet its main message is actualization of the imperialist global economy. Extracts (1) and (2) focus on

the trajectory of American capitalism, the transformation from managerial capitalism to the next stage of its development, i.e. technology (see below). Extracts (3)–(5) are concerned with the actual practices of the capitalist enigma measured in time scale ‘For the past 30 years’ and the modus operandi ‘property rights’, ‘a sound and efficient financial system’ and ‘the elimination of trade distortions and barriers’. Extract (6) indicates a fairly explicit, strong conviction to capitalism that the USA has embraced and has made America ‘the greatest economic power in history’. This capitalist thinking is sustained and reproduced in the U.S. discourse and in text as a social event.

The way the authors construct the capitalist discourse in the extracts is multifaceted; it involves political economy, history, and commerce. The economic philosophy behind the American capitalism can be traced back to the work of Adam Smith, *the Wealth of Nations* (1776), where he described the property rights, free trade, and competition. In the course of the U.S. economic progress, giant businesses such as those that belonged to the Fords and Rockefellers were so greedy that they monopolized the economy, defeating their straggler counterparts (summarized from the article ‘Capitalism's Next Stage’, *Washington Post*, 26 October 2006; see also below). The accomplishment of capitalism was also acknowledged to be supported by technological advances and interstate transportation infrastructures including railroads that channeled the U.S. cities, such as New York and Chicago:

- (7) It began with railroads. In 1830 getting from New York to Chicago took three weeks. By 1857 the trip was three days (and we think the Internet is a big deal). From 1850 to 1900, track mileage went from 9,000 to 200,000. But railroads required a vast administrative apparatus to ensure the maintenance of "locomotives, rolling stock and track" —not to mention scheduling trains, billing and construction, as Chandler showed in his Pulitzer Prize-winning book "The Visible Hand: The Managerial Revolution in American Business" (1977) [para. 5].

Elsewhere the story was similar. Companies didn't achieve lower costs simply by adopting new technologies or building bigger factories. No matter how efficient a plant might be, it would be hugely wasteful if raw materials did not arrive on time or if the output couldn't be quickly distributed and sold. Managers were essential; so were statistical controls. Coordination and organization mattered. Companies that surmounted these problems succeeded. Typical was Singer Sewing Machine. Around 1910 it produced 20,000 to 25,000 machines a month and had 1,700 U.S. branch offices, whose salaried managers supervised an army of salesmen [para. 6].
(*Washington Post*, 26 October 2006)

- (8) A lot has changed since those early days. We've seen technologies transform the ways we work and the ways we communicate with one another [para. 5]. (...)

What Silicon Valley can contribute to a new American economic model is not just its fantastic technology, but its entrepreneurial spirit. Silicon Valley is about a culture of risk-taking, not just by companies and investors, but workers as well. It's about companies where everyone understands that the way to get rich is to make great products that change the world. And it's about management that eschews bureaucracy, that values talent above all else, that includes fun in the compensation system and expects ideas and inspiration to flow from the bottom up rather than the top down. [para. 13]. (Barrack Obama, 21 January 2011)

In the course of history the American capitalism evolved as advances in transportation and technology emerged. The operations of businesses were redirected from infrastructures 'railroad' to superstructures 'professional managers, engineers and accountants' that gave rise to managerial capitalism 'Coordination and organization mattered' which later develop into new capitalism, i.e. information technology (2) and (6).

Since the practices of global economy emerged in 1980s the U.S. led-capitalism began to dominate the world discursively constructed as in 'By the turn of the millennium, the Anglo-American economic model was back on top' and 'a city that has been and will always be the financial capital of the world'; the dominance is attained through economic neocolonialism and imperialism (Harvey, 2003; 2005). The expansion of the

U.S. capitalism was at the beginning imaginaries formulated through a Bretton Woods institution, GATT and then replaced by WTO (Lowes, 2006).

The most obvious track of the expansion of the U.S. capitalism is when advances in technology are in control of the economy. The negation ‘not just its fantastic technology, but its entrepreneurial spirit’ (8) presupposes that modern technology ‘transforms the ways we work and the ways we communicate with one another’. Modern technology means that people can interact in a space unrestrained by territory in the sense that distance becomes unproblematic (Woods, 2000). As space and distance no longer become obstacles, the U.S. products and services from computer technology such as IBM and Microsoft to junk food restaurants such as KFC and McDonald and their accompanying soft drink *Coca Cola* all have taken the world stage. Through the regulations of Bretton Woods organizations represented by GATT, WTO with its neoliberal globalization activities that were previously carried out within national boundaries now can be undertaken globally or regionally. In that sense, space becomes ‘deterritorialized’ (Woods, 2000) and ‘reterritorialized’ (Fairclough, 2006). Unfortunately, the contagious impact of this ‘universalization’ on the global society is the fact that developed countries take the advantages to the detriment of others less developed.

In its development, American capitalism did not just attempt to control the global market via its products and services but also gave rise to new capitalism that stressed on the role of managements in the global economy. Unsurprisingly, since the middle of the 20th century the American model of new capitalism to a great extent has expanded to management (8) and organizations (see also Chiapelo & Fairclough (2002); Fairclough & Thomas (2004) for these points of view on the role of management in new capitalism as prescribed by management experts (e.g. Kanter, 2001; Ohmae, 1994) within the

discourse of global economy. Virtually, this phenomenon is not new at all. For example, for years almost all major universities in the USA have offered an MBA program for potential students. In fact, the departments for businesses and administration degrees outnumber the program for peace studies. This propensity is imitated by major universities in both the 'First World' and the 'Third World' countries.

The advances and significance of mastering information technology and management have provided an illusion for and enlightened the minds of young people around the globe, praising information technologies as if they could eat notebooks. Management is conceived of as the same importance as capital—wealth and machinery—in the discourse of new capitalism (Ohmae, 1994; Kanter, 2001).

The U.S. government endeavor to lead the globalizing process of the world economy. The authors persuade the discourse participants to accept the value that the citizens of the USA are capable of dominating the global economy. Vocabulary such as 'competition', 'trade liberalization', 'free market' plays a crucial role for the U.S. globalization processes in the discursive construction of the global economy. Below are other extracts (repeated) for another picture:

- (9) A recent study by the Institute for International Economics concluded that American living standards are roughly 10 percent higher as a result of globalization's benefits (cheap imports, greater competition, new technologies). Globalization's winners vastly outnumber its losers [para. 1].

Unfortunately, that could change if the world economy turns out to be unstable — incapable of sustaining adequate growth or vulnerable to severe crises. For the moment the dangers are abstract [para. 2]. (*Washington Post*, 16 March 2005)

- (10) Although we have been focusing on how globalization promotes financial development, we shouldn't forget that trade globalization, which involves both trade liberalization and an export orientation, is a key driver of economic growth for

reasons additional to those already mentioned. (Frederic Mishkin, 26 April 2007, para. 34)

- (11) Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems. Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players. Today, the success of the world's largest economies comes from their embrace of free markets [para. 29]. (...)

The record is unmistakable: If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go. (Applause.) And it would be a terrible mistake to allow a few months of crisis to undermine 60 years of success [para. 31]. (George Bush, 13 November 2008)

- (12) We've seen technologies transform the ways we work and the ways we communicate with one another. We've seen our economy transformed by rising competition from around the globe [para. 5]. (...)

But in an ever-shrinking world, our success in these efforts will be determined not only by what we build in Schenectady, but also what we can sell in Shanghai. For America to compete around the world, we need to export more goods around the world. That's where the customers are. It's that simple. (Applause.) [para. 13]. (Barack Obama, 21 January 2011)

The bracketed nominal groups ('cheap imports', 'greater competition', and 'new technologies') refer to the scientific evidences that American people have improved their living standards due to their participation in globalization. The global economy may be contested 'unstable', but it is ensured that 'Globalization's winners vastly outnumber its losers' (9). This means that the practices of the global economy must keep running.

The initial positioning of the concession clause 'Although we have been focusing on how globalization promotes financial development' (10) and the conditional clauses 'If you seek economic growth', 'if you seek opportunity', and 'if you seek social justice and human dignity' (11) as Themes manifest the authors' conviction that 'trade

globalization is a key driver of economic growth' and that 'the free market system is the way to go' (11). The articulation took place in the global context, but the US economic precept is actually being preached to other countries. The free trade can mean competition from selling products to foreign countries to maintaining the state's currencies (see below). To be able to compete economically, politically and globally, the US economy tends to rely on big enterprises such as the General Electric and the Silicon Valley.

President Barrack Obama in (12) ensures that the US giant companies like GE attain the success through competition. He sees global competition as a transformative force that American people need to sustain in 'an ever-shrinking world.' From the U.S. authors' ways of texturing texts (e.g. George Bush and Barrack Obama), we can say that the simple strategy that the USA deploys in the era of global economy is intensifying production, increasing exports, rising GDP, and enjoying prosperity. But most fundamental to that is the hegemonic agenda. The social hidden agenda of the capitalist USA is to naturalize the global economy thus amassing monopoly of the global economy through the so-called 'free trade' and 'global competition' broadly constructed by the semiotic resource that 'the best evidence for free market capitalism is its performance compared to other economic systems' and that it is 'the best way to go'. That is, the USA has become the hub of world economy and Americans have to retain that principle. The USA aims at ruling the world through economic practices. The USA has to be conceived as the empire of the world's economy, clearly textured in 'This is a city that has been and will always be the financial capital of the world' (George Bush, 13 November 2008, para. 2).

American attempts of globalizing economy also spread to other global ramifications, particularly cultural. American culture tends to dominate the world culture. And the

standpoint is the same as of the global economy; they have to follow us (see Benhabib, 2002). The American Hollywood movies for example have spread around the globe. The Hollywood's interpretations of beauty, fashion or gender roles are portrayed in specific movies or TV programs. The American CNN's ways of broadcasting have also become a broadcasting model of the majority of TV stations in the world (Fairclough, 2006; see also Sub-section 5.3.2.1).

However, it needs to be reemphasized that the U.S. paradigm of globalization is more on the principles of competition, opportunities and changes than on the Hollywood's agenda. Competitiveness is the most conspicuous strategy according to the U.S. trajectory of global economy (Bernanke, 1 May 2007). This perhaps is to do with American way of life, where individuals are guaranteed to freedom of will and want. Competition is taken for granted as a main recipe for participating in globalization and is in juxtaposition with social changes. Global economy cannot fulfill its fundamental agenda to liberalize market if the country rejects central changes. Liberalization for the USA means changes of trade regulation, the mind set of agencies and economic policies. The discussion above is among the features of how the USA constructs the global economy in its own ways that have in some way been parroted by other countries in the world. Having discussed how the U.S. sources discursively construct the global economy in the strategic texts, let us now move to China's view on the similar issue.

9.3 China on the global economy

As been mentioned in Section 8.2 and above the study of the discourse of global economy needs to refer to the history and the location of the specified country. China, as a country that has a very old civilization, does not regard the global economy as a new phenomenon. This statement is evidently supported by the extracts:

Example 2

- (1) We think of globalization as selling Coca-Cola in Calcutta or Starbucks in Shanghai. But researchers claim the process dates back 800 years, to the time when Genghis Khan was building his empire [para.1]. (...)

Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao (para. 5).

Establishing the Mongol Empire, the largest contiguous land empire in history, covering modern Mongolia, China, Korea, Russia, Iran, Iraq, Afghanistan, and Syria in the 13th century, Genghis Khan has been described as 'World Conqueror,' 'Emperor of All Men' and 'Scourge of God' [para.6].

"Genghis Khan promoted globalization as has no ruler before him," said the Mongolian academician, who is also director of the International Institute for the Study of Nomadic Civilizations [para. 9]. (*China Daily*, 06 May 2006)

- (2) Globalization is still an emotive word, but the phenomenon has been going on for centuries. What have the Romans ever done for us? Well, they played their part [para. 1]

China's Han Dynasty (206 BC-AD 220) was a crucial component of the same well-established trade network of 2,000 years ago, and now the country once again stands at the heart of the world economy [para. 2]. (...)

Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards [para. 14]. (*China Daily*, 20 May 2011)

We can derive a proposition from the extracts that China was among the first world nations to get involved in globalization. The denials 'But researchers claim the process dates back 800 years' and 'but the phenomenon has been going on for centuries' presume that the authors support globalization and that China is among the first to take part in it. This claim is discursively constructed, for example, with the presence of quotations in (1) to indicate that voices from others are rearticulated to support the argument.

The quotation 'as has no ruler before him' assumes as if Genghis Khan had been the first empire to globalize the world. If we want to consider the movements of people, goods, cultural assimilation, and sea exploration of that period as globalization, then perhaps there had been other people who had also explored the planet before Genghis Khan, for example the Arab merchants (Mazlish, 1993) and the Romans (2). But the national identity vis-à-vis globalization is being reconstructed in the discourse. Therefore, China's role in the trajectory of globalization is defended.

In reality, Genghis Khan's exploration to 'China, Korea, Russia, Iran, Iraq, and Syria in the 13th century' as were other explorers might have been more to do with colonialism rather than globalization, because the main goal was to expand the empire and not to distribute wealth. Theoretically the argument that globalization improves the 'living standards' (2) of people including in the 'Third World' has been put forward by many globalists (e.g. Bhagwati, 2007; Held *et al.* 1999). The voices are here woven together for the effect that China has long been involved in globalization.

In fact, the view that China has an old history of development for humankind is also presented in China's White Paper, in which China sees itself to have owned a very old civilization. Below is a short extract of it:

China has a history of 5,000 years of civilization. Boasting a splendid civilization in the same league as those of ancient Egypt, India and Babylon, China has contributed greatly to the development and progress of mankind. The Chinese people are industrious, courageous and full of wisdom. It is generally acknowledged in the world that the Chinese nation has a long, uninterrupted history and a rich cultural heritage. (*The China's White Paper*, October 2005)

The discursive formation of the 'development' and 'progress' plays a role in Chinese civilization in that the Chinese people are labeled as 'industrious, courageous and full of

wisdom.’ Accordingly, China’s ways to development cannot abandon its long history. China pursues progress by taking history into deep consciousness as in ‘It is generally acknowledged in the world that the Chinese nation has a long, uninterrupted history and a rich cultural heritage.’ The passive construction ‘It is generally acknowledged’ presupposes that it is the general knowledge that China has a long, uninterrupted history and a rich cultural heritage. Concerning the contribution to human development, Ancient China’s civilization is ranked similarly to those of Egypt, India and Babylon.

What we see from the discourse is that China cannot leave out people’s power of the state, a heritage endowed from communism being ‘industrious’ and ‘full of wisdom’. However it grows, China still prioritizes the Chinese society as the rudder of the economy even though a hidden agenda can lead to the accumulation of wealth by certain groups of the elites (see below). But politically, the Chinese central and local governments together with 1.3 billion people attempt to dominate the stage of the world economy through imports and providing safe haven for foreign investors (Ali & Guo, 2005).

China represents a unique position in emerging economies. China has attracted attention from global investments. Over the last two decades, China has made the developed countries specifically the USA and Britain envious of China’s overall economic development in the global economy. However the analyst’s claim made here centers only on the discussion of the social policies in which China tackles the issues of globalization from the discursive point of views.

One policy that China constructs in the discourse of global economy and that the developed world is afraid of seems to be the fact that China is increasing its

manufacturing and export capacity, discursively constructed under the ‘opening-up’ policy, as illustrated in the extracts:

- (3) In the past 27 years of the reform and opening-up, China has enjoyed an average annual GDP growth rate of 9.6% and fast development in social undertakings [para. 3]. (...)

Third, establishing a by-and-large well-functioning socialist market economy and developing a more open economy [para. 5]. (...)

Sixth, China's development is based on reform and opening-up. (...) We will adhere to the basic national policy of opening up to the outside world and raise the level of openness in an all-round way [para. 12]. (Zeng Peiyan, 25 January 2006)

- (4) China's economy is an open economy, and China is both a major exporter and a major importer. We do not pursue surplus in foreign trade. China runs a trade surplus with the United States and Europe, yet a trade deficit with Japan and the ROK. We have a surplus in the processing trade, yet a deficit in general trade. Our export growth is rapidly recovering, yet our import has grown even faster. We cannot and will not pursue development with our door closed [para. 8]. (...)

China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial. We will uphold all policies conducive to opening-up. China is committed to creating an open and fair environment for foreign invested enterprises [para. 13]. (Wen Jiabao, 13 September 2010)

The extracts above demonstrate that China has discursively stood behind the ‘curtain’ of neoliberalism as in ‘China's economy is an open economy’, ‘China's development is open development’; the lexical item ‘open’ rather than ‘free’ is used, but still suggests the same meaning. Due to the openness, China’s products from consumer goods to MA 60 aircraft have reached most parts of the globe. This brings about a new economic dominance. Through its ‘openness’ policy, China has provided a home for neoliberalism to operate in an authoritarian state where the political elite and the family have amassed their fortunes by exploiting a powerless working class (Harvey, 2010; see also the *New York Times*, 26 October 2012). China is smart not only in producing competitive goods

but also in attracting importers and investment as it is admitted in extracts (including repeated) below:

- (5) We will take the expansion of domestic demand as the basic principle in the next five years, and maintain appropriate growth in fixed-assets investment. At the same time, we will work to achieve a balance between investment and consumption, so as to enhance the role of consumption in pulling up economic growth. (Zeng Peiyan, 25 January 2006, para. 5)
- (6) China is now one of the world's largest foreign investment destinations. More than 470 of the top 500 global companies have established their presence in China. By July this year, China had received 1.05 trillion U.S. dollars of foreign investment in cumulative terms, ranking the first among developing countries for 18 years in a row. In the first seven months this year, foreign investment in China increased by 20.7 percent over the same period last year. Foreign invested enterprises on the whole enjoy good operation in China and have reaped good returns. (Wen Jiabao, 13 September 2010, para. 14)
- (7) We have pursued the dual strategy of introducing foreign capital and encouraging Chinese companies to invest overseas to achieve greater balance between the use of FDI and overseas Chinese investment [para. 6]. (...)

We will continue to improve foreign-related economic laws, regulations and policies so as to make China's investment environment in keeping with international standard, transparent and more business friendly [para. 15]. (Wen Jiabao, 14 September 2011)

What China contests in theorizing the global economy as in the extracts above is that China participates in the global economy by allowing the operation of neoliberal globalization of free capital flows as in ‘China is now one of the world's largest foreign investment destinations’. This unique position in the global economy allows China to attract FDI and short term-capital flows as in ‘foreign investment in China increased by 20.7 percent over the same period last year’. This implies that capital moves to China because for the investors China is a promising location to get higher returns. The nominal group ‘China's investment environment in keeping with international standard, transparent and more business friendly’ portrays another China’s openness attitude.

The global economic proponent is articulated through the language of political economy ‘international standard’, ‘transparent’ and ‘more business friendly.’ Politically, FDI has been proved to be the powerful force for the economic growth of China. Foreign capital has had two positive effects for China; it has improved the liquidity of the Chinese economy, and thus facilitated other investments (e.g. more business opportunities for local entrepreneurs as well as support businesses such as construction, transportation, legal work, and accountancy). Secondly, it has created employment, incomes and thus taxation revenue for the central and regional governments. Such revenues have been fed back into the economy to enhance the living standards of all Chinese people (Wen Jiabao, 14 September 2011, para. 11), further boosting the economy, and facilitating prosperity for over two decades (Ali & Guo, 2005). Whether you like it or not, this economic policy is leading China to a global dominance.

One disadvantage that concerns many social analysts is that FDI may serve only to exploit the cheap labor or natural resources of a country if its government does not have the ability to bring in technical know-how for its economic development. However, the Chinese government has played an active role to attract FDI into China, and the country being the largest host country for FDI among the emerging economic countries supports the success of its policies. Nonetheless, further reforms are needed (Ali & Guo, 2005). China needs FDI because its economy cannot grow by itself; it needs strategic partners from other countries. This has been proved by Wen Jiabao’s July 2011 foreign visits to European countries, particularly UK and Germany, to enhance the bilateral trade.

In addition, the discourse of global economy from China’s point of view reveals that the authors, governmental and non-governmental agencies, and the China society as a whole, share the beliefs and values that China as a populous emerging-economic country needs to ensure that its economic orientation is to control the global market

while sustaining national growth. China's political economy has led China to move since the 1980's from a communist paradigm of economic practices to liberal global market but which to some extent still allows the state's interference in its economic commitments. For China, the national interests, goals, and motives transcend the projected objectives of generic interest of the global economy. Nationalization is retained in China's paradigm of economic globalization (see below). China commits itself to the principle 'think globally, act locally'. It enacts global discourse, but local practice (Fairclough & Thomas, 2004). This is evidenced from the fact that although China's communist economic system in principle has been replaced by capitalism, the communist party still holds power socially, economically, politically and culturally. The China's White Paper again says:

Social stability, economic development and the continuous improvement of people's life are both important goals and necessary conditions for the people to be masters of the country. The political development, economic development and cultural development of a country interact and precondition one another. Without social stability, smooth economic development cannot be expected, while the goal of development is to let the people enjoy the fruits of development together. The CPC and the Chinese government will firmly concentrate on economic construction, and make every effort to solidify the material and cultural foundations for continuously raising the level of socialist political democracy. (The China's White Paper, October 2005)

This quote is in contrast with the claims of certain authors (e.g. Pei, 1998; see also the similar argument of the Op-Ed in the *Washington Post*, 27 February 2008, para. 3) that communism in China was dead. In fact, the communism in China is still striving, but reformed in accordance with the global political and economic development of the modern world by being 'socialist political democracy.' The cultural political economy of China is discursively inculcated in 'The political development, economic

development and cultural development of a country interact and precondition one another.’ The verbal group ‘interact and precondition’ presumes economy and politics cannot be separated. The Chinese government working hand in hand with the Communist Party of China (CPC) and nine other political parties such as Revolutionary Committee of the Chinese Kuomintang (founded in 1948), the China Democratic League (founded in 1941) restructure and recontextualize the Chinese political and economic model toward the so-called social democracy. According to the White Paper:

Socialist democracy means that all power of the state belongs to the people and people enjoy in real terms the civil rights prescribed in the Constitution and law. China's socialist democracy is a kind of democracy built on the basis that citizens' rights are guaranteed and constantly developed. (The China's White Paper, October 2005)

However, the strong involvement of China in the global economy can be observed not in the White Paper alone but most importantly from the discourse of economic globalization it constructs in the press and China's government presentation of economic issues for example at the World Economic Forum and in occasions of the nation addresses by its leaders, and newspaper Op-Eds.

The extracts and the quotes above entail that China's ways of economic globalization evolves into a political consciousness of ‘Social stability, economic development and the continuous improvement of people's life’ and ‘all power of the state belongs to the people’. On a national scale, economy transcends politics for China. The discursive processes of getting involved in the global economy are among the government leaders and China's general public agenda. That is, China is discursively constructed as being different from other countries in that its history passed through feudalism, communism and now social democracy. Social democracy is equal to state capitalism in that ‘all power of the state belongs to the people’.

China seems to follow state capitalism of political economy. This holds true because in China it is the state that is heavily involved in the ownership, control, or support of capitalist enterprises (Doug, 2012; Žižek, 2011). For example, the state in China still controls key industries, television station, oil and natural gas, and mass transportation. China is a form of capitalist state but which uses its resources and authority to stabilize its markets for example by prohibiting monopolies, controlling interest rate and tariffs on import but not to protect the capitalist class. As a result, China practices political democracy with its own characteristics, systems that are in conformity with the conditions of China. To this end, China cannot escape from the CPC and the Chinese people who first engaged in a New Democratic Revolution. The socialist political democracy of China is embedded in the vast land of fertile soil on which the Chinese nation has depended for its survival and development over thousands of years. It came out of the experience of the CPC and the Chinese people in their great practice of striving for national independence, liberation of the people and prosperity of the country. It is the appropriate choice suited to China's conditions and fulfilling the requirement of social progress. For China, copying the Western bourgeois political system leads China nowhere (extracted from *The White Paper*, October 2005). But building its own economic strategy, China is faced with a new ideology, state capitalism that attempts to dominate the world economy. Different from the social material processes used by the USA in taking part in the global economy, which mostly depends on big tycoons such as the Silicon Valley, and General Electric (see Section 9.2 above), China's social material processes in economic development tend to concentrate on people-driven economy; the economy contingent on small and medium-sized enterprises and agriculture. Nevertheless, China has become a strong competitor for the USA in the current world economic development.

In the last two decades it has been no longer the USA that was a threat to China's economy but the reverse. This point of view is admitted by the U.S. press, economists, governmental and nongovernmental agencies like the IMF and the World Bank. The extracts below unfold the statement that China and other emerging economies will possibly be the U.S. rival in controlling the global economy in the 21st century:

Example 3

- (1) Our relations with old Cold War allies are strained, while relations with new trading partners—China especially—are ambiguous. Could we someday be at war with China over Taiwan? Or will trade defuse conflict? (*Washington Post*, 16 March 2005, para. 1)
- (2) Rather than Germany and Japan, it is China and India that are viewed as the imminent threats to U.S. prosperity and economic hegemony. (*Washington Post*, 27 February 2008, para. 5)
- (3) Now, China and other emerging markets may be moving beyond export-led growth. (*Washington Post*, 16 July 2008, para. 7)
- (4) The more testing challenges for the future will be how China defines its role on global issues. The world awaits its responses with growing anticipation. (*China Daily*, 01 July 2010, para. 9)

We learn from the extracts above that there are countries that are suspicious of China's role in the world economy. There is a strong fear growing among the developed economies that China (as well as other emerging economies) will finally lead the global economy. The discursive formation behind the language 'Could we someday be at war with China over Taiwan?' and 'it is China and India that are viewed as the imminent threats to U.S. prosperity and economic hegemony' is that the U.S. economic dominance is at stake. The nominal groups 'the imminent threat', 'China and other emerging markets', 'its role on global issues' and prepositional phrases 'at war over Taiwan', 'beyond export-led growth' indicate suspicion that China and other emerging countries will control the global economy. Politically speaking, a nation's citizens

including columnists will defend their nation if it is threatened in the international affairs (Rivenburgh, 2000).

Different from the USA that sees economic globalization as a global competition (e.g. Barack Obama' speech, 21 January 2011) and attempts to sustain the world dominance, China politically sees globalization as a way of securing national image, although it is not overtly stated. In other words, populous China is taking a "middle road" in the manifestation of global economy as it is revealed in the White Paper quotes above and by the text extracts below:

Example 4

- (1) Fortunately China is prepared by its history to resist the temptation to see the globe in the national image. Always the Middle Kingdom, it has never aspired to rule the world. And the philosophy of the "middle way", a pragmatism that avoids extremes, can serve it well in treating globalization for what it is: a process of social change like any other to be managed to the advantage of a country's citizens and for the welfare of humankind. (*China Daily*, 01 July 2010, para. 9)
- (2) In the years to come, China's economic and social development will be characterized by the following major features [para. 6].

First, the development of China is the kind that is based on our own domestic market [para. 7]. (...)

Second, China's development will be one with an optimized structure. (...) Some key national projects will serve as platforms for us to introduce cutting-edge technologies from abroad and, at the same time, make our own innovation upon learning and assimilation [para. 8]. (...)

Third, China's development will be resource-efficient. A large population and relatively scarce resources are the basic national reality of China [para. 9]. (...)

Fourth, China's development will be environment-friendly. We will continue to implement the strategy of sustainable development and the basic national policy of environment protection, speed up the building of an environment-friendly society and highlight the protection of the environment [para. 10]. (...)

Fifth, China's development is aimed at comprehensive and coordinated progress. We will endeavor to transform the countryside into new socialist rural communities, vigorously promote modern agriculture, give priority to infrastructure construction and access to utilities in rural areas, and work hard to raise farmers' income [para. 11]. (...)

Sixth, China's development is based on reform and opening-up. We will always stick to the path of building a socialist market economy, and deepen reform and opening-up to provide impetus and guarantee for economic and social development [para. 12]. (...)

China cannot achieve development in isolation of the rest of the world, and the world needs China for development. In 2005, the total value of China's trade in goods reached US\$1.42 trillion with import worth US\$660 billion, and China received US\$60.3 billion in FDI, ranking third in the world in both counts. Since reform and opening-up in the late 1970s, China has benefited a lot from the useful assistance by many countries [para. 13]. (...)

China follows an opening-up strategy that promotes mutual benefit. We are ready to work with the international community to expand two-way market access, improve the multilateral trade system and advance trade and investment liberalization and facilitation so as to create a better environment for trade and economic cooperation [para. 14]. (Zeng Peiyan, 25 January 2006)

- (3) We sincerely welcome enterprises from all countries to actively participate in China's reform and opening-up process, and hope that all types of enterprises will strictly abide by China's laws and regulations, run businesses in China according to law, and share the opportunities and benefits of China's prosperity and progress. (Wen Jiabao, 13 September 2010, para. 14)
- (4) China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. (Wen Jiabao, 14 September 2011, para. 10)

The extracts demonstrate that national particularity is still very inherent in China's ways of seeing the global economy. The national distinctiveness is realized through textual processes such as nominal groups 'China', 'the Middle Kingdom', 'China's economic

and social development', China's development'; and the use of modalities of 'will' and 'can'. The authors construct China's particularities through image building 'to the advantage of a country's citizens and for the welfare of humankind', 'cannot achieve development in isolation of the rest of the world', 'environment-friendly', 'resource-efficient', 'sincerely welcome enterprises from all countries to actively participate in China's reform and opening-up process.' None of these particularities carries a negative image.

The strategic policy of being engaged in the global economy for China is to provide home, education and respective living standards for its citizens. This is a way China builds an economic social cohesion. That is, China as an overpopulated country, it needs to concentrate on provision of basic education, housing and food security (extracted from Wen Jiabao's speeches, 28 January 2009 & 13 September 2010).

China's cultural political economy is in operation in the discourse. If foreign countries are eager to invest in China, they need to abide by the China's regulations and law (4). This gives China opportunities to share profits to facilitate its development, hence, 'mutual benefit.' A global change in the system of world economy for China means recontextualizing it to fix the internal demand by taking part in the global economy, for example by export as well as by attracting foreign investment (2).

China construes the global economy in accordance with its own model of globalization. The authors of the strategic texts propose restructuring and rejuvenating the unchanged strategy of development. The competitiveness is not an overt issue in the China's view on the global economy, especially when it is addressed by the China's state leader. China's entrance to the global economy emphasizes on confidence and stability of national demands. This entails that nationalization and protectionism are at work here

although some authors from Chinese origins might not explicitly confess it. Nevertheless, when the issue is constructed by the authors who are not nationally inherent to China, the theme is not national bound. It is clearly stated that globalizing countries rely on a set of principles. Among the rules (see the Op-Ed of the *China Daily*, 11 January 2011, in Appendix B) are the globalist countries must have a democratic government; they must be able to draw a distinction between globalization goal and national interest. And as an emerging-economic country, China has to stick to these principles if it is to stay in the world trade project. Having discussed the two different views on the global economy between the USA and China and the ways they are discursively constructed in the strategic texts, let us move to the shared views between these countries.

9.4 Shared views between the USA and China

As it is true for the global capitalist USA, it also holds true for the former communist China that both countries are currently struggling for and in defense of disseminating the globalist systems of economy. The two countries share a number of points of view in figuring out, negotiating and tackling challenges and competing for the opportunities, for example in the business of import-export, flows of capital, and inward and offshore investments. This indicates that the material processes of globalization and the discourse of globalization are not two discrete social moments.

The social processes that the two countries share can be identified by examining the textual processes deployed by the text producers. The discursive processes include the ways the authors choose to talk about the global economy. For example, the authors put forward the arguments to convince the audience on the problem at issue. In addition, they use typical keywords (see Table 5.2 in Section 5.3) to elaborate their ideas, so that

the arguments can be convincing. As a result, the points of view expressed in the discourse are acceptable.

The shared perspectives that can be identified in the two countries' discursive practices on the global economy are set out in Table 9.1 below. The analyst will refer to this table when he deals with the social material processes and textual processes on the discursive construction of global economy between the USA and China.

Table 9.1: Discursively shared outlooks between the USA and China on the global economy

No.	Shared points of view
1.	Politically and strategically lionize social structures, social practices and social events;
2.	See the global economy as opportunities and its current financial turmoil as challenges;
3.	See the global economy in terms of job creation—the so called 'labor force';
4.	Dependent on technological advances, communication and innovation;
5.	Already shifted to knowledge-based economy;
6.	See the economic growth from statistical points of view;
7.	Denounce but unable to conceal protectionism.

The discursive practices concerning the global economy are treated considerably important by the USA and China. The two countries promote their economic policies in genres and discourses. The state leaders, economists and policies analysts construct the discourse to enact regulations, set up policies, report the economic progress, and explain challenges. From a social semiotic perspective (Halliday & Hasan, 1989; van Leeuwen, 1995), the authors from the USA and China not only produce but also treat texts and discourse as an important action in constructing and reconstructing the global economy.

The texts produced in the USA and in China in principle share a dominant ideology, common understandings of the global economic practice; the genres, discourses and styles are inspired by the same *Westanschauung*, that is, globalism. The texts demonstrate that the opportunities of global economy are always contested through free market, trade liberation, investment, opening-up. But it is always in the way of competition. Both the USA and China are parts of the practice of the cultural political economy. They share the similar social and discursive formation. What makes the practices of global economy between the two countries different are the ways each country contextualizes and sets the operational policies for struggle of the global market (see above). The discourse of global economy embedded in the texts all share a common-sense that the world has been so interconnected that turning back is no longer possible (Fairclough, 2006; Steger, 2005). What each nation needs to do is to participate in this unprecedented unification of the global territory.

The texts from the two countries discursively construct capitalist global economy as opportunities and challenges whether in normal momentum or when the countries are faced with a crisis. The opportunities are worth fighting for and are contingent on the ability to negotiate with governments across the world; the extracts below which are the repeated ones of the previous Chapters illustrate:

Example 5

- (1) Just as John Jacob Astor defined a distinct stage of capitalism, we may now be at the end of what Chandler perceptively called "managerial capitalism." Managers, of course, won't disappear. But the new opportunities and pressures on them and their companies may have altered the way the system operates. (*Washington Post*, 26 October 2006, para. 11)
- (2) I will argue that one possible response to the dislocations that may result from trade-- a retreat into protectionism and isolationism--would be self-defeating and, in the long

run, probably not even feasible. Instead, our continued prosperity depends on our embracing the many opportunities provided by trade, even as we provide a helping hand to individuals and communities that may have suffered adverse consequences [para. 2]. (...)

U.S. firms increasingly seek to expand production and profits through new export opportunities [para. 7]. (...)

U.S. firms with a global reach tend to be better diversified and are better able to respond to new market opportunities wherever they may arise [para. 8]. (...)

Financial openness allows U.S. investors to find new opportunities abroad and makes it possible for foreigners to invest in the United States. The ability to invest globally also permits greater diversification and sharing of risk [para. 11]. (Ben Bernanke, 1 may 2007)

- (3) Like any other system designed by man, capitalism is not perfect. It can be subject to excesses and abuse. But it is by far the most efficient and just way of structuring an economy. At its most basic level, capitalism offers people the freedom to choose where they work and what they do, the opportunity to buy or sell products they want, and the dignity that comes with profiting from their talent and hard work [para. 27]. (...)

The record is unmistakable: If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go [para. 31]. (...)

There are clear-cut ways for nations to demonstrate the commitment to open markets. The United States Congress has an immediate opportunity by approving free trade agreements with Colombia, Peru*, and South Korea [para. 35]. (George Bush, 13 November 2008)

- (4) When a company sells products overseas, it leads to hiring on our shores. The deal in Samalkot means jobs in Schenectady. That's how we accelerate growth. That's how we create opportunities for our people. (Barrack Obama, 21 January 2011, para. 21)
- (5) In order to attain all these goals, we should seize future opportunities and make innovative and creative efforts. On theoretical innovation, based on its own experience in nation building and other countries' development experience, China has set the guidelines on a scientific approach to development in all aspects and building a harmonious socialist society [para. 5]. (...)

In the next five years, China's development will bring more opportunities to the rest of the world [para. 13]. (Zeng Peiyan, 25 January 2006)

- (6) It will also help increase China's imports and outbound investment, boost world economic growth and create more development and job opportunities for other countries [para. 6]. (...)

Our confidence comes from the fact that the long-term trend of China's economic development remains unchanged. We are in an important period of strategic opportunities and in the process of fast industrialization and urbanization. (...)

The readjustment to the international division of labor offers new opportunities. We have the confidence, conditions and ability to maintain steady and fast economic growth and continue to contribute to world economic growth [para. 7]. (Wen Jiabao, 28 January 2009)

- (7) This shows that China's economic growth has provided major development opportunities for the multinationals and created huge demand for major economies and neighboring countries. It has become an important engine for the world economic recovery. (Wen Jiabao, 13 September 2010, para. 5)

- (8) With its development entering a new historical stage in the second decade of the 21st century, China is in an important period of strategic opportunities. Peace, development and cooperation remain the trend of our times. The international environment is generally conducive to China's pursuit of peaceful development [para. 7]. (...)

We will give priority to job creation in promoting economic and social development and create equitable job opportunities for all [para. 13]. (...)

We sincerely welcome foreign companies to actively involve themselves in China's reform and opening-up process and share the opportunities and benefits of China's prosperity and progress [para. 18]. (Wen Jiabao, 11 September 2011)

The 'opportunity' (14 occurrences) is discursively constructed as an entity that is 'new', 'strategic', 'immediate', and 'major'. This indicates that global capitalism is never to surrender to creating economic growth even in the situation of an economic uncertainty. The opportunities thus must be 'seized', 'created', 'sought' and 'shared'. The global crisis is viewed as an 'opportunity' to rebuild the tenets of political economic ideology.

Furthermore, the global economy which has been interrupted by the global financial crisis and other social issues such as environment degradation and terrorism is

discursively constructed as challenges by the two countries and the people have to cooperate to tackle the crisis. The discursive construction of ‘challenges’ can be revealed from the extracts of the examples used in the preceding chapters:

Example 6

- (1) Today, the same sort of visionary internationalism is needed to resolve the crises and challenges of a different age. And the greatest of global challenges demands of us the boldest of global cooperation. (*Washington Post*, 17 October 2008, para. 4)
- (2) In the absence of a corresponding monetary system, the world economy is encountering a series of challenges and dilemmas induced by conflicting policies among different countries on economic growth, inflation, employment and interest rates. (*China Daily*, 24 February 2011, para. 11)
- (3) We are facing severe challenges, including notably shrinking external demand, overcapacity in some sectors, difficult business conditions for enterprises, rising unemployment in urban areas and greater downward pressure on economic growth. [para. 3]. (...)

Fifth, jointly tackle global challenges and build a better home for mankind. Issues such as climate change, environmental degradation, diseases, natural disasters, energy, resources and food security as well as the spread of terrorism bear on the very survival and development of mankind. No country can be insulated from these challenges or meet them on its own. The international community should intensify cooperation and respond to these challenges together [para. 13]. (28 January 2009)

- (4) All this shows that world economic recovery will be a long-term, difficult and complicated process. In addressing the Davos forum in early 2009, I said that the crisis is a global challenge. To overcome the crisis, we need to have confidence, strengthen cooperation and live up to our responsibility. The crisis also puts to the test the international community's sincerity for and commitment to cooperation, and it puts to the test our wisdom. I still hold this view today. The international community must have more confidence, enhance cooperation and jointly tackle the challenges. [para. 16]. (...)

We will address the pressing challenges in the economy and continue to implement a proactive fiscal policy and a prudent monetary policy. We will maintain continuity and stability in macroeconomic policy and make our policy responses more targeted,

flexible and forward-looking in light of changes in the economy. (Wen Jiabao, 14 September 2011)

Fighting for opportunities and facing challenges are taken for granted as parts of practicing the global economy; they are in fact the shared belief in the capitalist economy. The two countries see challenges as ‘global’, ‘severe’, and ‘pressing’. The challenges require ‘global cooperation’ and joint ventures. The authors are aware that challenges exist but the countries can sometimes be suspicious of each other, seeing challenges as a threat (see above). Nevertheless, rhetorically the two countries and others are demanded to cooperate in resolving the disarray of global economy. Like it or not, the global economy has not grown properly, there emerge unemployment issues, ‘inflation’, ‘monetary systems’ and shrinking external demand. And these constitute the shared issues of the global economy.

Although the global economy is being struck by worldwide financial crisis, it seems to indicate that globalists are so determined to promote and defend economic globalization as the best system of the world’s economy—even as the only solution to tackling the current financial crisis—as if there was no alternative. But history shows that globalizing countries covertly protect their economy by issuing acts to buy their own products like “buy American”, and “buy Chinese” products. At the same time the developed world rejects products from outside through reasons of quality assurance, environmental issues and the like as in ‘Globalization’s rules should not force Americans or Europeans to consume goods that are produced in ways that most citizens in those countries find unacceptable’(*China Daily*, 11 January 2011, para. 11). Thus national protectionism exists in economic practices of both the USA and China.

The discourses from the two countries see a competitive free market as a way of opening new businesses and creating jobs for their citizens. Extracts below entail how

global market capitalism is a shared value by the two countries and embedded in both sources of the strategic texts:

Example 7

- (1) For now, however, I will point out that trade also creates jobs--for example, by expanding the potential market overseas for goods and services produced in the United States, as I have already discussed. Trade creates jobs indirectly as well, in support of export activities or as the result of increased economic activity associated with trade. For example, gains in disposable income created by lower consumer prices and higher earnings in export industries raise the demand for domestically produced goods and services [para. 15]. (...)

If trade both destroys and creates jobs, what is its overall effect on employment? The answer is, essentially none. In the long run, the workings of a competitive labor market ensure that the number of jobs created will be commensurate with the size of the labor force and with the mix of skills that workers bring. Thus, in the long run, factors such as population growth, labor force participation rates, education and training, and labor market institutions determine the level and composition of aggregate employment. To see the irrelevance of trade to total employment, we need only observe that, between 1965 and 2006, the share of imports in the U.S. economy nearly quadrupled, from 4.4 percent of GDP to 16.8 percent. Yet, reflecting growth in the labor force, employment more than doubled during that time, and the unemployment rate was at about 4-1/2 percent at both the beginning and end of the period [para. 17]. (Ben Bernanke, May 1, 2007)

- (2) So the deals we struck are going to mean more than \$45 billion in new business for American companies — \$45 billion — that translates into 235,000 new jobs for American workers. (Applause.) [para. 17]. (...)

When a company sells products overseas, it leads to hiring on our shores. The deal in Samalkot means jobs in Schenectady. That's how we accelerate growth. That's how we create opportunities for our people. This is how we go from an economy that was powered by what we borrow and what we consume — that's what happened over the last 10 years [para. 21]. (Barack Obama, 21 January 2011)

- (3) We will make vigorous efforts to create jobs, alleviate poverty through development, improve the social security system, rationalize income distribution, and facilitate the

development of social undertakings such as education, culture and public health.
(Zeng Peiyan, 25 January 2006, para. 11)

- (4) China's economy is in good shape on the whole. We managed to maintain steady and relatively fast economic growth in 2008 despite two unexpected massive natural disasters. Our GDP grew by 9%. CPI was basically stable. We had a good grain harvest for the fifth consecutive year, with a total output of 528.5 million tons. Eleven million and one hundred and thirty thousand new jobs were created in cities and towns [para. 6]. (Wen Jiabao, 28 January 2009)
- (5) A total of 6.55 million urban jobs have been created. Price rises as a whole are under control, market supply of important goods is ensured and structural adjustment of economic sectors is moving forward. Business profits and government revenues are increasing quite fast. People's income has steadily increased, and their lives have further improved. Since the second quarter, the economic growth has dropped somewhat, but this is mostly the result of proactive macro regulation and is not beyond our expectation. (Wen Jiabao, 14 September 2011, para. 17)

The two countries share a similar view that one indicator of economic growth is that the countries must be able to 'create jobs' and raise people's incomes. The clauses 'trade also creates jobs', 'Trade creates jobs indirectly as well', 'thirty thousand new jobs were created in cities and towns' and 'A total of 6.55 million urban jobs have been created' are used to exemplify the indicators of success by joining the global economy that is attributed to trade and opening-up (see Sub-section 5.3.1 for free trade and Sub-section 6.2.4 for opening-up). The nominal groups '235,000 new jobs for American workers', 'thirty thousand new jobs' 'A total of 6.55 million urban jobs' functioning as Goal in the clauses are used to specify the success of the prevailing global economy. The creation of jobs is manifested in accordance with productions both in the industrial and in agricultural sectors. Employment issues are a measuring scale for 'economic growth' of the two countries.

The creation of jobs and economic growth are textually embodied by the fact that a country generates productions and is involved in trade liberalization. But the discourse

that trade creates jobs is easily accepted by the general public. Therefore, applied mathematics in terms of statistical method is used as in (1) and (2).

When dealing with growth of GDP, prosperity, standards of living, and other progresses, references are made to the two countries, the USA and China, despite the fact that the texts are talking about the global economy. The discourse of global economy is used only as a symbol of rhetoric. It is not more than a language game. Each country is responsible of its own national development. For example, the U.S. globalists rarely speak for other nations' benefits. At most, the global economy is to cover relationships between two continents—the USA and European countries. Thus the world economy is far from being global (Hisrt & Thompson, 1996). What the texts share in this matter is that they deal with banal internationalism. The internationalization is a shared rhetoric among the developed countries represented by the USA and certain emerging economies represented by China.

In addition to the opportunities and challenges, the USA and China also refer to the control of technologies as a more significant role in the global economy. Experiences within practices—manifested in advances in technology, communication and innovation—indicate that competition, success and societal transformation have a solid relation to knowledge-based economy (KBE) as it is embedded in the following (repeated) text extracts:

Example 8

- (1) One of the big questions of our time is whether the global economy is stable. The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. Countless millions have escaped poverty in Asia and Europe. (*Washington Post*, 16 March 2005, para.1)

(2) The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. (*Washington Post*, 16 July 2008, para. 4)

(3) Over the centuries, with stops and starts, the volume of trade has expanded exponentially, driven in large part by advances in transportation and communication technologies [para. 1]. (...)

Trade also promotes the transfer of technologies, as when multinational firms or transplanted firms bring advanced production methods to new markets [para. 10]. (...)

With our strong institutions, deep capital markets, flexible labor markets, technological leadership, and penchant for entrepreneurship and innovation, no country is better placed than the United States to benefit from increased participation in the global economy [para. 30]. (Ben Bernanke, 1 May 2007)

(4) We've seen technologies transform the ways we work and the ways we communicate with one another [para. 5]. (...)

All of you represent people who each and every day are pioneering the technologies and discoveries that not only improve our lives, but they drive our economy [para.6]. (...)

That means spurring innovation in growing industries like clean energy manufacturing, the kind of stuff that's being done right here at this plant; ensuring our economy isn't held back by crumbling roads and broken-down infrastructure [para. 31]. (...)

So ultimately winning this global competition comes down to living up to the promise of places like this. Here in Schenectady, you're heirs to a great tradition of innovation and enterprise: the pioneering work of Edison that made the entire modern age possible — the tungsten filaments that still light our homes; the x-rays that diagnose disease; now the advanced batteries and renewable energy sources that hold so much promise for the future [para. 34].

This is America. We still have that spirit of invention, and that sense of optimism, that belief that if we work hard and we give it our all, that anything is possible in this country [para. 35]. (Barack Obama, 21 January 2011)

(5) Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao. (*China Daily*, 06 May 2006, para. 5)

- (6) The theme of this year's annual meeting-"the Creative Imperative"-demonstrates extensive interest in the global development prospects and hope for a better future based on reform and innovation. [para. 1]. (...)

In order to attain all these goals, we should seize future opportunities and make innovative and creative efforts. On theoretical innovation, based on its own experience in nation building and other countries' development experience, China has set the guidelines on a scientific approach to development in all aspects and building a harmonious socialist society. On scientific and technological innovation, China has formulated medium-and long-term programs for scientific and technological development and set the strategic goals and policies of building an innovation-driven country. On institutional innovation, China has identified priorities for institutional reforms in all sectors as required by building a well-established market economy. With the support of innovation, China will keep a sound momentum of growth, improve the quality of development and press ahead with the people-oriented economic and social development in a comprehensive, coordinated and sustainable manner [para. 5]. (...)

In the next five years, we will upgrade industrial technological standards through independent innovation, continue to improve agriculture, expedite growth of the service sector and press ahead with optimizing and upgrading the industrial structure. (...) Efforts will be made to spur the growth of the hi-tech industries like IT, biotechnology, new materials, new energy sources, (...) and primary sectors such as energy, mining, water conservancy, transportation and communications [para. 8]. (...)

The inflows of overseas capital, technology and human resources have provided strong support for China's modernization drive. (...) We should promote technology trade and put in place mechanisms for technology dissemination and transfer to extend the sharing of technology innovation among countries, especially developing [para. 13]. (...) (Zeng Peiyan, 25 January 2006)

- (7) Fourth, actively encourage innovation and upgrading in science and technology. We are speeding up the implementation of the National Program for Medium- and Long-Term Scientific and Technological Development with a special focus on 16 key projects in order to make breakthroughs in core technologies and key generic technologies. This will provide scientific and technological support for China's sustainable economic development at a higher level. (Wen Jiabao, 28 January 2009, para. 5)
- (8) China will continue to build an innovation-driven society, speed up the development of an innovation system, and enhance the role of science and technology in driving

economic and social development. (...) We will increase input in science and technology and raise the share of budget for R&D in GDP from 1.75% to 2.2%. We will follow closely the latest progress in overseas frontier technologies, strengthen basic research and the research of high technologies of strategic importance, and pool resources to make breakthroughs in developing core technologies. (Wen Jiabao, 14 September 2011, para. 11)

Concerning technology and communications, the authors hold a shared point of view that technology and communication cannot be separated from each other as in ‘We’ve seen technologies transform the ways we work and the ways we communicate with one another’ (4) and from the manifestation of the economy as in ‘enhance the role of science and technology in driving economic and social development’ (8).

The two countries see advances in ‘technology’ and ‘communication’ as preconditions for the proactive, successful involvement in the global economy. Like the notion of opportunity, technologies are shared, at least discursively, as ‘technology transfer’ and ‘technology dissemination and transfer’ that are claimed to have ‘alleviated much human misery.’ Communication drives ‘the volume of trade’ and eases ‘the way people communicate with one another’ due to the mastery of science and technology. This is an exemplification which has led the USA and China to the KBE (more textual evidences below).

The authors of the two countries persuade their own people to sustain development and invent new things as in ‘encourage innovation and upgrading in science and technology’ (7) in order to build an ‘innovation-driven society’ (8). The U.S. authors exemplify the same that the past ‘innovation’ and ‘invention’ need to be imitated to retain the reputation at the world’s stage as in ‘Here in Schenectady, you’re heirs to a great tradition of innovation and enterprise’ (4).

What we see in the extracts above is that the USA and China have moved to KBE (more textual evidences below). Technological advances, communication, and innovation are essential conditions for knowledge-driven economy. Critically, the control of technology, communication and innovation, according to Amin (1997), is one way of monopolizing the global economy. This knowledge-driven economy is shared between the two countries. From a genre perspective, this shared value is discursively constructed in the strategic texts (e.g. *Washington Post*, 26 October 2006; Barack Obama's Speech, 21 January 2011 and Wen Jiabao's speeches, 28 January 2009; 14 September 2011) that the people of the USA and China cannot get involved holistically in the global economy without the control of technology, communication as well as the participation of skilled engineers, professional managers, and skilled labor force who have the capacity to invent, manage, produce goods and services in the age of globalization. The extracts below further add textual evidences:

- (9) New technologies (the railroad, telegraph and steam power) favored the creation of massive businesses that needed —and in turn gave rise to superstructures of professional managers: engineers, accountants and supervisors. (*Washington Post*, 26 October 2006, para. 4)
- (10) Across the country, there are entrepreneurs opening businesses. There are researchers testing new medical treatments. There are engineers pushing the limits of design and the programmers poring over lines of code. (Barack Obama, 21 January 2011, para. 7)
- (11) Numerous factors - continuous industrialization, urbanization and agricultural modernization, huge market potential, a relatively high savings rate, better R&D capacity, better education, a more skilled labor force, deepening reform and overall stability - have created enabling conditions and vast space for continued economic and social development in China. (Wen Jiabao, 14 September 2011, para. 7)

The extracts demonstrate that the lexical items 'researchers', 'engineers', 'programmer' and 'skilled labor force' colligate with 'technologies', 'research and development' and 'economic development'. This in terms of political economy signifies the countries'

involvement in KBE. In fact, the importance of knowledge-driven economy in the discourse of global economy within new capitalism has not only been observed by the competitive and populous nations like China and the USA but it has also taken into consideration by small countries that lack raw natural resources like Japan, Singapore, Hong Kong, and Taiwan as it is confessed by George Bush (see para. 29). Virtually, these small countries are among the most dominant players in the global economy (Koh, 2005).

The strategic texts from the USA and China sources also see the global economy in terms of the pressure on the specific role of education and training in economic development. As set out in Table 9.1, this practice socially gives rise to KBE; another feature that the USA and China discursively share in the global economic texts.

The global economic texts are multifaceted. They contain complex themes and discourses. In several parts of the texts (e.g. in Obama's speech *Competing in the global economy* and the *China Daily's* Op-Ed, 24 February 2011, *Rebalancing global economy*), education and training are viewed as very promising investments for the availability of employment that drives the economy. The following extracts reveal the role of education in the age of globalization from both the U.S. and China's sources:

Example 9

- (1) To his credit, John McCain has been more consistent in his support of open borders of all sorts but offers little to those who are the losers from trade other than platitudes about education and unshakeable confidence in the ability of Americans to adapt to change [para. 10]. (...)

It would mean putting serious money into an expanded unemployment insurance program that would cover all workers and include education and training grants, and wage insurance [para. 12]. (*Washington Post*, 27 February 2008)

- (2) Hudson Valley Community College created a program so students could earn a paycheck and have their tuition covered while training for jobs at this plant. (Barrack Obama, 21 January 2011, para. 33)
- (3) More generally, investing in education and training would help young people entering the labor force as well as those already in mid-career to better manage the ever-changing demands of the workforce. (...) Importantly, workforce skills can be improved not only through K-12 education, college, and graduate work but also through a variety of expeditious, market-based channels such as on-the-job training, coursework at community colleges and vocational schools, extension courses, and online training [para. 26]. (Ben Bernanke, May 1, 2007)
- (4) We will rely on domestic talent, give priority to science, technology and education, and lose no time in training professionals at various levels and in various fields. (Zeng Peiyan, 25 January 2006, para. 7)
- (5) We give priority to education and are now working on the Guidelines of the National Program for Medium- and Long-Term Educational Reform and Development. This year, we will increase public funds for free compulsory education in rural areas, offer more financial support to students from poor families and improve the well-being of middle and primary school teachers so as to promote equity in education and optimize the educational structure. (Wen Jiabao, 28 January 2009, para. 5)
- (6) The cherished goal of the Chinese that everyone should have access to education, employment and pay, medical and old-age care and housing is becoming a reality [para. 5]. (...)

Numerous factors - continuous industrialization, urbanization and agricultural modernization, huge market potential, a relatively high savings rate, better R&D capacity, better education, a more skilled labor force, deepening reform and overall stability - have created enabling conditions and vast space for continued economic and social development in China [para. 7]. (...)

China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers. This will enable us to catch up with the progress in technology and change the model of growth, and it holds the key for us to adapt to demographic changes and achieve sustainable development. We will fully implement the outline of the national

medium- and long-term plan for education and promote balanced development of education at different levels and of various types. We will ensure equitable education for all, promote well-rounded development of people, train innovation-oriented talents, and advance education in a scientific manner. And we will move faster to make China not only a big country but also a strong country in both education and human resources. This will provide strong intellectual impetus for sustaining China's economic development [para. 10]. (Wen Jiabao, 14 September 2011)

The extracts demonstrate that the American government together with certain industrial institutions provides potential students with “resources” such as paychecks and tuition for their education. Similar things can be said for China. The Chinese government allocates an amount of financial assistance for the education of the young people. It is believed that these young people are to contribute their potentiality to KBE for the triumphant competition in the era of globalization. Their contribution is measured in the form of ‘a more skilled labor force’, ‘professionals’, ‘human capital’ and other ‘human resources’ in general. Meanwhile, the USA education and training contribute to adapting ‘change’ in the ‘workforce’. The education programs are emphasized in the domain of science and technology, leaving out the spiritual needs of humanity (Solo, 1981; Easterlin, 1995).

The extract entails that education and training become a priority in fostering economic progress. To this end, the governments provide support for students, desperate families and teachers. The education that is financially supported by the governments centers on life skills and mostly at the secondary level, aiming to create the labor forces. This is a potential investment for such countries as China. The educational support is rarely targeted for advanced development of labor.

As a result, the labor force—the productive subject (Dreyfus & Rabinow, 1983), does not have the capacity for being involved in decision making; they are often linked to

reducing wages, but increase in production as in ‘We have a large well-trained and relatively low-cost labor force’ (Wen Jiabao’s speech, 28 January 2009, para. 7). Labor force is associated with low cost, being compared to commodity, the cheaper the better as in ‘We know that labor is cheap in poor countries, and so we might think that capital would be especially productive there’ (Frederic Mishkin, 26 April 2007, para. 13). In other words, there is a class division existing in the discourse of global economy—the ruling elites versus the working class, and the middle class.

Economic globalization is often to do with expansion of middle class citizens (*Washington Post*, 16 July 2008, para. 4). However, when it relates to education, the discourse of global economy is commonly concerned with creating jobs (see above) or employment through ‘human capital’ or a ‘more skilled labor force’ who generally work to bring food to the table, and not to improve their social stratification. It is the operational principle of the capitalist system of economy that is prioritized; the issue is rarely related to moral education and social welfares. Its main purpose is to produce goods and create eager customers as in ‘For America to compete around the world, we need to export more goods around the world. That’s where the customers are. It’s that simple’ (Barrack Obama, 21 January 2011, para. 13) and ‘They (policy measures) are designed to stimulate consumption through increased investment, overcome the current difficulties with long-term development in mind, and promote economic growth in the interest of people’s livelihood’ (Wen Jiabao, 28 January, para. 5). The impact of too much consumption can lead to a financial crisis, such as the accumulation of debt which Greece is currently undergoing. Meanwhile, in the USA and Iceland this phenomenon on economic instability initially passed unnoticeably. The crisis is realized only when it is too late.

This is because the simple rule of the global game is to produce and consume without taking into consideration the savings. This way of actualizing the global economy even leads the USA and China to discursively construct the global economy by translating the imagined into the real, for example, using statistical balance sheets to calculate the annual growth of the nation's GDP. The material relations are translated into discourse via statistical method (Harvey, 1996; Fairclough and Thomas, 2004). Neither the discourse from the USA nor from China negatively represents the national growth. The extracts below provide a general picture:

Example 10

- (1) A recent study by the Institute for International Economics concluded that American living standards are roughly 10 percent higher as a result of globalization's benefits (cheap imports, greater competition, new technologies). Globalization's winners vastly outnumber its losers. (*Washington Post*, 16 March 2005, para. 1)
- (2) This shows that the increase in US income sparked by more intense trade equates to 13.2 percent of GDP. In the second method, we calculate how lower tariffs stimulate US productivity through competitive forces and bring greater product choices to US producers and consumers. The estimate for these benefits comes to 8.6 percent of GDP. (*Washington Post*, 07 June 2005, para. 5)
- (3) China cannot achieve development in isolation of the rest of the world, and the world needs China for development. In 2005, the total value of China's trade in goods reached US\$1.42 trillion with import worth US\$660 billion, and China received US\$60.3 billion in FDI, ranking third in the world in both counts. Since reform and opening-up in the late 1970s, China has benefited a lot from the useful assistance by many countries. The inflows of overseas capital, technology and human resources have provided strong support for China's modernization drive. (Zeng Peiyan, 25 January 2006, para. 13)
- (4) China's economy is in good shape on the whole. We managed to maintain relatively fast economic growth in 2008 despite two unexpected massive natural disasters. Our GDP grew by 9%. CPI was basically stable. (Wen Jiabao, 28 January 2009, para. 6)

The extracts above imply that neither the USA nor China is willing to be seen as lagging behind the economic growth. The two countries discursively present themselves

in a very positive position, for example China's economy is reportedly increasing 'China's economy is in good shape on the whole', constructed through textual process, the finite clause 'We managed to maintain relatively fast economic growth' (4). The texts from the USA present the economic growth attributed to free trade and technology (1 & 2); similarly, the texts from China also see the economic growth accredited to technology and opening-up (3); see also extracts in Example 8 above. The growth is translated into statistical figures; the facts that are usually constructed in the balance sheets.

As set out in Table 9.1, the USA and China discursively fulminate protectionism, but unable to conceal it. Protectionism is part of each nation's hidden economic policies. However it is organized in text, national particularity (Fairclough and Thomas, 2004) can be assumed in the discursive construction of global economy. National particularity as a sort of protectionism is evident in the concrete texts although the core countries' markets operate around the globe:

Example 11

- (1) It is important, too, that in the international leaders' meeting that has been proposed we seek a world trade agreement and reject the beggar-thy-neighbor protectionism that has been a feature of past crises. (*Washington Post*, 17 October 2008, para. 10)
- (2) If we resist protectionism and isolationism while working to increase the skills and adaptability of our labor force, the forces of globalization and trade will continue to make our economy stronger and our citizens more prosperous. (Ben Bernanke, 1 May 2007, para. 3)
- (3) Stories like these show why it is so important to keep markets open to trade and investment. This openness is especially urgent during times of economic strain. Shortly after the stock market crash in 1929, Congress passed the Smoot-Hawley tariff—a protectionist measure designed to wall off America's economy from global competition. The result was not economic security. It was economic ruin. And leaders

around the world must keep this example in mind, and reject the temptation of protectionism. (Applause.). (George Bush, 13 November 2008, para. 34)

- (4) Protectionism has swept across the world in the face of the financial crisis. (*China Daily*, 02 April 2009, para. 3)
- (5) At the same time however, the world economy is facing an increasing number of destabilizing and uncertain factors, fiercer international competition, rising trade protectionism, an unfair global economic order and a widening South-North gap. Under these new circumstances, we need to find ways to maximize benefits and minimize harms and be more creative in development. (Zeng Peiyan, 25 January 2006, para. 2)
- (6) Trade protectionism serves no purpose as it will only worsen and prolong the crisis. It is therefore necessary to move forward trade and investment liberalization and facilitation. (Wen Jiabao, 28 January 2009, para. 9)

The discourse in the extracts above imply that although global economy is basically aimed at creating economic growth and prosperity for the world's population and humankind as in 'a process of social change like any other to be managed to the advantage of a country's citizens and for the welfare of humankind' (*China Daily*, 01 July 2010, para. 9), the interest of an individual state is without doubt prioritized. As a result, protectionism is inevitable in the actual practices of global economy.

The extracts in Example 11 suggest that the USA and China are similar in protecting their own interest since they are suspicious of each other. Put it differently, too free global economy leads to the protection of an individual state's interests, motives and goals. The strong protectionism can even lead to 'currency war' (see below). This could be the case, because the discourse of economic globalization does not just unite peoples into a 'global village', but there is also a possibility of extracting them. The extracts are part of the resistant discourse that pretends to oppose the protectionism discourse. For example Wen Jiabao says 'Trade protectionism serves no purpose as it will only worsen and prolong the crisis.' Meanwhile, George Bush says 'And leaders around the world

must keep this example in mind, and reject the temptation of protectionism.’ The leaders from the two countries assume the emergence of protectionism within the global economic practices. The leaders thus attempt to show their national stance on the issue. But the verbal groups ‘reject’, ‘resists’, ‘has swept’, and ‘worsen and prolong’ all presume that protectionism has taken part in the practices the global economy. Therefore, national identity is inevitably maintained in the discursive representation of economic globalization.

Globalization discourse contributes to maintaining and reproducing national identity for the purpose of controlling or transforming society (see Chapter 7). Given the role of foreign exchanges and exports in developing the national economy, globalization supporters in a particular nation (e.g. the USA and China, of the current work) presumably promote, sustain or even defend their national sovereignty of being economically colonized by other nations or being not open enough to trade that avoids the ‘transformative power’ (George Bush, 13 November 2008, para. 33) of the economic development. Consequently, as for national identity, protectionism is also at stake in the era of globalization. This protectionist attitude has even triggered the war on currency to which we now turn.

9.5 Currency war between nations

In this brief section of the chapter, we shall look at an impact of the ‘free market’ system on the global economic practices *vis-à-vis* national protectionism. Some scholars (e.g. Steger, 2005; Li & Schaub, 2004; Fairclough, 2006) argue that globalization has triggered war on terror. This study reveals that lately globalization has also brought about what the so called currency war. The term was coined by Brazil’s finance minister Guido Mantega (*Financial Time*, September 27, 2010). War on currencies is an obvious

impact of the global free market on the global economy. The inequitable practices of the global economy have caused conflict of interests between the emerging globalized countries (e.g. Brazil and China) and the countries by now with dominant currencies; the stability of an earlier-globalized nation's currency is at risk. The extracts below generate evidences that even the developed countries that are based on unregulated market can precipitate social instability such as a dispute in currencies:

Example 12

- (1) So far the evidence supports everyone. Since mid-2001 the dollar has dropped against many currencies, especially the euro. Asian central banks have bought lots of dollars. And we have muddled through. (*Washington Post*, 16 March 2005, para. 9)
- (2) The old global economy had few power centers (the United States, Europe, Japan), was defined mainly by trade and was committed to the dollar as the central currency. Its major countries shared democratic values and alliances. Today's global economy has many power centers (including China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar. (*Washington Post*, 16 July 2008, para. 8)
- (3) Rather than spending a decade begging China to stop manipulating its currency for mercantilist advantage, we should slap a 30 percent tariff on all Chinese imports and let them spend a few months negotiating with us on when and how we're going to reduce it. (*Washington Post*, 27 February 2008, para. 15)
- (4) Continuous dilution of US dollar debts calls for replacing its dominance with multi-currency monetary order [para. 1]

The US-led Western countries' advocacy of revising the way that current accounts are measured fully exposes their attempts to shift the responsibilities for the global economic imbalances to countries with a trade surplus [para. 2]. (...)

The volume of US national debts held by foreign countries and regions has kept rising over the past decade and it has issued 32 percent of the world's total bonds. However, Washington has skillfully utilized the dollar as the world's leading reserve currency for overseas financing of its national debts and promoted their international circulation to the US' advantage [para. 7]. (...)

The current dollar-led international monetary order already fails to reflect the latest developments in the global economic structure [para. 11]. (...)

Considering the widespread international criticism of the current dollar-led global monetary system, a diversified global reserve currency system remains a good option for promoting a balanced and healthy development of the global economy [para. 13].

The end of the dollar's decades-long hegemony and the formation of a multi-currency monetary system, which also involves the euro, the Japanese yen and the Chinese renminbi, would help the global economy develop in a more balanced direction [para.14]. (*China Daily*, 24 February 2011)

- (5) We should encourage regional monetary and financial cooperation, make good use of regional liquidity assistance mechanisms, and steadily move the international monetary system toward greater diversification. (Wen Jiabao, 28 January 2009, para. 10)

The extracts above show that there are changes of attitudes and beliefs of the global society on the dominance of the world's currency from the developed economies. The verbal groups 'is exploring', 'calls for replacing', 'move', 'fails to reflect' and the nominal groups 'currency alternatives to the dollar', 'Continuous dilution of US dollar debts', 'its dominance with multi-currency monetary order', 'The end of the dollar's decades-long hegemony and the formation of a multi-currency monetary system', and 'the international monetary system toward greater diversification' all suggest that the currency war between countries is emerging in the prevailing global economy. An alternative currency to dollar is being contested. There are parties that are not satisfied with the dollar-led monetary system. This tendency indicates that the global economy is not always balanced. The world economy cannot rely on a single capital market, let alone one currency.

The USA that represents the 'First World' is struggling for the stability of its Dollar against the emerging China's Yuan and even the currencies of other developed economies like Japanese Yen and the European Euro. The extracts (3)–(5) demonstrate

that the ‘war on currencies’ prompts the countries involved in the global economy accuse one another of manipulating the currency and the exchange rate. The U.S. globalists for example fear the dollar will lose its rate against others. There is a tendency from the developing economies to refrain from using the U.S. Dollar in business transactions, for example by the leaders of ASEAN countries in May of 2011 summit and the extracts above (1), (2) & (4).

In the last decades, emerging countries such as China and Brazil have protected their currencies for national sovereignty and national pride. As the financial markets are more closely integrated into a financial system, a national government and national currency have been transformed and have become substitutable. As a result, governments compete to promote their currencies for uses in transactions in different places. For that cost, the currency war is inevitably worsening (El-Erian, 2013).

To curb the intensification of currency war, governments particularly from the developed economies enact regulations for capital controls and monetary unions such as the Euro to prevent their economies from suffering a deeper impact of global financial crisis. So far this solution has not been effective. Major economic countries are still fighting for the stability of their currencies. The European Union is bewildered by the debts suffered by some of its members (e.g. Greece, Iceland); the Europeans are confused by the austerity measures imposed by their governments. Their EU currency is devaluating. In sum, even the unregulated market is at stake financially and politically. The global economy is now fragmented.

9.6 Equity before the global economy: A CDA reflection

The most fundamental feature of critical social science particularly CDA is its emancipatory actions or provision of alternatives to the problem being tackled. In this

final discussion section of the chapter, our main focus thus is to provide a reflection on the global economy that has been raised in the hitherto of the analysis. One of the notorious manifestations in the discourse of global economy is the mainstream capitalist system of political economy that triggers the Nietzsche's philosophy of 'survival of the fittest'.

As had been dealt in some detail in Chapters 5 and 6, the practices of global capitalism tend to be materialized at first by discursive means involving the notion of 'free trade', 'free market', 'openness', 'opportunity', 'challenges' and 'investment'. However, these notions seem to have been discursively constructed by the developed countries that are inevitably detrimental to the less developed ones. For example, developing countries cannot rejoice the free trade arena as do the advanced ones. Such developing countries as Indonesia and Brazil cannot export goods to the USA and other developed countries unless they are really capable of passing the strict regulations imposed by those countries. By contrast, the giants from the developed countries can exploit the developing countries, for example by taking advantage of cheap labor provided by the developing ones in the name of globalization.

From the middle of 2011 to the beginning of 2012, we saw protests of anti-capitalism in New York, London, and other parts of the globe. This indicates that the capitalist economic systems have been practiced against the will of the majority of the world society. But a question arises. Will capitalism collapse? And then the global socialist revolution emerges. Presumably, capitalism will not vanish. The socialists still have a long way to go. As had been argued in Chapter 6, capitalism historically stagnated in 1947, 1970 and finally 2008 (Harvey, 2010), all proven by the financial meltdown and collapse of several investment giants, and depressions, yet it has a strong possibility of waking up with a new paradigm, but is still driven by the same principles.

In the late 20th century development, there had been a tendency of mutation from managerial capitalism to financial capitalism, but the latter is currently mired and affected all layers of society. In the first decade of 21st century, the development of capitalism was interrupted, marked by the 2008 financial crisis. No one knows for sure how future capitalism will be practiced. The world society needs to take precautions so that the same mistake can be avoided.

It is important to acknowledge that programs in the global economy can be realities, but they can also be merely discursive practices for the excluded society. The world civil society therefore should adapt the real programs, but need to transform and emancipate the ones that are not compatible with the discursive practices of globalization agenda that preach to create the economic well-being of people through equity of global transformation. For that reason, there needs to be critical awareness-raising programs for the society on the importance of understanding both the discursive processes and the material processes of the global economy. In an institutional system of higher education, this can be done by incorporating critical language awareness into social studies. Outside the academic circle, activists working for social organizations, such as the World Social Forum can write articles in weekly magazines and tabloids or publish newsletters, leaflets and the Non Governmental Organizations such as the Green Peace do their jobs.

9.7 Chapter conclusion

The discursive formation of global economy between two populous countries, the USA and China deserved attention from political economy, sociology of economy as well as CDA. The transdisciplinary approach to global economy can assist each of these disciplines in developing critical social research. CDA can provide resources for

sociology of economy and reversing the sociology of economy can become an object of study for critical linguistics. Thus the transdisciplinary approach to a social problem is a breakthrough in the social sciences and humanities.

The discussion in this chapter seems to suggest that the two countries construct the notion of global economy in different ways due to historical differences, but the same goal, that is, being able to control the global market through increase of exports while maintaining sustained economic growth at home. There are features that the two countries share, but there are also ways in which they are different. These features are constructed in the genres and discourses, involving linguistic devices: vocabulary, nominal groups, and statistical figures.

From a CDA perspective, the U.S. economic system has moved from capitalism to new capitalism. On the other hand, China's political economy is still controlled by CPC although China has long adapted capitalism and taken part in the global economy. Put in another way, the U.S. economic system remains engrossed in capitalism while China does not join capitalism but the global economy. The two countries prioritize the creation of employments, educational improvement, and KBE. Both the USA and China pretend to denounce protectionism. The two countries regard economic globalization even when it is stalled by a crisis as opportunities and challenges. The statistical methods, usually in magnificent figures, are used by the USA and the China texts to present the economic growth.

The idea of knowledge economy is allocated in the educational system of both countries. In fact other developed countries and emerging-economy countries alike transform skills, knowledge to young people via education. Providing quality education for young people is taken for granted as the most effective way of a smooth entrance to

the global economy. Unfortunately, those young people who live in less developed parts of the planet hardly have access to quality education. The main goal of education is concentrated on providing labor forces with life skills. Consequently, these young generations are marginalized in education in the first place and in the global economy in the second. The marginalization and inequality occur due to low education and low wages. As a result, there are workers in Chinese companies who committed suicide due to unreasonably low wages, poor working environment and accommodation. Perhaps this happens because the processes of globalization are not started from below, that is, by empowering the labor forces. And if these unequal processes persist, resistance is always inevitable. For example, labor unions will keep taking the street during the WTO's summit and other similar global events.

From a social perspective, what makes the two countries different is that while the USA spends its energies on coping with recession, budget cuts and debts, China today seems to be increasingly integrated with the global economy, not only with its huge exports and FDI inflows, but also in terms of short-term capital flows. China has become the top destination in FDI. This is likely happening because China has been opened-up for FDI in the last decades and it also provides intensive low cost labor forces. This tendency of economic development is explicitly constructed genres and discourses by linguistic devices.

The chapter in the later section dealt with the unexpected impact of the free market system on the global monetary system. The impact was not only the financial crash that destroyed the financial growth model but also the 'loaded' war on the currencies. The text analysis provides evidences that the unfair practices of global economy have precipitate the currency war. The developed economy countries are unwilling to accept

the presence of any other currency that can substitute the leading US dollar. Fortunately, the pedal to accelerate the war was not pushed intensely.

Finally, in the last section the discussion was closed by a very succinct manifesto. It advocates that people pay sufficient attention to the processes of making the global economy 'global'. The processes include examining, evaluating and monitoring the development of the global economy either as it is textually constructed in genres and discourses or as it is manifested in the material processes, such as equal development, access to resources and distribution of wealth. To do that, interested academia and social development activists all can take part. While linguists can critically fuse their research interests with other disciplines, social movement activists can observe the actual process of materializing the global development.

CHAPTER 10

CONCLUSION

10.1 Introduction

There are three main objectives in this concluding chapter. The first is to draw together and summarize the rationale of study, the objectives, and the approach the analyst used. The analyst will also provide a brief reiteration of the interrelation between discourse, ideology, and identity particularly from CDA points of view. Second, the chapter will deal with the conclusion of the critical analysis regarding the discursive construction of global economy in the strategic texts, the embedded ideology, and the ideological effect on the social relation of the authors to the world they are presenting and the agencies and states they are attached. The desirable foundations in connection to economic globalization, democracy, the order of discourse, and the discursive comparison of the U.S. and China's views on the global economy are also treated. The researcher will do all of these in the forms of both summary and conclusion. The third objective is to draw the implications of this research for scientific consideration. The main task in the final section is thus to describe the limitations of this study and set out the topics that can be investigated in future research.

10.2 The rationale of study

Language has played a more prominent role in the era of globalization. Nevertheless, although the relationship between language and globalization has been a topic of interest for the last two decades, the literature that addresses discourse as a facet of globalization often lacks evidences from textual analysis. Most literatures on globalization by scholars did not theorize and analyze globalization as a form of texts

(e.g. Backhaus, 2003; Koh, 2005; Hay & Rosamond, 2002). In addition, although the relationship between language and identity has been a topic of scholarship for two centuries (Ainsworth & Hardy, 2004), in the domain of global economy the research topic has received less attention. For example, since its establishment in 1993, *Discourse & Society*, the international journal devoted to critically studying language in social contexts, has published only a single volume on the issue. Therefore, at this moment in time it is not possible to draw on a conclusion that the research on discourse as a dimension of globalization has reached its pinnacle. This study thus attempted to contribute to the further development of globalization studies from a language approach.

This study explores the discourse of globalization, precisely global economy as it is regarded as a social problem, through a transdisciplinary approach that involves critical linguistics, political economy and sociology of globalization. From an interdisciplinary perspective, it is reasonably true that language has become more fundamental and more salient in globalization processes. This is because there is a dialectical relationship between language and a social world it expresses. For example, part of trade relation agreements between one country and its trade partners involves language whose social function in the current study the researcher refers as discourse, a moment of globalization processes (Fairclough, 2006).

The study is founded upon the common principles of existing CDA, which is authorized as a theory and method by some scholars (e.g. Fairclough and Wodak, 1997; Fairclough, 2003; van Dijk, 1993; Chilton, 2004). The analyst uses the term transdisciplinary CDA, because the approach operates across disciplines (the dialogue between disciplines) involving linguistics, political economy, and sociology of globalization. The aim is to present a dialogic dimension of the theoretical and descriptive accounts of texts that are dependent on a set of critical principles: transdisciplinary CDA deals with social

problems; discourse is vulnerable to ideological manifestation; discourse is historical; discourse analysis is interpretative and explanatory; transdisciplinary CDA is not concerned with ‘facts’ and discourse is a form of social emancipation.

As a social critique, this study uses (transdisciplinary) CDA that cover three dimensions of analysis: textual analysis that refers to the analysis of linguistics properties; discursive analysis that focuses on how the discourse represents, reproduces or circulates; and social analysis of discourse that treats discourse as a social practice in conjunction with social actors, agencies, and states especially on the relation of discourse to the state of affairs in society. CDA fuses the theories of political economy and sociology of globalization that results in the dialogue between disciplines.

The study focuses on examining the ways the authors construct the discourse of global economy in newspaper Op-Eds and political speeches, both of which are regarded as strategic texts. The study attempts to describe what ideology and what identity are embedded in the discourse of global economy and how the populous countries—notably the USA and China— each represents the global economy in discourse. To search for answers to these questions, the analyst develops a theoretical framework involving CDA as a transdisciplinary research method equipped with a set of analytical tools that include argumentation, vocabulary, modality, intertextuality, to name a few.

Since globalization is a complex phenomenon, the study about it therefore needs not only a transdisciplinary approach but it also needs to be referred to specific locations. The present study refers mainly to two countries for the research site and the sources of texts: the USA and China. For each of the two countries the texts are classified into two major categories: the Op-Ed articles from print media and speeches. The speeches were delivered by state leaders and officials on several occasions and the print media texts

came from the *Washington Post* to represent the USA and the *China Daily* to represent China. The Op-Ed articles and the speeches from the sources consist of 20 texts. Ten texts represent the USA and the other ten represent China. The texts altogether consist of 36,566 words. All the texts appeared between 1995 and 2011. When relevant, other fundamental sources, such as the white paper were also used. When dealing with core issues, references to other countries for considerate comparisons were sometimes made.

10.3 The framework of study

In Chapter 2 the researcher has shown that ‘language and globalization’ is a very complex field of social research. Language, discourse can be approached with different definitions and orientation. The same holds true for the term *globalization* that has commonly been described in an economic way by social scientists (e.g. Hirst & Thompson, 1996; Adams, 2011) and language scholars (e.g. Fairclough, 2006). Proponents of globalization have frequently associated the term with trade liberation, free market, communication technologies, innovation, economic expansion, and transnational relations. On the other hand, scholars from the critical social sciences have studied globalization, deregulation, liberalization and financial crisis as a process that creates great instability and fragility in their emergent market economies (Fairclough, 2006; Fairclough & Fairclough, 2011). For the last three decades, economic policy has been dominated by a changing model that can be defined since Bretton Woods as an open and integrated financial market without border (Ohmae, 1994). But the financial liberalization process has not been as successful as the mainstream promises. The main factors come from financial markets, international financial organizations, and states that have been preoccupied by the results of the process during the last decades. To contribute to the resolution of the world economic development that has stagnated in the last decades, critical linguists also have a stake to provide inspiration, ideas and insights

as what has gone wrong in the world economic system. To do so, they study the economic issues from a semiotic perspective. That is, they focus on the ideology critique that attempts to emancipate society from dominance, social injustices, and legitimation and transform them into deserved social changes. Since part of globalization processes is instilled in texts, language scholars critically refer to language.

This study has approached discourse as an aspect of globalization with a transdisciplinary CDA regarded as a constructivist social research perspective, taking political economy and sociology of globalization into consideration. This study treats discourse as a facet of globalization and global economy is regarded as a social problem that has a semiotic aspect in the form of text. It was argued that global economy and discourse has a dialectical relationship. They are different but not separate (Fairclough, 2006). From a transdisciplinary perspective, the researcher tends to argue that economic globalization is a social reality and discourse practice is of social reality as well. Both social reality and discourse have a dialectical relationship; they internalize each other. In other words, social realities are essentially linguistic realities (Fairclough, 2010). They do not emerge separately from the social world they present. Both of social reality and discourse have a two way relationship; they embody each other. In other words, social realities are partly discourse. They do not exist independently from the world of objects they present; they are different but not discrete (Fairclough, 2006, 2009).

Discourse of globalization in this study is seen a complex social issue. It is seen to be crucially determined in constituting and internalizing the way we talk about the systems of politic, economy and development and the way we look at other social realities (e.g. Luke, 2002). At the same time, social actors, agencies and states are in pursuit of and

texturing their economic policies and identities through texts and discourse at national and international levels in this globalization era.

As mentioned in Chapter 2, a critical analysis of discourse involves three concepts—genre, discourse, style—in relation to the social problem. In addition, since the exploration is supported by different disciplines—linguistics, political economy, and sociology of capitalism—the analysis then becomes a transdisciplinary one, putting one discipline to work with other disciplines through a theoretical, methodological and analytical dialogue.

In Chapter 2 and 3, the researcher explained that to theorize globalization as a facet of discourse in the ideological critique, it is necessary that a dialectical view that guides to the standpoint that discourse, ideology and identity are internalized and internalize within moments or social practices (Fairclough & Thomas, 2004) be established. A social practice has various orientations—economic, ideological, political and cultural—discourse may be embodied in all of these without any of them being reducible to discourse (Fairclough, 2003, 2009).

The theoretical base of the present work refers to Fairclough (2006), who approaches the discursive dimension of globalization through political economy. He identifies four positions concerning discourse of globalization: objectivist, rhetoricist, ideologist, and social constructivist. The objectivist regards globalization as objective processes that the social scientists need to explain. The objectivist position treats globalization as an objective fact. Yet it is the approach least inclined to take discursive structures into account (e.g. Held *et al.* (1999).

The rhetoricist position is characterized by a specific interest in the strategic use of globalization discourse to legitimize ostracized political or economic decisions. The rhetoricist uses politic as rhetoric to circulate globalization processes in public sphere through discourse. In this position discourse of globalization is seen as a resource to legitimize political acts, such as war on terror, economic policies, such as competition and free market as a non-negotiable economic constraint that puts forward deregulation of global trade. If compared to Held *et al.* (1999) this position in the discourse of globalization occupies the position of hyperglobalist and transformationalist.

The ideologist position is filled by the authors who regard discourse of globalization as a set of ideas and material processes that contributes to maintaining hegemony and exercising dominance in global life (see Steger's, 2005, arguments on this standpoint). Finally, social constructivists who hold the standpoint that discourse of globalization as a force of social construction in response to social realities and take discourse as the fundamental character in constructing social realities. The latter two positions can be categorized as skeptical.

It was emphasized in Chapter 2 that the present study places more wage on the position of social construction of globalization and regards textualizing discourse as part of globalizing processes. It holds the standpoint that narrative of globalization contributes to the constructive effects of the real processes of globalization (Cameron and Palan, 2004). The discursive practices of globalization which are often presented as imaginaries have the possibility of being transformed into social realities that can be materialized in economic processes such as free trade and tax and tariff exemption.

The social constructivist takes up the vested position that discourse can be manifested in people's experience of the social world, for instance, global economy both from its

perspective of material processes such as deregulation of global trade and immaterial production such as the inculcation of global capitalism.

In Chapter 2, the researcher brought in Fairclough's (2006) hitherto general claims about discourse as a facet of globalization and adapted them. Although all the claims are concerned with discourse as they are not alternatives among which we can choose, the researcher argued that two claims are the most relevant and motivating to the present study. These claims are that "discourse can be used rhetorically to project a particular view of globalization which can justify or legitimize the actions, policies or strategies of particular (usually powerful) social agencies and agents" and that "discourse can contribute to the constitution, dissemination and reproduction of ideologies, which can also be seen as forms of mystification, but have a crucial systemic function in sustaining a particular form of globalization and the (unequal and unjust) power relations which are built into it" (Fairclough 2006: pp, 26 & 165).

The main reason behind the adoption of these claims is that since its main function as a critical science, CDA has been concerned with uncovering ideological representation in texts and the ideological effects on identities. It was argued in Chapter 2 that globalization studies can be based partly on a body of texts and discourse in relation to the social actors and agencies which are capable of representing social beliefs, values, and texturing of identities.

This study, as described in Chapter 1, approaches global economy as discourse and a social reality (text) in which particular ways of representing the social world is enacted through political economy. The adopted position is derived from the standpoint that economic and political objects are socially constructed (Fairclough, 2006) in discourse.

But the globalization objects—economic systems, management, financial institutions and division of labor—are not always practiced impartially.

From these constructed objects emerge social relations—the relations between objects and social agents, bringing people and their economy, culture into dialogue. The interactions between social agents and objects involves discourse that enables to sustain relations, instill beliefs and values as well as discursively construct identities as of individuals, agencies and even nations.

Global economy is politically determined and embedded in discourse (Fairclough, 2006). It is an ideologically motivated practice of globalization involving discourse which is produced and naturalized by globalist individuals, organizations, and the proponent states. The researcher argues in Chapter 2 that if one wants to figure out the global economy as a social issue, which ideologically and politically motivated s/he needs refer to the discursive aspects of that issue by critically examining texts in which the social problem is produced or circulated.

In Chapter 3, the focus was on the interface between discourse, ideology and identity. The researcher argued that different from the descriptive paradigm of ideology as positions and beliefs, CDA regards ideology as representation of dominance, control and legitimation by social groups (Eagleton, 1991; van Dijk, 1998 and Fairclough, 2003). For example, the new global economy is bound up with transformations of language and ideology in many different ways by different individuals and agencies (e.g. Giddens 1990). These include emerging tensions between social politic—state-based and corporate identities—and discourse practices between local, national and trans-national interests as well as between hybridity and uniformity of practices.

Concerning the relationship between discourse and ideology, the standpoint is that ideologies can be uncovered from texts. Yet an ideology never says that ‘I am ideological.’ In Chapter 3, it was conceptualized that ideological representations can be identified in texts, for example by the analysis of argumentation, vocabulary, propositions, and argumentation strategies among others. Ideology can be invested in texts and can be used by discourse producers to exercise power, enact dominance and impose legitimation. One example is the ideology that is enacted by the system of global economy is that competition, open trade and flexibility should be compulsory if a country expects to develop economically and politically. In Chapter 3, the researcher argued that ideologies are cognitively and socially represented in texts or other social realities, such as a flag. An ideology like global capitalism is argued to have a fixed internal representation, that is, the same representation as that of the self-representation of groups. This concept emerges from the assumption that social interaction occurs within social structures—class, education and knowledge—and other social systems of classifications including law. Ideologies control discourse and other social practices (van Dijk, 1995, 1998b; Fairclough, 2001). For example, a group of people who believe in and foster the idea that free trade in the global economy should not be restrained by government regulations inculcate and naturalize this belief through discursive practices, such as speeches in economic forum or articles in newspapers by government authorities, economists, and political analysts. These genres can be used to persuasively convey ideologies.

Chapter 3 also set up the framework for the study of identity in discourse. The analyst argued that identity was a complex entity enacted in discourse. Nevertheless, like ideology, identity is also identifiable in text. This is because identity is textually constructed in genres and discourses.

10.4 Ideology and the discourse of global economy

To explore the issues that were raised in the Introduction chapter, in Chapter 5, the analyst provides the first analysis chapter of the strategic texts in terms of ideological construction in the discourse of global economy.

In Chapter 5, the researcher confirmed that the authors construct the discourse of global economy in the strategic texts through universalization and naturalization of the concept of capitalist political economy i.e. global economy is an unalterable and inevitable economic logic. This universalization constitutes the globalist shared consciousness. The economy is now globalized and open; there is no possibility of turning back. This finding is compatible with Steger's (2005) claim that globalization is inevitable and irreversible. Chapter 5 focused on the discussion that the authors of the strategic texts reconstruct the global economy, which was interrupted by the financial crisis, as a challenge and opportunity; the authors were optimistic of a new global economy. This is because global economy has been manifested through material processes, such as free market and trade liberalization. Even though they contend that there are threats brought about by globalization processes like free trade, these threats need to be perceived as opportunities to seize.

One way by which the authors construct the discourse of global economy is argumentation. The main position of all arguments is nearly the same. The standpoint of the overall arguments is constructible through an "if ... then" statement in terms of modus ponens. The whole argumentation could be extracted as 'If the values of global economy assure the well-being of humankind, they must be translated into reality even in the epoch of the financial crisis' (Premise 1); 'The values of global economy assure the well-being of humankind' (Premise 2); 'Therefore, they must be translated into reality even in the epoch of the financial crisis' (Conclusion).

As the communicative context to a large extent concentrates on global economy during the financial crisis, the arguments in both newspaper Op-Eds and speeches are substantially similar. The analysis indicates that although the authors could have mixed discourses (e.g. free market, trade liberalization, economic opportunity) concerning globalization during the crisis, their ideas are implicitly and politically in support of the global economy. In other words, they have a shared standpoint that the global economy must prevail as a modern economic logic. The authors can present global economy as real but sometimes they present it as imaginaries. Whether their arguments are based on reality or imaginaries, the authors can refer to authorities for supports. This reference is reasonable, particularly when the arguments are in the forms of written genres i.e. newspaper Op-Eds that often rely on other people's voices for justification of claims.

The authors deploy evaluative argumentative discourse through speech functions that free market capitalism manifested by liberated trade provides nations with the definite system of global economy. To strengthen the argument, the advantages of communication and technological advances are often incorporated into the process of constructing the discourse of economic globalization. In other words, the ideological import in the texts is figured in through the frame of persuasive communication that global economy in terms of free trade and competition must be advocated, taken for granted and implemented, because it is argued that in the end the global economy will benefit all the world community. From a CDA perspective, the discourse of globalization is therefore persuasive and ideological. That is, the authors applied strategic maneuvering; topical selection, adaptation to audience demand and presentational device to tackle the issues and advantages of global economy. In reality, however, the world economy is still far from being global. Hundreds of millions of world population is still living in poverty.

The analysis in Chapter 5 revealed that the speech function of statements (declarative) for evaluations is used in the discursive construction of global economy. An obvious example is that 'free market capitalism is the surest path to the world economic growth'. Another linguistic resource that is used in the discursive construction of global economy is nominalization that represents processes as entities by transforming clauses or verbs into a type of noun. Nominalization has to do not only with concealing agencies but also with ideological construction i.e. the globalization subject matter tends to be self-processing practice as in 'Globalization is leading to the integration of the world's markets, culture, technology, and governance.'

The analysis demonstrates that the discursive construction of global economy is not ideology-free. The discourse of global economy constructs capitalism and new capitalism. The most apparent linguistic device in constructing these ideologies is vocabulary which include 'free market', 'trade liberalization', 'investment' and so forth. Capitalism's modus operandi is characterized by competitiveness, free movements of capital and free trade. These lexical items are accompanied by a mixture of process material verbs that include 'achieve', 'enhance' and 'transform', 'use', and 'attract'. New capitalism is the emergent form of capitalism that includes knowledge-based economy, the information society, and management. It is an order of capitalism that has attempted to control the global in economy, politic and other social aspects of human life (Fairclough, 2009). New capitalism is identifiable through the uses of lexical items such as 'technology transfers', 'commercializing of internet' and 'international supply chains' made achievable by 'advances of communication'.

Supported by the textual evidence, the analyst argued that new capitalism makes use of resources such as telecommunication facilities and other advances in technology to dominate system of productions. As a result, giant companies can manufacture products

in large quantities or sell their services in a wider range and distance. Bill Gates, Microsoft, Andes chocolate, and Prudential Health Insurance were among cited examples of global products. Consumers around the planet can purchase these goods at the same time. The industrial countries have advanced technology, well connected telecommunication, qualified human resources, and well-prepared infrastructure that support their industries to produce and distribute the goods. On the other hand, a large number of developing countries are crippling with poverty. The analyst argued that the profits obtained from the products mostly return to the countries where the property rights owners are located not to the countries where goods are manufactured or services are sold.

In Chapter 5, the analyst briefly described neoliberalism as a political project that aims at removing trade barriers, encouraging privatization to reach entirely new capitalism, and cutting public expenditure for social welfare (Fairclough, 2009). Some governments—Britain, the USA and the European Union— support this agenda. International Banks, MNCs and the media also support this agenda as well. If present, the engagement of the government is merely to help the process of globalization for example free movements of capital (Fairclough, 2006) and provision of infrastructure facilities. The neo-liberalists say that markets are inherently efficient by laissez-faire policies and that the state and public sector have no essential role to play in economic development apart from facilitating the expansion and intensification of market relations.

The analyst argued that the hyper-globalists internalize the neoliberal ideology through the notion of ‘trade liberalization’, free ‘flows of capital’ and elimination of ‘trade barriers’. In addition, reducing tariffs, privatizing public services, and weakening regulations that protect labors also constitute parts of neo-liberalist agenda. These neo-liberalist tenets are imposed by the commanding international institutions like the IMF

and the WTO. Governments by making use of these international agencies accept the discourse through universalization that global economy inevitable and must be materialized by 'free trade' and 'open market'. The hyper-globalists' claim is that globalization is a period whose time has come (Held *et al.* 1999) and it cannot be stopped. Politically, neoliberalism is often linked to creating democratic ways of life without considering the negative impacts triggered by neoliberal economic policies.

Parts of global economic agendas are imaginaries; they are discursive practice. If they are translated in actual practices, the agendas are selective, preferring certain locations. The hyperglobalist and the globalist might have mixed points of view on the discourse of global economy, but they all agree that the global economy should be materialized in the forms of free movement of capital, transnational trade and investment. They expect social changes in terms of global economic growth to be taking place. Alas, from a CDA analysis, this goal is still far from being attainable.

10.5 Global economy, desirable values and democracy

In the exploration of the genres and discourses of global economy in Chapter 6, the analyst found that there were desirable elements in the discourse of modern political economy. The study identified five major crucial elements in the form of values in the discourse of global economy. These elements are: increased flows of capital, competition in the global marketplace, scaling economic programs, restructuring economic practices, and deregulation of trade.

The discourse constructs the free movements of capital as an unavoidable practice in global economy. But the researcher argued that in reality capital investments were usually appropriated in the developed world and in a small number of developing countries. This point of view is in accord with scholars' critiques (e.g. Hoogvelt, 1997;

Kiely, 2000). The analysis demonstrates that in recent years China as an Asian emerging economy has been one of the most preferable FDI destinations among the developing countries. But China has become an easy target for investment because foreign investors generally aim to take advantage of countries where labor force is cheap (Andresosso-O'callaghan & Wei, 2003)

By referring to textual evidence, the researcher argued in Chapter 6 that the value of stiff competition also dominated the discourse of global economy. The value of competitiveness is triggered by the notion that economic activities in this modern age are regarded successful if the firms and companies are capable of high competition (Bernanke, 2004). The role of competition in the practices of global capitalism has made the social affairs, free trade, import and export vulnerable to oppression. At the beginning the process of competition is like a game of football (Ghafele, 2004). It normally runs smoothly, but in the long run it will turn to a real competition that can lead to economic monopoly. The social philosophy of Darwinism 'survival of the fittest' is adopted into the dominant economic logic.

Scaling and restructuring economic activities are part of desirable values of global economy. The analysis demonstrates that the discursive practice of global economy has focused on rescaling from local, national to international; restructuring from a closed to opened market and recontextualizing between economy and politic. The analyst found that the notion of flexibility in defining space and time was conceived as a crucial feature of the discourse of global economy. This desirable value should stand hand in hand with the concept of competition summarized above and other desirable values. Being able to define critically and implement the concept of time and space: past vs. today, agricultural age vs. information era; local vs. global, national vs. international is absolutely necessary in the era of globalization. The processes of rescaling and

restructuring are not predetermined, not naturally given, but socially constructed (Fairclough, 2006). For example, the discourse of national economy is rescaled for example from Britain to the European Union, from China to global. The analysis uncovers that there is a movement of 'is' in the economy to 'ought' in politic (Fairclough, 2010).

Deregulation of the trade is another desirable value of the global economic logic. The authors advocate that trade deregulation as one way of materializing global economy practices. Trade organizations, such as World Trade Organization (WTO) become the sole players that act as agentive institutions of legitimizing the free trade. As a successor of the General Agreement on Tariffs and Trade (GATT), the powerful WTO, formed on January 1, 1995, in the Uruguay Round Agreements now with 134 member countries, is committed to global free trade through the reduction of tariffs and taxes from trade. This organization allows greater 'openness' to 'international trade' and 'investment'. But in Chapter 6 the researcher also contends that this neoliberal economic value has diminished the government's involvement in controlling trade.

From the political economic viewpoint, the WTO and other international trade agreements, such as the North American Free Trade Agreement (NAFTA) have approved global competition and unregulated market as the best opportunity to create the equal prosperity of the world's population. This new governing system increasingly provides major general control over every aspect of the lives of the majority of the world's people. However, from a social critique standpoint, the control is not economic well-being of people, but rather on the enhancement of the power and wealth of the world's largest corporations and financial institutions. Therefore, the beneficiaries of neoliberalism are only a minority of the world's people.

Furthermore, the endorsement of the Uruguay and other WTO's agreements has institutionalized a global economic and political structure that makes every government increasingly dependent on an efficient economic system of transnational governance intended to increase corporate profits, often with complete ignorance of social and environmental consequences (Wallach & Sforza, 1999).

The desirable elements enumerated above are discursively constructed, involving linguistic properties including uses of specific lexical items that include 'capital flow', 'investment liberalization', 'free market', 'trade liberalization', to name a few. These words seem to have been used in a positive discussion, evaluation and construction of global capitalist and neoliberal economy in the sense that these words are used to talk more about advantages than disadvantages that the global economy can benefit. Vocabularies seem to be the most direct way of conceptualizing these values. It is through the uses of these typical words such as 'trade liberalization', 'free market' that the authors universalize and naturalize ideas, discourse policies, and practices of global economy. The motivation, goals and legitimation behind the aforementioned values are not ideology-free. These desirable elements have ideological axes to grind.

In Chapter 6, the study also showed that there was a nexus between the discourse of globalization and the discourse of democracy in the strategic texts. There is a dialectical relation between the economic practices and the spread of democracy. This finding reaffirms Steger's (2005) claim that globalization extends the spread of democracy in the world. Globalization is constituted by a complex interconnectedness between capitalism and democracy. Yet neoliberalism has undermined the democratic legitimacy of the state by reducing its role to merely facilitating and intensification of market relations through ceding of powers to trade bloc like NAFTA and the UE and agencies like the World Bank, the IMF and the WTO. These agencies and the principles they

practice are considered to prevent the state from acting as an agent of development, as a protector of community and from continuing poverty-reducing and searching for equal alternatives that can improve the welfare of poor and marginalized people.

Unfortunately, although there is resistance from opponents who have seen globalization to have been steered in accordance to the interest of global corporations, the global economic policies are still promoted in the name of democratizing the world society. The globalist democracy allows freedom of intellectual rights, open and competitive market, but detrimental to marginalized society. The hyperglobalist do not realize that uncontrolled trade competition leads to monopoly of the global economy by the multinational giants, such as *Nestlé* and *Palmolive*. For them, the government's involvement in regulating trade has to be reformed for the sake of so-called benefit of humankind. In a situation of crisis, the state needs to recapitalize banks; financial agencies need to allocate loans to the fostering-democracy countries. Yet such policies are generally practiced with partner countries that have the same economic interests.

10.6 Identity in discourse of global economy

In Chapter 7, the analyst ensured that in addition to ideological import the strategic texts also discursively construct social identity and national identity. These identities are enacted in genres and discourses. There is an implicit social relation between the authors and the social world they are dealing with. Social identities of text producers can be unearthed by the analysis of the styles of the authors, the statements they make and the linguistic means they use. The uses of certain modality and nominal groups indicate the ways by which the authors gain resources to show self-commitment in defending a standpoint of the argumentative discourse or enacting a country's policy

and position in coping with various conundrums, such as the current baffling global economy and the emergence of its financial turmoil.

The social identity is enacted through modal adverbs. For example, the use of a strong obligation marker in the extracts of normative argument (what must be done etc., marked by deontic modality “must”) signals the expected global commitment of the states leaders, agencies and other institutions in combating the financial crisis. Ideologically speaking, its use is also a way of maintaining the capitalist globalization that is seriously in need of changes from the financial capital ‘wealth’ to smarter management and technological innovation and from weak integrity of financial markets to strong cooperation among the world’s financial authorities. Politically, the authors are committed to the proposition that it is obligatory for global governments, bankers, financial institutions, and business people among others to exert the most serious attempt to seek solutions to the global financial crisis. To do so, the modal adverbs such as ‘will’ is used in the texts, which goes along with process verbs ‘establish’, ‘direct’, ‘continue’, ‘speed up’ and so forth for restructuring the economy.

The authors in some way use their personal authority—as leaders of states—as way of being in representing the idea of economic logic. This representation unravels the social identity of the authors as being globalist. That is, their statements indicate their styles as authoritative persons in dealing with global economy. For example, an extract asserts ‘This is a defining moment for the world economy’. This statement was made by global economic architect Gordon Brown who individually sees the severe financial crisis as an important moment in transforming the global economy.

The discourse of global economy was also used as one social manifestation in discursively shielding national identity. The analysis shows that the USA is still

enthusiastic in controlling the global economy and its hegemonic political economy has been reproduced and circulated by the leaders of American congress, including the elected president and economic analysts. China on the other hand remains as a socialist democratic country although it has intensively taken part in the global economy.

The first person plural 'we' is used to enact national identity. The analysis of pronoun 'we' in the strategic texts on global economy revealed that the authors use the pronoun inclusive 'we' while they could have used the noun phrases the Americans, the Chinese, the bankers, the leaders, or the government. The use of pronoun 'we' in that circumstance implies that corporate ideology and nationalism are at work in the discourse of global economy. The relation that is carried out by the use of 'we' in the discourse of global economy in that situation is the relational value between the people and the social world they are representing including nationality, mind-sets, and policies. The analyst also found that nominal groups in the forms of proper names, the United States, China, are used to represent the economic policies and strategies. In addition, uses of prepositional phrases in the global economic texts, such as 'for America', 'in this country', and 'in China' also indicate the construction of the national identity.

10.7 Global economy and discursive configuration

In the analysis of order of discourse in Chapter 8, the analyst pointed out that similar voices manifested by quotes were articulated in the discourse of global economy. This leads to the creation of the intertextual and interdiscursive relation between texts and discourses. The relationship in genres and between discourses indicates the authors' consistency in attempt to materialize globalization processes by means of discursive practices. The authors reworded the others' voices by repeating similar words, propositions, and argumentation. There appears a dialogic relation emerging between

one text and the other. The intertextual relation exists between texts that have similar voices e.g. global economy and trade liberalization benefit the humankind. The discourses that do not have the support of the dominant voices are presented negatively e.g. ‘Communism was dead and buried, an American-led tech boom was in full swing and the rest of the world was looking to the United States as the indispensable source of global growth.’

As the analysis of interdiscursivity reveals, there is an amalgamation of genres between print media texts and academic writing in the discourse of global economy. There exists a hybridity of texts between the Op-Ed articles and the academic textbooks as well as between disciplines: economics and management, economics and history, economics and psychology, to name a few, and the practices between the imaginaries and the material processes. This genre mixing or hybridity implies that a social change is taking place in social economic practices in modern society. Linguistically, it seems that the aim of genre hybridity is to make the argumentative discourse more convincing and rational to the hearers or readers. But, from a CDA perspective, the process of genre and discourse mixing indicates the colonization of economics over other disciplines.

10.8 The USA and China on global economy

The discursive formation of global economy between two populous countries, the USA and China has been the main concern of this study. The discussion in Chapter 9 suggests that the two countries construct the notion of global economy in different ways, but with the same goal, that is, being able to control the global market, for example through the increase of exports while maintaining sustained economic growth at home. There are principles, policies and strategies that the two countries share, but there are also characteristics in which they are different.

An obvious difference is located in the force of current practices of global economy. The USA spends its energies on coping with recession, budget cuts and debts while China today seems to be increasingly integrated with the global economy, not only with its huge exports and FDI inflows, but also in terms of short-term capital flows. China has become a top destination in FDI. This is likely happening because China has been opened-up for FDI in the last few decades and it also provides intensive low cost labor forces. The success of China's participation in the global economy is textually constructed in genres and discourse.

The analyst found that capitalism was still an American institution (others are science and democracy). The analysis demonstrates that this institution which operates in accordance with the concept of freedom, not virtue, has reached the American society and parts of the globe through the mass media, newspapers. The capitalist premise of freedom guarantees individuals or groups of people to compete in economic, communication, technological, and educational issues. On the other hand, China takes this freedom in the name of social democracy.

The researcher provides proof in Chapter 9 that the U.S. economic system has moved from capitalism to new capitalism. On the contrary, although China has long adapted capitalism and taken part in the global economy, its political economy is still controlled by CPC. To put it in another way, the U.S. economic system remains engrossed in capitalism while China does not join capitalism but the global economy. The U.S. economic system is built upon Western liberal capitalism while China has adopted the practice of authoritarian capitalism, that is, capitalism with Asian values (Žižek, 2011). This could be the reason to categorize China as one of the booming giants in Asia even though the country is still desperately in need of severe competition.

The global economy from the perspective of the two nations is often linked to the global market, technological advances, telecommunication and management such as the role of internet in new capitalism. The two countries prioritize the creation of employments and educational improvement. Education is to play a major role to create a knowledge-based society. The two countries regard economic globalization, even when it is stalled by a crisis, as opportunities and challenges.

The idea of knowledge economy is allocated in the educational system of both countries. Providing quality education for young people is taken for granted as the most effective way of a smooth entrance to the global economy. Unfortunately, those young people who live in less developed parts of the planet hardly have access to quality education. The main goal of education is concentrated on providing labor forces with life skills.

In Chapter 9, the researcher also identified the so called currency war as one clear impact of global free market on the world economy. Some scholars argue that globalization requires war on terror (Steger, 2005) and it is a globalist economic strategy (Fairclough, 2006). But this study reveals that globalization has lately brought about 'war on currencies'. This war is discursively constructed in genres and discourse. It is textually constructed through such language as 'exploring currency alternatives to the dollar', 'the current dollar-led international monetary order already fails' and 'We should encourage regional monetary and financial cooperation.'

The focus of the war is on the stability of a pro-globalization nation's currency. There are changes of attitudes and beliefs on the dominance of the world's currency. This tendency indicates that the global economy is not always on balance. The USA that represents the 'First World' is struggling for the stability of its Dollar against the emerging China's Yuan and even the currencies of other developed economies such as

Japanese Yen. This ‘war on currencies’ prompts each country that is engaged in the global economy to accuse one another of manipulating its currency and exchange rates.

Emerging countries such as China and Brazil have protected their currencies for national sovereignty and national pride. As the financial markets are more closely integrated into a financial system, a national government and national currency have been transformed and have become substitutable. As a result, governments compete to promote their currencies for uses in transactions in different places. For that cost, the currency war is inevitably worsening.

To restrain the intensification of the currency war, governments particularly from the developed economies enact regulations for capital controls and monetary unions such as the Euro to prevent their economies from suffering a deeper impact of global financial disaster. So far this solution has not been effective. Major economic countries are still fighting for stability of their currencies. In sum, the deregulated market itself is at stake in the capitalist-driven economy.

10.9 Reflection and implication

From the overall analysis of the discursive dimension of globalization, it can be inferred that economic globalization is complex and selective. From the text analysis, we have seen globalization to have been presented from the perspectives of powerful countries and corporations, Google, General Electric, and Silicon Valley. These firms are capable of allocating huge capitals, efficient in producing large quantities of goods, and are able to compete in the global market. The competition thus seems to have been unfair. Small home-industries are not always resistant to the global market and free trade and are marginalized as they are unable to struggle with their giant counterparts (see Sub-

section 6.2.2). Accordingly, there is no doubt that economic globalization promotes trade liberalization that creates winners and losers.

Whatever topic of global economy the authors select to discuss, the final reference is nearly always to the economy of limited countries, that is, the United States, Europe, Japan, and currently China. These countries have easy accesses to the international agencies, the IMF, the World Bank and the WTO. These agentic institutions together with their sponsoring industrialized nations help establish exclusive trade organizations, such as NAFTA. We can thus infer that although economic globalization has become a historical necessity in late modernity, from a CDA viewpoint it is still more a myth rather than the actual material processes. We have seen from mass media that hundreds of millions of people in Indonesia, Ethiopia, Bangladesh, India and Cambodia among others are still living under poverty lines (see Ritzer, 2009, for globalization map on this matter). This evidence supports the argument that some countries, especially those in the West have benefited from economic globalization while others are marginalized. Consequently, the time for alternative globalization is waiting.

The current work does not contend that isolating the country from the global economy is a wise direction. But what a country crucially needs is a protective mechanism to curb the negative impacts of the globalization process on the national economy and social stability. The state must retake its key role that the neoliberal institutions have taken away. This is a plausible prescription given that ethics and moral responsibility constitute the legitimacy of the state institution while both do not exist in the (free) market system that the neoliberalism persistently promotes. The implication is that the concept of the welfare state as the institution that protects the people from multiple forms of risk should be resurrected and manifested in the state structure and policy.

For the past forty years, globalization has penetrated nearly every corner of the globe. But the process of globalizing the world is far from being complete with what the discursive practice has proclaimed, and what social practice has materialized. The actualization of fair global economy, for instance, is still far from what the discourse constructs.

Overall, the present work has seen globalization from a standpoint between skepticism and pessimism. Global economy is seen as a skeptical account, because it has been unable to avoid winners and losers in the processes of globalization. The reason is that, even though not all states, weak states are usually the losers. Virtually, even the strong states can lose their sovereignty, surrendering themselves to liberal economy, for example by privatization of public sectors, such as health and education.

It is pessimism, because the existing globalization will not be able to turn the whole world into the global convergence. In the course of history it is apparent that neoliberal capitalist globalization leads a state to see what it wants, and what it needs to do to achieve it.

Finally, the study suggests that CDA (linguistics) can reveal not only the ideology embedded in the texts, e.g. global capitalism and neoliberalism (political economy) but also the social identity of the authors: capitalist, neo-liberalist (sociology). Therefore, CDA as a transdisciplinary social research project can assist the development of linguistics and of other disciplines e.g. sociology as well.

CDA as an explanatory critique admits that programs in global economy can be realities, but they can also be merely discursive practices for the excluded society. The world civil society therefore should adapt the real programs, but needs to transform and emancipate the ones that are not compatible with the discursive practices of

globalization agenda that preach to create the economic well-being of people through equity of social changes. For that reason, there needs to be critical awareness-raising programs for the society on the importance of understanding both the discursive processes and the material processes of global economy. In an institutional system of higher education, this can be done by incorporating critical language awareness into globalization studies. Outside the academic circle, activists working for social organizations, such as the World Social Forum can write articles in weekly magazines and tabloids or publish newsletters and leaflets to criticize the practices particularly when they witness the processes of globalizing economy have not been equally distributed.

10.10 Topics for further research

For further studies, the research topics might be the perception of texts in the newspapers, magazines or speeches by the interpreters who have not been trained in critical linguistics, whether or not they perceive a social problem with a certain point of view and how they categorize the texts, for example in terms of social knowledge and membership categorization. The research site might be the marginalized countries in certain parts of the globe.

The research area can also be about the influence of rhetorical persuasiveness on the readers' judgment of the issue raised in the argument. The sources of the data might be best from the textbooks on loaded issues of globalization such as military, nuclear weapons and environment. The analytical resources can be extended, for example, to figurative language such as metaphors, euphemization, and hyperboles. Should a large corpus be used, ways must be found as to how interdisciplinary research projects can gain benefits from the corpus analysis.

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APPENDICES

Appendix A: Texts analyzed for the United States

Is the Global Economy Unstable?

By Robert J. Samuelson

The *Washington Post*, 16 March 2005

- [1] One of the big questions of our time is whether the global economy is stable. The gains from "globalization"—more cross-border trade, investment and technology transfers—are indisputable. Countless millions have escaped poverty in Asia and Europe. A recent study by the Institute for International Economics concluded that American living standards are roughly 10 percent higher as a result of globalization's benefits (cheap imports, greater competition, new technologies). Globalization's winners vastly outnumber its losers.
- [2] Unfortunately, that could change if the world economy turns out to be unstable — incapable of sustaining adequate growth or vulnerable to severe crises. For the moment the dangers are abstract. In 2004 the global economy grew 4.7 percent, economists at Goldman Sachs report. Asia (excluding Japan) grew 8.2 percent; Latin America, 5.6 percent; the United States, 4.4 percent. Global economic growth should average about 4 percent in 2005 and 2006, the Goldman economists predict. Still, the specter of instability lingers.
- [3] Global economic integration—the merging of markets, the mutual dependencies of countries— has raced well ahead of either political integration or intellectual mastery. We simply don't understand well how the global economy operates. Nor is it clear how countries with diverging interests and shared suspicions will cooperate in a crisis.
- [4] One obvious problem is oil. Even if the United States could end dependence on imports for 64 percent of its oil demand (a practical impossibility anytime soon), Europe would still import 80 percent of its needs and Japan 100 percent. Any major shutdown of Persian Gulf exports— from war, terrorism or a political act—could devastate the world economy. Global terrorism or a world pandemic would also pose threats beyond the initial tragedies. Countries might try to protect themselves from outsiders—imposing restrictions on trade, travel and immigration—in ways that would destroy global commerce.
- [5] At present the greatest peril may lie in huge global trade imbalances -- and the financial pressures they create. The basic dilemma is that the world needs American trade deficits as an "engine" of growth, compensating for weak growth in Europe and Japan. But the same trade deficits may now be destabilizing because they send large amounts of dollars abroad. The danger: a dollar "crash" on foreign exchange markets that spills over into the U.S. stock and bond markets, driving down those markets and triggering a global recession.
- [6] Look at the numbers. In 2004 the U.S. current account deficit reached an estimated \$650 billion, or a record 5.6 percent of gross domestic product. (The current account includes all trade, plus other international payments such as those generated by travel and tourism.) The mirror images of U.S. deficits are other countries' surpluses. In 2004 Japan's current account surplus was 3.7 percent of GDP, Germany's was 2.9 percent and China's was 2.3 percent, Economy.com estimates. But even with the stimulus of selling to the United States, economic growth in Europe and Japan has averaged only 2 percent and 1.5 percent annually since 1994.
- [7] What's the problem? Foreign exporters receive dollars for what they ship to the United States. If those dollars aren't reinvested in American assets—say, U.S. stocks, bonds or Treasury securities—they'll be sold on foreign exchange markets for other currencies: the

euro, the yen, the pound. As dollar sales drive down its value, foreigners note that their existing U.S. stocks and bonds are worth less in their own currencies. So they may sell U.S. securities to limit losses. At the end of 2003, foreigners owned \$1.5 trillion in U.S. stocks; widespread sales could trigger steep market declines.

- [8] The risk is an economic implosion. A sinking stock market could damage American consumer confidence and spending. Higher currencies for Europe and Japan could weaken their export competitiveness. (A higher currency tends to make a country's exports more expensive and its imports cheaper.) Together, the United States, Europe and Japan are half the global economy. If they went into recession, other countries might follow.
- [9] Economists are divided. Some fear the worst, because the world is flooded with dollars. Relax, say others. Asian central banks (their versions of the Federal Reserve) will buy surplus dollars, because they want to export to the United States and don't want their currencies to rise against the dollar. Still other economists (including Alan Greenspan) believe that we'll muddle through — that shifts in exchange rates and economic growth will slowly narrow today's trade imbalances. So far the evidence supports everyone. Since mid-2001 the dollar has dropped against many currencies, especially the euro. Asian central banks have bought lots of dollars. And we have muddled through.
- [10] Every economic system requires a political framework, but the framework for the global economy is creaky. Twenty years ago, the "world economy" consisted mainly of the United States and its Cold War allies. Economic, military and foreign policy objectives overlapped. Now the world economy includes China, India and the former Soviet Union. Global interdependence has inspired some cooperation—the SARS outbreak and Asia's 1997-98 financial crisis being examples. But the political foundation for cooperation has weakened. Our relations with old Cold War allies are strained, while relations with new trading partners—China especially—are ambiguous. Could we someday be at war with China over Taiwan? Or will trade defuse conflict?
- [11] The well-being of advanced nations presumes a smoothly operating global economy. We take this for granted without knowing whether it will always be true. We don't ask hard questions because we don't know the answers and fear what they might be.

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The Payoff from Globalization

By Gary Clyde Hufbauer and Paul L. E. Grieco

The *Washington Post*, 07 June 2005

- [1] The battle over the Central American Free Trade Agreement (CAFTA) recalls some familiar themes. The “modern” debate over trade barriers can be traced to the 19th century. Then as now, the debate has been dominated by special interests (land barons vs. merchants in the 19th century; the AFL-CIO vs. the Chamber of Commerce today). There is no question that trade liberalization creates winners and losers. Affected citizens and companies have every right to plead their case.
- [2] But Congress should consider how freer trade affects the nation as a whole. Since World War II the United States has led the international quest to liberalize world trade and investment. With leadership from the White House, Congress has slashed the simple average tariff rate from 40 percent in 1946 to 4 percent today, and other industrial nations have done much the same. After a half-century of steady liberalization it is fair to ask, what do Americans have to show?
- [3] As it turns out, quite a lot. Using four different methods, we estimate that the combination of shrinking distances—thanks to container ships, telecommunications and other new technologies—and lower political barriers to international trade and investment have generated an increase in US income of roughly \$1 trillion a year (measured in 2003 dollars), or about 10 percent of gross domestic product. This translates to a gain in annual income of about \$10,000 per household.
- [4] Unfortunately for the cause of continued liberalization, Americans do not receive this money as a check marked “payoff from globalization.” Instead, the payoff is hidden within familiar channels: fatter paychecks, lower prices and better product choices (compare the telephones available now with the standard black model of 1980).
- [5] Nevertheless, each of our four methods uncovers a large payoff. First, we parse international data that correlate the expansion of international trade with economic growth. This shows that the increase in US income sparked by more intense trade equates to 13.2 percent of GDP. In the second method, we calculate how lower tariffs stimulate US productivity through competitive forces and bring greater product choices to US producers and consumers. The estimate for these benefits comes to 8.6 percent of GDP. Third, we draw on a computable general equilibrium model to suggest how today's economy would react to the restrictive Smoot-Hawley trading environment of the 1930s. That exercise indicates an estimate of 7.3 percent more in GDP from liberal trade. Finally, we calculate the productivity benefits arising from use of imported components and find a benefit of 9.6 percent of GDP. While none of the four estimates is perfect, the broad result is clear: The benefits of trade and investment liberalization are positive and large.
- [6] Given the large gains from past liberalization, and today's low tariffs and modest investment barriers, skeptical commentators might say, “Been there, done that.” But our estimates of future policy liberalization alone (excluding likely benefits from better communications and transportation) indicate that a move from today's commercial environment to global free trade and investment could produce an additional \$500 billion in US income annually, or roughly \$5,000 per household each year. Much of the benefit would come from sectors of the economy that were effectively ignored during earlier rounds of liberalization: services, agriculture, transportation and trade with developing countries. No single trade or investment agreement can confer the entire range of benefits on Americans; instead, the prize requires steady liberalization—through agreements such as CAFTA and the World Trade Organization's Doha round, each providing a steppingstone toward the eventual goal.

- [7] Despite the huge payoff to the United States, maintaining political support for trade liberalization has never been easy. *Poli Sci 101* gives the explanation: Large gains are widely dispersed, and much smaller private losses are highly concentrated. Surveying several estimates, we arrive at a middle-of-the-road figure of roughly 225,000 trade-related job losses per year. Most dislocated workers find new jobs in six months, many far sooner; but some are unemployed for an extended period. Even workers who are re-employed may face significant pay cuts. Taking these features into account, we estimate that the lifetime costs of a year's worth of trade-related job losses is roughly \$54 billion, about \$240,000 per affected worker. This is a huge loss on a personal level, but only about 5 percent of the annual national gains from liberalization. Moreover, a rough estimate of the adjustment costs to agricultural landowners suggests that the progressive removal of trade barriers and farm subsidies over a decade could lower agricultural land values by \$27 billion a year. The strident opposition to CAFTA from sugar barons such as the Fanjul family confirms that this is a sensitive matter. Yet again, lower property values are a one-time private loss and a fraction of national gains.
- [8] America's national interest will best be served by staying the course of free trade and investment. At the same time, it is morally imperative to address private losses incurred by dislocated workers; as well, it may be politically necessary to cushion the blow to agricultural land values. The federal government spends less than \$2 billion per year helping trade-dislocated workers. Over the past decade, the Organization of Economic Cooperation and Development estimates that US government policy has boosted domestic farm incomes by an average \$40 billion per year through direct subsidies (\$23 billion) and trade barriers (\$17 billion). Given the enormous dividends from international trade, more should be done for workers forced to bear the burden of economic adjustment. Meanwhile, US farm subsidies should be spent in ways that help farm owners adjust, rather than encouraging them to fight liberalization with all their political energy.

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Capitalism's Next Stage

By Robert J. Samuelson

The *Washington Post*, 26 October 2006

- [1] When he died in 1848, John Jacob Astor was America's richest man, leaving a fortune of \$20 million that had been earned mainly from real estate and fur trading. Despite his riches, Astor's business was mainly a one-man show. He employed only a handful of workers, most of them clerks. This was typical of his time, when the farmer, the craftsman, the small partnership and the independent merchant ruled the economy.
- [2] Only 50 years later, almost everything had changed. Giant industrial enterprises—making steel, producing oil, refining sugar and much more—had come to dominate.
- [3] The rise of big business is one of the seminal events in American history, and if you want to think about it intelligently, you consult historian Alfred D. Chandler Jr., its preeminent chronicler. At 88, Chandler has retired from the Harvard Business School but is still churning out books and articles. It is an apt moment to revisit his ideas, because the present upheavals in business are second only to those of a century ago.
- [4] Until Chandler, the emergence of big business was all about titans. The Rockefellers, Carnegies and Fords were either "robber barons" whose greed and ruthlessness allowed them to smother competitors and establish monopolistic empires. Or they were "captains of industry" whose genius and ambition laid the industrial foundations for modern prosperity. But when Chandler meticulously examined business records, he uncovered a more subtle story. New technologies (the railroad, telegraph and steam power) favored the creation of massive businesses that needed—and in turn gave rise to superstructures of professional managers: engineers, accountants and supervisors.
- [5] It began with railroads. In 1830 getting from New York to Chicago took three weeks. By 1857 the trip was three days (and we think the Internet is a big deal). From 1850 to 1900, track mileage went from 9,000 to 200,000. But railroads required a vast administrative apparatus to ensure the maintenance of "locomotives, rolling stock and track"—not to mention scheduling trains, billing and construction, as Chandler showed in his Pulitzer Prize-winning book "The Visible Hand: The Managerial Revolution in American Business" (1977).
- [6] Elsewhere the story was similar. Companies didn't achieve lower costs simply by adopting new technologies or building bigger factories. No matter how efficient a plant might be, it would be hugely wasteful if raw materials did not arrive on time or if the output couldn't be quickly distributed and sold. Managers were essential; so were statistical controls. Coordination and organization mattered. Companies that surmounted these problems succeeded. Typical was Singer Sewing Machine. Around 1910 it produced 20,000 to 25,000 machines a month and had 1,700 U.S. branch offices, whose salaried managers supervised an army of salesmen.
- [7] The rise of big business involved more than tycoons. Its central feature was actually the creation of professional managers. Like many great truths, this one seems obvious after someone has pointed it out.
- [8] The trouble now is that the defining characteristics of Chandler's successful firms have changed. For example, many were "vertically integrated"—they controlled raw materials, manufactured products and sold to the public. AT&T made electronic components, produced telecommunications equipment and sold phone services. But in many new industries, vertical integration has virtually vanished, as economists Naomi Lamoreaux of UCLA, Peter Temin of MIT and Daniel Raff of the University of Pennsylvania argue in a recent study. The computer industry is hugely splintered. Some firms sell components (Intel, AMD), some software (Microsoft, SAP), some services (IBM, EDS), some hardware (Dell, Apple). There's overlap, but not much.

- [9] It's also true that old, established firms —despite ample capital and technical know-how —often don't dominate new industries. Google, eBay and Yahoo rule the Internet, not General Motors, Sears or Disney.
- [10] To be sure, we understand some of these developments. Older firms often suffer from their own success; managers become wedded to existing products, technologies and procedures. We can also identify many of the forces reshaping business: new technologies, globalization and modern finance (pressure for higher profits; corporate "buyouts" by private equity firms). But the very multitude of trends and pressures is precisely the problem. No one has yet synthesized them and given them larger meaning.
- [11] Just as John Jacob Astor defined a distinct stage of capitalism, we may now be at the end of what Chandler perceptively called "managerial capitalism." Managers, of course, won't disappear. But the new opportunities and pressures on them and their companies may have altered the way the system operates. Chandler admits as much. Asked about how the corporation might evolve, he confesses ignorance: "All I know is that the commercializing of the Internet is transforming the world." To fill that void, someone must do for capitalism's next stage what Chandler did for the last.

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Mobilization for Globalization

By Steven Pearlstein

The *Washington Post*, 27 February 2008

- [1] For the past 30 years, American capitalism has been on a roller-coaster ride.
- [2] Remember, in the early 1980s, the U.S. economy was written off as unproductive, unimaginative and self-indulgent, doomed to fall behind Japan and Germany with their superior business cultures and economic models?
- [3] As it turned out, America's obituary as an economic superpower was premature. By the turn of the millennium, the Anglo-American economic model was back on top. Communism was dead and buried, an American-led tech boom was in full swing and the rest of the world was looking to the United States as the indispensable source of global growth.
- [4] It was a glorious comeback, to be sure. But just as we were about to settle into a new period of smug triumphalism, things started to unravel again. Productivity slowed, along with the pace of innovation. And the bursting of two monster-size investment bubbles has raised serious questions about the ability of unregulated financial markets to allocate capital.
- [5] Most significantly, the stagnation in wages and income for the vast majority of households—as top executives and industry superstars are walking off with the lion's share of gains from economic growth—has created a backlash against trade and immigration and badly eroded political support for further globalization. Rather than Germany and Japan, it is China and India that are viewed as the imminent threats to U.S. prosperity and economic hegemony.
- [6] I have no doubt that Americans overstate the degree to which globalization is responsible for this economic malaise, just as I have no doubt that economists and business executives understate it. We could probably spend the next decade figuring out whether it is free trade or changing technology or the decline of unions or simply the herd instincts of corporate executives that are most to blame for decisions to move production to Mexico or outsource to Lithuania.
- [7] But as Matthew Slaughter, a Dartmouth economist and one-time Bush economic adviser has written recently, it doesn't much matter how the responsibility is apportioned. As long as trade and globalization are factors, which they clearly are, then whether they account for 25 percent of the problem or 65 percent, the public will be against them.
- [8] Given that political reality, it's disappointing there hasn't been a more serious debate by the presidential candidates about globalization.
- [9] In the Democratic camp, the big fight now between Hillary Clinton and Barack Obama is over which one is more against NAFTA. Both are peddling the silly idea that by renegotiating the treaty, they would somehow magically make plants in Ohio and across the Rust Belt suddenly competitive again. And both unfailingly parrot the empty union mantra about "enforceable labor and environmental standards" anytime trade crops up at a candidate forum.
- [10] Things are no better on the Republican side, where the party line seems to be that importing workers from Mexico depresses wages and increases unemployment for U.S. workers, but importing goods made by low-wage workers in China does not. So much for economic literacy. To his credit, John McCain has been more consistent in his support of open borders of all sorts but offers little to those who are the losers from trade other than platitudes about education and unshakeable confidence in the ability of Americans to adapt to change.

- [11] What none of the candidates has offered is what Americans most desire: a grand bargain that would restore confidence in the competitiveness of the U.S. economy and make it possible politically for the country again to embrace globalization. If we could get beyond stale ideology, it's not hard to imagine what such a grand bargain would look like—a bit of Sweden combined with a strong dose of Silicon Valley, spiced with a pinch of Putin's Russia.
- [12] Sweden has been successful in retooling its once-socialist economic model by embracing the notion that the government should protect workers rather than jobs. In the U.S. context, that would mean reforming the health-care system so that losing your job didn't mean losing your health insurance. It would mean putting serious money into an expanded unemployment insurance program that would cover all workers and include education and training grants, and wage insurance. And it would include an explicit goal of offsetting the alarming increase in income inequality by using the progressive income tax to redistribute income from the highest-income households to everyone else.
- [13] What Silicon Valley can contribute to a new American economic model is not just its fantastic technology, but its entrepreneurial spirit. Silicon Valley is about a culture of risk-taking, not just by companies and investors, but workers as well. It's about companies where everyone understands that the way to get rich is to make great products that change the world. And it's about management that eschews bureaucracy, that values talent above all else, that includes fun in the compensation system and expects ideas and inspiration to flow from the bottom up rather than the top down.
- [14] I realize that it's pretty hard for a blue-collar worker in Toledo to understand what any of that has to do with his factory closing, but in fact it has everything to do with it. The U.S. economy wouldn't be in the funk it's in if it took more cues from Silicon Valley and fewer from Wall Street.
- [15] Finally, we might learn a thing or two from Putin's Russia about playing hardball on the global stage. Rather than spending a decade begging China to stop manipulating its currency for mercantilist advantage, we should slap a 30 percent tariff on all Chinese imports and let them spend a few months negotiating with us on when and how we're going to reduce it. In the same spirit, why not announce that the United States welcomes investment from the sovereign wealth funds of any nation except those that are members of OPEC and other price-fixing cartels?
- [16] Americans have nothing to fear from globalization except their own unwillingness to do something about it. A presidential campaign ought to offer the perfect opportunity for figuring out what that might be.

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A Baffling Global Economy

By Robert J. Samuelson

The *Washington Post*, 16 July 2008

- [1] We've been having the wrong discussion about globalization. For years, we've argued over whether this or that industry and its workers might suffer from imports and whether the social costs were worth the economic gains from foreign products, technologies and investments. By and large, the answer has been yes. But the harder questions, I think, lie elsewhere. Is an increasingly interconnected world economy basically stable? Or does it generate periodic crises that harm everyone and spawn international conflict?
- [2] These questions go to the core of a great puzzle: the yawning gap between the U.S. economy's actual performance (poor, but not horrific) and mass psychology (almost horrific). June's unemployment rate of 5.5 percent, though up from 4.4 percent in early 2007, barely exceeds the average of 5.4 percent since 1990. Contrast that with consumer confidence, as measured by the Reuters-University of Michigan survey. It's at the lowest point since 1952 with two exceptions (April and May 1980).
- [3] Granted, the present U.S. economic slowdown—maybe already a recession—stems mostly from familiar domestic causes, dominated by the burst housing "bubble." The Bush administration's rescue of Fannie Mae and Freddie Mac, the struggling government-sponsored housing enterprises, is the latest reminder. Still, global factors, notably high oil and food prices, have aggravated the slump. The line between what's local and what's global seems increasingly blurred, and there is a general anxiety that we are in the grip of mysterious worldwide forces.
- [4] The good that globalization has done is hard to dispute. Trade-driven economic growth and technology transfer have alleviated much human misery. If present economic trends continue (a big "if"), the worldwide middle class will expand by 2 billion by 2030, estimates a Goldman Sachs study. (Goldman's definition of middle class: people with incomes from \$6,000 to \$30,000.) In the United States, imports and foreign competition have raised incomes by 10 percent since World War II, some studies suggest. Job losses, though real, are often exaggerated.
- [5] But a disorderly global economy could reverse these advances. By disorderly I mean an economy plagued by financial crises, interruptions of crucial supplies (oil, obviously), trade wars or violent business cycles. This is globalization's Achilles' heel. Connections among countries have deepened and become more contradictory. Take oil producers. On one hand, high oil prices hurt advanced countries. But on the other, oil countries have an interest in keeping advanced countries prosperous, because that's where much surplus oil wealth is invested.
- [6] Vast global flows of money threaten unintended side effects. Foreigners own more than \$1 trillion of debt issued or guaranteed by Fannie Mae and Freddie Mac, reports economist Harm Bandholz of UniCredit. In the past six years, he notes, foreigners have purchased \$5.7 trillion of U.S. stocks and bonds. Bandholz says the inflow of money cut U.S. interest rates by 0.75 percentage points. So: Surplus savings from Asia and the Middle East, funneled into U.S. financial markets, may have abetted the "subprime" mortgage crisis by encouraging sloppy American credit practices. Too much money chased too few good investment opportunities.
- [7] A loss of confidence in U.S. financial markets could be calamitous; that was one reason for the rescue of Fannie and Freddie. But just possibly, we're at a crucial -- and desirable -- turning point. For several decades, the U.S. economy has been the world's economic locomotive. Americans borrowed and shopped; the U.S. trade deficit ballooned to \$759 billion in 2006, stimulating exports from other countries. The trouble is that this pattern of growth could not continue indefinitely, because it required that Americans raise their debt burdens indefinitely. Now, China and other emerging markets may be moving

beyond export-led growth. Unfortunately, that shift could abort, if high inflation (8 percent in China and India) derails domestic expansion.

- [8] Today's global economy baffles experts—corporate executives, bankers, economists—as much as it puzzles ordinary people. Countries are growing economically more interdependent and politically more nationalistic. This is a combustible combination. The old global economy had few power centers (the United States, Europe, Japan), was defined mainly by trade and was committed to the dollar as the central currency. Its major countries shared democratic values and alliances. Today's global economy has many power centers (including China, Saudi Arabia and Russia), is also defined by finance and is exploring currency alternatives to the dollar. Major trading nations now lack common political values and alliances.
- [9] It is no more possible to undo globalization than it was possible, in the 19th century, to undo the Industrial Revolution. But our understanding of international markets, shaped by impersonal economic forces and explicit political decisions, is poor. Countries try to maximize their advantages rather than make the system work for everyone. Considering how much could go wrong, the record is so far remarkably favorable. Alas, that's no guarantee for the future.

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Out of the Ashes

The Financial Crisis Is Also an Opportunity to Create New Rules for Our Global Economy

By Gordon Brown

The *Washington Post*, 17 October 2008

- [1] This is a defining moment for the world economy.
- [2] We are living through the first financial crisis of this new global age. And the decisions we make will affect us over not just the next few weeks but for years to come.
- [3] The global problems we face require global solutions. At the end of World War II, American and European visionaries built a new international economic order and formed the International Monetary Fund, the World Bank and a world trade body. They acted because they knew that peace and prosperity were indivisible. They knew that for prosperity to be sustained, it had to be shared. Such was the impact of what they did for their day and age that Secretary of State Dean Acheson spoke of being "present at the creation."
- [4] Today, the same sort of visionary internationalism is needed to resolve the crises and challenges of a different age. And the greatest of global challenges demands of us the boldest of global cooperation.
- [5] The old postwar international financial institutions are out of date. They have to be rebuilt for a wholly new era in which there is global, not national, competition and open, not closed, economies. International flows of capital are so big they can overwhelm individual governments. And trust, the most precious asset of all, has been eroded.
- [6] When President Bush met with the Group of Seven finance ministers last weekend, they agreed that we all had to deal with not only the issue of liquidity in the banking system but also the capitalization and funding of banks. It was clear that national action alone would not have been sufficient. We knew we had to send a clear and unambiguous message to the markets that governments across the world were prepared to act in a coordinated manner and do whatever was necessary to stabilize the system and address the fundamental problems.
- [7] Confidence about the future is vital to building confidence for today. We must deal with more than the symptoms of the current crisis. We have to tackle the root causes. So the next stage is to rebuild our fractured international financial system.
- [8] This week, European leaders came together to propose the guiding principles that we believe should underpin this new Bretton Woods: transparency, sound banking, responsibility, integrity and global governance. We agreed that urgent decisions implementing these principles should be made to root out the irresponsible and often undisclosed lending at the heart of our problems. To do this, we need cross-border supervision of financial institutions; shared global standards for accounting and regulation; a more responsible approach to executive remuneration that rewards hard work, effort and enterprise but not irresponsible risk-taking; and the renewal of our international institutions to make them effective early-warning systems for the world economy.
- [9] Tomorrow, French President Nicolas Sarkozy and European Commission President José Manuel Barroso will meet with President Bush to discuss the urgent reforms of the international financial system that are crucial both to preventing another crisis and to restoring confidence, which is necessary to get banks back to their essential purpose—maintaining the flow of money to individuals and businesses. The reforms I have outlined are vital to ensuring that globalization works not just for some but for all hard-pressed families and businesses in all our communities.

- [10] It is important, too, that in the international leaders' meeting that has been proposed we seek a world trade agreement and reject the beggar-thy-neighbor protectionism that has been a feature of past crises.
- [11] There are no Britain-only or Europe-only or America-only solutions to today's problems. We are all in this together, and we can only resolve this crisis together. Over the past week, we have shown that with political will it is possible to agree on a global multibillion-dollar package to recapitalize our banks across many continents. In the next few weeks, we need to show the same resolve and spirit of cooperation to create the rules for our new global economy. If we do this, 2008 will be remembered not just as a year of financial crisis but as the year we started to build the world anew.

The writer is prime minister of Britain.

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Globalization and Financial Development

Remark by Governor Frederic S. Mishkin

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- [1] In the United States and many other countries, students learn that the key to success is hard work. Yet when we look at many developing countries, we see people who work extremely hard for long hours. Their wages are low, and so they remain poor. And as a whole, their countries remain poor. If hard work does not make a country rich, what does?
- [2] The right institutions are essential. Nobel laureate Douglass North defines institutions as the "rules of the game in a society, or, more formally, humanly devised constraints that shape human intervention." (North, 1990, p. 3). Among the institutions that are most crucial to economic growth are those that enable a country to allocate capital to its most productive uses. Such institutions establish and maintain strong property rights, an effective legal system, and a sound and efficient financial system.
- [3] In recent years, the field of economic development has come to the conclusion that "institutions rule" and are critical to economic growth.¹ An extensive literature focuses on financial development as a significant force driving economic development.²
- [4] However, developing good institutions that foster financial development is not easy: It takes time for institutions to evolve and adapt to local circumstances. In addition, vested interests in poor countries often oppose the necessary reforms because they believe that such reforms will weaken their power or allow other people to cut into their profits. How can poorer countries overcome these obstacles? How can they change the distribution of power to forge the political will to promote institutional reform? The answer is globalization.
- [5] I should note that the opinions I will express today are my own and not necessarily those of my colleagues on the Federal Open Market Committee (FOMC).
- [6] **Elements of Institutional Reform**
Before examining the role of globalization in promoting financial development, let's first look briefly at what steps must be taken to build an institutional infrastructure that will ensure a well-functioning financial system.
- [7] *1. Develop strong property rights.* Strong property rights are needed to encourage productive investment because it will not be undertaken if the returns on investment are likely to be taken away by the government or others. Hernando de Soto, in his important book *The Mystery of Capital*, argues that the inability of the poor in developing countries to acquire property rights is a central reason that they are unable to gain access to capital and so remain mired in poverty. For example, the use of collateral is a crucial tool that helps the financial system make loans because it reduces losses when loans go sour. A person who would pledge land or capital for a loan must, however, legally own the collateral. Unfortunately, as de Soto has documented, legalizing the ownership of capital is extremely expensive and time consuming for the poor in developing countries. In one of his many astonishing examples, obtaining legal title to a dwelling on urban land in the Philippines required taking 168 bureaucratic steps through 53 public and private agencies over a period of 13 to 25 years.

- [8] *2. Strengthen the legal system.* A legal system that enforces contracts quickly and fairly is an essential step in supporting strong property rights and financial development. For example, lenders write restrictive covenants into loan contracts to prevent borrowers from taking on too much risk, but such covenants have value only if they can be legally enforced. An inefficient legal system in which loan contracts cannot be enforced will prevent productive lending from taking place. If setting up legitimate businesses or obtaining legal title to property is too expensive, the poor will never have access to the legal system and will be cut off from lending that could help them start small businesses and escape poverty.³ Setting up a simple business in the United States generally requires only filling out a form and paying a nominal licensing fee. In contrast, de Soto's researchers found that legally registering a small garment workshop in Peru required 289 days; at 6 hours per day, the cost was about \$1,200, which was approximately thirty times the monthly minimum wage. The lack of property rights for all but the very rich, as documented by de Soto, is a serious impediment to financial development.
- [9] *3. Reduce corruption.* Government is often the primary source of financial repression in developing countries. Rapacious governments whose rulers treat their countries as personal fiefdoms are not uncommon: We have seen these governments in Saddam Hussein's Iraq, Robert Mugabe's Zimbabwe, and Ferdinand Marcos's Philippines. Even officials in less tyrannical governments have been known to use the power of the state to get rich. Not surprisingly, then, many governments pay lip service to property rights but do not encourage a rule of law to protect them.
- [10] Eliminating corruption is essential to strengthening property rights and the legal system. When corrupt officials demand bribes, they reduce the incentives for entrepreneurs to make investments. The ability to buy off judges weakens the enforcement of legal contracts that enable the economic and financial system to function smoothly.⁴
- [11] *4. Improve the quality of financial information.* High-quality financial information is essential to well-functioning financial markets. If lenders cannot figure out what is going on in a firm, they will be unable to screen out good from bad credit risks or to monitor the firm to ensure that it does not take on too much risk at the lender's expense. To make reliable and accurate information more accessible, accounting standards must be high enough so that prospective lenders can make sense of what is in a business's books. Rules that require businesses to disclose information must be enforced to enable prospective investors to make sensible decisions about whether the business deserves to get their hard-earned money.
- [12] *5. Improve corporate governance.* For people to be willing to buy stocks, another way to channel funds to business, rules must be established to ensure that the managers of corporations act in the stockholders' interest. If managers find it easy to steal from the corporation, or to use funds for their own personal use rather than for the benefit of the company, no one will want to invest in the company. Finding the right balance of control between management and stockholders is a challenge with which even we in the United States continue to struggle.
- [13] *6. Develop sound, prudential regulation and supervision of the banking system.* Banks are the main institutions that allocate credit in developing countries. The skills necessary for bank officers to assess risks and make good lending decisions are critically important and often scarce. Poor lending policies may cause too much capital to be channeled toward low-return projects and insufficient capital to be directed toward the high-return projects needed to propel income and growth. Moreover, deterioration in banks' balance sheets caused by insider lending or excessive risk-taking that leads to a proliferation of bad loans can cause banks to cut back sharply on lending, with negative effects on the economy. If the deterioration in banks' balance sheets is severe enough, it can result in banking and currency crises that substantially disrupt the economy, phenomena that unfortunately have been all too common in developing countries over the past several decades.⁵ Preventing banking crises must start with prudential *regulation*, in which rules set by the government ensure that banks have sufficient capital and manage risks well.

To guarantee that these regulations are enforced, the government must also engage in prudential *supervision*, in which it monitors banks by examining them on a regular basis to ensure that they are complying with government regulations.

- [14] The role of microfinance in developing countries is receiving much attention these days. Microfinance is a positive development; it has clearly helped substantial numbers of poor people escape poverty, and the Nobel Peace Prize awarded to Muhammad Yunus for his pioneering efforts in this area was certainly well deserved.⁶ However, microfinance is not a substitute for the institution building I am talking about here.
- [15] **Globalizing to Advance Institutional Reform**
Now that we understand what kinds of institutions are needed to promote financial development and economic growth, let's turn to the question of how developing countries can improve the likelihood that these institutions are developed.
- [16] One of the most powerful weapons for stimulating institutional development is globalization. Wealth is not something that can be attained by remaining closed off to the rest of the world. Poorer countries would do better by embracing globalization--that is, opening their financial markets and their markets for goods and services to other nations so that funds, goods, and, often, the ideas that accompany them can flow in. Such inflows can help them achieve reforms that build productivity and wealth that will benefit all their citizens. Of course, countries need to take care that the foundations of the fundamental institutions discussed above are in place, and they must monitor the pace of reform.
- [17] ***Opening financial markets***
Now let's look at how opening financial markets to foreigners promotes financial development.
- [18] Globalizing the domestic financial system by opening financial markets to foreigners encourages financial development and growth in wealth in two ways. First, opening financial markets to foreign capital directly increases access to capital and lowers its cost for those with productive investments to make.⁷ We know that labor is cheap in poor countries, and so we might think that capital would be especially productive there. Just think of how hugely profitable a factory might be in a country where wages are one-tenth of those in the United States. Although some of that differential would likely reflect the higher productivity of American workers, capital should, nevertheless, have extremely high returns in such countries, and, in principle, we should expect substantial flows of capital from rich countries (where the returns on capital should be relatively low) to poor countries (where they should be far higher). Such capital flows could lead to substantial benefits for poor countries in the form of larger capital stocks, higher productivity, and more rapidly growing incomes.
- [19] In fact, as we well know, at present capital flows are moving, on net, from poor countries to rich ones, that is, in a direction opposite to the one we would expect. Many reasons have been proposed for this apparent paradox, but one of them certainly is the weakness of financial systems in poor countries, as described earlier. This point leads us to a second benefit of financial globalization: Opening markets to foreign financial institutions promotes reforms to the financial system that improve its functioning. Allowing foreign financial institutions to operate in an emerging-market country brings in expertise and best practices, such as those designed to screen good from bad credit risks and to monitor borrower activities to reduce the amount of risk they take.⁸ Because of their familiarity with more-advanced financial systems, foreign financial firms also are likely to increase the pressure on the domestic government to institute reforms that will make the financial system work more effectively.
- [20] As domestic financial institutions start to lose business to better-run and more trustworthy foreign institutions, they will realize the need for a better legal and accounting infrastructure that will make it easier for them to make loans to new customers. Domestic financial institutions will then be far more likely to advocate for and support the reforms that achieve this result.

- [21] Of course, this is not to say that in a genuinely corrupt and anticompetitive environment financial globalization, by itself, can still engender an efficient, dynamic, and modern financial system. Recent research has shown that when some countries opened up to international capital markets too soon in the absence of some basic supporting conditions, vulnerabilities to sudden stops of capital flows increased. Thus, some preconditions must exist with respect to a minimum level of institutional quality, financial market development, and macroeconomic stability before financial globalization can further improve financial market and institutional development.⁹ That said, given these preconditions and some constituency for progress and reform, financial globalization can be a powerful force in support of such efforts.
- [22] *Opening trade in goods*
Next, let's consider how opening domestic markets to foreign goods can promote the development of better institutions.
- [23] Although not immediately obvious, opening domestic markets to foreign goods, known as "trade liberalization," can be a key driver of financial development. It can weaken the political power of entrenched business interests that might otherwise block institutional reforms, a point that is emphatically made by Rajan and Zingales (2004) in their book *Saving Capitalism from the Capitalists*. Trade liberalization, which promotes a more competitive environment, will lower the revenue of entrenched firms so that they will need greater access to external sources of capital. Thus, they will be more likely to support reforms that promote a deeper and more efficient financial system. In fact, research indicates that a deeper financial sector is positively associated with greater trade openness (Rajan and Zingales, 2003; Svaleryd and Vlachos, 2002).
- [24] Free trade also promotes financial deepening by reducing corruption. High tariffs breed corruption because importers have incentives to pay customs officials to look the other way when the importers avoid tariffs by smuggling in goods. Not surprisingly, countries that restrict international trade are found to be more corrupt (Ades and Di Tella, 1994).
- [25] Even when developing countries are unwilling to tear down all barriers to imports of foreign goods, they can still generate incentives for institutional reform by removing obstacles that prevent domestic producers from engaging in international trade. Facilitating production for overseas markets creates a greater need for a well-functioning financial system because, to compete effectively in the international arena, firms need better access to capital. If they can't get capital, they won't be able to make the investments they need to increase productivity and price their goods competitively. Accordingly, international trade creates a demand for reforms that will make the financial system more efficient.
- [26] *The case of China*
We are seeing how the globalization of trade is driving financial reform in China. As Chinese enterprises increasingly enter international markets, they need a better financial system that can ensure that the allocation of their high domestic savings is done efficiently and is responsive to market developments. Although it has taken time, globalization is helping to generate the demand for an improved financial system, which is driving the reform process.
- [27] The Communist leadership recognizes that the old development model must change. The government has announced that state-owned banks are being put on the path to be privatized and has allowed foreign investment in China's banking system (\$20 billion in 2005).¹⁰ The government is also engaged in legal reform to make contracts more enforceable. In August 2006, the National People's Congress enacted a new bankruptcy law that gives creditors greater protection if a firm goes bankrupt, and last month it approved a law that gives individuals more legal protection for their property.¹¹
- [28] China, of course, is an example of a country that has actively encouraged exports as a means of propelling its economic growth and development. To some extent, China may have gone too far in its use of policy to promote export growth. Increased reliance on

market-determined prices will help ensure that the allocation of resources into the export sector does not exceed their efficient use. The goal should be to raise productivity toward world-class standards in all sectors of the economy. Recently China's authorities have agreed that some rebalancing of the sources of growth away from exports and toward domestic demand is in order. Among China's East Asian neighbors, the importance of developing industries to meet demand for domestic uses also is receiving increasing attention.

[29] *The problem of export restrictions*

Nevertheless, developing production for exports may still be useful for those countries at the lowest rungs of the developmental ladder, and it is surprising that many of the world's poorest developing countries still not only do not encourage an export orientation but in fact maintain a regime of taxes, restrictions, and other policies that effectively discourage it. This problem remains especially serious in some African economies and may help explain why their growth performance has been so disappointing.

[30] The primary way that governments discourage exports is by imposing large taxes on them. Because high export taxes are one method of obtaining revenue, governments may be attracted to them to solve their budget problems. They may also use these taxes to punish their political opponents, who are often involved in a particular export industry. The government can then distribute the resulting revenue to their supporters.

[31] The most pernicious forms of export taxes are those that are hidden through the government's setting a fixed official exchange rate that artificially keeps the domestic currency at a value well above what it would be worth in terms of foreign currency (say, U.S. dollars) in a free market. The government then makes it illegal to sell dollars for the larger amount of domestic currency that could be obtained in the black market. The difference between the official exchange rate and the free, black-market rate (often called the "black-market premium") imposes a tax on exporters because they are forced to sell the dollars they earn to the government or to the central bank at the official rate, and thus they receive a much lower price for their goods in terms of the domestic currency.

[32] Although in recent decades a great many countries have abandoned currency controls and dismantled their black markets, such controls still exist in some of the poorest economies, especially in Africa. In some countries, the tax from the black-market premium is confiscatory. An example from history illustrates this point. In 1982 Ghana had a black-market premium of more than 1,000 percent, and so exporters of cocoa (primarily from a tribe different from that of the ruling government party) were getting only 6 percent of the world price. Given such a high tax rate, it came as no surprise that cocoa exports, which had accounted for 19 percent of Ghana's gross domestic product in the 1950s, accounted for only 3 percent by 1982 (Easterly, 2001, p. 222). During the twenty years when the black-market premium was so high, the average income of Ghanaians fell 30 percent.

[33] Like many such unwarranted controls on economic life, high black-market premiums also breed corruption, with all its negative effects, because they create strong incentives to bribe officials or to smuggle goods to avoid paying the black-market-premium tax. (Indeed, one of the reasons that governments in poorer countries often use this method of taxation rather than an explicit tax is that it allows government officials to get rich from the bribes they receive.)

[34] **Other Gains from Trade Liberalization**

Although we have been focusing on how globalization promotes financial development, we shouldn't forget that trade globalization, which involves both trade liberalization and an export orientation, is a key driver of economic growth for reasons additional to those already mentioned.¹²

[35] The first economics course that college students encounter always teaches the concept of comparative advantage: By trading with another country, you can focus your production on what you are really good at so that your productivity will be high. This higher productivity then leads to higher economic welfare.

- [36] Trade liberalization, more importantly, promotes competition in domestic markets, which in turn forces domestic firms to increase productivity and make better products, both of which drive economic growth. If a foreigner produces a better product that can be imported, domestic firms must make a better product at a lower price to keep selling their product at home. One graphic example of how trade promotes competition occurred in India, which up until 1991 had protected its tool industry with a 100 percent tariff (tax on imports). After the Indian government cut the tariff sharply, Taiwanese firms initially grabbed one-third of the Indian market. Over the next decade, however, Indian firms boosted their productivity almost to the levels of Taiwanese firms, thereby winning back the domestic market. Eventually Indian tool firms became so efficient that they were able to start selling their goods abroad and became substantial exporters.¹³
- [37] Decreasing barriers to imports also helps promote exports. Increased competition from imports lowers the profits firms can earn by focusing solely on the domestic market, and so they naturally concentrate more of their energy on exporting. Moreover, trade liberalization helps developing countries gain access to foreign markets in advanced countries, as illustrated by the fact that the United States, through free-trade agreements, has been more willing to lower tariffs for countries such as Mexico and Chile if they do the same for the United States.
- [38] Empirical evidence indicates that trade liberalization has positive effects on productivity and economic growth for both importing and exporting countries: It has even been found to be associated with more-rapid increases in life expectancy and a reduction in infant mortality.¹⁴ Yet, as is often the case in economics, empirical evidence is never completely clear cut: Some economists question whether the evidence strongly supports a positive link between trade liberalization and growth.¹⁵ Nonetheless, the logic of the benefits of trade liberalization and the preponderance of the evidence supporting its positive effects lead most members of the economics profession, including me, to the following conclusion: Trade liberalization is highly beneficial not only for the overall economy but also for its constituent sectors. The resulting economic growth is a rising tide that raises all boats and is an important tool for poverty alleviation.
- [39] But even if trade liberalization is not adopted, giving domestic producers the opportunity to sell goods to rich countries' markets can be an important engine for growth in the world's poorest countries. One crucial way that governments in developing countries can encourage exports is by providing the transportation infrastructure--ports, roads, and airports--that make it easier for businesses to send their goods abroad. Because foreigners don't have a natural predilection to buy your goods, you have to be supercompetitive--your goods have to be better and cheaper than the goods made in foreign countries. Domestic firms have to focus even more on being highly productive, and boosting productivity will lead to rapid economic growth.
- [40] Japan's experience shows what focusing on exporting can accomplish. In the immediate aftermath of World War II, Japan was a poor country. Its economic infrastructure had been destroyed by the war. To convince Americans and others to buy Japanese products, Japanese firms had to produce goods that were cheaper and better than their American-made counterparts. As a result, the export industries in Japan became enormously productive and supercompetitive. Productivity grew, and three decades after World War II, Japan became one of the richest countries in the world.
- [41] South Korea, one of the great Asian success stories even with its crisis in the late 1990s, had very high barriers to trade until the 1990s, and its early development strategy did not include opening its domestic market to foreign goods. However, through its export sector, South Korea has participated fully in global markets, and this participation has been a key to its success. South Korea's development strategy focused on promoting its export sector, and it is the export sector that led to high productivity and economic growth. Indeed, all examples of successful growth stories in developing economies (China, Japan, South Korea, Singapore, Taiwan, Chile) have involved export sectors that

met the test of international competition, and some of these economies have also pursued trade liberalization.

- [42] In almost all the industrializing East Asian economies, future growth will likely have to follow a more balanced path that relies less on exports and more on production for the domestic market. Such adjustments are needed not only to secure such economies' further development but also to alleviate the pattern of external imbalances around the global economy. It is in the world's poorest countries--especially in Africa and Latin America--that additional participation in global markets has the highest priority.
- [43] Only by embracing global markets can developing countries raise living standards.¹⁶ Trade liberalization has a critical role to play in economic growth by directly stimulating domestic firms to become more productive. And along with financial globalization, it can also encourage emerging-market economies to develop the institutions that foster financial development. Globalization should be one of the highest priorities for developing countries.
- [44] **The Role of Advanced Countries**
Can we in the advanced countries help? Yes, we can do so by supporting the opening of our markets to goods and services from emerging-market countries. By encouraging these countries to increase their participation in global markets, we create exactly the right incentives for them to implement the hard measures that will enable them to grow rich. As we have seen, exporters have strong incentives to be productive so that they can take advantage of access to our markets, and thus they will make the investments needed for growth. They also will push for the institutional reforms to make financial markets more efficient and promote financial deepening. By getting financial markets to work well, exporters will have access to the capital they need to increase their business.
- [45] Opening our markets to emerging-market countries is an important way that those in advanced countries can help emerging-market economies become successful. While providing aid to poor countries can, in the right circumstances, help eradicate poverty, it often will not work because it usually does not create the right incentives to promote economic growth. A handout is almost never as effective as a hand up.
- [46] Some are concerned about the consequences for us if we in the United States allow free competition in our markets for goods and services from countries where wages are low. Keeping many countries poor and their workers unproductive may seem to be to our benefit. But as shown in the examples of post-World War II recovery in Europe and Japan, and in the rapid growth in the 1970s and 1980s in the newly industrialized economies of Asia, higher standards of living throughout the global economy actually work to our benefit. Prosperity in our trading partners creates growing markets for U.S. exports of high-value goods. And over time, as workers' productivity abroad rises, so will their wages and incomes. It is true that the changes brought about in our economy by globalization impose significant costs on *some* domestic workers. We need to develop policies to help those workers without undermining the global trading system. The costs to us of damaging that system would far outweigh the benefits that some might gain from protectionist measures. Promoting trade liberalization helps us not only do good but also do well.

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Footnotes

1. A large literature shows the importance of good institutions to economic growth. See, for example, North and Thomas (1973); Hall and Jones (1999); Acemoglu, Johnson, and Robinson (2001); Easterly and Levine (2001); Rodrik, Subramanian, and Trebbi (2002); Easterly and Levine (2003); Glaeser and others (2004); and the recent survey by Acemoglu, Johnson, and Robinson (2005). Kaufmann and others (1999) also point to the importance of various aspects of good governance.
2. An excellent nontechnical survey of the extensive empirical evidence on the link between financial development and economic growth can be found in World Bank (2001). See also Levine (2004) and Schmukler (2004).
3. A discussion of how the costs of doing business vary across a number of countries is in World Bank (2005).
4. Research finds that increases in corruption are associated with lower growth (for example, Mauro, 1995). Wei (1997) also finds that corruption significantly reduces foreign direct investment, which is generally considered to be beneficial to growth.
5. A survey of the literature that links a lack of sufficient prudential regulation and supporting institutions to excessive risk-taking and the possibility of a subsequent banking crisis is in Demirguc-Kunt and Detragiache (2005). Dell'Ariccia and Marquez (2006) also argue that under certain circumstances lending booms can make the banking system more unstable and can lead to a higher probability of a banking crisis.
6. The literature on microfinance is vast. One thorough discussion is in Armendariz de Aghion and Morduch (2005).

7. When stock markets in emerging-market countries are opened to foreign capital, dividend yields fall, average stock prices increase, and liquidity goes up. See Levine and Zervos (1998); Bekaert, Harvey, and Lumsdaine (2002); and Henry (2000a, b).
8. This argument is made in World Bank (2001) and Goldberg (2004).
9. An excellent discussion of the literature on financial globalization using a unified conceptual framework is in Kose and others (2006). Studies focusing more specifically on the necessary preconditions for, and the appropriate sequencing of, financial reforms, macroeconomic policies, and institutional development, on the one hand, and capital account liberalization, on the other, include Eichengreen (2001), Alfaro and others (2004), and Klein (2005).
10. The four largest state-owned banks, with 70 percent of China's bank deposits, are scheduled to be privatized in the following order: the Construction Bank, the Bank of China, the Industrial and Commercial Bank, and the Agricultural Bank.
11. The new law becomes effective on June 1, 2007, but reportedly will not apply to state-owned enterprises until 2008.
12. Indeed, almost all economists think that trade liberalization, a key element of globalization, is a good thing. For example, in Kearl and others (1979), 97 percent of economists agreed (generally or with some provisions) with the statement that "tariffs and import quotas reduce general economic welfare." A typical view advocating trade liberalization is expressed by Jagdish Bhagwati, one of the most prominent trade theorists in the world, in Bhagwati (2004).
13. This example comes from Weil (2005, p. 322) and is described more extensively in Dollar and Collier (2001).
14. The literature on the effects of trade liberalization on growth and poverty is immense. See the surveys in Temple (1999); Bourguignon and others (2002); Winters, McCulloch, and McKay (2004); and Wolf (2004). Earlier studies found that trade openness was associated with higher growth rates (Dollar, 1992; Sachs and Warner, 1995; and Edwards, 1998). However, because the direction of causation from this evidence is difficult to establish, other researchers have used instrumental variable procedures to establish causality from trade liberalization to growth (for example, Frankel and Romer, 1999). Using a different approach to identify the direction of causation, Lee, Ricci, and Rigobon (2004) also find that trade openness has a positive effect on growth.
15. For example, Harrison (1996) and especially Rodriguez and Rodrik (2000).
16. The finding in Jones and Olken (2005) that growth take-offs are primarily associated with large and steady expansions in international trade provides further support for this view.

Accessed at <http://www.federalreserve.gov/newsevents/speech/mishkin20070426a.htm> on 29 January, 2010.

Embracing the Challenge of Free Trade: Competing and Prospering in a Global Economy

Remarks by Chairman Ben S. Bernanke

At the Montana Economic Development Summit 2007

Butte, Montana

1 May 2007

- [1] Trade is as old as humanity, or nearly so. Archaeological sites demonstrate that ancient peoples traded objects such as rare stones and shells across fairly long distances even in prehistoric times (Guisepi, 2000). Over the centuries, with stops and starts, the volume of trade has expanded exponentially, driven in large part by advances in transportation and communication technologies. Steamships replaced sailing ships; railroads succeeded canal barges; the telegraph supplanted the Pony Express. Today, in a world of container ships, jumbo jets, and the Internet, goods and many services are delivered faster and more cheaply (in inflation-adjusted terms) than ever before.¹
- [2] Today I will discuss the crucial economic benefits we receive from the ongoing expansion of international trade. I will also address the adverse effects of trade and some possible ways to mitigate them. I will argue that one possible response to the dislocations that may result from trade--a retreat into protectionism and isolationism--would be self-defeating and, in the long run, probably not even feasible. Instead, our continued prosperity depends on our embracing the many opportunities provided by trade, even as we provide a helping hand to individuals and communities that may have suffered adverse consequences.
- [3] **The Benefits of Trade**
At the most basic level, trade is beneficial because it allows people to specialize in the goods and services they produce best and most efficiently. For example, we could conceivably all grow our own food and provide our own medical care. But because farming and medicine require special knowledge and skills, a far more efficient arrangement is for the farmer to specialize in growing food and for the doctor to specialize in treating patients. Through the specialization made possible by trade, the farmer can benefit from the doctor's medical knowledge and the doctor can enjoy lunch. The opportunity to trade allows everyone to play to his or her own strengths while benefiting from the productive skills of the whole community. Indeed, economists have demonstrated that trade between two people can be beneficial even if one of them is more skilled than the other at *every* task, so long as the more-skilled person specializes in those tasks at which he or she is relatively more productive.
- [4] What applies to individuals applies to nations as well. Two centuries ago the economist David Ricardo famously observed that, if England specialized in making cloth while Portugal specialized in producing wine, international trade would allow both countries to enjoy more of both goods than would be possible if each country produced only for domestic consumption and did not trade. As in the case of individuals, this conclusion applies even if one country can produce both cloth *and* wine more cheaply than the other, so long as each country specializes in the activity at which it is relatively more productive. A telling confirmation of Ricardo's insight is that, when nations go to war, their first order of business is often to try to block the other's access to trade. In the American Civil War, the North won in large part because its blockade of Southern ports prevented the Confederacy from exporting its cotton. In the twentieth century, the fact that Great Britain and its allies were able to disrupt German trade more successfully than Germany could impede the flow of goods into and out of Great Britain bore importantly on the ultimate outcomes of both world wars.

- [5] Patterns of trade are determined by variations in a number of factors, including climate, the location of natural resources, and the skills and knowledge of the population. I suppose that one could grow roses commercially here in Montana for Valentine's Day, but it would likely require climate-controlled greenhouses complete with artificial lighting--very expensive. A much less costly solution is for Montanans to grow and sell wheat, then use the proceeds to buy roses from localities where the weather is balmy in February.
- [6] This is all standard textbook material, and it may well leave you unconvinced of the importance of international trade. After all, the United States is a big country, and we can certainly achieve many of the benefits of specialization by trading within our own borders. How important is it for the health of our economy to trade actively with other countries? As best we can measure, it is critically important. According to one recent study that used four approaches to measuring the gains from trade, the increase in trade since World War II has boosted U.S. annual incomes on the order of \$10,000 per household (Bradford, Grieco, and Hufbauer, 2006).² The same study found that removing all remaining barriers to trade would raise U.S. incomes anywhere from \$4,000 to \$12,000 per household. Other research has found similar results. Our willingness to trade freely with the world is indeed an essential source of our prosperity--and I think it is safe to say that the importance of trade for us will continue to grow.
- [7] In practice, the benefits of trade flow from a number of sources. By giving domestic firms access to new markets, trade promotes efficient specialization, permits economies of scale, and increases the potential returns to innovation.³ U.S. firms increasingly seek to expand production and profits through new export opportunities; indeed, U.S. exports grew about 9 percent in real (that is, inflation-adjusted) terms last year. Export-oriented U.S. manufacturing industries include producers of aircraft, construction equipment, plastics, and chemicals. The United States also excels in the manufacture and export of sophisticated capital goods and scientific equipment. Outside of manufacturing, a number of U.S. high-tech companies, including software developers and online service providers, are world leaders in their fields. American films and music attract large worldwide audiences. Montana's exports include wheat, metal ores, and high-tech materials that are critical to the production of semiconductors.
- [8] Firms that emphasize exports are among America's most dynamic and productive companies. Relative to firms that produce strictly for the domestic market, exporters tend to be more technologically sophisticated and to create better jobs. Among U.S. manufacturers, for example, exporters pay higher wages and add jobs more rapidly than non-exporters (Bernard and Jensen, 1999). A significant portion of U.S. international trade is conducted by multinational firms; studies show that these firms generally pay higher wages than purely domestic firms, both in the United States and in developing countries (Doms and Jensen, 1998; Bhagwati, 2004, p. 172). U.S. firms with a global reach tend to be better diversified and are better able to respond to new market opportunities wherever they may arise.
- [9] Exports are important, but so are imports. Without trade, some goods would be extremely expensive or not available at all, such as the Valentine's Day roses of my earlier example or out-of-season fruits and vegetables. Trade also makes goods available in more brands and varieties; examples include automobiles, consumer electronics, garments and footwear, wines, and cheeses. One of the great attractions of globalization is that it brings to consumers the best of many cultures. And of course, global trade allows many types of goods, especially consumer goods, to be purchased at lower prices. Lower prices help all consumers but may be especially helpful to those with tight budgets. Indeed, a number of the large, import-intensive retail chains in the United States are focused on low- and moderate-income consumers, who benefit from being able to buy a wide variety of lower-priced goods.
- [10] Another substantial benefit of trade is the effect it tends to have on the productivity of domestic firms and on the quality of their output.⁴ By creating a global market, trade

enhances competition, which weeds out the most inefficient firms and induces others to improve their products and to produce more efficiently. The U.S. manufacturing sector, which is perhaps the sector most exposed to international competition, has achieved truly remarkable increases in its productivity in the past decade or so. In addition, international supply chains, made possible by advances in communication and transportation, reduce costs and increase the competitiveness of U.S. firms. Trade also promotes the transfer of technologies, as when multinational firms or transplanted firms bring advanced production methods to new markets.

- [11] Trade and finance are closely linked and mutually supporting, and in recent decades international financial flows have grown even more quickly than trade volumes. The globalization of finance plays to the strengths of U.S. financial institutions and financial markets. The United States has a large surplus in trade in financial services, and U.S. firms are leaders in providing banking, investment, and insurance services to the world. Financial openness allows U.S. investors to find new opportunities abroad and makes it possible for foreigners to invest in the United States. The ability to invest globally also permits greater diversification and sharing of risk.
- [12] Trade benefits advanced countries like the United States, but open trade is, if anything, even more important for developing nations. Trade and globalization are lifting hundreds of millions of people out of poverty, especially in Asia, but also in parts of Africa and Latin America (Bhagwati, 2004). As a source of economic growth and development in poor countries, trade is proving far more effective than traditional development aid (Easterly, 2006). The transition economies of central and eastern Europe have also benefited greatly from trade, especially trade with the rest of the European Union. A recent study by the World Bank compared two groups of developing countries, dubbed the "globalizers" and the "nonglobalizers." Collectively, the globalizers have doubled the ratio of trade to their gross domestic product (GDP) over the past twenty years, in part because of sharp cuts in tariffs on imports; the nonglobalizers, collectively, have seen a decline in their trade-to-GDP ratio over the same period (Dollar and Kraay, 2004). Among the globalizers, economic growth accelerated from 2.9 percent per year in the 1970s, to 3.5 percent in the 1980s, to 5 percent in the 1990s. In contrast, the nonglobalizers have seen their growth decline from 3.3 percent per year in the 1970s to 0.8 percent in the 1980s and 1.4 percent in the 1990s. The study also found that, among the globalizers, absolute poverty declined significantly and the degree of income inequality changed little.⁵
- [13] If trade is so beneficial, why do we sometimes see political resistance to freer, more open trade? Notably, negotiations in the so-called Doha Round of trade talks now under way have proceeded very slowly, notwithstanding a consensus among economists that all countries involved would enjoy substantial benefits from further trade liberalization. One important reason is that, although trade increases overall prosperity, the benefits for some people may not exceed the costs, at least not in the short run. Clearly, the expansion of trade helps exporting firms and their workers. As consumers, nearly all of us benefit from trade by gaining access to a broader range of goods and services. But some of us, such as workers in industries facing new competition from imports, are made at least temporarily worse off when trade expands. Because the benefits of trade are widely diffused and often indirect, those who lose from trade are often easier to identify than those who gain, a visibility that may influence public perceptions and the political process. That said, the job losses and worker displacement sometimes associated with expanded trade are a legitimate economic and social issue. In the remainder of my remarks, I will focus on the impact of trade on U.S. jobs--both positive and negative--and discuss some possible policy responses.
- [14] **Trade and Jobs**
Does opening U.S. markets to foreign producers destroy jobs at home? The expansion of trade or changes in trading patterns can indeed destroy specific jobs. For example, foreign competition has been an important factor behind declining employment in the U.S. textile

industry, including in my home state of South Carolina. Job loss--from any cause--can create hardship for individuals, their families, and their communities. I will return shortly to the question of how we should respond to the problem of worker displacement.

- [15] For now, however, I will point out that trade also creates jobs--for example, by expanding the potential market overseas for goods and services produced in the United States, as I have already discussed. Trade creates jobs indirectly as well, in support of export activities or as the result of increased economic activity associated with trade. For example, gains in disposable income created by lower consumer prices and higher earnings in export industries raise the demand for domestically produced goods and services. Domestic production and employment are also supported by expanded access to raw materials and intermediate goods. The U.S. jobs created by trade also tend to offer higher pay and demand greater skill than the jobs that are destroyed--although a downside is that, in the short run, the greater return to skills created by trade may tend to increase the wage differential between higher-skilled and lower-skilled workers and thus contribute to income inequality (Bernanke, 2007).
- [16] The effects of trade on employment must also be put in the context of the remarkable dynamism of the U.S. labor market. The amount of "churn" in the labor market--the number of jobs created and destroyed--is enormous and reflects the continuous entry, exit, and resizing of firms in our ever-changing economy. Excluding job layoffs and losses reversed within the year, over the past decade an average of nearly 16 million private-sector jobs have been eliminated each year in the United States, an annual loss equal to nearly 15 percent of the current level of nonfarm private employment.⁶ The vast majority of these job losses occur for a principal reason other than international trade (Kletzer, 2001; Bernanke, 2004). Moreover, during the past ten years, the 16 million annual job losses have been more than offset by the creation of about 17 million jobs per year--some of which, of course, are attributable to the direct and indirect effects of trade. Truly, the U.S. labor market exhibits a phenomenal capacity for creative destruction.
- [17] If trade both destroys and creates jobs, what is its overall effect on employment? The answer is, essentially none. In the long run, the workings of a competitive labor market ensure that the number of jobs created will be commensurate with the size of the labor force and with the mix of skills that workers bring. Thus, in the long run, factors such as population growth, labor force participation rates, education and training, and labor market institutions determine the level and composition of aggregate employment. To see the irrelevance of trade to total employment, we need only observe that, between 1965 and 2006, the share of imports in the U.S. economy nearly quadrupled, from 4.4 percent of GDP to 16.8 percent. Yet, reflecting growth in the labor force, employment more than doubled during that time, and the unemployment rate was at about 4-1/2 percent at both the beginning and end of the period. Furthermore, average real compensation per hour in the United States has nearly doubled since 1965.
- [18] Although many readily accept that balanced trade does not reduce aggregate employment, some might argue that the United States' current large trade deficit must mean that the number of U.S. jobs has been reduced on net. However, the existence of a trade deficit or surplus, by itself, does not have any evident effect on the level of employment. For example, across countries, trade deficits and unemployment rates show little correlation. Among our six Group of Seven partners (the world's leading industrial countries), three have trade surpluses (Canada, Germany, and Japan). However, based on the figures for February of this year, the unemployment rates in Canada (5.3 percent) and in Germany (9.0 percent) are significantly higher than the 4.5 percent rate in the United States; and Japan's unemployment rate, at 4.0 percent, is only a bit lower.⁷ Factors such as the degree of flexibility in the labor market, not trade, are the primary source of these cross-country variations in unemployment.
- [19] **What About Outsourcing Abroad?**
The debate about the effects of trade on employment has been intensified by the phenomenon of outsourcing abroad, or "offshoring." Offshoring has been driven by

several factors, including improvements in international communication, the computerization and digitization of some business services, and the existence of educated, often English-speaking workers abroad who will perform the same services for less pay. A portion, though not all, of these wage differentials reflects differences in skills and productivity; for example, outsourced programming work is usually simpler and more routine than programming done in the United States.

- [20] The increase in outsourcing abroad has led to dire predictions about a wholesale "export" of U.S. jobs in coming years. Although globalization and trade will continue to be forces for economic change, concerns about a massive loss of jobs due to offshoring do not seem justified. Companies have found outsourcing abroad profitable primarily for jobs that can be routinized and sharply defined. Certainly, advancing technology will continue to increase the feasibility of providing services from remote locations. For the foreseeable future, however, most high-value work will require creative interaction among employees, interaction which is facilitated by physical proximity and personal contact. Moreover, in many fields, closeness to customers and knowledge of local conditions are also of great importance. These observations suggest that, for some considerable time, outsourcing abroad will be uneconomical for many types of jobs, particularly high-value jobs.⁸
- [21] Moreover, a balanced discussion of outsourcing abroad should reflect that, just as U.S. firms use the services of foreigners, foreign firms make considerable use of the services of U.S. residents. Many do not realize that, in contrast to its trade deficit in goods, the United States runs a significant trade surplus in services--particularly in business, professional, and technical services. This country provides many high-value services to users abroad, including financial, legal, engineering, architectural, and software development services, whereas many of the services imported by U.S. companies are less sophisticated and hence of lower value.⁹ A recent study of twenty-one occupations that are most likely to be affected by outsourcing found that net job losses were concentrated almost exclusively in the lower-wage occupations and that strong employment gains have occurred in the occupations that pay the highest wages.¹⁰ Further expansion of trade in services will help, not hurt, the U.S. economy and the labor market.
- [22] Just as discussions of the outsourcing of business services tend to ignore the services U.S. firms sell to other countries, so do discussions of the movement of jobs offshore ignore the fact that foreign firms also move jobs to the United States. Between 1996 and 2004 (the most recent data available), the employment of U.S. residents by majority-owned nonbank affiliates of foreign companies operating within the United States increased by about 1 million jobs. In 2004, U.S. affiliates of foreign companies accounted for more than \$500 billion in value added (about half in manufacturing) and about \$180 billion in exports. Globalization and offshoring work both ways.
- [23] **Responding to Job Displacement**
Although trade has many positive effects in the labor market, nothing I have said this morning is intended to minimize the real costs imposed on workers and communities when new competition from abroad leads to job losses and displacement. What can be done to help workers who lose their jobs as a consequence of expanded trade?
- [24] Restricting trade by imposing tariffs, quotas, or other barriers is exactly the wrong thing to do. Such solutions might temporarily slow job loss in affected industries, but the benefits would be outweighed, typically many times over, by the costs, which would include higher prices for consumers and increased costs (and thus reduced competitiveness) for U.S. firms. Indeed, studies of the effects of protectionist policies almost invariably find that the costs to the rest of society far exceed the benefits to the protected industry. In the long run, economic isolationism and retreat from international competition would inexorably lead to lower productivity for U.S. firms and lower living standards for U.S. consumers (Bernanke, 2004).

- [25] The better approach to mitigating the disruptive effects of trade is to adopt policies and programs aimed at easing the transition of displaced workers into new jobs and increasing the adaptability and skills of the labor force more generally. Many suggestions for such policies have been made. Currently, the government's principal program for helping workers displaced by trade is the Trade Adjustment Assistance program, which is up for renewal before the Congress this year. As now structured, the program offers up to two and a half years of job training, allowances for job search and relocation, income support for eligible workers, and health insurance assistance for some. Elements of other proposals being discussed (Kletzer and Rosen, 2006; Kling, 2006; Mann 2003, 2004) include job-training tax credits and wage insurance, which would help offset pay cuts that often occur when displaced workers change jobs. Another approach is to focus on establishing policies that reduce the cost to workers of changing jobs, for example, by increasing the portability of pensions or health insurance between employers. As new technologies expand the range of occupations that may be subject to international competition, measures to assist affected workers become all the more important. It would not be appropriate for me to endorse specific programs; that is the prerogative of the Congress. However, I can safely predict that these and other policy proposals to address concerns about worker displacement will be the subject of active debate in coming years.
- [26] More generally, investing in education and training would help young people entering the labor force as well as those already in mid-career to better manage the ever-changing demands of the workforce (Bernanke, 2007). A substantial body of research demonstrates that investments in education and training pay high rates of return to individuals and to society as a whole (Acemogulu and Angrist, 2001; Becker, 1964; Card, 1999; Topel, 2004). Importantly, workforce skills can be improved not only through K-12 education, college, and graduate work but also through a variety of expeditious, market-based channels such as on-the-job training, coursework at community colleges and vocational schools, extension courses, and online training. An eclectic, market-responsive approach to increasing workforce skills is the most likely to be successful.
- [27] Whatever the specific approaches chosen, helping workers who have lost jobs--whether because of trade or other causes--to find new productive work is good for the economy as well as for the affected workers and their families. Moreover, if workers and their families are less fearful of change, political pressure in favor of trade barriers or other measures that would reduce the flexibility and dynamism of the U.S. economy would be reduced (Kull, 2004).
- [28] **Conclusion**
To sum up, international trade in goods, services, and assets, like other forms of market-based exchange, allows us to transform what we have into what we need or want under increasingly beneficial terms. Trade allows us to enjoy both a more productive economy and higher living standards.
- [29] Of course, current trading arrangements are far from perfect. Some features of the world trading regime, such as excessive restrictions on trade in services and the uneven protection of intellectual property rights, are both unfair and economically counterproductive. Working through the World Trade Organization or in other venues, we should continue to advocate the elimination of trade distortions and barriers in our trading partners even as we increase the openness of our own economy. We should also work to ensure that both we and our trading partners live up to existing agreements under the World Trade Organization. When trading partners do not meet their obligations, we should vigorously press our case. Ultimately, a freer and more open trading system is in everyone's best interest.
- [30] Although expansion of trade makes the U.S. economy stronger, as I have noted today, the broad benefits of trade and the associated economic change may come at a cost to some individuals, firms, and communities. We need to continue to find ways to minimize the pain of dislocation without standing in the way of economic growth and change. Indeed, the willingness to embrace difficult challenges is a defining characteristic of the

American people. With our strong institutions, deep capital markets, flexible labor markets, technological leadership, and penchant for entrepreneurship and innovation, no country is better placed than the United States to benefit from increased participation in the global economy. If we resist protectionism and isolationism while working to increase the skills and adaptability of our labor force, the forces of globalization and trade will continue to make our economy stronger and our citizens more prosperous.

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Footnotes

1. Hummels (2006). Bernanke (2006) provides a brief history of globalization
2. The estimates ranged from \$7,000 to \$13,000.
3. Cox and Alm (2007) discuss the benefits of trade in the modern global economy.
4. Bernard and Jensen (1999) find that exporting firms are more productive than non-exporters. Bernard, Jensen, and Schott (2006) document the tendency of trade to reduce production at low-productivity plants and to increase output at high-productivity plants in the United States, a shift that raises average productivity.
5. Refer also to Bhagwati (2004).

6. According to the Bureau of Labor Statistics (BLS), over the past ten years, gross job losses in the United States have averaged about 7.8 million per quarter. Multiplying 7.8 million by 4 suggests that about 31 million U.S. jobs come to an end each year. This figure includes temporary layoffs, seasonal closings, and other short-term job losses; some research suggests that longer-term job losses amount to about half of the total (Davis, Haltiwanger, and Schuh, 1996). Dividing 31 million gross job losses by 2 yields about 16 million long-term job losses each year.
7. February 2007 is the latest month for which these rate comparisons are available. The data are from the Bureau of Labor Statistics, which has adjusted them to approximate the U.S. definition of unemployment.
8. The economic importance of physical proximity is the underlying reason that people and businesses are willing to pay high rents and other costs to live in or near major cities, where they can be near large numbers of other people and businesses that have related expertise and interests.
9. Another type of service in which the United States has a strong export position is higher education. In 2005-06, U.S. institutions of higher learning trained nearly 600,000 foreign students, of whom about half were studying for graduate and professional degrees. Many foreign students who study in the United States spend at least some time here subsequently, adding their skills to those of the domestic workforce (Institute of International Education, 2006).
10. Mann (2006, pp. 140-41) analyzes changes from 1999 to 2004. Updating the analysis with 2005 data from the Bureau of Labor Statistics does not change these results. Some of the low-wage occupations, such as data entry and word processing, may have lost jobs to automation rather than outsourcing.

Accessed at <http://www.federalreserve.gov/newsevents/speech/bernanke20070501a.htm> on 29 January, 2010.

Financial Markets and World Economy

Address by President George W. Bush

At Federal Hall National Memorial
New York, New York

13 November 2008

President George W. Bush gave this speech several days before the G20 talks about the global economic crisis

- [1] THE PRESIDENT: Thank you very much. Please be seated. Thank you. Larry, thank you for the introduction. Thank you for giving Laura and me a chance to come to this historic hall to talk about a big issue facing the world. And today I appreciate you giving me a chance to come and for me to outline the steps that America and our partners are taking and are going to take to overcome this financial crisis.
- [2] And I thank the Manhattan Institute for all you have done. I appreciate the fact that I am here in a fabulous city to give this speech. (Applause.) People say, are you confident about our future? And the answer is, absolutely. And it's easy to be confident when you're a city like New York City. After all, there's an unbelievable spirit in this city. This is a city whose skyline has offered immigrants their first glimpse of freedom. This is a city where people rallied when that freedom came under attack. This is a city whose capital markets have attracted investments from around the world and financed the dreams of entrepreneurs all across America. This is a city that has been and will always be the financial capital of the world. (Applause.)
- [3] And I am grateful to be in the presence of two men who serve ably and nobly New York City — Mayor Koch and Mayor Giuliani. Thank you all for coming. Glad you're here. (Applause.) I thank the Manhattan Institute Board of Trustees and its Chairman Paul Singer for doing good work, being a good policy center. (Applause.) And before I begin, I must say, I would hope that Ray Kelly would tell New York's finest how much I appreciate the incredible hospitality that we are always shown here in New York City. You're the head of a fabulous police force, and we thank you very much, sir. (Applause.)
- [4] We live in a world in which our economies are interconnected. Prosperity and progress have reached farther than any time in our history. Unfortunately, as we have seen in recent months, financial turmoil anywhere in the world affects economies everywhere in the world. And so this weekend I'm going to host a Summit on Financial Markets and the World Economy with leaders from developed and developing nations that account for nearly 90 percent of the world economy. Leaders of the World Bank, the International Monetary Fund, the United Nations, and the Financial Stability Forum are going to be there, as well. We'll have dinner at the White House tomorrow night, and we'll meet most of the day on Saturday.
- [5] The leaders attending this weekend's meeting agree on a clear purpose — to address the current crisis, and to lay the foundation for reforms that will help prevent a similar crisis in the future. We also agree that this undertaking is too large to be accomplished in a single session. The issues are too complex, the problem is too significant to try to solve, or to come up with reasonable recommendations in just one meeting. So this summit will be the first of a series of meetings.
- [6] It will focus on five key objectives: understanding the causes of the global crisis, reviewing the effectiveness of our responses thus far, developing principles for reforming our financial and regulatory systems, launching a specific action plan to implement those principles, and reaffirming our conviction that free market principles offer the surest path to lasting prosperity. (Applause.)

- [7] First, we're working toward a common understanding of the causes behind the global crisis. Different countries will naturally bring different perspectives, but there are some points on which we can all agree:
- [8] Over the past decade, the world experienced a period of strong economic growth. Nations accumulated huge amounts of savings, and looked for safe places to invest them. Because of our attractive political, legal, and entrepreneurial climates, the United States and other developed nations received a large share of that money.
- [9] The massive inflow of foreign capital, combined with low interest rates, produced a period of easy credit. And that easy credit especially affected the housing market. Flush with cash, many lenders issued mortgages and many borrowers could not afford them. Financial institutions then purchased these loans, packaged them together, and converted them into complex securities designed to yield large returns. These securities were then purchased by investors and financial institutions in the United States and Europe and elsewhere — often with little analysis of their true underlying value.
- [10] The financial crisis was ignited when booming housing markets began to decline. As home values dropped, many borrowers defaulted on their mortgages, and institutions holding securities backed by those mortgages suffered serious losses. Because of outdated regulatory structures and poor risk management practices, many financial institutions in America and Europe were too highly leveraged. When capital ran short, many faced severe financial jeopardy. This led to high-profile failures of financial institutions in America and Europe, led to contractions and widespread anxiety — all of which contributed to sharp declines in the equity markets.
- [11] These developments have placed a heavy burden on hardworking people around the world. Stock market drops have eroded the value of retirement accounts and pension funds. The tightening of credit has made it harder for families to borrow money for cars or home improvements or education of the children. Businesses have found it harder to get loans to expand their operations and create jobs. Many nations have suffered job losses, and have serious concerns about the worsening economy. Developing nations have been hit hard as nervous investors have withdrawn their capital.
- [12] We are faced with the prospect of a global meltdown. And so we've responded with bold measures. I'm a market-oriented guy, but not when I'm faced with the prospect of a global meltdown. At Saturday's summit, we're going to review the effectiveness of our actions.
- [13] Here in the United States, we have taken unprecedented steps to boost liquidity, recapitalize financial institutions, guarantee most new debt issued by insured banks, and prevent the disorderly collapse of large, interconnected enterprises. These were historic actions taken necessary to make— necessary so that the economy would not melt down and affect millions of our fellow citizens.
- [14] In Europe, governments are also purchasing equity in banks and providing government guarantees for loans. In Asia, nations like China and Japan and South Korea have lowered interest rates and have launched significant economic stimulus plans. In the Middle East, nations like Kuwait and the UAE have guaranteed deposits and opened up new government lending to banks.
- [15] In addition, nations around the world have taken unprecedented joint measures. Last month, a number of central banks carried out a coordinated interest rate cut. The Federal Reserve is extending needed liquidity to central banks around the world. The IMF and World Bank are working to ensure that developing nations can weather this crisis.
- [16] This crisis did not develop overnight, and it's not going to be solved overnight. But our actions are having an impact. Credit markets are beginning to thaw. Businesses are gaining access to essential short-term financing. A measure of stability is returning to financial systems here at home and around the world. It's going to require more time for these improvements to fully take hold, and there's going to be difficult days ahead. But the United States and our partner are taking the right steps to get through this crisis.

- [17] In addition to addressing the current crisis, we will also need to make broader reforms to strengthen the global economy over the long term. This weekend, leaders will establish principles for adapting our financial systems to the realities of the 21st century marketplace. We will discuss specific actions we can take to implement these principles. We will direct our finance ministers to work with other experts and report back to us with detailed recommendations on further reasonable actions.
- [18] One vital principle of reform is that our nations must make our financial markets more transparent. For example, we should consider improving accounting rules for securities, so that investors around the world can understand the true value of the assets they purchase.
- [19] Secondly, we must ensure that markets, firms, and financial products are properly regulated. For example, credit default swaps—financial products that insure against potential losses—should be processed through centralized clearinghouses instead of through unregulated, "over the counter" markets. By bringing greater stability to this large and important financial sector, we reduce the risk to our overall financial systems.
- [20] Third, we must enhance the integrity of our financial markets. For example, authorities in every nation should take a fresh look at the rules governing market manipulation and fraud—and ensure that investors are properly protected.
- [21] Fourth, we must strengthen cooperation among the world's financial authorities. For example, leading nations should better coordinate national laws and regulations. We should also reform international financial institutions such as the IMF and the World Bank, which are based largely on the economic order of 1944. To better reflect the realities of today's global economy, both the IMF and World Bank should modernize their governance structures. They should consider extending greater voter -- voting power to dynamic developing nations, especially as they increase their contributions to these institutions. They should consider ways to streamline their executive boards, and make them more representative.
- [22] In addition to these important—to these management changes, we should move forward with other reforms to make the IMF and World Bank more transparent, accountable, and effective. For example, the IMF should agree to work more closely with member countries to ensure that their exchange rate policies are market-oriented and fair. And the World Bank should ensure its development programs reflect the priorities of the people they are designed to serve—and focus on measurable results.
- [23] All these steps require decisive actions from governments around the world. At the same time, we must recognize that government intervention is not a cure-all. For example, some blame the crisis on insufficient regulation of the American mortgage market. But many European countries had much more extensive regulations, and still experienced problems almost identical to our own.
- [24] History has shown that the greater threat to economic prosperity is not too little government involvement in the market, it is too much government involvement in the market. (Applause.) We saw this in the case of Fannie Mae and Freddie Mac. Because these firms were chartered by the United States Congress, many believed they were backed by the full faith and credit of the United States government. Investors put huge amounts of money into Fannie and Freddie, which they used to build up irresponsibly large portfolios of mortgage-backed securities. And when the housing market declined, these securities, of course, plummeted in value. It took a taxpayer-funded rescue to keep Fannie and Freddie from collapsing in a way that would have devastated the global financial system. And there is a clear lesson: Our aim should not be more government—it should be smarter government.
- [25] All this leads to the most important principle that should guide our work: While reforms in the financial sector are essential, the long-term solution to today's problems is sustained economic growth. And the surest path to that growth is free markets and free people. (Applause.)

- [26] This is a decisive moment for the global economy. In the wake of the financial crisis, voices from the left and right are equating the free enterprise system with greed and exploitation and failure. It's true this crisis included failures—by lenders and borrowers and by financial firms and by governments and independent regulators. But the crisis was not a failure of the free market system. And the answer is not to try to reinvent that system. It is to fix the problems we face, make the reforms we need, and move forward with the free market principles that have delivered prosperity and hope to people all across the globe.
- [27] Like any other system designed by man, capitalism is not perfect. It can be subject to excesses and abuse. But it is by far the most efficient and just way of structuring an economy. At its most basic level, capitalism offers people the freedom to choose where they work and what they do, the opportunity to buy or sell products they want, and the dignity that comes with profiting from their talent and hard work. The free market system provides the incentives that lead to prosperity—the incentive to work, to innovate, to save, to invest wisely, and to create jobs for others. And as millions of people pursue these incentives together, whole societies benefit.
- [28] Free market capitalism is far more than economic theory. It is the engine of social mobility—the highway to the American Dream. It's what makes it possible for a husband and wife to start their own business, or a new immigrant to open a restaurant, or a single mom to go back to college and to build a better career. It is what allowed entrepreneurs in Silicon Valley to change the way the world sells products and searches for information. It's what transformed America from a rugged frontier to the greatest economic power in history—a nation that gave the world the steamboat and the airplane, the computer and the CAT scan, the Internet and the iPod.
- [29] Ultimately, the best evidence for free market capitalism is its performance compared to other economic systems. Free markets allowed Japan, an island with few natural resources, to recover from war and grow into the world's second-largest economy. Free markets allowed South Korea to make itself into one of the most technologically advanced societies in the world. Free markets turned small areas like Singapore and Hong Kong and Taiwan into global economic players. Today, the success of the world's largest economies comes from their embrace of free markets.
- [30] Meanwhile, nations that have pursued other models have experienced devastating results. Soviet communism starved millions, bankrupted an empire, and collapsed as decisively as the Berlin Wall. Cuba, once known for its vast fields of cane, is now forced to ration sugar. And while Iran sits atop giant oil reserves, its people cannot put enough gasoline in its — in their cars.
- [31] The record is unmistakable: If you seek economic growth, if you seek opportunity, if you seek social justice and human dignity, the free market system is the way to go. (Applause.) And it would be a terrible mistake to allow a few months of crisis to undermine 60 years of success.
- [32] Just as important as maintaining free markets within countries is maintaining the free movement of goods and services between countries. When nations open their markets to trade and investment, their businesses and farmers and workers find new buyers for their products. Consumers benefit from more choices and better prices. Entrepreneurs can get their ideas off the ground with funding from anywhere in the world. Thanks in large part to open markets, the volume of global trade today is nearly 30 times greater than it was six decades ago—and some of the most dramatic gains have come in the developing world.
- [33] As President, I have seen the transformative power of trade up close. I've been to a Caterpillar factory in East Peoria, Illinois, where thousands of good-paying American jobs are supported by exports. I've walked the grounds of a trade fair in Ghana, where I met women who support their families by exporting handmade dresses and jewelry. I've

spoken with a farmer in Guatemala who decided to grow high-value crops he could sell overseas -- and helped create more than 1,000 jobs.

- [34] Stories like these show why it is so important to keep markets open to trade and investment. This openness is especially urgent during times of economic strain. Shortly after the stock market crash in 1929, Congress passed the Smoot-Hawley tariff—a protectionist measure designed to wall off America's economy from global competition. The result was not economic security. It was economic ruin. And leaders around the world must keep this example in mind, and reject the temptation of protectionism. (Applause.)
- [35] There are clear-cut ways for nations to demonstrate the commitment to open markets. The United States Congress has an immediate opportunity by approving free trade agreements with Colombia, Peru*, and South Korea. America and other wealthy nations must also ensure this crisis does not become an excuse to reverse our engagement with the developing world. And developing nations should continue policies that foster enterprise and investment. As well, all nations should pledge to conclude a framework this year that leads to a successful Doha agreement.
- [36] We're facing this challenge together and we're going to get through it together. The United States is determined to show the way back to economic growth and prosperity. I know some may question whether America's leadership in the global economy will continue. The world can be confident that it will, because our markets are flexible and we can rebound from setbacks. We saw that resilience in the 1940s, when America pulled itself out of Depression, marshaled a powerful army, and helped save the world from tyranny. We saw that resilience in the 1980s, when Americans overcame gas lines, turned stagflation into strong economic growth, and won the Cold War. We saw that resilience after September the 11th, 2001, when our nation recovered from a brutal attack, revitalized our shaken economy, and rallied the forces of freedom in the great ideological struggle of the 21st century.
- [37] The world will see the resilience of America once again. We will work with our partners to correct the problems in the global financial system. We will rebuild our economic strength. And we will continue to lead the world toward prosperity and peace.
- [38] Thanks for coming and God bless. (Applause.)

Accessed at <http://georgewbush-whitehouse.archives.gov/news/releases/2008/11/20081113-4.html> on 22 July, 2010.

Competing in the Global Economy

Address by President Barrack Obama

At General Electric Plant, Schenectady, New York,

21 January 2011

- [1] THE PRESIDENT: Hello, hello! Hello, Schenectady! (Applause.) It is good to be in New York. (Applause.) Now let me just begin, if I'm not mistaken, Governor Cuomo — who is going to be an outstanding governor — (applause) — he tried to give me a Jets hat. (Laughter.) I had to refuse it. I had Secret Service confiscate it. (Laughter.) But I will say both the Jets and the Bears I think are slight underdogs, so we're going to be rooting for the underdogs on Sunday. (Applause.)
- [2] In addition to Governor Cuomo, I just want to acknowledge Lieutenant Governor Bob Duffy is here. (Applause.) Two great friends of mine and great champions for New York in the United States Senate — Chuck Schumer and Kirsten Gillibrand are here. (Applause.) Members of the congressional delegation from up this way — Paul Tonko, Chris Gibson, and Richard Hanna are all here. (Applause.)
- [3] Attorney General Eric Schneiderman is here. (Applause.) The outstanding mayor of Schenectady who flew up with me because we had an event down at the White House for mayors and he was on Marine One and Air Force One and he looked like he was having a pretty good time — (laughter) — Brian Stratton is here. (Applause.) And from Albany, Mayor Jerry Jennings is here. (Applause.) Thank you.
- [4] Now, Jeff, thank you for the outstanding introduction, and thank you, GE. It is great to be here. I just had a chance to see some of the high-tech steam turbines and all kinds of fancy stuff that's being made here, being manufactured here at this plant. And it is unbelievably impressive and it's part of a proud tradition, because GE has been producing turbines and generators here in Schenectady for more than a century.
- [5] A lot has changed since those early days. We've seen technologies transform the ways we work and the ways we communicate with one another. We've seen our economy transformed by rising competition from around the globe. And over the years, in the wake of these shifts, upstate New York and places like it have seen more than their fair share of hard times.
- [6] But what has never changed — we see it right here at this plant, we see it right here at GE — is that America is still home to the most creative and most innovative businesses in the world. We've got the most productive workers in the world. America is home to inventors and dreamers and builders and creators. (Applause.) All of you represent people who each and every day are pioneering the technologies and discoveries that not only improve our lives, but they drive our economy.
- [7] Across the country, there are entrepreneurs opening businesses. There are researchers testing new medical treatments. There are engineers pushing the limits of design and the programmers poring over lines of code. And there are workers like you on assembly lines all across the country, eager to create some of the best products the world has ever seen.
- [8] There are students training to take new jobs by their side. In this community, GE is building one of the world's most sophisticated manufacturing facilities to produce state-of-the-art batteries. (Applause.) Last year, you opened the headquarters of your renewable energy operations, and you created 650 jobs on this campus. (Applause.)
- [9] So our challenge, especially as we continue to fight our way back from the worst recession in our lifetimes, is to harness this spirit, to harness this potential, the potential that all of you represent.

- [10] Our challenge is to do everything we can to make it easier for folks to bring products to market and to start and expand new businesses, and to grow and hire new workers. I want plants like this all across America. You guys are a model of what's possible.
- [11] And that's why, as part of the tax cut compromise that I signed at the end of the year, we provided incentives for businesses to make new capital investments – and in fact GE is investing \$13 million in advanced manufacturing at this plant, taking advantage of some of these tax breaks.
- [12] We also extended a program that GE says its customers have used to invest \$6 billion in clean energy production across this country – driving demand for the company's wind turbines. And I saw one of those big turbines on the way in. So we know we can compete. Not just in the industries of the past, but also in the industries of the future.
- [13] But in an ever-shrinking world, our success in these efforts will be determined not only by what we build in Schenectady, but also what we can sell in Shanghai. For America to compete around the world, we need to export more goods around the world. That's where the customers are. It's that simple. (Applause.)
- [14] And as I was walking through the plant, you guys had put up some handy signs so I knew what I was looking at. (Laughter.) And I noticed on all of them they said, this is going to Kuwait; this is going to India; this is going to Saudi Arabia.
- [15] That's where the customers are, and we want to sell them products made here in America. That's why I met with Chinese leaders this week, and Jeff joined me at the state dinner.
- [16] During those meetings, we struck a deal to open Chinese markets to our products. They're selling here, and that's fine. But we want to sell there. We want to open up their markets so that we got two-way trade, not just one-way trade. (Applause.)
- [17] So the deals we struck are going to mean more than \$45 billion in new business for American companies — \$45 billion — that translates into 235,000 new jobs for American workers. (Applause.)
- [18] And that's also why I fought hard to negotiate a new trade deal with South Korea that will support more than 70,000 American jobs. That's why I traveled to India a few months ago —and Jeff was there with us — where our businesses were able to reach agreement to export \$10 billion in goods and services to India. And that's going to lead to another 50,000 jobs here in the United States. (Applause.)
- [19] Part of the reason I wanted to come to this plant is because this plant is what that trip was all about. As part of the deal we struck in India, GE is going sell advanced turbines—the ones you guys make —to generate power at a plant in Samalkot, India—Samalkot, India. Most of you hadn't heard of Samalkot —(laughter)—but now you need to know about it, because you're going to be selling to Samalkot, India. And that new business halfway around the world is going to help support more than 1,200 manufacturing jobs and more than 400 engineering jobs right here in this community —because of that sale. (Applause.)
- [20] So it's a perfect example of why promoting exports is so important. That's why I've set a goal of doubling American exports within five years. And we're on track to do it. We're already up 18 percent and we're just going to keep on going, because we're going to sell more and more stuff all around the world. (Applause.)
- [21] When a company sells products overseas, it leads to hiring on our shores. The deal in Samalkot means jobs in Schenectady. That's how we accelerate growth. That's how we create opportunities for our people. This is how we go from an economy that was powered by what we borrow and what we consume — that's what happened over the last 10 years. What was driving our economy was we were spending a lot on credit cards. Everybody was borrowing a lot. The Chinese were selling a lot to us. Folks were selling a lot to us from all over the world. We've got to reverse that. We want an economy

that's fueled by what we invent and what we build. We're going back to Thomas Edison's principles. We're going to build stuff and invent stuff. (Applause.)

- [22] Now, nobody understands this better than Jeff Immelt. He understands what it takes for America to compete in the global economy. As he mentioned, I've appreciated his wisdom during these past two years. We had a difficult, difficult crisis on our hands. It was a few days after I took office that I assembled a group of business leaders, including Jeff, to form a new advisory board, because at that time the economy was in a freefall and we were facing the prospects of another Great Depression, with ripple effects all around the world. It wasn't just the United States. The entire world economy was contracting. At such a dangerous moment, it was essential that we heard voices and ideas from business leaders and from experts who weren't part of the usual Washington crowd.
- [23] And I tasked Jeff and the other advisors with one mission — help to steer our nation from deep recession into recovery; help take the economy from one that's shrinking to one that's growing. And over the past two years, I've been very grateful for their advice.
- [24] And I especially want to commend the man who chaired the panel, one of the nation's preeminent economists, the former head of the Federal Reserve, Paul Volcker, because he offered unvarnished advice and he wasn't afraid to counter the conventional wisdom. He did a great service to this country.
- [25] In fact, it was six months ago today that I signed into law a set of financial reforms to protect consumers and prevent future financial crises and put an end to taxpayer-funded bailouts — and that's an achievement in which Paul Volcker was instrumental. So we're very proud of him for that work. (Applause.)
- [26] Now, two years later, though, we're in a different place. In part because of the economic plan that my recovery board helped shape, the economy is now growing again. Over the last year, businesses have added more than a million jobs. The pace of hiring and growth is picking up, and that's encouraging news. But at the same time, while businesses are adding jobs, millions of people are still out there looking for work. And even here in Schenectady, as well as GE is doing, I know everybody here knows a neighbor or friend or relative who's still out of work.
- [27] So it's not — it's a great thing that the economy is growing, but it's not growing fast enough yet to make up for the damage that was done by the recession.
- [28] The past two years were about pulling our economy back from the brink. The next two years, our job now, is putting our economy into overdrive. Our job is to do everything we can to ensure that businesses can take root and folks can find good jobs and America is leading the global competition that will determine our success in the 21st century.
- [29] And so now, to help fulfill this new mission, I'm assembling a new group of business leaders and outside advisors. And I am so proud and pleased that Jeff has agreed to chair this panel — my Council on Jobs and Competitiveness — because we think GE has something to teach businesses all across America. (Applause.)
- [30] Now, I hope you don't mind, I'm going to brag about your boss for a second here. Jeff is somebody who brings a wealth of experience to the table. He is one of the nation's most respected and admired business leaders, and that's a reputation he earned over 10 years at the helm of this company. In the coming days, we'll be announcing the business leaders, the labor leaders, the economists and others who will join with Jeff to help guide us into that overdrive mode.
- [31] I know this council will be an important asset as we seek to do everything we can to spur hiring and ensure our nation can compete with anybody on the planet. That means spurring innovation in growing industries like clean energy manufacturing, the kind of stuff that's being done right here at this plant; ensuring our economy isn't held back by crumbling roads and broken-down infrastructure.

- [32] It means educating and training our people. I just had a chance to meet one of the guys here at the plant who had been trained at Hudson Valley, which I had an opportunity to visit a while back. And that's an example of the kind of partnerships that we've got to duplicate all across the country.
- [33] Schenectady offers that kind of example. Hudson Valley Community College created a program so students could earn a paycheck and have their tuition covered while training for jobs at this plant. That's helping folks find good work; it's helping GE fill high-skill positions; it's making this whole region more competitive.
- [34] So ultimately winning this global competition comes down to living up to the promise of places like this. Here in Schenectady, you're heirs to a great tradition of innovation and enterprise: the pioneering work of Edison that made the entire modern age possible — the tungsten filaments that still light our homes; the x-rays that diagnose disease; now the advanced batteries and renewable energy sources that hold so much promise for the future.
- [35] In these pioneering efforts, we see what America is all about. We see what has in our past allowed us to not only weather rough storms but reach brighter days. And it's got to remind us that we've got those same strengths. This is America. We still have that spirit of invention, and that sense of optimism, that belief that if we work hard and we give it our all, that anything is possible in this country.
- [36] The future belongs to us. And you at this plant, you are showing us the way forward. So thank you so much, everybody. God bless you. And God bless the United States of America. (Applause.)

Accessed at <http://www.whitehouse.gov/the-press-office/2011/01/21/remarks-president-economy-schenectady-new-york> on 04 March, 2011.

Appendix B: Texts analyzed for China

'Genghis Khan started globalization'

By Le Tian

The *China Daily*, 06 May 2006

- [1] We think of globalization as selling Coca-Cola in Calcutta or Starbucks in Shanghai. But researchers claim the process dates back 800 years, to the time when Genghis Khan was building his empire.
- [2] It was under Genghis Khan's empire that the Eurasian landmass began to demonstrate the characteristics of global exchanges, according to Hao Shiyuan, a researcher at the Chinese Academy of Social Sciences (CASS).
- [3] Thanks to the expansion of the empire, "economic and cultural exchanges became possible to the maximum extent and previously isolated civilizations became linked," said Hao, director of the academy's Institute of Ethnology and Anthropology, at an international symposium on the founding of the Mongol Empire held by the CASS in Beijing yesterday.
- [4] "This is what globalization features: shrinking space, shrinking time, and disappearing borders," said Hao.
- [5] Globalization is leading to the integration of the world's markets, culture, technology, and governance, in a similar way to the spread of communications, trade, transport and technology in Genghis Khan's era, said Hao.
- [6] Establishing the Mongol Empire, the largest contiguous land empire in history, covering modern Mongolia, China, Korea, Russia, Iran, Iraq, Afghanistan, and Syria in the 13th century, Genghis Khan has been described as 'World Conqueror,' 'Emperor of All Men' and 'Scourge of God.'
- [7] But whatever title he is given, nothing can eliminate his contribution to the integration of ethnicities, nationalities and civilizations in ancient times.
- [8] An in-depth understanding of the historical context and social system of the time is needed to evaluate Genghis Khan and his contribution to history, said B. Enkhtuvshin, vice-president of the Mongolian Academy of Sciences, at the symposium.
- [9] "Genghis Khan promoted globalization as has no ruler before him," said the Mongolian academician, who is also director of the International Institute for the Study of Nomadic Civilizations.
- [10] More than 50 experts and researchers from China, Mongolia, Russia, Japan and the United States attended the symposium, commemorating the 800th anniversary of the founding of the Mongol Empire.

Accessed at http://www.chinadaily.com.cn/china/2006-06/05/content_608184.htm on 09 February, 2010.

Compromises needed to save global economy

By Liu Junhong

The *China Daily*, 02 April 2009

- [1] As the second G20 summit kicks off in London, the world's focus is on whether the meeting can propel the reform of the International Monetary Fund and trigger global economic recovery.
- [2] Of course, European countries and the US hold different views towards policies on international finance and monetary reform due to protection of their respective interests. Therefore, it's too optimistic to say that the two sides can join hands in adjusting global policies simultaneously.
- [3] Protectionism has swept across the world in the face of the financial crisis.
- [4] The US government firstly adopted the "buy America" policy, taking the lead to breach its own pledge of opposing trade protection.
- [5] According to the latest report of the World Bank, 17 of the G20 members have launched their own measures of trade protection.
- [6] It shows that large countries have conflicting interests, which will hamper international monetary reform and even unbalance the international order.
- [7] So, the upcoming summit in London will have to answer three questions dealing with bad loans, reshuffling the international financial system, and fighting against trade protectionism.
- [8] First, the summit should find ways to deal with bad loans and financial assets, which will hinder the recovery of the international financial system. Therefore, the urgent issue faced by the G20 summit is to coordinate policies of different countries and push developed countries to strip off and digest non-performing loans and assets to prevent the crisis from further spreading and deteriorating.
- [9] Second, reform of the international financial system is not only a long-term strategic issue, but also a pressing one which will determine the direction of the world economy.
- [10] So, the London summit should contribute to the work of clarifying the general requirements of reform and ensuring that it is fair, open, and efficient.
- [11] Third, the summit will have to deal with the resurgence of trade protectionism. The US passed an act including a "buy American" clause and started to violate the North America Free Trade Agreement, causing risks for the world economy.
- [12] The European Union expanded its traditional standards to add indexes like climate and environmental protection as well as waste recovery.
- [13] In the meantime, advanced countries have abused the litigation procedures of the World Trade Organization to adopt trade protectionism in the disguise of anti-monopoly and anti-dumping; they also elbowed out emerging countries under the pretext of copyright protection to oppose industrial development.
- [14] In the face of the crisis, trade protectionism will naturally lead to the inefficient allocation of global resources, rupture of world industrial chains, and even trigger international political contradictions and ethnic conflicts.
- [15] Thus, the G20 summit, as the political arena for mapping out the future international order, should make the best of this opportunity to actively oppose trade protectionism and stick to WTO tenets.

- [16] Moreover, it should coordinate policies and strategies among different powers in the hope of building a harmonious and orderly trade and investment system to save the world economy.

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Globalization is not equal to national interest

By Martin Albrow

The *China Daily*, 01 July 2010

- [1] There's one word we are unlikely to hear from the new British government and that is "globalization". Even though there may be countries in worse trouble as a result of the global financial crisis, such as Greece, no other has experienced it quite so much as a psychological shock as Britain. For Britain, first in the 1980s under Margaret Thatcher and the Conservatives and then, after 1997, under Tony Blair, Gordon Brown and New Labour, globalization appeared to be the answer to a historic problem.
- [2] That problem was the loss of Empire. In the aftermath of World War II former US secretary of state, Dean Acheson, famously said that Britain had lost an Empire and not found a role. Though militarily relatively insignificant and with a tiny economy compared with the United States, the new imperial superpower, this small country aimed to be "global Britain", demonstrating the benefits of globalization to the whole world in raising standards of living and promoting liberal values.
- [3] Conservative and Labour governments both promoted the free movement of capital and the reduction of trade barriers. They opened the domestic market to unrestricted foreign investment and allowed British firms to be taken over by foreign companies. They attracted the world's billionaires to settle in London, a global city, striving to replace New York as the world's financial center. London Heathrow airport was to become the global communications hub, the BBC the world's news provider.
- [4] Britain might no longer rule the world, but it could be an example to it, of how a country could take on a global role for the benefit of humankind. It was not disconcerted by the downsides of economic globalization, like the disruption of national markets, mass migration to cities and across borders, and growing inequality between rich and poor. In response, Britain became a cheerleader for meeting United Nations targets on aid, and on global environmental and health issues.
- [5] The global financial crisis has swept all this away. Gordon Brown, famed as co-architect of the new global economy, was hailed as its saviour in April 2009 when the leaders of the world's largest economies met at a crisis summit in London. But this did not save him or New Labour in the May 2010 general election. Instead the new Conservative Prime Minister David Cameron has to tell the country it faces a budget deficit of 12.8 percent of its GDP, the largest in the world for any major economy.
- [6] So what went wrong and are there any lessons for China in this latest British experience? In answer to the first question one can point to Britain's failure to make a clear distinction between globalization as a process, where countries make policy choices on how open they want their borders to be, and all those global issues, like climate change and nuclear security for which every country needs to take its share of responsibility. The former poses pragmatic choices, the latter moral imperatives.
- [7] Intoxicated by their adoption of a new global role, the British lost the sense of proportion and all things global became confused with each other. It would seem the trauma of loss of Empire still remains to be overcome. Could there be lessons for other powers in the post-imperial experience of globalization of that small island?
- [8] Perhaps the first lesson is that globalization does not in itself provide a national role or mission and cannot be equated with the national interest. And this applies to the most powerful country, even to a hegemonic world power like the US that has failed to understand that globalization is not Americanization. As early as the 19th century, American national poet Walt Whitman called America the "globe of globes".
- [9] Fortunately China is prepared by its history to resist the temptation to see the globe in the national image. Always the Middle Kingdom, it has never aspired to rule the world. And

the philosophy of the "middle way", a pragmatism that avoids extremes, can serve it well in treating globalization for what it is: a process of social change like any other to be managed to the advantage of a country's citizens and for the welfare of humankind. The more testing challenges for the future will be how China defines its role on global issues. The world awaits its responses with growing anticipation.

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New rules for the global economy

By Dani Rodrik

The *China Daily*, 11 January 2011

- [1] CAMBRIDGE – Suppose that the world’s leading policymakers were to meet again in Bretton Woods, New Hampshire, to design a new global economic order. They would naturally be preoccupied with today’s problems: the eurozone crisis, global recovery, financial regulation, international macroeconomic imbalances, and so on. But addressing these issues would require the assembled leaders to rise above them and consider the soundness of global economic arrangements overall.
- [2] Here are seven commonsense principles of global economic governance that they might agree on. (I discuss them in more detail in my new book, *The Globalization Paradox*.)
- [3] *1. Markets must be deeply embedded in systems of governance.* The idea that markets are self-regulating received a mortal blow in the recent financial crisis and should be buried once and for all. Markets require other social institutions to support them. They rely on courts, legal frameworks, and regulators to set and enforce rules. They depend on the stabilizing functions that central banks and countercyclical fiscal policy provide. They need the political buy-in that redistributive taxation, safety nets, and social insurance help generate. And all of this is true of global markets as well.
- [4] *2. For the foreseeable future, democratic governance is likely to be organized largely within national political communities.* The nation state lives, if not entirely well, and remains essentially the only game in town. The quest for global governance is a fool’s errand. National governments are unlikely to cede significant control to transnational institutions, and harmonizing rules would not benefit societies with diverse needs and preferences. The European Union may be the sole exception to this axiom, though its current crisis tends to prove the point.
- [5] Too often we waste international cooperation on overly ambitious goals, ultimately producing weak results that are the lowest common denominator among major states. When international cooperation does “succeed,” it spawns rules that are either toothless or reflect the preferences of only the more powerful states. The Basle rules on capital requirements and the World Trade Organization’s rules on subsidies, intellectual property, and investment measures typify this kind of overreaching. We can enhance the efficiency and legitimacy of globalization by supporting rather than crippling democratic procedures at home.
- [6] *3. Pluralist prosperity.* Acknowledging that the core institutional infrastructure of the global economy must be built at the national level frees countries to develop the institutions that suit them best. The United States, Europe, and Japan have produced comparable amounts of wealth over the long term. Yet their labor markets, corporate governance, antitrust rules, social protection, and financial systems differ considerably, with a succession of these “models” – a different one each decade – anointed the great success to be emulated.
- [8] The most successful societies of the future will leave room for experimentation and allow for further evolution of institutions. A global economy that recognizes the need for and value of institutional diversity would foster rather than stifle such experimentation and evolution.
- [9] *4. Countries have the right to protect their own regulations and institutions.* The previous principles may seem innocuous. But they carry powerful implications that clash with the received wisdom of globalization’s advocates. One such implication is the right of individual countries to safeguard their domestic institutional choices. Recognition of institutional diversity would be meaningless if countries did not have the instruments available to shape and maintain – in a word, “protect” – their own institutions.

- [10] We should therefore accept that countries may uphold national rules – tax policies, financial regulations, labor standards, or consumer health and safety rules – and may do so by raising barriers at the border if necessary, *when trade demonstrably threatens domestic practices enjoying broad popular support*. If globalization’s boosters are right, the clamor for protection will fail for lack of evidence or support. If wrong, there will be a safety valve in place to ensure that contending values – the benefits of open economies versus the gains from upholding domestic regulations – both receive a proper hearing in public debates.
- [11] 5. *Countries have no right to impose their institutions on others*. Using restrictions on cross-border trade or finance to uphold values and regulations at home must be distinguished from using them to impose these values and regulations on other countries. Globalization’s rules should not force Americans or Europeans to consume goods that are produced in ways that most citizens in those countries find unacceptable. But nor should they allow the US or the EU to use trade sanctions or other pressure to alter foreign countries’ labor-market rules, environmental policies, or financial regulations. Countries have a right to difference, not to imposed convergence.
- [12] 6. *International economic arrangements must establish rules for managing interaction among national institutions*. Relying on nation states to provide the essential governance functions of the world economy does not mean that we should abandon international rules. The Bretton Woods regime, after all, had clear rules, though they were limited in scope and depth. A completely decentralized free-for-all would benefit no one.
- [13] What we need are traffic rules for the global economy that help vehicles of varying size, shape, and speed navigate around each other, rather than imposing an identical car or a uniform speed limit. We should strive to attain maximum globalization consistent with the maintenance of space for diversity in national institutional arrangements.
- [14] 7. *Non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies*. What gives the previous principles their appeal and legitimacy is that they are based on democratic deliberation – where it really occurs, within national states. When states are not democratic, this scaffolding collapses. We can no longer presume that its institutional arrangements reflect its citizens’ preferences. So non-democracies need to play by different, less permissive rules.
- [15] These are the principles that the architects of the next global economic order must accept. Most importantly, they must comprehend the ultimate paradox that each of these principles highlights: globalization works best when it is not pushed too far.

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Rebalancing global economy

By Zhang Monan

The *China Daily*, 24 February 2011

- [1] Continuous dilution of US dollar debts calls for replacing its dominance with multi-currency monetary order.
- [2] The US-led Western countries' advocacy of revising the way that current accounts are measured fully exposes their attempts to shift the responsibilities for the global economic imbalances to countries with a trade surplus.
- [3] Global economic imbalances are in essence a result of the imbalances in global comparative labor advantages among different countries. There are two major labor divisions in the current global economy, namely in trade and finance.
- [4] The first category is mainly represented by Germany, Japan and China, all big commodity exporters that hold a huge current account surplus, and the second is represented by the US and some European countries that enjoy huge financial advantages in exporting capital and various kinds of financial products and services that contributed to their huge current account deficits.
- [5] While the global manufacturing sector has shifted from developed countries to emerging markets, developed economies still firmly retain their status as the world financial centers. Developing countries, due to their less-developed financial markets and vulnerable financial systems, have to employ established reserve currencies for their overseas trade pricing, settlements, lending and investments. As a result, emerging economies have to sustain bigger exchange rate and assets risks.
- [6] The huge current account deficit of the US is a reflection of the current skewed international monetary order. As of Jan 31, 2011, the total US public debt was \$14.13 trillion, 96.4 percent of the country's 2010 GDP of \$14.7 trillion. By taking advantage of its long-established monetary dominance, the US has a long history of credit abuse and its trade and fiscal deficits have increased far faster than production. The volume of US national debts held by foreign countries and regions has kept rising over the past decade and it has issued 32 percent of the world's total bonds.
- [7] However, Washington has skillfully utilized the dollar as the world's leading reserve currency for overseas financing of its national debts and promoted their international circulation to the US' advantage.
- [8] The dollar standard system has not only helped the US realize international circulation of its enormous national debts, it has also helped the world's largest economy to increase its national wealth through monetization or devaluation of the dollar. The dollar's status as the world's leading currency has also increased the US' capability to pay off or dilute its foreign debts through oversupplying and over-issuing the dollar.
- [9] From 2002 to 2006 alone, the US diluted an accumulated \$3.58 trillion of its national debts under such a monetary strategy. With the evaporation of a large volume of US national debts, the wealth of other countries, especially those holding US national debts, has seriously dwindled over the past years.
- [10] In 2009, the value of global foreign reserves was about 13 percent of the world's whole GDP. Of this, more than 60 percent was dollar-denominated assets. In the same year, the gross volume of US assets held by foreign countries, not including financial derivatives, was 1.25 times its nominal GDP. However, dollar depreciation has accelerated the transfer of this large amount of wealth, a process in which the US has proven to be the largest beneficiary.
- [11] The current dollar-led international monetary order already fails to reflect the latest developments in the global economic structure. In the absence of a corresponding

monetary system, the world economy is encountering a series of challenges and dilemmas induced by conflicting policies among different countries on economic growth, inflation, employment and interest rates. In a sense the latest global financial crisis is an unavoidable adjustment of disparities in the distribution of global interests and a rectification of some other unreasonable problems in the process of globalization.

- [12] Because the imbalanced global monetary structure has directly resulted in imbalances in the global current account, there have been strong calls in the international community for reform of the world's monetary system since the onset of the global financial crisis. Following China's proposal of setting up a super-sovereign international reserve currency, European countries, which are facing the possibility of a widespread sovereign debt crisis, have also called for the establishment of a global reserve currency through reforms of the global monetary system under the G20 consultation mechanism.
- [13] Considering the widespread international criticism of the current dollar-led global monetary system, a diversified global reserve currency system remains a good option for promoting a balanced and healthy development of the global economy.
- [14] The end of the dollar's decades-long hegemony and the formation of a multi-currency monetary system, which also involves the euro, the Japanese yen and the Chinese renminbi, would help the global economy develop in a more balanced direction.

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We must resist de-globalization

By David Greenaway

The *China Daily*, 20 May 2011

- [1] Globalization is still an emotive word, but the phenomenon has been going on for centuries. What have the Romans ever done for us? Well, they played their part.
- [2] China's Han Dynasty (206 BC-AD 220) was a crucial component of the same well-established trade network of 2,000 years ago, and now the country once again stands at the heart of the world economy.
- [3] But few nations know better than China that globalization can go backward as well as forward. Witness the 400 years of isolation before the sweeping economic reforms that have wrought such a dramatic transformation during the past three decades.
- [4] Now, quite suddenly, the threat of isolationism looms again. All over the world, bankers and investors have retreated to their domestic markets, driven back by the enervating effects of the global financial meltdown.
- [5] Two years ago, the Bank for International Settlements (BIS) released an alarming set of figures that revealed cross-border lending had plummeted by \$4.8 trillion (3.37 trillion euros) in the nine months to December 2008. This was the most dramatic fall ever recorded.
- [6] Although its latest figures inevitably demonstrate a measure of recovery, the same institution recently warned that divergence between markets means there is greater uncertainty now than before what has become known as the Great Recession.
- [7] It was at around the same time that the record fall in cross-border lending was announced that China first floated the idea of a super-sovereign reserve currency to supplant the US dollar. As the once mighty wave of financial globalization receded, this represented a dramatic statement of intent from the world's emerging superpower.
- [8] To remind us this concept has by no means been forgotten, Xu Hong-cai, a deputy director at the China Center for International Economic Exchanges, recently produced a paper that called for an end to the dominance of the dollar in the interests of "stability and fairness". His call was publicized ahead of a G20 seminar at which China's own exchange rate was not up for discussion.
- [9] With confidence low and tensions high, it seems the only thing the credit crunch has helped to spread is fear. We find ourselves potentially teetering on the brink on an era of de-globalization - and that is a worrying prospect.
- [10] At this point it might be of benefit to reassure ourselves that the term "globalization", although it became widespread only in the latter part of the 20th century, is by no means a new occurrence.
- [11] Ancient Egypt's trade in the Near East might be considered an early example. More recognizably, the Silk Road between China and the Roman Empire and the efforts of traders and explorers during the Islamic Golden Age represent important landmarks in the process.
- [12] Fast-forward to the present day and we find a truly worldwide nexus of trade, technological and financial integration, investment and migration, embodied and exemplified by global organizations including the International Monetary Fund and the World Trade Organization. In some respects, the so-called death of distance is all but complete.
- [13] The criticisms of globalization are well known. Increased inequality, poverty and social exclusion, imbalances in economic power and double standards in international rules are

regularly cited. They present challenges that have to be managed. However, they must be weighed against very real and tangible gains.

- [14] Globalization brings more efficient use of scarce resources, a greater and cheaper range of goods and services, reduced poverty, faster economic growth and rising living standards.
- [15] The last two of these benefits are clearly linked. Taking some random examples, we can easily demonstrate how even small differences in growth rates lead to large differences in living standards.
- [16] In 1900, the GDP per capita of Argentina and Austria was \$2,765 and \$2,882 a year. During the course of the next century their growth rates were 1.13 percent and 1.94 percent. By 2000, their GDP per capita was \$8,544 and \$20,077.
- [17] Looking at more recent success stories, both China and India had highly protective and inward-looking economies prior to the 1990s. Even by 1992 China's tariffs on imports averaged more than 40 percent and India's a prohibitive 90 percent. By 2008, China's average tariff was under 10 percent and India's under 30 percent.
- [18] To date, China, of course, has substantially outperformed India. Greater roles for foreign direct investment, export development and technology upgrading - all key elements of globalization - have been crucial to the disparity.
- [19] China's rise has become perhaps the defining story of globalization. More dramatically than any other nation, it has shown how increased globalization can lead to an increase in both the quantity and quality of available productive assets.
- [20] Globally, meanwhile, the numbers speak for themselves. Worldwide merchandise trade in 2005-2006 amounted to \$11.8 trillion and services trade \$2.7 trillion; foreign investment flows stood at \$916 billion; and foreign investment stocks were worth \$10.1 trillion.
- [21] A little over a year later, somewhere in the United States subprime mortgage market, the tide began to turn. Thanks to the credit crunch and the crippling dread it engendered, cross-border flows - in many ways the very lifeblood of globalization - all but seized up.
- [22] This was especially notable in the US, which suffered a \$109 billion exodus of foreign capital in the final three quarters of 2008. In the previous nine months there was a \$774 billion inflow.
- [23] For its own part, seemingly prompted by the rescue of Bear Stearns, the US repatriated \$750 billion in the last three quarters of 2008. With domestic lending dominant, suddenly protectionism was very much back on the agenda - and the prospect endures in 2011.
- [24] Emerging markets in Europe and the former Soviet Union can expect to suffer particularly badly from this trend, since it is foreigners who own much of their banking systems. But nobody can expect to escape.
- [25] This was not how it was meant to be. Economic instability has always been a likely obstacle to globalization, but trade wars and the failure of WTO talks - not bad mortgages - have traditionally been viewed as the likely triggers.
- [26] Of course, we have learnt to expect the unexpected. In recent years alone the world economy has endured Sept 11, wars in Afghanistan and Iraq, SARS and the Asian tsunami - and globalization survived them all.
- [27] Similarly, it came through the collapse of the Bretton Woods system, the debt crisis of the mid-1970s, the oil shocks of 1973 and 1980, hyper-inflation, the fall of Communism in Europe and the Asian financial crisis. Now the Japanese earthquake, the so-called Arab Spring and widespread sovereign debt crises present new challenges.
- [28] De-globalization, like globalization, is hardly a new phenomenon. The economic chaos of the 1930s and the Soviet bloc in the aftermath of World War II are just two obvious instances of de-globalizing - and, indeed, the painful consequences it can bring.

[29] It is almost impossible to imagine we will plumb such depths again. Even amid the current turmoil, globalization is very probably too far advanced, too entrenched, to allow that to happen.

[30] It may well be, as many commentators have already pointed out, that the best we can expect pro tempore is to "muddle through"; and this, by common consent, is precisely what we have been doing. We can only hope it is the very least we manage - otherwise the repercussions will be felt far and wide and for years to come.

David Greenaway is a professor of economics and the founding director of the Leverhulme Centre for Research on Globalization and Economic Policy (GEP). GEP is based within the Nottingham School of Economics at the University of Nottingham, where Greenaway is vice-chancellor. On May 18, Zhejiang University's College of Economics hosted a GEP delegation for a joint workshop entitled Trade Costs, Economic Geography and Firm Heterogeneity

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Bring Forth New Ideas and Seize Future Opportunities

Special Message by Vice Premier Zeng Peiyan

Of the State Council of the People's Republic of China

At the World Economic Forum Annual Meeting

Davos, 25 January 2006

President Schwab, Ladies and Gentlemen,

- [1] Good evening. It gives me great pleasure to attend the World Economic Forum Annual Meeting 2006 in the snow-covered Swiss resort of Davos. This time every year, renowned personages around the world would gather here to discuss major and hot issues on global development. The annual events have played an active and important role in enhancing international exchanges and cooperation and promoting prosperity and stability across the world. The theme of this year's annual meeting-"the Creative Imperative"-demonstrates extensive interest in the global development prospects and hope for a better future based on reform and innovation. I would like to extend, on behalf of the Chinese Government and in my own name, warm congratulations on the successful opening of the Annual Meeting.
- [2] At present, the world economy is undergoing profound changes, as evidenced by in-depth development of economic globalization, rapid advancement of science and technology, faster flow of productive factors and industrial relocation, and ever closer economic links among countries. Cooperation and development have become the trend of our times. At the same time however, the world economy is facing an increasing number of destabilizing and uncertain factors, fiercer international competition, rising trade protectionism, an unfair global economic order and a widening South-North gap. Under these new circumstances, we need to find ways to maximize benefits and minimize harms and be more creative in development. Developed countries and developing countries, government institutions and non-governmental future, should give full play to their imagination and creativity, rise with the tide, study responses, take actions and address concrete problems.

Ladies and Gentlemen,

- [3] In the past 27 years of the reform and opening-up, China has enjoyed an average annual GDP growth rate of 9.6% and fast development in social undertakings. In 2005, China recorded a GDP of US\$2.2 trillion and a per capita GDP of over US\$1,600. The Chinese people now enjoy a better life, and a market economy has been put in place. Now in China, over 95% of commodities' prices are decided by the market, and over 95% of the investment comes from enterprises, banks and individuals. Since its accession to the World Trade Organization more than four years ago, China has faithfully honored its commitments, looked into and revised relevant laws and regulations, gradually cut tariffs, removed mom-tariff measures, liberalized trade in service, pushed forward a new round of multilateral trade talks in an effort to create a favorable environment for further expanding international economic and technical exchanges and cooperation.
- [4] That being said, one must not ignore that China still faces significant difficulties in the road ahead. China has a huge population, weak foundation and imbalances in development. Although China is a frontrunner in terms of aggregate economic strength, its per capita GDP still ranks behind the 100th in the world. It has to address such challenges as an unbalanced industrial structure, low technological level, mounting pressures on resources and environment, imbalance between economic development and social progress, a widening gap between rural and urban areas and among different

regions and rising income disparity. It takes years of hard work to turn such a big country with over one billion people into one of moderate prosperity in an all-round way and basically achieve modernization.

- [5] From now on, China will have an important window of opportunity for development. China is now formulating the program of national economic and social development for 2006 through 2010. Our goals are: first, doubling the per capita GDP of 2000 by 2010 on the basis of an optimized structure and better economic results; second, improving resources efficiency, reducing energy consumption per unit GDP by about 20% in five years and basically curbing ecological and environmental degradation; third, establishing a by-and-large well-functioning socialist market economy and developing a more open economy. In order to attain all these goals, we should seize future opportunities and make innovative and creative efforts. On theoretical innovation, based on its own experience in nation building and other countries' development experience, China has set the guidelines on a scientific approach to development in all aspects and building a harmonious socialist society. On scientific and technological innovation, China has formulated medium-and long-term programs for scientific and technological development and set the strategic goals and policies of building an innovation-driven country. On institutional innovation, China has identified priorities for institutional reforms in all sectors as required by building a well-established market economy. With the support of innovation, China will keep a sound momentum of growth, improve the quality of development and press ahead with the people-oriented economic and social development in a comprehensive, coordinated and sustainable manner.
- [6] In the years to come, China's economic and social development will be characterized by the following major features.
- [7] First, the development of China is the kind that is based on our own domestic market. China's huge potential in domestic demand will provide an enormous market for further development, as evidenced by the 514 million new telephone subscribers and more than 200,000 megawatts of newly installed power-generation capacity over the past five years. We will take the expansion of domestic demand as the basic principle in the next five years, and maintain appropriate growth in fixed-assets investment. At the same time, we will work to achieve a balance between investment and consumption, so as to enhance the role of consumption in pulling up economic growth. China is not only a major energy consumer, but also a major energy producer. Over the years, China has been able to meet over 90% of its total energy demand on its own and it enjoys a large growth potential in its hydropower resources has been utilized, and the share of nuclear power in the total installed capacity is merely 1.7%. We will continue to rely on domestic resources and build a stable, economical and clean energy supply system. Coal resources will be used in an efficient and clean manner, and efforts will be made to enhance supply capacity of oil and natural gas. While coordinating the development of coal, hydro and nuclear power, we will accelerate the utilization of wind, biomass and solar power, raising the share of renewables in the total energy mix to 15% by 2020. We will rely on domestic talent, give priority to science, technology and education, and lose no time in training professionals at various levels and in various fields. China has a national savings rate of around 40%, a vast labor pool of over 800 million, as well as, considerable natural resources on our vast land. On top of this, we boast a fairly complete infrastructure, a good education and S&T basis, a maturing market economic system and a stable social and political environment. We will make good use of all these strengths and give full play to domestic capital, labor, energy resources and other essential factors of production. Looking ahead, we are confident that China is capable of attaining long-term and sustained development.
- [8] Second, China's development will be one with an optimized structure. According to China's first national economic census, the primary, secondary and tertiary industries in 2004 accounted for 13.1%, 46.2% and 40.7% of the economy respectively, showing initial success in industrial restructuring but also room for further improvement. In the next five years, we will upgrade industrial technological standards through independent innovation,

continue to improve agriculture, expedite growth of the service sector and press ahead with optimizing and upgrading the industrial structure. Some key national projects will serve as platforms for us to introduce cutting-edge technologies from abroad and, at the same time, make our own innovation upon learning and assimilation. We will raise the overall level of equipment manufacturing by making breakthroughs in areas such as efficient and clean power generation, transmission and distribution large-scale petrochemical projects, advanced and applicable transportation equipment, high-grade numerically-controlled machine tools, integrated circuit and sophisticated power units. Efforts will be made to spur the growth of the hi-tech industries like IT, bio-technology, new materials, new energy sources, aeronautics and space navigation, foster the development of finance, logistics, consultancy, culture, tourism and other areas in the tertiary industry, and build better infrastructure and primary sectors such as energy, mining, water conservancy, transportation and communications.

- [9] Third, China's development will be resource-efficient. A large population and relatively scarce resources are the basic national reality of China. We will further implement our basic national policy of resource conservation and move faster towards a resource-efficient society by giving priority to power, water, material and land conservation and comprehensive use of resources. The focus will be on energy conservation and cost reduction in such key sectors as metallurgy, building material, chemical industry and power generation. Key energy conservation projects will be implemented to conserve and replace petroleum, and realize heat and power co-generation and green lighting. At the same time, we will promote energy conservation reform of 1000 key enterprises, encourage the production and use of water and energy saving products, fuel-efficient and environment-friendly automobiles, and develop buildings that use less energy and land. Development of industries that consume a large amount of energy or materials or generate huge pollution should be strictly controlled, and outmoded production capacity should be phased out according to law.
- [10] Fourth, China's development will be environment-friendly. We will continue to implement the strategy of sustainable development and the basic national policy of environment protection, speed up the building of an environment-friendly society and highlight the protection of the environment. With greater efforts in prevention and treatment of water pollution, we will continue to clean up heavily polluted river valleys, strengthen sewage facilities building in urban areas, prevent and treat rural nonpoint pollution and keep sources of drinking water clean. In the fight against air pollution, we will strengthen our control of sulphur dioxide emission of coal-fire power plants and reduce the emission of greenhouse gases. Solid waste pollution will also be well treated. To curb pollution from the source, we will promote a circular economy and clean production and readjust the industrial structure and economic mix. Areas where further development should be optimized, encouraged, restricted or prohibited will be designated in light of the affordability of local resources and environment. We will press ahead with a host of ecological programs, including protection of natural forests, reconverting farming and grazing lands to forests and grasslands, and prevention and treatment of desertification, so as to earnestly protect the eco-system. Supervision and law enforcement should also be strengthened to ward off any possible damage to the environment.
- [11] Fifth, China's development is aimed at comprehensive and coordinated progress. We will endeavor to transform the countryside into new socialist rural communities, vigorously promote modern agriculture, give priority to infrastructure construction and access to utilities in rural areas, and work hard to raise farmers' income. Efforts will be made to promote urbanization in an active and steady manner, ensure the orderly transfer of rural labor surplus and improve the urban habitat. We will further develop China's west, revitalize the northeast and other old industrial bases, facilitate the rise of the central region and encourage the eastern region to take the lead in development. We will make vigorous efforts to create jobs, alleviate poverty through development, improve the social

security system, rationalize income distribution, and facilitate the development of social undertakings such as education, culture and public health.

- [12] Sixth, China's development is based on reform and opening-up. We will always stick to the path of building a socialist market economy, and deepen reform and opening-up to provide impetus and guarantee for economic and social development. In terms of the major tasks of our reform, we need to promote the reform of the administrative system, and accelerate government restructuring to strengthen government capacity of social management and public services. We must step up share-holding reform of state-owned enterprises, and encourage, support and guide the development of non-public sectors. Price reform should be strengthened so that a pricing regime can be established that reflects market supply and demand, resource scarcity and factors in the cost of pollution control. Reforms need to be deepened in the areas of finance, taxation and investment, macro-control improved and a modern market system put in place. Furthermore, we should work to ensure a good market economic order, strengthen all-dimensional protection of intellectual property rights(IPR)and standardize law enforcement in this area. We will adhere to the basic national policy of opening up to the outside world and raise the level of openness in an all-round way. First, foreign trade will be further expanded. We will step up the transformation of China's trading model and optimize the trade mix. Second, we will actively and effectively use foreign investment and improve the quality of FDI utilization, laying emphasis on introducing advanced technologies, managerial expertise and high-caliber professionals. Third, we will support enterprises with adequate capacities in investing overseas in line with market economic rules, so that they can build on complementarity of advantages and fully exploit domestic and overseas markets and resources.

Ladies and Gentlemen,

- [13] China cannot achieve development in isolation of the rest of the world, and the world needs China for development. In 2005, the total value of China's trade in goods reached US\$1.42 trillion with import worth US\$660 billion, and China received US\$60.3 billion in FDI, ranking third in the world in both counts. Since reform and opening-up in the late 1970s, China has benefited a lot from the useful assistance by many countries. The inflows of overseas capital, technology and human resources have provided strong support for China's modernization drive. At the same time, China also made contributions to the development of the world, In recent years, China extended preferential tariff treatment to 40 least developed countries, and provided funding and technical assistance within our capacity to countries devastated by the tsunami, to rescue and relief efforts after the earthquake in South Asia and to international cooperation on combating avian influenza. At the UN Summit marking the 60th anniversary of the world body, China proposed five new measures of assistance for other developing countries, covering the areas of preferential tariffs, debt relief, loan facilitation, diseases prevention and control and human resources development. In the next five years, China's development will bring more opportunities to the rest of the world. The total import of commodities alone is expected to exceed US\$4 trillion. It is our hope that foreign entrepreneurs and people from various sectors will seize the opportunity, expand trade with and investment in China, and continue to support and participate in the economic development of our country.
- [14] China follows an opening-up strategy that promotes mutual benefit. We are ready to Work with the international community to expand two-way market access, improve the multilateral trade system and advance trade and investment liberalization and facilitation so as to create a better environment for trade and economic cooperation. We should promote technology trade and put in place mechanisms for technology dissemination and transfer to extend the sharing of technology innovation among countries, especially developing countries. The international financial system should be improved for the fostering of a stable, efficient and safe international financial environment that is helpful for fending off financial risks. Energy cooperation and dialogue should be pursued in an

Active manner, and a stable international energy market should be maintained to ensure safe, economical and clean energy supply for development. We need to carry out cooperation on the environmental, faithfully comply with the international environmental conventions and promote capacity-building in environmental protection. The international community should strengthen consultation, and take coordinated actions to tackle the challenges of poverty, debt, population, natural disasters, spread of diseases and terrorism and promote peaceful development of the world.

- [15] The World Economic Forum offers an excellent platform for the discussion and study of issues in global economic development. The Chinese Government, business and academic communities and the press all see great value in the Forum, and are willing, through the Forum, to hold candid discussions with friends from other countries, strengthen ties, and broaden and expand cooperation. In this context, I am pleased to announce that the Chinese Government has approved the establishment of the Beijing Representative Office of the Forum. To my knowledge, it is the first office of this kind ever opened by the Forum outside Switzerland. This will help strengthen cooperation between China and the Forum, and promote interaction and common development between Chinese and foreign businesses. China will continue to move forward along the path of scientific, harmonious and peaceful development. We stand ready to work together with the whole world, make bold efforts for development and innovation, and make greater contribution to global development and a harmonious world.

Thank you, Mr. President. Thank you all.

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Strengthen Confidence and Work Together for a New Round of World Economic Growth

Special Speech by H.E. Wen Jiabao, Premier of the State Council of the People's Republic of China In Davos At the World Economic Forum Annual Meeting 2009

28 January 2009

Professor Klaus Schwab, Executive Chairman of the World Economic Forum,
Ladies and Gentlemen,

- [1] I am delighted to be here and address the World Economic Forum Annual Meeting 2009. Let me begin by thanking Chairman Schwab for his kind invitation and thoughtful arrangements. This annual meeting has a special significance. Amidst a global financial crisis rarely seen in history, it brings together government leaders, business people, experts and scholars of different countries to jointly explore ways to maintain international financial stability, promote world economic growth and better address global issues. Its theme-"Shaping the Post-Crisis World" is highly relevant. It reflects the vision of its organizers. People from across the world are eager to hear words of wisdom from here that will give them strength to tide over the crisis. It is thus our responsibility to send to the world a message of confidence, courage and hope. I look forward to a successful meeting.
- [2] The ongoing international financial crisis has landed the world economy in the most difficult situation since last century's Great Depression. In the face of the crisis, countries and the international community have taken various measures to address it. These measures have played an important role in boosting confidence, reducing the consequences of the crisis, and forestalling a meltdown of the financial system and a deep global recession. This crisis is attributable to a variety of factors and the major ones are: inappropriate macroeconomic policies of some economies and their unsustainable model of development characterized by prolonged low savings and high consumption; excessive expansion of financial institutions in blind pursuit of profit; lack of self-discipline among financial institutions and rating agencies and the ensuing distortion of risk information and asset pricing; and the failure of financial supervision and regulation to keep up with financial innovations, which allowed the risks of financial derivatives to build and spread. As the saying goes, "A fall in the pit, a gain in your wit," we must draw lessons from this crisis and address its root causes. In other words, we must strike a balance between savings and consumption, between financial innovation and regulation, and between the financial sector and real economy.
- [3] The current crisis has inflicted a rather big impact on China's economy. We are facing severe challenges, including notably shrinking external demand, overcapacity in some sectors, difficult business conditions for enterprises, rising unemployment in urban areas and greater downward pressure on economic growth.
- [4] As a big responsible country, China has acted in an active and responsible way during this crisis. We mainly rely on expanding effective domestic demand, particularly consumer demand, to boost economic growth. We have made timely adjustment to the direction of our macroeconomic policy, swiftly adopted a proactive fiscal policy and a moderately easy monetary policy, introduced ten measures to shore up domestic demand and put in place a series of related policies. Together, they make up a systematic and comprehensive package plan aimed at ensuring steady and relatively fast economic growth. First, substantially increase government spending and implement a structural tax cut. The Chinese Government has rolled out a two-year program involving a total investment of RMB 4 trillion, equivalent to 16% of China's GDP in 2007. The investment will mainly go to government-subsidized housing projects, projects concerning the well-being of rural residents, railway construction and other infrastructural projects,

environmental protection projects and post-earthquake recovery and reconstruction. Some of them are identified as priority projects in China's 11th Five-Year Plan for Economic and Social Development. The rest are additional ones to meet the needs of the new situation. This two-year stimulus program has gone through scientific feasibility studies and is supported by a detailed financial arrangement. RMB 1.18 trillion will come from central government's budget, which is expected to generate funds from local governments and other sources. The Chinese Government has also launched a massive tax cut program which features the comprehensive transformation of the value-added tax, the adoption of preferential tax policies for small and medium-sized enterprises (SMEs) and real estate transactions, and the abolition or suspension of 100 items of administrative fees. It is expected to bring about a total saving of RMB500 billion for businesses and households each year. Second, frequently cut interest rates and increase liquidity in the banking system. The central bank has cut deposit and lending rates of financial institutions five times in a row, with the one-year benchmark deposit and lending rates down by 1.89 percentage points and 2.16 percentage points respectively. Thus the financial burden of companies has been greatly reduced. The required reserve ratio has been lowered four times, adding up to a total reduction of 2 percentage points for large financial institutions and 4 percentage points for small and medium-sized ones. This has released around RMB800 billion of liquidity and substantially increased funds available to commercial banks. A series of policy measures have been adopted in the financial sector to boost economic growth, including increasing lending, optimizing the credit structure, and providing greater financial support to agriculture and the SMEs. Third, implement the industrial restructuring and rejuvenation program on a large scale. We are seizing the opportunity to push ahead comprehensive industrial restructuring and upgrading. To this end, plans are being drawn up for key industries such as automobile and iron and steel, which not only focus on addressing the immediate difficulties of enterprises but also look toward their long-term development. We have taken strong measures to facilitate the merger and reorganization of enterprises, phase out backward production capacity, promote advanced productive forces, and improve industry concentration and the efficiency of resource allocation.

- [5] We encourage our enterprises to upgrade technologies and make technological renovation. We support them in making extensive use of new technologies, techniques, equipment and materials to restructure their product mix, develop marketable products and improve their competitiveness. Our financial support policies are being improved, a sound credit guarantee system installed and market access eased for the benefit of SME development. Fourth, actively encourage innovation and upgrading in science and technology. We are speeding up the implementation of the National Program for Medium- and Long-Term Scientific and Technological Development with a special focus on 16 key projects in order to make breakthroughs in core technologies and key generic technologies. This will provide scientific and technological support for China's sustainable economic development at a higher level. We are developing high-tech industrial clusters and creating new social demand and new economic growth areas. Fifth, substantially raise the level of social security. We have accelerated the improvement of social safety net. We will continue to increase basic pension for enterprise retirees and upgrade the standard of unemployment insurance and workers' compensation. We will raise the level of basic cost of living allowances in both urban and rural areas, welfare allowances for those rural residents without family support and the special allowances and assistance to entitled groups. This year, the central budget for social security and employment will increase at a much higher rate than the growth of the overall fiscal revenue. We are advancing the reform of the medical and health system and working to put in place a nationwide basic medical and health system covering both urban and rural areas within three years and achieve the goal of everyone having access to basic medical and health service. It is estimated that governments at all levels will invest RMB 850 billion for this purpose. We give priority to education and are now working on the Guidelines of the National Program for Medium- and Long-Term Educational Reform and Development. This year, we will increase public funds for free compulsory education

in rural areas, offer more financial support to students from poor families and improve the well-being of middle and primary school teachers so as to promote equity in education and optimize the educational structure. We are using every possible means to lessen the impact of the financial crisis on employment. We are following a more active employment policy. In particular, we have introduced various policy measures to help college graduates and migrant workers find jobs and provided more government-funded jobs in public service. These major policy measures as a whole target both symptoms and root causes, and address both immediate and long-term concerns. They represent a holistic approach and are mutually reinforcing. They are designed to address the need to boost domestic demand, readjust and reinvigorate industries, encourage scientific innovation and strengthen social security. They are designed to stimulate consumption through increased investment, overcome the current difficulties with long-term development in mind, and promote economic growth in the interest of people's livelihood. These measures can mobilize all resources to meet the current crisis.

- [6] China's economy is in good shape on the whole. We managed to maintain steady and relatively fast economic growth in 2008 despite two unexpected massive natural disasters. Our GDP grew by 9%. CPI was basically stable. We had a good grain harvest for the fifth consecutive year, with a total output of 528.5 million tons. Eleven million and one hundred and thirty thousand new jobs were created in cities and towns. Household income in both urban and rural areas continued to rise. The financial system functioned well and the banking system kept its liquidity and credit asset quality at a healthy level. When China, a large developing country, runs its affairs well, it can help restore confidence in global economic growth and curb the spread of the international financial crisis. It will also help increase China's imports and outbound investment, boost world economic growth and create more development and job opportunities for other countries. Steady and fast growth of China's economy is in itself an important contribution to global financial stability and world economic growth.

Ladies and Gentlemen,

- [7] Will China's economy continue to grow fast and steadily? Some people may have doubts about it. Yet I can give you a definite answer: Yes, it will. We are full of confidence. Where does our confidence come from? It comes from the fact that the fundamentals of China's economy remain unchanged. Thanks to our right judgment of the situation and prompt and decisive adjustment to our macroeconomic policy, our economy remains on the track of steady and fast development. Our package plan takes into consideration both the need to address current difficulties and that of long-term development. It is beginning to produce results and will be more effective this year. Our confidence comes from the fact that the long-term trend of China's economic development remains unchanged. We are in an important period of strategic opportunities and in the process of fast industrialization and urbanization. Infrastructure construction, upgrading of industrial and consumption structures, environmental protection and conservation projects, and various social development programs-all can be translated into huge demand and growth potential and will bolster relatively high-speed growth of our economy for a long time to come. Our confidence also comes from the fact that the advantages contributing to China's economic growth remain unchanged. With 30 years' of reform and opening-up, we have laid a good material, technological and institutional foundation. We have a large well-trained and relatively low-cost labor force. We have a healthy fiscal balance, a sound financial system and adequate funds. Our system enables us to mobilize the necessary resources for big undertakings. There is harmony and stability in our society. What is more important, we follow a scientific approach to development which puts people first and seeks comprehensive, balanced and sustainable development. We are committed to reform, opening-up and win-win progress. We have found the right development path in line with China's national conditions and the trend of our times. Our people are hard-working, persevering and resilient. It is precisely these fine qualities that endow China, a country with a time-honored history, with greater vitality in the face of adversities. At the same time, there is no fundamental change in the external environment for China's

economic growth. The pursuit of peace, development and cooperation is the irreversible trend in today's world. The readjustment to the international division of labor offers new opportunities. We have the confidence, conditions and ability to maintain steady and fast economic growth and continue to contribute to world economic growth.

Ladies and Gentlemen,

- [8] The global financial crisis is a challenge for the whole world. Confidence, cooperation and responsibility are keys to overcoming the crisis. Confidence is the source of strength. The power of confidence is far greater than what can be imagined. The pressing task for the international community and individual countries is to take further measures to restore market confidence as soon as possible. In times of economic hardships, confidence of all countries in the prospect of global economic development, confidence of leaders and people around the world in their countries, confidence of enterprises in investment and confidence of individuals in consumption are more important than anything else. In tackling the crisis, practical cooperation is the effective way. In a world of economic globalization, countries are tied together in their destinies and can hardly be separated from one another. The financial crisis is a test of the readiness of the international community to enhance cooperation, and a test of our wisdom. Only with closer cooperation and mutual help, can we successfully manage the crisis. To prevail over the crisis, accepting responsibilities is the prerequisite. When governments fulfill their responsibilities with resolution and courage, they can help maintain a stable financial order and prevent the crisis from causing more serious damage on the real economy. Political leaders must be forward-looking. They should be responsible to the entire international community as well as to their own countries and people. It is imperative that we implement the broad agreement reached since the G20 Summit on Financial Markets and the World Economy. We should not only take more forceful and effective steps to tide over the current difficulties, but also push for the establishment of a new world economic order that is just, equitable, sound and stable. To this end, I would like to share with you the following ideas.
- [9] First, deepen international economic cooperation and promote a sound multilateral trading regime. Past experience shows that in crisis it is all the more important to stick to a policy of opening-up and cooperation. Trade protectionism serves no purpose as it will only worsen and prolong the crisis. It is therefore necessary to move forward trade and investment liberalization and facilitation. China firmly supports efforts to reach balanced results of the Doha Round negotiations at an early date and the establishment of a fair and open multilateral trading regime. As an important supplement to such a trading regime, regional economic integration should be vigorously promoted.
- [10] Second, advance the reform of the international financial system and accelerate the establishment of a new international financial order. The current crisis has fully exposed the deficiencies in the existing international financial system and its governance structure. It is important to speed up reform of the governance structures of major international financial institutions, establish a sound global financial rescue mechanism, and enhance capacity in fulfilling responsibilities. Developing countries should have greater say and representation in international financial institutions and their role in maintaining international and regional financial stability should be brought into full play. We should encourage regional monetary and financial cooperation, make good use of regional liquidity assistance mechanisms, and steadily move the international monetary system toward greater diversification.
- [11] Third, strengthen international cooperation in financial supervision and regulation and guard against the build-up and spread of financial risks. Financial authorities around the world should step up information sharing and the monitoring of global capital flows to avoid the cross-border transmission of financial risks. We should expand the regulation coverage of the international financial system, with particular emphasis on strengthening the supervision on major reserve currency countries. We should put in place a timely and efficient early warning system against crisis. We should introduce reasonable and

effective financial regulatory standards and improve oversight mechanisms in such areas as accounting standards and capital adequacy requirements. We should tighten regulation of financial institutions and intermediaries and enhance transparency of financial markets and products.

- [12] Fourth, effectively protect the interests of developing countries and promote economic development of the whole world. The international community, developed countries in particular, should assume due responsibilities and obligations to minimize the damage caused by the international financial crisis on developing countries and help them maintain financial stability and economic growth. International financial institutions should act promptly to assist those developing countries in need through such measures as relaxing lending conditions. We should advance the international poverty reduction process and scale up assistance to the least developed countries and regions in particular with a view to building up their capacity for independent development.
- [13] Fifth, jointly tackle global challenges and build a better home for mankind. Issues such as climate change, environmental degradation, diseases, natural disasters, energy, resources and food security as well as the spread of terrorism bear on the very survival and development of mankind. No country can be insulated from these challenges or meet them on its own. The international community should intensify cooperation and respond to these challenges together.
- [14] I want to reaffirm here China's abiding commitment to peaceful, open and cooperative development. China is ready to work with other members of the international community to maintain international financial stability, promote world economic growth, tackle various global risks and challenges, and contribute its share to world harmony and sustainable development.

Ladies and Gentlemen,

- [15] The harsh winter will be gone and spring is around the corner. Let us strengthen confidence and work closely together to bring about a new round of world economic growth.

Thank you.

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Consolidate the Upward Momentum and Promote Sustained Growth

Address by H.E. Wen Jiabao, Premier of the State Council of the People's Republic of China

At the World Economic Forum Annual Meeting of the New Champions 2010
In Port city, Tianjin, 13 September 2010

Professor Klaus Schwab, Executive Chairman of the World Economic Forum,

Distinguished Guests,

Ladies and Gentlemen,

- [1] Let me begin by extending congratulations on the opening of the fourth Annual Meeting of the New Champions, the Summer Davos, and a welcome to you all. At the crucial juncture when the world economy is slowly recovering, the meeting will explore the way forward for future development under the theme of "Driving Growth Through Sustainability". This is highly relevant and significant, and I wish the meeting full success!
- [2] The past two years have seen China emerge as one of the first countries to achieve an economic rebound and maintain steady and relatively fast economic development under extremely difficult and complex circumstances. We owe our achievements to the comprehensive implementation of the stimulus package. At the height of the international financial crisis, China's economic growth rate dropped by a big margin. Many enterprises completely or partially suspended operations, and some even closed down. Many workers lost their jobs and a large number of rural migrant workers had to return to their home villages. In view of this, we acted immediately to introduce a stimulus package. From the second quarter of 2009, the downward trend in economic growth was quickly reversed. The economy grew by 9.1% in 2009 and 11.1% in the first half of 2010. Urban employment has kept expanding, people's income has been increasing, and social stability and harmony has been maintained. As a Chinese saying goes, one would never fully appreciate the difficulty unless he has experienced it in person. For a country like China with 1.3 billion people, without a certain rate of economic growth, full employment and people's well-being can only be empty talk. The stimulus package has enabled us to not only maintain the current economic growth and social stability, but also, and more importantly, secure the sound momentum of economic development. The severe external shock did not cause a big fluctuation in China's modernization process. This is of major and far-reaching significance.
- [3] In tackling the international financial crisis, we have always given top priority to transforming the economic development pattern and restructuring the economy. In the past two years, domestic demand, consumption in particular, has played an increasingly strong role in driving economic growth. Total retail sales in 2009 rose by 16.9 percent in real terms, the fastest since 1986. This good momentum is continuing and retail sales in the first half of this year grew at roughly the same rate as the same period of last year. The upgrading of the industrial structure has been accelerated. In the first seven months of this year, the value added of high-tech industries increased by 17.7 percent year on year, 0.7 percentage point higher than that of the industries above a designated level. Infrastructure development has been strengthened. On 1 August 2008, the Beijing-Tianjin Intercity Railway, China's first top-class high-speed rail with full intellectual property, was put into operation, shortening the travel time between Beijing and Tianjin to only 30 minutes and binding the two major municipalities as one. The Wuhan-Guangzhou high-speed railway that went into operation on 26 December 2009 set the world record of the longest and fastest high-speed railway completed on an uninterrupted basis. Solid progress has been made in energy conservation, emissions reduction and environmental protection. Last year, we shut down small thermal power plants with a total capacity of 26.17 million kilowatts and phased out inefficient production capacity of 16.91 million

tons of steel, 21.13 million tons of iron and 74.16 million tons of cement. By the end of this month, we will have eliminated an additional amount of inefficient production capacity, including 8.25 million tons of steel, 30 million tons of iron and 91.55 million tons of cement. Energy consumption per unit of GDP has been reduced by 15.6 percent in the first four years of the 11th five-year plan period. Regional development has been more coordinated. In 2009, the growth rates of value added of industries above a designated scale in the central and western regions were 1.1 and 4.5 percentage points higher than the national average respectively. In the first half of this year, such growth in the central region was 3.1 percentage points higher than the national average, and that in the western region on a par with the national average. Also in the first half of this year, the central and western regions' contribution to the value added of industries above a designated level in the national total increased to 38.8 percent from 38.1 percent of the same period in 2008. What is more important is that we have made all-round arrangements for accelerating the transformation of economic development pattern and economic restructuring from a macro and strategic perspective. All these will give a strong boost to the stable and healthy development of China's economy in the long run.

- [4] We have implemented a pro-active fiscal policy and a moderately easy monetary policy with an unprecedented intensity, and at the same time successfully kept fiscal and financial risks under control. In the past two years, China's budget deficit and government debt have been kept below 3 percent and around 20 percent of the GDP respectively. The asset quality of banks and their ability to fend off risks have improved. The capital adequacy ratio and NPL ratio now stand at 11.1 percent and 2.8 percent respectively, both in the safe territory. This being said, we are keenly aware of the latent fiscal and financial risks, especially the debt risks of the financing platforms of local governments. This is not a new problem, yet the risks have somewhat increased in recent months. We have formulated the measures to strengthen the regulation of those financing platforms and implementation is well underway. In the face of the sudden international financial crisis, the extraordinary policy measures that we have adopted are necessary and these measure have played a positive role. Yet some negative impacts are hardly avoidable. What's important is to keep those negative impacts within a scope that we can manage. In this sense, we have done a good job in balancing the need of promoting positive effects with that of reducing negative ones. Taken as a whole, the results of our stimulus package are good.
- [5] By implementing the stimulus package, we have not only maintained China's economic stability and relatively fast economic growth, but also made important contribution to the world economic recovery. At a time of negative economic growth for major developed countries, the fast economic stabilization and rapid economic growth of China and other major developing countries greatly boosted international confidence in overcoming the financial crisis and provided a strong impetus to the world economic growth. In 2009, China's imports totaled 1.0056 trillion U.S. dollars, and its trade surplus dropped by 102 billion U.S. dollars. In the first seven months of this year, China's imports reached 766.6 billion U.S. dollars, a surge of 47.2 percent year on year. This shows that China's economic growth has provided major development opportunities for the multinationals and created huge demand for major economies and neighboring countries. It has become an important engine for the world economic recovery.
- [6] To sum up, from both the near and long-term perspective and in both the real economy and the fiscal and financial field, our stimulus package, policies and measures are timely, forceful, effective and suited to China's realities. They are the right choice that will bring benefits to both the current and future generations and serve the interests of the world. China's economy is now in good shape, featuring fast growth, structural improvement, rising employment and basic price stability. Growth of some major economic indicators moderated in the second quarter of this year. This is mainly due to the high level of the base figures and our proactive macro-control measures. We have the confidence, conditions and capabilities to maintain steady and fast economic development. In exercising macro-control, we will take it as a central task to appropriately handle the

relationship between maintaining steady and rapid economic development, adjusting the economic structure and managing inflation expectations, and we will take policy stability as the main focus. While maintaining the continuity and stability of our policies, we will make macro-control measures more targeted and flexible to consolidate and strengthen the sound momentum of development.

Ladies and Gentlemen,

- [7] The underlying impact of the international financial crisis has not been fully eliminated, the world economy has yet to enter a benign cycle of steady growth, and systemic and structural risks are still prominent. We need to cement and build on what we have achieved in countering the financial crisis. We need to take into consideration both the immediate needs and long-term development and, while continuing to energize the recovery, create conditions for sustainable development through structural reform. This is a common task for all countries. In case of China, there is a lack of balance, coordination and sustainability in the economic development. The main problems include the unreasonable economic structure, weak capabilities for scientific and technological innovation, rising resources and environmental constraints, uneven urban-rural and regional development and lack of coordination between economic and social development. Some of these problems are inescapable in our current stage of economic development, and some are caused by inadequate institutional reform. To effectively address these deep-seated and structural problems, we will take an integrated approach that balances near-term macro control with long-term development and advances reform and opening-up in the broader context of scientific development. Only in this way can the Chinese economy achieve greater and more sustainable development. For now and in the time to come, we will focus our efforts in the following fields.
- [8] We will pursue balance growth of domestic and external demand and establish a long-term mechanism to expand domestic demand, consumer demand in particular. The Chinese market is one with the largest potential in the world. To fully tap the potential and effectively unleash the domestic demand holds the key to long-term and steady development of China's economy, and represents an important means to meet the prominent challenges in the economy. We will speed up the reform of the income distribution system, and raise the proportion of individual income in the national income and the proportion of the primary distribution that goes to wages and salaries. We will create conditions for more people to earn income from property, reverse the trend of widening income gap as quickly as possible, and boost the sustainable growth of people's income and consumer spending. With a commitment to coordinated development between urban and rural areas and between different regions, we will take active and prudent steps to advance urbanization, and allow eligible rural migrant workers to gradually become urban residents in line with the local conditions. We will accelerate the building of the new countryside and improve rural infrastructure and public services. We will continue to implement the overall strategy for regional development, push forward the development of the western region and the reinvigoration of the old industrial bases in northeast China and other places, energize the development of the central region, cultivate new drivers for domestic demand, and open up new space for the growth of domestic demand in rural areas and central and western regions. At the same time, we will continue to make full use of both the international and domestic markets. China's economy is an open economy, and China is both a major exporter and a major importer. We do not pursue surplus in foreign trade. China runs a trade surplus with the United States and Europe, yet a trade deficit with Japan and the ROK. We have a surplus in the processing trade, yet a deficit in general trade. Our export growth is rapidly recovering, yet our import has grown even faster. We cannot and will not pursue development with our door closed. We will expand domestic demand and at the same time actively stabilize and expand external demand, and strive to achieve balanced development of domestic and external demand.

- [9] We will spur economic development through innovation and promote scientific and technological advances and upgrading of the industrial structure. This is a strategic priority if we are to fundamentally ease the resources and environmental constraints, adapt ourselves to the adjustments in the international demand structure and new changes brought by the upgrading of domestic consumption, raise the quality and efficiency of our economic development and national competitiveness across the board, and promote sustainable economic development. We will integrate our efforts in strengthening the capacity for scientific and technological innovation with those for improving the modern industrial system. We will upgrade the traditional industries with advanced technologies, nurture a number of internationally competitive enterprises with their own intellectual property and well-known brands, and build a number of world-class modern industry clusters which can serve as growth drivers, so that China can move industry clusters which can serve as growth drivers, so that China can move from a big manufacturing country to a strong manufacturing country. We will firmly grasp the new trend in future scientific and technological advancement, provide stronger policy support and planning guidance, actively build the emerging industries with strategic importance, develop new pillar industries as a faster pace, and strive for leap-frog development. We will accelerate the opening up of the service industry both domestically and externally, foster an enabling policy and institutional environment for its development and increase its proportion in the national economy.
- [10] We will continue to conserve resources and protect the environment, and raise the efficiency in resources utilization and capacity in tackling climate change. To conserve resources and protect the environment is China's basic state policy. We must accelerate the formation of an industrial structure, production model and consumption pattern that are conducive to energy and resources conservation and eco-protection to promote harmony between man and nature. We will further improve laws and standards, strengthen accountability evaluation in meeting environmental targets, and advance the development of circular economy. We will make all-round efforts to save energy, water, land and materials and make comprehensive use of all kinds of resources, enhance the conservation and management of all natural resources, and take a holistic approach to protect and repair the eco-environment. We will energetically develop low carbon industrial, construction and transport systems, increase the forest carbon sink and speed up the R&D, demonstration and industrial application of low carbon technologies. We will comprehensively enhance our capacity for tackling climate change, and actively carry out international cooperation against climate change under the principle of "common but differentiated responsibilities".
- [11] We will strike a balance between economic and social development and strive to ensure and improve people's livelihood and promote social equity and justice. To improve people's livelihood and extend the benefits of economic development to all is the fundamental goal of economic and social development. And to meet the essential needs of the people and free them from worries for daily necessities is an important responsibility of modern government. Many countries now face the challenge of high unemployment. China is also confronted by a rather severe employment situation. There are almost 800 million people of working age in China, equivalent to the workforce of all developed countries combined. The annual increase of workforce in the job market far exceeds the number of jobs available. The oversupply of labor and structural labor shortage exist side by side. We will make employment expansion a priority target in economic and social development, implement a more pro-active employment policy, vigorously create new jobs, and encourage self-employment to promote full employment. We will enhance the government's capability in providing public services, gradually establish a fairly complete and sustainable system of basic public services that covers both urban and rural areas, and promote equal access to social security and basic medical and health care services. The issue of housing is both an economic issue and more importantly, a major issue affecting people's livelihood and social stability. To stabilize the housing price and ensure housing availability is an important responsibility of

governments at all levels. We must further rectify the market order, improve the land, tax and financial policies, accelerate the establishment of a long-term mechanism for the healthy development of the housing market and curb investment and speculative demand. We need to guide the market towards greater supply of ordinary commercial housing, speed up the development of low-income housing and build public rental housing in order to form a rational structure of housing supply and meet the diverse housing needs.

- [12] We will deepen reform and increase the dynamism and vitality for sustainable development. China's development and progress would not have been possible without reform and opening-up. And to achieve the modernization goal of building a prosperous, democratic, culturally-advanced and harmonious country, we still need to rely on reform and opening-up. With China's reform endeavor at a crucial stage, we must advance the reforms in all areas with greater determination and courage. We must deepen comprehensive reforms in the economic, political and other fields to enable the entire system to better meet the needs of developing a modern economy and building socialist democracy, push forward social equity and justice and facilitate the free and all-round development of the people.

Ladies and Gentlemen,

- [13] China's development is open development. China's opening-up is long-term, comprehensive and mutually beneficial. We will uphold all policies conducive to opening-up. China is committed to creating an open and fair environment for foreign invested enterprises. China gives high priority to intellectual property protection and has already made this a national strategy. We are ready to conduct exchanges and dialogue with other countries in this field. I wish to reiterate here that all enterprises registered in China according to Chinese laws are Chinese enterprises. Their products are made-in-China products. And the innovative products based on their research and development are created-in-China products. All foreign invested enterprises registered in China enjoy national treatment. In government procurement, China gives equal treatment to all products produced in China by foreign invested enterprises and Chinese invested enterprises alike.
- [14] China's huge market volume, sound infrastructure, strong industrial support ability and stable and fair market environment are attracting more and more multinational enterprises to invest and establish business in China. China is now one of the world's largest foreign investment destinations. More than 470 of the top 500 global companies have established their presence in China. By July this year, China had received 1.05 trillion U.S. dollars of foreign investment in cumulative terms, ranking the first among developing countries for 18 years in a row. In the first seven months this year, foreign investment in China increased by 20.7 percent over the same period last year. Foreign invested enterprises on the whole enjoy good operation in China and have reaped good returns. Many have become the bright spot and profit center in the global business growth of their parent companies. All of these demonstrate that the efforts of the Chinese government to foster a favorable investment environment have been recognized by the investors and bolstered foreign investors' confidence. We will continue to improve the foreign-related economic laws, regulations and policies, and improve the business environment for foreign investors in China. We sincerely welcome enterprises from all countries to actively participate in China's reform and opening-up process, and hope that all types of enterprises will strictly abide by China's laws and regulations, run businesses in China according to law, and share the opportunities and benefits of China's prosperity and progress.

Thank you.

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Promote Sound, Sustainable and Quality Development

Keynote Speech by Wen Jiabao

Premier of the State Council of the People's Republic of China

At the World Economic Forum Annual Meeting of New Champions 2011

Dalian, 14 September 2011

Professor Klaus Schwab, Executive Chairman of the World Economic Forum,
Ladies and Gentleman,

- [1] I wish to extend warm congratulations on the opening of the fifth Annual Meeting of the New Champions, or the Summer Davos, and a sincere welcome to you all. It's been five years since the launch of the Summer Davos. In these five years, the Summer Davos has set a clear objective for itself, that is, it is a forum for the world, for the future, for innovation and for the youth. The diverse forms of discussions conducted during the forum are lively and vibrant. In particular, during the difficult times of the financial crisis, the forum sent out a message of hope and brought confidence and courage to the world. The theme of this year's meeting - Mastering Quality Growth - represents people's shared desire for robust, sustainable and balanced economic growth, and I wish the meeting a great success.
- [2] Three years have passed since the outbreak of the international financial crisis. International organizations, governments, the business communities and the academia are all taking a hard look at the root causes of the crisis and exploring ways to sustain the growth of both the global economy and national economies. With regard to China's economic development, some people have hailed its achievements, while some others have expressed doubt. Some are optimistic about China's economic future, while some others say that China is in trouble. But we in China remain level-headed. We are clear about the situation and we are fully confident about our future.
- [3] The first decade of this century has seen major changes in the global political and economic landscape. It has also seen rapid industrialization and urbanization in China. Great progress has been made in China's comprehensive reform, opening-up and modernization endeavor during this decade.
- [4] Over the last ten years, China's economy has been growing by 10.5% annually. Its GDP and trade volume respectively rose from the sixth and seventh place to the second place in the world. China's industrial structure is being upgraded; the foundation of its agriculture has grown stronger; development in the central and western provinces has picked up speed; and a mode of regional development with each region tapping its distinctive strength has taken shape. Social services are thriving; and urban and rural income has risen substantially. China has taken on a completely new look as its total economic output and overall national strength significantly increased and people's living standards greatly improved.
- [5] We have continued to resolve challenging issues in development by carrying out reform and steadily improved the socialist market economy. An array of important reform measures have been introduced in taxation, finance, enterprises, rural areas and resource prices. These measures have enhanced the vitality of the micro-economy and macro-regulation and raised the efficiency of market allocation of resources. We have made full progress in expanding social services. Nationwide free nine-year compulsory education has been achieved. A basic social security system covering both urban and rural areas has been put in place. Construction of government-subsidized housing is being accelerated. The cherished goal of the Chinese that everyone should have access to education, employment and pay, medical and old-age care and housing is becoming a reality.

Through reform, we are removing bottlenecks hampering development and have released the initiative, enthusiasm and entrepreneurial spirit of the Chinese people. This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth.

- [6] We are pursuing a win-win strategy of opening-up to increase the openness of China's economy. Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services. We have pursued the dual strategy of introducing foreign capital and encouraging Chinese companies to invest overseas to achieve greater balance between the use of FDI and overseas Chinese investment. We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations. China today is a fully open market economy. The opening-up policy has both benefited China's development and the well-being of its people and contributed to regional and global economic growth.

Ladies and Gentlemen,

- [7] With its development entering a new historical stage in the second decade of the 21st century, China is in an important period of strategic opportunities. Peace, development and cooperation remain the trend of our times. The international environment is generally conducive to China's pursuit of peaceful development. Numerous factors - continuous industrialization, urbanization and agricultural modernization, huge market potential, a relatively high savings rate, better R&D capacity, better education, a more skilled labor force, deepening reform and overall stability - have created enabling conditions and vast space for continued economic and social development in China. On the other hand, we are still facing a pressing problem, that is, China's development is not yet balanced, coordinated and sustainable and there are many institutional constraints hindering scientific development. As the size of the Chinese economy grows, it will become difficult to keep high-speed growth over a long period of time. However, the new developments, both internationally and in China, have not changed the fundamentals of China's development. We have the right conditions, and we have both the ability and confidence to maintain steady and fairly fast growth of the economy and bring China's economy to a new stage of development.

- [8] The current 12th Five-year Plan period is a critical stage in China's efforts to build a society of initial prosperity in all respects. Taking into full consideration the future trend and conditions as well as China's goals for 2020 and responding to the need for changing the model of growth at a faster pace, achieving scientific development and bringing the benefits of reform and development to all the people, we have set the following goals and strategic tasks for these five years:

- [9] - China will continue to follow the strategy of expanding domestic demand, with focus on improving the structure of demand and increasing consumer demand to drive economic growth. Domestic demand is crucial and a necessary choice for a big country to achieve sustainable economic growth. China has 20% of the world's population. With its per capita GDP exceeding US\$4,000, China has entered a key stage for upgrading consumption structure. To upgrade consumption and raise the quality of life for urban and rural population and strengthen weak links in economic and social development will generate enormous domestic demand. We will endeavor to build a long-term mechanism for expanding consumer demand, create a favorable environment for consumption, improve consumer expectation, boost spending power and upgrade consumption structure. We will expand consumption in the course of advancing urbanization, protecting and improving people's well-being and speeding up the development of service industries. We aim to make urbanization grow by another 4 percentage points, and raise the share of the value added created by service industries in GDP by another 4 percentage points, so that final demand will become a major force driving China's economic growth.

- [10] - China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers. This will enable us to catch up with the progress in technology and change the model of growth, and it holds the key for us to adapt to demographic changes and achieve sustainable development. We will fully implement the outline of the national medium- and long-term plan for education and promote balanced development of education at different levels and of various types. We will ensure equitable education for all, promote well-rounded development of people, train innovation-oriented talents, and advance education in a scientific manner. And we will move faster to make China not only a big country but also a strong country in both education and human resources. This will provide strong intellectual impetus for sustaining China's economic development.
- [11] - China will continue to build an innovation-driven society, speed up the development of an innovation system, and enhance the role of science and technology in driving economic and social development. R&D is crucial in guiding our efforts to accelerate the change of growth model. During the 12th Five-Year Plan period, we will give greater priority to R&D, deepen reform of science and technology institutions, and address the root causes of R&D not fully meeting the need of economic development. We will increase input in science and technology and raise the share of budget for R&D in GDP from 1.75% to 2.2%. We will follow closely the latest progress in overseas frontier technologies, strengthen basic research and the research of high technologies of strategic importance, and pool resources to make breakthroughs in developing core technologies. We will enhance capacity to create, utilize, protect and manage intellectual property rights and bring into play the creativity of the whole society. We will accelerate the upgrading of traditional industries by using new technologies, new materials, new techniques and new equipment. We will vigorously develop strategic emerging industries, with a focus at this stage on industries related to energy conservation, environmental protection, new-generation information technology, biotechnology, high-end equipment manufacturing, new energy, new materials and new energy vehicles. Our goal is to develop new pillar industries so as to gain initiative for development in the new scientific revolution and industrial revolution.
- [12] - China will continue to save resources and protect the environment, follow the path of green, low-carbon and sustainable development, use resources in a more efficient way, and develop stronger capacity for tackling climate change. To conserve resources and protect the environment is crucial to achieving sustainable development, and this is one of China's basic state policies. We will speed up the building of an industrial structure, a mode of production and a model of consumption that are conducive to resource conservation and environmental protection, and promote harmony between man and nature. During the 12th Five-Year Plan period, we will raise the share of non-fossil energy in primary energy consumption to 11.4%, reduce energy consumption and CO₂ emission per unit of GDP by 16% and 17% respectively, and cut total discharge of major pollutants by 8%-10%. We will improve laws, regulations and standards, strengthen performance-based accountability, overhaul the pricing mechanism for energy and resources and increase fiscal, taxation, financial and other policy incentives. We will promote circular economy, develop low-carbon industrial, construction and transportation systems, promote energy, water, land and material conservation and integrated resource utilization, preserve and repair the eco-system, increase forest carbon sink, and build stronger capacity for tackling climate change
- [13] - China will continue to put people's interests first, pay more attention to ensuring and improving people's well-being and pursue common prosperity. Everything we do is to enable all the people to have better lives, and this is the criterion to measure the performance of all of our work. Our goal is to bring the benefit of development to all,

ensure and improve people's well-being, and advance social progress in all respects. We will give priority to job creation in promoting economic and social development and create equitable job opportunities for all. We will adjust income distribution, ensure that personal income grows in step with economic growth and that labor remuneration grows in step with increase of productivity. We will gradually raise the share of personal income in national income distribution and the share of labor remuneration in primary distribution. We expect that per capita urban disposable income and per capita rural net income will both grow by more than 7% annually. We will put in place systems providing basic old-age care and basic medical and health care for the whole urban and rural population, and extend the coverage of government-subsidized housing to 20% of the urban population.

[14] - China will continue to deepen reform and opening-up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development. China owes its rapid development in the past 30 years and more to reform and opening-up, and this will be equally true for its future development and progress. We will continue to advance both economic and political structural reform to create strong impetus for economic and social development. We will uphold and improve the basic economic system, speed up fiscal, taxation and financial reform, reform of prices of factors of production, reform of monopoly sectors and other important fields, and strive to make major progress in these reforms. We will exercise governance pursuant to law and address the institutional causes for over-concentration of power and lack of checks on it. We will protect people's democratic rights and their lawful rights and interests so as to uphold fairness and justice.

[15] China cannot develop itself in isolation from the world and the world also needs China for its development. Here, I wish to reiterate that China's opening-up to the outside world is a long-term commitment which covers all fields and is mutually beneficial. China's basic state policy of opening-up will never change. We will continue to get actively involved in economic globalization and work to build a fair and equitable international trading regime and financial system. We will continue to improve foreign-related economic laws, regulations and policies so as to make China's investment environment in keeping with international standard, transparent and more business friendly.

Ladies and Gentlemen,

[16] While the world economy is slowly recovering, uncertainties and destabilizing factors are growing. Both the advanced and emerging economies have experienced slowdown in growth. Sovereign debt risks are growing in some countries, causing turbulence on the international financial market. Unemployment in major advanced economies remains high, while emerging economies are facing upward inflationary pressure. All this shows that world economic recovery will be a long-term, difficult and complicated process. In addressing the Davos forum in early 2009, I said that the crisis is a global challenge. To overcome the crisis, we need to have confidence, strengthen cooperation and live up to our responsibility. The crisis also puts to the test the international community's sincerity for and commitment to cooperation, and it puts to the test our wisdom. I still hold this view today. The international community must have more confidence, enhance cooperation and jointly tackle the challenges. We should strengthen dialogue and coordination on macroeconomic policy and accelerate the building of a just, equitable, sound and stable new world economic order. Governments should fulfill their responsibilities and put their own house in order. The major developed economies should adopt responsible and effective fiscal and monetary policies, properly handle debt issues, ensure the safety and stable operation of investment in the market, and maintain confidence of investors around the world.

[17] China's economy is generally in good shape. Since the beginning of this year, its economic growth has taken an orderly shift from being driven by policy stimulus to self-generating growth, moving in the right direction of macroeconomic regulation. In the first half of this year, China's GDP grew by 9.6%, and its trade surplus decreased by 17.6%,

thanks to increasing domestic consumption. A total of 6.55 million urban jobs have been created. Price rises as a whole are under control, market supply of important goods is ensured and structural adjustment of economic sectors is moving forward. Business profits and government revenues are increasing quite fast. People's income has steadily increased, and their lives have further improved. Since the second quarter, the economic growth has dropped somewhat, but this is mostly the result of proactive macro regulation and is not beyond our expectation. We will address the pressing challenges in the economy and continue to implement a proactive fiscal policy and a prudent monetary policy. We will maintain continuity and stability in macroeconomic policy and make our policy responses more targeted, flexible and forward-looking in light of changes in the economy. We will maintain control over the intensity, pace and focus of macroeconomic regulation and strike a balance among maintaining stable and fast economic growth, adjusting economic structure and managing inflation expectation. This will enable us to maintain general stability of prices as a whole, prevent major economic fluctuations and meet this year's goals for economic and social development.

[18] I am confident that China's economy will grow over a longer period of time, at a higher level and with better quality and make new contribution to robust, sustainable and balanced growth of the global economy. We sincerely welcome foreign companies to actively involve themselves in China's reform and opening-up process and share the opportunities and benefits of China's prosperity and progress.

Thank you.

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