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Cultural Dimensions of Globalization

The Power of the Binary: Concepts of "Us" and the "Other" in Commodity Networks, Boundary Formations, and Politics of Finance

One of the most striking concepts that can be seen throughout the various readings over the past couple of weeks has been the binary notion of "us" and "them" or, stemming from post-colonial theory, the notion of "us" and the "other". As one continues to read scholarly works pertaining to globalization, it becomes quite evident that the need for such a distinction within and between various societies is inherently necessary in order for particular actors to succeed within a continuously globalizing and modernizing world. This distinction, far from simply being categorizing mechanism, aids in the construction of power hierarchies within various social, political, and economic institutions by reinforcing a systematic process of oppression and discrimination within both national and global spheres. Through this construction of power hierarchies comes an added layer of complexity when discussing these binary terms, for although such terms explicitly divide societies into categories based on race, gender, or socio-economic status, they are implicitly reliant on one another: while the "other" is oppressed by the "us", the very success of "us" would not be possible without the existence of the very "other" that is oppressed.

With this concept in mind, an analysis of particular scholarly works will be conducted in order to elaborate on how the binary terms of "us" and "them/other" have been utilized in order to establish power hierarchies within various contexts. The readings in focus will include the following: Paul Gootenberg's *Cocaine in Chains: The Rise and Demise of a Global Commodity, 1860-1950,* Birgit Meyer's *Commodities and the Power of Prayer: Pentecostalist Attitudes towards Consumptions in Contemporary Ghana,* Achille Mbembe's *At the Edge of the World:*

Boundaries, Territoriality, and Sovereignty in Africa, Randy Martin's Financialization of Daily Life and Michael Lewis' The Big Short: Inside the Doomsday Machine. An attempt will be made to understand the complexities of the binary "us" and the "other" in various temporal, geographical, and institutional contexts – from the most overt and widely studied concept of the "other" in the colonial sense to a contemporary notion of the "other" that arises within the modern-day world of fast growing financial sectors and international business transactions.

Gootenberg's in-depth analysis of the coca/cocaine industry in the late 19th and early 20th centuries, although providing a discourse that looks essentially into the commodification of coca and cocaine on a global scale, showcases an example of the colonial "othering" that occurred within the region where coca was harvested – South America. According to Gootenberg, coca leaves were heralded as a prestigious commodity within members of the Incan empire and were therefore off limits to the indigenous masses. While Spanish colonizers did partially partake in the regional trade of coca, they did not necessarily view the cocoa leaf itself as a prestigious item, seeing it as a "widespread marker of (degraded) Indian caste" and a "suspiciously "Indian" habit." (Gootenberg, 2006, p.323). Here one may say that through the colonizer's eyes, the Spanish "us" was perceived as superior to the indigenous "other", one whose very usage of coca leaves marked the coca leaves itself as a "low" product that should not be used by the Spanish elite.

A transformation of the image of coca leaves from one of a "low" commodity within the region to one of a prestigious commodity will resurge once again with one major difference- the image of the coca leaf as a prestigious commodity would be acknowledged on a global scale. According to Gootenberg,

> "Much had to change for coca to become a bona fide world commodity: its scientific, medical, and ethnic prestige had to rise in Europe and North America as well as in republican

> Peru and Bolivia…To make a complex story short, these factors came together quickly after 1850 as European botany and medicine settled coca's (previously disputed) stimulant power, as industrializing societies embraced mass health stimulants...and touted modern medical marvels…" (Gootenberg, 2006, p.324).

Here we see the absolute power of the European nations in a global scale. Although the indigenous population of Peru has heralded the uses of this commodity for centuries, it was only until the European scientists *verified* its positive uses that it was then seen as a prestigious global commodity. For example, German interests in coca for the development of cocaine lead to a "global coca mania" which spread to Britain and France. Wine infused with coca was soon being developed and distributed across Europe, with elite members of European society partaking in the consumption of this coca infused beverage (Gootenberg, 2006, p.325). Due to its success, "coca and cocaine constituted Peru's fifth-highest export earner and continued to excite the developmental imagination of liberal elites." (Gootenberg, 2006, p.328). Here, we see the financial power the European nations and societies held: as importers of coca and crude cocaine, European traders, investors, and consumers greatly supported the national economy of Peru, making Peru the "other" that was financially dependent on the superior, European "us".

This power of the "us" would then be transferred from the European nations (Germany, Britain and France) to the United States, where growing sentiments against the usage of coca and cocaine and a push to ban such commodities would affect how these commodities would be viewed globally. The U.S' restriction of cocaine through legal acts such as the 1906 FDA act, the 1914 Harrison Act, and an import control system established in 1922 reaffirmed cocaine's newly transformed image as an illegal commodity. These sentiments were also echoed through the establishment of UN laws, which limited coca usage globally by setting " legal world and medicinal needs at under four metric tons"(Gootenberg, 2006, p.332). It would not take a long time before the negative image of coca and cocaine usage would then be seen within Peru.

According to Gootenberg, foreign campaigns against the usage of coca/cocaine led to "sentiments against coca as backward or harmful to national development" which "combined with racism against the country's Indian majority…fueled a novel hygienics movement against coca by the 1930's, since toxic coca "degenerated" Peru's "Indian race"." (Gootenberg, 2006, p.339). Much like what occurred within Peru under Spanish colonization, what can be seen here is the notion of coca (and now cocaine) as a "low" commodity linked to the indigenous "other" by powerful, foreign institutions (seen here primarily as the United States).

The connection between the "us" and the "other" in conjunction with commodity items can also be seen in Meyer's *Commodities and the Power of Prayer*. In her discourse on the spread of Pentecostalism in Ghana, Meyer elaborates on the connection between Christianity and consumption, specifically focusing on the Ewe converts and their alignment towards the German missionaries' stance towards consumerism. According to Meyer: "To both the missionaries and the Ewe converts, the possession of western goods was a self-evident feature of Christian life and their lack was regarded as a sign of 'savagery'. (Meyer, 1998, p.250). What can be seen here is the power of the European "us" in deciding and verifying what commodities should be deemed proper, civil and valuable. A connection could therefore be made between Gootenberg's discourse on the Spanish colonization of Peru in relation to what can be seen in the German missionary processes that occurred in Ghana: commodities that were used by indigenous populations are were deemed as "low" commodities, marked by the savage-like "other". If used by the Western colonizer or missionary however, the commodities are then held with prestige and value: coca and cocaine were only prestigious when the European elite consumed the commodity, while Ewe converts were only seen as following the proper Christian path if they consumed Western commodities and rejected indigenous commodities.

Looking into the historical development of nation-states and their corresponding boundaries, Mbembe's *At the Edge of the World* elaborates extensively on the residual effects of European colonialism within present-day Africa, bringing into light the dividing notions of "us" and the "other" explicitly in terms of race within territorial areas. This can be particularly seen in Mbembe's elaboration of South Africa's "internal boundaries" – fourteen racially constructed territorial areas that reinforced the concept of a "superior" Caucasian race and an "inferior" indigenous African race though the process of apartheid. According to Mbembe, "the result of this excision was to put on the black populations themselves the financial burden of reproducing themselves and to circumscribe the phenomenon of poverty within racially associated enclaves." (Mbembe, 2000, p.30). Although what is being seen here is the reinforcement of uneven power relations reflected upon the racial division of territories within nation-states, it is extremely important to note that uneven power relations can also be seen between nation-states outside the continent of Africa as well. These transnational power relations, much like the relations seen between the inner boundaries of South Africa, reflects this notion of the superior western "us" and the non-western "other" in a global scale. This can be seen in the following excerpt, which elaborates on North and South Africa's international relations:

> "On a general level, part of North Africa is drawn toward the Mediterranean. Without necessarily espousing Europe's cultural values, it is trying to bind its economic future to that of Western Europe…On the one hand, thanks to active economic diplomacy, it [South Africa] succeeded, after the end of apartheid, in intensifying its relations with Asia…Asia's penetration of South African markets goes hand in hand with the strengthening of the latter's relations with the European Union and the United States." (Mbembe, 2000, p.40-41).

Although Mbembe attempts to stray away from a reductionist concept that views the effects of colonialism as the sole determining factor for the ongoing development of the present day African nation-state, what needs to be acknowledged is that the effects of colonialism can still be seen in the present day through the African nation-state's reliance and dependency on the western nations for its own economic success. Thus, in order for the African nation-state to modernize in this global world, international relations with western nations must be established, for western nations have historically been the superior nations of the world – the "us" to the African "other".

A link can therefore be made between the modernization of African nation-states to Randy Martin's eloquent discourse which attempts to connect the organization of various geographies to notions of financial inclusion/exclusion in chapter four of Financialization of Daily Life. Within the chapter, Martin elaborates on the concept of "twinned geographies"; one that lies internally within the nation-state and one that lies outside of the nation-state. According to Martin, an internal geography can be seen through the development of socio-economic classes, while the outer geography can be seen through the classification of the nation-state as being either a First, Second, or Third World nation. (Martin, 2002, p.150-151). This concept of "twinned geographies" can be seen in Mbembe's elaboration of the regions of North and South Africa, where racially segregated internal territories has led to the creation of areas of varying socio-economic classes, while the positioning of African nations as "Third World" countries has forced nations within the region to become financially dependent on western "First World" countries.

What is important to note here is that although Martin focuses on notions of inclusion and exclusion based on a society or nations economic status, Martin also acknowledges the effects of colonialism within the national and global financial sphere. This can be seen in the following excerpt in which Martin states the following: "Just as colonialism and imperialism (whose energies I would hasten to say are far from exhausted) oriented the center by what was done to those outside it, so the new global geography of finance crafted its demonstration effect from what it took to be peripheral." (Martin, 2002, p.152). Here, we see Martin's acknowledgement of the colonialist thought processes that have allowed certain nations to become the "core countries" of the world, exemplified by the oppressive process of "othering" that is clearly evident in both Gootenberg's discourse on the commodification of coca leaves as well as Mbembe's discourse on the development of territories and boundaries within Africa. What Martin also states in the latter half of this quote however provides the reader with a different perspective on the effects of imperialism and colonialism within the present day global financial system.

In his mentioning of "demonstration effects", Martin showcases the presence of colonialist attitudes within present-day situations, where moments of financial crisis within developing or "periphery" nations become moments of critique during which the flaws of the peripheral "other" are highlighted by the western core nations. This can be seen Martin's mentioning of the Asian financial crisis that occurred in late 1990's, where "the officiating narratives to emerge from the 1997 financial debacles of Thailand, Indonesia, Malaysia, and Korea combined cold-war and orientalist tropes to explain why "Asia" had failed to keep up with the promise of globalization" (Martin, 2002, p.156). According to Martin, U.S. government financial advisors stated that the centralization of East Asian institutions impeded the progress of Asian financial markets, while at the same time stating that a lack of state regulation within failing markets were also to blame for the crisis that occurred at the time. This contradictory comment is acknowledged by Martin, which can be seen in the following statement: "The co-presence of too much and too little state attention is not meant to be a logical error on the part of the authors, but an absence of cool reason from Asian globalizers that might have averted the whole mess." (Martin, 2002, p.156). An orientalist logic then unfolds: because the financial crisis of 1997 occurred within Asia, Asian financial institutions must then be seen as being inadequately managed within the nation-state due to the fact that Asian financial advisors seem to lack the logical reasoning needed to conduct successful business ventures. In response to this argument, Martin then poses an interesting question (and answer): "If Asia's sins of irrationality were so abundant, why the rush to invest?...The flaws were invisible to even the keenest-eyed investor because financial institutions of the East lack what is called "transparency"."(Martin, 2002, p.157). A demand for the creation of account reports and financial forecasts were then called for by the core nations, for it was believed that such calculations may help foresee future risks that may lead to a financial crisis. Here we see the power of the western core nations in relation to the developing East Asian nations: by demanding for transparency, Asian institutions had to prove to the western core nations of their potential to become successful core nations through the creation of various reports and statistics. As Martin states: "Whereas under the *ancien régime* of the 1980s postcolonial nations had to cut domestic social expenditures in exchange for new loans, now they must apply increasing self-discipline even to be worthy of consideration for further debt." (Martin, 2002, p.158). Here, we see the "us" and the "other" stemming from colonialism through the interactions that occurred within the global financial markets during the Asian financial crisis of 1997 – one where the "us" were not Spanish colonizers or German missionaries (as seen in Gootenberg and Meyer's works), but rather western "core" nation-states.

Martin's discourse does not solely look at the notions the "other" in strictly colonial terms. Focusing on territorial divisions based on socio-economic class, Martin elaborates on what Andrew Leyshon and Nigel Thrift call "geographies of financial exclusion" which involve processes that “prevent certain social groups and individuals from gaining access to the financial system” (Leyshon & Thrift, as cited by Martin, 2002, p.161-162). Focusing on the politics of inclusion and exclusion between the privileged wealthy and the oppressed poor, Martin mentions the development of a “poverty industry” – an industry in which Wall Street businesses firms such as Citibank, Bank of America, and various others attempt to profit immensely from the poor masses as they have to face the consequences of taking out loans with high interests that cannot be repayed. As Martin states: “Bad credit forms its own penal colony that, far from disconnecting people from the attentions of finance, render indebtedness a total institution.” (Martin, 2002, p.162)

An example of this “poverty industry” can be seen in Michael Lewis’ The Big Short, which focuses on the business transactions that leading up until the housing bubble crisis that occurred in the late 2000’s. Focusing on the incredible story of doctor turned hedge fund manager Michael Burry, Lewis elaborates on the innovative business strategy that would shortly turn into a trillion-dollar industry: the buying and selling credit default swaps on subprime mortgage bonds. (Lewis, 2011, p.30). The concept was simple. Investors would buy insurance on subprime mortgage bonds (defined here as “credit default swaps”) in hopes of profiting off from homeowners who would eventually default on their mortgage payments. The possibility of profiting from the possible defaults was high due to the very structure subprime mortgage loans, which was built on a system in which “teaser” rates would lure homeowners into believing that they could pay off their loans for a couple of years until their interest rates would dramatically rise after the “teaser rate” period expired. According to Lewis, “A mortgage created in early 2005 might have a two-year “fixed” rate of 6 percent that, in 2007, would jump to 11 percent and provoke a wave of defaults.” (Lewis, 2011, p.30). Within the span of a couple of years, Michael

Burry went from being a debt-ridden doctor who blogged about his opinions and ideas on business and finance to becoming the founder of Scion Capital, a hedge fund company that experienced so much success that “by the end of 2004, Mike Burry was managing $600 million and turning money away”. (Lewis, 2011, p.42). Wall Street firms soon followed suit and began investing what would quickly become a trillion-dollar market, where investors would reap hundreds of millions of dollars in profit all under the premise that the average middle-class American would not have the financial means to repay loans for their own homes. Essentially, the business of credit default swaps during the housing bubble ensured that the rich would become richer and the poor become poorer. Here, one may see the socio-economic concept of the rich investor “us”, one that appropriated and utilized the horrible losses of the working-class “other” (or “them”) in order to reap in millions of dollars in profit.

After conducting an analysis of the various works mentioned above, one may state that the binary notions of “us” and the “other” permeates through various temporal, situational, and institutional contexts. Gootenberg and Meyer showcases these notions through their discussion of commodity chains, while Mbembe focuses on how these notions can be seen throughout in terms of territorial formations and boundaries within Africa. Bridging the gap between Mbembe’s perspective and the world of finance, Martin looks into the “geographies of exclusion”, where the colonialist notion of “us” and the “other” are reiterated by the socio-economic divisions that occur within as well as between nation-states. Lastly, one may see the notions of “us” and the “other” in purely socio-economic terms through Lewis’ elaboration on the housing bubble crisis that occurred in the mid to late 2000’s, where wealthy investors became the “us” who utilized the lower economic-status of the “other” in order to gain profit. What these works exemplify is the fact that such binary notions, rather than disappearing through globalization, resurface through various aspects that are embedded within processes that occur in globalization. Notions of "us" and the "other" have been (and still is) a concept that can be seen within society, whether it be through 19th century colonialist conceptualizations of "us" and the "other" based on race, or 21st century notions of "us" and the "other" that arises from the distinction between various socio-economic classes. What one hopes to achieve through this analysis then is to bring into awareness the presence of these binary notions in an ever modernizing and globalizing world, shedding into light the complexities that lay behind the seemingly simple terms of "us" and the "other" within various areas in both past and present societies.

References

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