Chapter 2

The Culture of Consumption in Global Markets
Value Chains as a Phenomenon of International Production and International Consumption

Abstract:
Within the aegis of cultures going global, this paper explores two inter-related questions. How does economics matter to the global spread of culture? How does the culture of a particular commodity shape the economics of it? This paper probes through the channels for the global spread of material culture, and argues how the underlying forces are as much economic as they are cultural. It is about the role that economists have in cultural studies, considering that economic frameworks can either bar or facilitate the movement of consumption cultures.

"If I belonged to a bigger town, I would have definitely got more SMS votes", was the remark of a contestant voted out in the finals of 'Indian Idol', a popular entertainment contest on television (Amit Sana in an interview on www.rediff.com). Beyond the phenomenon of 'a small town guy being undone in the big world', what larger cultural significance does this statement hold? There is a multilayered fine-print to it that deserves further attention. As a preliminary speculation, from where are more votes going to come? In the hierarchies of urbanity, how would one's position make a difference?

In the public voting format, merely viewing the program is not sufficient anymore. There is an active soliciting of votes, which has to be translated into tangible SMS’s. How would this happen? More SMS would be a function of more mobiles and what if the penetration of mobiles isn’t prolific enough? Even if one owns a handset and intends to send an SMS, you still need the network range. Plausibly, these hurdles could get more pronounced as you move down the geographic hierarchies, creating systemic limitations for an individual to succeed.

Framing this issue at a broader level, there is an increasing demand for an active viewer rather than a passive one; 'Indian Idol' is only an illustrative example for this. As an integral component of 'popular culture' (Strinati, 1995: xvii), the program is widely consumed and has reached a high

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4 A paper based on this chapter titled 'What has economics got to do with it? Cultures of consumption in global markets' was refereed and published as a Special Article in the Economic and Political Weekly in Vol. XLIV, No. 1, January 3, 2009
level of penetration in terms of viewer-ship. The next rung of coordinated consumption seeks the transition into an ‘active’ viewer, and this wouldn’t be possible without the means to exercise it. The program in a way seeks to assimilate two waves of ‘material culture’ (Miller, 1987); the first of the television that originated earlier and the second of the mobile phones. There could be a certain disparity in the spread of the second when juxtaposed with the first. The culture of ‘sending SMS’ as a form of consuming the program may not exhibit the same number of takers as those who consume the program only as spectators.

The way we engage with popular culture is increasingly getting defined through the conduits of material culture. This change has an international dimension to it, wherein both the forms of culture are drawing their influences from global trends. For a program titled Indian Idol, what is so Indian about it? The participants are Indian, the songs they sing could be termed Indian by and large (though it cannot be vouched that they may not have been plagiarized from elsewhere); the indigenousness ends there. Otherwise, the show has a ‘Made in America’ tag in the fine-print (being a conceptual rip-off from Fox TV’s ‘American Idol’), the channel Sony Television that has garnered the eye-balls is a Japanese multinational broadcaster; the televisions for viewing could be LG and Samsung in all probability (considering that the Korean multinationals have a large share of the Indian market (Chandra Mohan, 2005)) and the mobile handsets could be Nokia or Sony again. Thus, we are affronted with a situation wherein the cultural basket of what we consume knowingly or unknowingly has an international connection at multiple levels, both in popular as well as material forms. Within the aegis of cultures going global, this paper explores two inter-related questions. How does economics matter to the global spread of culture? How does the culture of a particular commodity shape the economics of it?

When we say that consumption cultures go global, more often the ambit of studies revolves around what happens on account of it rather than how it happens. It is a study of the ends rather than the means. But how do cultures travel after all, particularly when they have acquired material forms? This paper probes through the channels for the global spread of material culture, and argues of how the underlying forces are as much economic as they are cultural. It is about the role that economists have in cultural studies, considering that economic frameworks can either bar or facilitate the movement of consumption cultures. This paper derives its examples from the Indian context but they could be equally applicable across other parts of the developing world.

**Section 1: How Does Economics Matter to the Global Spread of Culture?**

**Cultures going global, but how:**
When we talk of cultures going global, what do we essentially mean? The underlying reference is to the mobility of cultures. Locally confined to begin with, it indicates that cultures are now moving
over or transcending into newer geographies and among unfamiliar people. In a default manner, cultures then get ascribed with characteristics that are associated with mobility per se. How much of cultures move and how fast, or in other words, the pace and quantum of cultural movements would define their spread across space and time.

When cultures go global, what does this abstract term ‘cultures’ stand for? What is going global after all and imparting mobility to cultures? The answers to this could be traced to one of the ways in which culture has been defined. In a broader sense, cultures are “sets of beliefs or values that give meanings to ways of life and produce (are reproduced through) material and symbolic forms” (Crang, 1998: 2). Thus, looking at culture as a sum of parts of ‘ways of life’ and ‘material and symbolic forms’, it is these integral ‘parts’ that are gaining mobility.

Do these ‘parts’ exhibit evenness in the pace of their movements? This is where the enquiry would naturally lead. Of these, ‘ways of life’ as vectors of culture has a history to it. When Appadurai speaks of how ‘between travelers and merchants, pilgrims and conquerors, the world has seen much long distance (and long term) cultural traffic’ (Appadurai, 2000: 27-28), the attempt is at identifying the role of individuals as agents of cross-cultural exchanges and familiarization. When people would move, not only would their ‘ways of life’ get transported but also the ‘material and symbolic forms’ building them. While these historic movements may not be the fastest or the most voluminous, they formed the initial waves of cultural influences spilling into unfamiliar territories.

The important point to be noted here is that with individuals at the helm, the pace of mobility associated with ‘ways of life’ and ‘material forms’ was consistent. Resulting from their inter-dependence, neither could ways of life move over and get entrenched without the ancillary existence of the material forms that would be needed to support them; nor could material forms outpace and arrive into new territories independent of the ways of life that would require them. The constraints to movements of individuals were in fact the limiting factors to cultural movements. Cultures could travel only as further as individuals would carry them. This no longer remains the case.

In cross cultural travels, a substantial disjuncture can be witnessed at two levels. Firstly, individuals still act as agents of culture, and there continue to be more of them traveling across the world and faster than ever before. But as active perpetrators, their importance has waned since individual movements are no longer a pre-requisite for cultural movements. We argue that they have been superseded by ‘ways of life’ and ‘material forms’ acquiring a mobility of their own. These latter agents have been accosted with a certain fluidity of moving spatially at a faster pace and in larger numbers, something which is a typical limitation in physical, individual movements.
Probing further, a deepening split can be observed in the relation between ‘ways of life’ and ‘material/symbolic forms’ as well. From moving simultaneously, there is now a disjuncture in the pace of their travel.

Earlier, there was a simultaneous flow of individuals carrying their lifestyles and merchandise and entrenching them elsewhere. Increasingly, this has been replaced by a haphazard sequence of cross cultural travels, in terms of what moves first and what follows. Taking the case of Chinese and Indian diasporas and their little cultural hamlets or corners, one can discern the ‘package deal’ that would get transported as a collective. ‘China towns’ are miniature representations of what Chinese ethnic immigrants have on offer. Over time, a certain disjuncture can be observed in these collective transfers.

A Chinese or Indian meal is not confined to their respective hamlets anymore. They were exclusive reserves of these collectives once but now have an independent existence of their own. They have traveled wider and faster, and have ceased to be esoteric offerings of a Chinese or Indian corner. Going further, the ingredients could be spread even wider, across general supermarkets and retail outlets, and not in conjunction with where the cuisine is on offer.

Thus, from the earlier definition of culture as the one giving meaning to ways of life and creating material forms, the order appears reversed when cultures go global. It is the material forms that arrive first with their newfound acceleration. As they get entrenched as independent variables, they are pliable to new meanings that may not be what they signified earlier. This is simply because the original symbolism hasn’t moved fast enough. The material forms go on to give meanings to ways of life (same as original or otherwise), and in the process give a new dimension to cultures. From (culture→ ways of life→ material/symbolic forms) as a set of cultural perpetuation, we now have (material/symbolic forms → ways of life→ culture).

As we discuss the material forms of culture and explore the drivers behind their accelerated global movements, as economists, the enquiry becomes simpler by replacing ‘material and symbolic forms’ with the more familiar, economic terms of ‘goods and services’. Discussing the diffusion of goods and services through ‘trade and capital movements’ (things that economists are obsessed with), an economic perspective to cultural movements can be put forth. While treading on the often unexplored, common grounds that exist between cultural studies and economics, the text that follows looks at how economists can add value to the discourse on cultural spread. This would be possible if only they were to understand the material and symbolic values that ‘goods and services’ embody in themselves.
No culture please, we are economists:
The indifference of economics to the cultural ramifications of its actions is not uncommon. The vast body of economic literature engaged in explaining the finer details of ‘cross border movements’ (read trade and investments) hardly considers the associated ‘cross cultural movements’. Nothing can exemplify this better than the works of economists and theorists dealing with international trade movements, both in terms of theory as well as methodology of trade analysis.

Discussions on international trade theory, about what drives trade and between which countries, begin with the classical expositions of Adam Smith and David Ricardo. Any regular textbook on international economics commences with these foundations (Södersten and Reed, 2006). For establishing the absolute advantages arising from trade, Smith constructs his argument using the variables X and Y, which could simply be any of the commodities that a nation may produce. The Ricardian refinement to this, viz. the theory of comparative advantage further entrenches the gains from trade. Where Ricardo goes a step further than Smith, he also gives an identity to Smith’s generic, nameless goods of X and Y by replacing them with wine and cloth. This could be termed a quantum leap in the economic perception of goods.

For Smith, trade arose from price differentiations, no matter what the goods were. By virtue of being nameless, the goods are in fact, acultural. Their social and cultural meanings do not have any bearing on the way trade evolves (at least the theory has been constructed that way). Arising from this inconsideration, there is a strong underestimation of what those goods may actually signify. Ricardo on the other hand, does specify the items and gives them certain identities. But for this improvement, the same inconsideration takes over again. His theory still does not recognize that wine and cloth are not simply items of trade, but are culturally loaded signifiers of consumption. What if the wine is champagne and the cloth is a Levi’s jeans? Wouldn’t they alter the way in which the goods move, and from where? Having been introduced in a particular country, wouldn’t they influence the cultural patterns of consumption?

The other problem with trade theories is the implicit assumption that the trading nations are culturally uniform, and the same products could be freely extended across international markets. Taking Ricardo’s example, even before England and Portugal start trading, they are producing and consuming the same items, namely wine and cloth. After trade, these countries increase their consumption of both the goods but this in no way alters the consumption basket. The classical and even the modern trade theorists have not seriously considered the cultural outcome of the introduction of a totally new, non-indigenous product as part of trade. If what we consume is closely connected to our culture, then how does the introduction of an altogether new product impact us?
Without undermining the importance of trade theory, there is a need to look at the continued lack of coherence between economists, trade theorists and the cultural significance of goods. It has been little recognized that the traded items signify more than their monetary worth, and culturally their value could be higher/lower. Economics, with its overwhelming obsession with empirics, continues to construct its edifice with an air of indifference to the cultural dynamics ingrained in trade. Looking beyond the theory, even the actual methodology of trade data compilation bears the same imprint. Commodity trade classification systems would be a good example for illustration here.

The Harmonic System (HS) is the universally accepted classification for traded goods with the objective of maintaining uniformity in the definitions of goods. Within this, consider Code 22 that has been assigned to beverages, spirit and vinegar (UN COMTRADE, 2008). The code is a broad based nomenclature that includes a host of sub sections including unsweetened beverage waters (Code 2201), non-alcoholic sweetened and flavored beverages (2202), beer made from malt (2203), grape wines (2204), fermented beverages not elsewhere specified including cider, perry etc (2205), liqueur, spirits and un-denatured ethyl alcohol < 80 % (2208) among other items.

These numeric designations could just as well pass for rather innocuous trading items, until we start the naming procedures. What do these sub-codes stand for? What are the possible brand names that get concealed by them? Unsweetened beverage waters could simply be Kinley and Aquafina, two brands owned by rivals Coke and Pepsi respectively. Non-alcoholic sweetened and flavored beverages could be Coke and Pepsi, and localized versions like Zam Zam (in the Middle East) and Inca Cola (in Peru). Beer is synonymous with Heineken, Cobra, Budweiser, Fosters; just as ethyl alcohol is the lesser-known identity for Bacardi, Chivas, Johnny Walker and Smirnoff. Without sounding like a paper on alcoholic spirits, this listing of names is simply to bring into focus how brands move trade. If you thought what’s in a name after all, then it would be eroding all the strength that moves these brands, all the imagery created around them for bolstering their consumption.

Associated with the brands are also their countries of origin. “While Coca-Cola is promoted as a universal or trans-cultural product, it is at the same time identified with the culture and ideals of the United States. Coke is intimately bound up with the so-called American Dream” (Howes, 1996: 3). The same can be said of blue jeans (Levi’s), or burgers (McDonalds) or pizzas (Pizza Hut). From these brand names, the direction of cultural perpetuation also becomes quite apparent in terms of where the goods originate and where they land up. Emerging in the First World, these products have penetrated extensively into the developing markets over the years.
“The Third World has changed dramatically since the concept of a ‘developing world’ gained popularity after World War II. This is clear from the type of products people consume. Cigarettes and mass-produced textiles have been a worldwide phenomenon for a long time; carbonated soft drinks, though more recent, are today nearly as widespread; cassette players and radios can be found in many villages in countries as diverse as Brazil, India and Nigeria; and the TV and VCR are become necessary status symbols of many peoples of the urban Third World“ (Dannhaeuser, 1989).

To this list, we can have further additions in the form of mobiles and CDs, computers and Ipods. The term ‘westernization’ would refer to this very process of goods from the West proliferating in non-Western markets creating a standardized basket of consumption across geographies. In exchange, the developing world has its own set of items to offer (like Indian films or Thai cuisine) that have gained popularity beyond their domestic markets. But it doesn’t amount to ‘easternization’ of the West. They remain niche chunks and do not get conferred with the status of mass consumed items; their quantum of movements is rather miniscule. The bulk of items that even the East exports are those that initially originated in the West. The South East Asians are integrated into global production chains of a number of consumer items (Hoekman and Kostecki, 2001: 14-15), and the same can be said of the East Europeans (Hoekman and Djankov, 1997: 471-487). Thus, the homogenizing influences are so pervasive that the same goods (often originating in the West) are being produced, traded and consumed across a larger set of nations.

While consumption has evolved a culture of its own over time, building lifestyles centered on material objects (Miller, 1987), it has also simultaneously created a trade of its own. Trade then becomes not just an ‘engine of growth’ but also a very discrete, subliminal perpetuator of consumer cultures. The trade-culture correlation is a historical one (Stearns, 2006), but the scale and conspicuousness as observed today, warrants a new perspective.

Post World War II, world exports have risen from 50 billion US dollars in 1948 to scale 12,065 billion US dollars in 2007 (UNCTAD, 2008). What are the implications of these enormous cross border movements from a cultural point of view? Obviously there are far more culturally loaded goods being traded than at any earlier point of time in history, but the story doesn’t end at that. The rapidity by which the exchange has got scaled upwards deserves further attention. There is a distinct condensation of the time gap between consequent waves of cross cultural goods arriving in the markets. Emerging from this, a larger number of people across widespread geographies are getting familiarized and influenced by a common set of beliefs or values that those goods impersonate. Trade in a way, is a channel for the vast industry creating material objects to extend their markets. The resulting growth in global markets is prodigious, and the omnipresence of
material goods would bear sufficient evidence to this global standardization of consumption patterns.

Now what if these goods that may carry cultures get prevented from entry into particular markets? What if they get barred at national boundaries? Goods and services undoubtedly have greater mobility as cultural carriers, but they would not be necessarily given the freedom to exercise it. So their potency of transmitting cultures, via the pace and volumes of their movements, gets blunted by preventing their entry. Countries have periodically resorted to putting up external barriers against goods and services. Here again there are a host of economic forces that act as impediments; custom duties and other trade regulations that insulate the country from external goods and in the process, prevent their cultural connotations from seeping through. The edifice of protectionism that works for goods and services is equally potent in preventing cultural influences from entry. Cultural standardization or homogenization is possible only in those countries where there are lower economic barriers to facilitate better market access.

A 2005 UNESCO report identifies a framework for global cultural trade by categorizing goods into ‘core cultural goods’ and ‘related cultural goods’ (UNESCO, 2005: 15). The breadth of core cultural goods covers heritage items, books, newspapers, other printed matter, recorded media, audiovisual media; related cultural goods include equipment and support material, advertising and architectural services. But is the transmission of cultures restricted only to these so called ‘cultural’ goods? Where do strong representations of consumption cultures like Coke or McDonalds fit into this scheme of things? The real scope of what can be termed as cultural has expanded to encompass far too many items.

To understand the scope of cultural goods, we need a more expansive classification in terms of (a) goods having direct cultural implications and (b) goods that act as potential transmitters. Items like Coke and blue jeans are direct carriers. On the other hand, media related equipment like TV, radio, mobiles and computers would all form examples of transmitters. By themselves, they do form a part of the larger framework of material culture; but the services being offered via them are the ones that do the job. For example, in India, being in possession of a television or radio wouldn’t have amounted to external cultural influences creeping in if they were to be providing access only to Doordarshan or Vividh Bharati, the official government channels with a distinct national identity. The real cultural explosion (entry of MTV, and the Star network, and the Sony bunch) resulted only after liberalization with the permission to foreign channels to operate in India.

The transmitters could be only the ‘physical infrastructure under private ownership’ that could be used for facilitating the spread of cultural material. But they do create a common awareness of
ways of life that people are hitherto unaware and expand the scope for mass standardization. For giving those ways of life a material form, the required goods and services might not have still arrived, but they do make their presence felt already via these transmitters. The pace and quantum of cultural spread via media services is even greater than commodities, in fact it is instant.

Trade volumes have risen exponentially in the post-War time frame, but they have been surpassed by another channel of movements, that of international capital flows.

“The internationalization of production and consumption has been the defining feature of the world economy since the mid-1980s. Foreign Direct Investments (FDI) broadly defined as the creation of enterprises abroad or the acquisition of substantial stakes in existing enterprises now represents a major form of cross-border capital flows. More firms than ever in more industries and in more countries are expanding abroad through direct investment. It has been estimated today that worldwide some 65,000 trans-national corporations, 90 percent of which are headquartered in OECD countries, have established more than 850,000 foreign affiliates, more than half of which operate in non-OECD countries. Their combined sales of almost $19 trillion is more than twice as high as total world exports in 2001” (Ferrarini, 2003: 7)

Thus, the sale of a large number of international goods and services no longer get registered as part of international trade. The goods themselves don’t move, but the money required for their production flows swiftly to establish local production. With investments in place, international goods then qualify as any other local item. The cultural connotations of these goods remain intact though, irrespective of their place of production. As traded items, they would face barriers. Once they acquire local status of production, these barriers get circumvented. Just like trade barriers, there exist hurdles for every penny that comes into the country as investments; monitors, screenings and regulations. As a country liberalizes, it is these barriers that get dismantled progressively both in terms of trade and investments. In the process, they leave the doors open for external cultures to strike root.

The multifarious cross border movements of goods, capital, individuals and ideas, they all have an intrinsic cultural baggage traveling across. Which of these movements gets regulated at national boundaries and to what extent? Depending upon this, the levels of cultural exposure would vary and international influences on domestic consumption patterns would keep altering. These in turn, would have their own bearing on the extent of cultural standardization they can bring about.
As seen in the course of this section, there are deep rooted economic processes that give direction to cultural journeys. The term ‘cultural movement’ is a sweeping generalization of multiple channels through which the movements occur. Cultural movements via trade, via investments and as seen later, via seepages are all direct repercussions of background economic forces, and economists are the ones more equipped to throw light on them. Putting it succinctly, economists do have a stake in cultural studies after all.

Section 2: How the Culture of Products Shapes the Economics of it?

What product is prone to enter through which channel? What will travel as exports, what will transcend across national barriers via foreign direct investment, and what will go international via value-chains (as seen later)? We argue that this decision is intrinsic to the product, and the nature of consumption it seeks. When items of trade get substituted by generic variables like X,Y and Z, or even by somewhat more suggestive indicators like wine and cloth, they offer a relative ease for constructing trade models. But they do not give an indication of the channels through which those items could enter different markets depending upon their cultural dynamics. The discretion exercised by the product to choose its modes of entry is not taken into consideration.

Entry of a product into an international market would be determined by (a) how many channels exist at a particular point of time and (b) which of those get regulated at national boundaries. In closed markets, the channels for entry would be totally restricted. Consequently, the range of offerings in such markets is local in origin. As economies get deregulated, international products can establish their presence in local markets but they still do not have a free hand in choosing the channel of entry. It would depend upon the sequencing of what channel gets liberalized first. As economies increasingly become more open, a product or service may have several modes of entry that can be availed. It still does not imply that the product would resort to using all the channels at its disposal, for it would exhibit its own preferences or predilections to maximize its consumption.

With different channels in place for a product to get routed into new, open markets, the very idea of ‘international’ goods or services has got blurred over time. For a product to qualify as international, the litmus is no longer limited to the physical good and its entry from elsewhere. It now owns multiple passport identities depending on (a) where it gets produced and where it gets consumed, and (b) who owns the production, whether this ownership is domestic or international. Thus, we have two binaries to contend with; the first dealing with geographic movements, and the second dealing with capital movements. Different products employ different combinations to cross borders and become international. As stated earlier, this is influenced by the nature of
consumption it seeks. The following grid constructs the four possibilities for producing and accessing a product.

**Table 1: The location based grid for production and consumption**

<table>
<thead>
<tr>
<th>Production</th>
<th>Consumption</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Local production and local consumption (1)</td>
<td>Local production and international consumption (2)</td>
</tr>
<tr>
<td>International</td>
<td>International production and local consumption (3)</td>
<td>International production and international consumption (4)</td>
</tr>
</tbody>
</table>

Except for local production and local consumption, all the other combinations in the grid emerge with an international connection to them. They also form the routes for cultural initiations internationally. If searched a bit deeper, even the sole alternative of local production and consumption (Mode 1) is not so local after all, but about that later.

**Mode 2: Local production and international consumption**

Considering the alternative of local production and international consumption (2), the rationale could simply be explained by international trade in the Hecksher-Ohlin world. When production is confined locally and foreign markets have to be tapped, it assumes the form of trade. If we take the case of ‘Ricardo’s wine’, it would be interesting to look at the trade volumes for this category and the nations generating those numbers (see table 2). The bulk of exports are accounted by a selective club of nations including France, Italy and a few others from Western Europe (COMTRADE, 2008). France derives a large part of its code 22 exports from grape wines, of which there is a substantial proportion of sparkling wines (which would include champagne). Similarly, the United Kingdom trades extensively under the whisky sub-code (220830) and presumably a sizable chunk of it would be brand sales of Scotch and likes. The geographic confinement of these items’ production has ensured that they would necessarily have to be procured via trade. In fact, the producing nations have been vehement in safeguarding their exclusivity of production.

**Table 2: Exports from selective countries for Code 22 and sub categories in 2006**

<table>
<thead>
<tr>
<th>Country</th>
<th>Product (HS Code 2002)</th>
<th>Export value (billion$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Beverages, Spirit and Vinegar (22)</td>
<td>13.299</td>
</tr>
</tbody>
</table>
Geographical indicators as a form of intellectual property rights are precisely for this purpose. For example, champagne cannot be equated with any other sparkling wine. The “French law has created the ‘Maisons de Champagne’ to determine exactly the methods and conditions of Champagne production in France and has empowered them to sue in protection and on behalf of the name ‘Champagne’” (Knoll, 1970: 310). This legislation now has an international validation to it, with additional protection for geographic indications for wines and spirits under the aegis of intellectual property rights at WTO (World Trade Organization, 2008). The term ‘champagne’ is no longer associated just with French culture but is linked with the larger domain of the culture of consumption. Thus, nations have resorted to a safeguarding mechanism to protect what would seem as cultural connections of items; but the motive is just as well to prevent their economic spillovers being accrued to other nations.

In case of champagne, annual “sales by all producers total more than 300 million yearly bottles, roughly €4.3 billion. Roughly two-thirds of these sales are made by the large champagne houses with their grandes marques (major brands). Fifty-eight percent (58%) of total production is sold in France, and the remaining 42% exported worldwide”
http://en.wikipedia.org/wiki/Champagne(wine). Even as the champagne brand remains imbued in French culture, France as a nation remains the sole authorized beneficiary of this cultural symbol.

Within the spheres of consumption and material culture, a similar status could be denoted to the French or Italian couture or luxury goods industry. “The worldwide luxury goods market now represents a total of 35 billion US dollars. On that market, the French companies have contributed a little less than 50 percent of total turnover in the mid-1990s” (Djelic and Ainamo, 1999: 625). Comité Colbert, an elite 70 member association governed by French law includes an enviable list of firms from the world of luxury goods: haute couture (Chanel, Dior, Givenchy, Lacoste, Yves Saint Laurent), leather goods (Hermes, Louis Vuitton), perfumes (Caron, Guerlain, Dior, Chanel) among others. With a ‘Made in France’ tag, “the Comité Colbert members generate 82 percent of their sales on international markets” (Comité Colbert, 2006) with their international
presence not through production sites but through retail avenues. “Scattered all over the world are about 3,300 exclusive points of sale representing French luxury” (ibid).

**Table 3: Exports of select categories of luxury goods from select countries in 2006**

<table>
<thead>
<tr>
<th>Product (Code)</th>
<th>Country</th>
<th>Export value (in dollars)</th>
<th>Trade quantity</th>
<th>Per unit valuations ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leather Goods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Articles of apparel and clothing accessories of leather (4203)</td>
<td>China</td>
<td>2,892,898,808</td>
<td>108,709,894</td>
<td>26.61</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>931,015,176</td>
<td>8,217,050</td>
<td>113.30</td>
</tr>
<tr>
<td>Other articles of leather or composition leather (4205)</td>
<td>China</td>
<td>597,042,385</td>
<td>68,032,029</td>
<td>8.77</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>291,099,662</td>
<td>1,438,224</td>
<td>202.40</td>
</tr>
</tbody>
</table>

(Source: UN Comtrade database)

Table 3 gives the trade figures for certain categories of leather goods, where China is consistently the top exporter to be followed by Italy (4203) and France (4205). But what does it suggest about the ‘Made in China’ versus ‘Made in France’ or ‘Made in Italy’ labels that those goods represent? Beyond the trade figures that standardize the items, what would the comparison amount to? Can such a comparison be made after all?

Firstly, the Chinese exports are simply bulk in nature and cannot be equated with the niche French exports of leather goods, which must be originating from the Comité Colbert members or similar firms aspiring to emulate them in the world of luxury goods. It would be equating a branded, named identity with a nameless one that sells in volumes. Secondly, the high culture that the French goods intend to construct doesn't come cheap, as can be seen from the high per unit valuations fetched by them. So effectively, France is deriving its valuations through much less quantities traded, considering that its exports have an added ‘brand’ value. Thirdly and more importantly, what can be understood about the positioning in the international market for a ‘Made in France’ versus ‘Made in China’? The Chinese exports being mass based and derived from price competitiveness, would face competition from other developing countries who can replicate the same characteristics. There is a certain threat of substitution for the ‘Made in China’, which could easily become a ‘Made in Vietnam’ or ‘Made in India’. As a result the Chinese goods persistently have to be low priced and mass based. The French or Italian goods don't face such a
danger of being overrun, considering that their items of exports have acquired the status of luxury goods. They cater to a niche market that is keen to demonstrate the ownership of a Yves Saint Laurent or Gucci (for a price, of course). These exports would be stickier and would continue to be based out of France or Italy, even if the production costs are higher. The same branded identities could also be behind the high French exports of perfumes (see table 4). Comparisons are odious, and this would be just another case of how trade data comparisons completely mask the underlying cultural dynamics that move trade.

Table 4: Export of perfumes (Code 33) and sub categories from France

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Export value (in dollars)</th>
<th>Trade quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Essential oils and resinoids; perfumery, cosmetic or toilet preparations (33)</td>
<td>12,446,238,233</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(of which) Perfumes and toilet waters (3303)</td>
<td>4,088,282,601</td>
<td>120,801,932</td>
</tr>
<tr>
<td></td>
<td>(of which) Beauty or make-up preparations (3304)</td>
<td>4,769,564,699</td>
<td>179,614,107</td>
</tr>
</tbody>
</table>

(Source: UN Comtrade database)

Niche luxury brands that are symbols of the culture of elite consumption show a high degree of reluctance in extending their production through capital movements internationally. They are at the roots of differentiating between elite and mass consumption. These are not supposed to be mass consumer goods, and as such, have pricing barriers to their access. It is a natural choice, considering that their brand equity revolves around regulating the possession and consumption of the product. Under these circumstances, their production would tend to be concentrated in the parent country, from where they would be exported.

While it is easy to state that ‘exclusive’ products are conspicuous examples that choose the trade route, the categorization of an item as ‘exclusive’ is a difficult proposition. What may have been exclusive once may not remain exclusive over time. Ample examples could be stated here; in fact most of the consumer durables that have been stated as cultural transmitters were once niche items. Naturally, they found a mention in the trading lists of nations. Progressively, they have become mass consumption items. At this juncture, they move beyond trade channels and into the domain of capital movements. Thus, the grid constructed above is not two dimensional (those of
production and consumption) but has a third dimension of time in which the production and consumption take place.

**Mode 3: International Production and Local Consumption**

International production and local consumption could be interpreted as ‘normal’ trade again, this time via import channels. But the objective here is to bring out the vast global expansion of production facilities brought about by the global movement of capital, commonly referred as Foreign Direct Investment (FDI) or its emerging forms of private equity ownerships. In such cases, the validity of the term ‘international production’ is based on the fact that the money, technical know-how is international, even though the production is local.

Existing economic literature enumerates the motives behind FDI movements from the perspective of why it takes place and when. In answer to the why, the reasons include circumvention of trade barriers or “tariff jumping” (Blonigen and Feenstra, 1996; Blonigen et al, 2002); reducing transport costs (Horstmann and Markusen, 1987); relocation of production that is either resource seeking (skilled labour, raw materials) or efficiency seeking (low labour costs) (UNCTAD, 2007: 3). In answer to when FDI would move in, the focus has been on understanding the early or delayed effects of entry (Ellis and Fausten, 2002).

But this still does not answer the question of what drives capital movements in some products as against others? The reasons could be as much cultural as economic. We argue that depending upon their specific culture of consumption; products may or may not go the FDI way. If we take the case of exclusive wines discussed in the previous section, they would continue to remain in the trade channels irrespective of trade barriers and the possibility of low production costs elsewhere. It is intrinsic to the culture of consumption they seek, distinctly elite in this case. In contrast, there are goods that seek a mass base and their production and consumption is built on stupendous volumes. The channel of trade becomes an incompetent carrier for such items because of (a) the large volumes that have to be handled and (b) the added costs of transport would bring down the affordability and therefore reduce the mass appeal of the product.

In terms of production, they would not remain restricted to selective countries (as in case of wine). Their ownership though remains dominated by multinationals from few countries. These products thrive not through centralized production in selective countries and their eventual exports, but through a more decentralized network of production. To achieve this goal, they diversify their production and distribution facilities as seen from the extensive global operations for some of the major culturally symbolic brands.
The category of ‘sweetened beverages’ would form a good example to be cited here. ‘I would like the world to buy a Coke’, goes the title of the biography of a Coca Cola CEO (Greising, 1998). In tune with this, the Coca Cola 2007 annual report boasts of being “the largest manufacturer, distributor and marketer of nonalcoholic beverage concentrates and syrups in the world”, that are now “sold in more than 200 countries” (The Coca Cola Company, 2007). There is a fascinating account that traces the dynamics of Coke’s existence and enormous expansion over the century (Pendergrast, 2000). The following table shows the stupendous rise in Coke servings over the century.

<table>
<thead>
<tr>
<th>Year</th>
<th>Coca Cola bottles sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>1886</td>
<td>9 glasses per day</td>
</tr>
<tr>
<td>1903</td>
<td>Over 300 million</td>
</tr>
<tr>
<td>1915</td>
<td>Over 5 billion</td>
</tr>
<tr>
<td>1936</td>
<td>Over 100 billion</td>
</tr>
<tr>
<td>1952</td>
<td>Over 200 billion</td>
</tr>
<tr>
<td>1965</td>
<td>Over 500 billion</td>
</tr>
<tr>
<td>1973</td>
<td>Over 1 trillion</td>
</tr>
<tr>
<td>1982</td>
<td>Over 2 trillion</td>
</tr>
<tr>
<td>1993</td>
<td>Over 4 trillion</td>
</tr>
<tr>
<td>2003</td>
<td>Over 6 trillion</td>
</tr>
</tbody>
</table>

(Source: http://www.rzuser.uni-heidelberg.de/~el6/presentations/pres_c2_hoa/CCSalesfigures.htm)

If the entry of international goods and services forms the quasi-front for spread of cultures, capital movements are the massive force driving their pace and quantum. Through their orientation towards generating a mass consumer base, they are instrumental in defining or projecting what eventually become mass cultures. In a rather suggestively titled chapter named ‘Exporting Americana’, John Love writes of how McDonalds, a quintessential American food service chain now derives a substantial chunk of its revenues from outside the United States.

“What is more surprising than the scope of its success abroad is that McDonalds cracked the international market with more or less the same formula it had perfected in the United States. Given the enormous lifestyle differences between domestic and foreign markets, a unique approach to international expansion might have been expected. McDonalds might have greatly modified its system to adapt to foreign cultures. Instead, it stuck to the basics of its system and changed the cultures to fit it’ (Love, 1995: 416) - Italics ours.
This cultural molding is not just through some millions of servings of a Coke or a Big Mac that are standardizing what we drink and eat. These are flagrant examples that only form the upper crust of a phenomenon that runs deep. There are blue jeans forming a part of what we dress. There are cosmetics that decide on how we should look and for what occasion. Across all of these categories, there are multinational firms trying to sell their products en masse and they have all penetrated across nations through the FDI route. Looking through the FDI figures for India, we can segregate them into two broad categories of items (a) direct cultural signifiers that would include a host of consumer durables and fast moving consumer goods and (b) support structures required for servicing these direct signifiers.

**Industry classification for cultural transfers through FDI in India:**

<table>
<thead>
<tr>
<th></th>
<th>Industries</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Signifiers</td>
<td>Food and Beverages</td>
<td>Coca Cola, Pepsico, Kellogg</td>
</tr>
<tr>
<td></td>
<td>Clothing</td>
<td>L'levis, Lee Cooper, Benetton,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>L'acoste</td>
</tr>
<tr>
<td></td>
<td>Personal Care</td>
<td>Revlon, Avon, L'oreal</td>
</tr>
<tr>
<td></td>
<td>Consumer Durables</td>
<td>LG, Samsung, Nokia</td>
</tr>
<tr>
<td></td>
<td>Computers</td>
<td>Compaq, Microsoft</td>
</tr>
<tr>
<td></td>
<td>Automobiles</td>
<td>Hyundai, Daimler Chrysler, Ford</td>
</tr>
<tr>
<td>Support Structures</td>
<td>Power and Electric Equipment</td>
<td>Alstom, ABB</td>
</tr>
<tr>
<td></td>
<td>Banking and Finance</td>
<td>HSBC, Citicorp, ABN Amro</td>
</tr>
<tr>
<td></td>
<td>Telecommunication Services</td>
<td>Vodafone</td>
</tr>
</tbody>
</table>

For people to indulge in this plethora of goods, their capacity to consume needs to be expanded. People have to be familiarized with what they have to consume for what occasion, and how. They have to be convinced of how an occasion is incomplete without having consumed a certain set of items manufactured for the purpose. This platform gets created through the media instruments. The 2001 Census of India reports of over 60 million households having television sets and over 67 million in possession of radios (Census of India, 2001). If we take the case of televisions, a large part of this growth can be traced to the post liberalization period when a host of MNCs like LG, Samsung etc entered the Indian markets and consolidated the base of their production. The televisions become the instruments for broadcasting of a host of MNC channels including the basket of Star TV and Sony that too entered simultaneously.

So long as India restricted market access to external products and services, it remained a static destination that was able to regulate external influences from creeping in. Gradually, with the
easing of FDI norms, it has opened the scope for such a possibility. The range of foreign influences on the Indian television spans from (a) direct transmissions of international sitcoms (e.g. Friends, The Bold and the Beautiful) to (b) localized versions of international shows (e.g. Kaun Banega Crorepati that derives its name and content from Who Wants to be a Millionaire, Indian Idol that traces itself to American Idol, or the more recent Kya Aap Panchi Pass Se Tez Hain based on the American show Are You Smarter than a Fifth Grader). In the absence of a widespread network of television sets, the viewer-ship for these programs would have been limited. In some cases, the mere consumption or viewer-ship would not suffice. Those consuming the programs have to be led to the next rung of consumption, which is by soliciting their active participation in the decision making process of selecting winners. Indian Idol for instance, was based on hundreds and thousands of sms’s, which gives an idea of the massive network of mobiles at work. Reverting back to the opening statement, it firstly points out at the further scope for penetration of mobile networks and services in the interiors and at a deeper level, the scope for further standardization of who consumes what. The success of international capital would depend on the achievement of this dynamism.

Mode 4: International Production and International Consumption

This final alternative involves a complex combination of trade, FDI and international labor markets as manifesting in the form of international splitting of supply chains, also referred as ‘value-addition chains’.

“The Barbie Doll’s label says “made in China”. This suggests, correctly, that in the production of Barbie, China provides the factory space, labour and electricity, as well as cotton cloth for the dress. It conceals however, the facts that: Japan provides the nylon hair, Saudi Arabia provides oil, Taiwan refines oil into ethylene for plastic pellets for the body, and Japan, the United States and Europe supply almost all the machinery and tools, most of the molds (the most expensive item) come from the United States, Japan, or Hong Kong; the United States supplies the cardboard packaging, paint pigments and molds; and Hong Kong supplies the banking and insurance and carries out the delivery of the raw materials to factories in Guangdong Province in South China, together with the collection of the finished products and shipping” (Snyder, 2002: 4).

If “the Barbie doll is quintessentially American in origin, style and culture” (ibid) as Snyder writes further, there are a couple of things evident here; (a) a product symbolic of material culture has many seemingly non-cultural processes backing it and (b) these processes are geographically dispersed in operations, resulting in a large number of nations backing this cultural end-product.
“The rising integration of world markets has brought with it a disintegration of the production process, in which manufacturing or services activities done abroad are combined with those performed at home” (Feenstra, 1998), giving rise to the phenomenon of value addition chains. As the mass base of consumer products increases, and becomes more global in spread, the need for tapping nation-specific comparative advantages becomes necessary. Production gets fragmented wherein “materials and components produced in one country may pass through a sequence of other countries that each add value through fabrication, assembly, or other processing before a final product is delivered to consumers. Countries, which specialize in different stages of the production process according to factor-cost or other locational advantages, are thus linked in a vertical chain through trade in intermediate inputs” (Borga and Ziele, 2004).

There is extensive economic literature explaining the emergence and rationale of these international production networks (Gereffi et al, 1994, Feenstra, 1998, USITC, 1999), and going further about how there is extensive multinational firms’ involvement in these chains (Borga and Ziele, 2004). The crux of the matter is that this mode exhibits a combination of both trade and investment activities. Borga and Ziele (2004) give a detailed account of how affiliates of American MNCs (read firms established via FDI) import a substantial chunk of their inputs from parent firms. Such chains are not just restricted to Barbie dolls or Pokemon games but are highly penetrated in case of electronic and transportation equipment.

The cost reductions resulting from global sourcing and economies of scale are enabling a further expansion of the material culture represented by the products coming out of these networks. The items that get produced through such assemblages are then offered across varied markets, validating the terminology of international production and international consumption. This possibility would be somewhat nipped if there were to be barriers to trade or to capital movements.

**Mode 1: Local production and local consumption**

For what evokes an impression of being indigenous, ‘local production and local consumption’ needs to be probed in terms of the products that qualify under this category. What is so local about them? Or do they also have an international connection after all?

In 1968, when the Indian markets were relatively closed to external influences, Hazelhurst offers the following description of the markets in middle rung cities of India:

“Behind the hawkers are the shops of resident businessmen. Here one finds, for example, bicycle sales shops and bicycle mechanics, small-scale metal workers who manufacture trunks and agricultural implements, the shops of medical practitioners and
dispensers of medicine, cloth shops and brass shops, tailors and dry cleaners, radio repair shops and shops labeled simply ‘general merchandise’, gold merchants and grain merchants” (Hazelhurst, 1968: 540).

A host of these items have been traditionally part of local markets (gold, grain, cloth) and have their own symbolisms in local culture. What of bicycle and radio (or their repair) shops that have also found a place in the local markets? The markets are thus a composite blend of items that are (a) locally produced and consumed, and (b) locally produced and consumed but introduced from elsewhere. Over time, the assimilation of such introduced products has been extensive in the local markets.

Strictly speaking, the term ‘local production and local consumption’ would hold valid only in those countries where the products have originated. A host of items of industrial production, that also qualify as items of material culture began their journey through tapping the markets where they were first introduced. The automobile is a Daimler invention (read German), and the assembly line a Ford (read American) contribution. Just like this, we can ascribe nationalities to a host of inventions like the radio and television, computers and mobiles that are the beacons of material culture. These items would find a place in Mode I wherein they were locally produced and locally consumed originally.

Gradually, the firms mass producing these items began their journey across the different alternatives of the grid. For tapping new markets, firms progress through the different alternatives mentioned in the grid. Starting with local production and local consumption; then came a phase of their exports to other markets, followed by the alternative of producing them locally in those markets through FDI, and finally cutting costs by resorting to value chains.

Across the vast gamut of products symbolizing material culture, ‘local production and local consumption’ holds different meanings for different markets. In the originating markets or countries, the term has an added meaning because it is emerging from a local idea or invention. All other markets would have to acquire the product either through trade or capital investments. But an alternative phenomenon can be observed here. Moving across the grid creates a time lag resulting from a phase-by-phase lifting of barriers across nations, as also the technical gap possibilities. During this time lag, the commodities may not be moving as yet, but their underlying ideas or concepts can, and often do. Before the actual ‘original’ products arrive at the borders, and jump across barriers, the ideas have already permeated and taken root. There is a local production and local consumption (the replicated or reverse engineered Mode 1) of the products emerging from international ideas.
When the original international product enters the local market employing any of the other Modes, it has to contend with local versions that have already emerged. At the time of Coke’s re-entry into India post liberalization, there were already local substitutes in the form of Thums Up and Campa Cola. When Levi Strauss, the original blue jeans manufacturer started its Indian operations in 1995, there were a host of Indian blue jeans brands (Cambridge, Buffalo, Flying Machine) that had already got established. Adding further depth to the local jeans sales were ‘ready to stitch’ jeans that fitted with the Indian idea of custom tailored clothes. Ruf & Tuf jeans were “sold as a kit: two legs, buttons, rivets, zipper, leather label and an instruction booklet for the neighborhood tailor” (Jordan, 1997). Thus, there were local entrenchment of international ideas that had cultural content ingrained in them but had altogether bypassed the regular channels or Modes of access. We thus have mirrored forms of ‘local production and local consumption’ wherein they are not local in the strict sense of the word but more attuned to local culture.

In the context of consumerism, a Third World country like India ‘imports’ ready-made commodities or concepts. The underlying meanings of these objects and concepts are already assigned and established in the developed world, where these concepts have originated. It could be blue jeans or Rolex watches or a celebration package like the Valentine’s Day (Sahni and Kalyan Shankar, 2006). In their attempt to expand their markets, the developed world (multinationals) transfers these packages to a Third World consumer. As a ‘second hand’ user of these ready-made concepts, a Third World market or consumer does not really get the opportunity to assign meanings to these objects of consumption. The transfer of meanings and symbols inherited from the West acts as a benchmark of consumption standards, even working as a force of standardization of urban culture. The rapid speed of urbanization and pressures of globalization rarely provide Third World urban societies with the space and time to evolve their own patterns of urban culture and consumption.

Where do local markets end and global markets begin?

As nations liberalize, there is an increasing interaction of local and international markets resulting from the lifting of economic barriers. In the process, the identity of local markets would be shaped from its response to the presence of international markets (as represented by international products or brands). There are different levels of this interaction, and the hierarchy of the changed local markets needs to be deciphered.

At one extremity are those chunks of the local markets that continue to remain stubbornly local, and go on to become representatives of the local or indigenous market cultures. Their binding set of customers is drawn out of this claim to authenticity. The example to this would be old sweet
shops, cloth stores, gold and silver ornaments, metal-ware shops etc, which highlight their long-standing local traditions.

But for these, all other forms of local markets do have a changing face. It would be more visible and swifter in metropolitan markets, though their presence can be noted at different levels of urbanity. There could be alterations in terms of their offerings, their representations and their displays, which may show semblance of international practices. In our urban markets, particularly the metropolises, we are witnessing the direct participation of international products with their exclusive spaces in consumption-oriented constructions (for e.g. malls, multiplexes). Such international products as stocked in international stores, as located in local duplications of international construction spaces have their own set of customers. But their influences are more long-standing in nature, and permeate through the entire breadth of the local markets and have a larger pool of customers. The process of this percolation varies from product to product, but some insights can be drawn from the numerous examples from Indian markets.

Firstly, we have the cascading bandwagon effect (Featherstone, 1992), which comprises of the introduction of a commodity or an idea in a niche section of the society, from where it progresses to mass consumption. Considering the diversity of purchasing powers in our urban markets, the bandwagon effect assumes a different dimension here. A product could gain mass consumption through its affordability. But when the product has a substantial awareness created through media, and its symbolic significance has been accepted by the masses, there is a latent demand for the product. Even if the product or idea per se remains unaffordable, this demand is then tapped by cheaper substitutes or variants of the original. In either case, the introduction of the product deepens the markets. For example, expensive fashion statements like Tommy Hilfiger or Gucci are introduced in niche, elite markets. But within a short span of time, the brand moves to the masses, and on to the streets, with every coat or jacket having the name inscribed on it, often with 'wrong spellings' (Mishra, 1995). This phenomenon is largely restricted to low technology intensive commodities such as apparel, footwear, sun-glasses among others. They are fashion statements nevertheless, and people take cognizance of the fact that they could construct their lifestyles through indulging in these forms of material culture.

Secondly, we have the creolization effect (Howes, 1996) where a commodity or an idea when inherited, an indigenous set of meanings are added on the concept. For example, we could consider cross-cultural cuisine like a 'pizza with tandoori topping' or 'Chinese bhel puri', or Bhangra pop, or a linguistic concoction like Hinglish. This transformation is catalysed by the media, which makes an impression on mind spaces through repeated reinforcements. Through this indigenization, the product then finds place in the consumption basket of the masses on a regular basis. It does not remain a novelty any more. Acceptance of one wave of cross cultural
commodities or ideas paves the way for a second wave of them. Individuals, who have indulged in the first set, are likely to respond favourably to the subsequent set of new commodities on their introduction. This is another phenomenon that deepens the markets, increasing the mass base of the product. Again, low technology goods are more prone for such assimilation.

Thus when firms enter new emerging markets either through trade or through investments, they are actually betting on extending their patterns of consumption internationally. But the complexity of this process emerges not just from the national barriers, but also the local variants that have already made headway in the local markets. The material culture as signified by the original products may not seep through as much. But there already exists a local, developing form of it.

In the context of consumerism, a Third World country like India ‘imports’ ready-made commodities or concepts. The underlying meanings of these objects and concepts are already assigned and established in the developed world, where these concepts have originated. It could be blue jeans or Rolex watches or a celebration package like the Valentine’s Day (Sahni and Kalyan Shankar, 2006). In their attempt to expand their markets, the developed world (multinationals) transfers these packages to a Third World consumer. As a ‘second hand’ user of these ready-made concepts, a Third World market or consumer does not really get the opportunity to assign meanings to these objects of consumption. The transfer of meanings and symbols inherited from the West acts as a benchmark of consumption standards, even working as a force of standardization of urban culture. The rapid speed of urbanization and pressures of globalization rarely provide Third World urban societies with the space and time to evolve their own patterns of urban culture and consumption.

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