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Globalization, the State, and Geopolitics

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Biography

Joe Barnes has been a research fellow at the Baker Institute since 1995 with a focus on international economics. He has prepared institute monographs on energy security issues related to China, Japan, Latin America, the Middle East, and Central Asia, as well as one on domestic tax reform. He has recently been appointed a lecturer at Rice's Jones Graduate School of Management. His pieces have appeared in *The New York Times*, *The Houston Chronicle*, *Z Magazine*, *Oil and Gas Journal*, *Energy Markets*, *The Newsletter of the Royal United Services Institute*, and *The SAIS Policy Forum Series*. He is a contributor to two published volumes, *Energy in the Caspian Region* published by Palgrave Press and *United States Tax Reform in the 21st Century* published by Cambridge University Press. Before joining the Baker Institute, Barnes was an associate with the Carlyle Group, a Washington-based private investment company. From 1979-1993, Barnes was a Foreign Service Officer with the United States State Department. His foreign assignments included Saudi Arabia, Germany, Sudan, and Sri Lanka. His domestic assignments included the Bureau of Middle Eastern Affairs, the Executive Secretariat, and the Policy Planning Staff. Barnes is a graduate of Princeton University.

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Summary¹

Globalization is a subject of vast contemporary political and theoretical dispute. The venue of the argument ranges from confrontations in the streets to articles in the pages of esoteric journals. But it is nearly everywhere heated, marked by sharp disagreements over the nature of contemporary globalization, its causes, its scope, its uniqueness, and, perhaps most importantly of all, its impact – good or ill – on such profound arenas as economic growth, equality within and between countries, and the spread of democratic governance.

The subject is so complex and so broad, touching as it does upon the economic, political, strategic, and cultural on a global basis, that one is tempted to jettison the concept altogether as an object of study. As appealing as this approach might be to anyone who has embarked on even a cursory examination of so exhausting a subject, it simply will not do. Globalization – however imprecisely and inconstantly defined – is here to stay as a staple of political controversy and intellectual inquiry.

Commentators on globalization range from triumphalists hailing it as an irreversible process leading to unprecedented prosperity and peace to dystopians who see it creating a world marked by cruel inequality and an ever-dwindling sphere for democratic decision-making. The roles of the traditional state and neoliberal economics are central to the contemporary debate on globalization. The more fervid supporters of globalization, rather like doctrinaire Marxists of an earlier generation, see it leading to the inevitable “withering away” of the state as decisions are transferred from parochial and inefficient governments to free markets where consumers reign sovereign; alarmed opponents fear that globalization will replace democratic governance at the state level with decision-making by multinational corporations and international financial institutions.

One of the key themes of this paper is to move beyond such polar conceptions and stress what could be called the political economy of globalization. The modern global economy – much like

¹ I would like to acknowledge the invaluable help of Ron Soligo, Amy Jaffe, and Liora Danan in the preparation of this monograph. All errors, however, remain my own.

the modern national economy – is very much the creation of states. And states remain critical actors in determining the speed and scope of globalization – just as they did, historically, in shaping the rise of modern capitalism. As the attacks of September 11, 2001 remind us, only states can provide the security necessary for globalization to flourish. And, as the wars in Afghanistan and Iraq reveal, one state – the United States – dominates the world system. Indeed, it was the rise of the United States after World War II and its creation, with allies, of relative peace in such places as Western Europe and Northeast Asia that laid the groundwork for contemporary globalization. And how the United States uses its power will decisively determine its future course.

The Struggle over Globalization

The World Economic Forum (WEF) meeting of February 2003 in Davos, Switzerland was a subdued affair. Authorities were determined that there would be no repeat of the 1999 disturbances at the World Trade Organization (WTO) meeting in Seattle in 1999 – known as the “Battle for Seattle” by those in the streets and their supporters on the Left – and a series of subsequent protests at other meetings in the years that followed. The Swiss police were successful: most would-be protesters did not even manage to set foot in the upscale resort town.

But the restrained tone of the conference did not merely reflect the lack of drama in the streets. It also reflected a growing defensiveness on the part of the participants themselves. Founded in 1971 by Swiss economics professor Klaus Schwab, the WEF – often called the Davos conference after its usual venue – had become, by the late 1990s, the world’s highest profile private gathering of major politicians, corporate titans, star academicians and celebrities meeting to discuss the challenges of globalization. Not only famous but chic, Davos was covered by style magazines such as *Vanity Fair*, which had run a glitzy piece on the 2001 Davos conference entitled “Bill Gates, Oprah Winfrey and Yassir Arafat Walk into a Bar... No, Really, This Sort of Thing Actually Happens in Davos.”² But there was more to Davos than mere style; its participants represented what Karl Marx would unhesitatingly have called the world ruling class.

² James Atlas, *Vanity Fair*, May 2001.

And, for much of the 1990s, it was a ruling class largely united by its enthusiasm for globalization and its optimism about the future.

By 2003, much of this unity had faded: indeed, the Davos meeting was marked by sharp and frequent criticism of U.S. foreign policy under George W. Bush. And its optimism – eroded by the emergence of an organized world-wide anti-globalization movement in the wake of Seattle – had been shaken by the attacks of September 11, 2001, a global economic slowdown, and the widening rift between Western Europe and the United States over war with Iraq.

At another meeting also dedicated to globalization – the World Social Forum (WSF) held in Porto Alegre, Brazil, at the same time as the WEF – the mood was different. The WSF, first convened by anti-globalization activists in 2001, is in many ways the antithesis of the WEF; indeed, it was specifically created to serve as an “anti-Davos” to bring together anti-globalization activists from around the world. In stark contrast to Davos, the conference in Porto Alegre was marked by an angry unity – against the perceived predations of globalization and what activists considered the imperialist policies of the Bush Administration.

The meetings at Davos and Porto Alegre are merely two manifestations of an ongoing debate on globalization that has been gaining in salience and rancor over the last decade. As a term, “globalization” has not just crept but swept into political discourse in developed and developing countries alike; it is now ubiquitous, a staple of public conversation and media coverage around the world. Even a cursory resort to that now standard test of public salience – a LEXIS/NEXUS search – yields over 600 “hits” for “globalization” in March 2003 alone (a period, it should be recalled, when the news was dominated by the U.S. invasion of Iraq).

At the level of civil society, there has been a significant mobilization, most notably among those who disagree with the current course of globalization. But mobilization has not been limited to anti-globalizers: supporters of globalization – through business groups and free-market think-tanks – have also sought to influence governmental policy and shape public opinion. At a minimum, globalization – and especially the alleged perils it holds – has captured the imagination of many young people in the United States, Western Europe, and elsewhere. Their

numbers may be small in absolute terms but they possess a passion for the subject and a commitment to it that is remarkable at a time when the student activism of the 1960s and 70s seems like ancient and somewhat quaint history.

At the intellectual level, globalization has become the subject of what can only be called a massive academic industry, engaging a range of disciplines and a variety of theoretical approaches. Economics, unsurprisingly, has taken pride of its place in this scholarly body of work. A handful of critical areas of economic inquiry – most notably, the impact of trade and investment liberalization on economic growth and income equality within countries and between them – have generated a small library of empirical studies.³ To this scholarly corpus, a growing body of popular literature on the subject can and should be added. These works may be less rigorous than their academic counterpart but perhaps more influential among policy-makers, opinion shapers, and the informed public. Thomas Friedman's *The Lexus and the Olive Tree* and William Greider's *One World Ready or Not* are two well-known examples drawn from opposite ends of the spectrum over the merits of globalization.

The debate is a passionate one. “Luddite” and “Free Market Fundamentalist” are just two of the milder epithets routinely thrown around. The debate on globalization features a continuum of opinion but, as is usually the case, the more extreme positions gain greater public attention than intermediate ones. Polarization makes for dramatic contrast and exciting copy. With this proviso, and at the risk of oversimplification, one can cautiously divide those most passionately engaged in public debate over globalization into two general political camps.

Most proponents of globalization believe that it offers an extraordinary opportunity to increase economic well-being, enhance international cooperation, and foster democratic government. They include most economists and business leaders, as well as many politicians of both the Center-Right (Margaret Thatcher, Ronald Reagan) and Center-Left (Bill Clinton, Tony Blair). In particular, they believe that the free market model – often called neoliberalism – is the only one

³ A taste of the complexity and contentiousness of this literature may be gained by reading “Growth is Good for the Poor” and “Spreading the Wealth” by David Dollar and Aart Kray (both 2002) with “Growth May Be Good for the Poor – But Are IMF and World Bank Policies Good for Growth?” by Mark Weisbrot, Robert Naiman and Joyce

that opens up the possibility of a sustained increase in incomes among developed and developing countries alike. Neoliberalism, while granting a limited role for government, stresses the key role played by open markets in allocating resources – human, material, and financial – at the domestic and international levels. At the national level, neoliberal policies generally feature deregulation of domestic markets, privatization of state-owned enterprises, and a reduction of direct and indirect public subsidies. At the international level, they promote agreements that liberalize trade and investment. These agreements create mechanisms – notably through the WTO but also, more controversially for true free traders, through regional treaties like the North American Free Trade Agreement (NAFTA) or formal organizations such as the European Union (EU)⁴ – that permit the adjudication of disputes between the states involved. Many proponents of globalization go beyond its economic benefits, however great, to stress the international cooperation that shared economic interdependence will bolster. Still others see globalization as spreading democracy, as economic growth fosters the growth of middle classes and rising calls for greater representative government around the world.

What of globalization's discontents? They are a far more heterogeneous group than those in the opposite camp. They include conservative nationalists who worry about the destruction of national cultures, union and some business leaders who fear foreign competition, and Leftists who challenge the entire premise of neoliberalism. The nationalists are represented, on the U.S. political spectrum, by Pat Buchanan and, to a lesser extent, Ross Perot. The Leftists – among whom would be found the followers of Ralph Nader and most of the protesters at the WEF meeting – are certainly the most vocal and comprehensive critics of contemporary globalization. These Leftists see globalization as creating a system marked by ruthless corporate control, the exploitation of the poor, the destruction of the environment, and eradication of indigenous people. They stress the inequality that neoliberalism has fostered, both within countries and between them. And they decry the extent to which globalization has been used as an argument to reduce social welfare programs and income redistribution in developed countries like the United States. Far from seeing globalization as fostering international cooperation, they maintain that

Kim (2000) and "The Emperor Has No Growth: Declining Economic Growth Rates in the Era of Globalization," by Mark Weisbrot, Dean Baker, Robert Naiman and Gila Neta (2000).

⁴ Many supporters of free trade, particularly in the economic profession, possess deep misgivings about such regional arrangements, seeing them as an impediment to truly global free trade. See Bhagwati (2002a), 106-12.

agreements like the WTO and NAFTA are nothing but arrangements that institutionalize economic hegemony by the United States and other leading developed economies over the world's developing countries. Leftists dismiss arguments that globalization will encourage the emergence of democratic governments. They see it, rather, as an effort to place important economic decisions beyond the reach of democratic polities. According to this analysis, globalization actually undermines democracy where it already exists.

One thing should be clear from even this summary of the positions: the central position of neoliberalism in the debate. Indeed, many, if not most, of those who are generally counted in the anti-globalist camp would deny that they are opposed to globalization in principle; this is particularly true of Leftists, many of whom would support far stronger institutions of international governance, so long as they were sufficiently democratic. Nader, for instance, refers to his position as “anti-corporate globalization.”⁵ Closely related to the question of neoliberalism is the debate about the role of the state. Neoliberalism itself, after all, is not a purely economic model; it possesses clear and important assumptions about the role of the state – a subject to which I will return at some length later in this essay. Whether we are speaking of conservative nationalists who see sovereignty undermined by globalization or Leftists who fear the subversion of democratic government, the evolving nature of the state in globalization is a key area of controversy.

The terrorist attacks of September 11, 2001 and the response to them have also raised important questions about globalization. First and foremost, the attacks challenged the optimistic view of progress that, as I will discuss, infuses much of the pro-globalization argument. For Americans at least, the world of September 12 seemed much less benign a place than it had just two days before. A number of the supposed benefits of globalization – ease of international travel, advanced communications, international financial linkages – appeared, at a minimum, to be mixed blessings in the wake of the attacks.⁶ Moreover, the targeting of the United States –

⁵ Introduction by Ralph Nader in Wallach and Sforza, 12.

⁶ Robert Wright, otherwise an enthusiastic supporter of globalization (see below), makes this point starkly: “It is information technology – satellite TV, Web sites, e-mail, cell phones – that with growing efficiency will convert amorphous hatred of the United States into the organized radicalism that can employ weapons of mass destruction.” See “Contradictions of a Superpower,” *The New York Times*, September 29, 2002. For a more in-depth discussion of the relationship between globalization and terrorism, see Cronin.

specifically, the Pentagon and New York's financial district – suggested that some at least are willing to oppose with violence the U.S. military and economic dominance that is one of the salient features of globalization. Most assuredly, the state is back since September 11, 2001. Americans and others are looking to their governments to provide them physical security through enhanced law-enforcement and intelligence gathering. And if the state is back, one state in particular – the United States of America – has taken the center stage in the war on terrorism, overthrowing one regime in Afghanistan and, against a backdrop of huge global opposition, toppling another in Iraq. In short, geopolitics – a traditional conception of international affairs centered on brute state power – is at the very forefront of world affairs, with obvious ramifications for any discussion of globalization.

I can hardly begin to cover the full range of economic, political, and social questions embedded in the current debate on globalization, much less resolve the theoretical differences and empirical disputes that define much of the globalization debate. Indeed, given the scope of the issues involved, no study – or even compendium of studies – can do so. I will just touch on such matters as the cultural or environmental impact of globalization; my focus will be on its economic, political, and geostrategic aspects. What I do hope to do, however, is to parse some of the key theoretical approaches to the subject, give examples of the complexity of the issues involved, and draw a few tentative conclusions that focus on the continuing and decisive importance of politics, the traditional state, and geopolitics in driving globalization.

With a subject like globalization, there is simply no escaping ideology. This can be defined, with admitted inadequacy, as a “world view” that explains our environment as it is and drives our views of what it ought to be. Ideology is therefore positive (or descriptive) in its historic analysis and normative (or prescriptive) in its preferred policies.⁷ Indeed, this paper will include a brief overview of some of the chief “world views” driving analysis of the current debate. Let me stress that I am not staking out a radically skeptical position on the inability of human inquiry in general, or the social sciences in particular, to develop explanatory theoretical models or generate robust empirical findings. David Ricardo's theory of comparative advantage, for instance, is not mere opinion but a remarkable insight into the way that markets work; and the

⁷ North, 49; Steger, 5

failure of communist command economies to deliver material well-being to their citizens is not just a rhetorical argument but a demonstrable historical fact. But there still remains immense room for ideology to drive our analytic approaches or shape our empirical findings. The more complex and ambiguous the issues involved – and many issues related to globalization are most assuredly both – the greater the scope for ideological bias to slip into our analyses.

This makes it imperative that I reveal my own ideology such as it is, at the outset. It is a fairly conventional contemporary American liberalism. It mixes an appreciation for individualism, tempered by concern for equality with a pragmatic preference for ameliorative measures rather than radical solutions, a belief in the power of government to do good as well as ill, an appreciation of the abiding salience of power in international affairs, and a guardedly optimistic view of the human condition. I also hope to be modest, if not out of ideological conviction, then sheer self interest. Even a cursory examination of earlier attempts to identify major ongoing historical trends – whether economic, political, or geopolitical – reveals how regularly observers, even the best informed and insightful among them, have been wrong. In the 1970s, alarmed observers were decrying the inability of Western democracies to confront the juggernaut of Soviet expansion. In the 1980s, equally alarmed observers informed us that the United States was in decline, soon to be eclipsed as a world power by Japan. Today, of course, the once mighty Soviet Empire is no more; and Japan, after a decade of stagnant growth, is generally considered the problem case among advanced economies. More recently journalist Thomas Friedman, one of our country's most energetic promoters of the benefits of globalization, put forward a "Golden Arches Theory of Conflict Prevention."⁸ Friedman argued – half tongue-in-cheek, admittedly – that war was unlikely between countries possessing McDonald's franchises. Even before his book was published, Friedman's theory was refuted when U.S. bombers struck Belgrade; Big Macs were readily available on both sides of the conflict.⁹ Such estimable and generally sober observers as Daniel Yergin and Joseph Stanislaw include a short section on the miraculous, market-driven revival of the Argentine economy in their *The Commanding Heights*,

⁸ Friedman, 196-7.

⁹ Ferguson, 396.

published in 1998.¹⁰ Less than four years later, of course, Argentina was plunged into severe political and financial crisis.

The point should be clear: when it comes to discussing an issue like globalization, more than a little intellectual modesty is in order, and I hope to exercise it.

Towards a Definition

Any analysis of globalization must begin, at the very least, with an attempt at definition. The term's very ubiquity in public discourse and private conversation makes this a vital, if all the more difficult, task. Globalization is surely not a specialized term: in general usage, it can and does carry a multitude of meanings, depending on the speaker and the context. It has, in short, become a cliché, an often empty but impressively labeled vessel into which we can pour our individual opinions. "Globalization," after all, is by most counts a truly big thing, fraught with historical import; its mere invocation gives our arguments superficial heft. It is also a subject upon which many people already have strong views, *pro* and *contra*; raising it immediately creates allies (as well as opponents) in our audience. If we are businessmen, we may object to high taxation for any number of reasons, good or bad, but "globalization" – and the fierce competition for foreign investment it purportedly fosters – is also a useful argument in our favor. Similarly, if we are environmentalists, we may blame globalization for any number of ecological depredations in the developing world, even if much of that depredation would likely have occurred even without the involvement of multinational corporations. This, it should be noted, is only partially due to a human tendency to resort to cliché when too busy or uninformed to venture a more detailed argument. It also reflects the extraordinary complexity of the phenomenon we call globalization.

Unsurprisingly, this complexity often makes the best definitions the most inelegant. The one provided by David Held and his coauthors in *Global Transformations* – easily the most comprehensive and dispassionate of single volume studies of the subject – is perhaps the most useful, if clumsy:

¹⁰ Yergin and Stanislaw, 248-9.

(Globalization is) a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power.¹¹

The stress on globalization as a process is critical. It is not a condition at which we have arrived. It is an ongoing historical phenomenon. Defining globalization as a historical process, it should be noted, does not necessarily imply that it is either inevitable or leading to a specific end state, an important subject that shall be addressed later. The reference to spatial organization is, of course, equally critical as it represents the “global” in globalization, the expanding physical domain in which interdependence occurs. But equally important is the stress on the intensity, velocity, and impact of the new social relationship and transactions that globalization represents. It is these qualities – the depth of transnational relations, speed of change, and ultimate social consequences – that give the phenomenon of globalization its salience. They are what make it, in the minds of many, both important and new. The definition’s reference to social relationships and transactions may be vague but is necessarily so. Globalization is seen as touching upon an amazing range of human activities, from the spread of transmittable disease to self-identification as a member of a specific community or communities. The economic realm is only the most obvious and frequently discussed of these realms.

Even a brief summary of the evidence adduced in support of the idea of globalization suggests this range. The list that follows, in large part drawn from Jan Aart Scholte’s admirably concise discussion, does not pretend to be comprehensive in scope nor detailed in its analysis.¹² But it does reflect an inventory of the main areas where many see globalization as shaping contemporary human life.

¹¹ Held *et al.*, 16

¹² Scholte, 55.

An Inventory

Economics

The past twenty years have been marked by increasing levels of international trade, direct investment and short-term capital movements.¹³ International financial markets in stocks, bonds, currencies, and derivatives are increasingly linked. Cross-border business activities undertaken by multinational corporations are more extensive and intensive than ever before. Many firms now have global sales strategies; consumer products – particularly in such areas as food (McDonald's), film (the Star Wars series), and fashion (Levi's jeans) – have acquired globally recognizable “brands.”¹⁴

Communications

Key factors shaping contemporary communications include the growth of air transportation, the rise of telecommunications (notably through satellites and now the internet), electronic mass media (such as CNN and Fox), and global publications (like foreign editions of *Time* and *The Economist*). The dramatic increase in international communications reflects both the introduction of new technologies (such as the personal computer) and the dramatic increase in usage of older ones (notably the telephone).¹⁵

Organizations

There has been an increase in the number of international organizations over the last two decades. Some of these are governmental; one of them, the World Trade Organization, is a subject of great controversy but is surely the most important international organization since the UN, the World Bank, and the International Monetary Fund (IMF) were set up in the wake of World War II.¹⁶ The rise in non-governmental international organizations has been even more startling.¹⁷ Some of these non-governmental organizations, it will be noted later, have sprung up in opposition to globalization.

¹³ Gilpin, 18-29, provides an excellent analysis of the evidence for economic globalization.

¹⁴ Barber, 59-151.

¹⁵ Held *et al.*, 342-6.

¹⁶ See Wallach and Sforza (anti) and Burtless *et al.* (pro) for a sample of the sharp differences of opinion over the WTO.

¹⁷ Held *et al.*, 52-58.

The Environment

It is only within the last thirty years that cross-border environmental degradation has gained salience as either a subject of scientific research or international action.¹⁸ Since then, a series of issues – ozone depletion, loss of biological diversity, and, above all, “global warming,” – have, in addition to a number of international treaties, prompted the creation of a transnational scientific and environmental activist community dedicated to the subject. Cross-border environmental degradation is, in the minds of many, a paradigmatic example of the sort of challenge that globalization presents – one that, importantly, is impossible for one state alone to address.¹⁹

Consciousness

Some observers claim that recent decades have seen a shift in consciousness among hundreds of millions, if not billions, of people around the world. The rise of instantaneous communications and ease of travel have, in the words of Scholte, “made large proportions of humanity more aware of the world as a single place.”²⁰ This has been reflected, according to some, in erosion of personal identification with the nation-state and a decline in traditional social norms as those norms are supplanted by Western and specifically American consumerism.²¹

What are we to make of this evidence of globalization? Does it support the idea of globalization as a new and important phenomenon? Does it suggest the future course that the process might take? Should we embrace globalization, oppose it, or seek to shape it in specific ways? Is it an inevitable process that makes long-run opposition futile? These are the key questions that drive the debate on globalization; they have, unsurprisingly, elicited a range of answers that by now comprise a sizeable analytical literature. What follows is a summary description of the main camps – a taxonomy, if you will, of approaches to the subject.²² Given the nuance of views held by various analysts, the summary will, by necessity, oversimplify arguments, stress differences between camps, and elide divergences within them. It parallels in some ways the earlier schema

¹⁸ Scholte, 83-85.

¹⁹ Rosenau, 189-92.

²⁰ Scholte, 85.

²¹ Ohmae (1995), 11-6, Albrow, 115.

presenting a simplified depiction of the two main political camps on globalization; but it also diverges from it in interesting ways. At a minimum it will, with luck, elucidate some of the key – and startlingly divergent – analyses of globalization that fuel the contemporary debate on globalization.

A Tentative Taxonomy

The Triumphalists

These neoliberal observers see globalization as ushering in a radically new historical period, marked by a sharp break in the way in which human economic and political relations are organized. Just as importantly, they view globalization as a manifestation of human progress. Perhaps the most dramatic claim put forward by hyper-globalizers is an assertion that the traditional state, if not yet obsolete, is rapidly losing its relevance as a political, economic and geostrategic entity. Kenichi Ohmae is the best-known contemporary promoter of this idea; the title of his 1995 book, *The End of the Nation State*, sums up his views. In it, he declares that traditional nation-states have become “unnatural, even impossible, business units in a global economy.”²³ He later derides the traditional concept of national interest – long the intellectual organizing principle of national foreign policy – as a “declining industry.”²⁴

Ohmae’s claims may be more provocative than most, but his central thesis – the eroding usefulness of traditional conceptions of the state – is a staple of the triumphalist position. The neoliberal list of ways in which the state has become an impediment to economic growth is both well known and often repeated; it includes many elements of economic policy long considered the responsibility of the state. The “borderless” world of modern commerce and communications has made traditional – and often arbitrary – national borders a hindrance to progress. A conception of national sovereignty based on collective action is yielding to consumer sovereignty based on individual choice. Trade barriers forgo the advantages of comparative advantage. Controls on direct investment limit the ability of countries to exploit savings and technology available elsewhere in the world, reducing capital formation and

²² It draws on the taxonomies of Held *et al.* 2-9; Steger, 19-38, Scholte, 34-39; Clark, 34-51, and Gilpin, 296-323).

²³ Ohmae (1995), 5.

hampering productivity growth. Limits on financial flows disturb the efficient allocation of both global and national capital, raising the cost of international borrowing and prompting illicit capital flight.

Even in areas traditionally considered domestic, the economic power of the state has been eroded, according to this critique. Too extravagant a social welfare network or too expansive a monetary policy, for instance, will make the offending state subject to “market discipline.” This discipline is imposed by international investors who, fearing future inflation or even a debt default, drive up the government’s cost of borrowing and drive down its currency, frequently causing a financial crisis. Friedman is eloquent on what he describes as the “Golden Straightjacket”: the constraints governments must endure if their countries are to be successful members of the global economy. According to Friedman, “Governments – be they led by Democrats or Republicans, Conservatives or Laborites, Gaullists or Socialists, Christian Democrats or Social Democrats – which deviate too far from the core rules will see their investors stampede away, interest rates rise and stock market valuations fall.”²⁵ He has an equally colorful term for those who enforce global economic rules; he calls them the “electronic herd,” the “often anonymous stock, bond, currency and multinational investors, connected by screens and networks.”²⁶

But the triumphalist vision transcends the purely economic role of the state. It also includes profound claims about the role of globalization in shaping not just the scope of state activity but also its type. Specifically, many triumphalists argue that globalization will foster democracy. The spread of international communications, for instance, is seen as a powerful force for democratic change as citizens of authoritarian regimes gain more comprehensive and accurate information about the actual functioning of democratic regimes elsewhere. The reduced role of the state under the neoliberal model fostered by globalization is also believed by some to promote the sense of individual autonomy that ultimately leads to demands for an individual say in government policy. Less directly, globalization is perceived as a precondition for the economic growth necessary to create a large and vocal middle-class; such a middle-class has

²⁴ Ibid, 59.

²⁵ Friedman, 87-8.

long been considered a vital prerequisite to stable democratic government. There has been a significant body of empirical studies aimed at establishing a robust correlation between *per capita* national income and democratic government.²⁷

This symbiotic rise of globalization and democracy, in turn, is seen by many triumphalists as leading to a decisive change, not just in the domestic role and type of the traditional state but also in its international behavior. Rising economic interdependence, under this analysis, raises the costs of conflict between states, perhaps prohibitively, and almost certainly increases the inducements towards cooperation.²⁸ Democratic states, moreover, are posited as less likely to go to war than are non-democracies. The necessity of public support in democracies restrains leaders from embarking too casually or cynically on military ventures; more generally, a polity that values the lives and rights of its own citizens is less likely to ignore that worth even in the case of presumed enemies.

Perhaps the best known of triumphalist theoreticians is Francis Fukuyama. His book, *The End of History and the Last Man*, garnered immense attention despite its eccentric Hegelian framework and esoteric use of such Greek terms as *thymos* (the universal human desire for recognition).²⁹ This was due to his striking conclusion: that history, conceived of as ideological struggle, had ended with the conclusive victory of democratic capitalism. While readily admitting that democratic capitalism was not yet global in scope – or even fully practiced among the leading liberal democracies – Fukuyama asserted that there is no plausible ideological alternative to it. Democratic capitalism, in this view, was therefore both “the end point of mankind’s ideological evolution” and the “final form of human government.”³⁰ Globalization, under this view, is not just the result of purely economic factors, but also the unfolding of what, echoing Hegel, he calls “universal history” itself. He foresees a future universal culture, grounded economically in individual consumption and politically in representative government. Fukuyama does not rule out violent conflict even with the final emergence of a democratic capitalist world. Men and

²⁶ Ibid, 94.

²⁷ Ferguson, 362-5.

²⁸ Mark W. Zacher and Richard A. Matthew, “Liberal International Theory: Common Threads, Divergent Strands,” in Kegley, 122-26.

²⁹ Fukuyama (1992).

³⁰ Ibid, xi.

women will fight, he suggests, out of boredom if nothing else.³¹ But he clearly believes that an international system consisting entirely of liberal democracies will make interstate war largely a thing of the past.³²

Even more sweeping than Fukuyama – improbable as it may seem – is Robert Wright, a science journalist who has written extensively on sociobiology. He sees globalization as an unfolding of what he calls “the logic of human destiny.”³³ According to Wright, that logic entails growing complexity and interdependence driven by an ever-increasing appreciation of non-zero-sum transactions between individuals (that is, exchanges that improve the condition of all or at least do not harm any of the parties involved). Democratic capitalism in his view promotes such transactions in both the economic and political arenas by opening up realms of mutually beneficial cooperation otherwise unavailable. Globalization, he argues, extends these realms onto the global stage, promoting economic progress and international peace. But Wright’s thesis goes further. He argues that the logic of human destiny is also the logic of all life, which, he says, exhibits an innate drive toward greater complexity and reciprocal – i.e., non-zero-sum – behavior. He puts his thesis bluntly, “Globalization, it seems to me, has been in the cards not just since the invention of the telegraph or the steamship, or even the written word or the wheel, but since the invention of life. The current age, in which relations among nations grow more non-zero-sum year by year, is the natural outgrowth of several billion years of unfolding non-zero-sum logic.”³⁴

While triumphalism may focus on the contemporary process of globalization, its philosophical antecedents trace back to the Enlightenment era. This has caused one critic to dismiss triumphalism – which he calls “globalism” – as “pouring old philosophical wine into new ideological bottles.”³⁵ Certainly, much of the triumphalist critique draws heavily on traditional Western (and specifically Anglo-American) liberalism; even the term neoliberalism reflects this intimate intellectual relationship. Most of triumphalist analysis suggests that there is an implacable inevitability to the process of globalization; such a directional conception of history –

³¹ Ibid, 330-3.

³² Ibid, 262-4

³³ Wright. This is the subtitle of his book *Nonzero*.

³⁴ Ibid, 7.

or teleology – is explicit in the work of writers like Fukuyama and Wright. It partakes of what has been called the Whig theory of history, a belief in the inevitability of a general, progressive expansion of human liberty, both economic and political.³⁶

The various arguments put forward by many triumphalists are certainly not new. The idea of the self-regulating market and the “invisible hand” that directs it dates back to Adam Smith in the late 18th century. Ricardo enunciated his theory of comparative advantage early in the 1800s. Writing in the 1840s, Richard Cobden drew on both Smith and Ricardo in arguing that free trade would encourage amicable relations between nations. Immanuel Kant, on the eve of the 19th century, produced an influential essay –*Towards Perpetual Peace* – that still holds a place of prominence in liberal theories of international relations. Kant argued that republics were, by their nature, less likely to engage in war.³⁷ Even the evolutionary arguments of Wright had their antecedent in the Social Darwinism of Herbert Spencer in the last half of the 19th century. Spencer was notably also an eloquent early champion of the libertarian ideal of minimal government. Liberal theory experienced a significant decline in intellectual influence during the period 1914-45. Its optimistic view of human history, after all, was difficult to reconcile with an era marked by two world wars, a great depression, and the rise of totalitarian regimes. But it never died out, especially in its Anglo-American form. In the post-World War II era, liberalism began to experience an important revival in the work of such influential intellectuals as Friedrich Hayek and Milton Friedman. Many of the essential propositions of the triumphalist vision, in short, long predate the phenomenon it attempts to describe.

The Dystopians

The dystopian vision of globalization is in many ways the photographic negative of the triumphalist view. Like triumphalists, dystopians view globalization as an important, ongoing phenomenon. But where the former see globalization as a manifestation of progress, the latter see it driving outcomes that range from the merely damaging to the outright catastrophic. The dystopians possess little of the consistency of ideological view or shared intellectual history of most of the neoliberal triumphalists. As noted earlier, they span the political spectrum from Left

³⁵ Steger, 9.

³⁶ Wright readily admits his sympathy with the Whig view of history. See Wright, 199.

to Right. Their theoretical positions against globalization, at least as currently constituted, share this fractured quality. But however different their intellectual starting points and divergent their arguments, their conclusions converge on what they perceive as the pernicious role that globalization plays in contemporary human life.

Neo-Marxists like Samir Amin, for instance, stress that globalization represents a new and dangerous phase in capitalist expansion. By moving much of economic decision-making away from the state (a salutary development, it should be noted, from the neoliberal triumphalist perspective), globalization frees capitalism itself from the constraints imposed on it in developed liberal democracies. Moreover, globalization makes it impossible for less-developed countries to achieve the economic and political conditions necessary to impose those constraints in the first place. Globalization, in short, both erodes the current welfare state in the center and forecloses it as a possibility in the periphery.³⁸ It also, Amin argues, reinforces the various monopolies – including access to technology, control of financial markets, and, in the case of the United States, weapons of mass destruction – that the leading capitalist states deploy to maintain dominance over poorer nations.³⁹

Closely related to the neo-Marxist analysis is what could be called, for lack of a better term, the radical critique of globalization. It finds its origins in the European social democratic and, in the United States, progressive tradition. This critique, it must be stressed, is social democratic in the historical sense. It at times diverges sharply from the policies of contemporary social democratic parties – like Labor in the United Kingdom or the SPD in Germany – that have embraced significant elements of neoliberalism over the course of the last decade. This partial embrace of neoliberalism is the “Third Way” made famous by British Prime Minister Blair and German Chancellor Gerhard Schroeder. To oversimplify, traditional European social democracy and American progressivism stress egalitarianism as a social goal and urge a major role by government in mediating between individual workers and consumers and economic markets. Social democrats and progressives support significant redistribution of income through tax regimes and promote a generous provision of public goods and direct subsidies through the

³⁷ Michael W. Doyle, “Liberalism in World Politics Revisited,” in Kegley, 94-100.

³⁸ Amin, ix-x.

welfare state. While they generally accept a large role for the market in the economy, social democrats and progressives reject the neoliberal idea that the market is either self-regulating or necessarily beneficial in a social sense. Unlike the neoliberals or more orthodox Marxists, however, they are more difficult to place into a single school of economic thought, though many would no doubt accept being called Keynesian.⁴⁰ Like the neoliberals, the social democrats/progressives have a long lineage, dating at least to the late 1800s, with the rise of populism in the United States and the great labor-based parties of Western Europe. They may well have represented the West's dominant ideology, in fact, during the heyday of the welfare state during 1945-75.

While Ralph Nader brings little academic rigor to the subject of globalization, his views provide a useful compendium of the radical critique of neoliberalism and globalization. A path-breaking consumer advocate beginning in the 1960s and, in 1996 and 2000, the Green Party candidate for president, he is surely the best-known Leftist critic of neoliberalism in the United States and perhaps the Western world. He is explicit in his condemnation of what he calls the "corporate model of globalization" and derisive of many of the major claims put forward by its supporters.⁴¹ He and other Left dystopians cite data suggesting growing, not narrowing, inequality within neoliberal economies like the United States, as well as other data showing a rising divergence of per capita income between the richest and poorest countries.⁴² Above all, Left dystopians reject the argument that neoliberal globalization encourages democracy. Indeed, Nader and others argue that globalization is in fact profoundly anti-democratic. Drawing on his decades-long opposition to the domestic power of corporations, Nader sees neoliberalism as undermining democracy both at home and abroad by conferring on corporations legal rights that properly belong to the people. Like the neo-Marxists, he sees globalization as a means for corporations to escape what little democratic control currently exists over them. Ulrich Beck, another Left dystopian, describes neoliberal globalization as embodying an "imperialism of economics," i.e., the subordination of political action to market transactions.⁴³ Organizations like the WTO, under this analysis, are not arrangements to mediate economic conflict but cynical efforts to remove

³⁹ Ibid, 4-5.

⁴⁰ Baker *et al.*, 3.

⁴¹ Steger, 104-9.

⁴² Brecher and Costello, 19-28.

environmental and other important regulation from the democratic arena where they properly belong. According to Left dystopian Noam Chomsky, the right to vote even in advanced industrial democracies has grown more and more meaningless as real power is passed to corporations and to the domestic politicians and international organizations that do their bidding.⁴⁴ Nader's view of globalization is truly dystopian; he sees neoliberal globalization as a "slow-motion *coup d'etat*" by corporations to wrest power from individuals.⁴⁵

A similar dystopianism exists on the political Right. Like that of the social democrats and progressives, the Right-nationalist critique possesses little of the intellectual uniformity of neoliberalism. But it, too, has a long lineage, reaching back to the political nationalists and economic protectionists of the 19th century, notably Friedrich List, the German-American political economist. The Right-nationalist position had much of its reputation tarnished in the 20th century by its association, in many minds, with the Nazi and Fascist regimes of the interwar years. In today's United States, former Republican and 2000 Reform Party presidential candidate, Pat Buchanan, best represents the Right-nationalist position although he echoes many of Ross Perot's earlier attacks on free trade. It should be stressed that Buchanan is not without parallels in Western Europe, where the conservative/nationalist/protectionist cause is alive and well, if not dominant.⁴⁶ Buchanan sees globalization as undermining national sovereignty and diminishing patriotic sentiment among the population.⁴⁷ While he and other Right nationalists may diverge from the social democrats/progressives on a wide range of issue – from the benefits of immigration to the importance of the social welfare net – they join in a sharp critique of corporations. For Right nationalists, corporations have long since lost whatever non-economic ties they may once have possessed to the communities and countries they once served; they are now seeking a self-interested international agenda – free trade, above all – that diverges sharply from the interests of those communities and countries.⁴⁸

⁴³ Beck, 9.

⁴⁴ Chomsky and Barsamian, 5-32.

⁴⁵ Steger, 107.

⁴⁶ France's Jean-Marie le Pen is perhaps the best known European politician of the nationalist Right.

⁴⁷ Buchanan, 106-7

⁴⁸ Ibid, 100-4

Some conservative analysts of globalism offer a somewhat different and, at one level, even more profound critique of globalization. Edward Luttwak, for instance, describing a heightened form of neoliberalism that he calls “Turbo-Capitalism,” critiques a free market system gone mad; it is destroying personal security, demolishing community traditions, and eroding social trust.⁴⁹ Turbo-capitalism, he argues, is being instituted worldwide through globalization. While in many ways admiring of the wealth and innovation the neoliberal economic system can generate, he bewails its depersonalizing and dehumanizing qualities. By placing efficiency as the prime object of economic policy, turbo-capitalism gives short shrift to the other important goals that a well-functioning society also demands, notably stability and solidarity. Luttwak goes even further, asserting that turbo-capitalism destroys human authenticity by encouraging the infiltration of marketing and advertisement into the political and personal realms. Our real selves and true aspirations, under Luttwak’s turbo-capitalism, are lost in role-playing and self-advertisement.⁵⁰ (A searching and not quite so damning look at the role of business ethics in personal life may be found in Charles Lindblom’s *The Market System*.)⁵¹ Oddly, the best known of the triumphalists, Fukuyama, expresses something similar – or, at any rate, a strange nostalgia for the violent, irrational world that liberalism is destroying – at the very end of his book. While the great historical trajectory towards capitalist democracy may be both irreversible in the long-run and largely salutary in effect, Fukuyama suggests that it creates a world bereft of great causes and heroic endeavors.⁵² The citizens of the post-ideological state will, he fears, be both bored and boring.

The Skeptics

There is yet another broad school of thought – the skeptics – who disagree profoundly with the assessments of triumphalists and dystopians alike. These analysts believe that the whole importance of globalization has been much exaggerated. Where triumphalists and dystopians see dramatic change, skeptics see continuity. In particular, the skeptics take issue with the idea – held by both triumphalists and dystopians – that globalization has radically diminished the role

⁴⁹ Luttwak, ix-xiv (especially xi).

⁵⁰ Ibid, 224-30. Luttwak’s attack on the role of turbo-capitalism in diminishing human character is paralleled by a broader conservative critique of the destructive effects of liberalism dating back at least to Joseph de Maistre. See Holmes, 13-36.

⁵¹ Lindblom, 193-211.

⁵² Fukuyama (1992), 300-12.

of the state. On the contrary, they argue that the state remains the chief organizing principle in world affairs.

Paul Hirst, for instance, argues that “far from being truly global, the world economy remains dominated by three major blocs of wealth and power: the Triad of Europe, Japan and the United States” with trade and investment within these blocs dwarfing trade (except in oil) between them and the rest of the world.⁵³ His arguments deserve close attention; they are staples of the skeptical literature. While acknowledging that the last two decades have been marked by increased flows of trade and direct investment, he claims that this is not unprecedented. There are, he says, two earlier eras marked by such growth: 1870-1914 and 1950-73. The former was the famous “golden age of free trade” that ended with World War I; the latter was the post-World War II era brought to a close by the first oil crisis in 1973. The growth in international trade and direct investment that began in the 1980s, therefore, hardly qualifies as a truly transformative economic phenomenon. To this, Hirst asserts, should be added the emergence of new industrial powers; the rise of the Far Eastern Tigers of the 1980s was paralleled by the emergence of countries like Imperial Russia during the decades leading up to World War I and Spain during the post-World War II period. Hirst is blunt, “Only those with memories or statistics that begin in the 1970s are surprised by the rapid growth of trade, the emergence of new industrial powers and the internationalization of production that have marked the last two decades.”⁵⁴

Hirst also argues that all major periods of liberalization depend upon a leading state in “creating, sustaining, and underwriting the costs of a system of international institutions that promoted monetary stability, trade openness and growth.”⁵⁵ Great Britain played such a part in 1870-1914, the United States in 1950-73, and the G-7 countries – essentially Hirst’s Triad – since the 1980s. A corollary of this argument is that the absence or inadequacy of such leadership leads to a breakdown in liberal international regimes. The neoliberal model, he argues, is simply incorrect in asserting that the international economy is or can be self-governing. It is the creation of states – specifically, economically powerful states. Hirst also debunks what he considers two further myths of globalization. He asserts that most multinational corporations, however global their

⁵³ Hirst, 410.

⁵⁴ *Ibid*, 412.

reach, remain firmly rooted in one of the three major economic regions. And he argues that global financial markets, while perhaps constraining states in their macroeconomic and social welfare, still leave great autonomy to governments. It is clear that the historic economic autonomy of states should not be overrated. Under the gold standard that reigned from 1870-1914, states had little or no flexibility in monetary policy; even during the post-World War II period, the fixed exchange regime practiced by most countries placed similar constraints on policy.⁵⁶

Kenneth Waltz is even harsher in his dismissal of globalization. As befits an observer who is perhaps the most influential foreign policy “realist” in the United States today, he is particularly critical of those who argue that globalization is reducing the role of the state in international affairs. Waltz’s argument is clear: the current “fad” of globalization is simply the latest iteration of naïve optimism that produced Roger Angell’s the *Great Illusion* during the immediate pre-World War I period. Angell argued that economic interdependence would make war too costly to occur. But, Waltz reminds us that in 1914 war did in fact occur. He goes on to suggest that many of Angell’s neoliberal successors today are making the same grave error. Like Hirst, Waltz marshals counterevidence against the claims of globalizers. Foreign investment, he argues, is overwhelmingly concentrated in North America, Western Europe, and East Asia. Echoing Hirst, he stresses that the world is evolving into economic blocs that are not the creation of unregulated free markets but rather political decisions. Waltz argues that, “The international economy, like national economies, operates within a set of rules and institutions that have to be made and sustained. Britain to a large extent provided this service prior to World War II; no one did between the wars, and the United States has done so since.”⁵⁷ Waltz concludes his critique by observing that the most significant phenomenon in the international arena is not globalization but the asymmetry of power between nations – specifically the overwhelming military, economic, and diplomatic power exerted by the United States.⁵⁸ That hegemonic power, Waltz notes, is what permits the phenomenon described by many as “globalization” – a system that depends on the order that only a hegemonic power can provide. Charles Kupchan, another

⁵⁵ Ibid, 412-3

⁵⁶ Gilpin, 317.

⁵⁷ Waltz (2000), 53.

⁵⁸ Ibid, 55.

skeptic, makes the same point, “*The* defining element of the global system is the distribution of power, not democracy, culture, globalization, or anything else. We now live in a unipolar world – a world with only one pole of power. And it is America’s unipolar world.”⁵⁹

Niall Ferguson, yet another skeptic, rounds out Hirst and Waltz’s critiques of globalization.⁶⁰ He focuses on traditional liberal claims that prosperity promotes democracy and that democracy promotes international peace. While admitting a correlation between per capita GDP and democratic government, he argues that analysis over time suggests that the relationship is perhaps not as intimate as some suggest; Nazi Germany, he points out, was one of the richest countries of the world in the 1930s, despite the Great Depression.⁶¹ He is similarly skeptical of claims that pervasive democracy will lead to universal peace, citing evidence suggesting that in states’ earliest phases of democratization, they might actually be more prone to conflict.⁶² Like Waltz, he posits state power – which includes but is not limited to economic strength – as the driving force behind international affairs. He is frankly dismissive of what he calls the neoliberal concept of economic man.

To skeptics like Hirst, Waltz, and Ferguson could be added Robert Gilpin. At least three well-informed writers place Gilpin firmly in the skeptical camp.⁶³ He is certainly forthright in his dismissal of the triumphalist argument.⁶⁴ And he is equally straightforward in his defense of the continuing relevance of the state, “Despite the significance of globalization, it has not replaced the state, national differences, and politics as the really important determinants of domestic and international affairs.”⁶⁵ But Gilpin’s approach is more nuanced than Waltz’s very rigid state-centered realism. For instance, he sees liberal trade and investment as a realm for genuine international cooperation based on mutual interest, although he recognizes that cooperation is neither automatic nor effortless. Gilpin is emphatic in arguing that the United States must play a key leadership role in sustaining and extending the world’s liberal trading and investment regime. Such leadership, however, is not merely an exercise in narrow interest but also

⁵⁹ Kupchan, 28. Italics in the original.

⁶⁰ Ferguson, 346-418.

⁶¹ *Ibid.*, 369.

⁶² *Ibid.*, 405.

⁶³ Held *et al.*, 6; Steger, 22; Clark, 47.

⁶⁴ Gilpin, 294-5.

represents a recognition of the substantial international public good – in the form of greater prosperity and security – that can be achieved by its exercise. “The supportive policies of powerful states and cooperative relations among these states,” he argues, “Constitute the necessary political foundations for a stable and unified world economy.”⁶⁶

Gilpin conceives globalization as a highly contingent and open-ended phenomenon, occurring within a very specific, if complex, history. He places the power of the United States and its willingness to use that power at the very center of globalization and traces globalization’s modern origins to the Bretton Woods system set up in the immediate aftermath of World War II.⁶⁷ The victorious Western allies, under the leadership of the United States and later joined by defeated West Germany and Japan, developed a rules-based economic system and created institutions to set those rules. The latter included international organizations like the IMF to manage exchange rate crises and the Bank for Reconstruction and Development (later the World Bank) to provide capital to countries rebuilding in the wake of World War II. Looser organizations like the General Agreement on Trade and Tariffs were also founded to provide a forum in which tariffs could be reduced.

Gilpin stresses that these institutions were promoted in large part by the United States to strengthen the “free world” in its struggle against the Soviet Bloc. They paralleled the security structures also created by the United States in the late 1940s and 1950s, most notably NATO and the U.S. security relationship with Japan. Importantly, however, Washington’s purpose in setting up this post-Cold War economic order transcended purely geostrategic considerations. As Gilpin notes, that role was also driven by memories of the Great Depression and the part played by the contraction of trade in deepening it. This centrality of the United States to the post-War Western economic system, moreover, was not merely limited to leadership in developing and directing international forums. The United States was also a major source of world capital, a huge and relatively open market for exports from Western Europe and Japan, and a provider of the world’s reserve currency, the dollar.

⁶⁵ Ibid, 312.

⁶⁶ Ibid, 347.

Gilpin's analysis of what he calls "the political economy of the Cold War," reaches beyond the immediate post-World War II era and describes its evolution as the 1960s and 1970s showed cracks in the Bretton Woods system. But he stresses that almost all these developments, good or bad, hinged on U.S. leadership or the lack of it. The same, he argues, holds true today. Indeed, with the end of the Cold War and the lack of a Soviet enemy to compel cooperation among the great economies of Japan, the United States, and Western Europe, the imperative of U.S. leadership in liberalizing international trade and investment is all the greater.⁶⁸ Thus, according to Gilpin's analysis, U.S. power and global economic integration possess a close symbiotic relationship.

Gilpin's policy prescriptions unsurprisingly center on a recommitment to U.S. leadership in the international economic arena. He believes that the United States can and should play a key role in ensuring that regional trading arrangements – notably the EU and the NAFTA – do not become exclusionary blocs.⁶⁹ He also urges closer economic coordination among the major developed countries, with special emphasis on building a relationship with the EU on the basis of equality; while acutely aware of the uses of U.S. power, Gilpin also suggests that it be wielded, where possible, with tact.⁷⁰ Lastly, he recommends measures in the United States – notably stronger social safety nets and employment training programs – that will improve the public's willingness to embrace the uncertainties of more open trade and investment.⁷¹ He fears a resurgence of protectionist sentiment among the disaffected "losers" in globalization if there is not some governmental effort to ameliorate their lot.

The Reformers

This concern is shared with a number of members of the last major school of thought on globalization. It is the least cohesive of all. One is tempted to call it, after much attempt at a definition, the "none of the above" school. But though varied in opinion, the analysts who fall within this school could be called, for lack of a better term, reformers. They tend to fall in a continuum between triumphalists and dystopians in their views of globalization. To

⁶⁷ Ibid, 54-87 (especially 59).

⁶⁸ Ibid, 347.

⁶⁹ Ibid, 347-51.

⁷⁰ Ibid, 356-7.

oversimplify yet again, they admire globalization's benefits while acknowledging its faults. This combination is of course what makes them reformers: it creates space for a reform agenda. While admitting the transformative powers of globalization, the reformers draw up well short of the triumphalist's determinist view of neoliberalism's eventual global triumph. In the words of Held *et al.*, describing some of the reformers (whom they call, somewhat clumsily, "transformationalists"), "Nor do they seek to evaluate the present in relation to some single, fixed ideal type 'globalized world,' whether a global market or a global civilization."⁷² Scholte, a very representative member of the reformist school, stresses the point, "Globalization has developed not according to a predetermined historical trajectory, but through stucturation (sic) processes in which actors have had constrained but nevertheless significant choice."⁷³ This stress on choice is critical for reformers; it is, after all, a prerequisite of the reform agenda they promote. If the course of globalization cannot be altered by human agency, talk of shaping it in beneficial ways is pointless. Like neoliberal triumphalists, many reformers see globalization as rapidly altering the role of the state; many would agree with James N. Rosenau who describes a "frontier," the shifting and increasingly porous boundaries of legitimacy and governance created by globalization.⁷⁴ But they are far from prepared to write off the state. Indeed, observers such as Ian Clark stress the close symbiotic relationship between the state and globalization: "State transformation precedes and accompanies economic globalization, and is not some incidental and contingent effect that occurs in its aftermath."⁷⁵

Many reformers, like dystopians, are also aware of the potentially less than benign nature of globalization. Rosenau stresses the fragmentation that globalization has fostered the rise of ethnic and religious impulses in reaction, at least in part, to it. "Recognizing that they are increasingly caught up in the globalization of national policies, and thus feeling unprotected by their governments," he writes, "Leaders and members of these communities have retreated behind perspectives and policies that highlight their separate and distinct subgroup identities."⁷⁶ Even as globalization spreads, so have separatist movements. Benjamin Barber, author of *Jihad*

⁷¹ Ibid, 357-8.

⁷² Held *et al.*, 7.

⁷³ Scholte, 107.

⁷⁴ Rosenau, 5.

⁷⁵ Clark, 171.

⁷⁶ Rosenau, 114.

vs. *McWorld*, who sees globalization – particularly in its creation of a homogenized consumption-based transnational culture, “McWorld” – as inevitably giving rise to its religious and ethnic extreme opposite, “Jihad.”⁷⁷ (Needless to say, the whole question of the role of globalization in fostering extremist movements gained great urgency in the wake of the September 11th attacks on New York City and Washington, D.C. by Islamic fundamentalists.)

Other reformers focus on the economic inequality created by globalization. However welcome higher growth rates due to more open trade and investment may be, they have created more extreme distributions of income in many developing and developed countries. Scholte enumerates the many studies indicating a skewing of economic wellbeing within and between states.⁷⁸ This, he says, is highly suggestive of global class stratification. In these critiques, he resembles the Leftist dystopians, as he does when he discusses the role of globalization in poverty. But Scholte’s conclusion on poverty stops far short of the blanking condemnation typical of the dystopian position: “Of course globalizing capitalism has not been the only force behind persistent and sometimes growing poverty in recent history. Local social structures, national policies, natural calamities and other forces have also played their parts. However, the poverty-alleviating potentials of global relations have been far from maximized, and in some ways supraterritorial links have to date worsened the lot of many poor people.”⁷⁹ Like the dystopians, a number of reformists are aware of the democratic shortcomings of international institutions like the WTO. But, unlike the dystopians, they focus on ameliorative steps to make their decision-making more transparent and their actions more accountable.⁸⁰

Dani Rodrik takes a similarly reformist look at globalization, though his focus is more narrow, reflecting his background in mainstream economics. An occasional critic of what he believes are the excessive claims of neoliberal economists, he nonetheless believes that many of the changes that have occurred in the global economy are both irreversible and, on balance, beneficial.⁸¹ He takes pains, for instance, to stress that he is neither an opponent of globalization in general nor of free trade in specific; indeed, he argues that the advantages of both may be thrown away if

⁷⁷ Barber, 3-20.

⁷⁸ Scholte, 237-49.

⁷⁹ Scholte, 217.

⁸⁰ *Ibid*, 269-72.

economists and policy-makers do not address key tensions created by globalization.⁸² He identifies three of these tensions. The first is the extent to which economic globalization has increased job insecurity and lowered the bargaining power of workers in the developed countries. Free trade and investment might not beggar workers in richer countries, but it leaves them more exposed to the rigors of the international marketplace. Another tension is the conflict that globalization “engenders... between nations over domestic norms and the social institutions that embody them.”⁸³ The idea that American workers, for instance, might be displaced by child labor in South Asia brings into play much more than self-interest: it touches on values a society holds. Thirdly, Rodrik sees globalization making it more difficult for states to provide social insurance against ill health, unemployment, or old age. He argues that, “If the tension [between globalization and financing social insurance] is not managed intelligently and creatively, the danger is that the domestic consensus in favor of open markets will ultimately erode to the point where a general resurgence of protectionism becomes a serious possibility.”⁸⁴

Other reformists have their own lists of recommendations. Scholte’s covers no less than 24 suggestions for reform, many of them extraordinarily ambitious.⁸⁵ They range from the creation of transnational financial regulation through the equivalent of a world central bank, to greater “gender-sensitivity” in the governance of globalization and popular consultations on global policy through specially convened assemblies and referenda. Rodrik’s recommendations are characteristically more modest. They include consideration of a tax on capital flows, including a so-called “Tobin” tax (named after the distinguished economist who suggested it) on international financial transactions.⁸⁶ Like Gilpin, he recommends close attention to strengthening social safety nets.⁸⁷ And he believes that there should be greater pragmatism in accepting social differences between countries; economic growth is not the only thing that societies value and international economic arrangements should accommodate this fact.⁸⁸ It is one thing to understand the value of liberal trade and investment, Rodrik argues; it is another to

⁸¹ Rodrik, 9.

⁸² Ibid, 4-7

⁸³ Ibid, 5.

⁸⁴ Ibid, 6.

⁸⁵ Scholte, 297 for a description of the reforms; 313 for a summary.

⁸⁶ Rodrik, 73.

⁸⁷ Ibid, 79.

⁸⁸ Ibid, 69-71.

raise this understanding into an inflexible and, since it will prompt a protectionist reaction, counterproductive ideology.

As stressed at the outset, this taxonomy is simplified – perhaps even oversimplified. Positions surely merge: less pessimistic dystopians, for instance, could share much with the reformist camp; less optimistic reformers could do the same with dystopians. Just as surely, many holders of general neoliberal views of globalization need not take up the more extreme positions of triumphalists. As the discussion of Gilpin makes clear, skeptics too can recognize the importance of the liberalization of international trade and investment, even if they place liberalization within a traditional state-centered view of world affairs. Still, the taxonomy – with these and no doubt other provisos – sheds light on the contested intellectual terrain of globalization. And it likewise reveals some of the fundamental questions surrounding the issue as a whole. It is to these questions that I will turn for the balance of this essay.

Critical Issues

Change and Continuity

One critical issue in assessing globalization is how to assess change. Realist skeptics like Waltz, after all, argue that neither the state nor international relations have changed that much during the contemporary period of (to skeptics like him) “so-called” globalization. But surely the same could be said of the Industrial Revolution, which also, according to realist theory, left the 17th century state-centered system of international relations, based on the balance of power, intact. Yet most informed observers would certainly concede both that Industrial Revolution did in fact occur and that it represented a massive shift in the economic, social, and political organization of the countries that experienced it. At one level, the foreign policy realist is merely conforming to a nearly universal human characteristic: we judge change, in large part, according to what we consider important in human affairs. For the foreign policy realist, it is the role of state power and interstate conflict in world affairs that hold center intellectual stage. Given this perspective, the similarities between, say, Athens of the 5th century BC and 19th century Great Britain in many ways outweigh the differences. Both faced the abiding reality of international anarchy.

Both deployed their resources, as best they could, to protect their interests against rivals and promote their own relative position.

In addition to the overarching principle by which we judge change, there is also a related but independent propensity to see continuity or change around us.⁸⁹ Everything – or nothing – is new. Heraclitus observed that no man left a stream the same man he entered; St Anselm, 1500 years later, argued *nihil ex nihil fit*: nothing comes from nothing. Together they sum up the intractable problem of contingency: change is everywhere but every instance of change has an antecedent. Should we, therefore, see change or continuity around us? Certainly for observers inclined to see continuity, there is no problem finding it in globalization. Hirst, as has been discussed, sees a precedent to today's expansion of international trade and investment in the earlier golden age of liberalism prior to World War I. There is no end to examples of continuity that spring to mind. Ancient empires, for instance, surely created their own rough brand of interdependence between ruling and subject peoples. The great trading houses of early modern Europe just as surely could be viewed as precursors to today's multinational corporations. AIDS is clearly not the first deadly disease to be spread across borders, aided by international transportation; the ship-borne Black Plague took its terrible toll over 600 years ago. The Roman Catholic Church has arguably been, over the course of a millennium or more, the most influential transnational non-governmental organization in Western history. While the Internet has no doubt opened up vast new areas of knowledge and accelerated the speed of communication with little regard for borders, so too did earlier inventions like the printing press and the telegraph.

It might be noted that the whole issue of change and continuity is not limited to skeptics. The matter is critical to any analysis of the subject; even among those who believe that globalization is an important process, the question of *when* it began is shaped by perceptions of change and continuity.⁹⁰ One could plausibly point to the Industrial Revolution and the new principles (impersonal market exchanges), organizations (public companies), and technologies (steam and electrical power, the railroad, and telegraph) that it spread throughout Europe, leading to much higher rates of economic growth. (Orthodox Marxists, by the way, would agree.) Alternately,

⁸⁹ Rosenau, 12-24.

⁹⁰ Scholte, 19-20, 45.

one might find the origins of globalization in the great age of European discovery and conquest beginning in the late 15th century. (Opponents of Western cultural imperialism could also.) Why stop there, however, when one can push the beginning of globalization back even further, to human prehistory and the decisive period when *Homo sapiens* spread from Africa around the world? Wright, as noted, finds an even more remote onset to the process of globalization, with the beginnings of life on earth itself. All these arguments address the fundamental problem (inherent in a contingent world) of distinguishing between changes in degree and changes in kind. Where observers place the beginnings of globalization (and indeed any historical phenomenon) depends very much upon the historic moment they believe that changes in degree become changes of kind.

Rosenau presents a plausible argument that the process we are experiencing today does in fact represent a change in kind and not just degree. Drawing on the arguments of Held and Stephen J. Kobrin, he argues that changes in the structures of politics and economics, as well the rapidity of that change, represent a truly historic change in kind.⁹¹ He quotes Held on the changes in the structure of politics, “The contemporary global order is defined by multiple systems of transaction and coordination which link people, communities and societies in highly complex ways and which, given the nature of modern communications, virtually annihilate territorial boundaries as barriers to socio-economic activity and relations, and create new political uncertainties.”⁹² He also cites Kobrin on what the latter says is a qualitative transformation of the international world economy. Kobrin bases his conclusion on three propositions: national economies are “fused transnationally rather than linked across borders”; the organization of international economic transactions have moved away from markets and/or hierarchy to post-modern networks; and “Last and related to the second point, the emerging global economy is integrated through information systems and information technology rather than hierarchical organizational structures.”⁹³ This is similar to the argument made in Held *et al.* and Scholte.⁹⁴ Both stress the compression of both space and time – implicit in Held’s discussion – as a key component of globalization.

⁹¹ Rosenau, 22-23.

⁹² Held quoted in Rosenau, 22-23.

⁹³ Stephen J. Kobrin, “The Architecture of Globalization: State Sovereignty in a Networked Global Economy,” in Dunning, 148.

Unlike Rosenau, Held *et al.* and Scholte also make an attempt at providing a narrative history of globalization. In so doing, they seek to avoid some of the pitfalls of attempting to assign too specific an era to the beginning of globalization. They do so by dividing the process into several sub-periods. This has the advantage of describing contemporary globalization as a new phenomenon while placing it in a strong historical context. Scholte divides globalization into three periods.⁹⁵ The first, which dates from the rise of civilization to the 17th century, he calls the “emergence of the global imagination,” which he describes as the slow rise of religious and philosophical ideas stressing the unity of humanity as a whole. The second, which Scholte calls “incipient globalization” and dates from 1850-1950. This period saw the first significant flowering of many of the components of contemporary globalization: the spread of advanced communications and transportation technologies; the rise of partially integrated international markets in goods and capital; and the emergence of world-wide organizations including multinational corporations and international institutions beginning with the International Telegraph Union in 1865. The last period, beginning in 1945, marks an intensification of many of the trends observable before World War II. As Scholte notes, “Although transworld relations are not completely novel, the pace and scale of their expansion has become qualitatively greater during the last four decades of the 20th century. These years have seen far and away the greatest increase in the number, variety, intensity, institutionalization, awareness and impact of supraterritorial phenomena.”⁹⁶

Held *et al.* present a similar but expanded narrative.⁹⁷ They divide globalization into four distinct periods: the premodern period reaching to 1500; early modern globalization from 1500-1850; modern globalization from 1850-1945; and contemporary globalization from 1945 onwards. The addition of an early modern period allows Held *et al.* to discuss the rise of Europe and its conquest of the Americas and Oceania as a decisive moment in the expansion of global political and economic integration. Like Scholte, Held *et al.* stress the extent to which contemporary globalization marks an important change from earlier ones. Indeed, they are even

⁹⁴ Held *et al.*, 16-7; Scholte 46-50.

⁹⁵ Scholte, 63-88.

⁹⁶ Scholte, 74.

⁹⁷ Held *et al.*, 414-436.

more emphatic: “In nearly all domains contemporary patterns of globalization have not only quantitatively surpassed those of earlier epochs, but have also displayed unparalleled qualitative differences.... This era has experienced extraordinary innovations in the infrastructures of transport and communication, and an unparalleled density in institutions of global governance and regulation.”⁹⁸

While the arguments of Held *et al.* and Scholte can hardly be said to be incontestable, they are both plausible and useful. By stressing the lengthy duration of the process of globalization, Held *et al.* and Scholte give continuity its proper due. But by suggesting that contemporary globalization represents a new and heightened stage of that process, they also allow us to identify and assess the changes currently shaping the environment in which we live. To say this, however, is not necessarily to embrace any specific claims they might make about the extent of the change being wrought by contemporary globalization. As I will later argue, there is much to be said for the skeptics’ view that triumphalists and dystopians alike woefully underestimate the continuing importance of states and geopolitics.

Determinism and Agency

A second fundamental issue revealed by the taxonomy centers on questions of determinism and human agency. The more extreme triumphalists, for instance, stress the historic inevitability of globalization. Fukuyama is perhaps the best-known case in point. But there are others. Arguing that globalization is inevitable has also become a staple of more popular arguments on its behalf. Indeed, Manfred B. Steger identifies the purported inevitability and irreversibility as a key claim of what he calls the ideology of “globalism.” (According to Steger, other claims include arguing that nobody is in charge of it, that it benefits everyone, and that it spreads democracy – i.e., that in addition to being inevitable, globalization is both impersonal and benign.)⁹⁹ It may be found in the comments of economists, businesspeople, and politicians who support neoliberal policies. Staunch Tory, Margaret Thatcher, famously declared there was “no alternative” to neoliberal globalization; the New Democratic, Bill Clinton, described what he called “the inexorable logic

⁹⁸ Ibid, 425.

⁹⁹ Steger, 61-79.

of globalization,” stating flatly, “Globalization is irreversible.”¹⁰⁰ At a political level, such arguments serve an obvious useful practical purpose: they suggest that opposition to globalization is futile and, insofar as globalization embodies universal economic laws, above political debate.

Some neo-Marxists share this conception of the inevitability of globalization, seeing it as merely the latest stage in their esoteric theory of the development of capitalism.¹⁰¹ Of course, under Marxian analysis, the process of neoliberal globalization is pernicious in its effect upon workers. But their dystopian vision is tempered somewhat by the prospect that the newest iteration of capitalism is fraught with internal contradictions and holds the seeds of its own collapse. Ferguson wickedly compares such claims about the demise of capitalism to a comedy sketch by British comedians in which the characters “vainly [try to] brace themselves for the end of the world, week after week.”¹⁰²

There is an irony in the fact that many Triumphalists and Marxists share a belief in the inevitability of globalization. In the case of Fukuyama, this might reflect a common Hegelian heritage. But there is a long liberal and neoliberal history of criticizing Marxism precisely because of its determinist claims and denigration of human choice.¹⁰³ Yet, now triumphalist neoliberals like Ohmae are predicting the inevitable withering away of the state much like doctrinaire Marxists. As Ulrich Beck slyly points out, “In a way, neoliberal globalization thus resembles its archenemy: Marxism. It is the rebirth of Marxism as a management ideology....”¹⁰⁴

Moreover, deterministic triumphalists must confront the same profound question as orthodox Marxists: if the triumph of democratic capitalism (or, in the case of Marxists, communism) is irresistible, what role does human agency play? After all, it is futile to resist inevitability. But surely it is just as useless to support it. For the neoliberal, why bother to write books lauding globalization or propose policies that promote it? Or, for the communist, why read Marx or

¹⁰⁰ Ibid, 55.

¹⁰¹ Amin, 1-3.

¹⁰² Ferguson, 7.

¹⁰³ Steger 54.

organize the working class? As Isaiah Berlin stresses, the idea of strict historic determinism (in the case of Berlin's analysis, Marxist in nature) is self-contradictory. Without human agency, the inevitable revolution becomes an impossible one.¹⁰⁵ As Clark notes, those taking a view diametrically opposed to determinists – call them voluntarists – are equally simplistic. Forces beyond our control limit our individual and collective choices; we cannot simply do what we want.¹⁰⁶ But Clark also rejects outright the determinist claims of many triumphalists, writing that, “Globalization is not some end state in the course of realization, but instead is an ongoing political struggle....”¹⁰⁷ There may be powerful forces driving globalization. They may shape our options in important ways. But they, in turn, can also be shaped by human agency. Clark's argument is, I believe, trenchant, explaining history and the role of individuals in a way that takes into account both the environment in which humans find themselves and the volition, limited by those circumstances, that they can exercise. It is also strong in intuitive terms, reflecting our subjective day-to-day experience with making consequential and sometimes important choices in a world that is nonetheless very much outside our individual control.

The West and the Rest

Yet another subject raised by this taxonomy is the question of whether globalization represents a historic victory of the West in general or the United States in particular. The evidence would certainly appear to suggest such a conclusion: the West (defined as Western Europe, the United States, and highly Westernized Japan), comprises well over half the world's GDP, is home to the world's largest multinational corporations, boasts the world's major financial markets, exercises effective control over major international economic institutions like the IMF and World Bank, and possesses (since the demise of the Soviet Union) a huge military advantage over potential adversaries. Within the West, the United States is just as clearly the dominant power. As demonstrated by its overwhelming defeat of Iraq in the Gulf War of 1991, the 2001-2 destruction of the Taliban regime in Afghanistan, and the swift occupation of Iraq in 2003, the United States is surely the most powerful state in human history. This power is not just absolute but also relative: no state or group of states in the world could contest the United States in a conventional

¹⁰⁴ Beck, 122.

¹⁰⁵ Berlin, 119-90.

¹⁰⁶ Clark, 41-2.

¹⁰⁷ Clark, 174.

war at this time. Neither Western Europe nor Japan – both allies of the United States – comes even close to matching U.S. military might; nor do likelier adversaries, such as Russia or China. None of these states, individually or in concert, could even contemplate what Washington did in early 2003: the deployment of sufficient force thousands of miles from home for the purpose of deposing the regime of Saddam Hussein in Iraq. The United States' economic dominance is not quite so overwhelming. Western Europe is its equal or even superior in GDP but, despite the EU, still lacks the political unity to transform its immense latent economic power into a potential alternative to U.S. global leadership. Japan, of course, is suffering from a decade's-long economic malaise. And China, despite its huge population and high growth rate, is decades away from matching the economic strength of the United States. In cultural terms, the United States is a massive net exporter: American mainstream movies, popular music, fast food, and casual clothing can be found everywhere but in the most remote and undeveloped corners of the world.¹⁰⁸

Moreover, the West – and again the United States in particular – is the foremost promoter of globalization. Classical *laissez faire* liberalism, the intellectual forebear of liberalism, is overwhelmingly Western in its origins; indeed, as Gray points out, it is a largely Anglo-American (he says Anglo-Saxon) phenomenon.¹⁰⁹ The foremost neoliberal thinkers are either American or British; even Hayek, an Austrian, spent most of his life teaching in the United States or the United Kingdom. The University of Chicago's Department of Economics, beginning with Milton Friedman's tenure there, has become the world's most powerful engine of neoliberal thought; its influence on both theoretical economics and public policy has been enormous, not just in the United States and the West but also around the world.¹¹⁰

The West, however, is more than just the origin of neoliberal ideas. It is also, however imperfectly, their practitioner. This is particularly true in the case of the United States and the United Kingdom in the wake of the Reagan and Thatcher "revolutions." Internationally, Western countries – led by the United States – are the key agents in implementing neoliberal policies through institutions like the WTO and the IMF. For instance, the Washington consensus

¹⁰⁸ See Held *et al.*, 341-75 for a nuanced discussion of cultural globalization.

¹⁰⁹ Gray, 13-4.

– the bundle of neoliberal policies prescribed by the IMF as terms for its assistance – is, of course, a neoliberal consensus largely Western and, especially, American in intellectual provenance.

Moving beyond the sheer economic and military might of Western states, the power and pervasiveness of Western neoliberal thinking, or even the role of Western states in promoting them, there is an even broader question: will globalization create a world-wide political, economic and social convergence on the Western model? In other words, will Western culture become a universal one? Certainly some of the salient characteristics of the contemporary West – representative government, a large role for the free market in allocating resources, and a consumption-based social organization – are, however fitfully, spreading throughout much of the world. More fundamentally, the West could be conceived as the originator and disseminator of “modernization.” So broad a concept, needless to say, has been subject to enormous intellectual dispute. But whether conceived of in material terms – industrialization, urbanization, greater wealth, better health, and higher levels of literacy¹¹¹ – or as the embodiment of certain values – secularism and rationality chief among them¹¹² – modernization, at a minimum, would seem to have appeared first in the West and today finds its most extensive expression there.

Unsurprisingly, Fukuyama, the unabashed triumphalist, wholeheartedly embraces the idea of convergence, seeing Western – and specifically Anglo-American – values as decisively shaping social organizations and individual beliefs in his post-ideological and hence post-historic world. In fact, he goes even further, predicting that it is inevitable that Americanization will accompany globalization. This view he shares, at a superficial level, with some of the more dystopian opponents of globalization, who see it as an expression of an ethnocentric mindset and an endorsement of “cultural imperialism.”¹¹³ He would surely dismiss the criticism. Fukuyama claims that his universal history is based upon the abiding nature of man, not on the ephemeral

¹¹⁰ Kuttner, 33; Yergin, 145-9.

¹¹¹ Huntington, 68.

¹¹² Fukuyama (1992), 69.

¹¹³ Scholte, 28.

accident of nationality.¹¹⁴ And, according to Fukuyama, the United States today most closely approximates the end-state toward which human nature is inexorably driving mankind.

A number of observers – and not just multicultural Leftists – scoff at Fukuyama’s claim. Samuel P. Huntington, for instance, argues that modernization can occur without full assumption of the Western model. There is a long history of borrowings between civilizations that leave vast cultural differences intact. And, he famously concludes, those cultural differences will lead to a clash of civilizations from which no ultimate victor can be presupposed. He is damning of the idea of convergence, “The Western belief in the universality of Western culture suffers three problems: it is false; it is immoral; and it is dangerous.”¹¹⁵ Perhaps less comprehensive in his critique than Huntington, John Gray is nonetheless contemptuous of the idea of convergence on a Western or American ideal.¹¹⁶ In terms of one routine criterion of modernity – secularism – the United States is in fact the least modern of developed countries, according to Gray; its Christian fundamentalist movement has no parallel in Western Europe. “To refer to the United States as a secular society is preposterous,” he writes, “America’s secular traditions are weaker than Turkey’s.”¹¹⁷ Nor, according to Gray, does the United States come close historically to approaching the neoliberal ideal of minimal government; the prohibition of alcohol in the 1920s and 1930 was a uniquely American – and intrusive – attempt at social engineering. There is nothing inevitable, he writes, about domestic neoliberalism or its international corollary, economic globalization. They arise from a specific political phenomenon – the emergence of powerful conservative, pro-market movements in countries like the United States and the United Kingdom. And they lead to levels of inequality and insecurity, domestically and abroad, that will inevitably prompt a counter-reaction, much as did the earlier periods of *laissez faire* economics. The idea of a global convergence on the American model is, Gray suggests, equal parts political rhetoric and old-fashioned hubris.

¹¹⁴ Fukuyama (1992), 51.

¹¹⁵ Ibid, 310.

¹¹⁶ Gray, 100-133.

¹¹⁷ Ibid, 126.

Huntington and Gray make useful points. Even Fukuyama admits that cultural differences can be remarkably resilient.¹¹⁸ The power of Islamic fundamentalism, in particular, is a daunting challenge to the convergence theory. Huntington is surely correct to stress the ability of cultures to appropriate new technologies, organizational principles, and even political structures while maintaining profoundly different social organizations and cultural worldview. Japan may be the most important case in point: though highly Westernized, especially during the U.S. occupation after WWII, it nonetheless exhibits significant differences from other advanced liberal democracies. Even after half a century of intense Westernization, Japanese society is far more alien to an American, for instance, than its French or German counterpart. Gray is also surely correct to identify the specific political origins of contemporary neoliberal policies in the United States and the United Kingdom and the role of individual leaders – notably Margaret Thatcher and Ronald Reagan – in promoting the free market ideology that drives much of globalization. Not least, the fact that most convergence theorists belong – by presumably happy coincidence – to the culture or nation towards which they claim the world is converging raises certain doubts about their conclusions. Those doubts, of course, do not necessarily rise to a refutation; it is possible that the convergence theorists are simply fortunate enough to live in societies that most closely resemble the future universal culture. But one need not be a multiculturalist to entertain misgivings about such remarkable good luck. A belief that one's own nation or culture (or, for that matter, clan or family) is superior is surely a common human trait, found across time and civilizations. At a minimum, certain skepticism is appropriate in assessing such claims.

Nonetheless there is strong evidence that globalization – for several centuries – has been strongly bound up with the rise of the West. Analyses that can by no stretch of the imagination be called triumphalist – Scholte and Held *et al.*, to choose two frequently cited in this text – clearly link the two. It is inconceivable that one could write a comprehensive history of globalization, for instance, without reference to the industrial revolution in the West, the geographic expansion of its political and commercial influence, and its role in developing international institutions that foster global integration. The West may not represent the seed of a future universal culture but it surely represents the dominant culture in the world today by virtue of its material power and intellectual influence. And, given these facts, the course of globalization cannot but be

¹¹⁸ Fukuyama (2000).

significantly, perhaps decisively, shaped by the West and the West's preeminent nation, the United States.

The State and the Market

Another issue pervades much of the debate over globalization: the relationship between the state and the market. That relationship is often described as a struggle; indeed, one of the most widely read recent popular books (and PBS series) on the rise of neoliberalism, *The Commanding Heights* by Daniel Yergin and Joseph Stanislaw, is subtitled *The Battle Between Government and the Marketplace That Is Remaking the Modern World*.¹¹⁹ Neoliberalism assigns a very limited role to the state, its critics in general a larger one. These differences, though they may appear first at the national level, eventually shape the debate of globalization. After all, economic globalization is in many ways nothing but the projection of the free market on an international scale. Indeed, some even describe globalization as a narrow expression of a broader trend towards “marketization.” This is essentially the thesis of Yergin and Stanislaw, but it is echoed by Rodrik: “Globalization is not occurring within a vacuum. It is part of a broader trend that we may call marketization. Receding government, deregulation, and shrinking of social obligations are the domestic counterparts of the intertwining of national economies. Globalization could not have advanced this far without these complementary forces.”¹²⁰ Rodrik, I believe, is correct: the creation of a global market is driven in large part by a refashioning of authority at the state level. The role of the state in the economy is contested at that level first and – as I will argue – most importantly.

Yergin and Stanislaw provide an extensive account of that contest.¹²¹ They place the rise of neoliberalism in political, economic, and intellectual contexts. The collapse of the mixed economy model that neoliberalism eventually replaced reflected the poor economic performance experienced by the United States and Western Europe in the 1970s. Inflation was high and growth sluggish, leading to the coining of a new term, “stagflation.” There was a rising lack of confidence in the ability of governments to manage the economy through traditional Keynesian means. High levels of government expenditure and accruing debt increased the tax burden,

¹¹⁹ Yergin and Stanislaw, (1998).

¹²⁰ Rodrik, 85.

leading to middle-class discontent. Conservative politicians like Margaret Thatcher and Ronald Reagan suddenly found their traditional call for lower taxes and less government more congenial to a disenchanting electorate. Moreover, they would have intellectual helpmates. With leadership by Hayek and Friedman, a dynamic and increasingly influential school of thought had grown up which directly challenged conventional Keynesian nostrums of state intervention. What are now the routine prescriptions of neoliberalism – privatization, deregulation, less expansive social programs, and lower taxes – began first among intellectuals, mainly economists, in the countries of the West. Failures elsewhere – notably of communist command economies and of the import substitute model among developing countries – contributed to the dominance of neoliberal policies. But the power of ideas should not be underestimated.

There are other, more critical analyses of the rise of neoliberal economics in the United States, the United Kingdom, and other countries. Robert Kuttner, for instance, suggests that the economic distress of the 1970s had little to do with the mixed economy model. He instead blames the external shocks of the OPEC price increases, the collapse of the Bretton Woods system of fixed exchange rates, and the punitive monetary policy practices by central banks (not least the U.S. Federal Reserve under Paul Volcker).¹²² Once in office, pro-market politicians in the United States pressed forward with a neoliberal agenda that subsequently gained significant political traction, if not overwhelming public support. Gray describes a similar chain of events in the United Kingdom.¹²³ While elected on a platform stressing discrete reforms – reducing trade union power, increasing the number of private home owners, and cuts in taxation – Mrs. Thatcher embarked, once in office, on a broad range of neoliberal initiatives.

Despite these differences of analysis, several facts nonetheless emerge from an examination of the rise of neoliberal economics. First, the establishment of neoliberal policies at the national level is the result, above all, of politics. Neoliberal policies do not emerge out of nowhere; they are the creations of governments, the politicians who lead them, and the ideologies to which the latter adhere. Such political leaders as Thatcher and Reagan mattered – and mattered vitally – in the spread of neoliberalism at the national and international level. Second, whether Yergin or

¹²¹ Yergin and Stanislaw, 127-9.

¹²² Kuttner, 33.

Kuttner is right about the causes of the economic malaise of the 1970s is, at one level, beside the point. Neoliberal politicians seized the opportunity presented to them to alter the landscape of national politics. While it is true that the elections of Clinton in the United States, Blair in the United Kingdom, or Schroeder in Germany reflected a public unease with the neoliberal bent of the conservative governments they replaced, all three owed their electoral victories in large part to their willingness to embrace much of the neoliberal agenda. “The return of the labor party to power after almost two bleak decades in the wilderness represented not a defeat for Margaret Thatcher but a consolidation of her revolution,” writes Yergin.¹²⁴ This may somewhat overstate the case – Thatcher remains wildly unpopular with the British general electorate and many senior Conservative politicians shun her like a pariah – but does reflect an important truth. Neoliberalism gained a considerable hold on the policies of major economies and did so, moreover, through electoral politics.

Seizing the power of government to pursue an economic agenda was just as vital for neoliberals as it once had been for social democrats. Yergin and Stanislaw’s subtitle therefore seems wide of the mark. What they describe in their book is in fact no battle between governments and the marketplace. For surely Thatcher’s government, like Reagan’s, was not engaged in battle with the marketplace; it was allied with the unfettered marketplace’s supporters. The battle, intellectually, is not between governments and the marketplace, per se, but between different conceptions of the government’s role in the marketplace.

The idea that the state must play *some* role in the economy is uncontested, except perhaps in the most remote precincts of the libertarian movement. Indeed, the contemporary state and modern capitalist economy are unimaginable without each other. First and foremost, economies – neoliberal, command, or even peasant – function best in times of relative domestic peace and stability; traditionally, that peace and stability can only be provided by a state strong enough to suppress lawlessness and contest invasion. But the modern capitalist state must do more. It must create, assign, and enforce property rights through an efficient law-enforcement and legal system. It must assign rights and responsibilities to business organizations, such as limited

¹²³ Gray, 34-5.

¹²⁴ Yergin, 370.

liability corporations and partnerships. It must ensure public confidence in markets through reporting requirements that ensure transparency – a duty much in the news in the wake of the U.S. corporate scandals that began with the collapse of Enron in the fall of 2001. It must provide the public goods – from transport systems to general education – that might be unattainable through the market alone but that allow the marketplace to flourish. The modern state routinely acts as lender of last resort when financial markets threaten to seize up through a lack of liquidity. Perhaps most importantly, it attempts to sustain demand during economic downturns through fiscal or monetary policies. In many ways, therefore, the modern market economy depends upon a strong state, not a weak one. Many of the problems faced by the Russian economy in the aftermath of the collapse of the Soviet Union, for instance, are attributable to state weakness; the rise of “mafia capitalism” grew out of the infant Russian state’s inability to establish effective property rights and adequately enforce the rule of law. Any number of the reforms routinely urged (some would say imposed) on developing countries similarly require strengthening the state: the enforcement of foreign patents springs immediately to mind, as does closer central-bank monitoring of financial institutions. Linda Weiss argues that the East Asian financial crisis of 1997-8 was due, at least in part, to insufficient state capacity.¹²⁵

What we call the modern capitalist economy did not spring full-formed, like Athena from the forehead of Zeus. It was assembled piece by piece, in large part through the agency of governments. Karl Polanyi’s¹²⁶ analysis of the rise and fall of *laissez faire* economics in England, fifty years after its original publication in 1944, remains a seminal work on the subject, though not without criticism.¹²⁷ But his thesis is a very plausible one; it implicitly colors much of the debate on globalization.¹²⁸ He argues that *laissez faire* economics was imposed upon British society as part of a planned program of marketization. The enclosure movement, the Poor Law of 1834, the repeal of the Statue of Apprentices, the Factory Acts of 1833, 1844, and 1847, and the repeal of the Corn Law in 1846 were all aimed at creating a modern market system in Great Britain. As Polanyi puts it: “There was nothing natural about *laissez-faire*; free markets could never have come into being merely by allowing things to take their course.... *Laissez-*

¹²⁵ Weiss, xiii-xiv.

¹²⁶ Polanyi, *The Great Transformation*.

¹²⁷ North 180-1.

¹²⁸ Rosenau 95.

faire itself was enforced by the state. The [eighteen] thirties and forties saw not only an outburst of legislation repealing restrictive regulations but also an enormous increase in the administrative functions of the state, which was now being endowed with a central bureaucracy able to fulfill the tasks set by the adherents of liberalism.”¹²⁹

But, Polanyi goes on, *laissez faire* prompted a sharp reaction among those whose lives were dislocated by the industrial revolution. By the 1880s, in England, Germany, Austria, and France popular discontent with the workings of the marketplace led to an outpouring of legislation in regard to “public health, factory conditions, municipal trading, social insurance, shipping subsidies, public utilities, trade associations, and so on.”¹³⁰ This was part of Polanyi’s famous “double movement,” which he defined as the “action of two organizing principles in society,” one economic – *laissez-faire* – and one communitarian – social protection.¹³¹ The seeds of the modern welfare state were already planted by the turn of the 20th century – not just, Polanyi reminds us, in representative democracies like the United Kingdom, but also in authoritarian regimes like Wilhelmine Germany. The advanced economies – until the rise of the Bolsheviks in Russia in 1917 – remained grounded in the marketplace, but that marketplace was constrained by a thicket of government regulation. While this trend was no doubt driven in large part, especially in Europe, by a politicized working-class, more than simple self-interest was at stake: market outcomes were simply considered unacceptable by many on normative grounds. North describes a “massive ideological alienation”¹³² or unwillingness on the part of many to accept, on ethical and moral grounds, the ideology of *laissez faire* liberalism. The mixed economy that became dominant in the post-World War II embodied the uneasy relationship between society and the economy – a relationship largely mediated by the state.

The United States, discussed only in passing by Polanyi, presents a slightly different picture from the United Kingdom. Without many of the traditional social structures of Western Europe, the United States did not require quite the dramatic transformation of the latter to accommodate it to industrialization. Still, in the first half of the century, there was a series of legislative acts and

¹²⁹ Polanyi, 139.

¹³⁰ Ibid, 147.

¹³¹ Ibid, 132.

¹³² North, 181.

court decisions strengthening corporations. From the very beginning of the Republic, government played a huge role in economic expansion. This included actual acquisition through war (in the case of Florida and the Southwest) or purchase (in the case of the Louisiana Territory and Alaska) of most of what is the United States today. Government also pacified or removed indigenous peoples, granted vast tracts of land at less than market prices, and subsidized canal and railway construction. Unlike the United Kingdom, the United States never opted for free trade in the 19th century, although the concept had its supporters in the early Republic, mainly in the slave-owning South. Nonetheless, the dislocations caused by the economic transformation of the United States caused a great upheaval (including the rise of the labor and populist movements) in the latter half of the 19th century. As North notes, this period was marked by “a shift from encouragement and promotion to control.”¹³³ “Promotion” and “control,” of course, roughly parallel the “two movements” of Polanyi. They approached a rough equilibrium during the heyday of the welfare state in the Post World War II era – an equilibrium that collapsed in the 1970s and 1980s, for whatever reason, to be replaced by more promotion and less control. (While the neoliberal trend in countries like the United States and Great Britain might have slowed the growth of the welfare state, it has hardly marked full return to 19th century *laissez faire* economics. Even the indomitable Mrs. Thatcher stopped short of abolishing national health care; efforts in the United States to privatize major entitlement programs such as Social Security and Medicare have to date failed.)

This admittedly long digression into the intertwined history of economy and the state is not without a purpose. In the first instance, it reminds us that the much-discussed diminution of state power often misses a fundamental point, one overlooked by triumphalists and dystopians alike: much of what we call globalization today is, in fact, a creation of states. This is what prompts Weiss, for one, to suggest that the state is as much “mid-wife” as “victim” of globalization.¹³⁴ States, after all, are the agents of liberalization domestically, the signatories to international and regional free trade agreements, the enforcers of foreign patent rights, the funders of institutions like the IMF and the World Bank, and members of organizations such as the WTO. If the state has been historically intertwined with the market domestically, it is no less so internationally. In

¹³³ North, 191.

¹³⁴ Weiss, 204-5.

other words, the globalized economy is as much a political creation as its national counterpart. Clark and others stress this point, arguing that critics miss a great deal of the mutuality that exists in the relationships between states and globalization.¹³⁵ After all, the chief reason that most states pursue domestic and international liberalization is to increase economic growth and personal incomes at home, a key buttress of legitimacy for democratic and authoritarian regimes alike; indeed, this has often led to extravagant claims about the economic benefits of such liberalization.¹³⁶ Moreover, supporters of liberalization often pitch their arguments in frankly nationalist terms, arguing that the lack of economic reform will cause their countries to fall behind others. While neoliberal economists may speak of the global increase in welfare that can be brought about by market-based reforms or neoliberal political scientists stress the role such reforms can play in promoting democracy or peace, politicians and voters alike tend to focus more on what domestic and international liberalization can do for their own country – particularly in terms of keeping it “competitive” with perceived economic rivals.

To say this, of course, is not to assert that globalization represents a politically driven phenomenon, pure and simple. It clearly does not. Technological innovation and its global dissemination are also key factors, especially in areas like communications and transportation. The plethora of financial instruments developed since the 1970s must also be added to this innovation. Moreover, the purported economic advantages of domestic and global liberalization are what drive states to undertake them in the first instance. While the constraints on states posed by globalization may frequently be overdrawn, either for political purposes or because of an exaggerated conception of state power before globalization, they do face either new or heightened challenges because of increased economic interdependence. These challenges are particularly associated with the vast, high-velocity, and often volatile flow of international capital that even such skeptics as Hirst admit is a new and salient characteristic of the economic environment facing individual countries.¹³⁷ Nonetheless, much of what we call globalization – especially the increase in trade, direct investment, and capital flows – exists in large part because of decisions by states, either individually or in concert. As Clark neatly summarizes the point,

¹³⁵ Clark, 67.

¹³⁶ This was very apparent in the American debate over NAFTA. Even Paul Krugman, a strong supporter of NAFTA, admitted after the fact that the claims made by the Clinton Administration in support of NAFTA were egregiously optimistic. See MacArthur, 284.

“State capacity cannot be viewed as the (negative) function of globalization, since globalization is, in turn, what states have made of it.”¹³⁸

A Counter Reaction?

Polanyi’s analysis also suggests a second conclusion: that the current trend towards globalization may be only the first part of a contemporary “double movement.” Indeed, the current phase of globalization – especially the domestic and international integration that underpins it – shows more than a passing resemblance to the initial phase of the great transformation described by Polanyi. The measures instituted in both instances are based, in large part, upon a concept of a self-regulating market that requires, according to neoliberals, the assignment of strong property rights, removal of barriers to trade in goods and services, the reduction of social safety nets, and the creation of a flexible labor market. In the United Kingdom, at least, the first great transformation was also marked by a commitment to free trade. The similarity, of course, immediately raises an obvious question: will the current first movement be met by a second? In other words, will there be a counter reaction to globalization? According to dystopians, and even reformers, globalization creates dislocation: greater job insecurity for workers; a rise in inequality; frequent and severe financial crises brought on, at least in part, by the globalization of international capital markets; and, with the creation of institutions like the WTO, a reduction of the direct role played by electorates in making environmental, labor, and other policies.

The evidence suggests that Polanyi’s reaction has already begun. This is perhaps most obvious in the case of the anti-globalization demonstrators in the West who have gained vast publicity – much of it admittedly negative – as the result of the disturbances in Seattle. One of the ironies of neoliberal globalization is the extent to which it has prompted a global response in the form of perhaps thousands of domestic NGOs and international umbrella groups such as the World Network, the International Forum on Globalization, and Global Exchange.¹³⁹ As noted earlier, these anti-globalization groups even hold their own international meetings under the rubric of the

¹³⁷ Hirst, 423-4.

¹³⁸ Clark, 62-3.

¹³⁹ Steger, 111-3.

World Social Forum, explicitly formed to counter the World Economic Forum.¹⁴⁰ Moreover, a series of financial crises in the 1990s and early 2000s – in Mexico, the Far East, Russia, and Argentina – prompted at least tentative reappraisal of some of the specific strictures of the “Washington consensus” if not of the general wisdom of liberalization. In the 1990s, a handful of high-profile “apostates” from neoliberal orthodoxy appeared – notably Joseph Stiglitz, Nobel Prize laureate and former chief economist of the World Bank. Stiglitz expressed concern with the economic damage done by the overly rigid imposition of the Washington consensus on developing countries by the IMF, World Bank, and billionaire currency-speculator, George Soros, who assailed a “market fundamentalism” that was undermining democratic decision-making and social values.¹⁴¹

The anti-globalization movement has achieved tangible if modest results. The World Bank has promised to show more flexibility in its approach to development, citing a need to foster effective government along with strictly economic reforms.¹⁴² In the wake of the Seattle debacle, the WTO similarly promised to make its proceedings more open and its consultations more broadly based. At the 2001 WTO meeting in Doha, moreover, the major industrial countries, notably the United States, retreated from their hard-line on international patent protection for drugs necessary to combat diseases like AIDS in less-developed countries; this was, in part, due to the agitation of non-governmental organizations, many of which are part of the broader anti-globalization movement.¹⁴³ Activists also experienced some success in other areas of keen interest to them. The debt-relief movement spearheaded by these organizations also gained traction, with major debtor countries agreeing, at least in principle, to the concept of debt forgiveness for the poorest countries.¹⁴⁴ And the idea of a major increase in direct foreign assistance by the developed countries – long a rallying cry of these organizations – has also gained salience, most publicly perhaps with the summit in Monterrey, Mexico in early 2002.¹⁴⁵ A number of multinational firms, criticized for their labor and environmental practices in less-developed countries, have taken steps to improve standards at Third World plants.

¹⁴⁰ Ibid, 134.

¹⁴¹ Soros, 4-10.

¹⁴² Gray, 202

¹⁴³ “Far from the Headlines, the World is Changing,” *The Times (London)*, November 19, 2001.

¹⁴⁴ “Slowdown Endangers Poorest Countries Debt Relief Initiative,” *The Times (London)*, April 18, 2002.

¹⁴⁵ “Aid Summit Stresses Accountability,” *The Boston Globe*, March 24, 2002.

Few of the anti-globalists would, however, claim a decisive victory. They are right. Despite some softening of the rhetoric, both the World Bank and the IMF continue to promote the policy prescriptions of the Washington consensus; the IMF's response to the brewing financial crisis in Argentina in 2001 ran true to usual form. The WTO continues to adjudicate trade disputes in secret and has hit upon the happy idea of holding its meetings in countries, like Qatar, unlikely to attract or permit large-scale demonstrations. The actual new foreign assistance pledged at Monterrey was risible in the minds of many activists. Nonetheless, the international anti-globalization meeting has made a difference, however modest, in the course of globalization. It will, moreover, find allies on specific issues among the more traditional opponents to neoliberalism in domestic polities: trade unionists, conservative nationalists, and the large numbers of individuals in industrial countries who feel a deep unease about the course and scope of globalization.

There is, however, one factor that will constrain the ability of anti-globalists to press their agenda: the lack of any international democratic polity in which to organize their supporters or voice their concerns. In the United Kingdom, the United States, and elsewhere, much of the force of Polanyi's "second movement" came through political mobilization and electoral competition. Gray notes, for instance, that, in the United Kingdom, state intervention expanded with the franchise.¹⁴⁶ No such democratic vehicle exists today at the global level, much less one that exercises anything approaching the traditional prerogatives of the state. Some observers argue that the increasingly trans-border nature of issues – not just in the economic realm but also encompassing such areas as environmental degradation, health concerns such as AIDS and other diseases, and migration – will, when combined with a broader conception of citizenship fostered by globalization, lead to the emergence of more democratic international institutions.¹⁴⁷ Such international democratization can take two forms – a democratic polity among states, whether they are democratic or not, or one that transcends states, granting a reasonably direct voice to individuals, whatever their nationality, on a relatively equal basis.

¹⁴⁶ Gray, 14.

¹⁴⁷ Held *et al.*, 444-52.

The EU is frequently held up as an example of the democratization process. It is one of the rare international institutions that are roughly democratic in both senses; it provides a voice to individual states and, through the European Parliament, to individual citizens of member states. The achievements of the EU – not only in terms of economic unification but also the cultivation, at least on the continent, of a still tenuous but nonetheless important transnational “European” identity – are indeed remarkable. But it is also important to recall how much alike the core states of the Union – the United Kingdom, Germany, and France – in fact are. All are, first of all, European, with much common cultural heritage and history. All are liberal democratic societies. All are at relatively high levels of economic development; even at their worst, the differences between, say, Germany and Ireland, were simply not comparable to the differences that exist between advanced industrial economies and less-developed ones. Moreover, the earlier years of the movement towards economic union were shaped, in large part, by the common threat represented by the Soviet Union – a threat shared by the United States, which encouraged European economic and political cooperation as a bulwark against Soviet expansion. Any global movement towards transnational democratic governance will enjoy none of these advantages. The idea of some sort of international democratic polity based on one-man, one-vote – a democratic world government – may not quite be a fantasy. But its possible realization is so remote as to make it an unpractical guide to actual institution-building and, indeed, a dangerous one as it would immediately inflame nationalist sentiment.

Moreover, even a modest movement toward more democratic governance among states would require today’s great powers to cede decision-making to others, a most unlikely prospect. The enduring impotence of the United Nations General Assembly and the respect for great power prerogatives institutionalized in the Security Council suggest that power-sharing will be difficult to attain. True, great powers sometimes constrain themselves by international agreements or through international organizations. But they generally do so within narrow grounds – a specific security threat, like the one that confronted NATO during the Cold War, or specialized adjudication mechanism, like the WTO. And they always possess the option of either abrogating the agreement or exiting the organization. The historically ambiguous position of the United States vis-à-vis international organizations – often essentially a pick and choose attitude based on perceived national interest at the moment – suggests the extraordinary hurdles any form of

international democratic governance must leap. President George W. Bush's approach to the role of the Security Council in countering the threat posed by Iraq summed up this ambiguity nicely: UN approval would be nice but was dispensable in a pinch. Indeed, for many on the American Right, the UN is only "relevant" to the extent that it ratifies and supports U.S. policies.

To say this is not to reject out of hand the view that the growing importance of transnational issues might lead to the development of closer consultative mechanisms and an ethos emphasizing conflict resolution. But even this state of affairs would fall far short of a true international democratic polity by either the broad or narrow definition of the term. The idea, moreover, that globalization alone will foster a cosmopolitan identity transcending traditional national identification – a clear variation on traditional liberal convergence-theory – is itself contestable on its face; several observers have noted that today's age of globalization has been marked by heightened communal feeling and an increase in conflicts based on ethnic, linguistic, or religious difference.¹⁴⁸

The fundamental point is this: Polanyi's second movement, if it is to occur within the contemporary context, must do so largely at the national level, where political decision-making drives much of economic globalization. Protests against organizations or institutions like the WTO may, on occasion, embarrass or persuade international public servants to alter their policies. But, as activists surely know, the chief effect of such protests is publicity within national polities. Likewise, transnational anti-globalization organizations serve a real purpose for their members in identifying areas of joint interest, sharing information, and providing mutual support. But, again, the chief arena for pressuring for change in policies must occur at the national level, where, as argued above, the most important decisions are being made and are likely to be made for the foreseeable future. This is not just true among developed countries but also among poorer ones as well; certainly there is substantial evidence of growing opposition to neoliberalism evident in the Third World, notably Latin America, where populist candidates have shown strength in recent years.¹⁴⁹ In short, there may well be an international movement against economic globalization but its chief goal is to effect policy at the national level.

¹⁴⁸ Scholte 166-9; Rosenau 446-8.

¹⁴⁹ Tina Rosenberg, "The Free Trade Fix," in *The New York Times Magazine*, August 18, 2002.

The State and Geopolitics

If the traditional state and domestic politics continue to play decisive roles in driving the process we call globalization, what of the role of the state and geopolitics in the international arena? Much of the discussion of globalization – notably among triumphalists and dystopians but among others more difficult to pigeonhole¹⁵⁰ – explicitly or implicitly suggests a diminishing role for the state in international affairs and a decline in the importance of geopolitics, driven by increasing economic interdependence, growing democratization, or both. These arguments, as noted, partake of a long, if often disputed, liberal tradition. But the current environment – marked by rising economic interdependence and an expansion in the number of democracies – brings these arguments to the fore. So, too, does the end of the Cold War and the reduction, at least for the present, of overt conflict or the immediate threat of it between major powers. But is, in fact, the old state-centered view of international affairs now obsolete? Specifically, is the realist image of interstate affairs – based on the concept of a relentless competition for dominance among self-interested, insecure, and jealous states¹⁵¹ – still useful? This view of world affairs has driven much of U.S. foreign policy from our origins as a republic, sometimes adulterated by liberalism (under Wilson, Franklin Roosevelt and Carter), sometimes in very nearly a pure form (under Theodore Roosevelt, Eisenhower and Nixon), but always with considerable force. We need not here adjudicate the debate – important and interesting, but also interminable and inconclusive – between realist and idealist approaches to foreign policy.¹⁵² But we do need to assess, as part of any discussion of globalization, its effects, if any, upon the geopolitical organization of world affairs.

It is useful to begin with Kenneth Waltz's observation that it is inequality of power, not interdependence, which represents the most salient characteristic of the international environment at the beginning of the 21st century.¹⁵³ One need not, like Waltz, dismiss the importance of globalization to understand that his point here is a critical and well-nigh irrefutable one. With the demise of the Soviet Union, the United States has emerged as the world's sole

¹⁵⁰ Rosenau, 414-5.

¹⁵¹ Waltz (1979) remains the classic expression of modern realism.

¹⁵² Waltz (1979) and Kegley provide a good starting point.

¹⁵³ Waltz (2000), 56.

superpower, unchallenged in military power and strategic reach. Contrary to predictions at the time of the end of the Cold War, the last ten years, moreover, have not seen significant efforts by other nations to form alliances against the United States. Despite significant private misgivings and some public grumbling, all the major potential rivals to the United States – notably Western Europe, Russia, China, and Japan – have acquiesced in Washington’s geopolitical dominance. Even China’s major arms build-up pales compared to U.S. defense expenditures and will require decades, not years, to elevate Beijing to a global military rival to Washington. While the dispute over Washington’s desire to go to war with Iraq may have prompted the greatest transatlantic rift since the creation of NATO in the late 1940s, there is little or no evidence that France and Germany are willing to embark on the major military buildup necessary to create an independent Western European counterweight to U.S. global dominance. Moreover, the robust economic performance of the United States in the 1990s – in contrast to Western Europe’s very modest growth and Japan’s protracted stagnation – put predictions of U.S. economic decline off the table, at least temporarily.¹⁵⁴ Waltz, in short, is clearly right in his geopolitical analysis. But is there any relationship between the strategic dominance of the United States and globalization?

That these two striking phenomena would occur independently certainly suggests a coincidence of quite literally historic proportions. On the contrary, a strong argument could be made that globalization and U.S. dominance are inextricably linked. This begins with a general premise mentioned in passing earlier: order is good for economic cooperation. Domestically, of course, sustained economic growth depends critically upon the absence of outright civil war or protracted local disorder. Domestic conflict cripples the enforcement of property rights and rule of law; it diverts resources into raising and equipping armies; it raises the costs of trade; and it increases the risks associated with investments in either physical or human capital. It is not a great intellectual stretch to apply a similar analysis to the international arena. The analysis, in addition, has more than a little historical support. The first great period of economic interdependence – 1870-1914 – was marked by a relative absence of war among the great powers of Europe and the United States. Moreover, one great power – Great Britain – exercised effective naval control of the high seas, thereby ensuring the security of international sea-lanes.

¹⁵⁴ I say “at least for the time being” in cognizance of the ephemeral nature of such predictions; we should be careful about supposing a long-term trend by extrapolating from one decade of US economic performance, the 1990s. See

This rough peace was largely the result of an effective balance of power in Europe and the physical isolation of the United States; this multi-state balance broke down, catastrophically, in 1914, with relative order only emerging in the bipolar U.S.-Soviet balance of power in the aftermath of World War II.

General peace is, nonetheless, insufficient to explain the expansion of trade and investment that existed during both periods. There also had to be an effective international monetary system and a major economy with sufficiently deep and efficient financial markets to provide needed liquidity and manage crises when they arose. The gold standard provided the first during the first Golden Age of Free Trade; the United Kingdom, the world's financial center until World War I, contributed the second.¹⁵⁵ In short, the first great period of globalization was shaped by geopolitics – a stable balance of power – and a state rich enough to underpin the global financial system – the United Kingdom.¹⁵⁶ To stress this is not to deny the vital importance of general economic growth and technological innovation as driving forces in the expansion of trade and investment in the late 19th and early 20th century. The first great era of interdependence was very much a creature of the Industrial Revolution. But the potential for expanded trans-border trade and investment became a reality only under the very special international circumstances of the time – a general peace shaped by British naval dominance and financial leadership. Then and (as I will argue) now, globalization was a geostrategic as well as economic phenomenon.

The United States, willingly or unwillingly, assumed the central role in the international economy in 1945.¹⁵⁷ It did not do so, of course, on a global basis (except perhaps where the security of international sea-lanes was concerned). Indeed, the chief characteristic of the Cold War period was the division of the world into two spheres of direct influence (U.S. and Soviet) and a realm outside those spheres – comprising much of Africa, Asia, and Latin America – of indirect conflict between the two superpowers. But within Washington's sphere of influence (some would say hegemony), the United States created both a zone of relative peace embracing Western Europe and Japan and an international economic system conducive to trade and

Krugman (1998), 33.

¹⁵⁵ Held *et al.*, 196-8.

¹⁵⁶ Hirst, 412.

investment. Security within the U.S. sphere of influence was maintained through a sizeable permanent military establishment, the presence of U.S. troops in Western Europe and East Asia, a series of treaties creating formal military pacts (NATO and the U.S. security guarantee for Japan and South Korea), and a nuclear umbrella for allies provided by Washington.

Economic cooperation was fostered both by the willingness of the United States to provide a relatively open market for imports and its key role in setting up a series of institutions. The IMF, World Bank, GATT, and G-7 aimed at encouraging economic stability and expanded trade.¹⁵⁸ Moreover, the U.S. provided the international monetary system with a reserve currency, the dollar. The immediate post-war system eventually broke down in the 1970s with the end of the fixed exchange-rate regime, but a generally liberal system nonetheless survived and, with the conclusion of the Uruguay Round and the establishment of the WTO in the 1990s, significantly deepened in many respects. Indeed, with the collapse of the Soviet Union, the international system set up by the United States after World War II also expanded in scale as former command economies moved to join it. The global economic system we know today is a direct descendant of the one that emerged, under U.S. leadership, in the wake of the Cold War. The end of the Cold War did not usher in a new global economic order; on the contrary, it represented the triumph of a system already 45 years old, one then as now dominated by the United States.

To oversimplify, the Cold War political economy was based on a relative peace made possible by the military power of the United States and a series of economic institutions created and supported by Washington. What we call contemporary globalization began first within this Western system. By the 1980s, many so-called Third World countries were moving, at different rates, to join it and, in the 1990s, the former Soviet Bloc simply collapsed into it. The U.S.-centered system set up in the wake of World War II was, let it be stressed, imperfect. Protectionism remained a problem, not least in the United States itself. The system proved unequal to the shocks of the 1970s, notably the inflation induced in part by the oil shocks of that decade. But it proved sufficiently resilient to avoid any retreat into wide-scale protectionism and domestic autarky and remains the dominant setter of international economic rules today.

¹⁵⁷ See Ikenberry (2001), 200-3, on the reluctance of the United States to assume an extensive, permanent role in Europe in the immediate aftermath of World War II.

Moreover, with the collapse of the Soviet Union and the decline of the command economy, it is without rival. There may be individual economies, such as North Korea, that lie outside the U.S.-centered economic system but they are dwindling. Individuals and groups – notably among anti-globalists – may take fundamental issue with the system. Its workings – whether we are speaking about bilateral trade disputes or multilateral negotiations – remain prey to the usual political give and take between countries and groups of countries. But, to echo Fukuyama – though on a less teleological level – there is no systemic alternative to the U.S.-based international order. As John Ikenberry puts it: “The bargains struck and institutions created in the early moments of the post-World War II order building have not simply persisted for fifty years, but they have actually become more deeply rooted.... The costs of disruption or change in this system have grown steadily over the decades. Together, this means that ‘competing orders’ or ‘alternative institutions’ are at a disadvantage. The system is increasingly hard to replace.”¹⁵⁹ He adds, “This means that, short of a major war or a global economic collapse, it is very difficult to envisage the type of historical earthquake needed to replace the existing order.”¹⁶⁰

Ikenberry’s analysis goes far toward explaining one of the most interesting phenomena – or, rather, non-phenomena – of the last ten years: the remarkable resilience of the U.S.-centered international security and economic system. As noted before, no single state or alliance of states has emerged to challenge U.S. military supremacy; nor has the United States, with the Soviet challenge gone, retreated into isolationism. Whatever isolationist impulses the second Bush Administration might have harbored were largely quashed by the attacks of September 11, 2001. In the economic arena, concerns of observers like Gilpin that the end of the Cold War might lead to a resurgence of protectionist impulse in the United States and a division of the world into competing, exclusionary economic blocs seems, at the very least, overdrawn.¹⁶¹ U.S. international economic policy, on the contrary, appears to be running fairly true to historical course, exhibiting a general commitment to free trade and investment punctuated by specific instances of protectionism usually triggered by domestic political concerns such as the decision of the Bush Administration to raise tariffs on imported steel in early 2002. Under George W.

¹⁵⁸ Gilpin, 53-68.

¹⁵⁹ Ikenberry, 253

¹⁶⁰ Ibid. 254.

¹⁶¹ Gilpin 336-40 and 343-6.

Bush, Washington may be zealously pursuing the goal of a hemispheric free trade zone but it is also deeply engaged, through the WTO, in extending and deepening the global international economic regime.

The resilience of the U.S.-centered security order is even more remarkable. As discussed before, U.S. military dominance is today quite literally unchallenged; just the increase in the U.S. defense budget requested by President Bush in 2001 was equal to the entire military expenditures of China, the country most often discussed as a strategic rival to the United States. The role of this U.S. military dominance in fostering globalization cannot be overestimated. The U.S. Navy ensures the security of international sea-lanes, without which much of international trade would become highly problematic. The United States, moreover, can and does intervene when conflict threatens international economic health – most notably in 1990-1 when it quashed Saddam Hussein’s attempt to seize Kuwait and gain a decisive voice in the determination of global oil prices. More importantly, U.S. military strength continues to ensure stability in key regions of the world – East Asia, the Persian Gulf, and, to a declining extent, Europe. Most decisively of all, however, the dominance of the United States has, thus far, discouraged possible rivals from embarking on a geopolitically destabilizing and economically crippling competition for international supremacy. Despite much grumbling about the unilateralism of the Bush Administration in its policies towards Iraq, for instance, there is no sign of a burgeoning anti-Washington coalition. As Kupchan suggests, the European Union may over time develop a military force sufficient to provide a counterweight to the power of the United States.¹⁶² But that day is surely distant. Certainly, moves to create a credible Western European military force independent of NATO and therefore the United States are still in their infancy.¹⁶³

The hesitancy of those potential rivals may have different sources. Some allies, as Ikenberry suggests, may be driven by an appreciation of the extent to which embedding U.S. power in formal treaties and informal consultation places welcome constraints upon the exercise of that power.¹⁶⁴ Other countries may be cynical free riders, willing to enjoy the international public goods, notably peace among great powers, which the United States may provide. Still others

¹⁶² Kupchan, 28-9.

¹⁶³ “‘Old Europe’ Unveils Plan for EU Army,” *The Daily Telegraph (London)*, April 30, 2003.

may simply quail at the decades-long time frame and massive expenditure of resources necessary to challenge the United States. But the bottom line of general acquiescence in U.S. dominance is the same.

This is not, of course, to say that the United States has imposed a *Pax Americana* on the world; a glimpse at any newspaper or television news show demonstrates otherwise. A number of peripheral regions – the Middle East, South Asia, and Africa most notably – remain plagued by war, civil strife, or the threat of either. And, as witness the attacks of September 11, 2001, transnational terrorism represents a direct threat to the United States, other countries, and international stability. But huge regions of the world – and, importantly, those comprising the lion’s share of global output – nonetheless remain at relative peace. This state of affairs – and the globalization it permits to flourish – is underpinned by U.S. military power. Even triumphalist Friedman understands the vital role of that power in the creation of the preconditions for globalization. “The hidden hand of the market will never work without a hidden fist,” he writes.¹⁶⁵ Waltz adds his own comment to Friedman’s observation, “But the fist is in full view.”¹⁶⁶ This is most assuredly true today, in the wake of the successful U.S. interventions in Afghanistan and Iraq, when the technological and doctrinal lead of the U.S. military has been obvious for all – and, for some, painful – to see.

The Primacy of Politics

In short, just as much of globalization is the direct product of state action, the favorable international environment in which it flourishes is the equally direct consequence of the world’s geostrategic circumstances. States still matter and one state – the United States – matters most of all. Predictions of the end of the state and the eclipse of geopolitics are not merely premature; they miss the fundamental role of the state and geopolitics in fostering globalization. Thus, globalization is not merely the result of broad economic trends but also of very specific historic circumstances: the rise of domestic neoliberalism in many countries around the world, and the emergence of the United States as the sole superpower.

¹⁶⁴ Ikenberry, 211-3.

¹⁶⁵ Friedman, 373.

In the economic arena, the lessons of the past are useful ones. The relationship between the modern state and advanced capitalism – whether we are speaking about the *laissez faire* policies of the 19th century or contemporary neoliberalism – is a truly symbiotic one. Many of the arguments over globalization are merely old disputes about the role of the marketplace in society cast in new and grander terms. If the past is any guide, they can and should be the subject of pragmatic compromise, one that reflects an appreciation both of the benefits of the marketplace and of the need to place constraints upon it. The chief error of the most extreme anti-globalists – many anti-capitalist if not Marxist – is that they neglect the real economic benefits that can flow from liberalization. However, it is an error matched by those on the extreme pro-globalist side (those whom Soros, for instance, derides as market fundamentalists) who ignore the importance of non-economic values – stability and equality chief among them – in society. The question of globalization is, in a word, one of political-economy. This may seem a simple, even banal, observation but it is a truth often lost in the overheated and invective-laden debate over globalization. Of all the approaches to globalization discussed earlier in this essay, reformism must clearly recognize this fact. This does not mean that differences over globalization can or should be elided. Even among reformers, there are differences as to the proper balance between state and economy but they are the sort of differences that are amenable to pragmatic compromise and broad consensus. Specifically, there needs to be a greater recognition that countries can and should take different economic approaches; the Anglo-American model of capitalism, despite its strengths, is not the only possible option available. And it should always be recalled that all of the major economies that now dominate the world have themselves often strayed – and strayed far – from the *laissez faire* ideal.

The relationship between globalization and the attacks of September 11, 2001 has been subject to extensive and impassioned comment here in the United States and abroad. The choice of targets – the Pentagon and World Trade Center – appeared to be a conscious attempt to strike at symbols of U.S. military and economic might. But the attack on the Trade Center, in particular, could also be perceived as an assault on the U.S.-centered global financial system in specific and globalization in general. At the same time, as any number of observers noted, the attacks

¹⁶⁶ Waltz (2000), 53.

themselves represented a form of globalization insofar as they were undertaken by a transnational network of terrorists using modern technologies of travel and communications to strike their blow.

The response to the attacks also reveals much about globalization – specifically, the continuing role of states in sustaining it. In the immediate aftermath of the attack, which closed the New York Stock Exchange and much of Manhattan’s financial district for a week or longer, there was great concern about the stability of international markets. This resulted in immediate action by the U.S. Federal Reserve to provide sufficient liquidity to avoid a payments crisis in financial markets and thus to calm panicked investors. This step, in turn, was followed by a series of interest rate cuts by central banks on both sides of the Atlantic aimed at averting a global recession triggered by the September 11th attacks. While international markets – including the New York Stock Exchange, just blocks from the World Trade Center – showed remarkable strength in the weeks and months that followed the attack, they did so in full confidence that major central banks would do everything necessary to avoid a collapse in any individual financial market and its contagion throughout the international system. Whether or not markets would have responded with similar confidence in the absence of central bank action is, of course, one of those counterfactual questions that cannot, by their nature, be answered. But none of the major economies, certainly, was willing to hazard the experiment.

The critical role of the state in the wake of September 11, 2001 was even more obvious in the security arena. The full panoply of measures – including increased airline security, enhanced law enforcement, and direct military action – adopted to avert a similar attack in the future, on the United States or elsewhere, were actions by states acting individually or in concert. Some of these measures, it is true, might, at the margins, increase the cost and inconvenience of international trade, financial transactions, and travel: more pervasive customs inspection, additional financial reporting requirements, and extensive security at airports. And, as such, they could be said, in a narrow sense, to slow the process of globalization. But, more broadly conceived, a firm and effective response to the attacks was surely critical to sustaining the global economy. We can only imagine the global economic response in terms of trade and investment were the attacks of that day to be repeated. Ohmae’s curt dismissal of the role of states in the

global economy – he calls them “bit players” – surely rings hollow in the wake of the attacks on New York City and Washington, DC.¹⁶⁷ Relative order is as critical to the international economy as it is to domestic markets. And only states can provide it.

The centrality of the United States to international order has also become clearer in the wake of the September 11th attacks. As noted, the swift and crushing victory over the Taliban and, even more impressively, Saddam Hussein’s regime demonstrated Washington’s overwhelming military might. The Administration’s stance against Iraq, in the face of extreme hesitation among many allies, has shown the enormous power wielded by the United States. For Leftists who have long decried the United States’ role in world affairs, this is seen merely as the most naked manifestation of an established imperial mindset. Other, more mainstream observers of a moderate liberal bent see it as a unilateral break with the consensus-building, alliance-driven U.S. policy of the post-World War II era.¹⁶⁸ Whatever the merits of the Bush Administration’s drive to topple the regime in Baghdad, it reflects a level of power and ambition that sets the United States aside from all other states. The doctrine of pre-emptive strike in the National Security Strategy articulated by the White House in the summer of 2002 issues a clear statement of Washington’s willingness to use force against enemies without an overt act against the United States; the same policy paper enunciates a doctrine of maintaining U.S. military dominance against all potential rivals.¹⁶⁹ This is the backdrop against which globalization shall develop over the course of the next years and perhaps decades. The success of the United States in maintaining general world order and the response to it by other states and groups will decisively shape the international political-economic landscape. Any discussion of globalization, in short, that neglects the role of geopolitics is not worthy of the name. This was true before September 11, 2001 but is doubly true today.

As stressed at the outset, this paper does not pretend to be a comprehensive analysis of globalization. But it has, I hope, clarified some of the key issues associated with globalization and parsed some of the more important arguments over it. As the discussion of the continuing central role of states and geopolitics should make clear, this essay is sympathetic to many of the

¹⁶⁷ Ohmae (1995), 11.

¹⁶⁸ Ikenberry (2002).

arguments made by skeptics, if only as a tonic to the often overblown claims of triumphalists and dystopians alike. If it has one conclusion, it is that the phenomenon of globalization, though real and important, is grounded in both change and continuity; Heraclitus and St. Anselm are both right. But to a large extent, it is states that foster that change and provide that continuity. Again, this is not to deny the powerful economic forces that are driving globalization. But states, through their domestic and foreign policies, create the environment through which those forces are both fostered and transmitted. And one state, the United States – through its geopolitical predominance – is crucial to the international order that allows globalization to flourish. Politics – domestic and international – remain fundamental.

¹⁶⁹ Available at www.whitehouse.gov.

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