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THINKING GLOBALLY

Your friends may have peeked over your shoulders at this book and asked why you are interested in global studies. And they might have added, just what is that, anyway? So what do you tell them? You could say that you are studying what goes on in the world that knits us all together—but that sounds sort of soft and squishy. Or you could tell them that you are studying the economic and technological networks that interact on a global plane. But that’s only part of the story.

The honest truth is that “global studies” can mean a lot of different things, both the hard and the squishy. It is usually defined as the analysis of events, activities, ideas, processes, and flows that are transnational or that can affect all areas of the world. These global activities can be studied as one part of the established disciplines of sociology, economics, political science, history, religious studies, and the like. Or global studies can be a separate course or part of a whole new program or department.

As an academic field, global studies is fairly new. It blossomed largely after the turn of the twenty-first century. But the intellectual roots of the field lie in the pioneering work of the many different scholars who have thought globally over many decades. These thinkers have attempted to understand how things are related and have explored the connections among societies, polities, economies, and cultural systems throughout the world.

One could argue that the first global studies scholars were among the founders of the social sciences. Over a hundred years ago the pioneering German sociologist Max Weber (1864–1920) wrote a series of works on the religions of India, China, Judaism,

and Protestant Christianity. Weber was interested in finding what was distinctive about each of them, and what was similar among all of them. Weber also attempted to discern universal elements in the development of all societies. He showed, for example, that a certain kind of rational and legal authority and its associated bureaucratization was a globalizing process. Though his intellectual interests were Europocentric, his curiosity spanned the globe.

Other early social scientists were also global thinkers. The French sociologist Émile Durkheim (1858–1917) focused first on something very local: case studies of tribal societies. What he found, however, was something he regarded as quite global: the rise of organic solidarity based on functional interdependence. The German philosopher and social critic Karl Marx (1818–1883) likewise assumed that his theories were universal. Marx showed that capitalism was a globalizing force, one that would cause both production systems and markets to expand to encompass the entire world.

Ideas in Europe, North America, and the rest of the Westernized world were influenced by thinkers such as these. At the same time, significant thinking about intercultural commonalities and global awareness was being developed in intellectual centers in other parts of the world. The tolerant ideals of the Muslim thinker Ibn Khaldun were influential in North Africa and the Middle East, and notions of universal brotherhood advocated by the Indian philosopher Rabindranath Tagore had an impact on the intellectual circles of South Asia as well as on his admirers in Western societies.

All of these early thinkers, both European and non-European, focused on two ways of thinking globally: comparison and universality. In some cases, they looked at comparative and non-Western examples to determine differences and similarities. In other studies, they adopted intellectual positions that assumed a universal applicability. Hence early European theorists such as Weber and Marx thought that the social forces that were transforming Europe in the nineteenth century would eventually have relevance globally. Current scholarship in all areas of the humanities and social sciences—including global studies—is indebted to these pioneering scholars.

But the specific focus on globalization itself is fairly new. Only recently have scholars begun to examine transnational and global networks, flows, processes, ideologies, outlooks, and systems both historically and in the contemporary world. In fact, the first explicitly global works of scholarship of this sort only emerged a few decades ago, at the end of the twentieth century.

One of the pioneers of contemporary global studies was the sociologist Immanuel Wallerstein, who helped to formulate world systems theory. He incorporated insights from political economy, sociology, and history in order to understand global patterns of hegemonic state power. Other sociologists, including Roland Robertson, Saskia Sassen, and Manfred Steger, explicitly examined the concept of the global, as opposed to local, points of view.

Perspectives from other disciplines have also contributed to global studies. The anthropologist Arjun Appadurai broadened the understanding of global perspectives from

landscape to a variety of “scapes”—culturally shaped understandings of the world. The political scientist David Held helped to formulate theories of politics in relation to globalization. William H. McNeill, Akira Iriye, and Bruce Mazlish, among other historians, helped to develop the subfields of world history and global history. Economists such as Joseph Stiglitz and Jagdish Bhagwati have analyzed economic interactions and changes in global terms. And in the field of religious studies, Wilfred Cantwell Smith and Ninian Smart moved beyond the study of particular religious traditions to the study of world theology and worldview analysis, respectively. Other scholars developed analytic approaches to describe new forms of global society: Mary Kaldor examined an emerging global civil society while Kwame Anthony Appiah and Ulrich Beck have described what they regard as a cosmopolitan strand in the new global order.

By the first decade of the twenty-first century, an imposing body of scholarly literature and a flurry of new journals, book series, and scholarly conferences and associations emerged under the label of global studies. The field had arrived. This book provides a road map to the emerging field. At the same time—to mix metaphors—it provides a sampling of the intellectual feast that the current field provides.

Global studies uses the term *transnational* a lot. What this means is that global studies focus not just on the activities and patterns that are international—among nation-states—but also on those that exist beyond the borders of nations and regions and stretch across the various areas of the world. This is one way of thinking of global activity—not that it is universal, found everywhere on the planet, but that it transcends the usual boundaries that separate nation from nation. Transnational relations can be confined largely within a particular area of the world (such as economic cooperation within Europe, for instance, or among the nations along the Pacific Rim) and not necessarily occur throughout the whole world.

At the same time, there are phenomena that are truly global in that they are found everywhere, such as satellite communication systems that can be accessed anywhere on the planet. These are by definition transnational, since they occur beyond the limitations of national boundaries or control. All global phenomena encompass transnational linkages, but not everything that is transnational is global. Terms can be confusing, but it’s useful to try to be as clear as possible about what we mean.

In the field of global studies, we tend not to use the term *international* very often, since it implies interactions between nation-states. In common, everyday language, however, many transnational phenomena are described as international, as in the description of some environmental issues as international problems, even though the phenomena themselves—such as the pollution of the oceans and global warming—are transnational. The wording gets tricky when one considers that many of the efforts to deal with transnational problems like global climate change are international—such as the collaboration of nations in efforts to agree on limiting carbon emissions into the atmosphere.

Global studies has to do with globalization, of course, but what does that mean? Often, *globalization* is defined as the process of bringing the world together in more

intense interaction through all of the transnational activity that we have been talking about—economic, demographic, social, cultural, technological, and so on. Scholars such as Roland Robertson began using the term *globalization* in the 1980s. And a book by Martin Albrow and Elizabeth King used the term *globalization* in its title in the early 1990s. What they meant by the term was the process of social change that involved transnational interactions in all aspects of social, economic, and technological relationships. Thus, the word *globalization* describes a process.

The result of globalization is a more unified and interactive planet—a globalized world. Some scholars have called this globalized society “globality” or the era of “the global.” The attitude that people adopt in this more intensely interactive world can be said to be one of “globalism,” or “global consciousness,” or one embracing the “global imaginary.” These are all ways of thinking about the new state of global awareness in a world where transnational activity is the norm and everyone is affected by everyone else everywhere on the planet.

These broad global trends seem vast, and they are. But they also are felt on a very local level. There are pockets of globalism, for example, in neighborhoods that are multicultural and contain different immigrant communities that interact with one another. Some cities are described as “global cities,” both because of their importance as global nodes of economic and cultural networks and because their own populations are a tapestry of peoples from different parts of the world. In Los Angeles, for instance, you can find areas that are entirely Filipino, and other areas where only Vietnamese is spoken. Los Angeles contains one of the largest Mexican populations in the world and also one of the largest groups of Iranians. In many ways, it is a social microcosm of the world, and yet all of these immigrant neighborhoods interact in a common urban locale.

Roland Robertson coined the term *glocal* to describe these examples of globalism in a local setting. In his description, *glocalization* is a logical extension of globalization. It is the way that local communities are affected by global trends. The appearance of big-box stores selling Chinese-manufactured products in sleepy rural towns of Arkansas is one example of glocalization. An Internet café that I found on a remote segment of the Inca trail near Machu Picchu in Peru is another.

At the same time that global trends influence local settings, the reverse can also happen: global patterns can be reinterpreted on a local level. The spread of the McDonald’s fast-food franchise around the world is an example. When I visit the McDonald’s in Delhi, I find that none of the hamburgers are, in fact, beef burgers; they are chicken or veggie burgers, reflecting the predominantly vegetarian eating customs of people in India. In Kyoto’s McDonald’s, you can get a Teriyaki McBurger; and in the McDonald’s restaurant in Milan, the sophisticated Italians may choose pasta rather than fries. So when globalization is glocalized, global patterns can adapt to local situations.

In the readings in this section, these concepts of globalization and globalism are explored by several influential scholars in the field of global studies. The first essay is by Manfred Steger, a native Austrian who helped to create the School of Global, Urban

and Social Studies at RMIT University in Melbourne, Australia. Steger's book *Globalization: A Very Short Introduction* is one of the most widely read books on the topic. In an excerpt from this book, Steger describes the phenomenon of globalization in the post-Cold War era—that is, since roughly 1990. He argues that globalization has increased even more since the turn of the century in 2000 and takes as his example the terrorist act on September 11, 2001. Steger shows that this incident, and the technology, media, and ideological elements related to it, exhibit the global interconnectedness of our contemporary world.

The New York Times columnist Thomas Friedman also agrees that the era of globalization is relatively recent. In his calculation, however, it begins around 1989, at the end of the Cold War, when the Berlin wall tumbled and the ideological confrontation between socialist and capitalist societies was replaced by a more fluid and varied concept of world order. In Friedman's view, the wrestling matches between two huge lumbering superpowers has been replaced by the sprints to economic success by leaner independent economies. And though previous periods of globalization in history have shrunk the world from a size "large" to a size "medium," the current era shrinks the world to a size "small."

Paul James, a sociologist who helped develop the global studies program at RMIT University in Melbourne, Australia, tries to put this global phenomenon in order. He describes the various aspects of globalization and the different approaches to studying it. In James's comprehensive survey of the field, he shows that the study of globalization comes from all the major disciplines of the social sciences and humanities.

Globalization is a basic feature of modern life. But is it always good? In an essay from *Foreign Policy*, Steven Weber, a professor of political science and director of the Institute for International Studies at the University of California, Berkeley, argues that globalization often seems to have gone bad. This is especially true for those who expected America's military and economic superiority in a post-Cold War era to give it unbridled control over the rest of the world. But Weber argues that globalization may not be such a bad thing after all. America's security—and the world's—depends not on just one superpower exerting its authority, but also on an interconnected set of relationships that reduces conflict through cooperation. Perhaps, Weber suggests, the best approach to dealing with a globalized world is not for one country to try to control it, but to let the political interconnectedness of the world provide for a mutual, collective security.

GLOBALIZATION: A CONTESTED CONCEPT

Manfred Steger

In the autumn of 2001, I was teaching an undergraduate class on modern political and social theory. Still traumatized by the recent terrorist attacks on the World Trade Center and the Pentagon, most of my students couldn't quite grasp the connection between the

violent forces of religious fundamentalism and the more secular picture of a technologically sophisticated, rapidly globalizing world that I had sought to convey in class lectures and discussions. “I understand that ‘globalization’ is a contested concept that refers to sometimes contradictory social processes,” a bright history major at the back of the room quipped, “but how can you say that the TV image of a religious fanatic who denounces modernity and secularism from a mountain cave in Afghanistan perfectly captures the complex dynamics of globalization? Don’t these terrible acts of terrorism suggest the opposite, namely, the growth of parochial forces that undermine globalization?” Obviously, the student was referring to Saudi-born Al Qaeda leader Osama bin Laden, whose videotaped statement condemning the activities of “international infidels” had been broadcast worldwide on 7 October.

Struck by the sense of intellectual urgency that fuelled my student’s question, I realized that the story of globalization would remain elusive without real-life examples capable of breathing shape, colour, and sound into a vague concept that had become *the* buzzword of our time. Hence, before delving into necessary matters of definition and analytical clarification, we ought to approach our subject in less abstract fashion. I suggest we begin our journey with a careful examination of the aforementioned videotape. It will soon become fairly obvious why a deconstruction of those images provides important clues to the nature and dynamics of the phenomenon we have come to call “globalization.”

DECONSTRUCTING OSAMA BIN LADEN

The infamous videotape bears no date, but experts estimate that the recording was made less than two weeks before it was broadcast. The timing of its release appears to have been carefully planned so as to achieve the maximum effect on the day the United States commenced its bombing campaign against Taliban and Al Qaeda (“The Base”) forces in Afghanistan. Although Osama bin Laden and his top lieutenants were then hiding in a remote region of the country, they obviously possessed the hi-tech equipment needed to record the statement. Moreover, Al Qaeda members clearly enjoyed immediate access to sophisticated information and telecommunication networks that kept them informed—in real-time—of relevant international developments. Bin Laden may have denounced the forces of modernity with great conviction, but the smooth operation of his entire organization was entirely dependent on advanced forms of technology developed in the last two decades of the 20th century.

To further illustrate this apparent contradiction, consider the complex chain of global interdependencies that must have existed in order for bin Laden’s message to be heard and seen by billions of TV viewers around the world. After making its way from the secluded mountains of eastern Afghanistan to the capital city of Kabul, the videotape was dropped off by an unknown courier outside the local office of Al-Jazeera, a Qatar-based television company. This network had been launched only five years earlier as a

state-financed, Arabic-language news and current affairs channel that offered limited programming. Before the founding of Al-Jazeera, cutting-edge TV journalism—such as free-ranging public affairs interviews and talk shows with call-in audiences—simply did not exist in the Arab world. Within only three years, however, Al-Jazeera was offering its Middle Eastern audience a dizzying array of programmes, transmitted around the clock by powerful satellites put into orbit by European rockets and American space shuttles.

Indeed, the network's market share increased even further as a result of the dramatic reduction in the price and size of satellite dishes. Suddenly, such technologies became affordable, even for low-income consumers. By the turn of the century, Al-Jazeera broadcasts could be watched around the clock on all five continents. In 2001, the company further intensified its global reach when its chief executives signed a lucrative cooperation agreement with CNN, the leading news network owned by the giant multinational corporation AOL-Time-Warner. A few months later, when the world's attention shifted to the war in Afghanistan, Al-Jazeera had already positioned itself as a truly global player, powerful enough to rent equipment to such prominent news providers as Reuters and ABC, sell satellite time to the Associated Press and BBC, and design an innovative Arabic-language business news channel together with its other American network partner, CNBC.

Unhampered by national borders and geographical obstacles, cooperation among these sprawling news networks had become so efficient that CNN acquired and broadcast a copy of the Osama bin Laden tape only a few hours after it had been delivered to the Al-Jazeera office in Kabul. Caught off guard by the incredible speed of today's information exchange, the Bush administration asked the Qatari government to "rein in Al-Jazeera," claiming that the swift airing of the bin Laden tape without prior consultation was contributing to the rise of anti-American sentiments in the Arab world and thus threatened to undermine the US war effort. However, not only was the perceived "damage" already done, but segments of the tape—including the full text of bin Laden's statement—could be viewed online by anyone with access to a computer and a modem. The Al-Jazeera website quickly attracted an international audience as its daily hit count skyrocketed to over seven million.

There can be no doubt that it was the existence of this chain of global interdependencies and interconnections that made possible the instant broadcast of bin Laden's speech to a global audience. At the same time, however, it must be emphasized that even those voices that oppose modernity cannot extricate themselves from the very process of globalization they so decry. In order to spread their message and recruit new sympathizers, antimodernizers must utilize the tools provided by globalization. This obvious truth was visible even in bin Laden's personal appearance. The tape shows that he was wearing contemporary military fatigues over traditional Arab garments. In other words, his dress reflects the contemporary processes of fragmentation and cross-fertilization that globalization scholars call "hybridization"—the mixing of different cultural forms and styles facilitated by global economic and cultural exchanges. In fact, the pale colours of bin

Laden's mottled combat dress betrayed its Russian origins, suggesting that he wore the jacket as a symbolic reminder of the fierce guerrilla war waged by him and other Islamic militants against the Soviet occupation forces in Afghanistan during the 1980s. His ever-present AK-47 Kalashnikov, too, was probably made in Russia, although dozens of gun factories around the world have been building this popular assault rifle for over 40 years. By the mid-1990s, more than 70 million Kalashnikovs had been manufactured in Russia and abroad. At least 50 national armies include such rifles in their arsenal, making Kalashnikovs truly weapons of global choice. Thus, bin Laden's AK-47 could have come from anywhere in the world. However, given the astonishing globalization of organized crime during the last two decades, it is quite conceivable that bin Laden's rifle was part of an illegal arms deal hatched and executed by such powerful international criminal organizations as Al Qaeda and the Russian Mafia. It is also possible that the rifle arrived in Afghanistan by means of an underground arms trade similar to the one that surfaced in May 1996, when police in San Francisco seized 2,000 illegally imported AK-47s manufactured in China.

A close look at bin Laden's right wrist reveals yet another clue to the powerful dynamics of globalization. As he directs his words of contempt for the United States and its allies at his hand-held microphone, his retreating sleeve exposes a stylish sports watch. Journalists who noticed this expensive accessory have speculated about the origins of the timepiece in question. The emerging consensus points to a Timex product. However, given that Timex watches are as American as apple pie, it seems rather ironic that the Al Qaeda leader should have chosen this particular chronometer. After all, Timex Corporation, originally the Waterbury Clock Company, was founded in the 1850s in Connecticut's Naugatuck Valley, known throughout the 19th century as the "Switzerland of America." Today, the company has gone multinational, maintaining close relations to affiliated businesses and sales offices in 65 countries. The corporation employs 7,500 employees, located on four continents. Thousands of workers—mostly from low-wage countries in the global South—constitute the driving force behind Timex's global production process.

Our brief deconstruction of some of the central images on the videotape makes it easier to understand why the seemingly anachronistic images of an antimodern terrorist in front of an Afghan cave do, in fact, capture some essential dynamics of globalization. Indeed, the tensions between the forces of particularism and those of universalism have reached unprecedented levels only because interdependencies that connect the local to the global have been growing faster than at any time in history. The rise of international terrorist organizations like Al Qaeda represents but one of the many manifestations of globalization. Just as bin Laden's romantic ideology of a "pure Islam" is itself the result of the modern imagination, so has our global age with its obsession for technology and its mass-market commodities indelibly shaped the violent backlash against globalization.

Our deconstruction of Osama bin Laden has provided us with a real-life example of the intricate—and sometimes contradictory—social dynamics of globalization. We are

now in a better position to tackle the rather demanding task of assembling a working definition of globalization that brings some analytical precision to a contested concept that has proven to be notoriously hard to pin down.

THE WORLD IS TEN YEARS OLD

Thomas Friedman

On the morning of December 8, 1997, the government of Thailand announced that it was closing 56 of the country's 58 top finance houses. Almost overnight, these private banks had been bankrupted by the crash of the Thai currency, the baht. The finance houses had borrowed heavily in U.S. dollars and lent those dollars out to Thai businesses for the building of hotels, office blocks, luxury apartments and factories. The finance houses all thought they were safe because the Thai government was committed to keeping the Thai baht at a fixed rate against the dollar. But when the government failed to do so, in the wake of massive global speculation against the baht—triggered by a dawning awareness that the Thai economy was not as strong as previously believed—the Thai currency plummeted by 30 percent. This meant that businesses that had borrowed dollars had to come up with 30 percent more Thai baht to pay back each \$1 of loans. Many businesses couldn't pay the finance houses back, many finance houses couldn't repay their foreign lenders and the whole system went into gridlock, putting 20,000 white-collar employees out of work. The next day, I happened to be driving to an appointment in Bangkok down Asoke Street, Thailand's equivalent of Wall Street, where most of the bankrupt finance houses were located. As we slowly passed each one of these fallen firms, my cabdriver pointed them out, pronouncing at each one: "Dead! . . . dead! . . . dead! . . . dead! . . . dead!"

I did not know it at the time—no one did—but these Thai investment houses were the first dominoes in what would prove to be the first global financial crisis of the new era of globalization—the era that followed the Cold War. The Thai crisis triggered a general flight of capital out of virtually all the Southeast Asian emerging markets, driving down the value of currencies in South Korea, Malaysia and Indonesia. Both global and local investors started scrutinizing these economies more closely, found them wanting, and either moved their cash out to safer havens or demanded higher interest rates to compensate for the higher risk. It wasn't long before one of the most popular sweat-shirts around Bangkok was emblazoned with the words "Former Rich."

Within a few months, the Southeast Asian recession began to have an effect on commodity prices around the world. Asia had been an important engine for worldwide economic growth—an engine that consumed huge amounts of raw materials. When that engine started to sputter, the prices of gold, copper, aluminum and, most important, crude oil all started to fall. This fall in worldwide commodity prices turned out to be the mechanism for transmitting the Southeast Asian crisis to Russia. Russia at the time

was minding its own business, trying, with the help of the IMF, to climb out of its own self-made economic morass onto a stable growth track. The problem with Russia, though, was that too many of its factories couldn't make anything of value. In fact, much of what they made was considered "negative value added." That is, a tractor made by a Russian factory was so bad it was actually worth more as scrap metal, or just raw iron ore, than it was as a finished, Russian-made tractor. On top of it all, those Russian factories that were making products that could be sold abroad were paying few, if any, taxes to the government, so the Kremlin was chronically short of cash.

Without much of an economy to rely on for revenues, the Russian government had become heavily dependent on taxes from crude oil and other commodity exports to fund its operating budget. It had also become dependent on foreign borrowers, whose money Russia lured by offering ridiculous rates of interest on various Russian government-issued bonds.

As Russia's economy continued to slide in early 1998, the Russians had to raise the interest rate on their ruble bonds from 20 to 50 to 70 percent to keep attracting the foreigners. The hedge funds and foreign banks kept buying them, figuring that even if the Russian government couldn't pay them back, the IMF would step in, bail out Russia and the foreigners would get their money back. Some hedge funds and foreign banks not only continued to put their own money into Russia, but they went out and borrowed even more money, at 5 percent, and then bought Russian T-bills with it that paid 20 or 30 percent. As Grandma would say, "Such a deal!" But as Grandma would also say, "If it sounds too good to be true, it usually is!"

And it was. The Asian-triggered slump in oil prices made it harder and harder for the Russian government to pay the interest and principal on its T-bills. And with the IMF under pressure to make loans to rescue Thailand, Korea and Indonesia, it resisted any proposals for putting more cash into Russia—unless the Russians first fulfilled their promises to reform their economy, starting with getting their biggest businesses and banks to pay some taxes. On August 17 the Russian economic house of cards came tumbling down, dealing the markets a double whammy: Russia both devalued and unilaterally defaulted on its government bonds, without giving any warning to its creditors or arranging any workout agreement. The hedge funds, banks and investment banks that were invested in Russia began piling up massive losses, and those that had borrowed money to magnify their bets in the Kremlin casino were threatened with bankruptcy.

On the face of it, the collapse of the Russian economy should not have had much impact on the global system. Russia's economy was smaller than that of the Netherlands. But the system was now more global than ever, and just as crude oil prices were the transmission mechanism from Southeast Asia to Russia, the hedge funds—the huge unregulated pools of private capital that scour the globe for the best investments—were the transmission mechanism from Russia to all the other emerging markets in the world, particularly Brazil. The hedge funds and other trading firms, having racked up huge losses in Russia, some of which were magnified fifty times by using borrowed

money, suddenly had to raise cash to pay back their bankers. They had to sell anything that was liquid. So they started selling assets in financially sound countries to compensate for their losses in bad ones. Brazil, for instance, which had been doing a lot of the right things in the eyes of the global markets and the IMF, suddenly saw all its stocks and bonds being sold by panicky investors. Brazil had to raise its interest rates as high as 40 percent to try to hold capital inside the country. Variations on this scenario were played out throughout the world's emerging markets, as investors fled for safety. They cashed in their Brazilian, Korean, Egyptian, Israeli and Mexican bonds and stocks, and put the money either under their mattresses or into the safest U.S. bonds they could find. So the declines in Brazil and the other emerging markets became the transmission mechanism that triggered a herdlike stampede into U.S. Treasury bonds. This, in turn, sharply drove up the value of U.S. T-bonds, drove down the interest that the U.S. government had to offer on them to attract investors and increased the spread between U.S. T-bonds and other corporate and emerging market bonds.

The steep drop in the yield on U.S. Treasury bonds was then the transmission mechanism which crippled more hedge funds and investment banks. Take for instance Long-Term Capital Management, based in Greenwich, Connecticut. LTCM was the Mother of All Hedge Funds. Because so many hedge funds were attracted to the marketplace in the late 1980s, the field became fiercely competitive. Everyone pounced on the same opportunities. In order to make money in such a fiercely competitive world, the hedge funds had to seek ever more exotic bets with ever larger pools of cash. To guide them in placing the right bets, LTCM drew on the work of two Nobel Prize-winning business economists, whose research argued that the basic volatility of stocks and bonds could be estimated from how they reacted in the past. Using computer models, and borrowing heavily from different banks, LTCM put \$120 billion at risk betting on the direction that certain key bonds would take in the summer of 1998. It implicitly bet that the value of U.S. T-bonds would go down, and that the value of junk bonds and emerging market bonds would go up. LTCM's computer model, however, never anticipated something like the global contagion that would be set off in August by Russia's collapse, and, as a result, its bets turned out to be exactly wrong. When the whole investment world panicked at once and decided to rush into U.S. T-bonds, their value soared instead of fell, and the value of junk bonds and emerging market bonds collapsed instead of soared. LTCM was like a wishbone that got pulled apart from both ends. It had to be bailed out by its bankers to prevent it from engaging in a fire sale of all its stocks and bonds that could have triggered a worldwide market meltdown.

Now we get to my street. In early August 1998, I happened to invest in my friend's new Internet bank. The shares opened at \$14.50 a share and soared to \$27. I felt like a genius. But then Russia defaulted and set all these dominoes in motion, and my friend's stock went to \$8. Why? Because his bank held a lot of home mortgages, and with the fall of interest rates in America, triggered by the rush to buy T-bills, the markets feared that a lot of people would suddenly pay off their home mortgages early. If a lot of people paid

off their home mortgages early, my friend's bank might not have the income stream that it was counting on to pay depositors. The markets were actually wrong about my friend's bank, and its stock bounced back nicely. Indeed, by early 1999 I was feeling like a genius again, as the Amazon.com Internet craze set in and drove my friend's Internet bank stock sky high, as well as other technology shares we owned. But, once again, it wasn't long before the rest of the world crashed the party. Only this time, instead of Russia breaking down the front door, it was Brazil's turn to upset U.S. markets and even dampen (temporarily) the Internet stock boom.

As I watched all this play out, all I could think of was that it took nine months for the events on Asoke Street to affect my street, and it took one week for events on the Brazilian Amazon (Amazon.country) to affect Amazon.com. *USA Today* aptly summed up the global marketplace at the end of 1998: "The trouble spread to one continent after another like a virus," the paper noted. "U.S. markets reacted instantaneously. . . . People in barbershops actually talked about the Thai baht."

If nothing else, the cycle from Asoke Street to my street and from Amazon.country to Amazon.com served to educate me and many others about the state of the world today. The slow, stable, chopped-up Cold War system that had dominated international affairs since 1945 had been firmly replaced by a new, very greased, interconnected system called globalization. We are all one river. If we didn't fully understand that in 1989, when the Berlin Wall came down, we sure understood it a decade later.

. . . From the mid-1800s to the late 1920s the world experienced a similar era of globalization. If you compared the volumes of trade and capital flows across borders, relative to GNPs, and the flow of labor across borders, relative to populations, the period of globalization preceding World War I was quite similar to the one we are living through today. Great Britain, which was then the dominant global power, was a huge investor in emerging markets, and fat cats in England, Europe and America were often buffeted by financial crises, triggered by something that happened in Argentine railroad bonds, Latvian government bonds or German government bonds. There were no currency controls, so no sooner was the transatlantic cable connected in 1866 than banking and financial crises in New York were quickly being transmitted to London or Paris. I was on a panel once with John Monks, the head of the British Trades Union Congress, the AFL-CIO of Britain, who remarked that the agenda for the TUC's first Congress in Manchester, England, in 1868, listed among the items that needed to be discussed: "The need to deal with competition from the Asian colonies" and "The need to match the educational and training standards of the United States and Germany." In those days, people also migrated more than we remember, and, other than in wartime, countries did not require passports for travel before 1914. All those immigrants who flooded America's shores came without visas. When you put all of these factors together, along with the inventions of the steamship, telegraph, railroad and eventually telephone, it is safe to say that this first era of globalization before World War I shrank the world from a size "large" to a size "medium."

This first era of globalization and global finance capitalism was broken apart by the successive hammer blows of World War I, the Russian Revolution and the Great Depression, which combined to fracture the world both physically and ideologically. The formally divided world that emerged after World War II was then frozen in place by the Cold War. The Cold War was also an international system. It lasted roughly from 1945 to 1989, when, with the fall of the Berlin Wall, it was replaced by another system: the new era of globalization we are now in. Call it “Globalization Round II.” It turns out that the roughly seventy-five-year period from the start of World War I to the end of the Cold War was just a long time-out between one era of globalization and another.

While there are a lot of similarities in kind between the previous era of globalization and the one we are now in, what is new today is the degree and intensity with which the world is being tied together into a single globalized marketplace. What is also new is the sheer number of people and countries able to partake of this process and be affected by it. The pre-1914 era of globalization may have been intense, but many developing countries in that era were left out of it. The pre-1914 era may have been large in scale relative to its time, but it was minuscule in absolute terms compared to today. Daily foreign exchange trading in 1900 was measured in the millions of dollars. In 1992, it was \$820 billion a day, according to the New York Federal Reserve, and by April 1998 it was up to \$1.5 trillion a day, and still rising. In the last decade alone total cross-border lending by banks around the world has doubled. Around 1900, private capital flows from developed countries to developing ones could be measured in the hundreds of millions of dollars and relatively few countries were involved. According to the IMF, in 1997 alone, private capital flows from the developed world to all emerging markets totaled \$215 billion. This new era of globalization, compared to the one before World War I, is turbocharged.

But today’s era of globalization is not only different in degree; in some very important ways it is also different in kind. As *The Economist* once noted, the previous era of globalization was built around falling transportation costs. Thanks to the invention of the railroad, the steamship and the automobile, people could get to a lot more places faster and cheaper and they could trade with a lot more places faster and cheaper. Today’s era of globalization is built around falling telecommunications costs—thanks to microchips, satellites, fiber optics and the Internet. These new technologies are able to weave the world together even tighter. These technologies mean that developing countries don’t just have to trade their raw materials to the West and get finished products in return; they mean that developing countries can become big-time producers as well. These technologies also allow companies to locate different parts of their production, research and marketing in different countries, but still tie them together through computers and teleconferencing as though they were in one place. Also, thanks to the combination of computers and cheap telecommunications, people can now offer and trade services globally—from medical advice to software writing to data processing—that could never really be traded before. And why not? According to *The Economist*, a three-minute call (in 1996 dollars) between New York and London cost \$300 in 1930. Today it is almost free through the Internet.

But what also makes this era of globalization unique is not just the fact that these technologies are making it possible for traditional nation-states and corporations to reach farther, faster, cheaper and deeper around the world than ever before. It is the fact that it is allowing individuals to do so. I was reminded of this point one day in the summer of 1998 when my then seventy-nine-year-old mother, Margaret Friedman, who lives in Minneapolis, called me sounding very upset. “What’s wrong, Mom?” I asked. “Well,” she said, “I’ve been playing bridge on the Internet with three Frenchmen and they keep speaking French to each other and I can’t understand them.” When I chuckled at the thought of my card-shark mom playing bridge with three Frenchmen on the Net, she took a little umbrage. “Don’t laugh,” she said, “I was playing bridge with someone in Siberia the other day.”

To all those who say that this era of globalization is no different from the previous one, I would simply ask: Was your great-grandmother playing bridge with Frenchmen on the Internet in 1900? I don’t think so. There are some things about this era of globalization that we’ve seen before, and some things that we’ve never seen before and some things that are so new we don’t even understand them yet. For all these reasons, I would sum up the differences between the two eras of globalization this way: If the first era of globalization shrank the world from a size “large” to a size “medium,” this era of globalization is shrinking the world from a size “medium” to a size “small.”

. . . This new era of globalization became the dominant international system at the end of the twentieth century—replacing the Cold War system—and . . . it now shapes virtually everyone’s domestic politics and international relations. The body of literature that has been attempting to define the post–Cold War world [includes] four books: Paul M. Kennedy’s *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, Francis Fukuyama’s *The End of History and the Last Man*, the various essays and books of Robert D. Kaplan and Samuel P. Huntington’s *The Clash of Civilizations and the Remaking of World Order*.

While all of these works contained important truths, I think none of them really captured the post–Cold War world in any holistic way. Kaplan’s reporting was vivid and honest, but he took the grimmest corners of the globe and overgeneralized from them to the fate of the rest of the world. Huntington saw cultural conflicts around the world and wildly expanded that into an enduring, sharply defined clash of civilizations, even proclaiming that the next world war, if there is one, “will be a war between civilizations.” I believe both Kaplan and Huntington vastly underestimated how the power of states, the lure of global markets, the diffusion of technology, the rise of networks and the spread of global norms could trump their black-and-white (mostly black) projections.

Both Kennedy and Huntington tried to divine the future too much from the past and the past alone. Kennedy traced (quite brilliantly) the decline of the Spanish, French and British empires, but he concluded by suggesting that the American empire would be the next to fall because of its own imperial overreaching. His implicit message was that the end of the Cold War not only meant the end of the Soviet Union but would also herald

the decline of the United States. I believe Kennedy did not appreciate enough that the relative decline of the United States in the 1980s, when he was writing, was part of America's preparing itself for and adjusting to the new globalization system—a process that much of the rest of the world is going through only now. Kennedy did not anticipate that under the pressure of globalization America would slash its defense budget, shrink its government, and shift more and more powers to the free market in ways that would prolong its status as a Great Power, not diminish it.

Huntington's view was that, with the Cold War over, we won't have the Soviets to kick around any more, so we will naturally go back to kicking the Hindus and Muslims around and them kicking us around. He implicitly ruled out the rise of some new international system that could shape events differently. For Huntington, only tribalism could follow the Cold War, not anything new.

Fukuyama's pathbreaking book contained the most accurate insight about what was new—the triumph of liberalism and free-market capitalism as the most effective way to organize a society—but his title (more than the book itself) implied a finality to this triumph that does not jibe with the world as I find it.

In a way, each of these works became prominent because they tried to capture in a single catchy thought “The One Big Thing,” the central moving part, the underlying motor, that would drive international affairs in the post-Cold War world—either the clash of civilizations, chaos, the decline of empires or the triumph of liberalism.

. . . I believe that if you want to understand the post-Cold War world you have to start by understanding that a new international system has succeeded it—globalization. That is “The One Big Thing” people should focus on. Globalization is not the only thing influencing events in the world today, but to the extent that there is a North Star and a worldwide shaping force, it is this system. What is new is the system; what is old is power politics, chaos, clashing civilizations and liberalism. And what is the drama of the post-Cold War world is the interaction between this new system and these old passions. It is a complex drama, with the final act still not written. That is why under the globalization system you will find both clashes of civilization and the homogenization of civilizations, both environmental disasters and amazing environmental rescues, both the triumph of liberal, free-market capitalism and a backlash against it, both the durability of nation-states and the rise of enormously powerful nonstate actors.

. . . The publisher . . . Jonathan Galassi called me one day and said, “I was telling some friends of mine that you're writing a book about globalization and they said, ‘Oh, Friedman, he loves globalization.’ What would you say to that?” I answered Jonathan that I feel about globalization a lot like I feel about the dawn. Generally speaking, I think it's a good thing that the sun comes up every morning. It does more good than harm. But even if I didn't much care for the dawn there isn't much I could do about it. I didn't start globalization, I can't stop it—except at a huge cost to human development—and I'm not going to waste time trying. All I want to think about is how I can get the best out of this new system, and cushion the worst, for the most people.

APPROACHES TO GLOBALIZATION

Paul James

There are many different approaches to the study of globalization, testifying to the diversity and vitality of the field of global studies. The diversity of these approaches is not easy to categorize, however, in part because of the intellectual climate in which most of the studies of globalization have emerged.

Studies of globalization and, more generally, studies in the broad and loosely defined field of global studies did not become conscious of themselves as such until the 1990s; and by then the direct-line lineages of classic social theory had either been broken or segmented. The social sciences and humanities were in the midst of a retreat from grand theory. There was a growing suspicion, in part influenced by a poststructuralist turn, of any generalizing theoretical explanations of particular phenomena. This suspicion was paralleled by a claim made by some that the postmodern condition could be characterized by the end of grand narratives of all kinds: nationalism, socialism, liberalism, and by implication, globalism. Although in the past, approaches to any theoretical field could be comfortably organized according to three foundational considerations—theoretical lineage, scholarly discipline, and normative orientation—this was changing. By the end of the 20th and into the early 21st century, those kinds of considerations remained useful by way of background orientation, but the pattern of approaches was becoming less obvious and with more crossovers.

There is an irony in this retreat from generalizing theory that is important to note. It concerns a paradox that is yet to be explained. At the same time that generalizing theory lost its hold, a generalizing category of social relations gripped the imagination of both academic analysts and journalistic commentators—this, of course, was the category of “the global.” In this emerging imaginary, globalization was understood as a process of social interconnection, a process that was in different ways connecting people across planet Earth. Globalization as a practice and subjectivity connecting the (global) social whole thus became the standout object of critical enquiry. In other words, globalization demanded generalizing attention at the very moment that residual ideas that an all-embracing theory might be found to explain such a phenomenon was effectively dashed. This has profound consequences for the nature of globalization theory and how we might understand different approaches. . . .

EARLY APPROACHES TO GLOBALIZATION

Although there were some isolated articles across the 1960s to 1980s directly referring to globalization—with the most prominent of these being by Theodore Levitt on the globalization of markets in 1983—more elaborate academic approaches to globalization lagged by a decade or so. The burgeoning and dominant journalistic and business discourses of the first wave of intense attention into the 1980s tended to be thin on analysis

and thick on hyperbole. Most suggested that globalization was a completely new phenomenon symbolized by the triumph of the capitalist market. Levitt's writing signaled the rise of the global corporation carried by a worldwide communications revolution.

It took a sociologist of religion and a couple of anthropologists and social theorists in the 1990s—scholars such as Roland Robertson, Jonathan Friedman, Arjun Appadurai, and Mike Featherstone—to write or edit the first major explorations of globalization-as-such, contributions that moved beyond hyperbole or thin description. Journals such as *Theory, Culture and Society* were in the vanguard of the new thinking of this second wave of attention. Earlier work, such as that of Immanuel Wallerstein and the world-systems theorists, or Andre Gunder Frank and the dependency theorists, had signaled a shift away from classic imperialism studies as the major carrier of work on globalizing relations. However, in relation to understanding globalization itself, this did not lead to significant developments in theory, except in the recognition that globalization was a centuries-old process.

The work of Wallerstein in the discipline of international political economy can here be used as an indication of the difficulty of coming to terms with issues of globalization. Instead of exploring the consequences of processes of globalization—economic, ecological, cultural, and political—for understanding the complexities of capitalism, Wallerstein reworked the verities of a world system's understanding: namely, that capitalism had gone through two major overlapping cycles of development: from 1450, and from 1945 to the present, suggesting that capitalism was now entering a transition phase of terminal crisis. What others called globalization, he said, was just the epiphenomenon of the transition. Here the sophisticated critic of mainstream modernization theory thus reduced globalization to a reflection of the phases of capital. He limited its consequences to the domain of economics or the nexus between capital and everything else.

Alternatively and more productively, the work of Roland Robertson took a cultural turn. Like the critical political economists, Robertson recognized the long-term and changing history of globalization. However, unlike the dominant trend that for a time defined globalization in terms of the demise of the nation-state, perhaps most prominently surfacing in the writings of Arjun Appadurai and Ulrich Beck, Robertson recognized the complex intersection and layering of nationally and globally constituted social relations. One of his major contributions was to show how globalization across its long uneven history contributed to a relativization of social meaning and social practice, including the notion of a "world system." His work still stands up to scrutiny today, and he continues to be a major figure in the field.

Another key figure of this time, Arjun Appadurai, also followed the cultural turn, but instead of taking a critical modernist position on the changing order of things as Robertson did, he headed down the postmodern path to emphasize fluidity. The key contribution for which he is known is the notion of global "scapes," unstructured formations with no boundaries or regularities. He distinguished different formations of what he called ethnoscaples, mediascaples, technoscaples, financescaples, and ideoscaples.

This approach was avidly used for a period before it lost its standing as different writers realized that, apart from the categories of ethnoscaples and perhaps ideoscaples, his global landscape focused too narrowly on the cultural present and the recent past. Broader categories of analysis were needed to understand the unevenness of social continuities and discontinuities.

APPROACHES UNDERSTOOD IN TERMS OF THE DOMAIN OF ENQUIRY

A third wave of attention emerged across the turn of the century into the present. Journals such as *Globalizations*, *Global Society*, and *Global Governance* emerged as the number of publications exploded in number. One of the most important broader renderings of globalization came from a jointly written book called *Global Transformations* (1999) by David Held, a political philosopher; Anthony McGrew, an international relations theorist; David Goldblatt, a theorist of environmental politics; and Jonathan Perraton, an economist. Interdisciplinary studies had become the key. As signaled in the subtitle of the book, *Politics, Economics and Culture*, and extended in the chapter structure to include a focus on globalization and environment, this approach worked across the broad domains of economy, ecology, politics, and culture. Similarly Jan Aart Scholte worked across a broad series of domains. In his case, the domains were production, governance, identity, and knowledge. And, when Chamsy el-Ojeili and Patrick Hayden came to write their book *Critical Theories of Globalization* (2006), looking back on more than a decade of developing approaches to globalization they returned to the useful categorization of economics, politics, and culture. In all of these cases, however, there was no attempt to develop a theory of globalization as such. Rather these and other related writers—writers as diverse as James Mittleman, George Ritzer, Ulf Hannerz, and Heikki Patomaki—sought to explore the complexity of globalization across different domains.

In the domain of culture, for example, a penetrating critique of the dominant ideology of globalization by Manfred Steger joined with others in introducing the notion of “globalism.” In its midrange use, globalism can be defined as the ideologies and/or subjectivities associated with different historically dominant formations of global extension. Steger in his earlier writings from the early 1990s focused on globalism as neoliberalism, but as his analysis developed, he came to distinguish different kinds of globalism, including justice globalisms, imperial globalisms, and religious globalisms. He helped us to understand that globalism is therefore much more than the ideology associated with the contemporary dominant variant of globalism—market globalism and ideas of a borderless world.

APPROACHES UNDERSTOOD IN TERMS OF NORMATIVE ORIENTATION

Other ways to differentiate approaches to globalization include their normative or ethical orientation and their political descriptive stance. The most cited categorization of

different kinds of approaches to globalization, which comes from *Global Transformations*, a book mentioned earlier, combines both of these categorizations and posits what it calls “three broad schools of thought”: the hyperglobalists, the sceptics, and the transformationalists. They are not actually schools at all but orientations. The hyperglobalizers include writers such as Kenichi Ohmae (a neoliberal) and Martin Albrow (a critical theorist) who argue that a wave of globalization is changing the world fundamentally and supplanting older national sovereignties. The sceptics include Paul Hirst and Grahame Thompson who argue that with contemporary so-called globalization what we are witnessing is just another wave of internationalization. The transformationalists, including James Rosenau and Saskia Sassen, who suggest that while intensifying globalization is changing the nature of world politics, culture, and economy, the process is uneven.

APPROACHES UNDERSTOOD IN TERMS OF SCHOLARLY DISCIPLINE

With the realization in the 1990s that “the global” required direct attention, the taken-for-granted assumptions of fields of study such as international relations, politics, and sociology came under direct challenge. In international relations, the realist emphasis on nation-states as black-box entities in political inter-relation came under considerable pressure, as did the emphases of its critical counterparts, including even Marxism and rationalism that had long recognized the long reach of both material processes and ideas across the world. International relations as a discipline had profound problems dealing with globalization, but into the new century, books started to come out by writers crossing the boundaries of the discipline, including international critical theorist Jan Aart Scholte and international political economist Mark Rupert.

One discipline that saw a sea change in its approach was anthropology. It maintained its classical emphasis on ethnographic depth, but it shifted its orientation from internally focused microstudies of remote locales to attempting to understand communities, whether they be remote or metropolitan, in terms of their place in a globalizing world. New subfields of history developed, including “big history” and “world history.” The field of global studies itself emerged during this period as an interdisciplinary approach to understanding the relation between the local and the global across the domains of social life.

APPROACHES UNDERSTOOD IN TERMS OF THEORETICAL LINEAGE

A developing aversion to grand theory did not mean that the old theoretical lineages became completely irrelevant, although it did mean that approaches associated with the classical social theories of Karl Marx, Émile Durkheim, and Max Weber tended either to draw more loosely on those past writings or to work across them synthetically. Out of a critical reading of the Durkheimian–Weberian tradition came the work of such writers as Roland Robertson and American sociologist of global religion,

Mark Juergensmeyer—although it should be said that Robertson was also influenced by an open version of neo-Marxist historical materialism. Out of the neo-Marxist lineage came the varied work of Paul Hirst, Mark Rupert, Christopher Chase-Dunn, Tony McGrew, and via Karl Polanyi, Ronnie Munck. Third, several writers explicitly set out to formulate a postclassical synthesis. The most prominent of these writers was British sociologist Anthony Giddens. He had been working across the 1980s and 1990s on a grand theoretical approach to the social called structurationism; however, by the time that he wrote in an elaborated way on globalization, his approach had become less theoretically integrated and more descriptive. His major point became that globalization is complex, shapes the way that we live, and is linked to the expansive dynamic of late modernity.

Marxist writer Justin Rosenberg immediately took Giddens to task for theoretical incoherence. In particular, he criticized a tendency in Giddens's writing (and in many other writers on globalization) to treat globalization and the extension of social relations across world space as both the explanation and the outcome of a process of change. That is, he asked how if globalization involves spatial extension can it be explained by invoking the claim that space is now global. The explanation and the thing-being-explained, he rightly says, are thus reduced into a self-confirming circle. Taking into account his critique, it is still legitimate to treat globalization as a *descriptive* category referring to a process of extension across a historically constituted world-space as we have been doing across this entry, but it is problematic to posit globalization as the simple cause of other phenomena, much less of itself.

CONCLUSION

Now, after three decades of writing on globalization, we have made some extraordinary gains in understanding. The historically changing and uneven nature of globalization is now generally understood. In the various scholarly approaches, much of the hyperbole has tended to drop away and the normative assessment of globalization has become more sober and qualified. Scholarly approaches have tended to move away from essentializing the phenomenon as necessarily good or bad. Similarly, at least in the scholarly arena, there has been a significant move beyond the reductive tendency to treat globalization only in terms of economic domain.

On the other side of the ledger, our central weakness of understanding goes back to the central paradox of globalization studies—the emergence of an aversion to generalizing theory at a time when the importance of a generalizing category of relations came to the fore. Globalization may simply be the name given to a matrix of processes that extend social relations across world-space, but the way in which people live those relations is incredibly complex, changing, and difficult to explain. Thus, we remain in search of generalizing methodologies (not a singular grand theory) that can sensitize us to those empirical complexities while enabling us to abstract patterns of change and continuity.

HOW GLOBALIZATION WENT BAD

Steven Weber

The world today is more dangerous and less orderly than it was supposed to be. Ten or 15 years ago, the naive expectations were that the “end of history” was near. The reality has been the opposite. The world has more international terrorism and more nuclear proliferation today than it did in 1990. International institutions are weaker. The threats of pandemic disease and climate change are stronger. Cleavages of religious and cultural ideology are more intense. The global financial system is more unbalanced and precarious. It wasn’t supposed to be like this. The end of the Cold War was supposed to make global politics and economics easier to manage, not harder.

What went wrong? The bad news of the 21st century is that globalization has a significant dark side. The container ships that carry manufactured Chinese goods to and from the United States also carry drugs. The airplanes that fly passengers nonstop from New York to Singapore also transport infectious diseases. And the Internet has proved just as adept at spreading deadly, extremist ideologies as it has e-commerce. The conventional belief is that the single greatest challenge of geopolitics today is managing this dark side of globalization, chipping away at the illegitimate co-travelers that exploit openness, mobility, and freedom, without putting too much sand in the gears. The current U.S. strategy is to push for more trade, more connectivity, more markets, and more openness. America does so for a good reason—it benefits from globalization more than any other country in the world. The United States acknowledges globalization’s dark side but attributes it merely to exploitative behavior by criminals, religious extremists, and other anachronistic elements that can be eliminated. The dark side of globalization, America says, with very little subtlety, can be mitigated by the expansion of American power, sometimes unilaterally and sometimes through multilateral institutions, depending on how the United States likes it. In other words, America is aiming for a “flat,” globalized world coordinated by a single superpower.

That’s nice work if you can get it. But the United States almost certainly cannot. Not only because other countries won’t let it, but, more profoundly, because that line of thinking is faulty. The predominance of American power has many benefits, but the management of globalization is not one of them. The mobility of ideas, capital, technology, and people is hardly new. But the rapid advance of globalization’s evils is. Most of that advance has taken place since 1990. Why? Because what changed profoundly in the 1990s was the polarity of the international system. For the first time in modern history, globalization was superimposed onto a world with a single superpower. What we have discovered in the past 15 years is that it is a dangerous mixture. The negative effects of globalization since 1990 are not the result of globalization itself. They are the dark side of American predominance.

THE DANGERS OF UNIPOLARITY

A straightforward piece of logic from market economics helps explain why unipolarity and globalization don't mix. Monopolies, regardless of who holds them, are almost always bad for both the market and the monopolist. We propose three simple axioms of "globalization under unipolarity" that reveal these dangers.

Axiom 1: Above a certain threshold of power, the rate at which new global problems are generated will exceed the rate at which old problems are fixed. Power does two things in international politics: It enhances the capability of a state to do things, but it also increases the number of things that a state must worry about. At a certain point, the latter starts to overtake the former. It's the familiar law of diminishing returns. Because powerful states have large spheres of influence and their security and economic interests touch every region of the world, they are threatened by the risk of things going wrong—anywhere. That is particularly true for the United States, which leverages its ability to go anywhere and do anything through massive debt. No one knows exactly when the law of diminishing returns will kick in. But, historically, it starts to happen long before a single great power dominates the entire globe, which is why large empires from Byzantium to Rome have always reached a point of unsustainability. That may already be happening to the United States today, on issues ranging from oil dependency and nuclear proliferation to pandemics and global warming. What Axiom 1 tells you is that more U.S. power is not the answer; it's actually part of the problem. A multipolar world would almost certainly manage the globe's pressing problems more effectively. The larger the number of great powers in the global system, the greater the chance that at least one of them would exercise some control over a given combination of space, other actors, and problems. Such reasoning doesn't rest on hopeful notions that the great powers will work together. They might do so. But even if they don't, the result is distributed governance, where some great power is interested in most every part of the world through productive competition.

Axiom 2: In an increasingly networked world, places that fall between the networks are very dangerous places—and there will be more ungoverned zones when there is only one network to join. The second axiom acknowledges that highly connected networks can be efficient, robust, and resilient to shocks. But in a highly connected world, the pieces that fall between the networks are increasingly shut off from the benefits of connectivity. These problems fester in the form of failed states, mutate like pathogenic bacteria, and, in some cases, reconnect in subterranean networks such as al Qaeda. The truly dangerous places are the points where the subterranean networks touch the mainstream of global politics and economics. What made Afghanistan so dangerous under the Taliban was not that it was a failed state. It wasn't. It was a partially failed and partially connected state that worked the interstices of globalization through the drug trade,

counterfeiting, and terrorism. Can any single superpower monitor all the seams and back alleys of globalization? Hardly. In fact, a lone hegemon is unlikely to look closely at these problems, because more pressing issues are happening elsewhere, in places where trade and technology are growing. By contrast, a world of several great powers is a more interest-rich environment in which nations must look in less obvious places to find new sources of advantage. In such a system, it's harder for troublemakers to spring up, because the cracks and seams of globalization are held together by stronger ties.

Axiom 3: Without a real chance to find useful allies to counter a superpower, opponents will try to neutralize power, by going underground, going nuclear, or going "bad." Axiom 3 is a story about the preferred strategies of the weak. It's a basic insight of international relations that states try to balance power. They protect themselves by joining groups that can hold a hegemonic threat at bay. But what if there is no viable group to join? In today's unipolar world, every nation from Venezuela to North Korea is looking for a way to constrain American power. But in the unipolar world, it's harder for states to join together to do that. So they turn to other means. They play a different game. Hamas, Iran, Somalia, North Korea, and Venezuela are not going to become allies anytime soon. Each is better off finding other ways to make life more difficult for Washington. Going nuclear is one way. Counterfeiting U.S. currency is another. Raising uncertainty about oil supplies is perhaps the most obvious method of all. Here's the important downside of unipolar globalization. In a world with multiple great powers, many of these threats would be less troublesome. The relatively weak states would have a choice among potential partners with which to ally, enhancing their influence. Without that more attractive choice, facilitating the dark side of globalization becomes the most effective means of constraining American power.

SHARING GLOBALIZATION'S BURDEN

The world is paying a heavy price for the instability created by the combination of globalization and unipolarity, and the United States is bearing most of the burden. Consider the case of nuclear proliferation. There's effectively a market out there for proliferation, with its own supply (states willing to share nuclear technology) and demand (states that badly want a nuclear weapon). The overlap of unipolarity with globalization ratchets up both the supply and demand, to the detriment of U.S. national security. It has become fashionable, in the wake of the Iraq war, to comment on the limits of conventional military force. But much of this analysis is overblown. The United States may not be able to stabilize and rebuild Iraq. But that doesn't matter much from the perspective of a government that thinks the Pentagon has it in its sights. In Tehran, Pyongyang, and many other capitals, including Beijing, the bottom line is simple: The U.S. military could, with conventional force, end those regimes tomorrow if it chose to do so. No country in the world can dream of challenging U.S. conventional military power. But they can

certainly hope to deter America from using it. And the best deterrent yet invented is the threat of nuclear retaliation. Before 1989, states that felt threatened by the United States could turn to the Soviet Union's nuclear umbrella for protection. Now, they turn to people like A.Q. Khan. Having your own nuclear weapon used to be a luxury. Today, it is fast becoming a necessity. North Korea is the clearest example. Few countries had it worse during the Cold War. North Korea was surrounded by feuding, nuclear-armed communist neighbors, it was officially at war with its southern neighbor, and it stared continuously at tens of thousands of U.S. troops on its border. But, for 40 years, North Korea didn't seek nuclear weapons. It didn't need to, because it had the Soviet nuclear umbrella. Within five years of the Soviet collapse, however, Pyongyang was pushing ahead full steam on plutonium reprocessing facilities. North Korea's founder, Kim Il Sung, barely flinched when former U.S. President Bill Clinton's administration readied war plans to strike his nuclear installations preemptively. That brinkmanship paid off. Today North Korea is likely a nuclear power, and Kim's son rules the country with an iron fist. America's conventional military strength means a lot less to a nuclear North Korea. Saddam Hussein's great strategic blunder was that he took too long to get to the same place.

How would things be different in a multipolar world? For starters, great powers could split the job of policing proliferation, and even collaborate on some particularly hard cases. It's often forgotten now that, during the Cold War, the only state with a tougher nonproliferation policy than the United States was the Soviet Union. Not a single country that had a formal alliance with Moscow ever became a nuclear power. The Eastern bloc was full of countries with advanced technological capabilities in every area except one—nuclear weapons. Moscow simply wouldn't permit it. But today we see the uneven and inadequate level of effort that non-superpowers devote to stopping proliferation. The Europeans dangle carrots at Iran, but they are unwilling to consider serious sticks. The Chinese refuse to admit that there is a problem. And the Russians are aiding Iran's nuclear ambitions. When push comes to shove, nonproliferation today is almost entirely America's burden. The same is true for global public health. Globalization is turning the world into an enormous petri dish for the incubation of infectious disease. Humans cannot outsmart disease, because it just evolves too quickly. Bacteria can reproduce a new generation in less than 30 minutes, while it takes us decades to come up with a new generation of antibiotics. Solutions are only possible when and where we get the upper hand. Poor countries where humans live in close proximity to farm animals are the best place to breed extremely dangerous zoonotic disease. These are often the same countries, perhaps not entirely coincidentally, that feel threatened by American power. Establishing an early warning system for these diseases—exactly what we lacked in the case of SARS a few years ago and exactly what we lack for avian flu today—will require a significant level of intervention into the very places that don't want it. That will be true as long as international intervention means American interference. The most likely sources of the next ebola or HIV-like pandemic are the countries that simply won't let

U.S. or other Western agencies in, including the World Health Organization. Yet the threat is too arcane and not immediate enough for the West to force the issue. What's needed is another great power to take over a piece of the work, a power that has more immediate interests in the countries where diseases incubate and one that is seen as less of a threat. As long as the United States remains the world's lone superpower, we're not likely to get any help. Even after HIV, SARS, and several years of mounting hysteria about avian flu, the world is still not ready for a viral pandemic in Southeast Asia or sub-Saharan Africa. America can't change that alone.

If there were rival great powers with different cultural and ideological leanings, globalization's darkest problem of all—terrorism—would also likely look quite different. The pundits are partly right: Today's international terrorism owes something to globalization. Al Qaeda uses the Internet to transmit messages, it uses credit cards and modern banking to move money, and it uses cell phones and laptops to plot attacks. But it's not globalization that turned Osama bin Laden from a small-time Saudi dissident into the symbolic head of a radical global movement. What created Osama bin Laden was the predominance of American power. A terrorist organization needs a story to attract resources and recruits. Oftentimes, mere frustration over political, economic, or religious conditions is not enough. Al Qaeda understands that, and, for that reason, it weaves a narrative of global jihad against a "modernization," "Westernization," and a "Judeo-Christian" threat. There is really just one country that both spearheads and represents that threat: the United States. And so the most efficient way for a terrorist to gain a reputation is to attack the United States. The logic is the same for all monopolies. A few years ago, every computer hacker in the world wanted to bring down Microsoft, just as every aspiring terrorist wants to create a spectacle of destruction akin to the September 11 attacks inside the United States. Al Qaeda cells have gone after alternate targets such as Britain, Egypt, and Spain. But these are not the acts that increase recruitment and fundraising, or mobilize the energy of otherwise disparate groups around the world. Nothing enhances the profile of a terrorist like killing an American, something Abu Musab al-Zarqawi understood well in Iraq. Even if al Qaeda's deepest aspirations lie with the demise of the Saudi regime, the predominance of U.S. power and its role supporting the house of Saud makes America the only enemy really worth fighting. A multipolar world would surely confuse this kind of clear framing that pits Islamism against the West. What would be al Qaeda's message if the Chinese were equally involved in propping up authoritarian regimes in the Islamic, oil-rich Gulf states? Does the al Qaeda story work if half its enemy is neither Western nor Christian?

RESTORING THE BALANCE

The consensus today in the U.S. foreign-policy community is that more American power is always better. Across the board. For both the United States and the rest of the globe. The National Security Strategy documents of 2002 and 2006 enshrine this

consensus in phrases such as “a balance of power that favors freedom.” The strategy explicitly defines the “balance” as a continued imbalance, as the United States continues “dissuading potential competitors . . . from challenging the United States, its allies, and its partners.” In no way is U.S. power inherently a bad thing. Nor is it true that no good comes from unipolarity. But there are significant downsides to the imbalance of power. That view is hardly revolutionary. It has a long pedigree in U.S. foreign-policy thought. It was the perspective, for instance, that George Kennan brought to the table in the late 1940s when he talked about the desirability of a European superpower to restrain the United States. Although the issues today are different than they were in Kennan’s time, it’s still the case that too much power may, as Kennan believed, lead to overreach. It may lead to arrogance. It may lead to insensitivity to the concerns of others. Though Kennan may have been prescient to voice these concerns, he couldn’t have predicted the degree to which American unipolarity would lead to such an unstable overlap with modern-day globalization.

America has experienced this dangerous burden for 15 years, but it still refuses to see it for what it really is. Antiglobalization sentiment is coming today from both the right and the left. But by blaming globalization for what ails the world, the U.S. foreign-policy community is missing a very big part of what is undermining one of the most hopeful trends in modern history—the reconnection of societies, economies, and minds that political borders have kept apart for far too long. America cannot indefinitely stave off the rise of another superpower. But, in today’s networked and interdependent world, such an event is not entirely a cause for mourning. A shift in the global balance of power would, in fact, help the United States manage some of the most costly and dangerous consequences of globalization. As the international playing field levels, the scope of these problems and the threat they pose to America will only decrease. When that happens, the United States will find globalization is a far easier burden to bear.

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