

# Is Continued Globalization of the World Economy *Inevitable?*

*Some analysts argue that lasting cultural rigidities will obstruct or perhaps even reverse the globalization process. Others counter that deep down everyone is truly Economic Man. Everyone, as New York Times columnist Thomas Friedman's book title implies, dreams of one day owning a Lexus. What are the chances the globalization process of recent decades will be seriously obstructed or will actually begin to reverse?*

**Thirteen experts offer their views.**



*Yes and no  
(but probably yes).*

**JAGDISH BHAGWATI**

*Senior Fellow, Council on Foreign Relations, and University Professor, Columbia University; author of In Defense of Globalization (Oxford, 2004)*

Is (economic) globalization reversible? Yes and no. Since increased integration of the world economy reflects two forces—improved and cheaper communications and transportation and policies such as freeing of trade—a reversal is perfectly possible. This is what interrupted the First Wave of Globalization of 1870–1914. At the same time, the current Second Wave of Globalization is unlikely to be interrupted, at least in the near future, by policy reversals.

First, in trade, we have the WTO which has made it ever more difficult to indulge in the 1930s-style competitive raising of trade barriers. We have binding tariffs; we also have orderly ways of raising tariff barriers (as with safeguards actions) in politically difficult circumstances. In the East Asian financial crisis, these new realities helped eliminate the conventional response of abandoning freer trade as a way of dealing with the crisis.

Second, multinationals have become an important fact of life. Virtually all countries, no matter what their political rhetoric, are anxious to compete for multinationals. The left still agitates against multinationals, as do several non-governmental organizations; but they remain an indisputable force and policies towards them are easing, not tightening.

Third, on international migration, demographics are beginning to produce more open doors and benign attitudes. Many OECD populations are below reproductive levels, and their social security systems are facing bankruptcy as their populations age. Immigration suddenly looms large as a way of dealing with labor shortages and the social security problem. At the same time, the advantages of skilled immigration are reflected in shifts of legal immigration systems toward importation of more skilled workers, even as the developing countries with such manpower are happy to oblige.

Fourth, and finally, while the financial crises resulting from freeing of short-term capital flows may not be brought fully under control, we have learned some lessons—such as the need for reformed and stronger banking systems—that should reduce the probability of occurrence of such crises.



*Globalization is  
not inevitable.*

**ANTONIA JUHASZ**

*Project Director, International Forum on Globalization, and co-author of the upcoming 2nd edition of Alternatives to Economic Globalization: A Better World Is Possible*

Globalization is not an inevitable process. It is one set of policy priorities chosen by certain political and economic elites to achieve a centralized economic model in which global corporations act as the engines of economic growth. Alternative policies do and have always existed.

“Globalization” refers to a continuation of the processes of colonialism and imperialism, with a new post-WWII emphasis on the specific neo-liberal policies of free trade, financial market liberalization, deregulation, and privatization. It is a model based on the taking of resources—human, natural, and capital—from the many for the benefit of the few.

Even in 1944 when the main institutions of modern globalization were being created—the World Bank, the International Monetary Fund, and what would become the General Agreement on Tariffs and Trade—alternative proposals were put forward to shift the responsibilities for development, trade, and global finance to the Third World-dominated United Nations. These attempts were rebuffed as the United States and Europe in particular came to increasingly use the institutions as tools for expanding corporate access.

Globalization’s fire is running into constant and increasingly regular rejections. The reason may best be explained by the United Nations in its 1999 *Human Development Report*: “The new rules of globalization—and the players writing them—focus on integrating global markets, neglecting the needs of people that markets cannot meet. The process is concentrating power and marginalizing the poor, both countries and people.”

Those people are now electing new leaders and banding together themselves to form a strong, diverse, and growing movement for change. They are proposing meaningful alternative policies—many already in practice—that prioritize equality, environmental and social sustainability, and economic justice.



*No, globalization will go into reversal when oil hits \$60 a barrel.*

**GEORGE MONBIOT**  
*Columnist, The Guardian*

**G**lobalization is likely to go into reversal as soon as oil reaches a certain price: let's say, as a wild guess, \$60 a barrel. This will inhibit the international transport of both goods and people. If the price rises because the resource is becoming scarce or hard to obtain, this reduction of international contact is likely to be accompanied by increased international conflict. The poorer nations, which will find oil much harder to buy (already they pay far more per barrel than the rich ones) will deeply resent the richer nations. They will be hit hard by rioting, and their governments will seek to blame outside forces for the problem. The rich ones, sensing that economic survival depends on securing continued access to the resource, will begin to jostle each other. We have seen the beginning of this in Iraq, which is or was a key producer or future producer for France, Russia, and China, and is seen as a critical future source by the United States.

Here's another wild guess: that the price of oil will top \$60 within five years, and \$100 within ten. There are many aspects of globalization I will be sad to see lost, and there are others I'm not so worried about. But we might find, in the coming oil famines, the preconditions for the kind of global democratic revolution I've been pressing for. Alternatively we might see a massive reactionary backlash.



*Despite the late-19th century example, it's hard to see globalization reversing.*

**LIONEL BARBER**  
*U.S. Managing Editor, Financial Times*

**F**or all its merits, globalization must never be taken for granted. The continued integration of the world economy depends on support not only from rich beneficiaries in the west but increasingly from the still disadvantaged in Africa, India, and Latin America. Cultural barriers also pose increasingly powerful obstacles to globalization.

The rise of Islamic fundamentalism offers an alternative vision of society, one which will appeal to all those left behind in countries with exploding populations and persistent high unemployment among young people.

Yet there are still plenty of reasons for optimism. The benefits of globalization in terms of investment, jobs, and competition are there for all to see, on cable television screens as well as in the shops and soukhs. The forces in favor of globalization are far stronger than those pitted against.

Therefore, it is hard to see how globalization could reverse. True, the late 19th century saw accelerating globalization but it came to a juddering halt after the First World War. But there is no reason to believe that we are heading back into the 1930s and the world of Smoot-Hawley.

In the early 21st century, we can look forward to greater integration of capital markets and trade, providing the United States continues to play the lead role. In this respect, progress toward a new Doha trade round agreement will be an important benchmark. Systemic terrorism and/or a cataclysmic event such as a world war would force a reappraisal. But for the moment, continued globalization of the world is both necessary and inevitable.



*Probably yes, but nothing in life is inevitable.*

**JOSEPH S. NYE, JR.**  
*Professor, Harvard University and author of Soft Power: The Means to Success in World Politics*

**O**ther things being equal, economic globalization will continue. But that is like any joke about economists' assumptions. Every market depends upon a political framework of security, and when security is plentiful we tend to ignore it. But like oxygen, once we begin to miss it, we can think of nothing else. Nineteenth-century economic globalization was interrupted by a security crisis in 1914 and the world did not recover similar levels of economic integration until the 1970s. Yet during those years, military

globalization grew apace, with two world wars and a cold war. And ecological globalization continued with the spread of infectious diseases and the beginnings of climate change. The pace of technological change makes continued globalization inevitable, but which type? As we learned on September 11, globalization has a malign as well as a benign face. Between 1970 and 2000, the thousand-fold decrease in the cost of computing and communications that we call the information revolution enabled impressive increases in trade and investment. It also enabled transnational terrorist groups like Al Qaeda to organize cells in sixty countries, and to kill more Americans than the government of Japan did at Pearl Harbor. In a sense we are seeing the privatization of war, and as yet we have not developed a strategy that uses our complete toolkit of military, economic, and soft or attractive power to deal with the problem. Yes, the global economy survived September 11, but would it survive several such events, including nuclear, radiological, or biological attacks? Nothing is inevitable; security policy choices matter.



*Thomas Friedman's vision is inadequate.*

**SUSAN ARIEL AARONSON**  
Senior Fellow and Director of Globalization Studies,  
Kenan Institute, Kenan Flagler Business School,  
University of North Carolina

In an influential 1967 book, *The Search for Order*, historian Robert Wiebe described how Americans dealt with the challenges of industrialization, immigration, and urbanization in the late nineteenth century. He noted that as citizens moved from the villages to the city and from farm jobs to factory, they maintained their small town “village” values. But these values did not fit the world these men and women confronted. By the end of the first World War, he notes, Americans embraced new values of functionality, administration, and management. These new Progressive values helped the American people make sense of their rapidly changing and often chaotic world.

Thomas Friedman built on Wiebe’s insights. He rightly notes that globalization has pulled citizens between the values that call for buying that Lexus and the values of their village. But Friedman ignores a core value shared by citizens in small villages and global capitals alike. Around

the world, people increasingly understand that they must encourage all of their citizens to reach their potential, or their country won’t reap the benefits of global economic growth. And these citizens can’t reach their potential without laws, regulations, policies and values that support the protection of basic human rights. This insight is increasingly shared in the Middle East and even China. Meanwhile, the agents of globalization—multinationals—are taking greater responsibility to promote human rights, in concert with governments and activists.

Friedman’s vision of the way forward is to “manage” globalization, by addressing the inequalities between people and among states globalization creates. This prescription is helpful but inadequate. The developed world must also put more funds and effort towards building the capacity of individuals, civil society groups, and governments to promote basic human rights. Only in that way can each individual, nation, and the world meet its potential in the global village we call home.



*No, it's hardly inevitable.*

**ROBERT HORMATS**  
Vice Chairman, Goldman Sachs International

No—continued globalization is not inevitable. Globalization has been reversed in the past by wars, depressions, and shortsighted policies. It could be reversed again by a period of prolonged unemployment in major economies, resulting in competitive devaluations, protectionist measures, or xenophobic immigration policies. A new wave of terrorism could increase barriers to the flow of goods (through tighter border controls) and people (through tighter immigration and visa policies) in many nations.

Globalization could be weakened severely if continued large U.S. fiscal and current account deficits lead to disruptions in global currency and capital markets. Failure of the United States to strengthen K-12 education, especially in science and math, could cause large numbers of Americans to believe they cannot compete in the knowledge-driven global economy and thus to support new restrictions to shield the country from foreign completion.

And if large groups of people in the world’s major emerging economies perceive that globalization benefits the elite while leaving them behind, they could press their

governments to resist further liberalization of trade and capital flows—or reverse previous liberalization.

But this is not the most likely scenario. The greater probability is that the process of globalization will continue, although perhaps not at the pace of recent years. The reason is that more and more people have a stake in its success. Corporations are under pressure from consumers and investors to seek low-cost goods and services worldwide—whatever their source. American, European, and Japanese consumers vote with their dollars, euros, and yen for free trade every day. Low-income consumers have a special interest in the inflow of low-cost goods. All would suffer from a reversal of globalization.

Advances in technology—dramatic increases in broadband capacity and dramatic drops in the cost of information transmission—facilitate robust global supplier/importer networks. Corporations integrate production and supply chains across borders and continents. Billions have shed communism, socialism, and ponderous regulation in the last two decades; they want the opportunity to sell their manufactured goods, farm crops, and services in a global economy and have access to the plentiful products it supplies. Many of their jobs depend on exports to industrialized nations.

But good policy is needed to ensure that globalization produces wider and sustained benefits for larger numbers of people, while fewer see it as a threat. If leaders portray trade and international competition as a war in which one side wins and the other loses, globalization can be derailed or slowed dramatically. But it is not like a war. It is more like a marathon, in which great runners do best when challenged by other great runners. If leaders can rally their people to see foreign competition as a challenge rather than threat, and improve their policies and education systems to enable their citizens to better respond to it, globalization will not only continue but also become increasingly robust.



*No, globalization  
did not come written  
in stone from Mount  
Sinai with Moses.*

**LORI WALLACH**

*Director, Public Citizen's Global Trade Watch*

**T**he current system of corporate-led globalization is not inevitable like the moon's pull on the tides, despite public relations efforts to create that impression on

the part of those who benefit from this model. This system also did not come written in stone down from Mount Sinai with Moses. Rather, it is only one version of how the world economy can be organized. This version of global economic order was only brought about through an enormous amount of planning, public relations, and political work. This included replacing the GATT trade regime with the expansive World Trade Organization—which its former Director General Renato Ruggiero once famously called “the constitution for the new global economy.”

The terms of the WTO and regional international commercial agreements and the structural adjustment programs of the International Monetary Fund and World Bank are anything but inevitable: they embody a wide range of policies implementing what is often called the neoliberal worldview. While *trade* is both inevitable and can be very beneficial for producers and consumers, there is nothing preordained about setting one-size-fits-all policy requirements on an array of domestic policy issues unrelated to trade but at the core of the corporate globalization agenda of privatization, deregulation, harmonization, and new property protections.

The operating clause of the WTO is that every signatory “shall ensure the conformity of its laws, regulations, and administrative procedures” with the WTO terms. Where GATT was limited to trade in goods and based on objective principles like most-favored nation status, the WTO, the North American Free Trade Agreement and other instruments of corporate globalization require countries to transform their domestic policies to adopt uniform policies on who can own services operating within the country and how they can be regulated; on intellectual property, investment, food safety and inspection, environmental standards, and more. These are subjective rules—setting priorities (patent protection for medicines and seeds ahead of access to medicine for poor consumers or seed saving for subsistence farmers) and shutting down the space for democratic choices. It is not good enough under these rules if countries treat each others' companies and goods the same—i.e., non-discrimination. Rather, these agreements establish affirmative duties all governments owe foreign investors and forbid all governments from using certain policy tools—including many of those that today's rich countries used to develop, like performance conditions on investment, buy local procurement, and more. Consider the WTO and NAFTA agricultural rules—quotas had to be eliminated immediately, turned into tariffs and phased out altogether. Poor countries used quotas to manage supply and thus set a price floor because they could not afford to pay subsidies. Rich countries' subsidies were allowed to remain—and under the rules the United States has even increased some farm subsidies.

Given the failure of this anti-democratic model to raise global standards of living (if you eliminate China, which has been largely outside this system operating in contra-

vention to many of its tenets from the calculation, the percentage of people living on \$1 per day has increased in the era of corporate globalization), reduce poverty, or promote growth, the corporate-led globalization model can and should be discarded in favor of a system that works—one that does not create a race to the bottom in standards of living, promote hunger and turmoil by ruining millions of small farmers' livelihoods, and increase income inequality within and between nations.

The critics of this failed model are a global movement for democracy and diversity. We believe that the people living with the results must make the decisions important to their lives and families. Inherently, this means that there will be differences in priorities and choices depending on the local values and cultures of different people and the level of development of their country. We are for internationalism—where *different* cultures, countries and people trade and exchange goods and ideas and work together towards common goals—not for corporate economic globalization which imposes a one-size-fits-all model of economic and social policy worldwide.



*Yes, but as an uneven phenomenon.*

**PETER MANDAVILLE**  
*Director, Center for Global Studies,  
George Mason University*

**Y**es, but it will continue to be a highly uneven phenomenon, producing numerous conflicts along the way. There are in fact multiple globalizations afoot today—a morass of circulating people, capital, commodities, and ideas—resulting in a process far more complicated than the standard account of interconnected markets and technical homogenization. Culture is indeed part of this mix, but Huntington got it all wrong. The conflicts of today and the future will occur not along the fault lines of civilizations (history teaches us that intercultural encounter is usually something far more nuanced and ambivalent), but rather along the fault lines of globalization. The shape and fate of the modern Middle East, for example, should not be viewed primarily as a cultural equation with Islam or other supposedly disparate value systems as the determinant variables. Instead we would do better

to understand this region as the product of a political economy whose requirements exceeded and/or failed to coincide with local structural capacities.

So globalization of one sort or another is indeed inevitable (and always has been), but the jury is still out on what globalization actually means for much of the world. It is also difficult today to identify who precisely controls this process since in many regards it has evolved into something far greater than merely the sum of its parts (trade regimes, “consensus” in Washington). Massive roll-backs are unlikely, but globalization as we know it may well become somewhat scattered and stagnant. The key is to create stakeholders who understand themselves as active participants and shapers of exchange systems and communities that perhaps do not conform to a single model, but are compatible with many. Think of pragmatic, locally produced modules (micro-industries, networked co-operatives) that leverage a common infrastructure: open source globalization.



*Globalization cannot be restricted to homogenization.*

**HANNES ANDROSCH**  
*CEO, AIC Androsch International Management  
Consulting GmbH*

**T**he current phase of globalization is highlighted by three principal characteristics: the reduction in the time required to travel between countries, a declining association between cultural differences and geographic region—one need no longer travel to experience Cantonese cuisine or to live according to Confucian perspectives—and the intermeshing of the markets for goods, services including financial services, and labor across national boundaries. Firms continue vigorously to create value wherever the most favorable conditions prevail, including there, where new market opportunities present themselves.

The progress associated with industrialization has led to widespread improvements in welfare in the industrialized countries. For the emerging market countries such as China, India, and Mexico, economic development, driven by internationalization, has also led to dramatic progress. Economic globalization has accelerated this

process. Opposition to globalization would rob poor countries of this opportunity, with the inevitable implication that they would become even poorer.

North Korea presents us with a perfect example of what can befall a country when it withdraws from the globalization process. This least globalized country in the world also happens to be one of the poorest. The same applies to large tracts of Africa. As a further shocking example of an isolationist regime, one could count the former Taliban government in Afghanistan, which was as horrifying for the Islamic world as for the West. On the other hand, the highly developed industrial countries face a special challenge: to manage the structural change associated with globalization and the transformation to a knowledge economy in an efficient and socially just manner.

Nevertheless, the meaning of globalization cannot be restricted to homogenization, or a perfectly inappropriate drive for uniformity. Cultural dominance is every bit as much a threat as economic hegemony. In any case, economic globalization presupposes, and requires, an equitable organization of international trade and new rules of conduct. In view of the poverty and distress being suffered by billions of our fellow humans, it is surely an obscenity when a thousand billion U.S. dollars is being squandered on armaments worldwide, and a further \$350 billion is being spent on agricultural subsidies; yet a mere \$50 billion is being provided for development aid, including expenditure towards the war on AIDS.

The process of globalization must be accompanied by a global political concept, in which worldwide prosperity and quality of life are accorded the same importance and status as the goals of democracy, freedom, social solidarity, and peace.



*It's not inevitable.*

**DANIEL MITTLER**

*Political Advisor, Greenpeace International, and does not own—or desire to own—a Lexus*

**E**conomic globalization was not inevitable. It was and is the result of human decisions. Globalization serves specific political and economic interests. Therefore,

continued globalization is not inevitable. The future of globalization will depend on decisions taken by our societies individually and collectively.

The real question is whether continued economic globalization is desirable. Greenpeace opposes the current form of globalization that is increasing corporate power. Free trade at all costs is leading to the overuse of natural resources, more pollution as we produce and consume more, and greater inequities both among and within countries. This kind of globalization will and should be obstructed. If it were to continue unchecked, the global ecosystem will collapse. Business as usual is in real danger of undermining the ecological basis of our economic system.

Greenpeace, to be clear, is not against global trade. But the current global trade system too often does not deliver societal benefits. Much of the timber imported into developed countries is, for example, from illegal logging. This can enrich corrupt individuals, while destroying the livelihoods of peoples depending on forests. One third of global trade is also in like products. Apples from California are flown to Europe, while apples from New Zealand are flown to California. Is such trade truly necessary? Could the energy spent on transporting these goods not be put to more productive use? And does an apple from around the corner often taste better than one that has travelled many thousands of kilometers?

The global economy lacks enforceable global social and ecological rules. Global corporations can, for example, not be held liable for their actions globally. Twenty years after Bhopal—the worst chemical disaster in human history—the Indian factory site still bleeds poisons daily, while the survivors have never received adequate compensation. This will have to change. A global economy requires a binding international instrument for corporate accountability and liability.



*Don't confuse the irreversible trend with Friedman's "system" of globalization.*

**DAVID ROTHKOPF**

*Chairman, Intellibridge Corp., and Deputy Undersecretary of Commerce for international trade policy during the Clinton Administration*

**D**ebating whether or not globalization is likely to continue or whether it can be reversed is like debating whether evolution has much of a future. The problem is that people have confused globalization—the irreversible historical trend with globalization—the “system” discussed by Tom Friedman in the *Lexus and the Olive Tree*.

The “system” really refers to the facets of globalization that are being promoted by economic interest groups that see the process of global integration and the expanding network of connective tissues linking every portion of the globe as one that can benefit them and others. They seek to promote its progress and work to advance laws, policies, investment flows, the creation of new infrastructure, and other steps that will link markets, open them, connect peoples, and remove barriers between social groups.

As a consequence, the term “globalization” has come to be a code word that also encompasses many of the flaws within the economic and political systems most closely associated with the advocates of the process. That is, “globalization” is a code word in many parts of the world for the spread of “American” influence, for cultural imperialism, for the imposition of western values and for the inequities that have yet to be addressed even in many advanced societies.

Globalization—the irreversible historical trend—is something else again. It can’t be legislated and will bounce off of it like the bow waves at the prow of a great ship. It is more akin to the industrial revolution... indeed, it is merely the next stage of that revolution in which new technologies are transforming societies in profound ways, increasing human productivity, making distance increasingly less relevant, making instantaneous communications possible anywhere and anytime, thus knitting the fabric of humanity more closely together all the time.

Of course, the allies of globalization the system have this historical trend on their side. But they should not be too complacent. Although the progress of history cannot be reversed, their system and some of the values and processes they hold most dear certainly can be contained or seriously impeded. Indeed, they will be to the extent that those systems do not more effectively and speedily deal with the inherent inequities that the processes of globalization make more visible worldwide. The same technologies that enable globalization—the information and transportation revolutions—can be used to create new global alliances and to empower the previously disenfranchised to a degree heretofore unimaginable.

Globalization is right now a two-speed process by which elites benefit and become a global class and others are left farther and farther behind. The next stage of the process and of related political and economic reforms must make much larger segments of emerging societies stakeholders in the processes of globalization, lest the ir-

reversible historical trend be known for the massive, violent, transitional disruptions its caused.



**HAROLD JAMES**  
*Professor of History, Princeton University*

*Conflict  
undermines  
globalization.*

**C**ontinued globalization certainly isn’t an inevitable and inexorable phenomenon. There have been several previous waves of “globalization,” with increased integration of capital, labor, and goods markets and impressive technical improvements, in the late nineteenth and early twentieth century, but also in the eighteenth century. The earlier episodes came to an end in large measure because of domestic political reactions to new inequalities apparently generated by globalization. We can see clear signs of such domestic reactions today in the big industrialized countries in debates such as that over outsourcing and job losses.

Earlier globalization eras also ended because of the impact of external conflicts. Wars, even small wars, make people think more in terms of security and relative gains and losses, and less in terms of mutual advantage and collective goods. Foreign-produced goods become a threat to national security, and are excluded even if that exclusion carries a high cost. Migrants are also obvious security threats.

In a world obsessed by conflict, the rules that are necessarily required in operating an interdependent global order are reinterpreted as being the arbitrary imposition of a hegemonic power. In the late nineteenth century globalization, foreigners saw Britannia as ruling the waves because she waived the rules. In the early twenty-first century, many non-Americans see globalization as an extension of American power and reject it on these grounds, even though they may know that this rejection will be costly and will increase poverty.

Many modern critics of globalization in both developed and emerging countries claim that they want not a reversal but a better or more human or less imperial sort of globalization. They don’t recognize sufficiently how vulnerable the phenomenon of globalization is, and how high are the costs of a reversal. ◆