

MAKING GLOBALIZATION WORK FOR THE HAVE NOTS*

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Globalization has opened possibilities for human life. However, it is a process that is confused by many myths and traps, and various groups seek to coopt the language of globalization for their own purposes.

The author argues that many sponsors of globalization seek to create a global market freed from political and social control. Such a process would lead to great inequity without some architecture for global governance that could rein in corporate power. However, many states themselves need democratic reforms to make their participation in global governance viable. It is a myth to think that economic globalization will generate these democratic reforms. Reform movements "from below" will be required.

Globalization of terrorism is one of a series of crises in globalization that point to the need for reform.

INTRODUCTION

As the indomitable Margaret Thatcher once remarked about neoliberal globalization: "There is no alternative."¹ Known as TINA, this slogan means that globalization is here to stay. Globalization is inevitable. Globalization is a juggernaut. Right?

Not at all. To understand why not, let's look beyond immediate events, however compelling they may be, and adopt a perspective that the French historian Fernand Braudel called the *longue durée*. The focus should be on a long-time horizon that extends to the future of globalization—alternatives to its current constitution.

Indeed, globalization can be politically disempowering if one regards it as a juggernaut, that is, a totalizing or inevitable force governing history. Two factors tend to sublimate the politics of globalization. First, there is the rush to implement a series

of neoliberal policies—namely, liberalization, deregulation, and privatization—that promotes market integration. Second, there is a preoccupation with market growth rather than balanced development or equity. What, then, are the possibilities for recapturing politics and the prospects for making it work for the world's majority?

In answering this question, I want to argue that globalization has opened spaces, expanding the boundaries associated with political life. Of course, one cannot predict the future from a set of structural disjunctures. History is fundamentally propelled by human will, albeit subject to evolving global forces; it is an open-ended process. But if globalization was made by humankind, then it can be unmade or remade by political agency. As with slavery, feudalism, and mercantile capitalism, there is no reason to believe that neoliberal globalization is eternal.

MYTHS

To explore how globalization could be made to work in the interests of social equity, the first task is to identify traps and confusions about this set of processes. Especially important here are categories of analysis and language—the very vocabulary used to discuss globalization, which bears directly on thought patterns that are implicated in the exercise of power.

Integral to the debates over globalization are categories of analysis that predate the contemporary globalization period. Without reflection on this matter, it is generally assumed that old categories can be carried over and applied to the current phase of globalization. However, globalizing processes, such as the criminalization of the state in some parts of the world and the privatization of erstwhile public functions, blur precursor categories—for example, state and non-state actors, and legal and illegal activities—deeply ingrained in social thought and represented in the media. Strikingly, many of them are binary oppositions rendered obsolete by globalization. If so, globalization cries out for intellectual innovation and new ways of understanding. In addition, the pedagogical implications are far-reaching (and threatening to the education establishment). The question is: In an era of globalization, can students at the university and pre-university levels be taught as ever before? If not, what types of curricular changes and teaching materials are needed?

Insofar as the power of globalization is addressed by the schools and in public, the coverage embraces a number of myths. One is the notion of a "global village." This pithy phrase helps to direct attention to the compression of time and space, facilitated by new technologies, but is misleading in that it clouds increasing discrepancies between the winners and losers in contemporary restructuring. It is not that everyone is coming together in a single worldwide community, but certain zones, especially much of Africa and enclaves elsewhere, some of them in the wealthiest countries, are marginalized from the central mechanisms of political and economic globalization. These zones and enclaves have been excluded from the so-called global village. There are also heightened global conflicts dividing the supposed single world community, most dramatically seen in the September 11 terrorist attacks

on the Pentagon and World Trade Center. What is more, globalizing processes are destroying scores of villages. Increasingly, villagers are being drawn into a globalizing economy—for instance, in export-processing zones in their home countries and by opportunities for work overseas—a development that tears at indigenous social structures, is associated with the spread of AIDS, and wipes out the most productive segments of the population in many villages. In fact, some of the villages in Uganda where, several years ago, as a student at Makerere University, Kampala, I stayed are now ghost towns. The social structures are no longer intact, and the dwellers are only the elderly and young children, many of them orphans—a phenomenon practically unknown in the days when the extended family was expected to, and could, provide a safety net.

Another myth, then, is that globalization homogenizes conditions throughout the world. True, there is a large amount of standardization, as with consumer products. Some of them are world products like automobiles, reflecting cross-border mergers and the parceling out of production

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processes, as well as design and assembly, to different countries. At the same time, greater diversity is emerging in the form of new hybrids of the global and the local. Take the English language, often considered as a key agent in the spread of globalization. Actually, actors in various locales are appropriating English and creating novel forms of speech, as with Singlish in Singapore.

By the same token, it is wrong to subscribe to the myth that globalization and Americanization are one and the same. Yes, the United States has probably benefited more from globalization than any other country. Globalization is surely heavily American. But not all global products are American forms. Consider reggae music, the croissant, and Japanese animation. How many young Americans, Europeans, and Asians of different nationalities are growing up watching not Bugs Bunny or Mickey Mouse, but Japanese cartoons from Doraemon to Dragon Ball and Crayon Shinchan? Also, like other parts of the world, mid-America is experiencing the shocks of globalization, as formerly tightly knit neighborhoods absorb new waves of immigration and the job market changes, to a certain degree prompted by plant closings in favor of cheap labor overseas.

These patterns should not be construed as what the mythology presents as a move toward a "borderless world." Although European countries have established a European passport and facilitated the movement of citizens across borders, it is the state that grants citizenship and restrains or eases migration. Even if certain global flows, such as knowledge and information on the Internet, easily transcend national borders, the principle of territoriality still matters. Territorially based sovereignty has not disappeared, but must be seen in conjunction with other principles of social organization. They coexist in an emergent multilevel world order, subject to increasing contestation.

Contrary to what is frequently alleged, globalization is not irresistible. There is no juggernaut of expanding markets and technological forces powering history to a forgone conclusion. History is not foreordained. There is no finality. The resistance apparent in Seattle and other venues of protest over globalization is emblematic of fledgling efforts to reshape neoliberal globalization.

The idiom "antiglobalization," which has become commonplace in the media and popular writing, warrants scrutiny, for it is vague and used

promiscuously. This idiom is most often applied to head-on confrontations—notably, the 1999 “Battle of Seattle” over World Trade Organization (WTO) policy, followed in 2000 by protests in Washington and Prague at the annual conference of the International Monetary Fund (IMF) and the World Bank, demonstrations in Melbourne at a gathering of the World Economic Forum (WEF), clashes in Seoul surrounding the Asia-Europe Meeting, and collective action at the 2001 Quebec City Summit of the Americas and the Group of Eight meeting at Genoa, which culminated in violent encounters with police and the death of a protestor.

By slotting a wide variety of stances on globalization in two boxes—for and against—this idiom obscures the varied complaints about globalizing trends that have emerged from dif-

ferent points on the political spectrum. What becomes obscure are the diverse attempts to engage—not evade—globalization. In fact, most of the resistance is *against* neoliberalism and *for* globalization such that it should serve social ends. In this sense, the resistance is not *anti-* but *pro*-globalization. Moreover, the label “antiglobalization” fails to capture crucial distinctions along the continuum between reformist

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and nonreformist positions. Some protestors have advanced proposals for institutional adjustments, while others (not only on the left, but also proponents of free trade) have advocated abolishing the institutions themselves. There have been efforts to change the direction and content of policy, and intentions to transform the underlying structures. Indeed, it is important to distinguish along a spectrum between those against globalization but not capitalism, and those against capitalism itself, with globalization deemed to be the current phase.

My point is that the prevalent imagery of “antiglobalization” is problematic since it defines a phenomenon solely as a negation. It impoverishes social criticism by mystifying what may be learned from the debates over globalization. At the venues where public protests against neoliberal glo-

balization have taken place, varied social movements have raised important issues about the dark side of globalization, including increasing market power relative to political authority, a matter that worries not only groups within civil society but also the holders of state power.

For example, when the Asian economic crisis struck Malaysia in 1997 and, within a few weeks, resulted in a forty percent drop in the value of the ringgitt, equivalent to the economic gains of forty years of political independence, Prime Minister Mahathir Mohamad complained loudly about currency speculators, but found that there was no international body empowered to act on his grievances. His main adversary in this

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script, financier George Soros, also cautioned that markets, when left to their own devices, do not tend toward equilibrium. Markets, he held, are unstable, and the global system urgently requires a new form of regulation. Similarly frustrated by the inability to harness globalizing processes, President Fernando Henrique Cardoso candidly stated that he does not rule Brazil, because globalization is swallowing national states. He lamented that the "increase in inequality and exclusion that globalization fuels is intricate and difficult to counter" (as quoted in Leite 1996, 25).

Neoliberal Globalization as Utopia

Sponsors of globalization seek to create a global market in which the peoples of the world increasingly relate to each other only as individuals. Putting it baldly, Margaret Thatcher declared, "There is no such thing as society, only individual men and women and their families." If so, neoliberalism thus undermines society, subordinating it to the market. From this perspective, globalization is an attempt to achieve the utopia of freeing the market from

social and political control. It is a utopia in the sense that this condition has never existed.

Not only is the utopia of a free market comprised of individual actors ahistorical, but also, in Karl Polanyi's memorable phrase, "*Laissez-faire* was planned; planning was not" (Polanyi 1957: 141). In an earlier century, concerted action by a liberal state in Great Britain spawned a supposedly self-regulating economy, yet the pressure for ensuing anti-*laissez-faire* legislation beginning in 1860 started in a spontaneous manner and picked up gradually. Notwithstanding a variety of such enactments, the opening of the so-called free market fomented an "economic earthquake": a socially disruptive and polarizing process amid periods of apparent economic improvement. Polanyi traced the trajectory from social control over the market to a disembedding of market activities. The market gained autonomy, leading to the subordination of society to market forces; in turn, this subordination provoked a protectionist countermovement from social forces, particularly the English working-class.

In his challenge to the myth of a self-running market, Polanyi not only unmasked economic liberalism by providing an account of the dystopia of market society, but also pointed to the need to *re-embed* market forces in society. What must be explicated, however, is the meaning of and strategies for this re-embedding—actually making globalization work, as will be discussed.

Globalization in Flux

Globalization calls into question the ability of the existing interstate system to cope with certain fundamental transnational problems. After all, the Westphalian model of states is a relic of the seventeenth century, established in the West and grafted on to other parts of the world. Strains on this system include the properties of new technologies—interconnectivity and lightning speed—as well as massive concentrations of private economic power that dwarf the resources of many national units and challenge state sovereignty.

Of course, the state does not remain idle. Those who hold the reins of power try to adjust by accommodating global flows and turning them to national and local advantage. Not all states suffer to the same extent from

power deflation. So, too, it would be a mistake to portray global processes and the state as locked into a zero-sum relationship. With globalization, some elements within the state gain power while others lose. Among the winners are the economic portfolios and administrative agencies dealing with the external realm. Meanwhile, the offices charged with responsibility for social policy are reduced in scope. Nevertheless, to varying degrees, all states are losing autonomy in the emerging multilevel system. Quite clearly, they operate in a rapidly changing context. The interstate system is durable,

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but despite its persistence, when are states free to act independently of market constraints? Increasingly, market power disciplines the state, for example, via IMF conditionalities and currency speculation.

Against this backdrop, the state is reconstituting itself, attempting to be proactive in order to harness globalizing processes. However, the capacities of various states to tame these processes differ markedly. The general pattern is the reduction of regulatory activity, the easing of borders, and the lowering of barriers. The restructuring of the state means that it is becoming more of a facilitator of globalizing activities, insofar as they are localized within the domain of a sovereign entity

(Cox 1987, 253-65; and for an opposing point of view, see Weiss 1998).

To aggregate their power, states have established a highly institutionalized system. Not only has there been a proliferation of international organizations in recent decades, but also, when faced with new problems of globalization such as transnational cybercrime, the holders of state power seek a higher level of institutionalization and more effective coordination in the interstate system. Hence, there are many rounds of summitry in forums such as the Group of Eight for the most powerful countries, and

the Group of Fifteen in the developing world. Another formula, increasingly evident, is informal attempts at policy coordination, for example, in the WEF, an annual gathering usually in Davos, Switzerland, which brings together CEOs of the 1,000 largest corporations in the world, central bankers, presidents, prime ministers, journalists, and scholars. Another informal mode of governance is the Trilateral Commission, which consists of corporate, political, and intellectual leaders from the advanced capitalist countries. In addition, privatized forms of governance are becoming more prominent. The structural power wielded by legal and financial services firms (Sassen 1996) and credit-rating agencies, such as Moody's and Standard and Poor's, is based on evaluations of national economies that enable borrowers to raise money, or prevent them from doing so, and influences the terms of loans (Sinclair 1994a; 1994b). This power can make or break certain developing economies.

The nub of the problem is that the interstate system relies on national institutional forms at a level that does not correspond to an increasing portion of the world's political and economic activities. This incongruity between the cage of the nation-state and actual global flows is an invitation to use more fully the political imagination. Globalization, at bottom, involves a quest for an appropriate temporal and spatial scale for governance (Jessop 1997). But in this quest, what are the alternatives? The alternatives, I believe, are constituted not by well-meaning proposals that wish away the problems of power and conflict of interests, but by countervailing power, which, today, means a multiplicity of resistances to neoliberal globalization.

RESISTANCES

Although Margaret Thatcher's argument about TINA is correct insofar as neoliberalism is predominant and may not have run its course, there are grounds for questioning the triumphalism reflected in her contention. This point is evident in South Africa, where, as the poet Dennis Brutus put it, there is a struggle between TINA and THEMBA, which in the Zulu language, stands for "There must be an alternative," or, in short, "hope" (Bond 1995, 3, 7). To be sure, it is important to ask whether the neoliberal way of ordering the world will stay or wane. Like prior forms of capitalism,

neoliberalism has a history, and histories have their beginnings and ends. Certainly, neoliberalism will not simply peter out of its own accord. Rather, faced with myriad discontents and counterpressure, neoliberalism is being challenged by various forces that are incipient, but, arguably, mounting. Especially noteworthy is the drive, rapidly gaining momentum, toward *reregulation*, particularly apparent in Latin America and evident elsewhere as well. Among the reasons for this trend were ways in which the 1997-98 Asian economic crisis deeply affected other regions and the buildup of social problems linked to neoliberal policies.

In different contexts, resistance has emerged not only in the public sphere, but also in the private, more personal, and even intimate realm. The resistance is not necessarily loudly voiced by the state or civil society; it may be quietly expressed in the life-ways of individuals. In other words, resistance to globalization may not be openly declared, but is often latent, local, and uncongealed. Also, resistance is not merely against an imposing structure, but may contain positive and affirmative elements.

At the venues where public protests against globalization took place, collective action by varied social movements drew attention to the drawbacks to globalization, especially world inequality, a lack of transparency with regard to heightened market power relative to political authority, and, in some cases, the erosion of, or affronts to, cultural dignity. The "Battle of Seattle" has thus become a galvanizing metaphor signaling a new dynamic in globalization: increasing political intervention by a coalition of heterogeneous citizens groups in the global economy.

Yet, some countries, Japan being one of them, have not experienced such events in the streets dramatizing the harms of globalization. During the 1990s and into the new millennium, a period of heightened market integration when Japan's bubble burst, the steep decline of the economy has been accompanied by the buying up of many of its financial institutions and other assets by foreign capital, the breakdown of certain protectionist barriers, and marked social dislocation of various sorts, such as a rise in homelessness, said to be unavoidable in the teeth of sharp global competition. While it is striking that public protests against market integration have not occurred in Japan, it would be short-sighted to overlook the points of resistance to market and state power that have emerged in the private and intimate realms of life.

Taking a close look, there is resistance to genetically modified foods by the Consumers Union of Japan and dairy farmers, not stridently sounded but softly spoken (elicited in interviews by student researchers at Ritsumeikan University in Kyoto). So, too, Japanese rice growers are tactfully challenging a key tenet of globalization—liberalization—because they do not want to face international competition. Opening to the global market is perceived as a threat to their identity, connections to nature, and cultural and spiritual heritage, of which rice is a principal part. Another palpable issue is global flows that directly affect women, including the transnational sex industry and child prostitution in locales such as Osaka Prefecture. Each of these matters surrounding food and gender pertains to the vital forces of the human body, the site where the philosopher Michel Foucault examined the capillaries of power and resistance.

Picking up on the Japanese case, there is considerable micro-resistance to globalization, a pattern freighted with macro significance. The challenge is to mediate micro-resistance and macro-resistance. The distinctive features of the Japanese experience also suggest that there is no one best world-wide strategy for making globalization work. It would be facile to search for a single solution to a vast range of complex problems that manifest differently in various locales with distinctive histories, cultures, and resource endowments. There is no realizable alternative of a kind good for all times and places. But are there prototypes, diverse patterns from which alternatives can be derived?

ALTERNATIVE SCENARIOS

The evidence points to a range of efforts to imagine alternatives and convert them into practice. They fall into three basic groups. The first involves modifications in neoliberal globalization without challenging its underlying structures, and the second and third call for the destruction of this paradigm, entailing an attack on the ideas and type of policies that form the bedrock of neoliberalism.

The first group takes as axiomatic the proposition that within the globalization matrix itself, there are real choices. Notwithstanding structural constraints, especially the rise of hyper-competition and the trend toward the “Washington consensus” (the wave of deregulation that began in the

United States in the 1970s, accompanied by major reductions in social spending), the choice is essentially a political one. It is held that the market can benefit society while to some extent being kept at bay by innovative state policies.

In the vortex of enormous pressure to globalize more, France exemplifies a resistant state, one that maintains much regulation, generous welfare provisions (in schooling, health care, vacations, retirement, and unemployment entitlements), and a large government-run infrastructure such as its reliable subways and rail networks. Its critics point to a high unemployment rate far exceeding that of the United States; a mounting government deficit; frequent strikes and demonstrations impeding daily life, if not rendering it chaotic; and labyrinthine labor legislation, banking codes, and an educational system that discourages innovation. Faced with the Anglo-American model of neoliberalism, and urged to adopt "the American solution," President Jacques Chirac responded that his country has a global sense of itself and will fight to maintain its way of life: "France," he said, "intends to remain France" (as quoted in Truehart 1997). In the face of unpopular changes to meet intensifying global economic pressures, a nationalist backlash is thus emerging not only from the disadvantaged segments of society but also from some states themselves. France's resistance, of course, is atypical, far different from the courtesan role played by some states in serving interests embodied in neoliberal globalization.

There are several modes of adaptation to globalization, and no dearth of proposals for institutional reform. In the domestic arena, important adjustments in administrative agencies and legal procedures—say, in the field of immigration—can alleviate some of the problems brought by globalization. In the realm of finance, proposed national reforms include tougher bank standards, curbs on hedge funds, an "exit tax," which would penalize investors for quickly withdrawing their money from a country, and other forms of re-regulation. Crucially, social policy may blunt the sharp edges of the market, especially the global trend toward increased income inequality (Teeple 1995). Advocates of safety nets and social clauses are pushing in this direction, but skeptics contend that they may serve as public relations devices deflecting attention from more fundamental issues. To be sure, there is debate about the proper role of the state in the provision of public goods: specifically, in eliminating absolute poverty, dispensing piped water

as well as electricity and modern sanitation for all citizens, protecting the environment, supporting the family as a unit, alleviating congested cities, curbing escalating crime, stopping corruption and cronyism, and promoting the equality of women and the rights of children. If there is a political will for such measures, then the appropriate scale for these interventions may be transnational as well.

Globally, calls for reform include some of the basic conditions on which the IMF insists, notably transparency and greater accountability by government, aspects of structural adjustment that even the fund's critics find laudable. (However, some of them add that the IMF practices double standards by maintaining secrecy in its operations and that the fund should take its own prescription). In practice, adopting the formula of transparency and accountability requires that regimes confront the political economy of domination, often the very basis of their political support. Hence, many leaders, as was the case in Suharto's Indonesia, have found themselves in the dilemma of desperately needing foreign capital and yet reluctant or unwilling to commit political suicide by dismantling the structures of dominance that sustain the state.

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Another proposal for international reform is the Tobin tax, which would place a small charge on cross-border capital flows in order to discourage the rapid transfers by speculators that upset vulnerable economies. Suggestions also include the creation of an "early warning system," alerting the world to approaching economic trends, a global central bank, and semi-fixed exchange rates among leading currencies. There can be little doubt about the need for institutional reform, but for the foreseeable future, it is difficult to conceive of heads of state galvanized to agree on and implement a new architecture for global governance, let alone wield the wherewithal to rein in corporate power, which, after all, is transnationally constituted and thus largely escapes the

jurisdiction of sovereign entities. More fundamentally, these alternatives cannot work if they fail to come to grips with the power relations inscribed in globalization. At bottom, a really "new international financial architecture" would entail, or require, a new political architecture.

The second order of alternatives calls for structural change, and seeks to rewrite the script of globalization. On the right of the political spectrum, activists and intellectuals have sought to reassert identities based on membership in religious, racial, ethnic, or linguistic communities subject to globalizing forces, often personified by the immigrant, a representation of the other. Movements based in religion have reacted sharply to the convulsive processes of globalization, partly recognition of the ways in which globalizing tendencies are undermining the values of community and ripping the social fabric. Inasmuch as neoliberal globalization facilitates cross-boundary flows, challenges national culture, and tolerates immigration, right-wing movements, especially in Europe and the United States, have opposed major elements in this structure, though not market society per se. Not only have xenophobic groups invoked a sense of nativism, but also there has been opposition to regional schemes, such as the North American Free Trade Agreement and the attempt to expand it beyond Mexico into Chile and throughout South America, on the grounds that they weaken sovereignty and are a precursor to world government. The right's political project embraces the principle of sovereignty, and would build a fortress around territorially bound notions of the state, thereby implicitly calling for the downfall of globalization.

In the search for alternatives, there is a third, also structural, yet even more embryonic project that similarly poses the question, Is globalization indefinitely sustainable? The torchbearers involved in this effort represent a broad constellation of social forces, generally the victims of globalization, elements in civil society, some politicians, and organic intellectuals. They do not advocate a status quo ante; there is no going back to pre-globalization conditions, and the Keynesian welfare state of bygone decades is not the solution. Unlike the right, this group would promote the relaxation of sovereignty in favor of identities at other levels, which would involve redrawing the boundaries of political economy. This project affirms the importance of engaging yet localizing the global and of bottom-up processes. If anything, the latter entails a greater diffusion of power. It includes new

venues for experimentation and reinventing the relations among the market, state, and society. It is an effort to redefine politics, to expand the space for non-state politics. It calls for participatory democratic control of market forces, which ultimately is a matter of political agency. It is also a matter of asserting, relative to globalizing forces, greater *autonomy*, a political and moral precept used by ancient Greek writers, in a somewhat different sense by social contract theorists, and in Kantian ethics.

The core of autonomy is self-determination—a tenet that resonates with contemporary liberalism, as illustrated by aspects of John Rawls's theory of justice (1993). The principle of autonomy implies that agents have the capacity for critical reflection and, notwithstanding structural pressures, the right to choose among options.

Exercising this right requires some control over conditions and actions. The principle of autonomy thus means political and economic self-governance by the majority, and allows for freedom and equality in pursuit of the "common good" (Held 1995, 146-47; and on the coupling of globalization and democratic theory, Rosow 1999). Building autonomy from below should not be confused with fencing off and attempting to erect a fortress against the world, actions that could

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disable civil-society responses to globalization, which in fact often gain strength from their transnational elements. And an assertion of autonomy from below eventually requires topping up: initiatives within the arena of state politics to bring about greater accountability. After all, the netherworld below the state can be a perilous place, usually marked by fragmentation, and sometimes by intolerance and authoritarian forms of identity politics at odds with democratic life. In the face of the drive by neoliberalism to limit the scope of the state (both its activities and budget) and enforce market discipline, a strong state permitting broad access to power and a vibrant civil society pressing for democratic politics, as exemplified by the new

environmental and feminist movements, stand to strengthen one another and possibly serve as a counterpoint to globalization from above (Walzer 1999). Although there is no reason to believe that the nation-state is eternal, at present the state and civil society, with their many joint members, seem to need each other in the quest for *democratic globalization*.

A NORMATIVE WAY FORWARD?

One response to neoliberal globalization is to pose the question, Is it ethically sustainable? Morally and politically, is it possible to maintain a global system in which, at present, the world's 225 richest people have a combined wealth equal to the annual income of 2.5 billion people, the poorest forty-seven percent of the world's population? In which the three richest people have assets that exceed the combined gross domestic product of the forty-eight least developed countries (United Nations Development Program 1998, 30)? Is it ethically defensible to claim that this is the price paid for the gains that accompany expanding market forces? Or would it be better to attempt to reduce the cost by searching for a democratic solution, which, is, above all, a normative preference? Surely this would not be a panacea; there are different versions of democratic theory, and normative preferences cannot be realized without countervailing power. Within the scope of this chapter, I can offer only points for further consideration, not a full-blown analysis. These points are principles, not policies, for the latter must be devised for different conditions, which, as noted, is to say that the principles may not converge on one best answer for all times and places.

To clear the path for examining the nexus between globalization and democratization, it is important to assess the argument that economic globalization is an emancipatory political force. This thesis is "out there"—being discussed—in scholarly forums and now and again appears in the popular press (e.g., Friedman 1997, 1999). According to this contention, globalization emanates from neither above nor below, but from beyond. In this view, globalization—a lateral movement crossing state borders in the form of capital, technologies, tourism, information, and knowledge—spreads norms and values that penetrate the state. China and some other states have tried to block these forces, but have found that the values accompanying global flows are unstoppable. It is therefore argued that economic globalization

brings democracy: "Global markets today are demanding, in return for their investments, the rule of law, transparency, predictability, cooperation and pluralism in financial affairs" (Friedman 1997).

Yet, the correlation of neoliberalism and liberal democracy is more varied and problematic than this interpretation suggests. While free market reforms and liberal democracy have taken root in some Latin American countries, such as Paraguay, there are also signs, overwhelmingly reflected in polls, that people are discontent with the impact of this combination: basic failings in the banking system and a major drop in the value of the currency, accompanied by large increases in unemployment, crime, poverty, and income inequality. Indeed, the argument

that market liberalism fosters liberal democracy fails to allow for reverses and nondemocratic change: the erosion or downfall of democracy brought on, at least in good part, by economic reforms. For example, in 1997, a time of great economic tribulation, Bolivians returned their former dictator to the country's highest office. In Africa, there is wide variation: diverse patterns of economic reform and very different types of democratization reflecting

distinctive conjunctions of precolonial, colonial, and postcolonial systems as they encounter globalizing forces. Clearly, the conjecture that economic globalization is a source of democratic politics does not account for Africa's collapsed states, which, after incorporation into the Westphalian system and long contact with world markets, have taken a nondemocratic course.

More basically, the problem with the claim that economic globalization generates democracy is that it misses the point that economic markets themselves lack accountability. It also misspecifies the linkage between wealth and power. Markets exercise structural power, including the power to punish the state if it strays too far from the neoliberal path. This often entails coercion, as with the implementation of the structural adjustment programs that have triggered IMF riots in several countries. Adhering to the logic of a market

The problem with the claim that economic globalization generates democracy is that it misses the point that economic markets themselves lack accountability. It also misspecifies the linkage between wealth and power.

system, the economically powerful, after all, seek to maximize profits and beat their competitors. Although liberal democracy may prove convenient or preferable to other methods of governance, the beneficiaries of globalization have no inherent interest in promoting democracy. The logics of markets and democracy clash over the issue of liberty versus equality, depending on the meaning attributed to these constructs. Then, too, there is the question of the caliber of different versions of democracy.

Democracy in its several variations revolves around the notion of accountability. The Western liberal variant of democracy separates accountability in politics, economics, and society, each sphere subject to different forms of governance. Emphasis in the Western variant is accorded to institutional forms, especially electoral mechanisms. Equity among social strata—reducing inequality in the economic realm—is not the priority in a system whose cardinal feature is a rotation of political power among those who usually represent the interests of the privileged segments of society. Hence the tension between globalization and democratization. How then can democracy be an antidote for a form of globalization that has spun out of control to the extent that its discontents are expressed by holders of state power, financiers, preeminent neoliberal economists, and the marginalized alike? In other words, how can the contents of globalization be revised so as to maintain its many important achievements and relieve the discontents?

To approach this compelling question, if only in a preliminary and schematic manner, one must grasp what democratic control in the context of globalization would mean. Put briefly, democracy is a contested concept; different and competing forms are appropriate for varied social and historical structures, though accountability remains a central criterion of democratic rule. Additionally, democracy is not a final state of affairs but unfolds with changing dynamics. Democracy heretofore has been framed for territorially bounded states that purportedly can contain the movement of people, ideas, and technologies. However, many states, especially the ones with large concentrations of diasporic populations and citizens employed by firms based in other regions, are now subject to deterritorialization and denationalization. To make globalization work, democracy must be *reterritorialized*—strengthened both within and across state borders—as a method of governance for regions and, indeed, for solving global problems.

Democracy is by no means a panacea. In fact, democratization is

fraught with catches. Nonetheless, by building democratic procedures for resolving conflicts, the ordinary person can help to achieve world peace. In conjunction with these efforts, institutional reforms designed to restrain unfettered forces in the global market become increasingly important. These initiatives, especially antitrust measures that mitigate corporate power, must transcend the national state.

At the same time, there are signs that in an intersubjective sense and in objective ways as well, the national state is becoming a *transnational state*. In a transnational state, citizens imagine their identities in terms of more than one state—as is the case with some diasporic populations—and actively participate in the politics of two or more countries, which is permitted by the laws and voting procedures in certain contexts (Glick Schiller 1999). The challenge then is to rethink the concept of national democracy and bring it in line with a form of politics in which boundaries are not eradicated but blurred or complicated by trans-border arrangements, some of them authored by the state, and others rooted in economy and culture and either sanctioned by a reluctant state or not at all legitimated by the state.

A transition to democratic globalization is about both good governance and global governance. Good governance in the national realm is a key to reshaping globalization, even if the state is not the exclusive, or even an optimal, unit for managing this process.

A transition to democratic globalization is about both good governance and global governance. Good governance in the national realm is a key to reshaping globalization, even if the state is not the exclusive, or even an optimal, unit for managing this process. As Polanyi suggested, the task is to re-embed political and economic power in society, its rules and institutions. In both the countryside and the towns, this is a matter of civil-society empowerment, which includes the advancement of women. There is also the issue of establishing channels to power for the poor and most vulnerable strata, who have had little role in making decisions about the allocation of resources. Moreover, an appropriate legal framework includes not only the rule of law and the constitutional guarantee of human rights, but also free

and vibrant media. These core values underpinning good governance are promoted by building viable linkages between civil society and the state, as well as to global governance.

In this transformation, a vital issue is the matter of access. How can global governance be recast so that civil society may participate meaningfully in the steering mechanisms and economic processes of a powerful structure, globalization, that has the potential to deliver to the many—not merely the few—aggregate economic gains (including a cornucopia of consumer goods), technological advances, greater information, new knowledge, and an escape from long-established forms of social control? There cannot be much assurance of the eventual outcome of an open-ended, historical process, but making clear the dynamics, knowing the constraints, and imagining the possibilities, if only a glimmer of the prospects, mark the direction likely to make globalization work.

Globalization after September 11

Did the terrorist attacks on the Pentagon and World Trade Center, icons of U.S. power and global capitalism, change this direction? Have the September 11 terrorists killed hopes for making globalization work?

It would be a grave error to confuse the acute pain inflicted on September 11 and a chronic condition. The terrorist attacks did not demolish the durable structures of globalization. While homeland security tops the policy agenda in the United States and elsewhere, the basic trends marking globalization, especially global market integration and the expansion of regional processes, endure. Surely the underlying issues have not gone away.

Global terrorism and globalization are closely intertwined. Both are trans-border phenomena that challenge the territorial basis of state sovereignty. Both rely on modern technologies and worldwide financial networks. And both feed on marginalization.

Some of the poor and disenfranchised, especially in countries with repressive and corrupt governments, have sought to escape debilitating conditions, including unemployment rates of around 60 percent for young males. In societies in which fatalism—as in the expression *In sha Allah*, or “Whatever God wills”—is commonplace, and where *madrassas* (Muslim

religious schools) have radicalized youth, it is not difficult to enlist marginalized men in suicide missions. These marginals believe that their deadly acts provide a ticket to paradise. Although their leaders are drawn from the middle classes and are bankrolled by Osama bin Laden's wealth, festering discontent fills a pool of on-the-spot losers in the globalization scenario, some of whom can be recruited into terrorist activities.

Global terrorists and globalizers alike propagate what they regard as universal truths. On the one side, terrorists and those who abet them use the idiom of religious values to control behavior—of women, children, and all those labeled “nonbelievers.” On the other side, the beneficiaries of globalization also attempt to disseminate a value system—the freedom of markets, competition, efficiency, consumerism, and individualism—to promote a different vision of the way in which society should be ordered.

These competing visions are in no sense morally equivalent, but the rhetoric of the protagonists, Osama bin Laden and President George Bush, converges: a *jihad*, or holy war, pitting believers against “infidels” versus a “crusade” led by the U.S. government, also the torchbearer of globalization, against “evildoers.”

Put in perspective, the globalization of terrorism is one in a series of crises in globalization.

Put in perspective, the globalization of terrorism is one in a series of crises in globalization. The first crisis was the defeat of the Multilateral Agreement on Investment, a treaty introduced by the United States in the Organization for Economic Cooperation and Development in 1995. Far-reaching in scope, its objectives were to remove barriers on foreign trade and extend capital markets. Ultimately, a coalition of citizens' groups pressured their governments to withdraw from the negotiations.

Second, the 1997-98 Asian financial crisis was not really Asian, but global, for it rippled to Brazil, South Africa, Russia, and elsewhere. It was about the risks of globalization. Directing his strident rhetoric at George Soros and other currency speculators, Malaysian Prime Minister Mahathir Mohamed, a leader in the mainstream Islamic world, found his country—indeed the entire region and beyond—in a dilemma: No one really governs globalization.

Third, the 1999 “Battle of Seattle” not only buffeted the WTO, but

more generally signaled resistance to economic globalization. Plainly, the "Battle of Seattle" and subsequent street demonstrations in world cities on five continents represent rage over the underside of contemporary globalization.

Then, on September 11, 2001, the resistance perpetrated by a global network reached a crescendo that took the form of atrocities. The terrorism crisis is a globalization crisis. The root issue is the same set of heavily American values deemed loathsome by not only the terrorists but also several global justice movements (which, nonetheless, do not endorse the grotesque September 11 tactics).

To come to grips with the implications of September 11 for globalization, it is worth recalling Adlai Stevenson's admonition. As U.S. ambassador to the United Nations, he quipped that the modern technology that Americans most need is a hearing aid. What must be heard today, above all, are messages about different value systems. This is not to suggest that all values are morally equivalent or right. Rather, making globalization work requires recognition that insistence on absolute values will not solve the chronic problem: a world order with unconscionable numbers of marginalized peoples living in sheer misery. It is well to remember that the Abrahamic faiths hold in common a belief in social justice.

NOTE

1. Neoliberal globalization refers to the complex of ideas and policies centered on increasing integration in the world market. This chapter draws from, and extends, my previous work on alternative globalization: *The Future of Globalization* (Bangi, Malaysia: Penerbit Universiti Kebangsaan Malaysia [National University of Malaysia Press], 1999); *The Globalization Syndrome: Transformation and Resistance* (Princeton: Princeton University Press, 2000); and "Alternative Globalization," in Richard Sandbrook, ed., *Civilizing Globalization* (Albany: State University of New York, forthcoming).

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