

10 Globalization

A word that seems to be on almost everyone's lips these days is **globalization**, by which is generally meant a process of the "compression of the world" and of a growing "consciousness of the world as a whole," a phenomenon having economic, political, social, and cultural dimensions (Robertson, 1992). It has become commonplace in recent years, for instance, for people to talk of how what happens in far-off places, such as Shanghai or Baghdad, matters for how we live our lives on the other side of the globe, and matters in a way in which it never had before. For example, a decision made by a board of directors in Japan determines the fate of auto workers in Ohio. The use of aerosols in Europe contributes to an increase in skin cancer in South America. AIDS emerges in Africa and rapidly spreads around the world. Likewise, our consciousness of such events has grown appreciably. Students protest against the production of university merchandise in sweatshops thousands of miles away and prepare themselves for their role in the "global economy." People talk about environmental problems in terms of "saving the planet" and worry about "world peace." Political conservatives agonize over a "new world order" and liberals fret about the regulation of "global corporations." All people, it would seem, have a stake in this thing called globalization.

Interestingly, the term *globalization* is of very recent vintage. In the major dictionaries of English, French, Spanish, and German of the 1980s or the first half of the 1990s, the word is not listed (Therborn, 2000a). In sociology, the term is barely more than 20 years old. Since the early 1990s, there has been an explosion of social-scientific research on the topic. A review of this literature reveals multiple uses of the term. Some scholars emphasize economic processes in defining globalization, while others focus on political, social, or cultural processes. One good definition of globalization is that of the Swedish sociologist Göran Therborn (2000b:154), who defines it as "the tendency to a world-wide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors." An equally serviceable definition is provided by Held, McGrew, Goldblatt, and Perraton (1999). For them, globalization involves "the widening, deepening, and speeding up of worldwide interconnectedness in all aspects of contemporary social life" (1999:2).

There are a number of reasons why globalization has become an object of such intense interest in recent years. The collapse of Communism, the "disappearance" of some of the periphery, and the economic boom of the 1990s all gave special impetus to the concept of globalization and to the practice of "thinking globally." In addition,

it is worth noting that talk of globalization is sometimes simply a way of putting a contemporary gloss on the very basic, enduring questions that preoccupied modernization and dependency theorists from the 1950s to the 1970s: Is the widening and deepening of the capitalist world-economy "good" or "bad"? If good, is it good for all or good for only some? If bad, is it bad for all or bad for only some? However, the main reason for the great interest in globalization has to do with the basic facts. While a minor academic industry emerged in the 1990s that was devoted to debating whether or not globalization was actually occurring, it is now clear that the world has changed in recent years, and in precisely the direction described by Therborn and by Held and colleagues—the increasing worldwide interconnectedness of social life and world-encompassing awareness among people all over the globe.

After discussing the nature of globalization, this chapter proceeds to review the debate over the consequences of one form of globalization. We examine the views of some of the leading critics of globalization and try to assess globalization's costs and benefits. We also extensively review arguments and evidence regarding the impact of globalization on the state of the global environment. The chapter concludes by asking whether or not globalization is in fact the novel phenomenon it is usually claimed to be.

The Nature of Globalization

Since globalization refers to a variety of processes, it is best to think in terms of several "globalizations." There is **economic globalization**, a process involving the increasing integration of the world-economy through international production, trade, finance, investment, and migration. There is also **political globalization**, which involves the emergence of a "world polity" as nation-states have increasingly joined together in a growing number of international agreements, accords, and alliances, and as people around the world have established a variety of international nongovernmental organizations. Finally, there is **sociocultural globalization**, or the evolution of a "world society" and "world culture" through processes involving the harmonization of institutions, tastes, preferences, norms, and values, and the tendency for a growing proportion of the world's population to consume the same cultural products. While all three variants of globalization are related, they are distinct enough to merit independent examination.

Economic Globalization

The extent of international trade, capital flows, and migration are the main elements of economic globalization. A key indicator of economic globalization is the *ratio of world trade to world output*. If the world-economy is in fact becoming increasingly global, then interconnectedness via trade should be growing faster than the world-economy itself. Data indicate that this is in fact occurring. In 1990, the ratio of world trade in goods and services to world GDP was 19 percent. In 2000, just 10 years later, it had increased to 29 percent. This means that the ratio of trade to output grew by 52

percent in the decade of the 1990s (World Trade Organization, 2001). The rate of growth in trade relative to output across the 1990s was more than three times that observed in the 1970s and twice that observed in the 1980s.

Another important indicator of economic globalization is *change in the ratio of cross-border capital flows to world output*. The reasoning behind the use of this indicator is similar to that just described: If the world-economy is truly becoming more global, then the amount of capital flowing across international borders should be growing faster than the world-economy itself. Again, data indicate that this is the case. In 1990, gross private capital flows (i.e., commercial bank lending, bonds, foreign direct investment, and other private credits and investments) amounted to 10 percent of world GDP. By the year 2000, the ratio of gross private capital flows to world GDP had grown to 29 percent (World Bank, 2002). Cross-border capital flows relative to world output thus grew by 190 percent in the 1990s.

A third indicator of economic globalization is the *increasing flow of people across international borders*. Data indicate that the number of international migrants is growing considerably faster than world population itself. In 1990, the world's stock of international migrants—people born in one country but residents in another—stood at nearly 120 million people, or about 2.3 percent of the world's population. By 2000, the world's stock of international migrants had risen to 175 million people, or about 2.9 percent of the world's population (National Research Council, 2000; International Organization for Migration, 2003). International migrants relative to world population therefore grew by 26 percent in the decade of the 1990s. Whereas 1 of every 44 persons in the world was an international migrant in 1990, 1 of every 34 was by 2000. The rate of increase in the ratio of growth in migrants relative to world population in the 1990s was roughly three times that experienced in the period between 1975 and 1990.

In their book *Global Capitalism: The New Leviathan*, Robert Ross and Kent Trachte (1990) see the process of economic globalization as having created a new form of capitalism, what they call *global capitalism*, that is highly distinctive from earlier forms of capitalism (competitive and monopoly capitalism). In addition to the extensive migration of capital from society to society and region to region, global capitalism is distinguished by the existence of a world market in sites for manufacturing production and a spatial division of production tasks throughout the world. Although the periphery has traditionally been associated with raw materials production, under global capitalism a significant segment of it has been increasingly re-oriented to the production of manufactured goods. Similarly, Manuel Castells (1996) argues that we are now making the transition from a world-economy to a truly *global economy*. A world-economy is one in which capital accumulation goes on throughout the world, but a global economy is *one that has the capacity to work as a single unit on a planetary scale*. In a global economy (Castells, 1996:93–95),

Capital is managed around the clock in globally integrated financial markets working in real time for the first time in history: billion dollars-worth of transactions take place in seconds in the electronic circuits throughout the globe. . . . New technologies allow capital to be shuttled back and forth between economies in very short time, so

that capital, and therefore savings and investment, are interconnected worldwide, from banks to pension funds, stock exchange markets, and currency exchange. Since currencies are interdependent, so are economies everywhere. . . .

Labor markets are not truly global, except for a small but growing segment of professionals and scientists . . . , but labor is a global resource in at least three ways: firms may choose to locate in a variety of places worldwide to find the labor supply they need, be it in terms of skills, costs, or social control; firms everywhere may also solicit highly skilled labor from everywhere, and they will obtain it provided they offer the right remuneration and working conditions; and labor will enter any market on its own initiative, coming from anywhere, when human beings are pushed from their homes by poverty and war or pulled towards a new life by hope for their children. . . .

Science, technology, and information are also organized in global flows, albeit in an asymmetrical structure. Proprietary technological information plays a major role in creating competitive advantage . . . the characteristics of new productive knowledge favor its diffusion. Innovation centers cannot live in secrecy without drying up their innovative capacity. . . .

In spite of the persistence of protectionism and restrictions to free trade, markets for goods and services are becoming increasingly global. This does not mean that all firms sell worldwide. But it does mean that the strategic aim of firms, large and small, is to sell wherever they can throughout the world, either directly or via their linkage with networks that operate in the world market . . . the *dominant segments and firms, the strategic cores* of all economies are deeply connected to the world market, and their fate is a function of their performance in such a market.

Political Globalization

Although there are a number of dimensions of political globalization that we could usefully explore, perhaps the most tangible and well-researched concerns the emergence of a "world polity" (Meyer, Boli, Thomas, and Ramirez, 1997; Beckfield, 2003). Here, political globalization is conceived of as involving not only a growing interconnectedness between nation-states in the interstate system, but also an increasing connectedness between supra-, sub-, and non-state actors. Very simply put, recent years have witnessed the emergence of a denser and increasingly global network of decision making and debate in which *global* policies have been forged (e.g., the Kyoto Protocol on global climate change). There has been a multiplication of the occasions for "global gatherings" of all sorts, such as the yearly World Trade Organization meeting, which brings together representatives of most of the world's governments, and the yearly countermeeting protesting the WTO's actions, which brings together many of the world's other stakeholders in trade and development issues.

The best way to measure the growth of a world polity is to examine increases in the number of ties that countries, and nonstate actors within countries, have to international organizations. Consider first the *growth of intergovernmental organizations (IGOs)*. IGOs are international organizations that have national governments as their members. In joining IGOs, governments cede varying degrees of their sovereignty to such organizations to make collective decisions and manage global problems. Well-known examples of IGOs are the United Nations (UN), the European

Union (EU), the North Atlantic Treaty Organization (NATO), and the North American Free Trade Agreement (NAFTA). In 1960, the average country was a member of 18 such organizations, but by 2000, the average country belonged to 52 such organizations (Beckfield, 2003)—an increase of 189 percent.

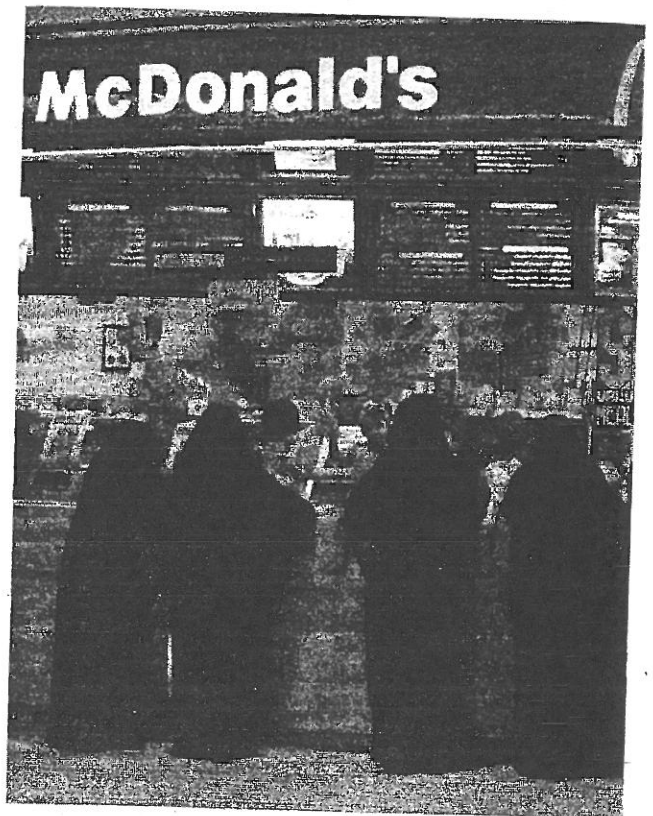
Consider also the *growth of international nongovernmental organizations* (INGOs). INGOs are international organizations that have nongovernmental actors as their members. Well-known examples of INGOs are the International Red Cross, Greenpeace, Rotary International, and the International Chamber of Commerce. Such organizations are not formed by governments; rather, they have private individuals or organizations as their members. In 1960, the average country had within it private individuals or organizations who were members of 141 INGOs. By 2000, however, the average country was tied to 984 INGOs (Beckfield, 2003). The average nation-state was thus 598 percent more integrated into the global polity through INGOs in 2000 than it was in 1960, indicating again that decision making in recent decades has indeed grown increasingly global.

Sociocultural Globalization

Sociocultural globalization involves the emergence of a "world society" or "world culture." This is evidenced in processes of cultural and institutional consolidation and in the increasingly cosmopolitan character of cultural consumption, as cultural products, knowledge, and lifestyles diffuse across national boundaries. For instance:

- As a criterion for membership, signatories to the WTO treaty agreed to alter their national environmental, health, and safety policies in order to make them as unrestrictive of trade as possible—implying that, over time, environmental, health, and safety policies (among others) will look increasingly alike from country to country.
- McDonald's has over 31,000 restaurants in 118 countries, and famously strives to have its french fries in the country of Peru taste *exactly* like its french fries in Peru, Indiana.
- All of the world's 20 biggest grossing films of 2002 were produced by a Hollywood studio.
- CNN is everywhere, being available in just about every country with a cable or satellite television system.
- Some of the best 1960s-style "garage rock" today comes from Japan.

Of the three forms of globalization under consideration, sociocultural globalization is probably the most difficult to measure. However, in addition to the above we can point to three indicators of sociocultural globalization. First, recent years have witnessed a dramatic upswing in *international tourism*. In 1990, the average country experienced tourist arrivals and departures equivalent to 60 percent of its population. By 2001, tourist arrivals and departures had increased to 86 percent of population in the average country (World Bank, 2002). As a result, more people have direct, face-to-face experience with the world outside their home countries than ever



A McDonald's restaurant in Dhahran, Saudi Arabia. The spread of McDonald's and other American fast-food restaurants all over the world is a leading example of sociocultural globalization.

before, and thus more experience with different cultures, languages, cuisines, and so on.

Second, the last decade witnessed a sharp upswing in *international telephone traffic*. In 1990, the total incoming and outgoing international telephone traffic in the average country amounted to 34 minutes per person. By 2001, the volume of international telephone traffic had risen to 125 minutes per person in the average country (International Telecommunications Union, 2002). The time that individuals spend in telephone communication with people in other countries thus grew by 268 percent during the 1990s—a volume of international communication that is historically unprecedented.

Finally, consider the *growth of the Internet*, which has knit hundreds of millions of people together in various forms of international communication and exchange. In 1990, there were only about 45,000 people worldwide using the Internet, but by 2001, the number of Internet users had ballooned to an estimated 483,056,000, more than a thousand-fold increase (International Telecommunications Union, 2002). In per capita terms, the change looks just as impressive. In 1990, Internet users made up just 0.01 percent of the population in the average country. In 2001, they made up 18

percent. Again, people are connected across international boundaries today in ways that would have been unimaginable just a few decades ago.

What Drives the Globalization Process?

Although globalization is a multidimensional process, are the economic, political, social, and cultural dimensions of globalization equal as causal evolutionary dynamics, or can pride of place be given to one of these dimensions as essentially driving the others? The view that none of these dimensions is of greater causal significance than the others—that globalization is, on a causal level, a truly multidimensional process—has been taken by a number of scholars, most notably Anthony Giddens (1990) and David Held and his colleagues (1999). Giddens identifies four dimensions of globalization—the world-capitalist economy, the nation-state system, the world military order, and the international division of labor—and refuses to give priority to any of them in shaping the globalization process. It seems odd that Giddens separates the capitalist world-economy and the international division of labor. The latter is, for him, the divide between the advanced industrial and the less-developed countries. In our view, the world-economy and the international division of labor are inextricably intertwined, two parts of one and the same thing. But the fact that Giddens separates them shows just how multidimensional his causal perspective on globalization is.

World-system theorists, on the other hand, tend to give priority to the evolution of the capitalist world-economy as the driving force of globalization. It is especially capitalist evolution that is behind sociocultural globalization. The spread of common tastes and common patterns of cultural consumption would never have been possible without the increasing globalization of capitalism. They acknowledge that the emergence of a world polity has to some degree an evolutionary logic of its own, as Meyer and his colleagues (1997) suggest. However, it is also the case that a large proportion of the IGOs and INGOs that now exist have come into existence primarily to facilitate or regulate economic activity. Our own view is in agreement with the world-system perspective on this issue, which is not surprising, given the overall theoretical framework of this book: evolutionary materialism and infrastructural determinism.

Globalization and Its Critics

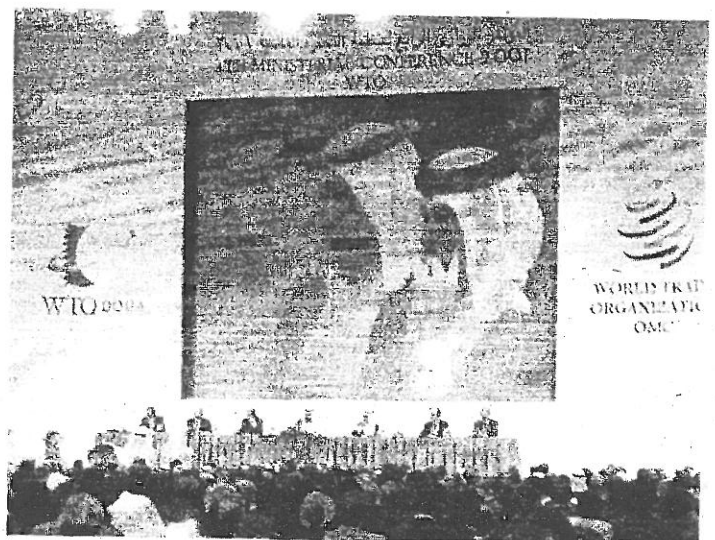
Whether looked at in economic, political, or sociocultural terms, globalization is a fact of contemporary life. What are we to make of it? How should we evaluate it and its consequences? Opinions differ sharply. Some view globalization as an unambiguously positive development that promises to create a world of unparalleled peace and prosperity. Others take a much more negative view. In fact, globalization, especially its economic form, has come under severe attack in the last decade by a range of critics both inside and outside the academic world. In Seattle in December 1999, as the WTO prepared to hold an important meeting, a variety of individuals and

groups engaged in a number of protests, some of them involving smashing windows of corporate buildings, that eventually led the WTO to reschedule its meeting. Along with the WTO, the International Monetary Fund (IMF) and the World Bank are the major global economic organizations directing the process of globalization and the primary targets of antiglobalization sentiment and activity. The hostility to them is expressed well by Joseph Stiglitz (2003:3):

The protests at the Seattle meeting of the World Trade Organization in 1999 were a shock. Since then, the movement has grown stronger and the fury has spread. Virtually every major meeting of the International Monetary Fund, the World Bank, and the World Trade Organization is now the scene of conflict and turmoil. The death of a protestor in Genoa in 2001 was just the beginning of what may be many more casualties in the war against globalization.

In May 2003, an international conference with a strong antiglobalization theme was held at the University of California at Santa Barbara. Several dozen speakers—mostly academicians, journalists, and political organizers—were invited to tell perhaps as many as a thousand conference attendees what was wrong with globalization and what to do about it. For three days speakers lectured those in attendance about how globalization was having mostly harmful effects, especially on populations in the Third World. Scarcely a single positive thing was said about the globalization process. Toward the end of the conference's final session, which was devoted to a summing up of the views of the leading speakers, one attendee asked the panelists whether they thought there was anything good about the globalization process. This led four of the panelists to seize the opportunity to attack globalization even more severely than they had already. One panelist, a Russian who had been a political prisoner under the old Soviet regime, said that the one good thing about globalization was that it would ultimately destroy capitalism, which in turn would lead to

Opening session of the World Trade Organization (WTO) conference in Doha, Qatar, November 9, 2001. The WTO is a major indicator of political globalization and plays a major role in economic globalization.



a better economic system: socialism! The profound irony of this remark seemed to be totally lost on the speaker.

The WTO is the primary target of the antiglobalization forces. It was created in 1995, and by 2002, 144 nations, accounting for some 97 percent of world trade, belonged to it (Singer, 2002). The WTO's philosophy is that free trade is the key to economic growth throughout the world and improves the economic situation of all countries. It is an enormously powerful organization, having the authority to enforce some 30,000 pages of rules and agreements relating to world trade (Singer, 2002). Peter Singer (2002) delineates the main charges that have been made by the antiglobalization forces against the WTO: (1) it places economic concerns—profits—ahead of environmental concerns, animal welfare, and human well-being; (2) it undermines the sovereignty of nations; (3) it is undemocratic in its operations and procedures; and (4) it increases world inequality, or even makes the poorest populations of the world worse off than they otherwise would have been.

Singer examines a good deal of evidence relating to each of these charges. He concludes that the first three are basically true. The WTO does generally act in ways that demonstrate its elevation of maximum profits over environmental concerns and animal and human well-being. Singer shows that when disputes have arisen requiring the WTO to choose between permitting free trade and supporting a national policy designed to protect the environment, it has always chosen free trade. The WTO also does tend to undermine national sovereignty. Once nations join the WTO, they are under strong pressure to remain in it and to adjust their own national policies to be in accord with what the WTO wants. As for the third charge, the WTO is formally democratic and in fact claims that it has a special kind of democracy because a complete consensus is required before a decision can be declared. The WTO therefore considers itself as having an even better form of democracy than simple majority rule. However, this is very misleading and in practice not really very democratic at all. Since a complete consensus is required to reach a decision, a single state can veto an issue because of its own special interests. This happens frequently, and it is the most powerful states with the largest economic consequences at stake that are most likely to engage in a veto. And different countries end up having very unequal bargaining power. As Singer puts it (2002:75–76):

In practice, the agenda is set by informal meetings of the major trading powers, especially, up to now, the United States, the European Union, Japan, and Canada. On major issues, once these powers have reached agreement, the results are presented to the formal meeting, but by then they often are a *fait accompli*. Moreover, the poorer nations often lack the resources to participate fully in the innumerable WTO meetings.

The fourth charge against the WTO—that it contributes to widening the gap between the richest and poorest segments of the world's population, or that its policies even contribute to an absolute reduction in the level of economic and physical well-being of the poorest populations—requires considerably more attention to resolve. Critics of globalization point to the fact that about 1.2 billion people—some one-fifth of the world's population—currently live on less than \$1 a day and

approximately 2.8 billion live on less than \$2 a day (Singer, 2002; Lomborg, 2001). This certainly looks bad, and clearly indicates that much work remains to be done to improve conditions for the poorest people in the less-developed world. However, in assessing the effects of globalization, the most important question is whether those living in the underdeveloped world have become worse off or better off in the era of globalization. Whereas the critics suggest they have become worse off, a good deal of evidence seems to suggest otherwise.

Much of this evidence has been summarized by Singer (2002) and by Bjørn Lomborg (2001). In 1960, life expectancy in the less-developed world was about 46 years (World Bank, 1984), but by 1997, it had climbed to 65 years (Lomborg, 2001). If we omit Africa, which is a special case with a much lower average life span (about 49 in the year 2000), it was nearly 70 years. This is extremely significant when one realizes that in the United States in 1900 life expectancy was only 49 years. Thus, the average person in Latin America and Asia today is living almost 21 years longer than the average American a century ago! Life expectancy has increased primarily because infant and child mortality rates have plummeted throughout the Third World in recent decades, and also because calorie intake has increased and nutrition improved. Infant mortality in the less-developed world in 1960 was approximately 150 (World Bank, 1984), whereas by 2000 it had declined to about 57 (and to 35 if sub-Saharan Africa is excluded) (United Nations, 2002). In the United States in the mid-nineteenth century, infant mortality was approximately 160. Only three underdeveloped countries in the world today have a rate that high (all of them in Africa), and the average, as we have seen, is much lower. In 1970, about 35 percent of people in the less-developed world were considered to be starving, but this declined to 18 percent by 1997. And there has actually been a decline in the *absolute number of* people starving even though world population has increased substantially, with approximately 920 million people starving in 1971 but declining to 792 million in 1997. As for calorie intake in the less-developed world, it rose from slightly more than 1,900 calories a day in 1961 to over 2,650 calories a day in 1998—a 38 percent increase.

Moreover, the United Nations has constructed a Human Development Index (HDI) to measure the quality of life in all of the world's countries. The HDI is a weighted average of life expectancy, educational attainment, and per capita GDP; it can vary from 0 to 1.0. The HDI for the United States in 1999 was .934, and for Italy, one of the least developed of the core countries, it was .909 (United Nations, 2001). In the Third World, HDI scores have risen considerably since 1970. For example, the HDI in South Korea in 1970 was .589 but rose to .875 by 1999. For Indonesia the corresponding numbers are .316 and .677, for Brazil .569 and .750, for Mexico .675 and .790, for Turkey .492 and .735, for Ecuador .542 and .726, for Iran .464 and .714, for Guatemala .416 and .626, for India .258 and .571, for Egypt .286 and .635, and for Zambia .320 and .431 (United Nations, 1992, 2001). In the vast majority of Third World countries the HDI has been continually increasing in the last half-century, and in only a handful has it declined (and then only slightly).

Based on these figures, it would seem difficult to conclude that globalization has been making life worse for the average person in the less-developed world.

Things seem to be improving rather than deteriorating. Yet, critics of globalization insist that, even if there has been some sort of absolute improvement for the world's worst-off populations, globalization has nonetheless led to an increase in global inequality—a growing gap between the world's rich and poor. This is a very difficult issue to assess, and for two fundamental reasons.

First, there is major disagreement among the leading scholars studying this problem as to whether global inequality actually has been increasing. A statistic frequently cited by those who say it has comes from the United Nations' 1999 *Human Development Report*. In 1960, the ratio of the richest quintile of the world's population to the poorest quintile was approximately 30:1. By 1990, this had increased to 60:1, and by 1997, to 74:1. And a very well known study by Korzeniewicz and Moran (1997), using more statistically sophisticated procedures, found that inequality was increasing. However, this study has been criticized for how it measured income inequality: It failed to take into account the differences in prices and consumer purchasing power between countries.

Glenn Firebaugh (1999, 2000, 2003) measures income inequality between countries by using what are called PPP, or Purchasing Power Parity, income estimates, which adjust incomes so that they take into consideration these between-country differences in purchasing power. Using such a measure, Firebaugh has found that global income inequality remained essentially stable between 1960 and 1989 (with the global Gini coefficient changing from .540 to only .543 during this period). Schultz (1998) and Lomborg (2001) have reached similar conclusions using PPP income measures. In Lomborg's research it was found that the ratio of the richest fifth of the world's population to the poorest fifth declined slightly between 1960 and 1997, from about 13:1 to about 12:1. Focusing on a more recent period, Goesling (2001) finds an actual decline in between-nation inequality between 1980 and 1995. During this period, the Thiel index (similar to the Gini coefficient) declined from .65 to .53. However, there is major disagreement on whether PPP measures of national income or more traditional measures are more appropriate. There is also disagreement on other technical statistical matters that affect the results any particular researcher obtains. At this point it is hazardous to draw any firm conclusion as to whether global inequality is increasing, decreasing, or remaining essentially the same.

Second, to complicate matters, there is also disagreement over the meaning and importance of inequality. Some argue that the critical issue is not inequality and its current trajectory, but whether those at the bottom of the world's income distribution are improving their position in absolute terms (Singer, 2002). Even if the gap between the world's rich and the world's poor is growing, if the poor are better off now than they were 10, 20, or 30 years ago as the result of globalization, then globalization is a good thing. However, sociologists have long known that people tend to evaluate their own situation in life relative to what others around them have rather than with respect to their own absolute situation. If some people have less than others they observe around them, then they tend to *feel* deprived regardless of other circumstances, a phenomenon known as *relative deprivation*. Thus, if global inequality is increasing, then the world's poor subjectively feel more deprived even if their absolute circumstances are improving in objective terms. But which way should we

assess well-being? Should we pay more attention to people's subjective experiences or to their objective reality? Moreover, it is well known that inequalities are associated with social tensions that frequently lead to conflict and violence, and no one thinks these are good things. If there is more global inequality and more conflict and violence resulting from it, then globalization appears in a more unfavorable light.

It is also clear that, despite improvements in living conditions in the Third World in the era of globalization, these are *average* improvements. There are still many people whose lives have not been improved, or may actually have gotten worse, as the result of globalization. As Joseph Stiglitz (2003:248) puts it, although globalization has been beneficial for hundreds of millions of people, "for millions of people globalization has not worked. Many have actually been made worse off, as they have seen their jobs destroyed and their lives made more insecure. They have felt increasingly powerless against forces beyond their control. They have seen their democracies undermined, their cultures eroded." There are still some segments of many underdeveloped societies that lead an extremely marginal and unpleasant—in some cases, wretched—existence. Tens of millions of people are still living in crowded shantytowns in extremely flimsy makeshift housing, areas that contain open sewers and that are disease infested. Democracy is still the exception rather than the rule throughout the Third World, and most so-called democracies are formal rather than substantive democracies. In many Third World countries brutal authoritarian states oppress the citizenry and send out "death squads" to deal with dissenters (Petras, 1987).

Moreover, in the era of globalization many Third World countries have established special forms of economic production concentrated in what are known as *free production zones*. These are geographical areas of countries that are often zoned off from the rest of the society by special fences and other devices and within which economic activities are carried on with few restrictions on the use of labor (Fröbel, Heinrichs, and Kreye, 1980). Within these zones, sometimes called *world market factories* because production is destined for the world market, wages are often extremely low and working hours very long, work involves intense levels of concentration, work is often of short duration and thus workers can be subject to sudden unemployment, labor unions are banned, workers have few or no rights, and much work may be dangerous and result in physical harm. The governments of many Third World countries have created these zones at the request of capitalists in the core because they wish to attract foreign investment, hoping that it will lead to higher levels of development. Core capitalists want these zones because they can make superprofits in them. In order to attract foreign investment to these zones, Third World governments offer additional incentives to core capitalists: income tax exemptions of 5 to 10 years; reductions of rates on taxes, surtaxes, and surcharges; freedom of foreign exchange control; preferential financing facilities; preferential tariff rates on transportation costs; and possibilities of renting or buying preconstructed factories and office buildings (Fröbel, Heinrichs, and Kreye, 1980).

In the face of this large mass of often contradictory and inconsistent evidence, it is difficult to know just what to conclude. Not only do sociologists disagree, often dramatically, among themselves, but when other social scientists (e.g., economists,

political scientists, and anthropologists) are brought into the picture, then matters get even more complicated. However, one thing is abundantly clear. The recommendation of the opponents of globalization that the globalization project be abandoned is, in Stiglitz's words, neither feasible nor desirable. As the most fundamental economic reality of our times, globalization is scarcely going to go away. The solution is to manage and regulate it in order to make it work as well as possible for a majority of the world's population. Globalization has already produced many good consequences. To make it work even better, we need to regulate or reform some of the key economic institutions of the advanced industrial world, such as the WTO and the IMF, and perhaps create new institutions to help guide the process. Stiglitz puts it extremely well (2003:222): "We cannot go back on globalization; it is here to stay. The issue is how we can make it work. And if it is to work, there have to be global public institutions to help set the rules."

Reforming and regulating globalization, Stiglitz argues, means, for one thing, making the WTO into a more democratic organization that is more accountable. The WTO overwhelmingly represents the economic interests of capitalists in the core countries, but pressure needs to be put on it to make it more sensitive to policies that also benefit people in the Third World, including those at the very bottom of those populations. Within the framework of the WTO, the rich countries have often imposed strong trade barriers to goods from Third World countries while pressuring those countries to limit trade barriers to the rich countries' own goods. And "rich countries impose tariffs on manufactured goods from poor countries that are, according to one study, four times as high as those they impose on imports from other rich countries" (Singer, 2002:95). There are some signs that the WTO is becoming responsive to criticism, but it remains to be seen how far it will go in modifying its policies (Singer, 2002).

But the problem lies not only with the WTO. Two other global organizations that need reform are the World Bank and the IMF. These organizations play a major role in lending money to Third World countries, but the money comes with strings attached. In order to qualify for loans, Third World countries must follow strict policies that the World Bank and IMF dictate. For the past 25 years, these organizations, the IMF in particular, have dictated "neoliberal" economic policies devoted to extreme commitment to free markets. The IMF has consistently acted in high-handed and imperialistic ways to impose these and other policies, and the result has frequently been one economic disaster and crisis after another in the Third World (and even in more developed Asian countries and postsocialist societies trying to make the transition to capitalism). So reform in the IMF and the World Bank is also needed if the benefits of globalization are to be more fully shared by all of the world's peoples.

In the end, perhaps the best conclusion at this time is that globalization has done more good than harm but can still be made to work better. However, there is still the question as to the effects of sociocultural globalization, which has led to the spread of largely U.S. culture all over the globe. Whether or not this is a good thing depends on one's view of U.S. culture and one's level of appreciation of cultural diversity and indigenous cultural traditions. It is therefore largely a question of values

rather than of any strictly scientific evidence. For example, on a visit to the Netherlands a few years ago, one of us expressed to his Dutch host a desire to eat at a restaurant that served *pannekoeken*. These are very light Dutch pancakes with various fillings that are dusted with powdered sugar. A restaurant was found and the *pannekoeken* consumed, but the Dutch host explained that it was becoming harder and harder to find these restaurants since they were being increasingly replaced by McDonald's and other American fast-food chains. The author bemoaned this fact since he relishes *pannekoeken*, studiously avoids fast food when in Europe, and favors the continuation of indigenous culinary and other cultural traditions. In this sense, sociocultural globalization is a bad thing—at least for him. But even in a scientific sense one can identify a down side to this form of globalization. It is now well known that U.S. fast-food restaurants have contributed to a serious obesity problem in the United States. As fast-food restaurants continue to spread throughout the world, world eating habits may change, and the largely U.S. obesity problem may become more of a world problem. Since obesity is bad for health, and since good health is universally valued, then in a real scientific sense globalization may be a bad thing. Of course, the issue is more complicated than this simple example can convey, but the point is made nonetheless.

Globalization and the Environment

Since the 1970s, a great deal of discussion has focused on the impact of world population growth and high levels of industrialization on the environment. This discussion has corresponded closely to the emergence of the current era of globalization. Although environmental problems certainly existed prior to this era, the three processes of economic, political, and sociocultural globalization have rapidly and simultaneously (1) integrated nearly all parts of the world into a capitalist world-economy that depends on economic growth, and thus greater resource use and output, for its functioning; (2) transformed national environmental problems and their regulation into global problems regulated by a world polity; and (3) given rise to a world society whose members increasingly have a world-encompassing awareness of environmental issues.

For these reasons, the debate over the state of the global environment, and over the role of globalization in environmental problems, has preoccupied scientists and policymakers as never before. The main concerns have been that we will sooner or later create severe pollution problems; experience serious land erosion, declining agricultural yields, and deforestation; and run out of vital sources of energy, especially fossil fuels. In the last 15 years, the concern has shifted heavily to global warming and the depletion of the ozone layer. There have been real fears that the climate changes associated with these phenomena will produce a host of negative consequences, such as rising sea levels and the inundation of coastal areas and cities. At current rates of demographic and economic growth and industrial output, how sustainable are the world's natural environments in the absence of major technological breakthroughs? Is it possible that much of the world could experience ecological and economic collapse in the near- or mid-term future?

The pessimists seem to outnumber the optimists, or at least to have captured much more public attention. Perhaps the most famous statement by the pessimists was the Club of Rome Report issued in the early 1970s under the title *The Limits to Growth* (Meadows, Meadows, Randers, and Behrens, 1972). Put together by a distinguished international group of scientists, the report predicted ecological catastrophe within 20 years or so if major changes in population growth and resource use were not made very soon. A few years later, the eminent economist Robert Heilbroner (1980) assessed the current demographic and ecological situation and concluded on a very pessimistic note, saying that "the outlook for man, I believe, is painful, difficult, perhaps desperate, and the hope that can be held out for his future prospect seems to be very slim indeed" (1980:20).

Heilbroner saw three reasons why the future looked so grim, the first of which was continuing rapid population growth in the Third World. He predicted that at the then-current rate of growth, the Third World would have to support some 40 billion people by the end of the twenty-first century. The only way to bring population growth under control would be by installing highly authoritarian governments that would establish extremely strict birth control policies. Heilbroner also thought that the world was using up natural resources at such a rate that its inhabitants were rapidly approaching the finite limits of the earth's ability to support the industrial form of technology. An ecological catastrophe could be avoided, once again, only by the introduction of extremely authoritarian governments, because capitalists would never voluntarily restrict their industrial output. Finally, Heilbroner argued that if these first two problems did not get us then a third one would: heat pollution. Industrial output generates heat as a natural by-product, and the ever-greater amounts of heat produced by continually increasing industrial output will have calamitous effects on the environment and human health and well-being. Unless we can find a way to solve the problem of heat pollution, the future for the human species, Heilbroner said, was one of extinction. Heilbroner continued to update his arguments in later editions of his original book, but they did not change in any essential way.

The original Club of Rome report was severely and widely criticized, and the authors later admitted that they made various mistakes of calculation and overstated the matter. However, 20 years later, a second report was issued that was allegedly based on more careful calculations and greater caution. This was published in the book *Beyond the Limits*, by Donella Meadows, Dennis Meadows, and Jørgen Randers (1992). The authors performed a series of 13 computer simulations designed to determine what controls would have to be placed on resource use and population growth in order to allow for a sustainable world through the twenty-first century. Of their 13 simulations, only 2 produced a sustainable world. All of the others led to ecological collapse. The authors claimed to show that a sustainable world was possible only if all of the following conditions were implemented simultaneously:

- Pollution controls
- Land yield enhancement
- Land erosion protection
- The development of more resource-efficient technology

- Faster development of new technology
- Every couple in the world limiting itself to two children
- Every nation in the world limiting its industrial output to the level of contemporary South Korea

Moreover, all of these conditions must be implemented very soon, they said, probably within 20 years (that means 20 years from the time their book was published in 1992, which will be the year 2012—only a few years from now!).

The pessimistic view has also been put forward by the Worldwatch Institute, an environmentalist organization led by Lester Brown. Each year since 1984, this organization has published a *State of the World* report. Each new report provides an update on population growth and world resource use, and the message is usually that people are continuing to undermine the natural environment through their actions and that major changes need to be introduced. Changes that have occurred have not been extensive enough to prevent an eventual ecological collapse (Worldwatch Institute, 2003; cf. Lomborg, 2001).

An early and major critic of the pessimistic view was another economist, the Nobel Prize winner Julian Simon (1981). Simon argued that not only is the world not running out of crucial resources, but that the extent of these resources is not even known. He maintained that the doomsaying forecasters went wrong in a fundamental methodological way by basing their forecasts on the concept of "known reserves" of natural resources. Simon claimed that this concept is essentially worthless as a basis for predictions, since the known reserves of any resource are limited by how diligently it has been searched for. According to Simon, the earth's natural resources



Ecological degradation.
Strip mining for

probably exist in much greater abundance than forecasters imagine. Moreover, since the prices of these resources have been falling over time, this means that the resources are actually less scarce now than they once were. Simon also argued that population growth is not likely to produce dire future consequences because growth rates have been falling and will continue to fall; eventually, less-developed countries will achieve the low growth rates of the highly developed countries.

In a recent, highly detailed analysis of the problem, Bjørn Lomborg (2001) sides with Simon but goes much further. Interestingly, Lomborg was a member of Greenpeace, the radical environmentalist organization, and started his research in order to prove Simon wrong. To his great surprise, once he carefully examined the relevant data, he concluded that Simon was indeed correct. Lomborg's general conclusion is that the environment is in relatively good shape and can sustain a technologically intensive, industrial capitalist economy for many years to come. We still need to improve, Lomborg admits, but we are doing much better than the pessimists argue and we are nowhere near ecological collapse.

Lomborg points out that the Worldwatch Institute predicted in the early 1970s that the world was running out of food; food production would go down and prices would go up. Even though this did not happen, the institute made the same prediction again in 1996, but it has not happened since then either. Lomborg says that food has become cheaper than ever and prices continue to decline. The Food and Agriculture Organization (FAO) predicts that there will actually be more food in the near future, not less. With respect to deforestation, Lomborg shows that, although quite a bit of tropical forest has been disappearing, the rate of deforestation has actually been dropping. The FAO puts the rate of net deforestation at 0.8 percent a year for the 1980s, at 0.7 percent a year in the 1990s, and at an even lower 0.46 percent a year as of 2001. Over 80 percent of tropical forests are still in existence, and only about 14 percent of the Amazonian rain forest has been deforested since the very beginnings of forest cutting. Lomborg claims that only 5 percent of the world's forests are needed in order to permanently satisfy the world's demand for paper.

A critical concern of the environmentalist movement is that the world is running out of fossil fuels—its most important energy source. The original Club of Rome report predicted oil would run out by 1992; this did not happen. *Beyond the Limits* (1992) revised the original forecast and made the new prediction that oil would run out by 2031 and gas by 2050. Lomborg seriously doubts that this will happen either, because oil and gas reserves, although finite, keep expanding (gas reserves have doubled and then some in the last 30 years). How can these reserves be getting larger rather than smaller? The answer is that as the demand for oil and gas increases, companies search more vigorously for new supplies and keep finding them. Moreover, the technology of oil and gas exploration has improved, and this has made it easier not only to find new sources but also to exploit them. Methane gas in coal beds is now being exploited, and more attention is being given to tar sands and shale oil as the costs of extracting oil from these sources have declined. This is extremely significant when one realizes that the ratio of the availability of shale oil to ordinary petroleum resources is approximately 242:1.

Another major worry has been air pollution. Here again, things seem to be much better than we have tended to think. A sense of historical perspective can be

extremely helpful. One of the major air pollutants, sulfur dioxide, reached its peak level in London, for example, in the mid-nineteenth century. Since then it has declined markedly, and so much so that its concentration in the air is now lower than it was in the late sixteenth century. A similar pattern holds true for smoke particles; since 1957, smoke pollution has declined by 62 percent in the United States and by a huge 95 percent in the United Kingdom. Pittsburgh, once the world center of steel production, was so smoky in the first half of the twentieth century that at 9:00 o'clock in the morning on a sunny day it was often dark. Some 360 days during the year were classified as smoky days. Today, however, there are virtually never any smoky days in Pittsburgh. Air quality has improved, in most cases dramatically, in all major cities in the developed world. Air pollution is still a problem in many large cities in the less-developed world, and much work remains to be done there. However, there is every reason to expect that it will be. In the highly industrialized world, large manufacturing cities became more polluted as industrialization proceeded, but once a certain level of wealth was achieved, the increasing affluence made it possible to pay to clean up the air. As cities in the now less-developed world eventually reach this level of affluence, they should start bringing about major reductions in air pollution.

The one problem we have not yet addressed is global warming, the current number one environmental concern. A working group of the United Nations known as the Intergovernmental Panel on Climate Change (IPCC) released its *Third Assessment Report* in 2001 (summarized in Singer, 2002). The report can be considered highly authoritative; it had 122 lead authors and was reviewed by another 337 experts. The *Report* looked at weather records for the past 140 years and found that the 1990s was the hottest decade during that time and 1998 the hottest year. Global temperature is rising three times as fast as it was a century ago, and sea levels have risen by some 4 to 8 inches. The *Report* attributes these changes to an increase in the emission of greenhouse gases, especially carbon dioxide, methane, and nitrous oxide. It predicts a rise in global temperature by 2100 of between 1.4° C and 5.8° C. If this occurs, there will be major worldwide consequences: Sea levels will rise as much as 35 inches in some places; food production will increase in some places but fall in others; tropical diseases will become more widespread; and hurricanes and tropical storms will occur over a wider area and hit more large urban areas. The developed countries may be able to cope with these problems, although at considerable cost, but it will be much more difficult and costly for the less-developed societies to deal with them.

Lomborg (2001) raises some serious questions regarding the IPCC's report. Some global warming is occurring, he acknowledges, but it is by no means clear how much is likely to occur within the next century. The IPCC's predictions are based on very complex computer models that rely on numerous assumptions. Even changing one assumption can affect the long-term outcome dramatically. Without going into the details of Lomborg's discussion, suffice it to say that there is a great deal of uncertainty built into the models used by the IPCC, and so it is very difficult to know the extent of global warming over such a long period of time. Lomborg estimates that, because of certain countervailing factors, global warming is likely to be less

than the IPCC predicts. Moreover, it is not certain that all global warming is due to greenhouse gas emissions. It is entirely possible that other factors, such as an increase in direct solar irradiation in recent decades, are contributing as well.

The IPCC's predictions also fail to consider likely technological and economic changes. Lomborg estimates that by around 2030–40, solar energy will have become much cheaper and thus highly competitive with fossil fuels, and a marked reduction in the use of fossil fuel energy will significantly decrease carbon dioxide emissions, which represent the majority of greenhouse gas emissions. By the end of the twenty-first century, it is reasonable to expect that fossil fuels will not be used at all. Lomborg's calculations suggest that, when all of the above-mentioned considerations are taken into account, the global temperature is likely to increase only some 2.0–2.5° C, rather than the 4.5–5.5° C that many pessimists are predicting, within the next century. Lomborg's conclusion is that global warming will not be an ever-worsening problem and that the amount of warming that does occur can be dealt with by making technological changes to cope with environmental changes, such as building sophisticated sea walls to deal with higher shoreline water levels, and will actually be far cheaper in the long run. In his words (2001:317):

There is no doubt that mankind has influenced and is still increasing atmospheric concentrations of CO₂ and that this will influence temperature. Yet, we need to separate hyperbole from realities in order to choose our future optimally. . . . We still do not know whether we live in a world where the doubling of CO₂ concentrations will mean a rather small (1.5° C) or a dramatic (4.5° C) temperature increase.

Moreover, the consequences of global warming are not likely to be nearly as serious as many have predicted (2001:317–318):

Global warming will not decrease food production, it will probably not increase storminess or the frequency of hurricanes, it will not increase the impact of malaria or indeed cause more deaths. It is even unlikely that it will cause more flood victims, because a much richer world will protect itself better. However, global warming will have serious costs—the total cost is about \$5 trillion. Moreover, the consequences of global warming will hit the developing countries hardest, whereas the industrialized countries may actually benefit from a warming lower than 2–3° C. The developing countries are harder hit primarily because they are poor—giving them less adaptive capacity.

What, then, should we do? Since some amount of global warming is certainly a reality, and since it will have some negative consequences, some action must be taken now. But what action? The usual recommendation is that the highly industrialized countries need to start cutting emissions from fossil fuel usage dramatically in the coming years. This has been the recommendation of various international agreements, the latest of which was the Kyoto Protocol in 2001. The United States was the only nation not to agree to this Protocol, arguing that it placed undue demands on the industrialized countries, itself in particular, and exempted the less-developed countries entirely from the need to reduce emissions. Lomborg argues that the Kyoto

Protocol is too drastic a solution, will be inconsequential anyway, and will be more expensive in the long run. As he puts it, "Despite our intuition that we naturally need to do something drastic about such a costly global warming, economic analyses clearly show that it will be far more expensive to cut CO₂ emissions radically than to pay the costs of adaptation to the increased temperatures" (2001:318). In sum, we need to reduce emissions, but only modestly, and to use the new technology and increased wealth being produced in the years ahead to implement changes that will allow us to adapt to the consequences of climate changes.

It is not really possible to say with any certainty who is right: the environmentalists or Lomborg. This is an extremely difficult matter to settle, as all matters regarding the future are. But Lomborg's arguments should caution us against being highly alarmist concerning the human impact on the environment. Things do not appear to be as bad as many have imagined, and numerous dire predictions have failed again and again. For example, we obviously did not run out of oil in 1992, as the original Club of Rome report predicted, and it is already obvious that Heilbroner's prediction of a world population of 40 billion people by the year 2100 will be wildly incorrect (current estimates are in the vicinity of 10 to 11 billion). Moreover, the major new technological breakthroughs that are very likely to be made in coming decades will make existing problems easier to solve (although, if historical experience is any guide, they are likely to generate new problems of their own). We should be seeing a cleaner, cheaper, more efficient technology that will greatly lessen the human environmental impact. We will return to this point in the final chapter.

Is Globalization Something New?

Given the breathless language with which globalization is often discussed in the popular press, one could easily be forgiven for concluding that today's globalized world is a truly novel and unprecedented phenomenon. Ross and Trachte as well as Castells certainly see it in that way. But there are notable dissenters. World-system theorists generally take the position that, although the current form of globalization has unique features, globalization itself is not something new. Capitalist production has always been global, they insist. In this light, Chase-Dunn, Kawano, and Brewer (2000) document the existence of several periods of trade globalization prior to the current period. And consider the following description of the daily life of an inhabitant of London:

The inhabitant of London could order by telephone, sipping his morning tea in bed, various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages; or he could decide to couple the security of his fortunes with the good faith of the townspeople of any substantial municipality

in any continent that fancy or information might recommend. He could secure . . . cheap and comfortable means of transit to any country or climate without passport or other formality . . . and could then proceed abroad to foreign quarters, without knowledge of their religion, language, or customs, bearing coined wealth upon his person, and would consider himself greatly aggrieved and much surprised at the least interference. But, most important of all, he regarded this state of affairs as normal, certain, and permanent, except in the direction of further improvement, and any deviation from it as aberrant, scandalous, and avoidable.

The world that is described in this quotation must surely represent something new, unlike anything seen before. The words, however, are not from the latest bestseller on globalization, but are the (now famous) words of the British economist John Maynard Keynes (1920), who was describing *the world that existed in the years before World War I!* The period from 1870 to 1914, as Keynes's description indicates, was in many ways strikingly similar to the world of today. Then, too, economic globalization in the form of international trade, investment, and mass migration was knitting the world together in a truly global world-economy. Improvements in transportation and communication were also dramatically "shrinking" the world, generating a world polity and world society. And, as is so often the case today, our "inhabitant of London" found this all "normal, certain, and permanent," and found it difficult even to imagine that the future might hold in store anything other than more of the same.

That is all well and good, you might think, but surely the world is more globalized today than it was in the late nineteenth or early twentieth centuries? But this is not indisputably clear. Consider a few key facts about the period from 1870 to 1914:

- The ratio of world trade to world output—described earlier as a key indicator of economic globalization—was nearly as high in the 1870s and 1880s as it was in the 1970s and 1980s (O'Rourke and Williamson, 1999). Indeed, by one estimate, the ratio of world trade to world output was higher in 1879 than it would be in any year after World War I until 1974 (Chase-Dunn, Kawano, and Brewer, 2000).
- Cross-border capital flows were also very extensive around the turn of the twentieth century. The world's foreign capital stock amounted to nearly 20 percent of world output across the 1900–1914 period. This represents a ratio of foreign investment to output that the world would not surpass until the 1980s (Obstfeld and Taylor, 2003). As they do today, international financial markets facilitated such cross-border capital flows. According to the economists Maurice Obstfeld and Alan Taylor (2003), such markets were, in some respects, actually *more globalized* in the period preceding World War I than is the case today.
- Tens of millions of people migrated across international borders over the 1870–1914 period (Chiswick and Hatton, 2003). Some estimates suggest that as many as one in ten people moved from one country to another in the decades surrounding the turn of the twentieth century. Although exact data for the world

as a whole are difficult to come by, we do know that the flow of international migrants was greater in this period than ever before or since. For instance, take one of the major destinations for such migrants—the United States. In 1890, 14.8 percent of the U.S. population was foreign-born (Gibson and Lennon, 1999). After World War I, the foreign-born population of the United States would never again be so large. In 2000, it reached a post-World War I high of 10 percent of the population (Lollock, 2001).

If today's globalized world is not as distinctive as it is often portrayed, does this mean that talk of globalization is misguided? Might it simply be a case of commentators, activists, and scholars being swayed by a fashionable buzzword or blinded by a "presentist" bias in which today's swirl of rapid social change is understood in relation to an (imaginary) past populated with stable or slowly changing *national* economies, politics, and societies? To be sure, there is a sense in which this is the case. Compare, for instance, the latest page-turner on globalization or, indeed, the business page of today's newspaper with Karl Marx and Friedrich Engels's description, written in the mid-nineteenth century, of the consequences of capitalism's first 100 years on the world scene (Marx and Engels, 1848; in Tucker, 1978:476–477):

Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation, distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air. . . .

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere. . . .

The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country. . . . All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw materials, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures, there arises a world literature.

As is so vividly illustrated in this quotation, much of what we tend to think of as distinctive of contemporary life, and attribute to a novel process of globalization, is in fact not all that distinctive. It has been a feature of societies within the capitalist world-economy for hundreds of years. So, there is a sense in which talk of globaliza-

tion today is overblown. However, that is not all there is to the story. Although contemporary globalization may not exactly represent the epochal transformation that some theorists claim, the data that we examined earlier regarding contemporary economic, political, and cultural globalization indicate that it nonetheless represents a profound change *relative to the period that immediately preceded it*.

The world described by Keynes was significantly "deglobalized" after the beginning of World War I. The globalization trend of 1870 to 1914, expressed in rapidly expanding international trade, investment, and migration, was reversed after World War I into a pattern of isolationism marked by rising barriers to trade, investment, and immigration. This retrenchment of globalization was so significant and so profound that the world would not experience similar levels of globalization again until the 1970s or 1980s (i.e., not until 50 years later).

Why was the globalization trend of the 1870–1914 period reversed? The causes are fairly clear: World War I, the Great Depression, and World War II effectively shattered the world experienced by Keynes's Londoner. Beginning with World War I, policy in Britain and the other leading industrial capitalist societies turned in the direction of increasing national self-sufficiency. Even before World War I, problems were brewing and agitation by the end of the century was essentially equivalent to today's antiglobalization protests. Indeed, a genuine political backlash against globalization was well under way by the beginning of the war. As Jeffrey Williamson and his colleagues have shown (Hatton and Williamson, 1998; O'Rourke and Williamson, 1999), mass migration from people-exporting countries in Europe meant that landowners in such countries no longer had an abundant supply of cheap agricultural labor. As the mass migration proceeded, the cost of labor rose, and the returns to landowners declined. Simultaneously, in the people-importing countries of the period—most significantly the United States, Canada, Australia, and Argentina—income inequality grew rapidly as millions of unskilled immigrants flooded the labor market and began to compete with established workers for jobs, driving down the price that all workers could demand for their labor.

These changes set off a political reaction in both areas of the globalizing world-economy. In people-exporting countries, landowners successfully agitated for higher tariffs on their agricultural goods to cut their losses. The idea of "free trade" came under increasing attack. In people-importing countries, opposition to further immigration, often spearheaded by indigenous workers, grew intense. The door to immigrants was progressively closed. The case of the United States is typical of that of the major people-importing countries of the time. Immigration to the United States from China was banned in 1882 and from Japan in 1908. In 1917, *all* Asians were excluded. This was followed by the introduction of a literacy test for immigrants and, in 1921 and 1924, a quota system was instituted that drastically restricted immigration from southern and eastern Europe (Chiswick and Hatton, 2003). Some observers have noted that this nationalistic and nativistic reaction to globalization may, in turn, have helped pave the way for World War I.

The Great Depression deepened the reaction to globalization (James, 2001). In response to the intense domestic political pressures that this crisis generated, governments in all of the leading industrial capitalist societies turned further inward,

raising tariffs on imported goods, establishing import quotas, and clamping down further on immigration. Cross-border capital flows slowed to a trickle. As Obstfeld and Taylor (2003) describe it, international investment came to be regarded with suspicion, and international prices and interest rates, which had moved in tandem in the context of the globalized international financial market of the turn of the century, fell "completely out of synch." And globalization was demonized, often being described as the main cause of the Great Depression. In this way, Obstfeld and Taylor remark (2003: 75), "The world economy went from globalized to almost autarkic in the space of a few decades."

The story of this earlier episode of globalization and of its demise is important for several reasons. First, and most obviously, it allows us to get some perspective on contemporary globalization. Today's globalization is typically judged or assessed relative to the period of retrenchment that preceded it (the 1914–1973 period). Relative to that period, globalization does indeed represent a profound change. But, as we have seen, relative to the era of globalization of the late nineteenth and early twentieth centuries, it looks considerably less extraordinary.

Second, the fact that the globalization trend of 1870 to 1914 was reversed so quickly and fundamentally should serve as a cautionary tale. Those who talk about globalization as an inevitable force would do well to ponder the fate of the world of Keynes's Londoner. It is at least conceivable that the world of today could experience a similar reversal. Those who welcome globalization and see it as a progressive force that produces more "winners" than "losers" should pay heed to just how powerful the losers can become. If their concerns are not effectively addressed, it is not out of the question that the twenty-first century equivalents of our Old World landowners and New World workers might band together to reverse the tide of globalization once again. (We may see signs of this already in an antiglobalization movement that is a remarkable coalition of [1] labor groups concerned about job loss owing to international trade and investment; [2] environmental groups concerned about the impact of globalization on the environment; [3] the representatives of protected industries and sectors—such as agriculture—concerned to keep in place the government subsidies and trade barriers that keep them afloat; [4] nativist groups opposed to immigration; and [5] nationalist groups concerned about the loss of national sovereignty.) Finally, the fact that this earlier episode of globalization ended so tragically, with two world wars and a Great Depression, makes Joseph Stiglitz's (2003) call for a wise, rational, and equitable mechanism for the management and regulation of globalization all the more pressing.

FOR FURTHER READING

The single most comprehensive work on globalization is Held, McGrew, Goldblatt, and Perraton's *Global Transformations: Politics, Economics, and Culture* (1999). They discuss in considerable detail economic, political, and cultural globalization, and also devote chapters to global migration, military globalization, and the impact of globalization on the environment. If one were to read only a single source on globalization, this would be the one. Anthony Giddens's *Runaway World: How Globalization Is Reshaping Our Lives* (2002) is a short, provoca-

tive work on globalization and some of its most important implications. Robertson (1992) provides a perspective on globalization that emphasizes its cultural side. See also Therborn (2000a, 2000b). Meyer, Boli, Thomas, and Ramirez (1997) and Beckfield (2003) discuss the evolution of a world polity. Altman (2001) illustrates both economic and cultural globalization by way of discussing the globalization of the sex industry.

Critical perspectives on globalization can be found in Amin (1997), Hoogvelt (1997), and Kohler and Chaves (2003). Peter Singer's *One World: The Ethics of Globalization* (2002), Held and McGrew's *Globalization/Anti-Globalization* (2002), and Joseph Stiglitz's *Globalization and its Discontents* (2003) are extremely useful for understanding the main objections to globalization and provide balanced accounts of globalization's pros and cons. A largely favorable view of globalization, along with supporting evidence, is provided by Lomborg (2001). The best studies of the question whether global inequality is increasing or decreasing are Korzeniewicz and Moran (1997), Firebaugh (1999, 2000, 2003), and Goesling (2001).

Robert Heilbroner's *An Inquiry into the Human Prospect* (1980) was one of the best-known and earliest of the spate of books taking a deeply pessimistic view of the human future. A new edition "updated for the 1990s" is available, but it is little changed and Heilbroner's pessimism remains. Kennedy (1993) takes a similar pessimistic view. Meadows, Meadows, and Randers (1992) use computer simulations to argue that major changes in population growth, resource use, and industrial output must be made very soon if the world is to be ecologically and economically sustainable throughout the twenty-first century. Sing Chew (2001) discusses ecological degradation, especially deforestation, from a long-term historical perspective. Bjørn Lomborg's *The Skeptical Environmentalist: Measuring the Real State of the World* (2001) is an important critique of the environmental pessimists written by a former pessimist and one of the most important books on the environment written in several decades.

That globalization is not something entirely new is demonstrated in O'Rourke and Williamson (1999), Obstfeld and Taylor (2003), and Chase-Dunn, Kawano, and Brewer (2000). Clark (2000) shows that globalization in the broadest sense is a process that extends thousands of years into the past. Ever since the Neolithic Revolution, and especially since the rise of civilization and the state, the world has become more globalized.