

Globalization: Just Do It

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In an unforgettable scene from the 1976 film *Network*, television news anchor Howard Beale (played by Peter Finch) is summoned to an urgent meeting with the head of a powerful corporation. The previous evening, Beale had exposed a deal the corporation had concocted with the Saudis, and demanded that America not sell out to the Arabs. Now, his superiors are intent on bringing him to heel. Beale soon finds himself seated in a massive conference room, lights dimmed ominously, face to face with the chairman of the board. The chairman's voice thunders through the empty room:

You have meddled with the primal forces of nature, Mr. Beale, and I won't have it, is that clear? You think you have merely stopped a business deal—that is not the case! The Arabs have taken billions of dollars out of this country, and now they must put it back. It is ebb and flow, tidal gravity. It is ecological balance. You are an old man who thinks in terms of nations and peoples. There are no nations! There are no peoples! There are no Russians! There are no Arabs! There are no third worlds! There is no West! There is only one holistic system of systems, one vast and immane, interwoven, interacting, multi-variate, multi-national dominion of dollars. Petro-dollars, electro-dollars, multi-dollars, Reichmarks, rins, rubles, pounds, and shekels!... You get up on your little twenty-one-inch screen,

and howl about America and democracy. There is no America. There is no democracy. There is only IBM and ITT and AT&T, and Dupont, Dow, Union Carbide, and Exxon. Those are the nations of the world today.¹

This dramatic speech, now a Hollywood classic, is as relevant today as it was when *Network* first appeared, nearly three decades ago. “Globalization” had not yet become the buzzword it is today, but the chairman’s rant employs all the clichés that have become inextricably associated with it. If anything, the picture this speech paints and the ideas it represents have become only more familiar with time: A new world order in which all-powerful, ruthless corporations hold sway; a global hegemony of capital oblivious to states and borders, with no ideology other than an insatiable greed which enslaves nations, eradicates cultures, tramples on the dignity of man, and squanders the planet’s resources—all in the name of supply and demand.

The apocalyptic dread of globalization has become for many people an article of faith. While the anti-globalization movement has only recently gained strength, it has managed to unite under its banner a large and enthusiastic mix of social activists, intellectuals, and public figures, all of whom are dedicated to waging an intense (and occasionally violent) campaign against the new order’s representatives, foremost among them international financial institutions, multi-national corporations, and the politicians who are perceived as catering to them.² A series of anti-globalization demonstrations held in Seattle in 1999 infused the movement with a new energy, a momentum that soon garnered widespread support around the world.³ The journalist Paul Kingsnorth, who has studied the anti-globalization phenomenon from its beginnings, has called it “a global network of millions; one that has fused together in a remarkably short time and which has regularly outfoxed the forces of the Establishment. It is the biggest story of the age, the biggest political and social movement for generations; perhaps the biggest ever. And it wants to change the world.”⁴

Thus has the anti-globalization trend become one of the dominant public movements of recent years. It should be noted, however, that many of the movement's activists reject this label; the linguist and radical intellectual Noam Chomsky, for example, explains that, "No sane person is opposed to globalization, surely not the Left or the workers' movements, which were founded on the commitment to international solidarity—that is, a form of globalization that is concerned with the rights and needs of people, not private capital."⁵ Even the most ardent critics of globalization—on the Left, at any rate—do not reject the aspiration to establish an international community as such; in fact, this aspiration is perfectly compatible with the cosmopolitan ideal they espouse. Rather, it is the way in which the global economy has developed that is not to their liking: Instead of creating a supra-national, distributive system of justice—a kind of global welfare state—nations and international institutions have pinned their hopes on an elusive free market, condemning the underprivileged to a life of serfdom in the service of rich Western capitalists.

This would indeed be a horrifying state of affairs, if it were real. The facts, however, seem to indicate otherwise. A careful examination of the facts shows that the most strident criticism against the spread of international trade is grounded in distortions, half-truths, and exaggerations. There is little truth to the claim that the global market economy has brought about the oppression of poorer countries and populations around the globe; on the contrary, the evidence seems to suggest that it actually *improves* their lot both economically and societally, and makes available to them political and cultural possibilities that were, until recently, well beyond their reach.

In what follows, I will address three central questions concerning the effects of globalization. First, I will revisit the evidence showing the crucial contribution of the global market economy to *closing the gap* between rich nations and developing ones, enabling hundreds of millions of people to escape poverty and to join the ranks of an expanding global middle class. Second, I will examine the impact of globalization on *national sovereignty*,

with the aim of showing that, contrary to alarmist rhetoric, the sovereign state is still alive and well, and in fact continues to play a central role in the global order. Finally, I will attempt to demonstrate the positive influence *consumer culture* has on the political awareness of the masses. The combined effect of these phenomena has decisive and far-reaching implications for the future of humanity in the next century, because it lays the foundations for the expansion of the democratic system and its core values well beyond the political and cultural boundaries of the Western nations to which it has been confined until now. Thus, even if globalization does provide businesses with an extraordinary opportunity—and there is no doubt that it does—it also provides billions of people with something of far greater value: A life of greater dignity, prosperity, and even freedom.

II

On paper, the word “globalization” does not seem so menacing. In dry terms, it denotes a process of international, multi-faceted cooperation that accelerates the integration of the world system by enabling the free movement of goods, services, information, and personnel between countries.⁶ The result, according to sociologist Roland Robertson, is a “compression of the world” and an “awareness of the world as a whole”;⁷ in other words, the formation of a “global village.”⁸

But associated with the word “globalization” is a popular myth according to which the process it denotes is responsible for widening the gap between rich countries and poor ones. Some of its critics further view it as a more subtle reincarnation of old-style Western imperialism.⁹ The renowned investor George Soros, for example, adopts this view. “The empire analogy is justified,” he writes, “because the global capitalist system does govern those who belong to it—and it is not easy to opt out. Moreover, it

has a center and a periphery just like an empire, and the center benefits at the expense of the periphery.”¹⁰ The “center” to which Soros refers is the financial elite of the United States, Europe, and Japan, an elite that generates enormous profits by employing cheap labor from developing countries. This exploitation, it is argued, works only to the advantage of those who control the means of production; the masses in their service must subsist on meager wages and endure grim working conditions. According to this view, globalization therefore means increased global inequality. In the words of Egyptian economist Samir Amin, director of the Third World Forum, “Over the last two hundred years the spread of capitalism has created inequalities and a level of polarization that were unknown during the preceding three centuries. This phenomenon is so enormous that it cannot be ignored, and it must be placed at the center of the analysis of contemporary society.”¹¹

The arguments of the anti-globalists reflect a deep moral conviction, and a praiseworthy concern for the well-being of the poor. Yet they are not grounded in facts. One need only look to a number of economic studies which roundly refute any claims of increased economic disparity stemming from global trade. World Bank researchers David Dollar and Aart Kraay, for example, discovered that a long-term international trend towards greater inequality indeed prevailed for at least two centuries, but since this trend reached its peak in 1975, it has “stabilized and possibly even reversed.”¹² Another study conducted by Columbia University economist Xavier Sala-i-Martin used a wider base of data and seven different indices to show that according to conventional economic assessments, global income disparities have declined substantially during the last two decades.¹³ In other words, the rise of the global economy over the last two decades has coincided with a *decrease* in economic inequality around the world—the only such decrease in modern history.

Nor is this all. During the same period of increased globalization, there has also been a significant reduction in the level of poverty, in absolute terms, worldwide.¹⁴ Sala-i-Martin’s study, for instance, indicates that during the last quarter-century, the number of people living below the

international poverty line (currently standing at one dollar per day) dropped from 20 percent to 5 percent of the world's population.¹⁵ The work of Indian economist Surjit Bhalla produced no less dramatic results: According to the modified economic model he used to measure worldwide poverty, the percentage of poor in the global population fell from 44 percent to 13 percent between 1980 and 2000.¹⁶

Why has this happened? A major reason has to do with the fact that during this "golden age of globalization," developing nations grew at double the rate of developed countries (3.1 percent compared with 1.6 percent on average each year). This growth was especially beneficial for low wage earners: In China and India, which make up nearly 40 percent of the world's population, a steep fall in the rate of poverty was accompanied by a substantial expansion of the middle class, from 1 percent of the population in 1989 to 22 percent ten years later. In absolute numbers, this translates into 450 million people worldwide who escaped the vise of poverty in the span of just a decade.¹⁷

Not all developing countries reaped the fruits of economic growth, however. Several of them chose, or were forced, to remain outside the global market. A large part of Africa, for example, is still mired in poverty. Yet most of the blame for this does not rest with the "exploitative" policies of the West, but rather with the political instability, rampant corruption, and severe inefficiency of local government.¹⁸ In countries such as North Korea, Syria, Iran, and Sudan, authorities adopted a policy of isolation from the outside world in order to keep foreign influences at bay. The price of this policy, as Jeffrey Sachs and Andrew Warner of Harvard University have shown, is that these countries lag far behind their peers: During the 1970s and 1980s, poor nations that opened their markets to international trade grew at six times the rate of those that did not. Whereas open economies double in size approximately every sixteen years, closed ones double in size only every hundred years.¹⁹

How do open economies attain such rapid growth? The case of South Korea provides an important example. In 1960, it was one of the

poorest countries on earth, poorer even than North Korea and most African countries. Its dramatic turnaround resulted from the decision to integrate its economy into the international market. The contribution of exports to the national product rose steadily from 2.4 percent in 1962 to 23.7 percent in 1973. By 1999, that figure had risen to 42 percent of GDP. The government, for its part, stimulated the process by improving education and professional training, removing restrictions on the import of technology and raw materials, and giving aid to thriving companies. Today, South Korea is a major economic power: Its share of world trade grew from 0.04 percent in 1962 to 2.5 percent in 2000—more than a sixty-fold increase—all in less than 40 years.²⁰ Its communist neighbor to the north, by comparison, with its centralized economy, remains one of the poorest countries in the world. Indeed, the two Koreas are now at either extreme of the economic scale: In 2003, South Korea's per-capita GNP stood at 17,800 dollars, compared with 1,300 dollars for North Korea.²¹

True, this success story was not without its setbacks. South Korea was one of the principal victims of the Asian financial crisis of 1997-1998, which began with the collapse of the currency in Thailand and quickly spread to other countries, including South Korea, Indonesia, Hong Kong, and the Philippines; even Russia, the United States, and Brazil did not emerge unscathed. Share prices plummeted around the world; foreign investors pulled their money from the region; Asian banks and businesses were unable to handle the enormous debts they had amassed; thousands of small and mid-sized businesses went bankrupt; and millions of people lost their jobs and their savings.²² The economies of East and Southeast Asia endured an economic earthquake; and yet, despite the bursting of the dot-com bubble in 1999 and the more recent SARS epidemic, forecasts for the region's economy have reverted to their former optimism.²³

The 1997-1998 crisis exposed serious defects in the economic management of the Asian "tigers." These expanding economies had long based themselves on both state-sponsored corporatism and uncomfortably close links between politicians and businessmen. Governments in the region

saw themselves as patrons of industry, but their policy of granting lavish loans (encouraged by the IMF's similarly profligate lending policy) and the excessive credit they granted to large businesses exposed them to extreme fluctuations in the capital market and saddled them with enormous debts. The collapse, then, resulted not from a failure of the free-market system, but from the misguided application of its principles. Moreover, affected countries like South Korea, Taiwan, and Thailand learned the right lessons and adopted new policies curtailing the extent of government intervention in the economy.²⁴

Of course, the activists of the anti-globalization movement place little faith in the “invisible hand” of capitalism. Instead, they take aim at what they view as a twisted symbiotic relationship between multi-national corporations and developing countries. According to the popular “race to the bottom” model, which they unfailingly quote, the conglomerates’ drive towards profit maximization motivates them to shift their production base from their home countries to developing countries in order radically to cut costs.²⁵ This leads to the proliferation of sweatshops in which millions of destitute workers produce consumer goods for the wealthy West. Canadian journalist Naomi Klein devoted a long chapter in her international best-seller *No Logo* to describing the appalling conditions and meager salaries that are found in these “export production zones.”²⁶ A worker in a Chinese factory producing handbags for Wal-Mart, for example, earns between 20 and 35 cents per hour, while another factory producing Nike sneakers pays its workers 16 cents an hour—with a work week of 77 hours.²⁷ Naturally these facts hold considerable sway over public opinion in the West. As Klein writes:

The cumulative response to the horror stories of Chinese prison labor, the scenes of teenage girls being paid pennies in the Mexican maquiladoras, and burning in fires in Bangkok, has been a slow but noticeable shift in how people in the West see workers in the developing world. “They’re getting our jobs” is giving way to a more human reaction: “Our corporations are stealing their lives.”²⁸

Klein is, of course, right: It is wrong to close our eyes to the exploitation that takes place in many of these sweatshops. Businesses, international organizations, and Western governments all have a role to play in preventing the worst abuses. At the same time, however, Klein and other opponents of globalization ignore the positive side of the “race to the bottom.” And it turns out that the benevolent aspects are far greater than many people imagine.

First, it is misleading to look only at a comparison between the wages of sweatshop workers and their counterparts in the West. A far more important point of comparison is the prevailing wage level in that same developing market—that is, the amount of money the same workers would have been making had the foreign companies chosen to build their factories elsewhere. Economic research that is aimed at examining this question has shown, almost without exception, that the wages of unskilled workers in multinational factories in Southeast Asia are higher than the pittance earned by those who found other employment in the same countries.²⁹ Linda Lim, an economist from the University of Michigan Business School, visited Vietnam in the summer of 2002 and discovered that while workers at the Nike factory in Vietnam earn only 670 dollars a year—a tiny sum by Western standards—the minimum annual wage in Vietnam at the same time, according to World Bank figures, was a mere 134 dollars. In other words, Nike workers in Vietnam were earning *five times* the minimum wage.³⁰ Furthermore, in most cases, the alternatives to sweatshops are much worse: Horrific working conditions in local factories, descent into crime, or prolonged unemployment and destitution.

More importantly, although it is the corporations which invariably gain the most from sweatshops, they also have a major beneficial impact on the host country. Foreign-owned factories usually bring with them an infusion of capital, advanced technologies, and managerial wisdom into the host country, as well as improving the quality of the local work force. This, in essence, was the source of the meteoric growth of the East Asian countries in the last half-century. It is to this that Jeffrey Sachs referred when he declared

that, “My concern is not that there are too many sweatshops, but that there are too few.”³¹

Global capitalism is surely not an unmitigated good. But there is overwhelming evidence that the advantages of globalization to poor countries far outweigh its disadvantages—as hundreds of millions of people who have emerged from poverty in the last generation can attest. There is no merit in the jeremiads of the anti-globalists, who see free-market economy as a zero-sum game, in which one person’s gain always comes at another’s expense. The results of the last two decades of increased globalization have proven the reverse: That international trade benefits both the weak and the strong—both the corporate bosses in New York and Tokyo, and the hungry masses of Vietnam and Malaysia.

III

Opposition to globalization, however, does not end with concern for the fate of impoverished workers and poor countries. It also focuses on the political consequences of globalization. International corporations driven by profits, it is argued, have combined with the mega-institutions of the international market to undermine the authority of sovereign governments, and with them the old political order. Where there were once autonomous nations, the claim goes, there is now only a world regime controlled by business interests.

Of course, predictions of the imminent demise of sovereign states—for better or worse—are not new. Marx and Engels offered a similar prediction in their 1848 *Communist Manifesto*. The founders of modern communism claimed that history was moving towards the disappearance of the state and its replacement by an international regime of the proletariat, in which there would no longer be room for nationalist prejudices:

National differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto.

The supremacy of the proletariat will cause them to vanish still faster. United action, of the leading civilized countries at least, is one of the first conditions for the emancipation of the proletariat.

In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put an end to. In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end.³²

A century and a half later, eulogies for the sovereign state have become commonplace. Their tone has changed, however, from optimism to a fatalistic pessimism. Now that the hopes of many intellectuals for a Socialist International have been dashed, the state—in its social-democratic form, of course—has suddenly become a bulwark against the predatory power of global capitalism. Yet this bulwark, it is argued, has seemingly begun to erode: Under pressure from multi-nationals and global financial institutions, it is argued, the welfare role of the state is rapidly giving way to a minimalist approach to government, to the benefit of the wealthy alone.³³

To globalization's detractors, then, the weakening of the state means the beginning of a new, more threatening age in which the jungle conditions of the free market prevail. "The deepest meaning conveyed by the idea of globalization," writes sociologist Zygmunt Bauman, "is that of the indeterminate, unruly, and self-propelled character of world affairs; the absence of a center, of a controlling desk, of a board of directors, of a managerial office."³⁴ In this way, the sworn enemies of national sovereignty have suddenly become its most ardent defenders. The ideological about-face of radical activists on this issue is a result of their dread of the corrupt and corrupting power of capitalism. As Naomi Klein writes:

In the age of Woodstock, refusing to play by state and school rules was regarded as a political act in itself. Now, opponents of the WTO—even

those who call themselves anarchists—are outraged about a lack of rules and authority. They are demanding that national governments be free to exercise their authority without interference from the WTO and asking for stricter international rules governing labor standards, environmental protection and scientific research.³⁵

A similar protest in the name of national autonomy can be heard from politicians identified with the nationalist Right. Patrick Buchanan, for example, has in recent years launched a vehement attack on the World Trade Organization, which he insists is a threat to the founders' vision of an autonomous America.³⁶ He has also lambasted international corporations, whose detachment from their national roots has turned them into “the natural antagonist of tradition.”³⁷ Buchanan did not hesitate to express support for the violent demonstrations in Seattle, declaring that “the great threat that we have inherited comes not from the evil empire, the Soviet Union, but from an emergent, global government, and an international political class that seeks to control the destiny of the world in furtherance of its own ideology. I think this is the great battle of the future.”³⁸

The fear described by Buchanan is, apparently, contagious. Today, even the political center is haunted by similar anxieties. A survey conducted by *USA Today* in July 2002 revealed that 38 percent of Americans believe that the world's largest companies can be considered “an actual threat to the nation's future.”³⁹ While this crisis of confidence was no doubt exacerbated by the corruption scandals at Enron and WorldCom, its main cause is a more general concern that large corporations have simply become too powerful.

Nor is this sentiment entirely without base. Indeed, multi-nationals *have* grown more powerful. There are also more of them than ever before—and their numbers are steadily growing. In 1900, for example, there were 2,500 companies in the world with operations in more than one country. In 1970, the number had risen to 7,000, and by 1990 it had climbed to 30,000.⁴⁰ According to a recent report by the UN, there are today no fewer than 65,000 multi-national companies operating worldwide. In

2001, the volume of sales generated by overseas branches of multi-national companies was in the vicinity of 19 trillion dollars, and their investment in foreign markets—6.6 trillion dollars. Finally, as of 2001, the multi-national companies are responsible for one-tenth of the global GDP, and account for one-third of all export activity in the world.⁴¹

Should we conclude from these numbers, however, that large corporations pose a threat to national autonomy? The experience of the recent past shows that, at least in the West, such a conclusion is far-fetched. Neither individual states nor supra-national political bodies have refrained from curbing the power of giant corporations. In 2001, for example, the European Union prevented the world's largest corporation, General Electric, from buying Honeywell, arguing that the takeover was likely to pose a threat to free competition in the aircraft industry.⁴² A few months earlier, the EU prevented a merger between the communications titan Time Warner and the British music giant EMI.⁴³ On the other side of the Atlantic, as well, the U.S. government conducted a major investigation of Microsoft, resulting in the latter's conviction in 2001 on charges that it illegitimately thwarted competition in the operating-system market. The U.S. government also prosecuted giant corporations such as Mitsubishi and BASF over their involvement in price-fixing cartels.⁴⁴

Obviously we cannot deduce from these examples that corporations have little or no influence on national politics. After all, companies do everything in their power to have an impact on elections, legislation, and regulatory decisions that affect them, and also to outmaneuver political and juridical bodies whenever they feel the need; and their efforts sometimes bear fruit. We *can* deduce, however, that a commitment on the part of government officials to free-market principles does not necessarily make them the handmaidens of big business. Indeed, the opposite is frequently the case. After all, privatizing public companies and opening local markets to international competition has made corporations more vulnerable to competitors, and therefore less arrogant. Whatever coercive power international corporations have against consumers and workers tends to be the result not

of freer global trade but of monopolistic practices, which free-trade policies are aimed at preventing. While monopolies are in fact inclined to trample on the interests of the consumer, in competitive conditions companies have no choice but to be efficient and to persuade their customers that they provide the best value. “If you are worried about corporate power, you should support globalization,” writes Philippe Legrain, a former adviser to the director-general of the World Trade Organization. “Even though many global companies are bigger than before, they are not necessarily more powerful. It is the absence of competition, not size, that gives companies clout.”⁴⁵

One must therefore be skeptical of the claim that “corporations rule the world.”⁴⁶ Even major corporations can offer little effective resistance to the power of sovereign states, and it is doubtful that this will change in the foreseeable future. Moreover, while it is nations’ sovereign authority that makes it possible for them to enforce their rule, companies must rely largely on persuasion to sell their products. Nations have at their disposal the right to impose taxes or to confiscate property, which they regularly exercise against even the largest companies; corporations must satisfy the consumer in order to gain favor. An unpopular, inefficient regime can last a long time before failing, but an unprofitable company rapidly ends up in liquidation. Nations can even last for many years without any private corporations at all, if they choose to centralize all of their economic power—with disastrous consequences, to which the communist experiment bears witness—but corporations usually need the patronage of a well-ordered country if they are to function at any reasonable level.⁴⁷

Sovereign states thus enjoy a clear advantage over the multi-nationals in the struggle for power. However, the picture grows complex when we look at the relationship between states and the major institutions of the global economy, such as the World Trade Organization, the International Monetary Fund, and the World Bank. The anti-globalists portray these bodies as a world government of sorts, driven by an uncompromising, neo-liberal ideology—the Washington “consensus,” as it is sometimes called—that is

inspired by the United States and run, ultimately, according to the interests of big business.

The World Trade Organization, for example, is regularly described by its detractors as the “head of the octopus.” Founded in 1995, the organization essentially replaced the General Agreement on Tariffs and Trade (GATT), which, from its signing in 1947, acted as the watchdog of international trade. Like GATT before it, the WTO performs two main functions: It serves as a forum in which countries can make joint decisions on changes in trading policy, such as coordinating tax reductions; and it acts as a tribunal for resolving trade disputes between members.⁴⁸ Yet its radical opponents see in it something more sinister—a predatory super-authority imposing the dictates of huge companies on weak and impoverished countries. In the words of Lori Wallach, a leading activist in the struggle against globalization, the spread of the power of the WTO is no less than “a slow-motion *coup d'état* against democratic, accountable governments.”⁴⁹ French anti-globalist icon José Bové makes a similar claim: “The WTO has arrogated the functions of legislature, executive, and judiciary solely for itself. In the eighteenth century such an anti-democratic concentration of power provoked the French Revolution.”⁵⁰

These are harsh criticisms, but far from the truth. In contrast to the impression its detractors try to make, the WTO is in fact a relatively weak institution with insufficient authority even to enforce its will on member governments. The organization’s decision-making process, for example, usually requires a consensus of all member states, none of which are obligated to honor agreements into which they did not enter voluntarily. Even in its role as an arbitrating body, the WTO has no independent powers of enforcement. At the most it can declare a particular country to be in violation of an agreement, and permit the imposition of trade sanctions against it by the aggrieved country. In any case, the organization’s authority relies more on its prestige than on any pressure it can bring to bear of its own accord.⁵¹

Countries usually join the WTO out of clear self-interest. This is especially true for small or poor countries—and not only because of the trade opportunities that membership provides. The WTO also offers protection from the avarice of larger economic powers. In one instance, the WTO impelled the United States to remove restrictions it had imposed on the import of underwear from Costa Rica; on another occasion, it supported Ecuador in its battle against the banana-importing policies of the EU; and this September, the WTO ruled, in two separate cases, that America's cotton subsidies and European sugar subsidies were illegal and had to be substantially revised.⁵² Lately, developing countries also began to assume a much more active role in the organization's decision-making, forming a united front against the dictates of the large economic blocs. This was in evidence at the WTO ministerial conference held in Cancun in September 2003: The U.S., the EU, and Japan found themselves arrayed against an alliance of Asian, African, and Latin American countries that refused to accept the economic powers' agenda, and instead presented them with their own list of demands. The conference ended with no concrete achievements, and the extensive discussions that followed have yet to produce any real progress on the topics under dispute. But the continuing crisis amply demonstrates that the arena of global trade is not a playground in which the strong have free rein.⁵³

The failure of the Cancun talks attests to substantive problems in the decision-making process of the WTO. Yet, the organization does provide a degree of order, and even impartiality, that international markets require. Either way, however, the WTO merely acts as a traffic cop for world trade, and not as its driving force. Globalization would certainly continue without it, although likely in a more aggressive form.⁵⁴

The relative weakness of the WTO explains why it poses no real threat to national autonomy. The IMF and World Bank, on the other hand, are a different story. In theory, at least, they possess the wherewithal to pressure nations into complying with their demands.⁵⁵ Both organizations' leverage is financial: The IMF, founded in 1944 to ensure the monetary and

financial stability of the international system, has to date granted loans to 87 countries totaling 107 billion dollars;⁵⁶ the World Bank, whose goal is to reduce economic disparities on a global scale, has dispensed 18 billion dollars to developing countries.⁵⁷ This aid was, of course, far from unconditional: Countries receiving support are required to take concrete measures towards economic recovery. IMF and World Bank officials believe that they are simply acting responsibly to assist countries in need; anti-globalists see it as a form of bullying.

The IMF in particular enjoys little sympathy from either the Right or the Left. The organization's most outspoken critic is Joseph Stiglitz, who won the Nobel Prize for economics in 2002 and was chief economist of the World Bank until he was ousted in 1999. Stiglitz maintains that the Fund often achieves the opposite of its objectives: Instead of helping countries deal with economic crises, it exacerbates their plight. The reason, he claims, is that the IMF insists on applying the same prescription to every country for every ailment—a reduction in government spending, a hike in interest rates, the liberalization of commerce, and sweeping privatization—without taking into account the unique conditions of each economy. Argentina, for example, satisfied the IMF's requirements, only to find itself knee-deep in economic quicksand as a result of huge foreign loans that made it vulnerable to sudden shifts in the world financial markets.⁵⁸ An economy should only gradually be exposed to global market forces, Stiglitz says, and then in a measured way, under careful government supervision and direction. In any case, this exposure must be done willingly, and must be in keeping with the specific needs of each country.⁵⁹

Stiglitz's scholarly achievements and vast experience lend his opinions a certain gravity. Yet even he, like other critics of globalization, paints only a partial picture. A vivid example of this is how he portrays the case of Russia. Stiglitz blames Russia's economic woes between 1989 and 1998 on its capitulation to IMF dictates. Russia was forced, he claims, to undergo neo-liberal "shock therapy" that resulted in utter failure.⁶⁰ Yet this is a problematic description of what happened. Russia never capitulated to the

dictates of the IMF. On the contrary, although it received loans from the IMF in excess of 25 billion dollars, it systematically reneged on its reciprocal obligation to take the economic steps necessary for recovery. According to Andrei Illarionov, Director of the Institute of Economic Analysis in Moscow, the generosity shown by the IMF in granting loans to the Russian Federation in fact “reduced the willingness of national authorities to make painful but necessary changes in economic policies.”⁶¹

In truth, the weakness of the IMF lies not in the assertiveness of its policies, but rather in the inordinate generosity and weakness of will it demonstrates in the face of irresponsible governments. Global financial institutions’ eagerness to justify their existence by disbursing funds sometimes hinders the performance of market forces instead of improving it. But if anyone was doing the exploiting in Russia’s case, it was not the IMF; as other countries have done in the past, Russia’s actions amounted to milking the fund for all it was worth. There is indeed legitimate cause to question the need for supra-national institutions to supervise and control the international movement of capital, since the damage that such pretension causes is often greater than any potential good. However, the anti-globalist warnings about the creation of an all-powerful “world government” in the thrall of global capitalism are baseless. Such a universal regime does not exist, and it is very unlikely that it ever will.

In the meantime, however, rumors of the death of the sovereign state are premature. Sovereign states continue to wield wide-ranging powers both internally and externally,⁶² to play a central role in the international arena, and successfully to defend their vital interests against supra-national agencies and multi-national corporations alike.⁶³ It is true that globalization facilitates the movement of goods, technology, and people between countries. But global economic integration has not yet made borders a thing of the past. The United States and Canada, for example, are signatories to a free-trade agreement, but their common border still carries a great deal of economic significance: The volume of Toronto’s trade with

Vancouver, for example, is ten times that of its trade with Seattle, even though both cities are just as far away.⁶⁴

To be sure, in the age of globalization, the state no longer functions in a political environment inhabited solely by others like itself. In the emerging global order, every country is expected to recognize other centers of power, both national and international, public and private—including the United Nations and its affiliates, NGOs operating worldwide, multinational corporations, and mass media. Nevertheless, the state maintains its place at the center of this complex system as the principal source of governing power, which it delegates both “upwards” to international bodies and “downwards” to sub-national agencies.⁶⁵ Under these conditions, the sovereign state is certainly not the only player on the political field, but the game, with its ever-changing rules, could not go on without it.

IV

While the anti-globalists' list of complaints about economic and political exploitation is a long one, the movement's real venom is reserved for the consumer culture that accompanies it. The reasons for this are fairly clear: The trading policies of Exxon and General Motors may arouse the righteous rage of activists in Seattle and Genoa, but it is the high-profile brands like McDonald's, MTV, and Coca-Cola that insert themselves into the daily lives of billions of people.⁶⁶ These brand names are the public face of global capitalism, and for many critics, the resistance to their allure lies at the very heart of the struggle for humanity's soul.

The educated elites have long assumed a critical attitude towards consumer culture. With the rise of the New Left in the 1960s, this attitude was established on firm theoretical foundations: The intellectuals who led

this movement against bourgeois society—a mission they undertook after efforts to foment proletarian revolution in the West came up empty—condemned consumer culture as a new and sophisticated form of psychological manipulation that lulls its victims into complaisance. The consumer's fettered consciousness makes him passive and malleable, they argued, and therefore incapable of fighting oppression and injustice. "The spectacle is the nightmare of imprisoned modern society which ultimately expresses nothing more than its desire to sleep," wrote Guy Debord, culture critic and French avant-gardist.⁶⁷ This claim was advanced by Herbert Marcuse, a leading figure in the neo-Marxist Frankfurt School:

The means of mass transportation and communication, the commodities of lodging, food, and clothing, the irresistible output of the entertainment and information industry carry with them prescribed attitudes and habits, certain intellectual and emotional reactions which bind the consumers more or less pleasantly to the producers and, through the latter, to the whole. The products indoctrinate and manipulate; they promote a false consciousness which is immune against its falsehood.... Thus emerges a pattern of *one-dimensional thought and behavior* in which ideas, aspirations, and objectives that, by their content, transcend the established universe of discourse and action are either repelled or reduced to terms of this universe.⁶⁸

The consumerist "false consciousness," which in the 1960s was still a privilege only the West could afford, was later carried on the wings of globalization to the far reaches of the world. "The same consumer goods and fashions, the same films, television programs, and best-selling music and books spread across the globe," laments the philosopher Jurgen Habermas. "The same fashions in pop, techno, or jeans seize and shape the mentalities of young people in even the most far-flung places."⁶⁹ Everywhere, consumerism extends its outstretched arm, devouring everything in its path: Indigenous cultures, local identities, traditional customs, values, and symbols are all sucked into the production lines of global capitalism and repackaged as

a product of pseudo-multiculturalism.⁷⁰ But the real result, according to the critics, is the establishment of a homogeneous world civilization under the patronage of behemoth corporations, a cultural hegemony that seeks to subject all of humanity to the same quiet, comfortable, velvety oppression that has had such remarkable success in the West.

The response of the anti-globalists to this imperialism ranges from reservation to violent protest. Some activists have adopted a strategy of “culture jamming,” with the declared aim of putting a spoke in the wheel of the mass-market machine. Much of the time this consists of harmless opposition, such as demonstrations outside McDonald’s restaurants, or putting posters on store windows. On other occasions, activists resort to illegal or destructive methods, from vandalizing billboards to endorsing file-sharing Internet sites that cause inestimable damage to the entertainment industry. The justification for these activists’ activities is their apocalyptic view of events. “We will reframe the battle in the grandest terms,” writes prominent Canadian activist Kalle Lasn. “The old political battles that have consumed humankind during most of the twentieth century—black versus white, Left versus Right, male versus female—will fade into the background. The only battle still worth fighting and winning, the only one that can set us free, is The People versus The Corporate Cool Machine.”⁷¹

This pious anger is not without cause. Critics of consumer society are correct to assail its superficiality, vulgarity, and cheap exhibitionism. Yet criticism of consumer culture is itself tainted by a one-dimensional view of both the nature of culture, in general, and the role consumer culture plays in shaping our political consciousness, in particular.

It is far too easy, for example, to embrace the widespread view of global brand culture as an unstoppable juggernaut, leveling civilizations and cultures that get in its way. Cultures are in fact amazingly resilient, and as attractive as the lure of the foreign may be, the homegrown often has an appeal of its own, which competes with the foreign in a creative fashion. As Indian philosopher and Nobel laureate in economics Amartya Sen remarked: “The culturally fearful often take a very fragile

view of each culture and tend to underestimate our ability to learn from elsewhere without being overwhelmed by that experience.”⁷² Exposure to a foreign civilization does not always entail the loss of one’s own; it may even, at times, allow people to rediscover the unique aspects of their identity and deepen their personal and collective links to it.⁷³

Nor is cross-cultural influence a one-way street. The Far East, for example, imports the market economy and the designer-label culture from the West, but it exports to the U.S. and Europe Buddhism, meditation, and the martial arts—which entail values and cultural associations no less profound than those it has imported. Moreover, while one may argue about the value or authenticity of the cultural merchandise being exchanged, there is no doubt that it contributes to the wealth, complexity, and openness of both civilizations. Under the influence of globalization, the chart of human culture is more variegated than ever. The lines on the chart define the constant movement of people, ideas, technology, and capital; dynamic processes of unification and diversification are changing the face of humanity at an unprecedented pace.⁷⁴ The world, writes the well-known anthropologist Clifford Geertz, is “growing both more global and more divided, more thoroughly interconnected and more intricately partitioned at the same time.”⁷⁵

Consumer culture plays a vital role in moving these worldwide processes along. In spite of its tendency toward vulgarity, it shows a remarkable flexibility in adopting and remaking attitudes and fashions. This ability derives from the internal logic of capitalism: In order to avoid market saturation, it is constantly working to create new niches, and consequently to expand the domain in which it exists and flourishes. The free-market system cannot allow itself to stand still, but rather must promote creativity and initiate change.⁷⁶

There is therefore a major fallacy in the claim that consumer culture encourages passivity towards the world. In truth, the opposite is the case. Consumer culture dissolves mental shackles and discourages entrenchment;

it strives to stimulate, foment, and energize into action. In many ways, it actually acts as a liberating force.

These effects have been described by philosopher Gilles Lipovetsky in a study devoted to the history of the fashion industry. There he claims that the popularization of fashion—its transformation from a privilege of the upper class to a means of self-expression for the common man—was a decisive contribution to the development of the autonomous individual, and as a result, to the establishment of modern democracy. Fashion, writes Lipovetsky, has “forced individuals to inform themselves, to embrace novelty, to assert subjective preferences: Each individual has become a permanent decision-making center, an open and mobile subject viewed through the kaleidoscope of merchandise.”⁷⁷ For this reason, he continues, “fashion distances us from totalitarianism; it opens up a space of existential choice through the multitude of standards and models it proposes. With generalized fashion, individual autonomy has become an important social phenomenon.”⁷⁸

As Lipovetsky notes, the consumer in a clothing store or supermarket is not a blind automaton, but an alert subject, forced to make decisions on a daily, if not hourly, basis. The need to choose from among various alternatives accustoms the consumer to thinking in a more critical and realistic way.⁷⁹ The possibility of choice is accompanied by a sense of freedom; the individual learns to see himself as an entity with free will, one who can shape his own future. The market mechanisms of the capitalist industry are clearly aware of this feeling, as they pander to and even nurture it. For example, Burger King’s popular slogan, “Have It Your Way,” sends a clear message that although the business is ultimately interested in winning over customers for its own profit, it is committed to achieving this by catering to the customer’s specific tastes—which has the effect of affirming the individual’s awareness of his own right to choose.

Nike’s famous “Just Do It” campaign is an even more striking example. In one ad featuring the football player Barry Sanders, the following text appears:

Too often we are scared. Scared of what we might not be able to do. Scared of what people might think if we tried. We let our fears stand in the way of our hopes. We say no when we want to say yes. We sit quietly when we want to scream. And we shout with the others, when we should keep our mouths shut.

Why?

After all, we only go around once. There's really no time to be afraid. So stop.

Try something you've never tried. Risk it. Enter a triathlon. Write a letter to the editor. Demand a raise. Call winners at the toughest court. Throw away your television. Bicycle across the United States. Try bobsledding. Try anything. Speak out against the designated hitter. Travel to a country where you don't speak the language. Patent something. You have nothing to lose and everything to gain.

Just do it.⁸⁰

The way the critics see it, such an ad is at best nothing other than a sales gimmick disguised as pop existentialism. Yet a large segment of the public responded positively to the campaign, sensing that it touched upon an added human value, one that went beyond pure market manipulation.

Another look at the text might reveal the reason for the ad's appeal: There is not the slightest hint of the indolent apathy of the kind decried by Guy Debord and Herbert Marcuse. Just the opposite: It is a wake-up call, a manifesto encouraging the potential consumer to stand up for himself, and to make his dreams come true. Computer manufacturer Apple did something similar with its "Think Different" slogan. The company's advertising campaign identified its target audience as "rebels" who do not follow rules and have no respect for the status quo; instead, "They invent. They imagine. They heal. They explore. They create. They inspire. They push the human race forward."⁸¹ Like that of Nike, Apple's marketing campaign sends an unambiguous message to consumers, entreating them to activism, individualism, even a rebellious, non-conformist attitude toward the world.

The emancipation of the consumer is obviously not a product of corporate altruism. The autonomy of the individual is not only consistent with the rules of the free market, but also a basic condition for its success. In recognizing this, the free-market culture achieves a remarkable openness. It undermines social hierarchies, asserting that even those who cannot afford a more glamorous and interesting life can nonetheless dream about it. As the Indian anthropologist Arjun Appadurai explains, "Imagination is now a social praxis... for many people in many societies, and in innumerable different variants, it has become the engine for the fashioning of public life."⁸²

This may just be the secret of consumerism's unique success. Whereas traditional cultures expend great effort in the reinforcement of predetermined hierarchies of status, ethnicity, color, religion, or gender, consumer culture is marked by its dynamism, by the fact that it encourages man to understand that he can, indeed, move freely between classes, places, and identities. This freedom need not be as real or imminent as the ad agencies would have us believe. But by convincing us that it is within reach, modern consumer culture nonetheless has achieved something unprecedented in human history. For a *sense* of freedom, even if it begins as an illusion, is nonetheless the precondition for its ultimate realization.

To be sure, such a profound transformation of conscience has its risks. Left unchecked, it can bring about personal alienation and societal disintegration. This may be the price of freedom, and for many, it is too high a price. Or perhaps it is merely the harbinger of a new and more stable social order. Either way, it is clear that the global spread of consumer culture does not produce a more submissive or obedient society, but a way of life based on freedom, the desire for change, and the willingness to seize opportunities.

Within just a few decades, global market forces have brought a dramatic change in the lives of billions of people. The emergence of a global middle class, the majority of which resides in developing countries, is perhaps the most outstanding achievement of economic globalization. This class is gradually acquiring for itself the consumer habits that were not long ago a Western luxury. But this change also has a no less important political dimension: The consumer in both Asia and the United States is today an active and critical individual who demands for himself the right to choose. Although the individual's involvement in the public domain is, in many countries, still restricted, he has become increasingly accustomed to being the principal decision-maker in a growing number of areas in his life. The globalization of the consumer middle class is therefore a major step towards globalization of the democratic idea. It reinforces the principle of self-empowerment as a way of life.

If the middle class is the social engine of democracy, then the sovereign state continues to be its most appropriate platform. The stability of the democratic system hinges not only on the functioning of certain state institutions, like the legislature and the party system, but also on the existence of a perceived collective that defines the distinguishing characteristics of the citizenry and its borders. Thus philosophers like Jurgen Habermas or David Held may discuss the possibility of establishing a global representative democracy, but this vision is still a fantasy.⁸³ The Western experience of the last few hundred years proves that the nation state is indeed the best political framework for fulfilling the democratic idea.

Is there any hard evidence to suggest that globalization is, in fact, making the world more democratic? An interesting test case is the political arena of East and Southeast Asia, which, until at least the mid-1990s, seemed to

provide a clear contraindication. States like Taiwan, Singapore, and South Korea managed to hitch a ride on globalization's economic bandwagon despite their authoritarian political regimes, ostensibly anchored in the traditions of the region's cultures.⁸⁴ The most outstanding example was that of Singapore, a thriving country that keeps a tight rein on its citizens in almost all aspects of life. Indeed, Singapore's former Prime Minister Lee Kuan Yew flaunted his country's achievements as proof of the superiority of authoritarian Asian politics over the "rotten" liberal regimes of the West. His success was so impressive, in fact, that many Western observers came to agree with him.⁸⁵

Yet today, these pretensions no longer seem so compelling. The severe economic crisis that gripped the region in 1997 revealed the weaknesses of the "Asiatic model," and forced leaders to adopt political and economic reforms—including a few seismic shifts in the direction of Western democracy. In May 1998, Indonesian dictator Suharto was deposed after months of popular unrest, and his regime was replaced by a democratically elected government; in Thailand, virulent demonstrations by the middle class led to major reforms, including direct elections for the Senate and the creation of new agencies to wage war against corruption; and in South Korea and Taiwan, voters elected the opposition's candidate for president for the first time in these countries' history.⁸⁶ At the same time, Western ideas of political freedom and human rights even began to seep into countries that refused to slacken the authoritarian reins: In an article he wrote from a Malaysian prison, Anwar Ibrahim, former deputy to Prime Minister Mahathir and current opponent of the regime, writes that, "Reports are seeping through the prison walls into my cell that educated youths—graduates of local and Western universities, and even of theology from Cairo's al-Azhar University—are congregating and discussing Kant's *What Is Enlightenment?*, dissecting Popper's *Open Society* and debating Hayek's *The Road to Serfdom*."⁸⁷ It would appear that a process of gradual, yet significant, democratization has taken place in East Asia following closely on the heels of the region's integration into the global economy; economic liberalization has been the handmaiden of political freedom.

We must be careful not to paint too rosy a picture. The global market economy is, after all, not without its blemishes; it certainly has its share of rapacity and moral imperviousness, and has been a catalyst for new problems concerning the environment, immigration, international crime, and terror. On balance, however, these have paled in comparison to the benefits that globalization has brought the world. Contrary to the popular criticism, the free transfer of capital and goods across international borders has not increased inequality but in fact reduced it; corporate giants and international financial institutions have not undermined the sovereignty of states, and are not likely to in the future; and the despised consumer culture has shown itself to be less a method for the subjugation of the masses than a means of their liberation, laying the foundations of freedom in places that have never had it. Globalization may not be the road to utopia, but on the long and difficult road of human history, it is a step in the right direction.

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Notes

1. This speech, written by Paddy Chayefsky, can be found at www.americanrhetoric.com/MovieSpeeches/moviespeechnetwork4.html.

2. The campaign began with a local incident: On January 1, 1994, three thousand rebels from the Zapatista opposition movement (named after the famous Mexican revolutionary Emilio Zapata) took control of a number of villages in the Chiapas Strip in Mexico. The rebels, Indians of Mayan descent, were protesting the signing of the North American Free Trade Agreement between Mexico, the United States, and Canada, because they feared—justifiably—that the consequences would

be disastrous for their communities, which were already barely subsisting on their earnings from growing corn. Clad in ski masks and armed with Kalashnikov rifles, the Zapatistas declared their independence and attempted to secede from the federal government. The reaction of the authorities was swift and harsh: In an action that claimed scores of lives, the Mexican army retook the villages and forced the Zapatistas back into the rain forests.

The Zapatistas' failed rebellion did not initially generate much international attention. Soon, however, the Indian rebels became a symbol of resistance to the policies of international trading mechanisms. Their local grievance was eventually joined by others from different regions in the world: French farmers led by José Bové protested the Americanization of the international food culture and the plan to genetically modify agricultural produce; trade unions in South Africa protested the government's privatization policy and its cooperation with foreign investors; in Argentina, public opinion blamed the IMF for the country's severe economic crisis—and these are just a handful of examples.

For a detailed description of the Zapatista rebellion, see John Ross, *Rebellion from the Roots: Indian Uprising in Chiapas* (Monroe, Maine: Common Courage, 1995).

3. The first show of force by the anti-globalization movement was on November 30, 1999 in Seattle, at the opening of the first conference of the International Free Trade Organization. Fifty thousand demonstrators, mostly students and union members, clashed with police and national guardsmen, effectively turning the city into an urban battlefield. The violence escalated even further in July 2001, when activists demonstrated at the meeting of the G8 leaders in Genoa. Among the three hundred thousand demonstrators was a violent group of anarchists, "The Black Block," who incited the crowd and threw Molotov cocktails at the police; the latter used sticks, tear gas, and finally live ammunition in an effort to disperse the rioters. One demonstrator, an Italian student named Carlo Giuliani, was killed in the clash, and dozens of others were injured.

The incident in Genoa was the high point—or low point—in a long series of mass demonstrations instigated by the anti-globalization movement in the last four years, among which include: The thirty-thousand-strong demonstration in April 2000 at the annual meeting of the World Bank and the IMF in Washington; the siege in September 2000 of the World Bank and IMF meeting in Prague, which attracted twenty thousand demonstrators; the "Americas Summit" protest of April 2001, in which Quebec police confronted forty thousand demonstrators; and the March 2002 demonstration against the European Union summit in Barcelona, in which three hundred thousand demonstrators mobbed the city's streets. Lately, however, the anti-globalists have joined forces with the protesters of the war in Iraq, a merger that spawned dozens of mass meetings in America, Europe, and Australia. Information on a variety of protests worldwide can be found on the "People's Global Action" site, www.nadir.org/nadir/initiativ/agp/en/index.html.

4. Paul Kingsnorth, *One No, Many Yeses: A Journey to the Heart of the Global Resistance Movement* (London: Free Press, 2003), p. 64.

5. Noam Chomsky interviewed by Dimitriadis Epaminondas, July 3, 2002; www.chomsky.info/interviews/20020703.htm.

6. See David Goldblatt, David Held, Anthony McGrew, and Jonathan Peraton, *Global Transformations: Politics, Economics, and Culture* (Stanford: Stanford, 1999), p. 16.

7. Roland Robertson, *Globalization: Social Theory and Global Culture* (London: Sage, 1992), p. 8.

8. Cf. Herbert Marshall McLuhan, *The Gutenberg Galaxy: The Making of Typographic Man* (Toronto: University of Toronto, 1962).

9. Ronen Shamir, who edited the special issue of the Israeli journal *Theory and Criticism* on the subject of globalization, states that, "For years, the ones who from the first insisted that there was nothing new under the sun joined the Sisyphian struggle against the unstoppable penetration of 'globalization' into everyday language and public discourse. The very ones who claimed that 'globalization' was nothing more than a new language to describe a more than fifty-year old imperialist and colonialist reality." Ronen Shamir, "Introduction," *Theory and Criticism* 23 (Autumn 2003), p. 8. [Hebrew]

10. George Soros, *The Crisis of Global Capitalism: Open Society Endangered*, (New York: Public Affairs, 1998), p. 104.

11. Samir Amin, "Capitalism, Globalization, and Marxism," in *Anti-Globalization: A Critique of Contemporary Capitalism*, ed. Efraim Davidi (Tel Aviv: Resling, 2003), p. 89. [Hebrew]

12. David Dollar, Aart Kraay, "Spreading the Wealth," *Foreign Affairs*, (January/February 2002), pp. 120-133.

13. Xavier Sala-i-Martin, "The Disturbing 'Rise' of Global Income Inequality," *Working Paper* 8904, April 2002, at <http://papers.nber.org/papers/w8904.pdf>.

14. In this context, economists distinguish between "absolute" and "relative" poverty. The term "absolute poverty" relates to a situation in which a person is denied the opportunity to meet his basic needs, such as food, clothing, and shelter. The term "relative poverty" generally denotes the level of buying power compared to the average income in a given market. The more relative the poverty index, the less it is affected by economic growth, because as the earnings of the poor increase, there is also an increase in the general standard of living. See Martin Ravallion, *World Bank Policy Research Working Paper* 3038, April 2003. http://econ.worldbank.org/files/26010_wps3038.pdf.

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15. Sala-i-Martin, "The Disturbing 'Rise.'"
16. Surjit Bhalla, *Imagine There's No Country: Poverty, Inequality and Growth in the Era of Globalization* (Washington: Institute for International Economics, 2002). A summary of Bhalla's research can be found at www.infochangeindia.org/bookandreportsst-jsp.34.
17. The difference between Bhalla's findings and those of other economists can be attributed to two main reasons: First, Bhalla's study focuses on individuals, not on countries. Thus, the dramatic growth of densely populated China and India more than compensates for the rise in the poverty level in African countries. Second, conventional poverty indices are largely based on research on households. Clearly, information amassed on the subject in the last few years did not make adequate allowances for increases in income levels—an error that Bhalla tries to correct. See Surjit Bhalla, *Imagine There's No Country*.
18. John Micklethwait and Adrian Woolridge, *A Future Perfect: The Challenge and Hidden Promise of Globalization* (London: Heinemann, 2000), pp. 260-261.
19. Jeffrey Sachs and Andrew Warner, "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity* 1, 1995.
20. For a fascinating discussion of South Korea's success story, see Philippe Legrain, *Open World: The Truth About Globalization* (London: Abacus, 2003), pp. 66-71.
21. These figures are taken from the CIA world factbook: www.cia.gov/publications/factbook/rankorder/2004rank.html.
22. Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Anchor, 2000), pp. x-xvi.
23. See Christopher Lockwood, "Cheer Up, Southeast Asia," *The Economist: The World in 2004* (special edition), p. 74.
24. See Thomas Larsson, "Asia's Crisis of Corporatism," in *Global Fortune: The Stumble and Rise of World Capitalism*, ed. Ian Vasquez (Washington: Cato Institute, 2000), pp. 125-158.
25. This theory was proposed in an article published in 1994 in *Foreign Affairs*, and has since become a classic: Terry Collingsworth, J. William Gould, and Pharis J. Harvey, "Labor and Free Trade: Time for a Global New Deal," *Foreign Affairs* 77:1 (1994), pp. 8-13.
26. Naomi Klein, *No Logo* (New York: St. Martin, 2002), pp. 195-229.
27. Klein, *No Logo*, p. 486.

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28. Klein, *No Logo*, p. 334.
29. See Stephanie Luo, "Necessary Evil? An Economic Analysis of the Impact of Sweatshops in Developing Asia," *Journal of Trade and Environment* (Winter 2000/2001), at www.stanford.edu/class/e297c/new/trade_environment/sweatshops/sluo.htm.
30. Linda Lim, "My Factory Visits in Southeast Asia and UM Code and Monitoring," in *Memo to University of Michigan Chair of the Standing Committee on Labor Standards and Human Rights*, September 6, 2000, at www.fordschool.umich.edu/rsie/acit/Documents/LimNotes00.pdf.
31. Quoted in Allen R. Myerson, "In Principle, a Case for More 'Sweatshops,'" *New York Times*, June 22, 1997.
32. Karl Marx and Friedrich Engels, *The Communist Manifesto*, trans. Samuel Moore (London: Penguin, 1967), p. 102.
33. See Pierre Bourdieu, "The Myth of 'Globalization' and the European Welfare State," in *Acts of Resistance: Against the New Myths of Our Time*, trans. Richard Nice (Cambridge: Polity, 1998), pp. 32-33.
34. Zygmunt Bauman, *Globalization: The Human Consequences* (Oxford: Blackwell, 1998), p. 95.
35. Naomi Klein, "Rebels in Search of Rules," *New York Times*, December 2, 1999.
36. See Patrick Buchanan, *The Great Betrayal* (London: Little, Brown, 1998).
37. Patrick Buchanan, *The Death of the West* (New York: Dunne, 2002), p. 229.
38. Said at a meeting arranged by *Time* magazine with another prominent opponent of globalization, Ralph Nader. Transcript can be found at <http://time.com/time/community/transcripts/1999/112899buchanan-nader.html>.
39. "Poll: Trust in Corporations Waning," *USA Today*, July 16, 2002, www.usatoday.com/money/2002.07-15-trust-poll_x.htm.
40. On this matter, see data of "Transnational Corporations and Export Competitiveness": www.bigpicturesmallworld.com/Global%20Inc%20pgs/intro.html.
41. See also a summary of the data from the same report in the UN journal www.un.org/Pubs/chronicle/2003/webArticles/031803_wir.html.
42. See "EU Blocks GE/Honeywell Deal," *BBC News*, July 3, 2001, <http://news.bbc.co.uk/1/hi/business/1420398.stm>.
43. "EMI, Time to Scrap Music Tie," *CNN Money*, October 5, 2000, <http://money.cnn.com/2000/10/05/deals/emi>.
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44. See Stephen Labaton, "The World Gets Tough on Fixing Prices," *New York Times*, June 3, 2001.

45. Legrain, *Open World*, p. 142.

46. This is also the title of David Korten's best-selling book, *When Corporations Rule the World* (San Francisco: Berrett-Koehler, 1995).

47. The drug trade is a striking exception. The Colombian drug cartels prosper even in the most anarchic conditions, and have private armies of mercenaries to protect their interests. One might argue with the definition of these bodies as "corporations," but it is difficult to deny the fact that they are global business empires.

48. See the WTO's Internet site: www.wto.org.

49. Quoted in "The WTO's Slow Motion Coup Against Democracy: An Interview with Lori Wallach," *Multinational Monitor* (October/November 1999). See also: www.thirdworldtraveler.com/WTO_MAI/WTO_SlowMotionCoup.html.

50. Quoted in Legrain, *Open World*, p. 175.

51. www.wto.org/english/thewto_e/whatis-e/tif_e/utw_chap2_e.pdf.

52. On this subject see the report prepared by the South Center, an inter-governmental organization of developing countries: www.southcentre.org/publications/trade/trade-04.html. For additional material on the trade dispute between the U.S. and Costa Rica, see: Helene Cooper "WTO Says U.S. Quotas on Underwear Imported from Costa Rica Are Unfair," *Wall Street Journal*, November 11, 1996. For details of the trade dispute between Ecuador and the EU: www.ccsindia.org/people_pjs_dispute.htm. Regarding the WTO's ruling on cotton and sugar subsidies, see the *New York Times*, September 9, 2004.

53. The altercation in Cancun was caused by the demand made by a number of highly influential members of the WTO, foremost among them the U.S. and the EU, to discuss topics already agreed upon at the first ministerial meeting in Singapore in 1996: Regulating matters affecting investment policy, ensuring conditions of economic competition, and transparency of government operations. In opposition to this, other members, mainly from the developing nations, insisted on discussing the American and European protectionist farming policies that were costing them dearly. The Cancun round of talks produced two organized blocs within the WTO: The "G20," including, among others, Brazil, China, and India; and the "G90" that included the African countries. These blocs were intended as a buffer to the enormous power of the rich "G8" countries, and as a means of forcing them to consider the interests of the developing countries. For further information on the discussions at the Cancun meeting and its results, see www.tips.org.za/research/papers/getpaper.asp?id=702; www.isil.org/resources/fnn/2003summer/african-on-wto-talks; www.cafod.org.uk/archive/policy/CAFOD_Cancun_Analysis.pdf.

54. See Brink Lindsey, *Against the Dead Hand: The Uncertain Struggle for Global Capitalism* (New York: John Wiley, 2002), p. 262.

55. The World Bank is actually a combination of five bodies: The International Bank for Reconstruction and Development (IBRD), the International Development Agency (IDA), the International Financial Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for the Settlement of Investment Disputes (ICSID).

56. The data can be found on the IMF's Internet site: www.imf.org/external/np/exr/facts/glance.htm.

57. The data are taken from the World Bank's Internet site: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contetbMDK:20040558~menuPK:34559~pagePK:34542~piPK:36600~theSitePK:29708,00.html>.

58. See Joseph Stiglitz, *Globalization and Its Discontents* (London: Penguin, 2002); Sever Plotzker, "Stiglitz: It Will Be Difficult for Israel to Grow," *Yediot Aharonot*, April 2, 2002.

59. Stiglitz, *Globalization*, p. 248.

60. Stiglitz, *Globalization*, pp. 138-141.

61. Andrei Illarionov, "Russia's Potemkin Capitalism," in *Global Fortune*, p. 209. It is doubtful if the example of Russia is sufficient to substantiate Stiglitz's recommendations. It has already been noted that gradual reform was taking place in Russia as early as 1985, but the experiment failed in the face of fierce bureaucratic opposition. The strategy of gradual change also had unfortunate results in the Ukraine, Byelorussia, and other republics that were once part of the USSR. However, the Baltic States, most notably Estonia, preferred to move more rapidly in the transition to a market economy and achieved better economic results. The economist Anders Aslund, former adviser to Soviet governments, recently published comprehensive research refuting Stiglitz's conclusions: He proves that rapid liberalization of the market and drastic democratization of the political system substantially improve the economic performance of countries during and after transition. When this process fails, as it did in Russia, for example, the neo-liberal economic model is not at fault, but rather the cumbersome and corrupt mechanisms charged with applying it. See Anders Aslund, *Building Capitalism: The Transformations of the Former Soviet Bloc* (Cambridge: Cambridge, 2002).

62. A reduction in the state's interference in the market does not necessarily imply the waning or disappearance of the role of the state. In certain respects, it is actually undergoing a process of empowerment: The state is involved, more so than previously, in dealing with legal and bureaucratic problems affecting human rights. At the same time, and ostensibly in contrast, it is using increasingly

sophisticated surveillance technology to extend and tighten its controls on individuals living within its borders (a necessity even for the most advanced democracies as a result of the threat posed by international terror). Moreover, the state acquires for itself the authority to decide and act in a wide variety of matters related to what the philosopher Michel Foucault called “bio-power”: In other words, the management and disciplining of life itself—problems of birth rate, public health, genetic engineering, demography, etc. See Nitza Berkovitch, “Globalization of Human Rights and Women’s Rights: The State and the International Political System,” *Theory and Criticism* 23, pp. 13-14. [Hebrew]; John Boli, John W. Meyer, George M. Thomas, and Fransisco O. Ramirez, “World Society and the Nation-State,” *American Journal of Sociology* 103 (1997), pp. 144-181; Michel Foucault, *History of Sexuality 1: The Desire to Know*, trans. Robert Hurley (New York: Vintage, 1990), pp. 133-159.

63. There is even room to doubt the validity of arguments that see the “lawless” competitive dynamic of globalization as instrumental to the demise of the social-democratic welfare state. Geoffrey Garret of Yale University’s department of political science analyzed data on more than 100 countries accumulated between 1985-1995 and discovered that increased exposure to international market forces did not usually reduce government expenditure. In truth, in the last half century, the most remarkable expansion in the size of government actually occurred in those countries with an open economy, like Sweden or Austria. It would appear, then, that the decline of the Western welfare state should not be attributed to the international market economy, but to internal political developments. If the social-democratic vision does fade, it will not be as a result of globalization but of the disabusement of voters in democratic countries with the notion that the welfare bureaucracy provides some kind of solution to social problems and economic inequality. See Geoffrey Garret, “Trade, Capital Mobility, and Government Spending Around the World,” *Working Paper*, Department of Political Science, Yale University, 1999; Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment* (New York: Cambridge, 1996), pp. 1-9.

64. See John Helliwell, *How Much Do National Borders Matter?* (Washington, D.C.: Brookings Institution, 1998).

65. See Paul Hirst and Grahame Thompson, *Globalization in Question* (Cambridge: Polity, 1996).

66. The following data may shed some light on the extent of international popularity of these brand names: The MTV network broadcasts to 340 million homes in 140 countries; McDonalds controls more than 30,000 restaurants in 119 countries and serves an average of 47 million customers every day; Coca-Cola sells soft drinks in more than 200 countries. These figures are taken from the companies’ Internet sites: <http://groups.msn.com/MTV/mtv.msnw>; www.mcdonalds.com/corp.html; www2.coca.cola.com/ourcompany/aroundworld.html.

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67. Guy Debord, *Society of the Spectacle* (Detroit: Black & Red, 1983), paragraph 21.
68. Herbert Marcuse, *The One-Dimensional Man: Studies in the Ideology of Advanced Industrial Society* (Boston: Beacon, 1964), p. 12.
69. Jurgen Habermas, *The Postnational Constellation* (Cambridge: Polity, 2001), p. 75.
70. Culturally speaking, globalization is frequently thought of as “Americanization”; even its most ardent supporters agree with this unreservedly. Thomas L. Friedman, for example, states that, “With the end of the Cold War, globalization is globalizing Anglo-American-style capitalism and the Golden Straitjacket. It is globalizing American culture and cultural icons. It is globalizing the best of America and the worst of America. It is globalizing the American Revolution and it is globalizing the American gas station.” Friedman, *The Lexus and the Olive Tree*, p. 380.
71. Kalle Lasn, *Culture Jam* (New York: Quill, 2000), p. xvi.
72. Amartya Sen, *Development as Freedom* (Oxford: Oxford, 1999), p. 243.
73. See Robert W. Cox, “A Perspective on Globalization,” in *Globalization: Critical Reflections*, ed. James H. Mittelman (Boulder: Lynne Rienner, 1996), p. 27.
74. See Arjun Appadurai, “Disjuncture and Difference in the Global Cultural Economy,” in *Modernity at Large: Cultural Dimensions of Globalization* (Minneapolis: University of Minnesota, 1996), pp. 27-47.
75. Clifford Geertz, “The World in Pieces: Culture and Politics at the End of the Century,” in *Focaal: Tijdschrift voor Antropologie* 32 (1998), pp. 107-108. [Dutch]
76. Penetrating insights into capitalism’s revolutionary dynamic can already be discerned in Karl Marx. See, for example, Karl Marx, “Outlines of the Critique of Political Economy,” in Karl Marx and Friedrich Engels, *Collected Works*, trans. James G. Colbert (New York: Telos, 1994), vol. 28, p. 203.
77. Gilles Lipovetsky, *Empire of Fashion: Dressing Modern Democracy*, trans. Catherine Porter (Princeton: Princeton, 1994), p. 148.
78. Lipovetsky, *Empire of Fashion*, p. 247.
79. Lipovetsky, *Empire of Fashion*, p. 10.
80. The full text of the advertisement can be found at www.sacramentosirens.com/ssnews/media/2003/2003_07_7.htm.
81. www.apple.com/thinkdifferent.
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82. Quoted by Ulrich Beck, *Brave New World: Model of a Civil Society*, trans. Patrick Camiller (Cambridge: Polity, 2000), p. 157.

83. See Habermas, *Postnational Constellation*, pp. 107-112, and *Cosmopolitan Democracy: An Agenda for a New World Order*, eds. Daniele Archibugi and David Held (Cambridge: Polity, 1995).

84. In his book *The Clash of Civilizations*, Samuel P. Huntington devotes considerable space to a discussion of the differences between the Western democratic system and the authoritarian Confucian one. According to Huntington, "At the broadest level the Confucian ethos pervading many Asian societies stressed the values of authority, hierarchy, the subordination of individual rights and interests, the importance of consensus, the avoidance of confrontation, 'saving face,' and, in general, the supremacy of the state over society and of society over the individual. In addition, Asians tended to think of the evolution of their societies in terms of centuries and millennia and to give priority to maximizing long-term gains. These attitudes contrasted with the primacy in American beliefs of liberty, equality, democracy, and individualism, and the American propensity to distrust government, oppose authority, promote checks and balances, encourage competition, sanctify human rights, and to forget the past, ignore the future, and focus on maximizing immediate gains. The sources of conflict are in fundamental differences in society and culture." *The Clash of Civilizations* (New York: Touchstone, 1996), p. 225.

85. The popular television series *From Carcur to Singapore*, broadcast on Israel's Channel 2 in July 2004, was an extended paean to the wonders of the Singaporean system. The presenter, Haim Hecht, stressed again and again the difference between the perfect functioning of Asian "democratorship" and the inadequate performance of Israeli "madcapocracy."

86. For a detailed review of the democratization processes in Asiatic countries, it is worth looking at the updated reports of Freedom House. See www.freedomhouse.org/research/index.htm.

87. Anwar Ibrahim, "A Passion for Freedom," in *The Economist: The World in 2004*, p. 77.