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Anti-globalization: why?

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1. Introduction

Globalization first became a buzzword. Davos and the *New York Times* columnist Thomas Friedman celebrated its virtues, its inevitability. But then came the anti-globalizers. Globalization then became a more conventional four-letter word. The Ruckus Society and the French sociologist Pierre Bourdieu proclaimed its vices, its vincibility.

As this dialectic has unfolded, it is tempting to think that there is a primeval curse on the phenomenon. After all, if you care to count, globalization is in fact a thirteen-letter word. It has become by now a phenomenon that is doomed to unending controversy, the focal point of always hostile passions and sometimes violent protests. It is surely a defining issue as we move further into the new century. The reasons this has happened cry out for comprehension. Without such understanding, and then informed refutation of the fears and follies that animate the anti-globalizers, we cannot adequately defend the globalization that many of us seek to sustain, even deepen.¹

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¹ There is extreme sensitivity on the part of the critics of globalization to being described as “anti-globalizers.” It is fashionable now to assert that the anti-globalizers are not against globalization but are rather for alternatives, but surely that is only the flip side of their attacks on globalization as they interpret it. Then again, it has become fashionable to say, as the Yale anthropologist David Graeber has recently asserted, that the “phrase ‘antiglobalization’ movement was coined by the corporate media,” and since corporations are anathema to most critics, as I argue in the text, that damns the phrase at one remove, but with passion. Compare David Graeber, “The Globalization Movement: Some Points of Clarification,” *Items & Issues* 2, 3–4 (2001) 12–14.

What is the globalization that is in contention? Globalization can mean many things. Here, however, I plan to focus exclusively on economic globalization; indeed, that is what I shall mean when I simply say “globalization” throughout this book. Economic globalization constitutes integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology: phenomena defined and treated more fully below.

Economic globalization is the favored target of many of the critics of globalization. It is distinct from other aspects of globalization, such as cultural globalization (which is affected by economic globalization) and communications (which is among the factors that cause the deepening of economic globalization).

Why are the critics of globalization agitated? What bothers them? There are two main groups that need to be distinguished, and I shall develop this distinction and build systematically on it below. First, there is a multitude of hard-core protesters who have deep-seated antipathy to globalization. They come from different intellectual and ideological directions and do not all share the same ideas and sentiments. But many buy into a linked trilogy of discontents that take the form successively of an ethos composed of an anti-capitalist, anti-globalization, and acute anti-corporation mind-set. These views are interlinked because globalization is seen as the extension of capitalism throughout the world, whereas multinational corporations are seen as the B-52s of capitalism and its global reach.² Beyond understanding where their discontents come from, as I do presently, there is little that one can do to enter into a dialogue with them.

Second, however, there are the critics of globalization whose discontents are well within the parameters of mainstream dissent and discourse. In their essence, these discontents translate into the arguments that economic globalization is the cause of several social ills today, such as poverty in poor countries and deterioration of the environment worldwide. These critiques, which amount in my view to a gigantic non sequitur, are of a very different order from the hard-core criticisms, which reflect implacable hostility to globalization. The former are susceptible to, indeed invite, reasoned engagement. These critiques need an extended and careful response. I provide that by demonstrating that, in fact, the various social causes that we all embrace, such as advancement of gender equality and reduction of poverty, are advanced, not set back, by globalization.

Am I leaving the prince out of *Hamlet* by not giving center stage to the critiques of international institutions such as the World Bank (which concerns itself with development), the International Monetary Fund (dealing with stabilization of economies in the grip of financial crises), the World Trade Organization (which oversees the world trading system and its progressive liberalization), bilateral aid agencies such as the US Agency for International Development, and trade treaties

² I am deeply indebted to Blair Hoxby of Yale for flagging to my attention these additional sources of intellectual opposition to globalization.

such as the North American Free Trade Agreement (NAFTA)? These institutions have often been targeted at their annual meetings by demonstrators who object to their “conditionalities” for assistance or their ambition to liberalize trade, depending on the institution being attacked.

But these demonstrations are mainly a clever guerrilla tactic, as I argue later: with thousands of newspaper and television reporters present, violence and ingenuity in street theater make a splash around the world. The specific critiques are what need to be addressed, rather than sweeping condemnations. These I do take seriously and examine fully as they relate to areas of concern.

I also consider the charge that globalization is a result of the iron fist of conditionality (i.e., preconditions for getting aid or trade opportunities) wielded by bilateral and multilateral aid agencies. Whether the conditionalities are effective and binding (as the critics believe) or are loose and often evaded (as I argue) and whether trade liberalization is “forced” by these institutions (as is alleged) or is often embraced by nations because they believe it is good for them to abandon costly protectionism (as I contend) are matters that I deal with.

As for the charges of hypocrisy, double standards, and unfair trade that are passionately leveled today at these international institutions and also at the rich nations — in particular, that they maintain protection for themselves while they force others into free trade — these charges have been made by reputable non-governmental organizations (NGOs) such as Oxfam and by the World Bank in its occasionally desperate get-them-off-our-backs mode. But, as I have written extensively elsewhere with documentation and only sketch in this book, these beliefs and allegations are often little more than rubbish.³

In particular, the average industrial protection in the poor countries is still significantly higher than in the rich countries and why protection in the rich countries has not been reduced more on labor-intensive industrial products have nothing to do with hypocrisy. In agriculture, there are extensive tariffs in the importing poor countries as well. Moreover, significant subsidies, often through heavily subsidized inputs such as water and electricity, can be found in agriculture even in poor countries such as India and Mexico.

Besides, only an ignoramus would coach the poor countries to talk of “unfair trade,” for this is the code phrase used by the protectionists in rich countries to cut off imports from the poor countries by alleging that they obtain their competitiveness in ways that amount to unfair competition and unfair trade. Trade experts of all political persuasions have spent decades exposing the cynical use of this

³ I have written on the issue, noting how the facts on asymmetry are the opposite of what is alleged by the critics charging double standards and hypocrisy, in several places. See, for example, Jagdish Bhagwati and Arvind Panagariya, “Wanted Jubilee 2010: Dismantling Protection,” *OECD Observer*, May 27–29, 2002; and “The Truth About Protectionism,” *Financial Times*, March 29, 2001. A focus only on protectionism of the rich countries, to the exclusion of protectionism in the poor countries, is also dangerous and self-defeating, as I argue in “Targeting Rich-Country Protectionism: Jubilee 2010 et al.,” *Finance & Development*, September 2001.

phrase and decrying its usage, but then in come the know-nothings, who persuade the unsuspecting poor countries to embrace it.⁴ When it comes to the two sets of nations, poor and rich, battling it out as to who is the worse unfair trader, do not be surprised when the poor nations find themselves at a disadvantage.

If all this were of no relevance, I would grin and bear it. Regrettably, many of the leaders in the poor countries have now come to believe that the trading system is unfair and hypocritical, and therefore, they can focus on others' protectionism and forget about their own. Their protectionism, currently at average levels higher than in the rich countries, can only hurt their own prosperity, and therefore, the war against poverty. Causing harm to the poor countries cannot have been the intention of Oxfam, yet the road to hell is paved with good intentions. Oxfam knows a little, but not enough, about trade policy, I am afraid, and I have been moved to remark, not just in this instance, that mission creep, even by non-creeps, is often not a good idea.⁵ Their overreach subtracts from the great good that they have done when they concentrate on what they do best.

So much then for conditionalities, double standards, unfair trade, and hypocrisy. Let me turn instead to the central tasks that I have set out to explore in this book: the sources of anti-globalization sentiments, the concerns that globalization lacks a human face, the reality that it does have one, and the governance that must accompany globalization once one recognizes that it is generally a benign force for social agendas.

2. Exaggerating the perils of globalization

At the outset, it is necessary to recognize that the perils of globalization happen to be exaggerated because of what I like to call the fallacies of aggregation.

2.1. Different aspects of globalization

Recall that globalization, even in its economic aspects, has many dimensions. It embraces trade and long-term direct foreign investment by multinationals as well as flows of short-term portfolio capital whose rapidity and size have caused havoc in places ranging from Bangkok to Buenos Aires. But it also should include now-sizeable migrations, legal and often illegal, across borders. And it extends

⁴ I had isolated this "unfair trade" virus in my 1990 Harry Johnson Lecture, published as *The World Trading System at Risk* (Princeton: Princeton University Press, 1991). Martin Wolf, writing in the *Financial Times* on Oxfam's foray into world trade policy with a report citing unfair trade and double standards, had a similar critical commentary.

⁵ I base my remarks in the much-cited Oxfam report *Rigged Rules and Double Standards: Trade, Globalization and the Fight Against Poverty* (Oxford: Oxfam, 2002). Oxfam spokesmen have written extensively in this vein in newspapers and magazines. I was also on a panel of trade ministers and trade experts at the last Davos meeting where a senior Oxfam representative spoke along the same lines with passion but little else.

to the diffusion and transfer of technology (such as AIDS-fighting drugs) among producing and consuming nations. Such economic globalization, in turn, is distinct from globalization, say, on dimensions such as increased international accessibility of print and other media (e.g., Internet access to newspapers and magazines, and the reach of CNN and the BBC today) or growing enrollments of foreign students.

Yet the popular discourse on globalization has tended to blur the lines between these different dimensions and to speak of globalization and its merits and demerits as if it were a homogeneous, undifferentiated phenomenon. Indeed, recent years have seen many polls on attitudes toward “globalization,” some of which I discuss below, and practically all of them are marred by a failure to specify which aspect of even economic globalization they are polling the respondent about. So we have no way of finding out what exactly the respondent has in mind when she says that globalization is good for herself or for the poor or for her country.

In fact, the rot goes even deeper. In particular, in the many debates that I have had with Ralph Nader and other opponents of freer trade before, during, and after the 1999 ministerial meeting of the World Trade Organization in Seattle (which broke up in mayhem as a result of violent demonstrations by anti-globalization groups), the critics have invariably strayed into the financial crisis that devastated East Asia in the latter half of the 1990s. They argue as if the case for freer trade had been exposed as illusory by this financial crisis. But openness to trade had been at the heart of the East Asian “miracle,” whereas imprudent and hasty freeing of financial flows was at the heart of the brutal interruption of this miracle. To throw beneficial trade out of the window because financial flows have caused a crisis is surely illogical.⁶

The case for free trade and the argument for free capital flows have important parallels. But the differences are yet more pointed. The freeing of capital flows in haste, without putting in place monitoring and regulatory mechanisms and banking reforms, amounts to a rash, gung-ho financial capitalism. It can put nation-states at serious risk of experiencing massive, panic-fed outflows of short-term capital funds, which would drive their economies into a tailspin.

The freeing of trade can hardly do this. If I exchange some of my toothpaste for one of your toothbrushes, we will both have whiter teeth, and the risk that we will have our teeth knocked out by this exchange is negligible. By contrast, the proper analogy for capital flows is playing with fire. When Tarzan sets a fire to roast his kill, he feeds himself and has little to fear: a forest fire is hard to set off. But when he returns to England as the long-lost Earl of Greystoke, he can carelessly and easily set his ancestral home on fire.

Yet, manifest as this asymmetry is to any but the most ideological economists, it is a common affliction even among highly educated members of the public such as

⁶ In fact, even a sophisticated anti-globalization economist such as Dani Rodrik of the Kennedy School at Harvard University may have spread this confusion; see Rodrik’s “The Global Fix,” *The New Republic*, November 2, 1998, on proposed changes in the world trading system. The article starts illogically with the financial crisis as the cause of the world malaise that needed attention.

Ralph Nader. Indeed, they assume that if one is for free trade, one must be for free direct investment, for free capital flows, for free immigration, for free love, for free everything else! I must confess that while the case for free trade suffers from this fallacy, making our business of defending the merits of free trade more precarious, I myself have profited from it. Thus, when I wrote in 1998 of this asymmetry between free trade and free capital flows in the magazine *Foreign Affairs*, right after the East Asian financial crisis had broken out, alerting all to it, that turned out to be newsworthy. That I — widely complimented or condemned, depending on your viewpoint, as the “world’s foremost free trader” — had “admitted” that unfettered capital flows could be dangerous was considered to be a heresy worthy of the greatest attention. While a few others, such as my new (Columbia) colleague Joseph Stiglitz and my old (MIT) student Paul Krugman, had also registered their reservations in their own way, I was the one who became the poster boy for many who were fearful of “globalization.” And yet, in all truth, I had thought that I was saying the obvious; I had in fact never thought otherwise!

2.2. *The North–South divide: an ironic reversal*

The debate on globalization is overlaid and overwhelmed by yet another fallacy that asserts that the disillusionment with globalization, typified by the street theater and the campus protests, is worldwide and reflects a majoritarian discontent. But this belief is not true.

In fact, anti-globalization sentiments are more prevalent in the rich countries of the North, while pluralities of policy makers and the public in the poor countries of the South see globalization instead as a positive force. This was the finding of the World Economic Forum’s extensive poll on global public opinion on globalization, carried out by the Canadian polling firm Environics International, with twenty-five thousand urban respondents in twenty-five countries, and presented at the WEF’s annual meeting in New York in early 2002.⁷

I call this an ironic reversal since the situation was exactly the other way around in the 1950s and 1960s. At that time the rich countries were busy liberalizing their trade, investments, and capital flows. They saw international integration as the magic bullet that would bring them prosperity, and it did produce the golden age of rising tides that lifted all boats until the OPEC-led explosion of oil prices unsettled the world economy beginning in the mid-1970s. But the poor countries were fearful of international integration.

Raúl Prebisch, the Argentinian economist, talked then of the dangers to the “periphery” from the “center” in international interactions. The sociologist Fernando Henrique Cardoso of Brazil invented the *dependencia* thesis, arguing that the

⁷ The polling firm is based in Toronto; the results can be accessed at <http://www.environicsinternational.com/global/press.inside.html>. Lest the reader think wrongly that this report is not credible because it was commissioned by the World Economic Forum, I also cite below the pro-globalization findings of other polls that are not similarly handicapped.

poor countries would be relegated to a dependent status in the international economy. The Chilean sociologist Osvaldo Sunkel used the striking phrase “integration into the international economy leads to disintegration of the national economy.” President Kwame Nkrumah of Ghana, whom the CIA helped dislodge, wrote of “neo-colonialism”: the embrace by the former colonial powers of innocent-looking instruments such as aid that would intentionally create a crypto-colonialism.

I characterized these fearful attitudes at the time as “malign impact” and “malign intent” paradigms, contrasting with the economist’s conventional thinking that international integration would benefit all, rich and poor, and was therefore, a “benign impact” phenomenon (which need not have benign intentions motivating it), whereas aid and other assistance were “benign intent” policies (which of course might nonetheless have unintended malign outcomes).⁸

Many poor countries that bought into these fearful ideas and turned away from using international trade and investment flows as opportunities to be seized turned out to have made the wrong choice. Their failures, and the example of the success of the countries of the Far East that used international opportunities to great advantage instead, have proven salutary. The result has been a turn by the South toward more globalization. The sociologist Cardoso, who had warned of *dependencia*, became President Cardoso of Brazil, seeking to take Brazil into more, not less, globalization. The WEF poll on globalization was simply recording this swing of sentiment.⁹

By contrast, the fearful “malign impact” ideas have come to haunt several groups, among them the labor unions, in the rich nations. And this reversal, this contrast with the poor countries, is exactly what the WEF poll was picking up. The rich tapestry of reasons why this has happened is of both interest and concern, and I will address it shortly.

But before doing that, it is worth also noting that recent polls show a waning, rather than an enhancement, of the acute anti-globalization of the 1990s. The WEF poll found also that the positive views of globalization (as an omnibus and ill-defined phenomenon) had become more positive in North America and Europe, even while they remained lower than those in the countries of the South, big pluralities of whose residents continued to express high expectations of globalization. This is also the finding from polls conducted by the Center on Policy Attitudes of the University of Maryland: “Overall, Americans tend to see globalization as somewhat more positive than negative and appear to be growing familiar with the concept and more positive about it. A large majority favors moving with the

⁸ Cf. Jagdish Bhagwati, ed., *The New International Economic Order* (Cambridge: MIT Press, 1978) Chapter 1.

⁹ The poll also suggested that the developing countries such as Indonesia and Argentina, which were badly hit by financial crises just prior to the poll, were less enthusiastic about globalization. I comment on that later when I discuss how the sins of one form of globalization tend to be visited on the virtues of another, and that this “fallacy of aggregation” complicates the task of assessing globalization’s consequences meaningfully.

process of globalization and only a small minority favors resisting it.”¹⁰ The most recent poll by the Pew Global Attitudes Project, under the guidance of President Clinton’s secretary of state, Madeleine Albright, of thirty-eight thousand people interviewed in forty-four countries found that “majorities in every nation surveyed say growing business and trade ties are at least somewhat good for their country and for themselves” and that while social and economic discontent can be found everywhere, “yet for the most part they are not inclined to blame such troubles on growing interconnectedness.”¹¹

But it may be too optimistic to go by these polls, as they may also reflect changed circumstances in national economic performance. Good times dampen anti-globalization attitudes, while bad times deepen them. The WEF poll is revealing on this: the lowest pluralities in favor of globalization among the poorer nations are in Indonesia, Turkey, and Argentina, where economies have been through turmoil. And so the task of understanding the anti-globalization sentiments, and responding to them if globalization is to be successfully maintained and managed, remains pressing.

3. Globalization today: different from yesterday

If globalization’s perils tend to be exaggerated in the ways I just discussed, they are also understated by many who say, “Well, we have always had globalization, and it is no big deal.” True, rapid integration of the world economy occurred in the late nineteenth and early twentieth centuries. We can go back to the end of the nineteenth century, for instance, and find that trade, capital flows, and migrations were no less than they are today. If multinationals bother you, then just think of the great East India Company, which virtually paved the way for the British conquest of India, and the Dutch East Indies Company, which dominated Indonesia. Trade grew rapidly along with European outward expansion, as did settlements in the new areas opened up by exploration and conquest. Capital flowed profusely, financing the building of railways in Africa and the extraction of minerals worldwide. Many historians have noticed that the years spanning the two world wars were an interruption of the upward trends in the expansion of world trade and investment, and that it is possible to interpret the postwar liberalization of trade and investment flows as leading to a resumption of the trends set into motion prior to World War I. But all this misses the fact that there are fundamental differences that give globalization today a special, and at times sharp, edge.

First, the earlier integration of the world economy was driven more by technological developments in transportation and communications than by policy changes. It’s true that British prime minister Robert Peel repealed the Corn Laws

¹⁰ See, http://www.americansworld.org/digest/global_issues/globalization/gz_summary.cfm.

¹¹ Pew Research Center for the People and the Press, “Views of a Changing World,” June 2003, 71; <http://people-press.org/reports/display.php3?ReportID=185>.

in 1846, bringing free trade unilaterally to England in the first dramatic move away from mercantilism. We also know that in various ways many European nations, notably France, followed suit with some trade liberalizations of their own, though historians have not yet decided whether their actions were induced by the example of Britain's success with free trade, as expressly predicted by Peel.

But none of these policy changes did as much to integrate the world economy in the latter half of the century as did emerging technological revolutions in transportation by railways and in the oceans. Technological advances in these sectors rapidly reduced costs of transport and communication continually through the nineteenth century. Martin Wolf, the *Financial Times* columnist, has observed: "The first transatlantic telegraph was laid in 1866. By the turn of the century, the entire world was connected by telegraph, and communication times fell from months to minutes."¹²

Of course, the rate of technological change in moving goods and services and knowledge cheaply and rapidly across nations has continued unabated, even accelerating according to some observers. Thus, Wolf writes: "The cost of a three-minute telephone call from New York to London in current prices dropped from about \$250 in 1930 to a few cents today. In more recent years, the number of voice paths across the Atlantic has skyrocketed from 100,000 in 1986 to more than 2 million today. The number of Internet hosts has risen from 5,000 in 1986 to more than 30 million now."¹³

But today's most dramatic change is in the degree to which governments have intervened to reduce obstacles to the flow of trade and investments worldwide. The story of globalization today must be written in two inks: one colored by technical change and the other by state action. In fact, even the early postwar hostility toward global integration in many of the poor countries has, as already remarked upon, yielded steadily to the progressive embrace of globalization. But this fact forces upon our attention a disturbing observation: governments that can accelerate globalization can also reverse it. Herein lies a vulnerability that cannot be dismissed complacently. The earlier globalization, in the end, was interrupted for almost a half century with rising trade barriers epitomized by the infamous 1934 Smoot–Hawley Tariff of the United States and declining trade flows and investments after World War I through to the Great Crash of 1929 and World War II.

Second, the new information technologies have created a landscape where movements of services and capital are faster by several orders of magnitude. The rapidity with which huge amounts of funds moved out of East Asia within less than a week in 1998, the precipitous outflows from Mexico in November 1994, and many other instances of substantial and rapid-fire outflows of capital have created immense management problems that elude the grasp of countries that face difficult developmental weaknesses and challenges but want to embrace financial global-

¹² Martin Wolf, "Will the Nation-State Survive Globalization?" *Foreign Affairs* 80, 1 (2001) 181–82.

¹³ *Ibid.*, 182.

ization or are forced to do so. Financial panics, crashes, and manias are nothing new, as the renowned economist Charles Kindleberger has reminded us; but their magnitudes and the speed at which they arrive are indeed qualitatively a different, and potentially more dangerous, phenomenon.

Third, the sense of vulnerability, or economic insecurity, is arguably greater today than in earlier periods because the growing integration of nations worldwide into the international economy has intensified competitive pressures from actual and potential rivals elsewhere. In Adam Smith's time, over two centuries ago, orange producers in the tropics had little worry about competition from Glasgow even though oranges could be grown in glass houses: the cost difference would be so high that the tropical farmers felt secure behind a solid buffer of competitive advantage. England's producers of manufactures also enjoyed easy dominance in many cases because England was ahead of all on industrialization. But today, in most commodities and activities, technology matters and has diffused greatly, both because many have access to similar pools of knowledge and because multinationals can take scarce knowledge almost everywhere if they choose, as they often do, and they do produce globally. The buffer has, therefore, shrunk dramatically in most activities, and international competition is fierce and feared.

The inevitable effect has been to prompt firms everywhere to worry about "fair trade." Each looks over his foreign rival's shoulder to see if any difference in domestic policy or institutions gives this competitor an "unfair" advantage. The result has been a growing demand for ironing out any such differences, including in labor and environmental standards, as firms seek "level playing fields," ignoring the fact that it is differences, whether of climate and skills or of domestic institutions and policies reflecting local conditions, that lead to beneficial trade among nations.

While these demands, familiar in the rich countries for the most part, have transformed the debate on globalization, the other important implication of intensified world competition is that it has exposed producers in the poor countries to increased risks as a result of shifting to world markets in search of greater prosperity. Thus, farmers who shift from traditional staples to cash crops because of higher returns at current prices face the prospect that this shift will lead them into ruination if rivals elsewhere with lower prices suddenly move into the market: a phenomenon that is more likely in a world with many potential suppliers with small margins of difference in competitiveness. Since few farmers in the poor countries are likely to take these downside possibilities into account, sudden misery is a possibility that has at times resulted from the shift to global markets. The absence of institutional support to handle these downsides has become a major source of worry.

Finally, fears that globalization intensifies interdependence among nation-states and increasingly constrains their ability to provide for the welfare of their citizens have a salience that did not quite obtain in the earlier period. The growth of the welfare state in the twentieth century — even though we had elements of it starting earlier, as with social security, whose origins go back to Bismarck in Germany — has created a mind-set, an ethos, where the state is expected to be responsible for

the welfare of its citizens. The novel fear today is that globalization places limits on the freedom to discharge this critical responsibility.

And so the complacent view that there is nothing new about globalization is simply wrong. We do need to look at the phenomenon closely, seeking to analyze and address the fears that are novel and indeed appear to be plausible at first blush.

4. A trilogy of discontents

4.1. Anti-capitalism

As the twentieth century ended, capitalism seemed to have vanquished its rivals. Francis Fukuyama's triumphalism in his celebrated work *The End of History and The Last Man* (1990) was like a primeval scream of joy by a warrior with a foot astride his fallen prey.¹⁴ It was not just the collapse of communism in Europe and China's decisive turn away from it. As the energetic anti-globalization NGO Fifty Years Is Enough laments, even the Swedish model (with its enhanced social democratic commitment to the welfare state, backed by a markedly progressive and redistributive tax system) had lost its appeal. The much-advertised model of "alternative development" in the Indian state of Kerala, with its major emphasis on education and health and only minor attention to growth, had also run into difficulties, much as President Julius Nyerere's celebrated socialist experiment in Tanzania had run the country's economy into the ground. This vanishing of different possibilities has led to what I have called the tyranny of the missing alternative, provoking a sense of anguished anti-capitalist reactions from both the old and the young.

The old among the disenchanting are few, and so they perhaps matter less than the young, who are many. They are among the anti-capitalists of the postwar years, ranging from socialists to revolutionaries. The communists and Marxists are captive to a nostalgia for their vanished dreams.

When the World Economic Forum met in Davos, Switzerland, in February 2001, there was an anti-Davos meeting in Brazil at the same time.¹⁵ The rhetoric in Brazil was one of revolution. I recall George Soros, who properly considers himself to be a progressive financier, going into a debate from Davos on the video monitor with some of the anti-Davos participants. I recall his frustration, indeed astonishment, when he realized that he was seen as the enemy, not a friend, much as US Democrats were chagrined that Ralph Nader thought during the last presidential election that they were no different from the Republicans.

¹⁴ Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

¹⁵ This meeting in Porto Alegre has now become an annual, parallel affair and describes itself as the World Social Forum, in contrast to the World Economic Forum of Davos. The contrasting choice of terminology is clearly intended to suggest that they are for social outcomes and for humanity, whereas their opponents are for profits and against humanity.

Soros, who had not previously interacted with these groups, just did not get it: as far as these anti-capitalist revolutionaries are concerned, anyone who is into stocks and bonds should be put in stocks and bonds. Indeed, these groups, who were memorializing Che Guevara and listening to Ben Bella, were the exact anti-theses of the Arthur Koestlers of the world, who wrote of the god that failed. They were working from a script about the god that died but will come again, much like born-again Christians. They only had to keep the faith.

But we who favor globalization must also confront the young. And if you have watched the streets of Seattle, Washington, Prague, Montreal, and Genoa, where the anti-globalizers have congregated with increasing militancy, or if you see their impassioned protests on the campuses, as I have watched the Anti-Sweatshop Coalition's activities at my own university (Columbia), there can be no doubt that we have here a phenomenon that is truly important in the public space and also more potent: the nostalgia of the fading generation cannot compete with the passions of the rising generation.

So how is the discontent of the young to be explained? Of course, a rare few among them share their predecessors' revolutionary bent. Consider Global Exchange, an NGO that describes itself as a "human rights group" — this is the term, much as "socialism" was three decades ago, and its moral resonance immediately gets you onto higher ground and gives you a free pass with the media and the public. It professes radical politics and gets endorsement from the great linguist and activist Noam Chomsky, among other left intellectuals. Its pronouncements on the World Trade Organization are dramatic and drastic: "the WTO only serves the interests of multinational corporations" and "the WTO is killing people."¹⁶

But Global Exchange and its radical chic are really a fringe phenomenon. There are several explanations, other than strong socialist convictions, of what animates the young in particular. Each may explain part of the reality, while collectively they provide a more complete explanation.

1. Far too many among the young see capitalism as a system that cannot address meaningfully questions of social justice. To my generation, and that of the British left-leaning intellectuals such as George Bernard Shaw that preceded it, the Soviet model was a beguiling alternative. Indeed, my much-translated 1966 book *The Economics of Underdeveloped Countries* contains a distinct nod toward the Soviet Union: "The imagination of many . . . nations has been fired, perhaps most of all, by the remarkable way in which the Soviet Union has raised itself to the status of a Great Power by its own bootstraps and in a short span of time."¹⁷ How appalling a misjudgment this view of the Soviet alternative seems today, and how commonplace it was then!

¹⁶ See <http://www.globalexchange.org/campaigns/rulemakers/topTenReasons.html>.

¹⁷ Jagdish Bhagwati, *The Economics of Underdeveloped Countries* (London: Weidenfeld and Nicolson, 1966) Chapter 1.

That capitalism may be viewed instead as a system that can paradoxically destroy privilege and open up economic opportunity to the many is a thought that is still uncommon. I often wonder, for example, how many of the young skeptics of capitalism are aware that socialist planning in countries such as India, by replacing markets systemwide with bureaucratically determined rations of goods and services, worsened rather than improved unequal access because socialism meant queues that the well-connected and the well-endowed could jump, whereas markets allowed a larger number to make it to the check-out counter. I have always been astonished at the number of well-meaning socialists, whose aspirations I admire, who continue to fall for the erroneous view that controls and direct allocations are an appropriate answer to inequality.

2. But the anti-capitalist sentiments are particularly virulent among the young who arrive at their social awakening on campuses in fields other than economics. English, comparative literature, and sociology are fertile breeding grounds.

Thus, deconstructionism, espoused by the French philosopher Jacques Derrida, has left the typical student of literature without anchor because of its advocacy of what amounts to an endless horizon of meanings. Terry Eagleton, the sympathetic chronicler of modern literary theory, has written: “Derrida is clearly out to do more than develop new techniques of reading: deconstruction is for him an ultimately political practice, an attempt to dismantle the logic by which a particular system of thought, and behind that a whole system of political structures and social institutions, maintains its force.”¹⁸

True, Derrida’s technique will deconstruct any political ideology, including Marxism. Typically, however, it is focused on deconstructing and devaluing capitalism rather than Marxism, often with nihilistic overtones, which creates the paradox that many now turn to anarchy not from Bakunin but from Derrida.

The near-nihilist influence of the deconstructionism of Derrida in feeding anti-capitalism has been matched by the equally profound influence of Michel Foucault: these have amounted to a double whammy, courtesy of Paris. Foucault’s emphasis on discourses as instruments of power and dominance has also led to what is often described as an “anti-rational” approach that challenges the legitimacy of academic disciplines, including economics, and their ability to get at the “truth.” There is little doubt that the language of power, and the focus on it, feeds in turn the notion, discussed later, that corporations will dominate and exploit the workers

¹⁸ Terry Eagleton, *Literary Theory: An Introduction*, 2nd ed. (Minneapolis: University of Minnesota Press, 2001) 128.

under the liberal rules that define capitalism, and by extension, globalization.¹⁹

The heavy influence of Marxist texts on students of literature, on the other hand, has been beautifully captured by V.S. Naipaul in his compelling portrait in *Beyond Belief* of the Pakistani guerrilla Shabaz, who went from studying literature in England to starting a revolution in Baluchistan that failed.

There were close Pakistani friends at the university. Many of them were doing English literature, like Shabaz; it was one of the lighter courses, possibly the lightest, and at this time it was very political and restricted. It was encouraging Marxism and revolution rather than wide reading. So Shabaz and his Pakistani friends in their Marxist study group read the standard (and short) revolutionary texts, Frantz Fanon, Che Guevara. And while they read certain approved Russian writers, they didn't read or get to know about the Turgenev novels, *Fathers and Sons* (1862) and *Virgin Soil* (1877), which dealt with conditions not unlike those in feudal Pakistan, but questioned the simplicities of revolution.²⁰

Feeding the anti-globalization movement are also the post-colonial (poco) theorists, who, following Edward Said's pathbreaking writings, have a profound suspicion of Western scholarship as an objective source of interpretation and conceptualization of the colonial societies that were part of the global polity that European expansion created. That suspicion breeds hostility both to Western disciplines such as economics and to the threat that they see from them to the cultures of the communities and nations that have succeeded the colonial rule.

Thus, the post-colonial theorists become natural allies of the deconstructionists, the diverse post-modernists (pomos), the Foucault cultists, and the Marxists, in their anti-globalization sentiments in the literature departments. The cauldron draws its boiling waters from many spigots.

As for sociology, many of its students are influenced equally by the new literary theory and the old Marxism. They stand in contempt of economic argumentation that would refute their rejectionist beliefs about capitalism by asserting that economics is about value whereas sociology is about values. But they are wrong today on both counts.

Economists will retort that as citizens they choose ends, but as economists they choose the (best) means. Moreover, accused of indulging the profit motive, they respond with the Cambridge economist Sir Dennis Robertson that economics is addressed heroically to showing how "man's basest instincts," not his noblest, can be harnessed through appropriate institutional design to

¹⁹ See also the quote from Edward Said further below. Blair Hoxby has reminded me that, earlier than Foucault, these anti-rational views may be traced to Theodor Adorno and Max Horkheimer's *Dialectic of Enlightenment*, first published in German in 1944.

²⁰ V.S. Naipaul, *Beyond Belief: Islamic Excursions Among Converted Peoples* (New York: Vintage, 1999) 276.

produce public good. Adam Smith would surely have died an unsung hero if he had peddled the pedestrian argument that altruism led to public good.

The presumption that sociology is a better guide to virtue than economics is also misplaced. Certainly its related discipline, social anthropology, has traditionally leaned toward preserving cultures, whereas economics in our hands is a tool for change.²¹ When I studied in England I was fascinated by social anthropology and deeply buried in the writings of the legendary A.R. Radcliffe-Brown and many others, but I still wound up preferring economics for my vocation. What other choice could really have been made by a young student from a country afflicted by economic misery? Indeed, if reducing poverty by using economic analysis to accelerate growth and therewith pull people up into gainful employment and dignified sustenance is not a compelling moral imperative, what is?

But I should add that many of these students are also susceptible to the biting critical view of economics as an apologia for capitalism that was brilliantly propounded by Rosa Luxemburg in her classic essay “What Is Economics?” — the first chapter of a proposed ten-chapter work, only six chapters of which were found in her apartment after her murder. She had argued that “the new science of economics,” which had reached the status of an academic discipline in Germany, was tantamount to an attempted legitimation of the “anarchy of capitalist production” and was essentially “one of the most important ideological weapons of the bourgeoisie as it struggles with the medieval state and for a modern capitalist state.” The “invisible hand,” with its rationalization of markets, had a hidden agenda, hence it lacked plausibility. This analysis attracts many.

3. But I also think that an altogether new factor on the scene that propels the young into anti-capitalist attitudes comes from a different, technological source in a rather curious fashion. This is the dissonance that now exists between empathy for others elsewhere for their misery and the inadequate intellectual grasp of what can be done to ameliorate that distress. The resulting tension spills over into unhappiness with the capitalist system (in varying forms) within which they live and hence anger at it for its apparent callousness.

Today, thanks to television, we have what I call the paradox of inversion of the philosopher David Hume’s concentric circles of reducing loyalty and empathy. Each of us feels diminishing empathy as we go from our nuclear family to the extended family, to our local community, to our state or county (say, Lancashire or Louisiana), to our nation, to our geographical region (say,

²¹ Today social anthropology has moved into a more liberal stance, under the influence of postcolonial and postmodern theorists. Nonetheless, it is not free from its status quo bias on culture, which seeks to value rather than vanquish the old, and to be skeptical and suspicious of change. The influence on policy of this discipline has revived as social anthropologists have found their way into foundations, the World Bank, and several NGOs.

Europe or the Americas), and then to the world. This idea of concentric circles of empathy can be traced back to the Stoics' doctrine of *oikeiosis* — that human affection radiates outward from oneself, diminishing as distance grows from oneself and increasing as proximity increases to oneself. In the same vein, Hume famously argued that “it is not contrary to reason to prefer the destruction of the whole world to the scratching of my finger” and that “sympathy with persons remote from us is much fainter than with persons near and contiguous.”²²

Similarly, his contemporary Adam Smith wrote in 1760 in *The Theory of Moral Sentiments*, which is as celebrated among moral philosophers as *The Wealth of Nations* is among economists.

Let us suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake and let us consider how a man of humanity in Europe, who had no sort of connexion with that part of the world, would be affected upon receiving intelligence of this dreadful calamity. He would, I imagine, first of all express very strongly his sorrow for the misfortune of that unhappy people, he would make many melancholy reflections upon the precariousness of human life and the vanity of all the labors of man which could thus be annihilated in a moment. He would too, perhaps, if he was a man of speculation, enter into many reasonings concerning the effects which this disaster might produce upon the commerce of Europe and the trade and business of the world in general. And when all this fine philosophy was over, when all these humane sentiments had been once fairly expressed, he would pursue his business or pleasure, take his repose or his diversion, with the same ease and tranquility as if no such accident had occurred.

The most frivolous disaster which could befall himself would occasion a more real disturbance. If he was to lose his little finger tomorrow, he would not sleep tonight; but, provided he never saw them, he would snore with the most profound security over the ruin of a hundred million of his brethren. The destruction of that immense multitude seems plainly an object less interesting to him than this paltry misfortune of his own. To prevent, therefore, this paltry misfortune to himself would a man of humanity be willing to sacrifice the lives of a 100 million of his brethren, provided he had never seen them?²³

²² David Hume, *A Treatise of Human Nature* (London: J.M. Dent, 1911) 2:128. See also David Hume, *An Enquiry Concerning the Principles of Morals*, ed. J.B. Schneewind (Indianapolis: Hackett, 1983): “Sympathy, we shall allow, is much fainter than our concern for ourselves, and sympathy with persons remote from us, much fainter than with persons near and contiguous” (49); and “It is wisely ordained by nature, that private connexions should commonly prevail over universal views and considerations; otherwise our affections and actions would be dissipated and lost, for want of a proper limited object. Thus, a small benefit done to ourselves, and our near friends, excites more lively sentiments of love and approbation than a great benefit done to a distant commonwealth” (49).

²³ Adam Smith, *The Theory of Moral Sentiments*, ed. D. Raphael and A.L. Macfie (Oxford: Clarendon, 1976) 136–137.

What the Internet and CNN have done is to take Hume's outermost circle and turn it into the innermost. No longer can we snore while the other half of humanity suffers plague and pestilence and the continuing misery of extreme poverty. Television has disturbed our sleep, perhaps short of a fitful fever but certainly arousing our finest instincts.²⁴ Indeed, this is what the Stoics, chiefly Hierocles, having observed the concentric circles of vanishing empathy, had urged by way of morality: that "it is the task of a well tempered man, in his proper treatment of each group, to draw circles together somehow towards the centre, and to keep zealously transferring those from the enclosing circles into the enclosed ones."²⁵

At the same time, the technology of the Internet and CNN, as Robert Putnam has told us, has accelerated our move to "bowling alone," gluing us to our TV sets and shifting us steadily out of civic participation, so that the innermost circle has become the outermost one.

So the young see and are anguished by the poverty and the civil wars and the famines in remote areas of the world but often have no intellectual training to cope with their anguish and follow it through rationally in terms of appropriate action. Thus, as I watched the kids dressed as turtles at Seattle, during the riotous 1999 WTO ministerial meeting, protesting against the WTO and the Appellate Body's decision in the shrimp–turtle case (discussed in Chapter 11), I wondered how many knew that the environmentalists had really won that decision, not lost it. The ability to unilaterally impose requirements on foreign shrimpers on the high oceans to use turtle-excluding devices (nets with narrow necks), failing which imports of shrimp would be disallowed, was upheld, not denied. When I asked, of course, no one knew the facts, and so they did not really understand what they were protesting. When I mischievously asked some if they had read Roald Dahl's famous story "The Boy Who Talked with Animals," about a boy who freed a giant turtle and sailed away on it into the far ocean, they shook their turtle heads.²⁶ It has become fashionable to assert that the demonstrating youth know much about the policies they protest; but that is only a sentiment of solidarity with little basis in fact. True, there are several serious NGOs with real knowledge and serious policy critiques, such as the World Wildlife Fund, and I shall presently consider their phenomenal growth and the opportunity they present for making economic and social well-being a shared success between the agents of economic globalization and the civil society — the two

²⁴ This new consciousness of ills elsewhere, and the aroused conscience that often goes with it, does not imply that remedial action will necessarily follow. Famines, pestilence, war crimes, and much else that plagues humanity has continued to our great embarrassment and sorrow.

²⁵ Hierocles, in A.A. Long and D.N. Sedley, eds., *The Hellenistic Philosophers* (Cambridge: Cambridge University Press, 1987). The quote from Hierocles is from Fonna Forman-Barzilai, "Adam Smith as Globalization Theorist," available at http://www.ciaonet.org/olj/cr/cr_v14.4.fof01.pdf, 4.

²⁶ This delightful story has been reprinted as the lead story in Roald Dahl's collection *The Wonderful Story of Henry Sugar* (New York: Puffin, 1988).

great phenomena as we enter the twenty-first century. But they are not the tumultuous many who are agitating in the streets.

4. Overlaying the entire scene, of course, is the general presumption that defines many recent assertions by intellectuals that somehow the proponents of capitalism, and of its recent manifestations in regard to economic reforms such as the moves to privatization and to market liberalization (including trade liberalization), are engaged, as Edward Said claims, in a “dominant discourse [whose goal] is to fashion the merciless logic of corporate profit-making and political power into a normal state of affairs.” Following Pierre Bourdieu, Said endorses the view that “Clinton–Blair neoliberalism, which built on the conservative dismantling of the great social achievements in health, education, labor and security of the welfare state during the Thatcher–Reagan period, has constructed a paradoxical doxa, a symbolic counterrevolution.”²⁷ In Bourdieu’s own words, this is “conservative but presents itself as progressive; it seeks the restoration of the past order in some of its most archaic aspects (especially as regards economic relations), yet it passes off regressions, reversals, surrenders, as forward-looking reforms or revolutions leading to a whole new age of abundance and liberty.”²⁸

But, frankly, this view stands reality on its head. Of course, we have known since Orwell that words do matter, and the smart duelists in the controversies over public policy will often seize the high ground by appropriating to themselves and their own causes, before their adversaries do, beguiling words such as progressive. Thus, believe it or not, protectionists in trade have been known to ask for “tariff reform”; today, they ask for “fair trade,” which no one can deny except for the informed few who see that it is used to justify unfair trade practices. Phrases such as “corporate profit making” and “trickle-down” do the same for the friends of Bourdieu, creating and fostering a pejorative perception of the market-using policy changes that they reject.

It is, therefore, not surprising that today’s critics turn to the same linguistic weapons as the anti-capitalist forces of yesterday. But let us ask: is it “conservative” or “radical” to seek to correct, in light of decades of experience and in the teeth of entrenched forces, the mistakes and the excesses of past policies, no matter how well motivated? In fact, as reformers know only too well, it takes courage and élan to challenge orthodoxies, especially those that are conventionally associated with “progressive” forces.

As for the policies themselves, the fierce binary contrast drawn by Bourdieu is an abstraction that misses the central issues today. The debate is really not about conservative counterrevolution and the enlightened past order. It is rather about shifting the center of gravity in public action more toward the use of markets and

²⁷ Edward W Said, “The Public Role of Writers and Intellectuals,” *The Nation*, September 17, 2001, no. 8, vol. 273, 27.

²⁸ *Ibid.*

less toward dirigisme. It is not about “whether markets”; it is about where the “limits to markets” must be drawn. This is a question that, as will be discussed, provokes spirited complaints from the recent communitarians who wish the limits to markets to be drawn more tightly.

The present-day turn toward reforms in the developing countries is also prompted by excessive and knee-jerk dirigisme. As I often say, the problem with many of these countries was that Adam Smith’s invisible hand was nowhere to be seen. Their turn to economic reforms is to be attributed not to the rise of “conservatism” but to a pragmatic reaction of many to the failure of what a number of us once considered to be “progressive” policies that would lift us out of poverty, illiteracy, and many other ills. As John Kenneth Galbraith once said about Milton Friedman — and here I take only the witticism and not sides — “Milton’s misfortune is that his policies have been tried.”

5. Anti-globalization

Anti-capitalism has turned into anti-globalization among left-wing students for reasons that are easy to see. After all, Lenin wrote extensively about imperialism and its essential links to capitalism, and present-day writers such as Immanuel Wallerstein have seen the growing integration of the world economy in related ways as the organic extension of national capitalism.²⁹

Lenin’s views on imperialism provide an insight into a principal reason why anti-globalization is seen by those on the left so readily as following from anti-capitalism. In his famous work *Imperialism: The Highest Stage of Capitalism*, Lenin stated that the distinctive characteristics of capitalism in the form of monopolies, oligarchy, and the exploitation of the weak by the strong nations compel us to define it as “parasitic, decaying capitalism.”³⁰ Nikolai Bukharin, for whose work *Imperialism and the World Economy* Lenin wrote a preface, considered that imperialism with its attendant globalization of the world economy is little more than capitalism’s “[attempt] to tame the working class and to subdue social contradictions by decreasing the steam pressure through the aid of a colonial valve”; that “having eliminated [through monopolies] competition within the state, [capitalism has] let loose all the devils of a world scuffle.”³¹

The notion that globalization is merely an external attenuation of the internal struggles that doom capitalism, and that globalization is also in essence capitalist exploitation of the weak nations, provides not only an inherent link between capitalism and globalization but also makes globalization an instrument for the

²⁹ Immanuel Wallerstein, “Development: Lodestar or Illusion?” in Leslie Sklair, ed., *Capitalism and Development* (London: Routledge, 1994).

³⁰ V.I. Lenin, *Imperialism: The Highest Stage of Capitalism* (Moscow, USSR: Progress Publishers, 1982; 18th printing) chapter 8, titled “Parasitism and Decay of Capitalism,” 96.

³¹ Nikolai Bukharin, *Imperialism and World Economy* (New York: Howard Fertig, 1966) 169.

exploitation of the weak nations. And this certainly has resonance again among the idealist young on the left. Capitalism seeks globalization to benefit itself but harms others abroad. The Lenin–Bukharin argument then leads, as certainly as a heat-seeking missile reaching its target, to anti-capitalist sentiments.

5.1. Anti-corporation attitudes

But central to that perspective is the notion, of course, that it is the “monopolies” (for that is indeed how the multinationals are often described even today in much of the anti-globalization literature) that are at the heart of the problem: they do not benefit the people abroad; they exploit them instead. Indeed, this notion of globalization as an exploitative force that delays the doomsday for capitalism at home and harms those abroad has captured some of the more militant among the naive youth today.

The anti-corporation attitudes come to many others who are not aficionados of left-wing literature, also from the obvious sense that multinationals are the principal agents and beneficiaries of capitalism and of globalization. Yet others find it plausible that multinationals must necessarily be bad in a global economy because global integration without globally shared regulations must surely amount to an advantageous playing field for multinationals. These corporations would then be able to seek profits by searching for the most likely locations to exploit workers and nations, thereby putting intolerable pressure on their home states to abandon their gains in social legislation. This is what is known as a race to the bottom. Indeed, this view is so credible that even a shrewd and perceptive intellectual such as Alan Wolfe, who sees through cant better than most, has recently written disapprovingly and casually of the “policies of increasingly rapacious global corporations.”³²

These anti-corporation arguments are not supported by the facts. But many believe them. And they zero in with a “gotcha” mentality, seizing on every venal misdeed of a multinational they can find, seeking to validate through these specific examples their general anti-corporation biases. This surely accounts for the return of Ralph Nader, the great scourge of manifest misdeeds by corporations. It has also magically transformed Julia Roberts, whose triumph in *Pretty Woman* reflected chiefly her marvelous good looks, into an acclaimed actress in *Erin Brockovich* and introduced the gifted actor Russell Crowe to celebrity on the screen in *The Insider*, both movies where a David takes on the Goliath in shape of a truly venal corporation.

The anti-corporation militancy that is on the rise among the young anti-globalizers is also strategic. We have witnessed the brilliant way in which the anti-globalizers managed to use the meetings of the international agencies such as the World Bank, the IMF, and particularly the WTO (originally the GATT), the pride of progressive architectural design regarding the management of the world economy

³² Alan Wolfe, “The Snake: Globalization, America, and the Wretched Earth,” *The New Republic*, October 1, 2001, 31.

and the permanent legacy of legendary men of vision, to protest and to profess their anti-globalization sentiments. After all, these meetings were where the world's media gathered. What better place to create mayhem and get attention from the vast multitude of reporters looking for a story? So while the old guerrillas struck where you least expected them, these new guerrillas have struck where you most expected them: at these meetings.

The same strategic sense has been displayed in going after the corporations as well. Nike and Gap, two fine multinationals, now have a permanent set of critics, with newsletters and websites worldwide. With Nike and Gap having overseas operations in numerous locations, it is not possible to avoid lapses altogether from whatever is defined as good behavior: the host governments often force the hiring of domestic managers who are regrettably part of cultures that are not as egalitarian and mindful of the dignity of others working below them as the West would like them to be. When lapses occur, these firms become obvious targets in a propaganda war that is stacked against them. Naomi Klein, the Canadian writer, admits frankly that, faced with the amorphous but overwhelming phenomenon of globalization, the only way to get at it is to latch on to something concrete and targetable.³³

The same strategic thought recurs in the writings of other anti-capitalist activists. Thus, the Nicaragua Solidarity Network of Greater New York reported that in Brazil “[o]n Mar. 8 [2001], International Women’s Day, women linked to landless rural worker movements in Rio Grande do Sul state gathered in front of a McDonald’s restaurant in Porto Alegre, the state capital, to protest. . . . Nina Tonin, a member of the National Board of Directors of the Movement of Landless Rural Workers (MST), said the group chose McDonald’s because it is ‘a symbol of the intervention politics of the big monopolies operating in Brazil.’”³⁴

So they go after the corporations that spread and constitute the globalization that is reprehensible. We then also see teenagers carrying placards outside Staples, the office products chain that has succeeded immensely throughout the United States, and demonstrating in front of Starbucks while their more militant adult friends threw stones through the coffee chain’s windows in Seattle. I talk with them at every opportunity; I find enthusiasm, even idealism, but never any ability to engage concretely on the issues they take a stand on. But then the Kleins of the anti-globalization movement are not fazed; it is all strategic, it is in a good cause.

Indeed, it is hard to understand the deep and unyielding hostility to multinational corporations, manifest on the streets and on campuses, except by analogy to earlier times. Perhaps the classic parallel is with the stigma attached to usury in medieval times: interest and moneylenders then, as profits and corporations now, invited implacable hostility. The exaction of interest was forbidden by ecclesiastical and civil laws, its practice turned into a crime. Even as trade and globalization increased with mercantile expansion and laws began to change (with occasional relapses), usury remained beyond the pale, contrary to conventional and persistent norms.

³³ Naomi Klein, *No Logo: No Space, No Choice, No Jobs* (New York: Picador, 2002).

³⁴ Nicaragua Solidarity Network.

By 37 *Henry VIII, cap. ix*, the old laws against usury are, indeed, abolished, and a rate of 10% is indirectly legalized by the fixing of severe penalties for any rate higher; but the practice is condemned, and classed with corrupt bargains. . . . In 1552, however, by 6 *Edward VI, cap. xx*, the act of Henry VIII is annulled . . . and severe penalties are enacted against any usury whatever, “forasmuch as Usurie is by the word of God utterly prohibited, as a vycce most odious and detestable . . .” In 1570, by 13 *Elizabeth, cap. viii*, 6 *Edward VI* is annulled and 37 *Henry VIII* re-enacted, but “forasmuch as all Usurie, being forbidden by the Law of God is synne and detestable . . .” It is expressly provided that all offenders shall “also be punished and corrected according to the ecclesiastical laws heretofore made against usury.”³⁵

6. Other ideological and intellectual sources of anti-globalization

While the sources of anti-globalization rooted in anti-capitalism in the diverse ways set out so far are dominant in the current discourse, there are others, not quite so influential, that cannot be ignored.

6.1. The right

In this variegated landscape, complementing those who lean on the left are forces on the right. Thus, for every Ralph Nader there is a Pat Buchanan. But the Buchanans are instead knee-deep in xenophobia and crude assertions of national identity and sovereignty. These beliefs lead directly to proposals to isolate America from commerce by building tariff walls. Thus, in the 1990s Buchanan called for tariffs against the Japanese, asking for a 10% tariff on every Japanese import, and has argued recently against letting Chinese imports freely into the United States.³⁶ Interestingly, the right-wing extremists in India’s ruling Bharatiya Janata Party are also fanatically for self-reliance in trade and incoming foreign investment.

The anti-globalization sentiments on the right extend easily to anti-immigration attitudes, whereas the left’s fascination with anti-globalization rarely extends to a fortress mentality on immigration. While some liberal environmental groups slide into anti-immigration rhetoric when they argue that immigration adds to environmental problems, the general posture of the liberal anti-globalization groups is one of benign neglect. Surprisingly, however, there are a rare few progressive

³⁵ Elmer Edgar Stoll, “Shylock,” *Shakespeare Studies* (New York: Stechert, 1927). Quoted in *The Merchant of Venice*, ed. Kenneth Myrick (New York: Signet Classic, 1987) 165.

³⁶ See my op-ed article “What Buchanan Owes Clinton,” *New York Times*, February 22, 1996. The melodramatic title, chosen (as always) by the newspaper, reflected the fact that I was pointing to some parallels between Buchanan’s demands and the Clinton administration’s Japan-bashing attitudes and the proposals of some of the administration’s supporters who had in fact asked for even higher tariffs against the Japanese. The situation was ironic, in my view: a liberal administration sharing the views of a xenophobe!

segments of the anti-globalization movement that are for free immigration. The anthropologist David Graeber has drawn attention to the Italian group Ya Basta!, whose platform includes guaranteed free movement of people across borders: an objective that has simply no political salience or social resonance, to be brutally frank.

6.2. Communitarianism and limits to markets

The “liberal international economic order,” as the spread of capitalism and markets worldwide is sometimes described, has also been challenged by political philosophers of influence, these coming from the Anglo-Saxon campuses rather than from the banks of the Seine. Thus, communitarians in the United States such as Michael Sandel of Harvard and Michael Walzer of Princeton’s Institute for Advanced Study have tried to define limits on the use of markets.

To illustrate, Sandel has objected to the use of global-efficiency-enhancing international trade in permits for carbon dioxide emissions among members of the Kyoto treaty on global warming. With such trade, Brazil would be able to reduce its emissions but effectively sell the reduction achieved as a tradable permit to the United States, which would then credit it as a contribution toward the fulfillment of its own target of emission reductions, thus reducing by the traded amount the emission reduction it had to achieve. This trade would mean that a country where the real cost of reducing carbon dioxide emissions is higher would be able to buy the tradable permits from one where the real cost was lower: the world cost of reducing emissions would obviously fall with such trade. But Sandel once argued in a *New York Times* op-ed article why it was “immoral” to buy the rights to pollute: we expect everyone in a community to make a shared effort toward such goals.³⁷ A good example would be that our community would be offended if the rich boys could buy their way out of fighting a war (though one must admit that the substitution of a professional army for conscription is precisely a case where that communitarian sense has given way to the notion of efficiency). Sandel himself produces the example of parking spaces for handicapped people. The community would be offended if the rich could buy permits to use such spaces. But here again, the rich can always park their BMWs in these spaces and pay the fines if caught. To my knowledge, no one threatens that the luxury cars illegally parked in these spaces will be destroyed and the violators will be incarcerated, thus raising the effective price paid for such spaces by the rich to levels that really do amount to prohibition. In short, while communitarian principles do intrude frequently to place limits on markets, and hence on the principle of efficiency that markets help to implement, the communitarian spirit itself is subject to limits in practice.

³⁷ Michael Sandel, “It’s Immoral to Buy the Right to Pollute,” *New York Times*, December 15, 1997.

It is likely that the extent of communitarian limits on markets will erode with capitalism taking hold. This is what Marx had in mind as he observed what he called the “commodification” process — what economists call increased commercialization. Thus, the balance between altruism, love, duty, and the other virtues, on one hand, and pursuit of self-interest, on the other hand, may shift away from those virtues as capitalism progresses. For instance, love may become sex, with reverence and mystique yielding to gratification. It is hard to see this in one’s own culture, but during O. J. Simpson’s trial I was struck by the fact that when newspapers described how he had been looking through the window as Nicole made love to her boyfriend, they all said that she and her friend had had dinner, come home, had coffee, and then “had sex.” Mind you, none said they had “made love.” So making love was reduced to having sex, the way they had dinner and then coffee. And, just as you might remark that the coffee was an espresso, the reports added that the sex was oral!

But the communitarians surely exaggerate the commodification that markets wreak. There is movement the other way too, and often it comes about because of the rapid pace of technical change, which has accelerated both the pace of economic globalization and that of globalized civil society. The cloning debate shows how societies will seek to place limits on what will be left to markets.

In the world as we know it, therefore, both communitarian and liberal principles coexist in varying forms. The important question is not whether we should have one or the other but whether capitalism and globalization are such an inexorable force that they propel society into a headlong rush away from traditional communitarian values and ways. The evidence for such an alarmist conclusion is not compelling.

6.3. Anti-Americanism

Yet another source of anti-globalization sentiments is the resentment that comes from the rise of the United States to a military and economic hegemony so unprecedented that the French call America, with which they have a notorious love–hate relationship, a hyperpower, as if being called a superpower is no longer the highest accolade.

Since this hegemony is exercised in the global context, the resentment of the United States follows worldwide. The loss of the Soviet Union as a countervailing superpower is mourned, even as the collapse of the scourge of communism is celebrated. The anti-Americanism that American power and its exercise — no matter how benign and invited — creates is then an important source of anti-globalization sentiment. Throwing sand into the gears of globalization is seen as a way to spit on American hegemony, if not to limit the exercise of it in the political, cultural, and economic domains.

So we then face a motley crew, a *mélange* of anti-globalizers animated by different ideas and passions and yet appearing to be an undifferentiated mass. Nonetheless, those of us who favor globalization cannot retreat from the task

of meeting their concerns head-on. In the end, despite the chaotic nature of the anti-globalization movement, we can impose some commonalities and order before we offer a response.

Acknowledgments

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