

**AP<sup>®</sup> Comparative  
Government  
and Politics**  
Briefing Paper:  
Globalization

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## Briefing Paper: Globalization

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### What Is Globalization?<sup>1</sup>

Despite popular (mis)conceptions, globalization is not some formal structure of the current international system, from which countries may decide to opt in or out; it is not a meaningless catchall buzzword; it is not imposed by some menacing oppressor, nor is it necessarily a good or a bad thing in and of itself. Globalization is a *process* that results in the growing interconnectedness of the world. Globalization can be defined in a variety of ways, but the most common understanding of the term is the increasing **interdependence** of economies, political systems, and societies on a global scale. The process is usually understood to be driven by technological innovations that allow for greater interconnectedness between and among peoples, groups, countries, and international and transnational organizations. As the book jacket of Thomas Friedman's popular exploration of the concept notes, globalization is "the integration of capital, technology, and information across national borders, in a way that is creating a single

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<sup>1</sup> In the last few years, a wide variety of scholars, journalists, activists, and policymakers have addressed the issues presented by globalization. As a result, there is a plethora of definitions of the concept *globalization*, most of which are addressed in whole or in part by the arguments discussed in this paper. For a clearer picture of the diversity of definitions of globalization, compare the discussions of the concept in at least three of the sources listed in the annotated bibliographies at the end of this paper. For the sake of making this difficult concept more teachable and more accessible, I focus in the rest of this paper on the most widely used definition of globalization within the discipline of political science, and examine differing implications of this perspective on political, economic, and social policies and interactions within, between, and among actors around the globe.

global market and, to some degree, a global village.”<sup>2</sup> The result is a world that seems ever smaller, and a pace of interaction that seems ever faster.

Visualizing globalization as a process that generates an increasingly complex web of interconnections, or “a dense network of international flows of goods, services, capital, information, ideas, and people,”<sup>3</sup> implies both a broadening of these interconnections across borders and a deepening of the intensity and importance of those ties. The effects of policies or events are felt by a wider range of people and countries and have a more substantial impact on those who are affected than ever before. Issues that once affected a particular country or region now have broader implications. Moreover, issues themselves are now more interrelated than ever before.

Each actor in the international system is tied together more closely and in numerous ways. As a result, each becomes more sensitive to the decisions or actions of others and more vulnerable to the effects of others’ choices and actions. This increasing **sensitivity** and **vulnerability** requires states to think about policy challenges in new ways and allows other countries and nonstate actors new ways to influence outcomes around the globe. Governments face pressures from other countries likely to be affected by their policy choices, from international organizations, from transnational actors, and from other cross-border groups below the level of the state. Regardless whether one is a blue-collar worker in Britain or a *bazaar* (merchant) in Iran, a peasant farmer in Chiapas or an oligarch in Russia, a multinational corporation or an activist, an individual or a government, or whether one considers one’s primary allegiance to be to one’s job, city or

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<sup>2</sup> Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Farrar, Straus & Giroux).

<sup>3</sup> Joan Spero and Jeffrey A. Hart, *The Politics of International Economic Relations*, 6th ed. (Thomson/Wadsworth, 2003): 407.

region, ethnic group, religious group, country, or a larger global community, the question is not *whether* one is affected by globalization, but rather, *how*.

## **Historical Perspective**

Globalization is nothing new. Consider the following quote: “*When has the entire earth ever been so closely joined together? Who has ever had more power and more machines, such that with a single impulse, with a single movement of a finger, entire nations are shaken?*” Is this a description of modern-day economic interdependence, driven by e-transactions via the latest computer technology? Is it a warning about the potential for another East Asian Financial Crisis, or concern about the possible impact of transnational terrorist groups with weapons of mass destruction? No—it was written by German philosopher Johann Gottfried von Herder in 1774!

A brief review of world history suggests that globalization is an ongoing process that has unfolded in the past in ways remarkably similar in form if not content to the present. For example, what the Europeans called the “Age of Discovery” was simply the globalization of its day. Columbus and his contemporaries were attempting to upgrade access to global markets—in their case, by finding a faster route to India. They were able to attempt this because of technological innovations in the leading sectors of their economy. Back then, the development of cheaper, faster, sturdier ships enabled the flow of highly valued goods such as spices and gold; today, the development of cheaper, faster, sturdier microelectronics enables the flow of highly prized information and dollars. The story of globalization in any age is a story of technological innovation leading to greater global **integration**.

What has changed dramatically over time is how complex and extensive this web of interconnections has become. Issues that once were dealt with in isolation must now be thought of as being linked to other issues. For example, economic policies may have environmental impacts, environmental policies have social impacts, and social policies have political ramifications, all of which are likely to affect the original economic condition that the economic policy was formulated to deal with in the first place. Where once states worried only about the domestic consequences of their own domestic policies, they must now consider international, regional, and local impacts and reactions. As one analyst has noted, "It is no longer possible in an age of mass communication to 'play to the home audience' without the world also listening."<sup>4</sup>

Where countries were once constrained only by their own willingness and ability to implement policies, they must now consider how their interdependence with others constrains their choices. And where previously states were sheltered from the choices of other countries, the increasing interconnectedness makes it more likely that states will have to cope with decisions made by others, even others halfway around the globe. Decisions by the Thai government in 1997 regarding the value of their currency contributed to (but did not cause) an economic crisis of global proportions that affected policy choices of the International Monetary Fund (IMF), Russia, and the United States as much as it affected Thailand and neighboring Malaysia. China's mishandling of the SARS outbreak allowed the disease to spread globally, requiring a response by individual countries as well as international organizations like the World Health Organization.

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<sup>4</sup> Jeffrey Sachs, "The Globalization of Mass Politics," *Project Syndicate* (February 2003), [www.project-syndicate.org/commentaries/commentary\\_text.php4?id=1118&lang=1&m=contributor](http://www.project-syndicate.org/commentaries/commentary_text.php4?id=1118&lang=1&m=contributor).

Perhaps it is no wonder that globalization's effects have been compared to the analogy used to describe chaos theory—when a butterfly flaps its wings on one side of the earth it may, through a series of interconnected and snowballing effects, ultimately contribute to a hurricane on the other side of the globe.

That does not mean that globalization is an irreversible phenomenon, or one immune to national policy changes. For example, by many measures the global economy was more integrated at the end of the nineteenth century than it is today. However, globalization retreated in the first half of the twentieth century in the face of protectionist policies and a wave of aggressive nationalism in many countries at the heart of the global economy.<sup>5</sup>

National governments have the option of erecting barriers to international economic integration and globalization. States have a number of tools at their disposal: tariff or nontariff barriers impeding international trade, official controls on international capital movements, or immigration laws that prevent workers from offering their labor services in foreign countries. Countries may also utilize more subtle “behind-the-border” barriers by strictly adhering to and enforcing national regulatory systems, careful allotment of license granting, or government procurement practices that discriminate against foreign suppliers. Countries may limit the influx of materials from the outside, censor the Internet, cut off ties with potential trading partners, withdraw from international organizations or treaties, deny access to international investors, or repress local chapters of transnational organizations or movements.

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<sup>5</sup> Horst Kohler, “Working for a Better Globalization,” remarks by the managing director of the International Monetary Fund at the Conference on Humanizing the Global Economy (Washington, D.C., January 28, 2002).



Yet most countries do not use all of the tools at their disposal to isolate themselves from the impacts of globalization. Countries with political systems that are more strictly controlled from the center, such as Iran and China, may choose to attempt to limit access to outside information or to cushion themselves from Western political ideas. Newly liberalized developing countries such as Nigeria and Mexico may still attempt to limit foreign corporate influence in key economic sectors such as oil. Countries recovering from economic crises such as Mexico and Russia may attempt to control the flow of capital more closely. And advanced industrial democracies such as Great Britain and the United States may attempt to insulate their domestic labor force from competition from cheaper labor abroad by occasionally employing some protectionist measures. In most instances, however, most countries see more advantages in plugging into the vast, growing network of interdependence that is globalization than in trying to insulate themselves from its effects. As a result, with rare exceptions (such as North Korea, Burma, and Cuba) most countries around the world try to reap the benefits of, and simultaneously cope with the problems associated with, globalization.

## **Economic Globalization**

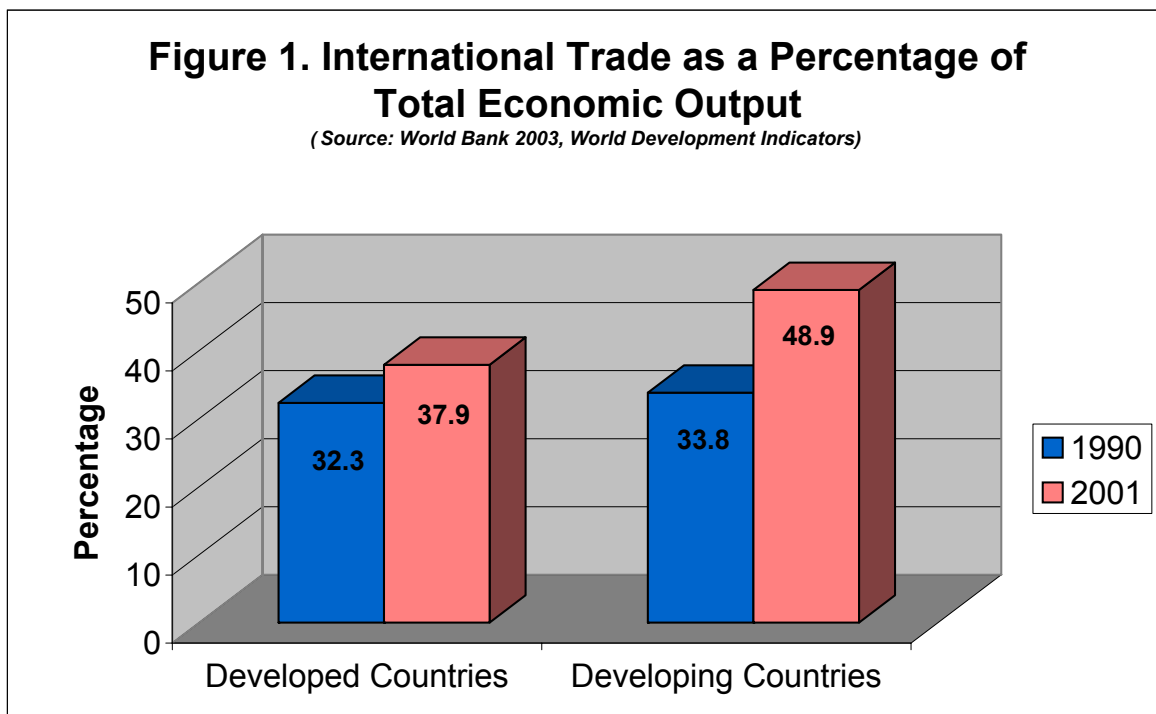
In recent years, a rapidly increasing share of global economic activity has been taking place between people who live in different countries (rather than in the same country). This economic globalization is a process that leads to the reduction in official obstacles to cross-border economic transactions. This often makes it as inexpensive to do business with foreigners as it is to do business at home, thus reducing the advantages held by domestic businesses. The pace of international economic integration accelerated in the 1980s and 1990s, as governments everywhere reduced policy barriers that hampered

international trade and investment. Globalization has thus been characterized by the liberalization of domestic markets coupled with opening them up to the outside world.

According to neoclassical liberal economic theory, reducing tariff barriers and other impediments to the free movement of goods and capital, which makes it easier for countries to trade with each other, lifts the wealth of all states by allowing them to concentrate on those things in which they have greatest expertise. In general, poor countries that have lowered their tariff barriers have seen overall increases in employment and national income because labor and capital shifts to capital-generating export industries. In addition to providing jobs, foreign companies moving to developing countries often bring with them higher wages and better working conditions compared with those offered by domestic companies. The experiences of India and South Korea suggest that as countries increase their levels of growth and development, their wage levels rise, and a shift from labor-intensive industry to more capital and knowledge-intensive industry is seen.

Consumers and governments around the world are continually spending more on goods and services imported from other countries. A growing share of what countries produce is sold to foreigners as exports. As Figure 1 demonstrates, among developed countries the share of a given country's international trade in its total economic output (exports plus imports relative to gross domestic product) rose from 32.3 to 37.9 percent between 1990 and 2001. For developing countries, it rose from 33.8 to 48.9 percent in the

same period.<sup>6</sup> Moreover, developing countries increased their share of global trade relative to the developed world from 19 percent in 1971 to 29 percent in 1999.<sup>7</sup>



Corporations based in one country have increasingly made investments to establish and run business operations in other countries. This type of economic transaction, known as **foreign direct investment (FDI)**, is now the largest form of private capital inflow to developing countries.<sup>8</sup> FDI is more than just capital investment, though. It also brings with it technical information, jobs, and the transmission of ideas. For example, China has attracted more FDI (nearly \$500 billion) than any other developing country since opening

<sup>6</sup> The World Bank, *World Development Indicators 2003* (Washington, D.C.: World Bank, 2003).

<sup>7</sup> IMF staff, "Globalization: Threat or Opportunity?" *IMF Issues Brief* (Washington, D.C.: International Monetary Fund, 2000), [www.imf.org/external/np/exr/ib/2000/041200.htm](http://www.imf.org/external/np/exr/ib/2000/041200.htm).

<sup>8</sup> World Bank, "Assessing Globalization," Working Paper: PREM Economic Policy Group and Development Economics Group (April 2000).

up its economy to the global marketplace. With that foreign direct investment has come jobs. Globalization has its most direct effect on people through their work and employment. Indeed, China's increasingly open and outward-focused economic policies are associated with a reduction of poverty from 28 percent of the population in 1978—the first year of Deng Xiaoping's liberalization policies—to 9 percent in 1998.<sup>9</sup> China's opening to world trade has brought it growth in income from \$1,460 per capita in 1980 to \$4,120 per capita by 1999. In 1980, the average United States citizen earned 12.5 times as much as the average Chinese citizen. By 1999, they were only earning 7.4 times as much.<sup>10</sup> While a recent UN study found that the number of people living in absolute poverty worldwide declined from 1.2 billion in 1990 to 1.1 billion in 2000, most of the improvement was seen in China and India, two populous countries with increasingly open and outward-looking economies over that period of time.<sup>11</sup>

## **Multinational Corporations**

The most important source of FDI and a key actor in the era of globalization is the **multinational corporation (MNC)**. MNCs play a dominant role in trade and financial interactions in the global economy. Some even argue that MNCs drive the current wave of globalization. They fan out from their home countries in search of new markets, more

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<sup>9</sup> Jagdish Bhagwati, *In Defense of Globalization* (Oxford: Oxford University Press, 2004).

<sup>10</sup> World Bank, *Globalisation, Growth, and Poverty: Building an Inclusive World Economy*, (Washington, D.C.: The World Bank, 2003), [www.econ.worldbank.org/prr/subpage.php?sp=2477](http://www.econ.worldbank.org/prr/subpage.php?sp=2477).

<sup>11</sup> Elizabeth Becker, "U.N. Study Finds Global Trade Benefits Are Uneven," *New York Times* (February 24, 2004): C5.

resources, better investments, and cheaper labor in foreign host countries. In doing so, they weave broader and deeper interconnections between and among national and subnational units.

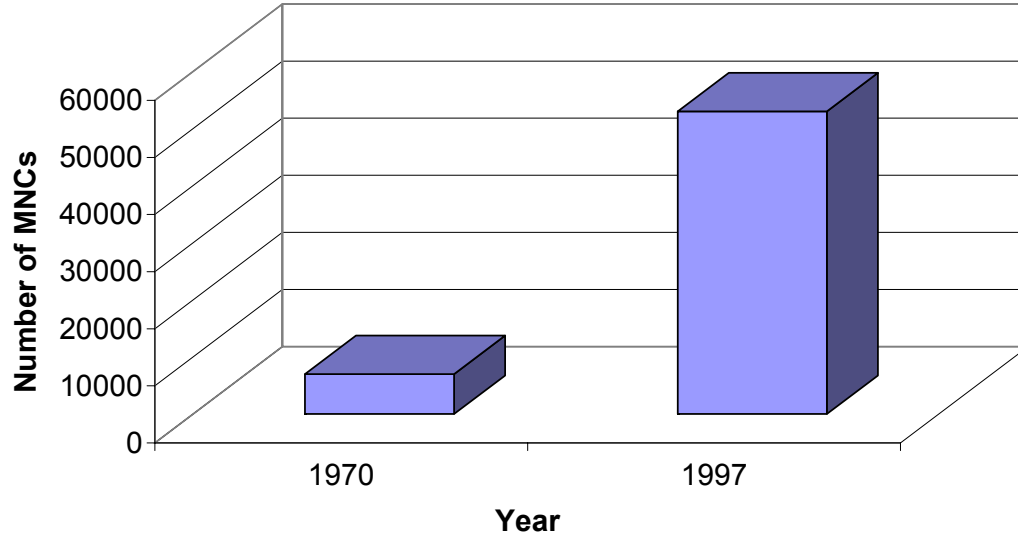
MNCs played a complex and often problematic role in globalization even before the Dutch West India Company helped colonize the Americas and run the African slave trade. Yet never have MNCs proliferated so rapidly and had such an impact on the global economy as they do today. While almost 7,000 multinational corporations existed in 1970, by 1997 that number had grown to over 53,000, as seen in Figure 2. Of course, as Figure 3 demonstrates, almost 43,500 of those MNCs originated from developed countries (30,000 of which had homes in the United States or European Union), while only about 9,500 originated from the developing world. While Japan is home to over 4,200 MNCs, even rapidly globalizing China is home to less than 400.<sup>12</sup>

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<sup>12</sup> UNCTAD, *World Investment Report 1998* (UNCTAD, 1998).

**Figure 2. Total Number of Multinational Corporations (MNCs), 1970 and 1997**

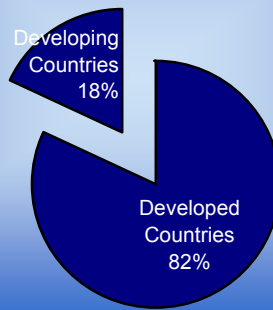
*(Source: World Investment Report 1998, UNCTAD)*



**Figure 3.**

**Multinational Corporations (MNCs), by Level of Development, 1997**

*(Source: World Investment Report 1998, UNCTAD)*



Multinationals can often create competition between countries vying for investment. For example, for years MNCs have set up plants in Mexico's *maquiladora* zone to take advantage of cheap labor. This has boosted the general economic fortunes of Mexico but has not alleviated poverty. However, many MNCs are now leaving Mexico in favor of investing in China, Malaysia, and Guatemala, where labor has become cheaper relative to Mexico.

In an increasingly globalized world, the MNC has become a political as well as economic force with which to be reckoned. For example, in 1998, when Pakistan was about to test its nuclear weapons in retaliation to India's tests, the first on the scene to try to convince the Pakistani government not to engage in the test was not the United States ambassador, nor was it secretary-general of the United Nations. Rather, the first person from outside Pakistan to react was a representative from the Coca-Cola Corporation! Nuclear testing would have yielded sanctions on Pakistan by many Western countries, making it difficult for Coca-Cola to operate in what is otherwise a very lucrative market for them.

MNCs now account for one-third of the world's exports. The top 10 multinational corporations have sales figures that are more than the gross domestic product of 170 countries. Exxon Mobil's revenues were larger than the gross domestic product of all but the top 21 countries in the world, including major oil producers such as Norway, Nigeria, Saudi Arabia, and Iran, as well as the world's fourth most populous country, Indonesia.<sup>13</sup> The wealth and strong bargaining position relative to the often poorer (and weaker)

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<sup>13</sup>. Joan Spero and Jeffrey A. Hart, *The Politics of International Economic Relations*, 6th ed., (Thomson/Wadsworth, 2003): 119–120; World Bank, *World Development Report 2001* (Washington, D.C.: World Bank, 2001).

developing countries in which they invest highlights just one of a series of inequalities exacerbated by globalization.

### **Globalization and Inequality**

Globalization benefits some more than others. Most international trade and investment is concentrated in North America, Europe, and East Asia. States that have already prospered from globalization continue to do so, while others—Bangladesh, Bolivia, Belize, Burma—are left behind. Inequality between the haves and have-nots within and among countries has increased dramatically over the last 20 years, and the share of global income of the poorest people on earth has dropped from 2.3 percent to 1.4 percent in the last decade. A recent United Nations report found that 188 million people worldwide (or 6.2 percent of the global labor force) are unemployed. The report also found that the gap between rich and poor nations has widened, with countries representing 14 percent of the world's population accounting for half the world's trade and foreign investment.<sup>14</sup>

China, Mexico, India, Nigeria, and other countries that have liberalized their economies and have taken advantage of economic globalization have also seen dramatic increases in inequality within their countries. Only recently have these countries even begun to attempt to rectify these inequalities. For example, in January 2004, Chinese President Hu Jintao and Prime Minister Wen Jiabao vowed to raise peasant incomes and

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<sup>14</sup> Elizabeth Becker, "U.N. Study Finds Global Trade Benefits Are Uneven," *New York Times* (February 24, 2004): C5.



improve the conditions of factory workers in an attempt to stress both economic progress and fairness and justice.<sup>15</sup>

Countries such as China, Mexico, Nigeria, and other recipients of FDI have seen an increase in urbanization as well, as much of the workforce moves from a more traditional life, often as subsistence farmers, to life as the working class in large megacities. The 1998 UN Human Development Report estimates that by 2015, almost 50 percent of people living in the developing world will be living in cities (as compared to the 24.7 percent who lived in cities in 1970 and the 37.4 percent who lived in cities in 1995). This brings with it many cultural changes, the loss of traditional existence, the marginalization of indigenous groups, and the problems associated with rapid urbanization and industrialization—pollution, increased crime rates, dramatic inequalities, and a location for a hotbed of social and political instability and upheaval.

Developing countries often find that globalization means that both domestic and international capital is directed at the fast-growing and capital-generating industrial sectors in cities and away from regions where other economic activities are taking place. Mexico in the early 1990s saw rapid economic growth in the north of the country (especially in big cities and near the U.S.–Mexico border) due to a large infusion of capital and the development of *maquiladoras*. But this came at the expense of the more agricultural southern regions, which saw little investment, neglect, and increased economic hardship. Indeed, a recent UN report noted that while the level of development in the northern part of Mexico is akin to that of the Czech Republic, Brunei, and Hungary, development in the southern states such as Chiapas and Oaxaca is worse than Samoa and

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<sup>15</sup> Joseph Kahn, “Workers Face Uphill Battle on Road to Globalization,” *International Herald Tribune* (January 24, 2004).

the Dominican Republic. Perhaps it is not surprising, then, that the southern territory of Chiapas was the breeding ground for the Zapatista rebellion that began on January 1, 1994—the very day the North American Free-Trade Agreement, or NAFTA, went into effect! Widening regional economic inequality as a result of economic liberalization, globalization, and foreign direct investment directly led to alienation, massive unrest, and political and social instability.

Globalization has gendered effects as well. On the whole, women have been harmed more than men by globalization. Structural adjustment programs often force countries in the developing world to streamline the economy and redirect spending away from social welfare and toward export sectors and other profit-yielding enterprises. This can lead to a reduction in or elimination of many social welfare programs such as health, food, and housing subsidies. Women on average are poorer than men and, as such, are the majority of those dependent on social welfare programs. Therefore, elimination or reduction in these programs affects them disproportionately to men. In addition, women tend to be those in the family responsible for caregiving for children and the elderly. They therefore suffer more directly when such programs are scaled back. For example, Iran's efforts since the early 1990s to take advantage of globalization by liberalizing its economy have put increasing economic pressure on women in Iran. Health and education costs skyrocketed, subsidies for shelter and food were almost entirely eliminated, and working conditions worsened, especially for women in textile and carpet-producing sectors.<sup>16</sup>

An increasingly open trading system also exposes local markets to global competition. Foreign subsidized agriculture or foreign imports undermine women's

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<sup>16</sup> Simin Royanian, "Women and Globalization, Iran as a Case Study" (2003), [www.women4peace.org/women\\_globalization.html](http://www.women4peace.org/women_globalization.html).

traditional livelihoods as subsistence farmers or small producers in many developing countries. Put out of work by global competition, many women then face cultural barriers when looking for alternative occupations. While women in Iran tend to work in factories and in the service sector as office workers, teachers, and nurses, social constraints may limit those areas that might provide more economic opportunity. Women have less geographic, social, and economic mobility on average than do men, making it harder for them to create new alternatives for themselves and their families.

When women do gain some mobility, they often migrate to urban areas to work in factories, engaging in low-skilled work for little pay. Women make up a large percentage of workers operating in sweatshops, such as in export-processing zones in northern Mexico or China. Many argue that conditions are not likely to get better in these factories as countries compete to attract FDI with the lure of less strict labor regulations and lower wages.<sup>17</sup> Advocates of this view argue that globalization accelerates the **race to the bottom**, a dynamic whereby companies seek the lowest level of regulation and taxation, forcing competing governments to lower their standards of labor, human rights, and environmental protection, taxation, and other regulation.

Yet for many of the poorest, least-developed countries, the problem is not that they are being impoverished by globalization, but that they are in danger of being largely excluded from it. It is nearly impossible to catch up with rapidly growing developing economies, let alone benefit in any way from a globalized, information-based economy if one cannot access education or capital, let alone a phone line, a computer, or the Internet.

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<sup>17</sup> The irony is that Mexico is currently losing foreign direct investment to China because China's workers make less money to produce the same product. Because globalization has led to a reduced cost of shipping goods, China, halfway around the world, becomes a more attractive location of United States corporations than does neighboring Mexico.

There are fewer telephone lines in all of sub-Saharan Africa than there are in Manhattan. By the late 1990s, the fifth of the world's population living in the highest-income countries had 74 percent of the world's telephone lines, while those residing in the bottom fifth had just 1.5 percent of world telephone lines. In 2000, only 5 percent of people in developing countries subscribed to cell phones, as compared to 46 percent of people in Organisation for Economic Co-operation and Development (OECD) countries. Of course, that is still better than the 0.3 percent of people in the least-developed countries with cell phones.<sup>18</sup> Ironically, even when globalization does bring significant benefits to economically developing populations, the increased access to technology and information also makes those same people more aware of both global and domestic inequalities.

## **Globalization and the Environment**

Globalization also has negative environmental consequences. For example, industrialization leads to more emissions, contributing to global warming and a deterioration of air and water quality. In addition, profitable resource-based industries such as oil drilling, forestry, mining, and fisheries exploit resources of countries with little regard to the environmental cost.

The major cause of environmental damage is market failure. Market failure occurs when those who are producing or consuming goods or services do not have to bear the full costs of their actions, such as the cost of pollution. This is a particular problem for developing countries. Multinational corporations investing in these countries have no

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<sup>18</sup> United Nations Development Program, *Human Development Report 2002* (New York: United Nations Development Program, 2002).

incentive to be environmentally careful. The host country will eventually bear the cost of problems in the environment, but not the multinational, which is mobile. Moreover, it is difficult for a developing country such as Nigeria to impose environmental conditions on MNCs such as Shell Oil who wish to invest, as they might choose to leave the host country for another locale less concerned about environmental regulation. As a result, the competition for FDI reduces the incentive for host countries to hold polluters accountable, and the mobility of MNCs means they have little incentive not to pollute as they will bear no real cost. This is another illustration of how globalization and the resulting competition for FDI can lead to a “race to the bottom.” In Nigeria’s case, Shell’s actions led to the near destruction of the environment in the Ogoni territory, protests by the Ogoni people, and eventually government collusion with Shell to silence Ogoni opposition. As such, globalization can have unintended economic, political, and social consequences for host countries and MNCs as well as for the environment itself.

### **Global Governance and Regional Integration**

There are some issues that one country, or even one group of countries, cannot solve on its own. Single countries have a serious disincentive to attempt to solve problems of a global scale unilaterally, as others may choose not to help out, and to “free ride” on those efforts. Yet ad-hoc cooperation between a handful of countries on a major issue is hard to maintain. Solving transboundary environmental issues such as the ozone layer and global warming requires extensive global coordination and cooperation. Similarly, the complexity of regulating the global economy requires a global organization.

No one country, not even the United States, can coordinate so many complex issues and solve so many transboundary issues on its own. Recognizing this as early as the end of

World War II, the United States and its allies set up the global institutional infrastructure to allow for global governance. The UN and its family of global institutions created the backbone of that infrastructure. Institutions such as the International Monetary Fund (IMF); the World Bank, or International Bank for Reconstruction and Development (IBRD); and eventually the World Trade Organization (WTO) were set up to regulate the increasingly globalized economy. The World Health Organization (WHO) deals with disease, increasingly a transboundary issue. Indeed, for every major issue that is global in scope, you are likely to find many international organizations whose mission it is to deal with that issue and its transboundary consequences.

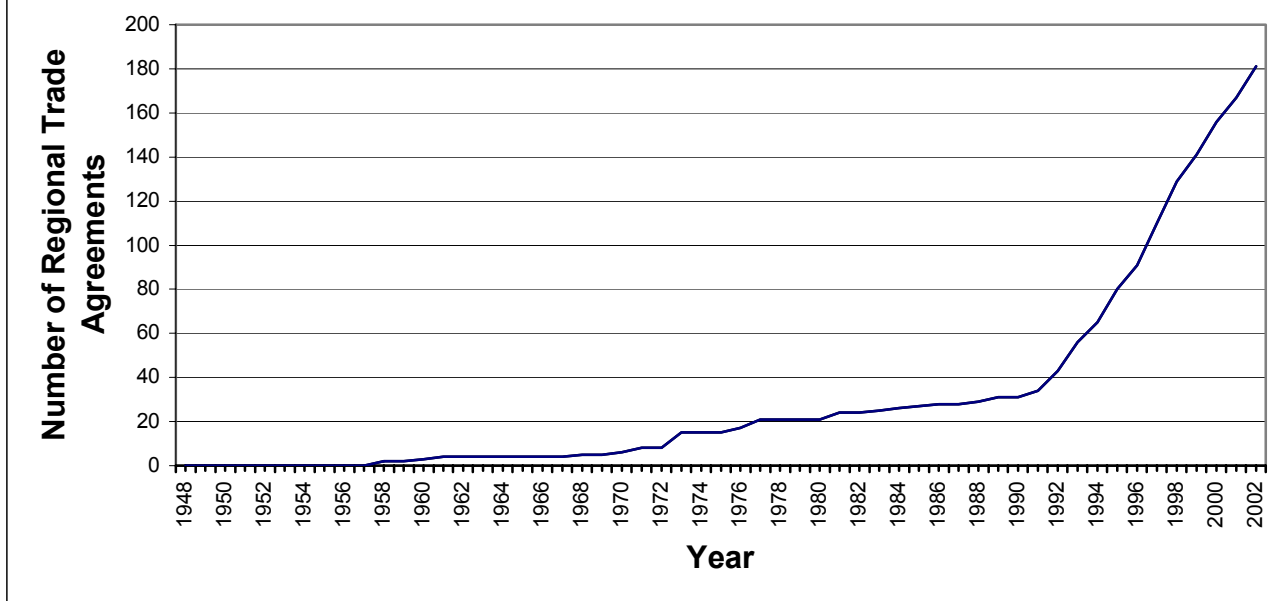
Even at the regional level, groups of states have found that working together through shared institutions above the level of the nation-state can lead to more efficient efforts to deal with transboundary issues. Moreover, some countries have found that cooperation through institutions leads to more efficient economic transactions as well. Members of the European Union (then the European Economic Community) found that cooperation on even small technical issues could lead to future cooperation on more important economic or political issues. In a generation's time, old enemies such as Germany and France found themselves cooperating so often and on so many issues in common that they had become highly interdependent and had improved political ties as well. As other countries have joined, they too have benefited from the joint efforts of their neighbors, economically and politically.

However, being a member of an international organization, or even a regional organization, requires countries to give up some of their **sovereignty** over key issues. For example, because of a ruling by the European Court of Justice in the mid-1990s, Britain cannot exclude homosexual citizens from military service. Britain must be willing to

subsume its policy preference to that of the regional organization if it wants to reap the benefits of that association. Similarly, China must now abide by WTO rulings if it wants to reap the benefits of membership in the long run, even if that means hurting economic competitiveness in the short run. Nigeria is obliged to send troops and to lead peacekeeping missions for ECOMOG, the military arm of the Economic Community of West African States (ECOWAS), when that regional organization decides to intervene in West African security issues.

While the costs regarding sovereignty and increased sensitivity and vulnerability to other countries' policy choices is clear, the benefits are clear as well. Economic integration has led to overall economic growth in almost every region of the world. As a result, more countries than ever before are willing to cede sovereignty on some issues to gain the overall benefits of integration. As Figure 4 demonstrates, the number of regional trade agreements has skyrocketed in just 10 years, from 43 in 1992 to 181 in 2002.

**Figure 4. Number of Regional Trade Agreements, 1948–2002**  
(Source: World Trade Organization)



## The Spread of Democracy

The exchanges of goods and money and services that characterize globalization also yield exchanges of information and of ideas. Globalization is driven by economic forces but has numerous political and social consequences. As areas of the world have easier access to other cultures through increased direct contact or indirectly through an increasingly globalized media, ideas spread more easily. In some cases, these ideas take on political form, such as in the spread of democracy, or the idea of individual-centered human rights. These can sometimes lead countries to create institutions or adopt practices that appear to be associated with development, but whose groundwork has not been properly laid. As Nigeria has discovered multiple times in its relatively short history, and as Russia has been learning since the end of the Cold War, one cannot simply adopt a particular democratic institutional model and expect it to succeed. The evolution of



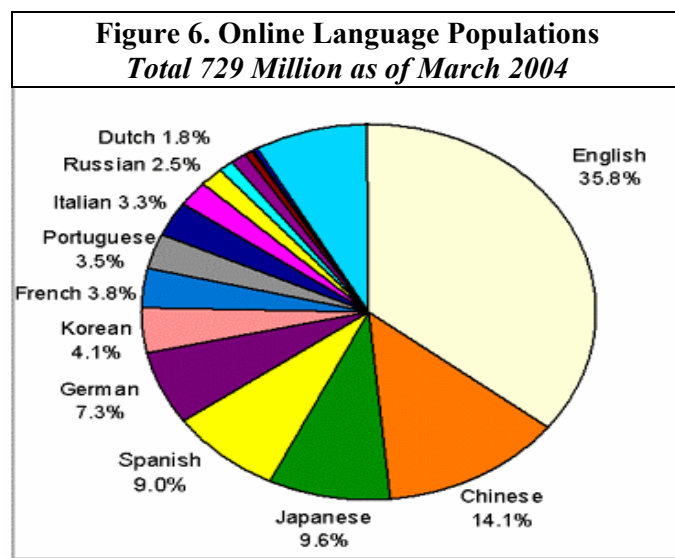
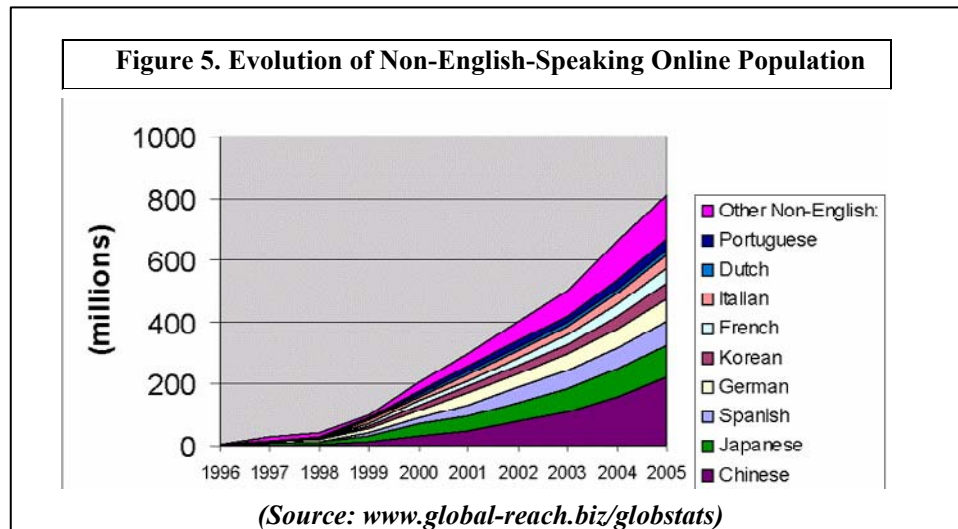
successful democratic institutions is often a matter of decades (as recent developments in Mexico suggest) or even centuries (as epitomized by Great Britain); it requires the presence of a civil society willing to challenge the regime and other members of society; it requires that all sides see politics as not necessarily winner-take-all; it requires respect for the rule of law; and it is aided by economic and political stability and relative peace.

### **Cultural Consequences**

Globalization often has cultural consequences. An omnipresent Western media and Western technological superiority and the spread of ideas through economic interactions facilitate the diffusion of Western culture. World trade in goods with cultural content tripled between 1980 and 1991, from \$67 billion to \$200 billion. At the core of the entertainment industry—film, music, and television—there is a growing dominance of United States products. And the rules of the game in an increasingly globalized economy do not allow local cultures to limit such cultural influences. World Trade Organization rules do not allow countries to block imports on cultural grounds.

Yet some evidence suggests that the new global media is not the vehicle of cultural imperialism that many have argued. As Figures 5 and 6 demonstrate, English language and Western cultural dominance of the Internet is rapidly diminishing. And paradoxically, the new global media have proven a powerful means of projecting traditional culture and values, as well as the ideas of radical opponents of globalization. It is also a medium through which cultural practices and ideas otherwise unknown outside a local area are also transmitted globally. Hollywood has international appeal, but so too does Bollywood (the popular and prolific Indian film industry). Indeed, some have argued that the increased interactions that result from globalization will prompt a defense of local or traditional

cultures, or an increasing heterogeneity of ideas feeding into an emerging global culture. Even when this does not occur, local cultures may practice or interpret global ideas, norms, and practices in different ways.



## **The Decreased Power of States and the Emerging Power of Nonstate Actors**

Revisiting the role of multinationals may help to illustrate how globalization can also weaken the ability of countries to control both what crosses their borders and what goes on inside them. Royal Dutch Shell may be a British and Dutch-owned corporation, but the governments of the Netherlands and Great Britain (Shell's **home countries**) have little direct influence over Shell's actions in Nigeria. Moreover, because of the need to stay competitive and attract foreign capital, jobs, and technology, it is difficult for a developing **host country** like Nigeria to affect Shell's actions or policies, even within its own borders. Corporations like Shell are all but unaccountable for their actions, even when these actions generate conflict, poverty, and corruption within host countries.<sup>19</sup>

Governments also have a harder time controlling the flow of information and ideas in a more globalized world. It is harder to hide human rights abuses when survivors can go online to share stories, or when CNN cameras let us witness the aftermath of demonstrations or riots, or when satellites pick up the existence of mass graves. The state has some tools at its disposal to cope with such challenges to authority. China, for example, has gone to great lengths to restrict the flow of information and access to technology in an effort to maintain control. Censoring prodemocracy Internet sites is one such strategy for maintaining control.<sup>20</sup>

Yet these efforts often prove difficult to implement successfully, especially when the spread of technology provides individuals and groups with multiple options for accessing or spreading ideas and information. Protesters against international economic

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<sup>19</sup> "Shell Admits Fuelling Corruption," *BBC News* (June 11, 2004).

<sup>20</sup> Howard W. French, "Despite an Act of Leniency, China Has Its Eye on the Web," *The New York Times* (June 27, 2004).

organizations such as the IMF, the World Bank, and the WTO have routinely coordinated demonstrations via email and mobile phones, allowing them to stay one step ahead of police. When, in the former Yugoslavia during the Kosovo crisis and the bombing of Belgrade in 1999, Slobodan Milosevic denied radio stations access to local airwaves, dissident broadcasters took to the Internet and reached a wider (and more global) audience than before. In Iran, the Internet has become an important alternative method of communication within civil society. As the judiciary bans newspapers and magazines, several proreform publications have turned to the Internet to get their message across. Weblogs, or “blogs,” have become an outlet for free expression among members of a civil society forced underground and online. As one prominent e-dissident suggests, such outlets “are a decentralized network of free information—that’s why the officials do not like them very much.”<sup>21</sup> In 2003, when the Iranian government attempted to censor online content, Internet users accessed another strand of the globalization web, appealing not to forces within their country, but to the United Nations, via email protests and Weblog postings to a Web site devoted to the UN’s digital summit in Geneva.

Countries also have less control than ever before over the flow of people, communicable diseases, pollution, drugs, arms, hazardous materials, and even terrorist activity. Terrorists such as Al Qaeda are stateless and have acquired the knowledge, resources, and support to employ destructive capability using the same technology through which you or I might place a phone call home or check stock prices. Terrorists, arms dealers, and drug cartels all operate as underground cross-border networks, moving money, people, or contraband across borders with greater ease than ever before.

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<sup>21</sup> Aaron Scullion, “Iranian Bloggers Rally Against Censorship,” BBC News Online (December 11, 2003), <http://news.bbc.co.uk/2/hi/technology/3310493.stm>.

State efforts to counter such threats often lead them to difficult tradeoffs between security and civil liberties, even in the most democratic of states. In fact, such networks have an easier time exploiting liberal democracies because of the nature of open societies. Perhaps it is not surprising, then, that liberal democracies such as India, Great Britain, Israel, or Spain are the most frequent targets of suicide bombings.<sup>22</sup> Rather than leading to the often-reported decline of the state, such threats tend to lead some states to reassert their sovereignty. They may lock down borders, tighten security, escalate police patrols and surveillance, and increase intelligence gathering.

On the other hand, countries that host the hubs of these networks (such as Afghanistan under the Taliban) often find themselves hostage to such activity. Iran's involvement with organizations that engage in terrorist activities such as Hezbollah has often led to political and economic sanctions. Russia has reduced the influence of organized crime in recent years but has been unable to eliminate it. Mexico's experiences mixing PRI politics with drug cartels ate away at the ruling party's legitimacy both at home and abroad. Similar problems arise regarding the use of illegal networks to facilitate the flow of drugs, hazardous materials, and illegal arms across borders.

States are also faced with dilemmas regarding how to deal with the increasing mobility of people. Globalization often leads countries to open their borders to flows of people across borders. For example, with European Union (EU) citizenship comes the ability to travel and work anywhere in the EU. But the EU must also find a way to balance that freedom of movement with the need for security and the ability to prosecute

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<sup>22</sup> Robert Pape "The Strategic Logic of Suicide Terrorism," *American Political Science Review* 97, no. 3 (2003): 1–19.

international crime and terrorism. For developing countries, the reduced cost of movement across borders to access jobs or education can be a boon, but it can also lead to a “brain drain,” as the best minds and most educated leave their country for greater opportunities or rewards elsewhere. This forces countries to consider how to keep borders open to the flow of ideas, information, and monetary capital while also retaining **human capital**.

Developed and developing countries are often affected differently by the same challenges presented by the increased mobility of people and labor across borders. For example, Britain has actively recruited nurses from abroad, primarily from the Philippines, in the last few years to help alleviate the nurse shortage in the National Health Service that resulted from budget cutbacks and a shrinking welfare state. According to one article, “in the last three years alone, more than 30,000 foreign nurses have been enticed to Britain.”<sup>23</sup> These nurses will work for significantly less money than will British-trained nurses, benefiting the migrants and the UK health system. But the result for the Philippines is that hospitals are closing and operations are being cancelled because of a severe nursing shortage.

There is also great pressure on developed countries, as a result of the economic competition associated with open markets, to restrict migration (one of the first targets of an antiglobalization public policy backlash).<sup>24</sup> Moreover, when under pressure economically, culturally, or politically, governments and populations both tend to react with suspicion to those culturally different from them. For instance, the globalization of terrorism and informal violence in the form of the recent wave of Islamic fundamentalist

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<sup>23</sup> Mark Rice-Oxley, “Britain Looks Abroad for Nurses,” *Christian Science Monitor* (July 29, 2003).

<sup>24</sup> Paul Hirst and Grahame Thompson, “The Future of Globalization,” *Cooperation and Conflict* 37, no. 3 (2002): 248.

violence against the U.S., Britain, Israel, Spain, and other Western democratic states has led to a crackdown by these states on migration and a tightening on borders for security reasons. Moreover, increased policing and other internal security measures make life for culturally distinct groups more difficult.

The changes in wealth accumulation and widening inequalities within countries, the easier movement of people across borders, the weakening of state sovereignty, and the evolution of international and transnational organizations have combined to aid in the development of multiple layers of loyalties and identities to which individuals may ascribe. A Pakistani-born British bank teller in London may identify as a union member, a member of the working class, a Londoner, English, British, a member of the European Union, Pakistani, an immigrant, nonwhite, Muslim, or even simply a member of the global community, among other allegiances. Similarly, a Nigerian in Lagos might consider herself as an office worker, a woman, a Christian, a Yoruba, a citizen of her particular state, a Nigerian, an African, a member of the world community, or any number of other things.

Globalization can lead to state **disintegration** and often to violence, ethnic conflict, civil war, or secessionism. Examples abound, from the influence of terror networks on the secessionist war in Chechnya to the uprising in Chiapas in 1994, sparked in part by the signing of the North Atlantic Free Trade Agreement (NAFTA). Yet nonviolent means are available to deal with these pressures. Some states find devolution of power to local or regional political units, as in Britain's attempts in Scotland, Wales, and Northern Ireland, to be useful ways of both coping with these pressures for autonomy and uniqueness and maintaining some measure of central control and national unity. Some states concentrate their efforts on creating and maintaining a federal structure of government to deal with these pressures, as in Mexico, Russia, and Nigeria. **Decentralization** of political power

can enable representation of ethnic, religious, linguistic, and indigenous groups in a way not previously possible.

Paradoxically, globalization can lead to both the breakdown in national sovereignty and identity as well as a resurgence of nationalism. Nigeria has reacted to exploitation by MNCs by increasing efforts to “Nigerianize” the oil industry. Russian nationalism has been a rallying point for the Putin government in its efforts to deal with Chechnya, as well as in its efforts to move away from the decentralized governmental structure of Russia’s federal system and to recentralize power in the office of the president. The ruling clerics in Iran rely on calls to both nationalism and religious identity in attempts to mobilize hard-line supporters. Conversely, the reform-minded clerics also use nationalism as a rallying point. British nationalism and anti-immigrant sentiment fluctuates, usually rising in times of economic distress or security risk.

But the forces of fragmentation are less likely to devastate states with a long history and tradition of statehood than they are to wreak havoc in states that are relatively new constructs. Countries with strong states and less-fragmented populations are able to resist the fragmentary pull of globalization better than can weak states with dramatic social cleavages.<sup>25</sup> This may explain why by most measures (economic growth, political stability, social fragmentation) Iran has fared better in an increasingly globalized world than has Nigeria, and China resisted fragmentation more easily than did the former Soviet Union.

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<sup>25</sup> Daniel Drezner, “Globalizers of the World Unite!” *The Washington Quarterly* 21, no. 1 (Winter 1998): 209–226.



## **An Evolving Global Citizenship**

States, international organizations, and multinational corporations are not the only actors that have had to react to the challenges presented by globalization. Citizen groups now closely scrutinize labor and environmental records of multinationals. Recent experience of the apparel industry indicates that bad publicity can impose significant costs on these firms and even change their behavior. Human rights groups are widely credited with bringing some of the worst aftereffects of globalization to our attention. Groups of concerned people have created worldwide networks of information and activists and have in the process become more effective. Moreover, the globalization of media has aided public awareness and facilitated a sense of connectedness—of global citizenship. Ironically, globalization has provided the means through which individuals can find common causes across geographic boundaries and mobilize, often in reaction to these very processes of globalization themselves!

There is no better evidence of this emerging global citizenship and its reaction to globalization itself than in the antiglobalization protests of the last few years. Mass protests against the World Trade Organization, the IMF, and the World Bank were rapidly organized and coordinated across borders. These protests were aimed at changing not only national policies, but also the policies of international governmental organizations. As such, they capitalized on the web or network of interconnections that extended across geographic boundaries and also around national channels that normally address individual and group concerns.

Just as remarkable were the global protests against the 2003 United States–Iraq war. Almost 10 million protesters in 600 cities around the world engaged in almost simultaneous mass protests on February 15, 2003. Even more remarkable was that more

than 5 million protesters in 60 countries were organized in only 90 days! The expanding global communications network and some common concern allowed for the creation of a “self-organizing” mass political movement in which a loose global plan could be implemented in diverse ways through the initiative of local organizations.<sup>26</sup> These events merely made obvious the extent and potential of transnational advocacy networks, which had been developing since the globalization of the women’s rights movement and the global movement for civil and human rights.<sup>27</sup> With increasing globalization comes a greater ability by transnational groups to “recruit, raise funds, and operate internationally faster and farther than ever before.”<sup>28</sup> The result has been the emergence of global mass politics as a new form of interest articulation.

The global “scaling up” of violence by individuals and substate actors is the unfortunate flip side of this kind of interest articulation and global “citizenship.” Using the same methods of coordination and mobilization through transnational networks, and taking advantage of the same technological advances, these global citizens wield their tools as deadly weapons. Just as we see at the national level, at the global level unconventional politics come in many varieties, some nonviolent and some violent. Regardless of the form that interest articulation takes, now more than ever before individuals feel that they can and should affect decisions on a global level. And for better or for worse, they do, but only via unconventional participation.

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<sup>26</sup> Jeffrey Sachs, “The Globalization of Mass Politics,” *Project Syndicate* (February 2003), [www.project-syndicate.org/commentaries/commentary\\_text.php4?id=1118&lang=1&m=contributor](http://www.project-syndicate.org/commentaries/commentary_text.php4?id=1118&lang=1&m=contributor).

<sup>27</sup> Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders* (Ithaca, New York: Cornell University Press, 1998).

<sup>28</sup> Moises Naim, “An Indigenous World: How Native Peoples Can Turn Globalization to Their Advantage,” *Foreign Policy* (November/December 2003): 97.

One of the main criticisms of the institutions of global governance is what some call the “democratic deficit,” the idea that international institutions of governance represent elites and governments rather than individuals or groups, and are thus not able to be held accountable for their actions. Rarely is an individual able to elect (or vote out) representatives to a supranational body (a rare exception being representatives to the European Parliament). Thus, unlike politics at the national level in a democratic system of governance, there are few if any avenues through which global citizens may articulate their interests via conventional politics.

One key vehicle through which global citizens can act is the **international non-governmental organization** (INGO). In 1956, there were 973 INGOs in the world. By 1996, that number jumped to almost 5,500. Organizations such as Amnesty International, Greenpeace, Doctors Without Borders, and the International Red Cross/Red Crescent/Star of David are able to give aid or gather and disseminate sensitive information, or provide services that countries might be unwilling or unable to do on their own. Often they serve as watchdogs, constraining the ability of other actors to act with impunity. Transnational Corporation Watch publicizes poor labor practices of MNCs such as Nike in an attempt to hold them accountable and change their policies. Amnesty International reports on police brutality and torture on the U.S.–Mexico border, repression in Tibet and Xinjiang Province in China, and the restrictions on women in Iran. Doctors Without Borders publicizes ethnic cleansing in the Darfur region of the Sudan and human rights abuses by the Russian military in Chechnya.

## **Coping with Globalization**

Despite the forces tearing at the fabric of the state and complicating the policymaking environment in which countries exist, the sovereign state as we know it is far from obsolete, and the forces of globalization are far from all-powerful or unstoppable. For example, “concerted action by governments, central banks, financial market authorities, banks and major companies prevented a disastrous panic in the aftermath of 11 September [2001].”<sup>29</sup> National governments make policy choices that take advantage of or react to globalization. And countries, not market forces, create supranational organizations and other mechanisms for governing the forces of globalization. Still, the environment in which states operate is ever more complex, the actors they must contend with are ever more diverse, and the consequences of their actions have ever more global implications.

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<sup>29</sup> Paul Hirst and Grahame Thompson, “The Future of Globalization,” *Cooperation and Conflict* 37, no. 3 (2002): 253.

## Summary—Costs and Benefits of Globalization

### Costs of Globalization

- Erosion of state sovereignty
- Increased pressures from outside of state boundaries to conform to global norms
- Increased pressures from within state boundaries for autonomy, secession
- Increasing vulnerability to choices or actions of other actors
- Need to increase sensitivity to events, choices, actions that occur outside one's control
- Problems that were once containable within national borders (crime, drugs, disease, economic crises, terrorism) spread across borders more easily and more rapidly.
- Labor and capital in poorer countries are more easily exploited—they often see an increase in economic growth, but not economic development, and do not benefit nearly as much as developed countries or home countries of MNCs.
- Increased pressure to compete globally
- Costs of rapid urbanization, industrialization (pollution, crime, inequalities, instability)
- Gendered effects: gender inequality in benefits, access, mobility, power
- “Americanization” and the possible cultural and political backlash: threats to national or traditional cultures, emphasis on homogenization

## **Benefits of Globalization**

- Interdependence leads to more interactions, more need to cooperate.
- Reduction in barriers to trade, investment, and the movement of physical and human capital makes economic transactions easier, more efficient, more profitable.
- Rapid economic growth
- Consumers gain access to a “global” array of products and at cheaper prices
- Ability to more easily access information, innovation, technology, capital
- Development of regional and global institutions to cope with regional or global problems
- Spread of democracy and human rights
- Increased ability to organize or spread one’s political message across borders
- Empowerment of actors other than states
- New avenues for political access, redress of grievances, voice
- An evolving sense of global citizenship

## Glossary of Key Words

**decentralization.** Dispersing power among multiple political actors or levels of government in order to reduce the amount of concentration of power in one authority (usually the central government).

**disintegration.** Fragmentation as a result of the dissolving of bonds or interconnections that otherwise tie together multiple political actors or units.

**foreign direct investment (FDI).** Investment of financial resources into one country by a multinational corporation (or other investor) located in another country for the purpose of creating new businesses or purchasing existing ones.

**home country.** The country in which a multinational corporation is headquartered. For example, while Nike has factories all around the world, it is originally a United States corporation and is headquartered in the United States. The United States is Nike's "home" country.

**host country.** The country in which a multinational corporation invests or operates outside the borders of its home country. For example, if Nike, a United States multinational corporation, sets up factories or distribution centers in Malaysia, Malaysia serves as the "host" country for Nike.

**human capital.** Skills, knowledge, and education that individuals can “invest” in any endeavor.

**integration.** The creation or existence of bonds or interconnections to tie together multiple political actors or units.

**interdependence.** A relationship between two or more actors characterized by mutual dependence. Each actor is affected by the actions and decisions of the others because each actor is tied to the others through extensive political, economic, or social commitments.

**multinational corporation (MNC).** A firm (business enterprise) that has active business operations physically located in more than one country. The firm must do more than simply trade or invest abroad. It must actively produce goods or services, have a branch office, or otherwise directly interact within markets of other countries.

**non-governmental organizations (NGOs).** Organized political actors other than governments; these can range from terrorist organizations to human rights monitoring organizations to environmental groups to multinational corporations or unions. NGOs can operate within the domestic political sphere or in the international political environment (the latter are often referred to as **INGOs—International Non-Governmental Organizations**).



**race to the bottom.** A dynamic downward spiral in areas of state oversight regarding the welfare of the state in which the tendency of firms to seek the lowest level of restrictions on their operations leads to the tendency by governments to reduce regulations on corporations in order to attract their investment.

**sensitivity.** The degree to which one actor is responsive to changes of decisions or behavior by another actor as a result of the actors being interconnected.

**sovereignty.** The right to rule or to exercise power over one's affairs. Countries claim to be sovereign over what goes on within their own borders, and thus they alone may make rules or decisions regarding domestic policies or actions. One may choose to give up some measure of sovereignty and allow another to have some say in how one is governed.

**vulnerability.** The degree to which one actor is adversely affected by changes of decisions or behavior by another actor as a result of the actors being interconnected.

## **Annotated Bibliography of Useful Books on Globalization**

**Barber, Benjamin J. *Jihad vs. McWorld: How the Planet Is Both Falling Apart and Coming Together and What This Means for Democracy*. New York: Times Books, 1995.**

Barber's influential book sees globalization as creating two diametrically opposed forces—Jihad (global disintegration or fragmentation) and McWorld (global integration or homogenization). He argues that these forces operate with equal strength in opposite directions, pulling at the nation-state and making democratic governance difficult, if not impossible.

**Bhagwati, Jagdish. *In Defense of Globalization*. Oxford: Oxford University Press, 2004.**

A noted economist and former adviser to the UN on globalization, Jagdish Bhagwati explains why the arguments of the critics of globalization are problematic. He argues that globalization actually alleviates many of the problems for which it has been blamed. Written for the lay reader with the intent of reaching a broad audience.

**Friedman, Thomas L. *The Lexus and the Olive Tree*. New York: Farrar, Straus and Giroux, 2000.**

Friedman, one of globalization's most widely read advocates, argues that globalization is the international system that replaced the Cold War system. Friedman dramatizes the tension between globalization and forces of culture, geography, tradition, and community. He also details the powerful backlash that globalization produces. This accessible book by

the Pulitzer Prize–winning *New York Times* columnist helped to popularize the concept of globalization.

**Huntington, Samuel P. *Clash of Civilizations and the Remaking of World Order*.**

**New York: Simon and Schuster, 1998.**

Huntington’s controversial argument, given new life after September 11, 2001, is that political conflict in the era of globalization is likely to be culturally based rather than ideologically or economically based. He argues that conflict will occur on the fault lines between clusters of countries or peoples, loosely grouped into “civilizations.”

**Keck, Margaret E., and Kathryn Sikkink. *Activists Beyond Borders*. Ithaca:**

**Cornell University Press, 1998.**

Keck and Sikkink discuss the evolution of transnational social movements and how these new global citizens (what they call the “cosmopolitan community of individuals”) operate. They discuss the rise of global activists and the development of tactics that transcend national borders. The book uses historical examples of how international networks of political activists have affected issues of human rights abuses by states (especially in Latin America), slavery, environmental politics, suffrage, and violence against women. This accessible academic work helps us rethink how international civil society develops, and how international politics is practiced by international non-governmental actors in an era of globalization.

**Nye, Joseph S., Jr., and John D. Donahue, eds. *Governance in a Globalizing World: Visions of Governance in the 21st Century*. Washington, D.C.: Brookings Institution Press, 2000.**

This book asks how patterns of globalization are currently evolving, how these patterns affect governance, and how globalization might be governed. The authors map the trajectory of globalization and examine the impact of globalization on governance within individual countries (including China, struggling countries in the developing world, and industrialized democracies). The authors also discuss efforts to improvise new approaches to governance, including the role of non-governmental institutions, the global dimensions of information policy, and speculation on global economic governance.

**O'Meara, Patrick, Howard D. Mehlinger, and Matthew Krain, eds. *Globalization and the Challenges of a New Century: A Reader*. Bloomington: Indiana University Press, 2000.**

A collection of major articles and position papers on globalization. By bringing together a number of major thinkers and different perspectives, this book provides a broad introduction to the topic and lays the groundwork for an interdisciplinary collaborative dialogue. Meant for students, it is organized by topic (including conflict and security, democracy, economic integration, and culture). The book also has a resource bibliography and a brief guide to globalization resources on the Web.

**Spero, Joan E., and Jeffrey A. Hart. *The Politics of International Economic Relations*. 6th ed. New York: Thomson Wadsworth, 2003.**

An excellent core textbook for any class on international political economy. The sixth edition places a much greater emphasis on economic globalization. The book covers topics in an in-depth manner and is certainly an advanced text, but it is rather accessible.

**Stiglitz, Joseph E. *Globalization and Its Discontents*. New York: W. W. Norton, 2003.**

Stiglitz, a Nobel Prize–winning economist, discusses (in highly accessible prose) how economic globalization has affected poorer nations and what reforms are needed to ensure that these countries also reap the benefits of globalization. Stiglitz chronicles his time as economic advisor to the Clinton administration and as the former chief economist of the World Bank during the height of the global boom (and bust) of the 1990s. He discusses in detail the handling of the East Asian Economic Crisis, the Mexican Peso Crisis and bailout, IMF structural adjustment policies, political and economic transitions in East Europe and Russia, and the debate over free trade policies. He is highly critical of the management of globalization by the West in general and by the IMF in particular.

## **Annotated Bibliography of Useful Web Sites About Globalization**

Corporate Watch

[www.corpwatch.org/globalization](http://www.corpwatch.org/globalization)

Online resource center about corporate activity and globalization.

Emory University (Sociology) Globalization

[www.emory.edu/SOC/globalization](http://www.emory.edu/SOC/globalization)

A broad range of usefully organized information on globalization.

Global Policy Forum Globalization Web Page

[www.globalpolicy.org/globaliz](http://www.globalpolicy.org/globaliz)

Web site that offers globalization-related policy descriptions and debates.

The Globalist

[www.theglobalist.com](http://www.theglobalist.com)

Site “for global citizens, by global citizens,” with information and articles about globalization.

Globalization—About.Com

<http://globalization.about.com>

Site that offers information on globalization in the news as well as public views of globalization.

### International Forum on Globalization

[www.ifg.org](http://www.ifg.org)

Home page of an alliance of activists, scholars, and writers formed to stimulate public education in response to the rapidly emerging global economic and political arrangement.

### Multinational Monitor

[www.essential.org/monitor/monitor.html](http://www.essential.org/monitor/monitor.html)

Another online resource center about corporate activity and globalization.

### World Bank—Globalization

[www1.worldbank.org/economicpolicy/globalization](http://www1.worldbank.org/economicpolicy/globalization)

Web page devoted to explaining globalization and policy reactions to it by one of the key international organizations that participates in global governance.

### WTO Watch

[www.wtowatch.org](http://www.wtowatch.org)

Constantly updated news on antiglobalization perspectives, as well as a resource center and watchdog of the World Trade Organization.