

Making of the Modern World 15

Lecture #16: Globalization and the
Washington Consensus

International Politics

- There is less in the way of “politics” done at the international than domestic level.
 - Taxation, social programs, abortion, national defense, etc... are all overwhelmingly decided nationally.
- The “politics” of the international sphere have been primarily limited to issues of war and trade.

International State of Nature

- International scene traditionally been considered a “Hobbesian” world.
 - State of nature leading to potential state of war.

Realism in international relations

- Those who argue that the international world is “Hobbesian” in the sense that we have studied it here are called “realists”.
 - Realists argue that the international world is anarchic.
 - There is no world government to govern affairs between states and to enforce justice
- States are self-interested
 - Countries act to secure that which is in the national interest
 - Therefore power determines the relationship between independent states.
- So, theoretically, commerce and cooperation ought to be difficult if not impossible in an “anarchic” world, and globalized trade and contact are greater than ever.
 - Maybe the world is not so anarchic?

IGO's

- IGO's (International Governmental Organizations) exist to facilitate diplomacy, promote dialogue, and enforce internationally agreed to global norms
 - United Nations
 - World Trade Organization
 - International Criminal Court
 - World Bank
 - European Union (basically an international government)

Trade follows the flag

- In the 19th century, “trade followed the flag”. In other words, colonialism would lead to trade between colonized countries and colonizer.
- Commerce and international organizations are examples of “liberalism” in international politics, but are they merely another form of realism.
 - Are they another form of hidden colonialism that the powerful use to control the weak?
- WTO enforces free trade rules on countries, World Bank enforces austerity measurements on countries, United Nations is controlled by security council

Globalization

- Globalization is the phenomenon whereby trade, culture, language, and norms are spreading across the globe more and more
 - It was once a rare thing to have an item brought home by a traveler from overseas. Now, most things I own are made overseas.
 - We eat food from all over the world, talk with people from all over the world, and share media from all over the world
 - Is this the start of a new global “nationalism”?

Globalization

- Argument for trade/globalization
 - Fosters prosperity
 - Specialization
 - Greater markets
 - Creates opportunities for cultural exchange
 - Fosters global peace, perhaps?
 - Seems to be the case that trade makes war less likely
- Also, tied countries into non-Communist camp during Cold War.

Globalization and the Modern World

- Globalization is the phenomenon whereby the world is increasingly connected both economically and culturally.
 - Goods and bads
 - Economic growth
 - New cultural opportunities
 - Reliance on global system
 - Homogenization
 - Inequality

Economic Globalization

- International Monetary Fund (IMF, founded 1944)
 - Expansion of free trade
- General Agreement on Tariffs and Trade (GATT, 1947)
 - 123 member nations
- World Trade Organization (WTO), takes over from GATT in 1995)
- Global corporations expand, treat globe as single market
 - Decentralize as necessary to take maximum advantage of regional markets, labor pools, taxation policies
- Implications for exploitation of human and natural resources

Washington Consensus

- Reform prescriptions for developing countries in economic crisis
 - Fiscal discipline – no/low deficits
 - Redirection of public spending towards pro-growth areas
 - Tax reform
 - Market interest rates
 - Competitive exchange rates
 - Lower trade barriers
 - Lower barriers to FDI (foreign direct investment)
 - Privatize state industries
 - Deregulation
 - Legal support for property rights

Economic Growth in Asia

- Japan benefits from Marshall Plan, treaty limitations on defense spending
- Massive postwar economic expansion, slowed in 1990s
- China integrates elements of market economy, benefits from huge cheap labor pool
- But interrelated economies fragile, financial crisis in 1997

Trading Blocs

- European Union
 - Six nations when formed in 1957
 - Maastricht Treaty of 1993: moving toward political integration
- Organization of Petroleum Exporting Countries (OPEC)
 - Established 1960, dominated by Arab and Muslim countries
 - Used economic might to place embargo on US oil, 1973-1975
- Association of Southeast Asian Nations (ASEAN)
- North American Free Trade Agreement (NAFTA)

Consumption and Cultural Interaction

- “Americanization” or “McDonaldization”
 - American culture exported
- Yet cultural borrowings from non-American societies
- English language becomes predominant
 - Influence of British colonialism, America, the Internet

Jihad vs. McWorld

- Title from an article and book by political theorist Benjamin Barber. Reflects his argument that future conflict will be between the forces of globalism and tribalism.
 - Barber argues that globalism is primarily the spread of traditionally Western (American) values of democracy, capitalism, consumerism, etc... and as globalism, or “McWorld”, reaches deeper and deeper into more places it sparks a reaction against it with the intent of stopping the erosion of local values.

Jihad vs. McWorld



- Short clip on Sayyid Qutb in Greeley, CO from “The Power of Nightmares”
- http://www.dailymotion.com/video/x20su5f_the-power-of-nightmares-1-the-rise-of-the-politics-of-fear-bbc-2004_news

International Liberalism

- We return now to the beginning of our course, our discussion of liberalism and liberal values.
 - Reactions against globalism are often reactions against “liberal values” that place individual self-interest and the rights of individual self-expression above others threatening to erode traditional values.
- We return to a theme of our course. How do we secure prosperity and find meaning in the modern world?

Videos on Globalization

- “Commanding Heights”
- “Life and Debt”
- “The Power of Nightmares”
- Good documentaries if you want to know more.

Environmental Impact

- Biodiversity under threat: 4500 animal species threatened
- Global warming
 - Greenhouse gases
 - Kyoto accords, 1997
- Human mortality rate declines steadily, several regions work on birth control measures
- “Tragedy of the Commons”

Why Global Warming will be so difficult to stop

- CO₂ emissions linked to prosperity
- Costs are borne now, benefits come later
- Problem is worldwide w/ no one culprit and no one victim
 - Tragedy of the commons
 - Prisoner's dilemma

Population for Areas of the World, 1900 – 2050

Major Area	1900	1950	1975	2005	2050
Africa	133	224	416	906	1937
Asia	947	1396	2395	3905	5217
Europe	408	547	676	728	653
Latin America	74	167	322	561	783
North America	82	172	243	331	438
Oceania	6	13	21	33	48
World (total)	1650	2519	4074	6465	9076

source: World Population Prospects: The 2004 Revision, Highlights, New York: United Nations,

Economic Inequities

- Regional poverty a persistent problem
- Unequal distribution of resources
 - Impact of colonialism
- Slavery abolished in Saudi Arabia, Angola in 1960s, forced indenture remains in place in developing world
 - International Labor Organization of the UN: 250 million children, ages 5-14, work, esp. southeast Asia
 - Global trafficking of human slaves

Global Diseases

- Disease has always played an important role in the development of human communities
- 1978 UN called for end to all infectious diseases by 2000 – unrealistic goal
- Ancient diseases TB and malaria on the rise
- New diseases Ebola and AIDS
- Threat throughout the world but has struck the developing world the hardest