

globalized world, more people can freely exercise their talents, decide where they want to live, and fashion their own identities. Like Micklethwait and Wooldridge, Amartya Sen, winner of the Nobel Memorial Prize in Economics, recognizes the potential benefits of global integration. Briefly illustrating worldwide contributions to the process, he refutes the idea that globalization is a "new Western curse." Yet he agrees with critics of globalization that it is profoundly unjust in its consequences. To him, however, the central question is not whether to use the global market economy, but how to create institutions that can lead to a more equitable distribution of its benefits.

John Gray, a British scholar, criticizes globalization more strongly as the attempted imposition of a single utopian economic model, American-style free-market capitalism, on the rest of the world. This brutal process creates insecurity and inequality. It fosters geopolitical rivalry and resists democratic control. But because it ignores human needs for diversity and security, it is also unsustainable, and Gray therefore expects globalization in its contemporary form to be a "false dawn." Benjamin Barber, an American political scientist, similarly questions the impact of economic globalization. He espies an increasingly homogeneous "McWorld" in which American-inspired popular culture overwhelms all others and societies lose the capacity to govern themselves democratically. He emphasizes that McWorld evokes a defense of indigenous national or religious traditions around the world, producing a variety of movements he captures with the label "jihad." Pushing Barber's ideas still further, Samuel Huntington, another American scholar, argues that the defense of distinct cultural values is not merely reactive; rather, he points out, the globe is now divided into several civilizations with often irreconcilable worldviews. Resisting incorporation into one world society, these civilizations struggle with one another in profound conflicts that ultimately will reduce the influence of the West.

While Barber and Huntington sketch culturally divisive responses to globalization, Hans Küng, a German theologian, holds out hope for a more unifying or universal resolution of the problems created by globalization. He envisions a world society that serves common human interests. Küng proposes a global ethic, consisting of principles potentially shared by all human beings, as a moral restraint on states and markets and as a foundation for a global "civil society."

The critics thus share a fear of the unrestrained capitalist system. Some lament its imperial obliteration of cultural distinctions and advocate preserving or reviving traditional cultural distinctions. Others are more concerned about the impact on solidarity within societies and advocate stronger self-governance in democratic states. Still others worry most about the economic, political, and cultural divisions that result from globalization and advocate the cosmopolitan pursuit of a unified but just world. Such critical views of globalization themselves affect the course of the process. The increasingly deliberate efforts from many quarters to define the proper shape of world society also contribute significantly to its formation, an issue to which we return in the last section of this book. At the very least, the debate expresses a common global consciousness, though not, of course, a global consensus.

## I The Hidden Promise: Liberty Renewed

*John Micklethwait and Adrian Wooldridge*

[...] Karl Marx's tomb in Highgate Cemetery is a sorry place. The sculpture of his great bearded head is sometimes soiled with pigeon droppings; the army of celebrated intellectuals and communist dignitaries that used to come to pay its respects to the master has dwindled into a tiny band of eccentrics. In one way, this is a pity. As a prophet of socialism, Marx may be kaput; but as a prophet of "the universal interdependence of nations," as he called globalization, he can still seem startlingly relevant.

For all his hatred of the Victorian bourgeoisie, Marx could not conceal his admiration for its ability to turn the world into a single marketplace. Some of this admiration was mere *schadenfreude*, to be sure, born of his belief that in creating a global working class the bourgeoisie was also creating its very own grave diggers; but a surprising amount of this respect was genuine, like a prizefighter's respect for his muscle-bound opponent. In less than a hundred years, Marx argued, the bourgeoisie had "accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts and Gothic cathedrals"; had conducted "expeditions that put in the shade all former expeditions of nations and crusades"; and had "created more massive and more colossal productive forces" than all preceding generations put together. In achieving all this, it had begun to transform an agglomeration of warring nations and petty principalities into a global marketplace.

Marx was at his most expansive on globalization in *The Communist Manifesto*, which he cowrote with Friedrich Engels, a factory owner turned revolutionary, and published in 1848, a year in which ancien régimes were tottering throughout Europe.

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

The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. . . . In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant land and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations.

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Even Marx's final resting place is, to some extent, a vindication of this great insight. Opposite him in Highgate lies William Nassar Kennedy, a colonel of the Winnipeg Rifles who was "called home" in 1885 while returning to Canada from Egypt, where he was in command of the Nile Voyageurs. A little further down there is John MacKinlay and his wife, Caroline Louisa, "late of Bombay." Highgate Cemetery is strewn with the graves of Victorian soldiers, bureaucrats, and merchants who devoted their lives to turning the world into a single market.

What would Marx make of the world today? Imagine for a moment that the prayers of the faithful were answered and the great man awoke from his slumber. Having climbed out of his mausoleum, dusted himself off, and taken a frustrated sniff at the bottle of scotch, what would Marx find? There would, of course, be the shock of discovering that, on all the big issues, he had been proved hopelessly wrong. It was communism that succumbed to its own internal contradictions and capitalism that swept all before it. But he might at least console himself with the thought that his description of globalization remains as sharp today as it was 150 years ago.

Wandering down Highgate Hill, Marx would discover the Bank of Cyprus (which services the three hundred thousand Cypriots that live in London), several curry houses (now England's most popular sort of eatery), and a *Restaurante do Brazil*. He might be less surprised to find a large Irish community. But the sign inviting him to watch "Irish Sports Live," thanks to a pub's satellite-television linkup, might intrigue him. On the skyline, he would soon spot the twin towers of Canary Wharf, built by Canadian developers with money borrowed from Japanese banks and now occupied mostly by American investment banks.

Marx would hear Asian voices and see white schoolchildren proudly wearing T-shirts with pictures of black English soccer stars. Multicultural London (which is now home to thirty-three ethnic communities, each with a population of more than ten thousand) might well exhilarate a man who was called "the Moor" by his own children because of his dark complexion. He could stop at almost any newsstand and pick up a copy of the *Frankfurter Allgemeine Zeitung* that would be no more than a day old. Nearly swept off his feet by a passing Rolls-Royce, he might be more surprised to discover that the vehicle, like the rest of Britain's car industry, was now owned by a German company.

If Marx were to venture back to his old haunts in Soho, he would find a cluster of video-production companies and advertising agencies that sell its services to the world. If he climbed up to Hampstead Heath, the Marx family's favorite picnic spot, he might be surprised to discover that the neighborhood's most expensive house is now owned by an Indian, Lakshmi Mittal, who has built up one of the world's biggest steel companies. London is home to around a quarter of Europe's five hundred biggest companies. Its financial-services industry alone employs directly or indirectly 850,000 people, more than the population of the city of Frankfurt.

Yet even as Marx marveled at these new creations of the bourgeoisie and perhaps applauded its meritocratic dynamism, it is hard to believe that some of the old revolutionary fires would not burn anew. Poverty of the grinding sort that inspired Engels to write *The Condition of the Working Class in England* (1845) might have disappeared; the rigid class system of the Victorians might have evaporated: Marx might even have been slightly shocked by the absence of domestic servants. But the founder of communism would have no trouble tracking down inequality and sensing that it was on the increase.

Barely ten miles separate elegant Chelsea (where ironically enough the Marx family lived when they first came to London, before being evicted for not paying the rent)

from the crumbling wasteland of Newham, but they seem like two different countries. In one, you might be forgiven for thinking that the biggest problem is the availability of residential parking permits; in the other, two thirds of the sixteen-year-olds fail their basic high-school exams, and the mortality rate for people under twenty-five is 50 percent above the national average. As he studied the newspaper and looked at the pictures on the flashing television screens of, say, Somalia or even parts of Los Angeles, Marx might well see globalization as a process that is only just beginning – a job half done. Once again, he might consider the world is hurtling toward a "crisis of capitalism" – not unlike the last one that his own theories did so much to make ruinous.

### The Priority of Liberty

This, then, is the beginning of the future, perfect or not, that we have tried to describe in this book. The fact that it has much in common with the world of yesterday (and especially the world of a century ago) is not surprising. History condemns us to repeat ourselves, though not necessarily to repeat all our mistakes.

... we have tried to build a measured defense of globalization. Yes, it does increase inequality, but it does not create a winner-take-all society, and the winners hugely outnumber the losers. Yes, it leaves some people behind, but it helps millions more to leap ahead. Yes, it can make bad government worse, but the onus should be on crafting better government, not blaming globalization. Yes, it curtails some of the power of nation-states, but they remain the fundamental unit of modern politics. Globalization is not destroying geography, merely enhancing it.

In most cases, the bulwarks of our defense have been economic. The simple fact is that globalization makes us richer – or makes enough of us richer to make the whole process worthwhile. Globalization clearly benefits producers by giving them greater choice over their raw materials, production techniques, and human talent, not to mention over the markets where they sell their goods. Equally clearly, globalization benefits consumers by providing them with better goods at better prices. Globalization increases efficiency and thus prosperity.

These economic arguments need to be made, and with far more eloquence, by our leaders. Too many politicians take the Clintonesque tack of defending the easy bits of globalization – typically, the successes of their own country's exports – and shying away from talking about the benefits that flow, say, from imports or foreign takeovers of "their" companies. This is not only economically illiterate but dangerous, because it allows myths to emerge, such as the idea that globalization is a zero-sum game. But there is also a broader need to wrench globalization from all the dry talk of markets penetrated, currencies depreciated, and GDPs accelerated and to place the process in its proper political context: as an extension of the idea of liberty and as a chance to renew the fundamental rights of the individual. [...]

### The Open Society

Globalization redresses this balance in two ways. The most obvious is that it puts limits on the power of government. This advantage is most obvious in commerce. Free trade makes it easier for businesspeople to escape from interfering officials by moving their money and operations abroad. As we have pointed out, companies seldom want to flee, but the very fact that they might acts as a brake on those

officials. The sullen fury of a Bangalore bureaucrat staring at the satellite dishes that allow "his" software companies to export their products without his grasping fingers interfering would delight Mill (even though he worked for the often more extortionate East India Company). More important still, free trade allows ordinary people to buy products from companies who make the best of their kind rather than from those that enjoy cozy relationships with governments. Similarly, they can put their retirement money in pension funds that are not tied to schemes of national aggrandizement.

Governments are not retreating from this easily. They can still slap controls on the flow of capital (as Malaysia did in the wake of the Asian crisis) or even on the flow of information. (Singapore employs a staff of censors whose job is to surf the Internet ceaselessly looking for objectionable information to block.) But the world is nevertheless a lot freer today than it was just a few decades ago, before globalization got into high gear. In 1966, for example, the British Labour government imposed a travel allowance that virtually confined Britons to their own country except for two weeks' worth of penny-pinching foreign vacation. Today, any politician who suggested such a restriction would be carted off to an asylum.

Indeed, the recent history of globalization can be written as a story, albeit an uneven story, of spreading a political culture that is based on individual liberty to areas that have been longing to embrace it for years. The last dozen years of the twentieth century saw not only the spectacular death of the biggest alternative to liberal democracy, totalitarian communism, but also the slow death of other collectivist models. Around the world, countries have abandoned attempts to plan their way to prosperity. Even the Asian crisis, in its own awful way, has made it more difficult for the continent's authoritarians to boast that they had discovered a nondemocratic way to generate growth.

Many on the left would argue that globalization has merely involved a change of master. Globalization may have liberated us from the onus of having to get our television programs – or our health care and pensions – from our governments, but it has forced us to get the same things from giant companies that are just as remote and even less accountable. The gentleman in Whitehall has been replaced by the knucklehead in the boardroom or, if you work in the Académie Française, by the illiterate in Hollywood.

This suspicion is healthy and should be encouraged. But so far the evidence is that it is misplaced. Of course, businesses will try to control markets, but that does not mean that they will be able to. As we have seen, one of the wonders of global capitalism is its capacity to hurl challenges at incumbent champions. Most of the forces of globalization – particularly the availability of capital and technology – favor small companies. In parts of Europe and Asia, commercial oligarchies are clinging to power, but only because governments collude with them. There is nothing global about, say, the importance of *guanxi* in Asia – quite the opposite. By the same token, the Department of Justice campaign to restrain Microsoft's power, no matter how misguided, has a legitimately global aim of trying to open up a market.

In fact, many of the most vengeful howls directed at globalization come from self-interested business elites who are being forced to surrender to consumer choice. Globalization does not mean homogenization. People want to consume books, movies, even potato chips, that reflect their own identities, and those identities remain primarily national. When politicians complain that globalization is changing society, they are correct, but they seldom bother to ask whose society it is. When society is defined by a fairly compact national economy, an elite has a chance of co-opting it.

But when society is an open-ended international system, it becomes increasingly difficult for any elite to identify their values with the common good.

### The Individual's Prayer

Restricting overmighty states and elites is all very well, but globalization increases the basic freedom of individuals as well. We have already talked about the tyranny of place: Most people's lots in life are determined by where they were born, something illiberal regimes everywhere have done their best to reinforce. As Leszek Kolakowski, a Polish intellectual, points out, one of the defining features of communist regimes is their refusal to allow people to move from city to city without official permission; they even made short journeys difficult, providing few road signs or decent street maps. Even today, the lives of half the world's population are bounded by local villages, and local markets.

Travel and migration have long provided a fraction of the world's population with freedom from the tyranny of place. The printing press and the television have allowed others a more imaginary form of escape. Globalization is now making these freedoms more pervasive. The impact of the Internet, particularly as it goes wireless, will also be dramatic. The World Wide Web allows people to gain access to information anywhere at any time. And it allows them to do so in a way that undermines local elites and expensive middlemen. People will never escape the pull of geography entirely, as the tendency of business to cluster in particular places shows. But those clusters only survive if they work with the grain of globalization. And the penalty for being born a long way from those clusters is diminishing. Remember the Bangladeshi farmers using their cell phones to check the proper prices for their produce rather than having to accept the dictates of local grain merchants.

The more these ties weaken, the more people can exercise what used to be called God-given talents. Again, businesspeople are the most obvious beneficiaries: If you have a good idea and the entrepreneurial vim to pursue it, you can take it anywhere you want. If, like Michael Skok of AlphaBlox, you think that your business belongs in Silicon Valley, not the Thames valley, you can take it there. But there are also more spiritual, artistic reasons to believe that globalization is a good thing. The thousands of Miltons who remain "mute and inglorious" in their villages often begin to sing only after they move to the "mansion houses of liberty" that are the world's great cities. Bustling centers of trade from fifteenth-century Venice to twentieth-century New York have usually been centers of creativity, too. Even if your God-given talents are more prosaic, it is becoming ever easier to study abroad, and, thanks again to the Internet, you will soon be able to do so (more or less) without leaving home.

Somewhere behind the freedom to exercise our talents lies the most fundamental freedom of all: the freedom to define our own identities. This can sound like the moan of a petulant teenager, but it is at the heart of what is becoming one of the main debates of our time, between liberals and the growing band of communitarians. (To the extent that "the third way" means anything at all, its adherents are probably on the side of the communitarians.) Communitarians, as their name suggests, worry about the effect of things like globalization on communities. John Gray, one of globalization's most searching critics, has argued that human beings' "deepest need is a home, a network of common practices and inherited traditions that confers on them the blessings of a settled identity."

There can be no doubt that people need a home and a network. But does this home have to be the one they were born in? And does this network have to be the

one provided by their ancestors? People also have a drive to better themselves, to extend their identities, to cross traditional boundaries, and to try out new experiences. John Gray himself happily abandoned the Newcastle working class into which he was born for the metropolitan intelligentsia. One of the many benefits of globalization is that it increases the number of people who can exercise Gray's privilege of fashioning his own identity.

This is not to say that conservative and communitarian worries about individualism run wild are empty. In the same breath that he praised America's faith in individualism, Tocqueville warned of the danger that each man may be "shut up in the solitude of his own heart." One of the great risks of globalization is that it fosters anomie – the normlessness that comes from having your ties with the rest of society weakened. Anybody who spends long periods of time on business trips knows the loneliness of the long-distance traveler. Ex-pats complain that their children grow up not knowing their grandparents. The most common complaint among Internet addicts is that they end up feeling (rather like the compulsive masturbators of Victorian medical treatises) isolated, lonely, and depressed.

All too true. Yet the issue that separates liberals from communitarians is not the desirability of human ties but the question of coercion. For liberals, the best communities are the spontaneous creations of free individuals rather than the products of bossy politicians, and one of the many cases for globalization is that it lets a million of these spontaneous communities bloom. The smaller the world becomes, the more communities are defined by common interests and outlooks rather than by the mere accident of physical proximity.

The idea of spontaneous communities will hardly placate globalization's harshest critics. For some people, the idea that individuals take precedence over society is nothing more than Western cultural imperialism. Wee Kim Wee, the former president of Singapore, argues that "placing society above the self" is one of his country's "core values." It is all very well for the egomaniacs of Manhattan and Los Angeles to abandon their gods in pursuit of self-fulfillment. But everybody else knows that such selfishness leads inexorably to the wasteland.

Yet the yearning for freedom is no more peculiar to the West than the yearning for prosperity. Other parts of the world have been quieter on the subject not because their peoples are wedded to collectivism but because their rulers have been less fussy about the methods they have used to hold onto power. Singaporeans bitterly resent the fact that their government gives them a superb education but then proceeds to treat them like children. The students who were brutally crushed at Tiananmen Square constructed replicas of the Statue of Liberty.

### **An Empire without End**

Look around the world, and it is not hard to find examples of people for whom this message may seem a little empty. What does Reginaldo Gobetti care about the freedom to create his own identity; he just wants a job. Our argument is not that globalization is delivering the liberal dream, with billions of people gradually becoming the wired (or wireless) equivalent of Jefferson's yeoman farmers. Our argument is merely that globalization is delivering enough of that dream to make it worth pressing forward and to make it worth defending on more than just narrow economic grounds.

In fact, the two arguments should run in tandem. Globalization is helping to give birth to an economy that is closer to the classic theoretical model of capitalism, under

which rational individuals pursue their interests in the light of perfect information, relatively free from government and geographical obstacles. It is also helping to create a society that is closer to the model that liberal political theorists once imagined, in which power lies increasingly in the hands of individuals rather than governments, and in which people are free, within reasonable bounds, to pursue the good life wherever they find it.

It would be nice if we could end on that optimistic, perhaps even slightly utopian, note. Yet we have also stressed the importance of vigilance and the need for not just politicians but also those who have prospered from globalization – particularly the cosmocrats – to help those who have done less well.

The trouble is that the devil has all the best tunes. One reason why globalization's enemies are so much more persuasive than its friends is that they are more visible: The victims are usually concentrated in particular places, whereas its beneficiaries are spread out all over the place. But supporters have also done a lousy job of making their case. We have already lamented the shortage of Peels and Rockefellers. But consider once again whether any modern leader would stand up and argue that "by encouraging freedom of intercourse between the nations of the world we are promoting the separate welfare of each and are fulfilling the beneficent designs of an all-seeing Creator" or invite his audience to celebrate "commerce, the happy instrument of promoting civilization, of abating national jealousies and prejudices and of encouraging the maintenance of general peace by every consideration as well as every obligation of Christian duty." [...]