

PEOPLE BEFORE PROFIT

THE NEW GLOBALIZATION IN AN AGE OF TERROR,
BIG MONEY, AND ECONOMIC CRISIS

CHARLES DERBER



P E O P L E

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B E F O R E

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P R O F I T

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To my mother, Zelda T. Derber,
who taught me that love ages beautifully

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INTRODUCTION

911 GLOBE

All great truths begin as blasphemies.

GEORGE BERNARD SHAW

SECONDS BEFORE THE EVENTS THAT CHANGED THE WORLD, ONE HUNDRED people were eating breakfast at the World Trade Center Club on the 107th floor of Tower One. At the same time, a hundred and thirty-five people were meeting on the 106th floor at a conference on risks in global finance and technology. On floors 105 and below, workers at Morgan Stanley, Merrill Lynch, Fidelity Bank, and hundreds of the world's largest financial companies were just beginning the trading activities that keeps the global economy humming.

At 8:48 A.M. on September 11, 2001, a hijacked American Airlines Flight 11 smashed into Tower One. The 107th-floor restaurant blew up instantly, and the conversation one floor below was silenced forever. On the lower floors, as terrified workers struggled to escape, computers at the workstations of the world's financial heartland exploded and burned as the temperature rose to over two thousand degrees.¹

When the Twin Towers crashed to the ground, the idea of a globalized world knit together by commerce and trade came under crushing attack too. The threat to globalization was more than symbolic. Cantor Fitzgerald, the global bond-trading company, lost 700 of its 1,000 workers, Fidelity Bank reported 62 missing out of 625, and Euro Brokers/Maxcor Financial Group lost 60 of its 280 employees. Merrill Lynch, the Bank of America, Lehman Brothers, and other financial giants were also hit hard. With the terrible image of the collapse of the Twin Towers seared on our brains, we could not easily believe that the global economy itself was falling.²

But while the suicide bombers could kill people and harm major global companies, they could not destroy the idea of globalization itself. This was the message of President George Bush to Asian leaders a month after the attacks; he said that the terrorists were seeking to "shatter confidence in the world economic system" and destroy globalization but would never succeed. The companies would revive themselves, and new buildings would arise where the Twin Towers fell. The heroic resilience of New Yorkers pulling together after the attack symbolized the courage and resolve of all the world's survivors to rebuild.

A new debate about *how* to rebuild, though, symbolized a permanent change in the world and the future of globalization. Architects mused whether skyscrapers like the Twin Towers were still viable, and financial companies wondered whether they should relocate around Wall Street or disperse into smaller offices around the nation and the world. Some argued that Ground Zero should become a shrine, while others proposed building reinforced giant towers, smaller buildings, or a total

redesigned urban landscape. After September 11, the architects would have to question basic assumptions and reinvent basic principles of urban planning and of architecture itself.

So too, basic principles of global business and globalization that had seemed settled forever—reflection of what Francis Fukuyama famously called “the end of history”—suddenly lost their certitude. Few questioned that trade and the global economy could survive, just as few architects doubted that urban towers and cities themselves could be rebuilt. But the architects of globalization—and that ultimately includes all of us—now have to rethink basic assumptions. My argument in *People Before Profit* is that just as we may have to reinvent the skyscraper, so too we now urgently need to reinvent globalization to create a safe, democratic, and economically secure world.

Three radically new circumstances—the World Trade Center attacks being only the most shocking—have crashed upon us at a surprising moment with surprising force, blowing away many of our most cherished assumptions about the world. Each has different causes, is independent from each other in many ways, and will require unique approaches as well as some shared solutions. But they all dramatize a crisis in globalization and alert us to the urgent need to redesign it in a global, democratic spirit.

Chronologically, the first of these new circumstances was the rise of antiglobalization movements on every continent as the globalization process intensified. About six months before September 11, thousands of native Mexican Indians in bedraggled army fatigues and sandals walked from Chiapas, Mexico, to Mexico City. At each new village, they were mobbed both by CNN camera crews and by adoring villagers who hugged and fed them and wept from the excitement of being in their presence. The marchers kept going under the sunbaked skies until they walked right into the Parliament building in Mexico City. There, under the protection of Mexican president Vicente Fox, they spoke passionately of the rights of indigenous communities to protect their land against global mining companies and to defend their language and values against the juggernaut of globalization itself.

These were the legendary Zapatistas, heroes to native peoples everywhere for their courageous defense of indigenous communities. A surreal photo in *The New York Times* on March 29, 2001, showed Indians whose faces are covered by wool masks seated in the front rows of the great Parliament hall. A leader known only as Commander Esther, dressed not in a business suit but in an embroidered blouse and sandals, demanded autonomy and a bill of indigenous rights for her community. This would be the only way to protect the sacred rights of Indians under threat of the global property-rights rules of the World Trade Organization requiring that all natural resources be treated as commodities in the world market. The renowned Zapatista leader, the pipe-smoking philosopher Subcomandante Marcos, said, “All we want is a new kind of world. All we want is a world big enough to include all the different worlds the world needs to really be the world.”

From this colorful Zapatista peasant movement in Mexico to Muslim female sweatshop organizers in Bangladesh to IMF protesters in Bolivia, Argentina, and Pakistan, popular movements in poor nations have long challenged globalization as economically and morally unjust. The movements were up from all different countries and with so many different faces and visions that it is hard to give them a name. Labels such as “antiglobalization” do not fit the bill because the dissenting forces, which vehemently opposed to globalization, speak passionately of global justice and the making of a global community.

The global justice movements captured the attention of Americans in the raucous 1999 battle in Seattle. More than fifty thousand protestors, marching in a grand coalition dubbed “Teamsters and Turtles,” protested the policies of the World Trade Organization that they viewed as antilabor, antienvironment, and antidemocratic. Then, as the new century opened, political and financial elites accustomed to luxury hotel suites, chauffeured automobiles, and the finest wines suddenly found

themselves besieged by protesters at trade summits and financial meetings. In Washington, D.C., just four months after Seattle, at the April 2000 meetings of the International Monetary Fund and World Bank, thousands marched down Constitution Avenue on a brilliant sunlit afternoon to protest the emergence of these secretive institutions as handmaidens to an unjust, shadow global government. And every few months thereafter—at trade meetings from Davos, Switzerland, to Melbourne, Australia, from Prague to Quebec—another colorful, noisy, and occasionally bloody protest spooked the financial planners of the world.

The antiglobalization movements proclaim globalization a “race to the bottom,” creating environmental degradation, exploitation of mostly female sweatshop workers, and a polarized world where 458 billionaires possess more wealth than do half of humanity. As shown in Chapter 4, the gap between rich and poor has increased during the last two decades of accelerated globalization (1980–2000), as has the sheer number of those living in poverty. Two billion people now live on less than \$1 a day. More than three billion people live on less than \$3 a day. The enormous power of the rich countries, especially the United States, in setting the trade rules, reinforces the view of globalization as a new velvet brand of colonialism. All of these arguments have not in the least persuaded most people that trade or foreign investment should be curbed. But protesters have helped stir up a new impassioned debate about whether we need a new kind of global economy better serving the poor. And they have helped spark a new struggle for global democracy that involves a radical vision of public participation and transnational corporate accountability.³

The second new circumstance of our times is defined by September 11, 2001. A debate rages about whether terrorists targeted the Twin Towers as a symbol of their hatred not only for the United States but for globalization and its seductive culture of modernity and consumerism. Did Osama bin Laden and other perpetrators deliberately kill hundreds of financial executives to signal a jihad against American-led international business? I do not mean that globalization was the cause of the attacks or that the perpetrators were attacking globalization. Terrorism takes many forms and has many roots—religious, ethnic, and political as well as economic—many with no connections to globalization. But the attack on the United States has changed the conditions that made globalization possible and could dramatically alter its future.

Former president Bill Clinton, speaking a few weeks after the September 11 attacks, described terrorism as “the dark side of our new interdependence.” Globalization created a new integrated world that erased national boundaries as if they were dusty chalk lines. But what globalization integrated, terror threatens to divide—and what it has opened, both terror and the war could shut. What Americans did not fully realize before September 11 was that globalization inevitably meant the globalizing of vulnerability. Globalization demands a world of open borders, where goods and services, people, and money are easily and safely exchanged. Closed borders, anthrax anxiety, and fear of flying or foreigners signal the end of globalization as we know it.⁴

American fear of terrorism could lead us to seal our borders, cocoon in gated communities, and bunker down against the world. The war against terrorism could inflame anger against the United States and lead others to shut their borders and brand global trade in ideas and commodities as the work of Satan. But globalization is not destined to collapse in an age of terror. Almost certainly it will survive, but in a dramatically new form. Like the Seattle movements challenging globalization, the lesson of September 11 is that we need to rethink our global vision—both to heal the wounds of globalization and to help attack the roots of terrorism and other forms of international violence.

The same can be said of the third drama currently changing our world, the global economic downturn. Following two decades of a magical “new economy” boom that many thought would last forever, world economies have sunk into recession. Even before September 11 and the Enron crisis, U.S. companies laid off millions—including more than a million workers in manufacturing alone

the year before September 11—white U.S. markets nosedived 25 percent, wiping out the “wealth effect” of the nineties boom, the high-tech revolution, and profits of the world’s high-flying global corporations. The New York terrorist attacks and the 2002 post-Enron market collapse were followed by a double whammy, severely harming prospects for U.S. and global recovery. Investors, workers, and ordinary citizens in the United States faced the scariest economic conditions in decades, with millions losing their jobs, retirement nest eggs, or both, while American capitalism, after Enron, lost its luster as a model for the world.⁵

The downturn in the U.S. economy, compounded by the war on terrorism, created devastating shock waves across the world. Within two months of the September 11 attacks, as the war in Afghanistan heated up, apparel giants such as Wal-Mart shut down a thousand plants in Bangladesh, laying off hundreds of thousands of workers. As corporations fled the extended war region, severe economic shocks also ricocheted through Pakistan and Indonesia. Even before Enron and the 2002 U.S. market collapse, as the U.S. economy slowed and American imports shrunk dramatically, Mexico, Argentina, and other nations in Latin America suffered their own economic quakes. In December 2001, Argentina suspended payments on its huge debt and fell off the cliff.

I was in Mexico in early 2002 when Argentina collapsed. The desk staff and the Mayan women who cleaned our hotel room all knew about the Argentine catastrophe and were eager to talk about it. They saw in it a glimpse of their own future. They were already working for less than a dollar an hour—and they were the fortunate ones with jobs. After September 11, the Mexican tourist trade was way down, and this was only making a bad situation worse. One cabdriver told me his wife had been working at a foreign factory at the minimum wage of thirty pesos a day, roughly thirty cents an hour. But he said that German and U.S. firms were either leaving for cheaper countries or going into the Mexican interior to hire workers at lower rates. And people were rushing to take these miserable jobs because there was no other work.

By late 2001, the IMF was revising global economic forecasts downward, with prospects of zero or negative growth throughout much of the Third World. UN officials worried that hundreds of thousands of refugees would starve in war-ravaged Afghanistan, but hundreds of millions of people in sub-Saharan Africa, Central America, and Asia already faced joblessness, hunger, and homelessness. Deepening poverty, slowing growth rates, and roller-coaster instability combined to create the possibility of a new global depression.

The world has entered a dark era, one that globalization was supposed to prevent. Global recession is a dry term, but it means that half of humanity—those 3 billion people already subsisting on less than three dollars a day—are jobless, ill, homeless, or starving. These are not the people who never got on the globalization train; they are its newest passengers. The train is taking them in the opposite direction from the one they were promised when they bought their tickets. The tracks laid down in their countries have wiped out their old way of life. These ticket holders—like the laid-off Bangladeshis—cannot just jump off the train. They are going to demand that the tracks are rebuilt to take them to the better life advertised at the station.

The debates about globalization—swirling around the problems of sweatshops and labor rights, justice for the global poor, and the creation of democratic governments—have taken on a new urgency. Reinventing globalization has shifted from a passion of protesters to a survival guide in a world of violence and economic turbulence. I argue in *People before Profit* that a democratic cure for the ills of globalization is the most important challenge in the world today. In the rest of this book, I lay out in detail what I mean by global democracy, how it is beginning to be conceived and practiced by social movements and ordinary people all over the world, and why I think it is both realistic and essential.

Antiglobalization movements, international terrorism, and global depression seem a brew for

huge backlash against globalization. But the democratic cure for this crisis requires resisting the romanticism of returning to a preglobalization era and instead working for a future that harnesses globalization's own most powerful rhetoric and energies in new, more positive ways. By transforming globalization through the very forces that it has unleashed, challengers to the existing order are already beginning to create a more democratic world. There are reformist and more radical versions of global democracy, and it should be viewed as a long-term evolving process rather than a magic bullet. But reorienting ourselves toward the democratic path, already commencing in small and moderate steps, is the great challenge and adventure of our age.

Much of the world is weary of idealism and skeptical of any idea that we have the power to remake globalization, a rudderless system that seems to run by itself. Thomas Friedman tells us that "Globalization isn't a choice, it's a reality No one is in charge If you want to call up an expert to complain, there is no one on the other end of the phone." Friedman is saying that nobody runs the global financial markets that are the system's nerve center, and thus nobody can change it.⁶

Let us acknowledge the kernel of truth in this argument, one easily misunderstood. The financial and commercial forces at the heart of globalization are enormously powerful and cannot be controlled by any individual or nation. They don't answer to anyone. No cabal of plutocrats in a smoke-filled room and no imperial nation can fire off orders telling the global markets what to do. When they try, they inevitably fail or get badly burned in the process.

The misconception that might follow is that because no suit in a suite and no president of a state dictates to the markets, power has disappeared in the age of globalization. And the more dangerous corollary is that because nobody is in charge, globalization is a system that nobody can change, let alone reinvent. The truth is quite the opposite. Globalization, rather than eliminating human power, is concentrating it on a grander scale than did any revolution in history. Yes, globalization is changing the nature and agents of sovereign power, in some ways redefining power itself. But it is also increasingly creating the possibility of new forms of worldwide collective and democratic power by globally linked citizens, with the capacity to change the world as never before. Some democratic activists who see the possibilities now chant, "No globalization without representation." Global democracy will be the handiwork of dissenting popular movements of workers, environmentalists, human rights activists, women, and people of color all over the world already committed to the idea. They will be joined by growing numbers in the mainstream who realize that they cannot be physically safe or economically secure otherwise.

Without a shift toward global democracy, globalization will survive but will move toward a "fortress" model. We see many signs of the fortress already, a militarized world that puts security and surveillance over liberty in order to contain the potential for terrorism and other violence. It will keep the channels of commerce and finance tenuously open while maintaining a fragile sense of safety for the world. But it will be a world of chronic and growing violence that could undermine our core values and much of the prosperity we cherish. A fortress globalization would weaken the democracies in the West as well as crush the democratic potential in the developing world.

The world needs to give billions of poor and working people a democratic voice as an alternative to more violence. The solution is not to shut down globalization or to go the route of the fortress. Instead, it is to make globalization's own democratic rhetoric real for even the poorest of the poor.

People Before Profit challenges a seductive and entrenched new common sense that I call the "globalization mystique." The mystique treats globalization as new, inevitable, technological, market-driven, and self-propelling. Its economic common sense is that globalization is a win-win proposition for rich and poor nations. Its political common sense is that globalization is democratizing the world. The cultural myth is that consumerism creates meaning for all on the planet.

I reexamine each of these new commonsense ideas using history, stories, and statistics. I show that globalization has been invented and reinvented throughout history and that we must reinvent it again because the new common sense is so flawed. This means not stopping globalization but rewriting its rules to narrow the gap between rich and poor and put into practice the democratic rhetoric of globalization's leaders. I show that this will take a new kind of global grassroots politics that is already surfacing—and I outline its basic vision and principles. In the context of our new era of terrorism and economic crisis, we must urgently press forward to make the new vision a reality.

You need a roadmap to travel through most books, and mine is simple. In the first five chapters, I dissect the globalization mystique, offer a new view of globalization, and show why we need change. In Chapters 6 to 9, I discuss the vision of global democracy that is already becoming the agenda of popular movements and ordinary people around the world. In Chapter 10, I show how global democracy is powerful medicine, not just for globalization's ills, but for ending terrorism and building our collective security.

In the first five chapters, I show how globalization is not reducing global poverty and inequality and why it is not fulfilling its democratic promise. In Chapters 1 and 2, I delve into the history of earlier globalizations to help explain the failure. In Chapters 3 to 5, I look sequentially at how global business, the United States, and the World Trade Organization and International Monetary Fund interact to create globalization as a new global power system that does not serve poor nations or poor people in either First or Third World countries.

All of the first part is a reflection on global power and how the new mystique has obscured it. Globalization is globalizing not only sneakers and Walkmans but sovereignty as well—taking power and constitutional authority away from nations and giving it to global markets and international bodies like the World Trade Organization. It is shifting the world's balance of power toward a new global oligarchy.

Globalization is anarchistic and oligarchic, but it also lays the foundation for the world's first global constitutional system, a world based on law rather than brute force. As such, globalization could become a catalyst for global democracy. Unhappily, though, globalization today not only sustains many undemocratic countries, such as Pakistan and Saudi Arabia, but it also increasingly concentrates power in the mysteries of global financial markets and new global political elites led from the White House. National governments across the planet remain influential but increasingly disconnected from the local aspirations of their own peoples. National leaders increasingly speak the new global rhetoric of democracy, but they line their own pockets and serve global business interests at odds with the needs of the majority middle classes and poor who elect them. The nation-state-as we have seen in Argentina—is the site where ordinary people's frustrations about their ability to govern themselves explode into mayhem on the streets.

People in many countries seem to feel globalization not as new freedom in the ballot box but as a huge loss of choice. Tens of thousands of laid-off Argentine workers revolted on the streets as the government led them into the brave new global order and created an economic meltdown. Hungry people in Pakistan, Indonesia, Brazil, and South Africa rioted against their own governments. Corrupt puppets of the global financial markets, the IMF, or the United States, the widely perceived power behind the new global throne. In Europe, French farmer and antiglobalization activist Jose Bové gained national acclaim by helping to block a new McDonald's franchise, and a hundred thousand protesters in Genoa, Italy, protested on the streets, denouncing globalization as a form of foreign conquest shredding their culture, welfare states, and traditions of social democracy. Many see their own democratic governments as abandoning them and becoming servants of an American-backed corporate leviathan. From Paris to Jakarta to Buenos Aires, the rumbling of popular discontent tells us that something has gone deeply wrong and that we'd better start putting the globalization train on the

democratic track.

To make any sense of this, you have to understand what I mean by global democracy, the subject of the second part of the book. It involves five essentials: (1) limited democratic “world governments” (2) citizen-controlled national governments, (3) publicly accountable global business, (4) local community reinvigorated with citizen participation, and (5) a new international community that limits the unilateral power of even the strongest nation by creating collective security. Global democracy can happen only as ordinary people everywhere take seriously the ideals of democratic participation that the leaders of globalization have themselves rhetorically proclaimed. As mentioned previously, global democracy is a path rather than an endpoint. It will not eliminate economic inequalities or give everyone equal political influence. It is fraught with new risks and doesn’t promise a global rosegarden of peace and prosperity. But it is the only way to create a world serving people as well as profits.

But how do you take this path in a world economy that allots more wealth to a few hundred of the world’s richest people than to billions of poor people? Thomas Jefferson was one of the first Americans to warn that massive economic inequality meant the death of democracy. Can a world economy dominated by a few hundred megacorporations be subject to the control of the majority? And can a world in which nation-states are themselves increasingly polarized between rich and poor—and cast as puppets whiplashed by vast financial markets and footloose companies—be truly organized on the basis of citizenship rather than money?

Democracy requires deep and difficult changes in the system wiring of globalization to shrink the gap between rich and poor, between rulers and ruled. This will require a new politics that shifts the power and wealth of global marketeers and CEOs toward peasants, global workers, and the struggling middle classes. This new politics is in its earliest stages of development, but it has already created shock waves among the world’s elite and brought new hope for change. In an age of cynicism about democracy, it is emerging from a new global generation passionate to participate in fashioning its own collective destiny.

While global democracy can sound like unvarnished idealism, mainstream leaders, especially after September 11, have been sounding new concerns about the dangers of the current order. U.S. secretary of state Colin Powell told the World Economic Forum on February 1, 2002, that the war on terrorism could only be won by a new commitment to empowering the world’s poor. “We have to go after poverty,” Powell proclaimed. “We have to go after despair. We have to go after hopelessness.” Those potentially attracted to terrorism need to be shown that “there is a better way.”⁷

Prime Minister Tony Blair has called global equity not only a moral imperative but in the interest of business and the powerful as well as the poor. He said after the attacks on the United States, “globalization works only for the benefit of the few, then it will fail ... the test of any decent society is not the contentment of the wealthy and strong but the commitment to the poor and weak.” Blair went on to say that “if the world as a community focused on it [i.e., global poverty], we could heal it.” He emphasized that global business itself—which has a big responsibility here—will survive and prosper only if we “make industrial progress without the factory conditions of the nineteenth century.”⁸

I recently met with twenty-two-year-old Nisran Ganoor and two other Bangladeshi garment workers who described nineteen hour shifts, at eight cents an hour, making caps and garments for U.S. universities and companies. They have fourteen-year-old helpers who are paid just three to five cents an hour. One worker said, “Sir, I do not have the words to express to you how they treat us. Supervisors use their shoes to beat the workers on their heads and force them to stay in the factory and sleep on the floor between shifts. If these aren’t Blair’s “nineteenth-century [working conditions,” I don’t know what are. Jenrain Maod, twenty, says she needs to keep her job but desperately wants her government to enforce its “own labor laws and improve their conditions.”

Listening to the voice of such workers—who are trying to organize a union and get basic rights to go to the bathroom and speak up about physical abuse—seems a first step on the long global democrat path in front of us.⁹

Thomas Friedman writes understandably, if bluntly: “I feel about globalization a lot like I feel about the dawn I can’t stop it ... and I’m not going to waste time trying.”¹⁰) I explain in *People Before Profit* why I think we should feel differently, but let’s acknowledge right away this truth: globalization is the most powerful force in the world today and will not easily be transformed, partly because it offers a cornucopia of real and imaginary blessings. It undermines some traditional regimes run by bloated, horribly corrupt state bureaucracies, and it can threaten leaders who have bloodied and impoverished their own populations for centuries. It brings the possibility of growth and prosperity to many people around the world who have never had enough food to fill their bellies.

Saying “I can’t stop it” or “I can’t change it” misses, though, the crucial fact that globalization is a historical reinvention of earlier global economies. If we have already reinvented globalization once in this century, then it is not as God-given as the dawn, and we can create something new. Globalization is unique, but its creation mirrors an eternal, civilizational drama. The history of the world can be understood as a chronic struggle to reinvent earlier collapsing forms of world order.

I share Friedman’s view that globalization needs to be treated as a system. He defines it as the world system supplanting the Cold War, marked most of all by a rapidly integrating world economy. But globalization needs to be understood not just as a system of global economic integration, but as one guided by a specific set of economic, political, and cultural principles. I define *globalization* as a system of economic integration (1) driven more than any prior global order by the priorities of profit, (2) managed politically largely by the United States and an allied set of new global institutions such as the WTO, and (3) legitimated culturally by the values of consumerism. In this book, I focus less on the issue of economic integration per se, which has been proceeding for centuries, and more on the distinctive economic models, political powers, and cultural visions that are the essence of today’s globalization system. These are what are new and most in need of change.

My optimism about change reflects a view that the rules are still in flux and are ripe for debate and change. But before saying any more about change, let me elaborate some important caveats to my general argument. One has to do with the term *globalization*, which has become a buzzword for anything related to trade and economic integration and everything new in a technologically dynamic and market-driven world. The term as commonly used tends to obscure the strong continuities with earlier world economies and to disguise forms of power that have existed through much of history. It overemphasizes the fact of integration rather than the specific rules and political forces governing the process. And it is suggestive of a world marching to a common drummer that dramatically understates the persistent differences and divisions among nations—especially between what some have called “the West and the rest.”

My own definition makes clear that to be “antiglobalization” is not necessarily to be against trade or global economic integration, nor is it to dismiss all gains that even the current forms of globalization have provided. Many global justice activists do oppose integration, but many others instead want to redirect it in a more democratic spirit. I am closer to the second camp. Global integration has brought positive benefits as well as harm, and my argument is that a new set of rules and power arrangements can enhance the gains while reducing the human costs.

Another caveat has to do with my critique of the current business system. I am severely critical of transnational corporations that wield enormous power in the new order. But while I call for major system change, I recognize that large global corporations deliver essential and often magical goods and services, and that millions of people around the world depend on them for jobs. Critics of the

corporation have often lost credibility by demonizing companies or failing to acknowledge their contributions that corporations have made to our lives. Even when they exploit exceptional vulnerable people, global companies sometimes help them escape from even worse conditions. And while I am critical of core elements of the corporate system, I am firmly persuaded that many in the business world would like to help create a more humane order. My intention here is to help both corporate insiders and outsiders to identify the systemic failures and find ways to create a more democratic and accountable form of business.

The third caveat is that I am fully aware of how my own identity as an American citizen creates biases and limitations, particularly regarding the changes we need. Although I am a critic of U.S. economic and foreign policy, I inevitably see the world through American lenses, and so my vision of the future is colored by the political ideologies and cultural traditions in which I have grown up. I have tried to counter these limitations by learning as much as possible about non-Western experiences and traditions, and especially by listening closely to the voices of Third World peoples who have been engaged for years in global economics and politics, and who are now leading voices for global democracy. But I recognize that my proposals for change, which draw on the visions of non-Westerners, remain Westerncentric. Ideas about equality, democracy, and human rights that I highlight will not be viable foundations for a new world until they are reformulated by non-Westerners consistent with their own experience and philosophies.

A fourth caution relates to my discussion of terrorism. Because the attacks on the Trade Towers happened while I was writing this book, I pay a good deal of attention to the implications of the events for the globalization system. But the reader should not take this to mean, as noted earlier, that I believe globalization caused the attacks or that global democracy is the exclusive remedy. Neither globalization nor terrorism is new, and the core problems of globalization that I discuss here would be overwhelmingly important even if the attacks had not occurred or if there were no terrorism in the world. We are still much too close to the events of September 11 to assess fully their historical importance and consequences, and too much of the contemporary focus on terrorism in the United States has ignored other long-standing forms of terrorism that have caused so much suffering in other nations. The Center attacks helped call attention to the need for reforms in the global order including major changes in U.S. foreign policy, but it would take a different book to define and address systematically the nature and causes of global terrorism.

A fifth caveat concerns the deep and often confusing contradictions in the globalization system. For example, I stress both the overwhelming power of the U.S. in today's globalization system and the contradictory tendency of the new system to weaken all national power, including that of the United States itself. I also discuss the United States as an "umpire," while indicating that American power has many parallels with that of earlier empires. Globalization is a system suspended between different logics of sovereignty, committed rhetorically to "free markets" that do not exist in practice, and marked by other contradictions that require recognition of the world as steeped in what one colleague of mine calls the "tension of opposites."

I highlight the emerging rules of the globalization system, but also stress that the current world order is scarily anarchistic and profoundly resistant to international law. Globalization may be defined by new global rules, but those managing the system bend the rules to their own purposes and follow their own prescriptions only as long as it is in their interest to do so. For example, the United States and other leading Western powers preach free trade but are protectionist in key sectors such as agriculture and textiles; they celebrate "free market" rules but rely on state subsidies and other major government intervention to increase corporate profitability. My discussion about the emerging constitutional character of the global order can easily create misunderstanding about the central fact that elites in the system play by very different rules than everyone else.

I need to acknowledge here my own role in the global justice movements that I describe in the second part of the book. My sympathies with many of their aims and my close relations with many activists obviously color my perspectives on change. Nonetheless, I have many criticisms and tendencies within the movements, to which I give full expression here. In particular, as noted, I do not regard myself as “antiglobalization,” in the sense of wanting to shut down trade or global investment. And my concern here is to speak not just to the activists but to the far larger community of people who are not active in social movements but who are nevertheless concerned about the troubled state of the world and want to understand it and help make it better. I hope my critique of the movements will strengthen the movements themselves and persuade others that it is worth getting involved and adding new perspectives. The movements are still in their infancy, and there is no assurance they will succeed. They will do so only by connecting with the huge numbers of ordinary people who are skeptical about globalization but also about the movements themselves.

Finally, I want to acknowledge the many topics that are not addressed in any detail here despite their great importance. These range from issues of global energy, sustainable resources, and population problems to the role of the mass media and issues of religion and ethnicity. Globalization is such a large topic that it is inevitable that many key issues are neglected, and that there is often not enough space for even many issues central to the problem. And because nobody can be expert on all the issues raised by globalization, inevitably much remains in the realm of informed speculation.

I am optimistic about reinventing globalization today because we are at the dawn of a new Constitutional Moment, a special period in which the rules of the game are up for grabs. Constitutional Moments are rich with opportunity, periods in which the world is fluid rather than frozen. There is the hope of fundamentally changing the way things are rather than living as we always have.

Globalization’s project—to create and write the rules of a single integrated world economy—has created this moment of opportunity. The very effort to invent one world and write an informal constitution for the world economy means that the rules are in play and that the sale of globalization to the people has not been closed. This helps to explain the surprising early successes of the globalization activists in the streets and in community organizations, unions, and other organizations dedicated to change. While they do not have all the answers, they have seen that it is the right time to ask basic questions about the fairness and sustainability of the new system—and to start a new kind of global democratic politics.

Sociologist Richard Flacks has distinguished between “making life” and “making history,” the former being the struggle to craft a personal life and the latter the effort to join with others and reconstruct the world. Both, he argues, are necessary, but only small numbers of people typically move beyond the struggles and gratification of their personal lives to “make history.” Just making personal life is challenging and saps the energy of most of us. Yet in Constitutional Moments, making history is a realistic prospect for large numbers of people, as they find themselves caught up in seismic struggles over the basic rules of the world they inhabit. Living in a Constitutional Moment should be understood as a privilege because it offers the rare opportunity to make a difference in the lives of future generations.¹¹

Can we make a difference? I recently met Craig Kielburger, the Canadian boy who at age twelve read about children in Asia forced to work in factories and denied the right to attend school. He pleaded with his parents to let him go and see for himself. They did, and nothing has been the same since. Craig, who is eighteen at this writing, founded a global organization of children called Free the Children. It now has 120,000 members across the world—all under eighteen. In the past five years Free the Children has educated people on every continent about the evils of child labor and raised

millions of dollars to buy kids out of bonded work so that they could go to school. And because schools often didn't exist, FTC members have built hundreds with their own hands. Free the Children has also lobbied hard and with some success for major changes in the policies of schools, national governments, and global institutions such as the World Bank and the UN. They have helped spark the new debate about sweatshops and global labor rights for young, mostly women workers everywhere.

Craig, who was nominated for the Nobel Peace Prize four times before finishing his own high school education, believes that if kids can create this kind of change, the beginning of a reinvention of globalization, adults can too. Maybe as we look more closely at what the kids are doing—and at the forces of globalization and violence that are stirring them—we might find that it is time for us adults to follow the children.

CHAPTER 1

GLOBALIZATION'S GHOSTS

Hegel was right when he said that man can never learn anything from history.

GEORGE BERNARD SHAW

History teaches us the mistakes we are going to make.

UNKNOWN

IF I ASKED YOU TO NAME THE PERSON WHO BEST SYMBOLIZES GLOBALIZATION, who would you answer? I bet you'd say, "Bill Gates." As the founder of Microsoft, the leader in the information revolution, Gates is the towering business figure of the age. Do you know of any country in the world that hasn't joined the Microsoft revolution? When I walked through the poorest streets in Bangkok, I saw Internet shops where kids paid pennies for a few precious moments of time on a PC. And now we know that terrorists hiding in hovels in Afghanistan, Egypt, and Pakistan rely heavily on Microsoft software, just as you and I do, to communicate.

If you ask what person symbolizes globalization to me, I think of someone very different. She is Nisran, the Muslim Bangladeshi apparel worker I mentioned in the introduction. She is a hauntingly beautiful and fragile young woman, very thin with large dark eyes. While bombs were falling in a nearby country to kill terrorists, she and millions of workers like her started the engines of the global economy in the early morning and kept them running all day long and late into the evening. Listen to a little of her story:

I am Nisran. I am twenty-two years old. When I started working, I was twelve. I had to go to work because my family was very poor. So I had to leave school after the fourth grade. For the last ten years, even as a child worker, I have had to work twelve to fourteen hours a day and sometimes up to twenty hours. I have been working for ten years, but I still have no savings. If I die today, my family would have no money to bury me.

Now I work for Actor Garments where I produce caps for many universities in the United States. I am a sewing operator; I do the stitching on the visors of the caps.

When shipments have to go out to the United States, we have to work nineteen or twenty hours until 3 or 4 A.M. There is no space to sleep, so I have to curl up next to the machine to sleep for three or four hours. Then I go home at 6 to wash and eat breakfast,

~~and I have to be back working by 8 A.M. Because I earn so little money, I have to share a tiny room with three coworkers. We have two beds, and two of us share each bed. We have nothing else—no chairs, no table, no cooking equipment, no radio or TV or clock. Five families with a total of thirty people in the row of rooms where I live share one bathroom and one kitchen and one stove. So in the morning I have to stand in line to use the bathroom and to use the stove. Sometimes I have to go to the factory without having breakfast.~~¹

We will hear more from Nisran and other global workers because their stories remind us why globalization has become dangerous and could turn millions of people against the United States and the West. Such stories help us understand why changing these conditions may prove the best long-term strategy for reducing violence in the world.

I want you to meet two ghosts. One I will call Cecil, an arrogant and adventurous phantom, the apparition of colonialism. The second is J.D., a Scrooge-like ghost if ever there was one, the specter of the late nineteenth-century U.S. Gilded Age. Cecil, the ghost of European colonialism, and J.D., the ghost of the Gilded Age, linger to remind us that we repeat history when we don't remember it. They haunt globalization and are the historical windows through which we can see it most clearly.

This first chapter is devoted to ghosts because globalization does have a history, and it is essential to understand it. Many people see globalization as entirely new. In fact, it is a reinvention of earlier world economies that I call "ancient globalizations." Only by understanding these earlier developments can we see some of the roots of the poverty suffered by so many like Nisran in the world economy today. When we see how history has been a never-ending process of building new kinds of globalizations, it becomes easier to understand that we can do it again.

We all have our personal ghosts. They often are important figures in our family history—relatives with a drinking problem, a womanizing weakness, a face like our own. We may try to deny their existence, but they haunt us anyway, and we can learn much about ourselves by admitting that they're around and by seeing them clearly. Therapists tell us that only by studying our ghosts carefully can we exorcise them and heal ourselves.

I mention Cecil because colonialism runs deep in globalization's own history. This does not mean that globalization is colonialism, although many leaders in the Third World, including the president of South Africa Thabo Mbeki and Arthur Mbanefo, spokesperson for a group of 133 poor nations called the Group of 77, have made the comparison bluntly. And after September 11, many debate intensely whether globalization in the Middle East, as well as in Africa, Latin America, and Asia, is the twenty-first-century brand of colonialism. American power, globalization, and colonialism are now equated or blurred in the thinking of millions of people across the entire Third World.²

But to many U.S. workers, globalization is like colonialism in reverse, shifting valuable investments toward the Third World and draining the United States and other First World nations of good jobs. Don't tell a displaced U.S. autoworker whose job just flew to Mexico that he or she is the beneficiary of a new American colonialism. Yet, despite the differences in perspective, colonial history shapes both the reality and perception of globalization. I believe it is useful to look at the Spanish, Dutch, and British colonial empires of centuries past as ancient globalizations that can give us surprising new insights into our very different model today.³

I have named colonialism's ghost after Cecil Rhodes, the serotonin-loaded nineteenth-century British entrepreneur and adventurer who along with Rudyard Kipling virtually invented colonialism

logo, “the white man’s burden.” Rhodes founded the British South Africa Company and De Beers, the huge diamond corporation and the world’s richest company of his time. His companies built railroads connecting Cape Town to Cairo, and they literally ruled nations such as Rhodesia, now Zimbabwe. Rhodes himself became the prime minister and effective dictator of Cape Colony, now South Africa. Rhodes saw colonialism as an idealistic mission spreading prosperity and civilization to the newly conquered colonies; he fiercely believed that the English were a superior race and had a moral responsibility to spread British companies and values across the whole continent. Today, he would be leading the chorus of those who see globalization as the West’s latest and perhaps best effort to deliver growth, opportunity, and civilization to the world. The persistence of global poverty among people such as Nisran would not discourage him, because it did not make him rethink his business in Africa. The extremist Islamic reaction against the West that exploded on September 11 would also probably not change his views, since tribal resistance to his own African adventures only strengthened his resolve.⁴

My second phantom, J.D., is the ghost of the Gilded Age, the era that virtually invented the large modern corporation. It will not surprise you that I have named this lean and hungry ghost after John D. Rockefeller, the greatest and greediest of all the robber barons and the quintessence of the Gilded Age itself. While many historians have connected dots linking colonialism and globalization, fewer have seen the Gilded Age as a historical window into globalization’s soul. This seems hardly surprising since the robber barons in the Gilded Age were busy taking control in the United States itself and were not ready to take on a global mission.⁵

Nonetheless, the Gilded Age is a source of surprising insight. The robber barons ran sweatshops in the United States that were a sad preview of today’s factories. One small snippet of Jenrain’s story could come right out of J.D.’s factory:⁶

On the production line there are thirty machines with thirty operators and ten helpers. The supervisors give us a production target of 370 caps per hour, but we can barely complete 320 caps per hour, so we have to work as fast as we can. But because of this, we sometimes make mistakes, and then the supervisors shout at us and call us bad names, or they slap us, or hit us with a stick or a cap, or jab us with scissors. Sometimes we cry because of this rough treatment, and then they threaten us not to cry.

I have to ask permission to use the bathroom, and they give you only two minutes. The supervisor checks the time. If I need more than two minutes, the supervisor yells at you and calls you bad names.

We only have tap water to drink, which is filthy and makes us sick. The workers often have diarrhea, jaundice, and kidney problems. Because we have to sit on stools with no backs working so many hours, the workers also suffer from backaches.

The factory is cloudy with dust. It is not well ventilated; it is without enough air and light. The air of the factory is polluted with dust from the cloth. This dust goes into our noses and makes us sick with coughs and respiratory problems.

In listening to Jenrain’s story, one begins to believe that globalization is bringing a new version of Gilded Age conditions to millions of global workers.⁷

The Gilded Age was a coming attraction, in a more literal sense, to a kind of economic

“globalizing” in the United States itself. The robber barons were immersed in a stunning project of market expansion and integration, moving the country from local commerce to a great interconnected national corporate economy. In a few short decades, the robber barons knit together a huge new market, a feat of extraordinary imagination and boldness. In this sense, the robber barons were “globalizers” within a single nation, and the Gilded Age can be seen as a key historical story about economic integration.

A few caveats here before we proceed with our ghost story. First, Cecil and J.D. may seem like ominous gloomy ghosts who are not up to the job of giving us the real scoop about globalization. Colonialism and the Gilded Age, you might be thinking, are the past. Globalization is the future, one full of adventure, excitement, and hope—or so it seemed before September 11. Let me try to reassure you. Cecil and J.D. are just globalization’s ghosts—they don’t tell us everything we need to know about the world today. History never repeats itself in quite the same form. Although the ghosts are telling us about a side of globalization that we might not be hearing about as much as we need to, they can’t tell us the whole story.

Let me also acknowledge that these ghosts appear to unfairly stack the deck against globalization. Colonialism and the Gilded Age are not the proudest moments of Western history. Both were built on forms of brute labor exploitation and political corruption that we like to hope no longer exist. But the ghosts as I see them tell us several things. One is that we haven’t progressed as far as we thought. Although it is unfashionable to dwell on it in the United States, global exploitation, as people in Africa, Latin America, and the Middle East keep loudly protesting, is still a reality for billions around the world.

Second, Cecil and J.D. have their sunny sides. Few eras in history are all bad, and even colonialism and the Gilded Age had some redeeming qualities. Both were periods of bold growth and change, and both were associated with dramatic technological advances that made the world a better place. Both upset existing systems of power that had exploitative features of their own, and both set into motion new movements for freedom and social justice.

Third, globalization differs in important ways from its historic ghosts. Its legal, technological, and political foundations are all unique. As you will see, my ghost story does not try to reduce globalization to a sad or one-sided historical stereotype. Instead, I will be discussing the parts of globalization that are unpredictable and positive. As noted before, I see globalization as a progressive force in many ways, and I hope to show that those challenging it make a great mistake by demonizing it or creating a nostalgia for the world that came before.

Many of my friends think of globalization as “the Internet thing.” They find it nearly impossible to separate the computer e-mail, and the Internet from the process of globalization. They understand that high tech liberates money to fly across national borders, and allows markets and companies to go global faster than the Concorde can rev up its engines. My friends see frightening new dangers after the terrorist attacks but feel that globalization is upbeat because they associate it so closely with exciting new technology. They also believe that high tech makes globalization inevitable, because nobody, not even Osama bin Laden or future terrorists, can undo the information revolution. New, faster, and hotter technology will shrink the world further and rewrite national boundaries in disappearing ink.

I believe that people in the United States and many other Western countries have bought into the technology-centered globalization mystique. Thomas Friedman, who has shaped the public’s view of globalization as much as anyone, is a contributor to the technology mystique. He says if his child were to ask, “Daddy, where does globalization come from?” he would respond that it is all about a 1980s and 1990s technological “whirlwind” that blew down the old walls of the preglobalization world.

involved minirevolutions of “computerization, telecommunications, miniaturization, compression technology and digitization.” It is about you and me being able to communicate with anyone anywhere at the speed of light, not in the First World or the Third World, which are things of the past, but the one new “Fast World.” For Friedman, globalization means you “can call to anywhere cheaply, you can call from anywhere cheaply, including from your laptop, your mountaintop, your airplane seat or the top of Mount Everest.”⁸

I can appreciate his point. Not long ago in the Bangkok airport I was peering into the waiting section reserved for monks. I remember seeing many of the monks, in their saffron robes and bare feet, seemingly deep in ninth-century meditation, suddenly reaching into their robes and taking out *their cellphones*. The image of the monks chatting merrily away on their wireless devices caught me up short and made me think, yes, this is globalization in action, the world of the Buddha married to the postmodern era of electronic gadgets.

Osama bin Laden’s high-tech command posts in the caves of Afghanistan brought home the point. From one of the world’s poorest nations, terrorists sent e-mails and satellite communications to “sleeper cells” around the globe. And in Egypt and Saudi Arabia, Islamic clergy in nearly every village now use their own Web sites to argue the religious merits of bin Laden’s jihad. “Whoever helps America and its fellow infidels against our brothers in Afghanistan is apostate,” writes Saudi cleric Sheik Hammoud on his own personal Web site. Hammoud is part of a buzzing Internet dialogue among turbaned and bearded clerics glued to their PCs in their desert huts or mosques in Saudi Arabia, Syria, and Pakistan.⁹

But while images like this help me understand the power of globalization-as-technology, they don’t make it true. It is a compelling myth that distracts us from understanding what globalization is about and our friendly ghosts will help us cut through the fog. Cecil and J.D. offer historical perspectives illuminating the intimate but misunderstood relation between new technology and globalization. Much of the romance of globalization flows from the technology with which we sometimes confuse it, and this was also true centuries ago.

Colonialism and the Gilded Age make it obvious that “globalizers” of any historical epoch have their roots in transportation and communications breakthroughs often connected to the technology of war. Spain, the Netherlands, and Great Britain all turned themselves into empires by harnessing both new naval technology and using it to trade and conquer. Making better ships and guns depended on advances in mechanics and steel made possible by the industrial revolution. The tie between colonialism and the industrial revolution is probably as close as that between globalization and the information revolution. Few of us, though, would mistake the technological advances greasing colonial empires with what colonialism was really about.

The Gilded Age offers another view of how globalizations of every era feed off great technological innovations with which they can be easily confused. Who were the first robber barons? They were railroad entrepreneurs and Wall Street tycoons such as Jay Gould, who collectively built a national market by financing and hammering in the tracks that knit the country together for the first time. The railroads were to the Gilded Age what the Internet is to globalization. They were the industrial age information highway, and they help show that globalizing always is anchored in a new physical and technical infrastructure that links people and places that couldn’t communicate before. Alexander Graham Bell’s invention of the telephone, a second technological miracle of the Gilded Age, may have been as important as the railroads, allowing people to talk and do deals across the country without getting on a train.

What we learn from former globalizations is partly the obvious: we can’t create globalizing projects without technological breakthroughs. No ships, no colonialism; no railroads, no Gilded Age; no computer or Internet, no globalization. We just can’t blow out the limits of the existing market

without technologies that allow us to economically integrate on a grander scale. New technology makes globalization in any era possible, but that's quite different than saying that technology drives globalization, or that it has the longevity or sexiness of its technology, or—the biggest mistake of all—that it is its technology. We could have had ships and guns without colonialism, railroads without the Gilded Age. The Internet makes possible many worlds other than the one globalization is constructing. The essence of globalization lies outside the new truly fantastic technologies that no longer grip our imagination. This is good for you, the reader, and me the author because, while the technology is fascinating, the real plot is more exciting.

At least in parts of Africa, Cecil is a ghost who is kicking up more than just metaphorical dust. At Makokoba M'kambo market, near Cecil Rhodes's burial site at the Top of the World, some *n'angas* (healers) worry about Rhodes's roaming evil spirit. Local activists appease their worries: "We have various ways of directing the energy of spirits."¹⁰

"If not harnessed, Rhodes's spirit will haunt and harm the British," warns Sangano's resident spirit medium, Mathisa. Sangano Munhumatapa, an activist group in Zimbabwe, the country where Rhodes was buried, has threatened to throw his interred bones into the Zambezi River if someone doesn't remove them first.¹¹

The controversy over Cecil Rhodes's burial site suggests the potency of his power as a symbol of colonialism. African leaders still talk with emotion about Rhodes's "evil deeds," including his swindling of early tribal chieftains for the sacred land where he is now buried. But the real issue is the continuing legacy of colonialism, now resurfacing, as many Africans see it, in the new face of globalization.

Rhodes was a crusader on a grand mission who believed that God had divined Britain as his agent to create a new planet built on British civilization. In his youth, Rhodes had heard a famous lecturer at Oxford say, "We are still undegenerate in race; a race mingled with the best northern blood Will you youths of England make your country again a royal throne of Kings, a sceptered isle? ... This is what England must either do or perish; she must found colonies as fast and far as she is able."¹²

In contemporary terms, colonialism was a vision of a new *world system*—and I italicize this phrase for a reason. Before colonialism, there had been no vision of the world as an integrated entity; there were only hundreds of splintered regional markets, nations, and tribes. True, trade and earlier empires began to integrate the world long before European colonialism, and colonialism itself never went global in today's sense of replacing national with global sovereignty. But in a preview of globalization, colonialism was giving new weight to a novel idea: that we can create something called a world order and really mean it.

Cecil makes it clear that we are also speaking meaningfully of a new system. Colonialism was serious about tearing up the economic, political, and cultural pillars of the old world and building a master plan for a new order. The political architects would be the great commercial nations of Europe and their blueprint was a true system overhaul designed to maximize capital accumulation in the global colonial economy. The dream of Cecil's British Empire was to see the Union Jack flying high all around the world "from sea to shining sea."

The important idea about both ancient and modern globalizations is the breathtaking ambition of the project. My Jewish grandmother would say, "Some chutzpah, this globalization idea." Globalization is about rewriting all the rules for people everywhere; it's hard to imagine more chutzpah than that. It's also why I write about globalizations as creating Constitutional Moments—periods in which the basic rules are put into play because somebody is serious about inventing new rules and making everyone in the world play by them.

Any new world system, made possible by new technology and often justified in God's name, has human architects. Rhodes saw the divine inspiration of God in the British Empire, and John D. Rockefeller said bluntly, "God gave me my money." But globalizations are always missions by very human actors. This point seems too obvious to mention except that it is so widely ignored or denied in current conversations. With hindsight, it is easy to see that the earlier globalizations of colonialism and the Gilded Age were designed and enforced by people with immense power and much to gain.¹³

The common sense about today's globalization is that it "runs itself," suggesting that it is conspiratorial to believe that self-interested people run it. Since hardly anyone would deny the greed and self-interest at the heart of colonialism or the Gilded Age, one can only draw two conclusions. The first is that globalization is different from the "ancient globalizations" precisely because nobody is in charge. The second is that the idea of nobody in charge is a myth that helps disguise the prime movers themselves. My own view veers toward the second. We can't speak of globalization without thinking of those who make it happen for their own ends.

One example is media tycoon Rupert Murdoch. He seems to me a modern-day equivalent of the swashbuckling Cecil Rhodes. The Australian-born Murdoch, now an American citizen, built News Corp., owner of the sprawling worldwide Fox media conglomerate and hundreds of other publishers, record companies, newspapers, and magazines. Murdoch now owns *TV Guide*, the *New York Post*, the *Weekly Standard*, the *Sunday Times*, the *Australian*, the *Daily Telegraph*, ChinaByte, HarperCollins, Columbia TriStar Netherlands, Street.com, and many more. The global leader in satellite communications, Murdoch operates nine media on six continents. News Corp. is a huge force in the United States and Europe, and the biggest corporation in Asia. That's saying a lot when you think about Toyota, Honda, or Sony. Murdoch seemed the first to smell a global audience. He was buying satellites to build his planetary ratings, while U.S. media were still delivering newspapers by bicycle. Nobody has had more fire in his belly for globalizing, and nobody has been better at it. Ted Turner, world-class globalizer himself, accuses Murdoch of being "out to conquer the world." Along with some of his friends running two hundred of the world's largest corporations, Murdoch's made a pretty good start.¹⁴

CHAPTER 2

THREE MYTHS

Sacred cows make the tastiest hamburger.

ABBIE HOFFMAN

History supplies little more than a list of people who have helped themselves with the property of others.

VOLTAIRE

MAYBE IT'S BECAUSE I TEACH IN A JESUIT SCHOOL, BUT I OFTEN FIND myself talking about trinities. There are three things at the heart of globalization: the building of a global economy, politics, and culture. They are the three pillars of a new world system and are completely intertwined. You can't build and integrate (1) new global markets without (2) new rules administered in a political system of global rather than national sovereignty that depend on (3) globalized cultural beliefs. If you cut off one leg of this three-legged stool, it will soon buckle.

A body of misconceptions surround this trinity, and they have become so widely held that I refer to them as a new "common sense." However, as is often the case, this common sense is deeply flawed and does not reflect what researchers have learned about both modern and ancient globalization. Whether the new common sense is sensible has become a serious puzzle for thoughtful U.S. citizens today. I will now return one more time to globalization's ghosts to see how history can help us decide what is sense and what is nonsense.

Consider the first leg of the stool: the making of a global economy. It has many names, from "free trade" to "economic integration" to apple pie, equivalents in U.S. parlance today. The new common sense states that global economic integration is (1) new, (2) inevitable given the new technology, and (3) one of those rare earthly joys: a win-win situation.

This is far from nonsense. Yet listen first to one of Nisran's fellow workers, whose story, told in 2001 suggests how strange and mythical these ideas must seem to her.

My name is Samima Akther. I am twenty-one years old. I have been working in garment factories for three years. Since February I have been working in Shah Makdhum as a sewing operator.

I produce shirts including Disney's "Pooh" label. My operation is joining the side seams of the shirt. In my factory, each line has thirty-three machines. Each line produces 120 shirts per hour, a total of 1,320 shirts a day if we work eleven hours.

Until recently, I had to work from 8 A.M. until 10 P.M. each day. We get only two days off a month. I walk to work and back because I cannot afford to take a bus or bicycle rickshaw, which would cost 450 taka a month. In dollars that would be \$7.84, or 27 cents a day. The factory is three kilometers away, and it takes thirty minutes to walk. I normally get home at 10:30 P.M.

I get a regular wage of 1,650 taka a month, not counting overtime. In dollars this comes to \$28.75, or 14 cents an hour.

Because we have to work very long hours, seven days a week, we have no family life, no personal life, no social life.

Samima, like Nisran, wants to keep her job. This tells us that the win-win story of globalization may not be entirely wrong, despite her sad life. Let us first look at why Western economists and leaders see hope for Samima, and what cautionary wisdom our ghosts may offer. After all, the lives of these wretched workers, we now know, are intertwined with our own; until Samima can eat and feel safe, our own prosperity and safety cannot be assured.

The win-win view has been called the Washington Consensus, because every president in the last twenty years has bitten deeply into the apple and pronounced it delicious. President Clinton embraced globalization with the same untutored schoolboy's enthusiasm as did Ronald Reagan and the two George Bushes. All presidents since 1980 have proclaimed free trade as a centerpiece of their presidencies. Just weeks after September 11, President George W. Bush traveled to a Southeast Asia summit to declare that free trade remained the key to peace and prosperity in an age of terror.

The reasons seem simple enough. Globalization is good for American business because it creates overseas markets and a field of dreams for investment. It's good for U.S. workers because, while some lose jobs, others get better ones from the export opportunities. It's good for poor countries because they get desperately needed foreign investment. It's good for rich and poor countries because of export-led prosperity. It's good for the world economy because it makes for efficiency above all else, and it's good for world peace because trade helps link nations together. The Web sites of the president's Office of Trade and the World Trade Organization spell out all of these benefits with pictures, carefully chosen examples, and statistics.

For those who worry about sweatshops and Samima's or Nisran's poverty, the Washington Consensus has soothing and persuasive messages. MIT economist and New York Times columnist Paul Krugman tells a story: "Could anything be worse than having children work in sweatshops? Absolutely yes. In 1993, child workers in Bangladesh were found to be producing clothing for Wal-Mart, and Senator Tom Harkin proposed legislation banning imports from countries employing underage workers. The direct result was that Bangladeshi textile factories stopped employing children. But did the children go back to school? Did they return to happy homes? Not according to Oxfam, which found that the displaced child worker ended up in even worse jobs, or on the streets—and that a significant number were forced into prostitution."¹ This sentiment underscores the apple-pie argument that mainstream economists make about trade and global markets: trade is a form of mutual gain and economic safe sex. Any international economics textbook, in the chapter titled "Comparative Advantage," will tell you that it makes economic sense for Portugal to specialize in its most efficient product, wine, and for Britain to stick with its most efficient good—let's say clothing—and then trade with one another. This is true even if the clever British can make *both* wine and cloth cheaper and more efficiently than the Portuguese. While it might seem better for the British to make their own wine too, they will make more money by specializing only in clothes, shutting down their vineyard

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