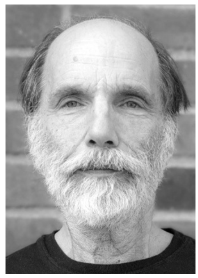
THE ANARCHY OF GLOBALIZATION

LOCAL AND GLOBAL, INTENDED AND UNINTENDED CONSEQUENCES

Michael Perelman

Michael Perelman is Professor of economics at California State University, Chico, USA, and is the author of 19 books. His latest publications are *The Invisible Handcuffs of Capitalism: How Market Tyranny Stifles the Economy by Stunting Workers* (2011), *The Confiscation of American Prosperity: From Right-Wing Extremism and Economic Ideology to the Next Great Depression* (2007), and *Railroading Economics: The Creation of the Free Market Mythology* (2006). Email: michael.perelman@gmail.com



Abstract: Globalization is full of contradictions, creating homogeneity alongside differentiation. Classes become more differentiated while products become more homogeneous. Globalization has stimulated growth in China, while it has contributed to dysfunctional financialization, which largely disregards the productive side of the economy. This article emphasizes globalization as a shift in power relations in which corporations require powers that would have been unimaginable a few decades ago, while government power is becoming restricted to the point that globalization is creating a form of unchecked corporate anarchy.

Key words: globalization; class; power; trade; economic development

Introduction

This article was originally prepared for a conference on “The Local Effects of Globalization” at Artvin University in Hopa, Turkey. Its topic plays with a delightful irony because globalization rhetorically suggests a homogeneous world. In fact, globalization is anything but homogeneous; instead, it is riddled with contradictions and ironies. For example, *New York Times* columnist, Thomas Friedman, who popularized an unrealistic vision of a flat world of shared prosperity once glibly claimed, “No two countries that both had McDonald’s had fought a war against each other since each got its McDonald’s” (Friedman 1999, 195). Later in the same book, Friedman could not help himself with blurting out an equally clever refutation of the same idea:

> The hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the F 15. And the hidden fist that keeps the world safe for Silicon Valley's technologies is called the United States Army, Air Force, Navy and Marine Corps. . . . Without America on duty, there will be no America Online. (Friedman 1999, 373)

Further Confusion of Globalization

Some sources suggest that the explosive growth of China has indeed reduced the extent of global inequality, even though China itself has become increasingly unequal.

The literature on imperialistic development offers some valuable studies on the localized effects of globalization at the national level. Andre Gunder Frank's (1966) analysis of imperialism's production of underdevelopment on a national level is an excellent early example. More localized analysis looked at the way that extractive industries produced enclaves in which mines or oil fields would produce regions that had little connection with the rest of the country. Historically, foreign traders were often expected to remain within a separate district. Shanghai still has a French district and an English district, although they no longer serve to segregate those nationalities.

Similarly, despite the idea that globalization suggests homogenization, the effects and interpretations of globalization are anything but homogeneous, with the ridiculous imagined shared prosperity. In reality, we find a reinvigorated global process of primitive accumulation in which the affluent world is cruelly dividing much of the more disadvantaged world into populations of expropriators and the expropriated.

Worse still, globalization is facilitating a deeper redistribution of power that will be discussed later.

The differing interpretations of globalism date back to the time of Montesquieu and other philosophic interpreters of the economy, who proposed the idea of what they called "sweet" or "gentle" commerce. The idea was that because merchants would profit from a peaceful environment, the growth of commerce would mean the end of war. History has not been kind to this theory. A century and a half later, Lenin witnessed the buildup to World War I as a result of a surplus of capital and a burst of technological progress, which meant that the capitalist nations engaged in a frantic struggle to acquire new markets and sources of raw materials. Since the supply of new candidates for colonial conquest was limited, those struggles eventually evolved into outright war most famously with World War I, which Lenin analyzed in detail.

Since the time of Lenin, there has been so much babble about globalism that the current understanding of the term has become reminiscent of the common children's game of thoughtlessly repeating a word innumerable times, then observing how quickly it loses all meaning.

Globalization may be experiencing something similar. This now nebulous word, "globalization," commonly blends together with the concepts of economic development, imperialism, neoliberalism, and financialization, not to mention the global destruction of the environment.

The modern origins of the expression, "globalization," makes globalism seem even more fuzzy. In writing his review of John Urry's book *Offshoring*, Scott McLemee (2014) searched the online database of academic journals, JSTOR, for the term. He found that the earliest use of the word appeared in an article by a Belgian doctor, H. Callewaert in the September 1947 issue of *The Journal of Educational Research*, "A Rational Technique of Handwriting," which criticized the influence of a Belgian educational philosopher, Jean-Ovide Decroly, who proposed that around the ages of 6 and 7, the experiences of play, curiosity, exercise, formal instruction, and so on develop their "motor, sensory, perceptual, affective, intellectual and expressive capacities." Callewaert's complaint was that teaching kids to write in block letters at that age meant trusting "globalization" of those early experiences, which would prevent them from developing the motor skills needed for readable cursive.

As a result, the Colorado River goes dry before it reaches Mexico. The glib use of the word globalization has become commonplace, yet globalization remains a confusing subject that rarely seems to have generated the kind of thoroughgoing treatment that it deserves.

Part of the problem is that the nature of globalization is generally framed according to two conflicting ideological perspectives. On the one hand, the anti-globalization side emphasizes the effects of self-interested intentionality, in which major powers want to extend their access to markets or resources. The opposing story of globalization emphasizes a complete absence of intentionality in which people merely respond to presumably efficient, impersonal market forces in a way that supposedly allows the invisible hand to spread shared prosperity throughout the globe.

During the 19th century, the pattern of emergent globalization reflected the power of states to muster strong navies and, to a lesser extent, armies. Over time, the nature of globalization has become more abstract. If the term globalization had been coined at that time, it would have been a shorthand for the crude work of great Imperial powers, which were expanding their national influence at the expense of both conquered territories and rival Imperial states, while promoting domestic corporate interests. While not praiseworthy, it was far simpler and probably less intellectually dangerous than modern globalization, given that warfare was less common then. In this vein, John Maynard Keynes gave an elaborate reverie of 19th-century globalization, which began

> What an extraordinary episode in the economic progress of man that age was which came to an end in August, 1914! . . . The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep. (Keynes 1919, 11)

World War I was, indeed, a war of globalization. Industry's ability to harness the productive capacity of fossil fuel dramatically escalated in the late 19th century, so much so that domestic markets were no longer able to absorb this new level of productivity. This burst in production took the form of a serious depression accompanied by deflation. Colonial conquest seemed to offer a resolution to the current economic problems, providing new access to both markets and resources. Eventually, this mad scramble for colonial power broke out in the form of World War I. Keynes' gentlemen seemed to have sensed the way that globalization was going to shuffle production from one location to another, in part because of the exhaustion of the supply of potential colonies. World War I suggested the limits of brute force. The war had many losers, but the United States may have been the only winner. This outcome was not a victory in a conventional sense but an opportunity to pick through the remains of the other great powers. The United States was not so much able to do so because of its overpowering military and industrial power. Instead, the country was able to take advantage of its decision to enter the war after its participants had exhausted themselves. France and Britain found themselves deeply in debt to the United States, allowing that country to be able to call the shots when the war ended. The debt burden of France and England to American bankers allowed the United States to become a center of world finance.

Recently, the United States, for example, fought three disastrous wars in Vietnam, Afghanistan, and Iraq. In all three cases, the United States' massive military capacity proved incapable of winning anything like a victory. Even the earlier Korean War has yet to be resolved with a peace treaty. The Austrian satirist, Karl Kraus quipped, "War: first, one hopes to win; then one expects the enemy to lose; then, one is satisfied that he too is suffering; in the end, one is surprised that everyone has lost."[1]

Such wars are the exception rather than the rule. Colonial and neocolonial powers learned to control far off places more effectively by using more subtle means than outright war. Countries such as France and Britain learned during the age of rapid colonial expansion to give ostensible power to compliant figureheads from minority groups, while stirring up antagonism between religious or ethnic groups. In this way, these nominal rulers became dependent on the colonial powers to protect them from the majority of their population. The United States chose a different tactic in its sphere of influence, by becoming adept at overthrowing leaders who display too much independence.

These tactics not only weakened governments; they prevented the development of strong institutions that would serve the population. Instead, they created a culture of corruption that made people even more vulnerable. Even earlier, representatives of colonial power would entice people with no official power to sign treaties which gave away their peoples' rights without any compensation whatsoever. Violations of these treaties would be regarded as tantamount to an act of war.

A recent variant of this practice is becoming common. In Africa, states are allowing large financial enterprises and Chinese operations to sign long-term leases on large swaths of land for a few dollars an acre, even though these indigenous farmers are working the land. The American investments are betting that the price of food would rise. The Chinese have a somewhat similar motive, except their objective is their domestic food supply. In this respect, Benjamin Kidd's 1894 (quoted in Pratt 1932) benign perspective on the future tropical takeover sounds like the product of a present day public relations operation, anticipating the contemporary logic of humanitarian intervention:

> [. . .] in the near future the growth of world population would make the development of the tropics essential as a source of food, and that since the natives of tropical countries had shown themselves incapable of organizing such development, it was incumbent upon the more advanced nations to take control. The British and Americans he thought peculiarly adapted to this task, since they, above all others, had developed a sense of social responsibility and could be expected to exploit the tropical lands with a due regard to the welfare of the natives. (Pratt 1932, 239)

Countries, especially the United States, have learned to induce countries to take on debt, which was virtually unpayable. On May 20, 1904, in a letter to Secretary of War Elihu Root, President Theodore Roosevelt made the stakes of these debts explicit with what became known as the Roosevelt Corollary to the Monroe Doctrine (see Maurer 2013, 68). Roosevelt asked Root to read the letter aloud at a dinner banquet celebrating the second anniversary of Cuban independence at the Waldorf Astoria in New York City.

> If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrongdoing, or an impotence which results

> in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power. (Maurer 2013, 68)

In the words of the famous American folk singer Woody Guthrie, "some people rob you with a six-gun, some with a fountain pen."[2] Recently, the United States developed the capacity to impose severe damage on other countries through financial sanctions, which prevent governments, businesses, or individuals in nations, which the United States views unfavorably, from engaging in international financial transfers. Besides being extremely effective, such financial sanctions cost almost nothing compared with mobilizing armies and navies.

As globalization became more abstract, Keynes' gentlemen sipping their morning tea have fallen from the picture. Rich rentiers gave way to financial behemoths. In the process, the nature of state power has radically changed. Over and above the earlier emphasis in some quarters to understand globalization in terms of the efforts to conquer markets and resources, the financial dimensions of globalization have become more pronounced. Finance, of course, was always part of early globalization, when gunboat diplomacy, based on force or threats of force, would be used to enforce what might be called odious debt. For example, one of the worst examples of odious debt came in the early 19th century when France demanded that Haiti compensate the country for its lost property rights in slaves. Payments on that debt still continue, representing a heavy burden on that already impoverished country.

Alongside the enhanced abstract power of a few advanced states, globalization has also diminished state power. For example, international agreements limit what nations, even nations as powerful as the United States, can do within their own borders. Most obviously, rich people and corporations can avoid paying taxes by virtue of globalization.

One of the ironies of globalization concerns the reach of the World Wide Web in which information passes with the speed of light from one corner of the world to another. The technological prowess of the web creates a common impression that globalization makes international prosperity possible and even contributes to the destruction of the gap between rich and poor, almost like Thomas Friedman's flat world. In reality, globalization does not act in this way. Instead, globalization allows the rich and powerful to enjoy the benefits of secrecy, made possible by layers and layers of subsidiaries in far off places. One might conclude that the major product of such tax havens is secrecy, which they market effectively.

The attraction of the Grand Cayman Islands is magnified by a legal system that prohibits even asking about the ownership of companies registered there.

Even illicit actions enjoy secrecy that prevents anyone from tracing them to their ultimate owner. For example, Enron, which was the darling of investors in the United States because of its high profitability, turned out to be one of the largest bankruptcies in American history. Although the reported profits were public, much of the company's activities were hidden in offshore locations, which guarantee secrecy. For example, Enron had 692 subsidiaries just in the Grand Cayman Islands, which were crucial for Enron's fraudulent practices. The Grand Cayman Islands are a favorite of American hedge funds, but they are not unique. Countries around the world compete with each other in order to attract people and corporations that have something to hide. In this dark underworld of international finance, those who can afford it the most can avoid paying taxes. The consequences are profound for the nature of the modern state.

Schumpeter proposed that "the budget is the skeleton of the state stripped of all misleading ideologies" (Schumpeter [1954] 1991, 100). The globalized state, stripped of the taxes from the rich and powerful, shifts the national tax burden onto the backs of ordinary people. In response, governments slash their contributions to programs that support general public needs, including welfare programs, education, and infrastructure. This stripping takes on a more human dimension in which the national tax burden is shifted onto the backs of ordinary people, who lack the means to replace the effects of tax avoidance.

In effect, in dismantling the state, from Schumpeter's perspective, globalization reveals dismantling of that part of the state that serves the people as a whole. Lacking sufficient taxes, governments slash their contributions to programs that support general public needs, including welfare programs, education, and infrastructure, which takes still more from the less fortunate parts of society.

In the long run, this diminution of domestic state power via globalization ultimately threatens to profoundly weaken great powers domestically in terms of doing anything to significantly benefit society as a whole. This same process is also weakening the already weak powers but in different ways. Here, financialization comes into play again. In the United States, for example, money, which could be used to develop the domestic economy, earns greater profits by unproductive speculation. Moreover, by taking advantage of cheaper labor and commodities, business in the United States is hollowing out the core of the domestic economy. Growing up in Western Pennsylvania, this once great industrial center suddenly became the rust belt once the steel mills began to shut down. In addition, the inability to collect sufficient taxes because of the secrecy and tax loopholes made possible by globalization makes it impossible to support both an enormous military and provide essential infrastructure, including education, necessary for a strong economy. Of course, the United States chose to invest its money in the military. So while the core of the economy shrivels, despite some incredibly high salaries for a select few, real wages have been in decline for many people. College-educated students find themselves reduced to working in Starbucks or fast food outlets. None of this augurs well for the future.

On the other side of globalization, the process is far less abstract. China has seen an explosion of superrich individuals, along with a relatively impressive expansion of the middle class. Nonetheless, an obscene number of people are left behind economically, while often being subject to dangerous levels of pollution. This pollution is dangerously degrading the country's soil and water. In addition, globalization in China, like in the United States, has led to increases in inequality, which are not conducive to a strong economy.

Some countries, such as Vietnam, are following a Chinese-like path creating a growing population of the superrich by means of a kind of economic development that takes a serious toll on the environment. In the United States, as well, our presumably great step forward has been our recent status of energy independence, but like China and Vietnam, its long-term costs are frightening. Companies are leveling mountains to get access to coal, which destroys waterways while filling them with pollution. With great pride, the United States has developed hydraulic fracturing in order to extract gas and oil. The key to this technology is the injection of toxic materials into the ground, which poisons the water. In many cases, residents are able to burn water coming out of their faucets because the water is so contaminated with methane, which, incidentally, is a far more destructive gas than carbon dioxide.

Unintentional Globalization

As mentioned earlier, globalism is the result of both intentional and unintentional actions. Some unintentional aspects of globalization do far more damage than the immediate effects of selfish, profit-seeking actions. Such effects are generally incidental to the profit-oriented strategies that generally guide globalization. These negative outcomes may begin locally, but eventually they can have global impacts that seriously threaten human welfare. In scouring the world in search of new profit opportunities, globalization mindlessly inflicts incalculable damage to the resources upon which all humanity depends. The scars left on the earth by extractive activity are painfully obvious to anyone willing to pay even modest attention. Other unintentional consequences are less obvious, such as when invisible toxic substances are spread by commercial activity.

To soothe people's minds regarding these damages from this madcap rush for profits, economists, scientists, and public relations specialists use their skills to explain away any damages or risks. Although such ideological efforts mean little for the people who actually experience such consequences, they frequently seem to work in electoral politics. Moreover, these explanations also seem to work fairly well in soothing the consciences of comfortable people in far off places.

Because extractive industries generally rely on very expensive, heavy equipment, such industries offer few good opportunities for local businesses and workers, except for low-wage, low-skilled workers, while enormous profits often accrue to foreign investors. In effect, these extractive industries do not just extract minerals and fossil fuels; they also extract possibilities to develop the capacities of their people and their environment.

Another effect of the intensification of globalization is the spread of infectious diseases and destructive invasive species, which is intensified when international economic activity uproots large numbers of people. These undesirable consequences of globalization will differ in their local effects, depending upon the existing healthcare infrastructure or the fragility of the environment.

Climate change is, of course, the most global and perhaps the most threatening of all of these unintentional consequences of globalization. No part of the world is unaffected by climate change, especially because the environmentally destructive extraction and consumption of fossil fuels takes place in both rich and poor countries, although rich countries have managed to concentrate extractive activities in regions populated by less affluent people, with little political power. The costs of climate change are not spread evenly across the planet. For example, people living on islands or seacoast with little elevation are at risk for rising levels of ocean water, but no part of the world is safe from the long-term consequences of climate change. Given such powerlessness, the climate change deniers have been surprisingly successful in dismissing the threat of climate change; however, the effectiveness of their rearguard activity seems to be diminishing but not nearly fast enough to begin to take serious action to diminish the dangers resulting from climate change.

What Then Is Globalization?

The correlation between globalization and widening income inequality has led to a growing concern about the distributional impact of globalization.

Nobody, to my knowledge, has taken on the challenge of calculating the comprehensive worldwide regional effects of globalization within a theoretical context. Numerous barriers prevent such an analysis, beginning with the paucity of regional data. Individual studies do exist. For example, Zhang and Zhang (2003) have done a good job of showing how foreign trade and foreign direct investment have exacerbated regional inequalities in China. Extending such work to a comprehensive theoretical analysis would probably require decades of serious work, the product of which might resemble Marx's planned volumes on international trade and world markets, brought up to date to take account of the changes that have occurred in the most recent century and a half. To make the challenge even more daunting, the system changes faster than one person or even a team of researchers could write. Adding more detailed local effects of globalization complicates the analysis even more. I do not have to tell you that, in what follows, I do not pretend to meet the standards that I have just suggested for the subject. Instead, much of this paper will be somewhat anecdotal.

All too often, however, discussions of globalization seem to treat the subject as identical to contemporary capitalism. If globalization only means a marginal development of capitalism, then the concept would degenerate into a catchy phrase without much meaning. If globalization means a significant break, then what would that break be?

To make matters even more complicated, globalization, as it is currently understood, has many obvious dimensions, such as direct foreign investment, finance, trade, and the almost instantaneous access to massive amounts of information, which allows people to manage business taking place thousands of miles away.

Any serious analysis would require taking account of these dimensions of globalization, as well as a deep analysis of even more fundamental questions regarding the internationalization of the processes of production, especially with respect to the relationship between labor and capital, with special attention to what the business press refers to as labor arbitrage, meaning the strategy of seeking out the cheapest sources of labor. Sweatshops pay young women a few pennies for producing brand name clothing that sells at ridiculously exorbitant prices.

Defenders of this process insist that workers appreciate the opportunity for work, but in many cases, such appreciation must be seen in the context of the perverse effects of globalization, which have uprooted their more traditional way of life. The Somali fishermen who have turned to piracy after the destruction of their fishing grounds come to mind.

Globalization also remakes institutional structures to undermine state power relative to corporate power, and to suit the needs of international capital.

Adding other local effects to this mix makes the challenge of defining globalization even more difficult, especially without specifying whether the local changes are national or regional in nature. Globalization also affects local cultures, both in the developed and underdeveloped worlds.

In a sense, one aspect of globalization did create a new branch of analysis. More and more scholars are drawn to the subject of the interlinked nature of the world economy, paying particular attention to the way disruptions in individual national markets affect other economies throughout the globe, leading to worldwide business cycles, but worldwide business cycles are not new. The international linkages within the world economy are certainly a matter deserving of study, but the question remains whether the subject of these studies is the effect of recent globalization or capitalism in general.

The Summers memo and the economists who support it suggest that the globalization of toxic waste takes place as idealized transactions in which both buyers and sellers find their welfare improving. Such transactions imply that both parties have full knowledge about what the transactions entail, especially with regard to health and safety.

Of course, full knowledge is out of the question. One of the major characteristics of globalization is the degree of secrecy. Companies dump toxic waste, either in complete secrecy or by way of paying bribes to some officials. In either case, economic growth is perhaps the most unlikely outcome imaginable. The unpriced health effects on the people who are affected by the dumping are irrelevant insofar as the transaction is concerned.

Another form of globalization is the outsourcing of torture, where the victims' pain and suffering produce benefits by extracting dubious information by torture in countries willing to provide such services while shielding the outsourcer from responsibility for such crimes. The export of torture services may infect the social environment by making such inhumane behaviors seem more natural. One might easily imagine how this effect might degrade whatever elements of democracy might have existed.

Free Trade

Judging by the official discourse about globalization, one might imagine that we are witnessing a natural evolution of free trade that benefits everybody touched by globalization, as in Thomas Friedman's vision of the flat world. In truth, much of the pressure to intensify globalization does not necessarily come from market successes but often from disappointment in market outcomes. Dissatisfied that markets were not providing sufficient profits, powerful states adopted a strategy of pressuring their weaker counterparts to join in so-called free trade deals.

In fact, free trade is, at best, a secondary consideration of the trade agreements. For example, tariffs on trade between the United States and Europe are only 3.5 percent. A treaty to eliminate such tariffs would not be of great importance.

In contrast, free trade agreements put enormous emphasis on intellectual property agreements, which are antithetical to trade, in general, because they grant monopoly status, which allows suppliers to set their own price without competition. In this sense, intellectual property is a violation of sacred market principles, according to which the price of a good should be the cost of producing one more unit, what economists call “marginal costs.” Intellectual property, however, generally costs virtually nothing to reproduce. Because of this violation of free market principles inherent in intellectual property, libertarians including libertarian economists had long opposed patents and copyrights, although less so now that few libertarians are leery of excessive corporate powers. Free trade treaties’ treatment of intellectual property is more accurately described as a transfer of power, rather than a promotion of free trade. Such intellectual property agreements can threaten public health. For example, people in impoverished countries cannot afford the exorbitant costs of pharmaceuticals. Diseases that could be relatively easily contained have more opportunity to spread.

Free trade treaties include investment dispute provisions, adjudicated by a tribunal made up of judges (generally with strong corporate ties). In other words, they have a better understanding of corporate interests rather than a typical body of law.

Under many such treaties, corporations have the right to expect a static regulatory framework. In other words, the tribunals can find new regulations illegal because a corporation could not have predicted them when it first began planning its investment. At the same time, corporations are free to change their corporate policies. There is a surge of cases in which corporations have sued under this provision. Even when a country’s preexisting regulations prohibit the creation or dumping of toxic wastes, the company can take the government before a tribunal of supposedly neutral judges, who inevitably override the state’s laws protecting human health in favor of corporate rights to make more profits. Corporations almost always win such cases. Similarly, tobacco companies have won a series of cases against countries that have laws requiring warnings on cigarette labels. And, yes, a panel of supposedly neutral judges actually permitted the toxic waste dump in question to go ahead.

In effect, this new legal structure elevates the status of an independent government, or perhaps to even a higher status, in that corporations can limit what a government might do, while governments lose significant power to limit corporate actions.

Of course, a real free trade agreement, regarding what most people understand as free trade would be a very simple matter, consisting of a paragraph or two. Instead, such arrangements, supposedly made in the spirit of free trade, are actually thousands of pages of severe restrictions on public policy measures in the weaker countries that are pressured to accept these impositions. But free trade treaties even limit strong countries because political leaders want to free business from regulations. They may do so because it is in their interests rather than those of the people whom they supposedly represent.

For example, signatories of free trade agreements surrender their right to regulate imports of cigarettes or junk food, which might affect the health of their populations. The United States is particularly insistent in demanding that no country can prevent the marketing of genetically modified seeds or the crops that Monsanto and other suppliers want to sell around the world. These so-called free trade agreements also regulate the regulation of virtually everything that an independent government might do. They demand that states adopt regulatory structures regarding intellectual property rights or finance that please the dominant powers.

Such demands should not be surprising because, in the United States, free trade agreements are actually written by corporate interests. The Obama administration is pressuring Congress to vote on the unread agreement without the option to offer any amendments. Meanwhile, domestic business interests are more than happy to see restrictions limiting the state's power to regulate them. So much for free trade! —unless the meaning of free trade is expanded to include the votes of compliant politicians who serve corporate interests.

Despite the pretense of democracy, congressional representatives have no say in their content. Representatives can only vote to accept or reject the treaties without modification. The final product, which might be celebrated in board rooms across the United States, requires poor countries to abandon all sorts of legal rights, while exposing their economy to market forces that can overwhelm their fragile economics.

Obviously, the proposed Trans-Pacific Partnership was crafted with geopolitical policy and corporate interests rather than trade in mind, by bringing many nations into the United States' orbit, while excluding China. The hope is that once the treaty is in place, China will want to join, even though the country had no say in the drafting. Should that happen, then the Chinese government would lose most of its control over the economy, opening China even more to American business. In the meantime, corporate interests are busy writing this so-called free trade agreement in so much secrecy that even members of Congress are not permitted to read what is being proposed. Recently, after strong protests both in and out of Congress, the Obama administration finally opened a tiny window, allowing congressional representatives to read a single chapter of the agreement, while forbidding them to make any record of what they have read or even to discuss it with others. The public at large remains completely in the dark, except for a few parts that whistleblowers have leaked. But then again, secrecy is one of the great benefits of globalization.

The agreement has little to do with trade. Instead, it gives wide ranging rights to corporations, while prohibiting states from enforcing regulations of health and safety, finance, the environment, and virtually anything else that might inconvenience business. Member states that violate this treaty receive severe punishment.

Climate change is, of course, the most global and perhaps the most threatening of all of these unintentional global consequences of globalization. No part of the world is unaffected by climate change, especially because the environmentally destructive extraction and consumption of fossil fuels takes place in both rich and poor countries, although rich countries managed to concentrate extractive activities in regions populated by less affluent people, with little political power. The costs of climate change are not spread evenly across the planet. For example, people living on islands or seacoast with little elevation are at risk for rising levels of ocean water, but no part of the world is safe from the long-term consequences of climate change. Given such powerlessness, the climate change deniers have been surprisingly successful in dismissing the threat of climate change; however, the effectiveness of their rearguard activity seems to be diminishing, but not nearly fast enough to begin to take serious action to diminish dangers threatened by climate change.

Of course, not all states sign on to this defense of inaction. For example, small island states, such as the Maldives, face existential risk from rising oceans submerging their nations. However, when the Maldives attempted to draw world attention to the danger it faced at the international conference on climate change, coincidentally, the government was suddenly overthrown: a different form of anarchy, suggesting that many states still exercise enormous power, but they cannot use that same power when it is not in the interests of even more powerful corporations. However, this kind of globalization has been underway for a long time.

In 1969, Charles Kindleberger presciently observed the rise of corporate power relative to the government within the context of international trade, predicting, "the nation state is just about through as an economic unit" (Kindleberger 1969, 207).

More recently, Wolfgang Reinicke went further, concluding,

> Global corporate networks challenge a state's internal sovereignty by altering the relationship between the private and public sectors. By inducing corporations to fuse national markets, globalization creates an economic geography that subsumes multiple political geographies. A government no longer has a monopoly of the legitimate power over the territory within which corporations operate, as the rising incidence of regulatory and tax arbitrage attests. (Reinicke 1997, 130)

In effect, Reinicke was suggesting that this globalization was trending toward a form of anarchy. If anarchy constitutes the absence of government, this aspect of globalization might seem to be a move toward a special kind of anarchy which may be called anarchism, but only for the rich and powerful.

In his "Politics as a Vocation," Max Weber suggested a broader interpretation of this seeming anarchism. After citing Trotsky saying, "Every state is founded on force," he went on to note, "The state is considered the sole source of the 'right' to use violence" (Weber 1918, 78). From Weber's perspective, globalization is actually empowering the state.

In effect, this new anarchism for the rich and powerful is accompanied by a ramping up of the state powers of repression. As is obvious from recent news reports, information is a key component of these powers.

The same progress in information technologies that created a utopian belief in the possibility of worldwide democracy also facilitated the growth of globalization that made the new asymmetric anarchy possible. It is also being used around the world to rapidly increase authoritarian powers, which now have the capacity to monitor virtually everything that ordinary people do. So, while one part of society enjoys the privacy that this new regime provides, the rest of society has been rapidly losing what little remains of its privacy.

In effect, alongside the global redistribution of wealth and income, globalization also seems to be redistributing people's rights. So far, I have been unable to detect any effective response to this troubling trend. What then does free trade really mean?

Globalization of Food

Food, of course, has long been an integral part of the world of international politics. As far back as the beginning of historical records, belligerent countries have attempted to shut off food supplies for their enemies as an early exercise in de-globalization. The history of international food politics in the United States makes a fascinating study. With the recovery from the Great Depression, massively increased food demands needed for fighting the Second World War, together with enormous technical advances in food production in the postwar period, left the country saddled with substantial food surpluses. To dump the surpluses abroad, Congress enacted Public Law 480, which allowed countries to purchase food with their own currencies. At first, this policy displayed a humanitarian veneer, which seemed like a win-win policy. Countries could get needed food while the domestic cost of maintaining surpluses would diminish.

By 1957, Senate Hubert Humphrey, later vice president of the United States, let the cat out of the bag. Testifying before Congress about the program, Humphrey gloated,

> I have heard . . . that people may become dependent on us for food. I know this is not supposed to be good news. To me that was good news, because before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and to be dependent on you, in terms of their cooperation with you, it seems to me that food dependence would be terrific. (Humphrey 1957, 557)

Part of the attractiveness of this dependence was the high priority given to efforts to stamp out Communist influence, especially in Asia. Public Law 480 exports increased by roughly 40 percent during the Kennedy administration. George McGovern, then director of the Food for Peace program and a former bomber pilot during the Second World War, believed that food aid was "a far better weapon than a bomber in our competition with the Communists for influence in the developing world" (see Burns 1985, 196). Finally, John F. Kennedy's advisor and biographer, Arthur Meier Schlesinger crowed,

> Food for Peace was the great unseen weapon of Kennedy's third world policy. McGovern's imaginative direction of the program received Kennedy's direct and personal support; and, after McGovern was elected Senator from South Dakota in 1962, the work was carried forward by Richard Reuter of CARE. Shipments under Public Law 480 averaged nearly $1.5 billion annually in the Kennedy years. This assistance not only played a notable humanitarian role in averting mass starvation in India, Egypt, Algeria and other nations; but the use of food as wages carried it beyond a relief program to serve, in effect, as a means of financing development. In addition to its profound impact abroad, the program greatly eased the problems created by American agricultural productivity, reduced surplus storage charges, increased farm income and purchasing power and even, under the stipulation that the food be transported in American ships, helped subsidize the maritime industry. Food for Peace, as Hubert Humphrey once put it, was "a twentieth century form of alchemy." (Schlesinger 1965, 605)

A Mexican Laboratory

The experience of Mexico provides a striking example of the effect of this perverted form of free trade in food. In the wake of the North American Free Trade Agreement (1986), heavily subsidized American agriculture, equipped with the most modern technology devastated Mexican agriculture, setting off a massive migration out of agriculture and out of Mexico.

Similarly, one can only wonder how much the Mexicans lost when the free trade agreement with the United States left Mexican consumers and farmers more dependent on relatively homogeneous, industrialized corn instead of the wide variety of indigenous corn that had been developed over centuries in Mexico.

Ultimately, the homogeneity of a crop leaves it vulnerable. A 1970 outbreak of corn leaf blight proved that point by ravaging the US corn harvest.

The globalization-driven loss of the heterogeneity of Mexican corn is another example of unintentional globalization. Traditionally, thousands of small Mexican farmers maintained a rich variety of corns, which have been displaced by the flood of imports of a strain of American-grown corn by NAFTA. Because corn is such an important crop around the world, the plant's loss of genetic diversity creates grave risks. Eventually, some pathogen will evolve a method to take advantage of some genetic weakness of the dominant strain of corn. Traditionally, corn breeders could themselves take advantage of the corn's reservoir of genetic heterogeneity to find a particular strain capable of fending off the pathogen. The inevitable homogenization of Mexican corn with the disappearance of small growers, who maintained the local strains, will deprive future generations of farmers of traditional methods of defense.

As mentioned earlier, a major priority of the free trade agreements that are currently being negotiated is a restriction on countries' capacity to regulate the use of genetically modified organisms (GMOs), either by restricting imports or preventing their farmers from planting such crops. Farmers also will be prohibited from replanting the GMO seeds they buy from the United States, something that resonates with Hubert Humphrey's unpleasant celebration of dependence. Such policies mean that the world will become increasingly dependent on a handful of seed companies, which would displace the previously heterogeneous population of seeds. Such genetic homogenization of crops ultimately poses a threat to the world food supply along with the power to use monopoly powers to increase the cost of food.

While trade agreements limit the rights of nations, such as Mexico, to help their farmers, farmers in California receive highly subsidized water transfers to be able to plant cotton on arid land, which would otherwise be unsuitable for cotton. As a result, the Colorado River no longer reaches Mexico, which badly needs that river's water. The resulting US cotton harvest has managed to snuff out the demand for a good deal of African cotton production, thereby ensuring, or even increasing, poverty there.

Returning to Mexico for a moment, food offers an interesting window into agricultural globalization. In California, where I live, we can enjoy a wide variety of national cuisines as well as a cornucopia of fruits and vegetables that had been previously virtually unknown to American consumers. At the same time, the United States has successfully introduced unhealthy, fast food to the rest of the world. Hardly an even exchange!

The influx of exotic foods provides a rich diversity, while globalization ultimately threatens to contribute to a more uniform pattern of corporate cuisines.

One might expect a similar effect with the general globalization of culture. One can easily imagine how the contemporary fashion for world music, in which people partake of the exotic sounds and rhythms of other countries, will eventually give rise to a commercialized homogeneity that might extinguish the diversity of the cultures that contributed to world music.

While globalization initially tends to add to the variety of diets in the more affluent parts of the world, a less noted affect is a tendency toward food homogeneity across the globe. Homogeneity poses a threat that diets might lack sufficient amounts of important nutrients.

The desire for more exotic foods can create destructive pressures in their places of origin. For example, the sudden fashion in the United States for the Bolivian grain, quinoa, had created a demand for the grain that cannot be met by the traditional method of production. In response, Bolivians have resorted to practices that are harming the local environment where the crop had been previously harvested sustainably.

Finally, globalization creates certain kinds of ugly cultural distortions, such as in the case of sex tourism and human trafficking of often young and vulnerable children.

Recovering the Lost Promise of Globalization

The optimistic view of globalization is right in a sense. New techniques of transportation and communication should facilitate a world in which the entire population could be cooperating in the creation of the good society. Of course, nothing of the kind is taking place. Instead, the destructive anarchy of globalization reinforces the divides between countries, classes, and cultures.

In contrast, a cooperative globalization could conceivably put an end to the unchecked power and authority exercised by both governments and corporate powers. To do so obviously requires long and hard work of organization in the face of harsh opposition. Even so, one can still hope that something of the kind will occur.

Random Thoughts

Nonetheless, according to standard laissez-faire ideology, globalization should open up possibilities in which capital movements would bring investment into less developed economies, thereby promoting greater prosperity and even possibly in the long run allowing such countries to catch up with the prosperous capitalist leaders.

The story is almost attractive enough to be compelling. Although many outside investments have had negative consequences, it is not hard to find examples where the opening to outside investment has had some positive results; however, it is difficult to honestly make the more general case that laissez-faire ideology has been proven correct. Even during prosperous times, one must remember that in a market economy, prosperity is not continuous. Periodically, markets stumble and even crash. During such hard times, less powerful states are less equipped to address extreme economic events. Under such conditions, the International Monetary Fund (IMF), together with more successful predatory states, can swoop in and enjoy fire sale prices for valuable assets in the poor states.

Globalization does not affect all parts of the economy in a uniform way. For example, globalization tends to favor cities with coastal ports. In addition, a large literature on the growth of inequality within advanced economies pays close attention to the stark differences in conditions between rich and poor parts of town, where the poor experience inferior access to housing, education, and even groceries.

A century and a half ago, Engels' *The Condition of the Working Class in England* paid close attention to the way that Manchester intentionally created separate worlds for workers and their masters. Then in 1899, Lenin's *The Development of Capitalism in Russia* went into much more detail by describing the complex process of class differentiation taking place in the Russian countryside at the time. Of course, Both Lenin and Engels were concerned with the subject of capitalism rather than globalization.

Perhaps the most difficult aspect of defining globalization is pinpointing its origin. Even though the word is only a couple of decades old, long distance trade dates back to prehistoric times, when people moved across substantial distances to procure materials, such as salt or obsidian, that were otherwise unavailable. How do we classify this emergent globalization? Such trade was an essential element in the process of human development. Long distance trade in general created encounters that spread knowledge. It is no accident that improvements in shipbuilding expanded the population of merchant traders at the same time as Europe experienced the Enlightenment.

Generally, in speaking of globalization, its strong proponents assume away the role of inequalities of power. Doing so obscures the tight relationship between financialization and imperialism. Such concerns bring us back to the question of the beginnings of globalism. Can we be sure that coercion was totally absent from transactions of the prehistoric obsidian traders? How do the workings of the Roman Empire differ from contemporary globalization?

Turkey should play a key role in any historical discussion of globalization. As one of the earliest sites of urbanization, Turkey must have been a pioneer in trading, if not globalization.

Technological change continually reshapes the pathways of globalization. For example, Asian goods no longer had to travel overland across Turkey to the Mediterranean Sea once shipbuilding and navigation had developed to the point that European mariners could reach Asia.

The effects of globalization are unpredictable. Turning to Turkey again, the Ottoman Empire certainly was a major colonial power. The fact that residue of its destruction is now the scene of some of the most vicious human rights abuses in the world suggests that elements of globalization have the potential to create a modicum of instability. At the same time, the European capture of Africa seems to have obliterated many of the necessary components of rational development. The Europeans might respond that things became worse after they left, but that stability was one that depended upon brutal oppression, hardly a legacy deserving of any pride. Getting back to the subject at hand, if globalization is such an elusive concept, how in the world are we to identify local regularities?

Then again, the same processes that fuel globalization (as well as globalization itself) have made great strides in eviscerating localism. We increasingly find similar movies, music, fast food, and fashion around the world. The flow is not entirely from the advanced capitalist countries to the poor parts of the world; their culture also exercises an increasing influence on the rest of the world. Should we celebrate or decry such homogenization?

What about the role of technology in the evolution of globalization? Here, many of the effects are obvious. Horses and wagons gave way to systems of canals where a few animals could pull barges with heavy loads. By the 19th century, observers spoke with awe about the way that railroads were able to annihilate the limits of time and space. Shipping evolved at a similar pace. Perhaps the telegraph, which one commentator described as the Victorian Internet, was the most amazing innovation. Once undersea cables were in place, signals could move around the world almost instantaneously. Yes, speed of data entry was limited, and the cables could only carry one message at a time. Despite the limited bandwidth, the telegraph represented a greater jump in the speed of communication than the move from the telegraph to the Internet.

Similarly, a ship or a railroad could carry far more passengers or cargo more rapidly than any earlier modes of transportation. Indeed, the world was dramatically shrinking.

Not only can messages, freight, and passengers easily be sent quickly around the world; death can also move rapidly. Right now a young man in Nevada may put his finger on a computer key, sending a drone to destroy a child in Afghanistan, Pakistan, Yemen, or Somalia. This technology is so capable of terrorizing anyone anywhere that some of the operators suffer psychological conditions similar to those of soldiers on the battlefield. In short, we are ready to turn to power as an element of globalization.

Prehistoric long distance traders in obsidian must have been engaged in peaceful trade in materials such as salt and obsidian. Because there would be too few of them to represent a threat of violence and the trades presumably benefited both sides, we might presume that such trade was peaceable, much as neoclassical economics imagines all trade to consist of voluntary transactions between two parties, both of whom expect to profit from the exchange.

Looking over the course of history, one can be relatively confident in assuming that exchanges between equals were the exception rather than the rule. Taking as the starting point, the end of the 30 Year's War in 1648, with the peace in Westphalia, theory and practice in terms of trade dramatically diverged. Soon afterward, the English conquest of Ireland seemed to mark the beginning of modern imperialism. At the same time, not long afterward, the idea took hold that the growth of commerce insured peace. Because both parties profited from trade, neither would have any interest in harming the other. Bookish intellectuals wrote about what they called "doux commerce" or "gentle commerce."

Despite the centuries of violence that followed, the idea of gentle commerce never completely disappeared. Military force is only one element of the power mix that lies behind globalization. Nobody has yet cataloged the destruction created by the World Bank and the IMF. Asymmetric information is another facet of power. Early colonists went through Africa signing treaties with African leaders, giving concessions without knowledge of what the Africans were actually conceding. More recently, banks have lured governments, both national and local, into purchasing financial assets without any knowledge of what they were buying. Less sophisticated banks around the world have made similar mistakes. The results have often been disastrous, and the costs have been borne by governments.

When governments, again, both local and national, face financial stringency, they tend to make deals with international agents to raise funds. All too often, these deals have terrible local consequences. One common practice is to supply land to the international interest, even though the government has no title to this land. More often than not, people who farm the land have to make way for the new mines or factories. Even worse, the land may be intended as a repository for toxic waste.

Under such conditions, we see connections between local conditions and globalization, which may not be obvious at first glance. What happens is that globalization creates pressures that force national states to disempower local authorities or individual property owners. The connection becomes even more obscured when these deals are also lubricated by graft paid to the decision makers.

Also, we must not forget to include finance in the mix.

One window in which the relationship between globalism and local effects is clear is when a vulnerable nation is cursed with valuable resources. Economists sometimes even refer to resource curses. Oil is one such resource. Powerful nations go to great lengths to maintain control over oil deposits to the detriment of the people who inhabit the territory under which the oil sits. These powers can deploy several tactics, ranging from outright colonial control, which has fallen out of favor, to more sophisticated manipulation. One favored practice is to put a minority group in power. The ruling groups are free to squander a disproportionate share of the wealth that flows from the oil, while the vast majority bristle about their inferior status. This antagonism makes the wealthy minority dependent on their powerful sponsors to protect their status with military power or other more surreptitious means against the majority, which does not enjoy such privileges. A select few will get special commercial privileges. They may get wealthy, but they are really clients who do the bidding of their foreign masters.

Racial and cultural differences seem to play a role in making the powerful nations feel entitled to this kind of manipulation. For example, Norway, by no means a powerful nation, has been able to use its oil wealth largely in the public interest.

In addition, the existence of a comprador class can upset social balance. Finally, just as the early imperialists arranged to put the government in the hands of minorities, who would rely on the protection of their global masters, powerful nations still shuffle political leadership to their advantage. This latter effect seems to be a continuation of earlier imperial practices rather than something new brought on by globalization.

Notes

1. See the part *Die Fackel* on the website of Wikiquote on Karl Kraus. https://en.wikiquote.org/wiki/Karl_Kraus.
2. See the Official Woody Guthrie website, https://www.woodyguthrie.org/Lyrics/Pretty_Boy_Floyd.htm.

References

Burns, W. J. 1985. *Economic Aid and American Policy toward Egypt, 1955–1981*. Albany, NY: State University of New York Press.

Callewaert, H. 1947. "A Rational Technique of Handwriting." *The Journal of Education Research* 41 (September): 1–12.

Frank, A. G. 1966. "The Development of Underdevelopment." *Monthly Review* 18 (December): 17–31.

Friedman, T. L. 1999. *The Lexus and the Olive Tree*. New York: Farrar, Straus and Giroux.

Humphrey, Hubert. 1957. 85th Congress, First Session, Testimony before Senate Committee on Agriculture and Forestry. Hearings: Policies and Operations P. L. 480, 1957. Congressional-Record-Volume 111.

Keynes, J. M. 1919. *The Economic Consequences of the Peace*. London: Macmillan.

Kindleberger, C. P. 1969. *American Business Abroad: Six Lectures on Direct Investment*. New Haven: Yale University Press.

Maurer, N. 2013. *The Empire Trap: The Rise and Fall of U.S. Intervention to Protect American Property Overseas, 1893–2013*. Princeton: Princeton University Press.

McLemee, S. 2014. "Shore Leave." *Inside Higher Ed*, August 27. https://www.insidehighered.com/views/2014/08/27/review-john-urry-offshoring.

Pratt, J. W. 1932. "The 'Large Policy' of 1898." *The Mississippi Valley Historical Review* 19 (2): 219–42.

Reinicke, W. H. 1997. "Global Public Policy." *Foreign Affairs* 76 (6): 127–38.

Schlesinger, A. M. 1965. *A Thousand Days: John F. Kennedy in the White House*. Boston: Houghton Mifflin.

Schumpeter, J. A. (1954) 1991. "The Economic Crisis of the Tax State." In *The Economics and Sociology of Capitalism*, edited by R. Swedberg, 99–140. Princeton: Princeton University Press.

Weber, Max. (1918) 1946. "Politics as a Vocation." In *From Max Weber*, edited and translated by H. Gerth and C. W. Mills, 77–128. New York: Oxford University Press.

Zhang, X., and K. H. Zhang. 2003. "How Does Globalization Affect Regional Inequality within a Developing Country? Evidence from China." *The Journal of Development Studies* 39 (4): 47–67.