

AY 2002-2003

**GLOBALIZATION: THE WELTER OF
NATIONS**

Grand Strategy

Dr. Alan Gropman

**ROGER D. WASHINGTON, COL
SEMINAR NINE**

COL LEROY BRYANT, PRIMARY FACULTY ADVISOR

**The Industrial College of the Armed Forces
National Defense University Fort McNair, Washington, D.C. 20319-5062**

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE 2003		2. REPORT TYPE N/A		3. DATES COVERED -	
4. TITLE AND SUBTITLE Globalization: The Welter of Nations, Grand Strategy				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) The Industrial College of the Armed Forces National Defense University Fort McNair Washington, DC 20319-5062				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UU	18. NUMBER OF PAGES 8	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

INTRODUCTION

The world entered a new era with the fall of the Berlin Wall in 1989. The East-West polarity of the Cold War gave way to a paradigm of increased interdependence among nations and international economic integration. This trend, characterized as globalization, repeats a pattern that occurred from the late 1800s until disrupted by World War I. Great Britain dominated the first period of globalization. In relative terms, cross-border trade volumes and flows of capital of that period are comparable to those of the present. Because of information technology, however, the current globalization differs greatly in speed, depth and intensity. It transcends economics, effecting profound global cultural and political changes.

This paper examines several dimensions of globalization. It outlines salient economic and technological characteristics. It discusses socio-cultural aspects and the function of nation-states in this new order. Finally, it examines the continued validity of globalization in the face of a radical fundamentalist backlash and the growing disparity between have and have-not nations.

GLOBALIZATION

A. Characteristics

At its most basic, globalization means economic integration and interdependence. It involves the spread of free markets to developing and former Soviet-bloc nations. It has resulted in the easing or removal of barriers to free trade. More nations than ever now participate in global commerce. Capital in ever increasing amounts moves without restrictions across national boundaries. The economies of the world's nations have become deeply intertwined.

In this environment, the national identity of goods becomes lost or irrelevant. For example, some well-known Japanese and German cars are now actually made in the U.S. Similarly, other multi-national corporations may locate their research and development divisions in one country

and their production facilities in another. This process, according to one writer, is "dynamic" and "inexorable," tying the world "together into a single globalized marketplace." (Thomas **Foedman;****The Lexus and the Olive Tree: Understanding Globalization** (New York: Farrar Straus Giroux, 1999)).

Information technology plays an essential role in the new globalization. The Internet, telecommunications and satellite technology further integrate, nations. Inexpensive and widely available, this technology has woven the world into a seamless web. Massive and instantaneous worldwide flow of information, images and capital promote rapid change.

Whether welcome or not, information and ideas from the outside world reach populations of even remote developing nations. This no doubt exerts a powerful influence upon those societies. This process has been termed social and political globalization. It refers to changes resulting from the dissemination of cultural, religious and political ideas. Given the reach of information technology, the pull of these forms of globalization is inescapable.

Modern transportation also expands and speeds the pace of globalization. Globalization not only involves the cross-border movement of goods, capital and information but people as well. As was true of the first period of globalization, immigration is an important component. People move from poorer to richer countries in search of greater economic opportunities. Or they move to countries where their skills are in greater demand. Such movement further binds nations, since these immigrants take with them the culture and traditions of their native lands. But as a negative, ease of air travel also carries environmental risks: for example, increased rate of transmission of infectious diseases. For this reason, AIDS became a worldwide epidemic in a tenth of the time as smallpox in an earlier century. Globalization has these and other detrimental unintended consequences.

Many nations have entered into trade pacts in response to increasing interdependence caused by globalization. The most comprehensive of these is the European Union. Nations in this pact not only ceded economic sovereignty but some political sovereignty as well, including monetary authority to a European central bank. The U.S., Canada and Mexico adopted the North American Free Trade Agreement. This provides each greater access to trade with the others, and intertwines the larger U.S. economy with those of Canada and Mexico. The need for such pacts will only grow; interdependence is a permanent condition of globalization.

B. Cultural and Ideological Dimensions

The response to globalization in certain societies has been hostile, even violent. Some resent what they regard as encroaching modernity, accompanied by disorienting economic and social changes. In the face of these changes, according to Samuel Huntington (**The Clash of Civilizations**, Foreign Affairs (Summer 1993)), religious fundamentalism frequently replaces identification with a nation-state. Moreover, as the world's dominant economic and political power, these groups often closely link globalization to America. Hence there is a growing backlash against globalization in general and the U.S. in particular. Another thinker, Robert D. Kaplan (**Warrior Politics**, New York: Random House, 2002), warns that the developed world faces a danger from fundamentalist groups, which could take advantage of democratization and information technology to threaten security.

Some developing countries have benefited significantly from increased investment and economic activity spurred by globalization. These include China, Korea, Thailand, Mexico, Brazil and other smaller nations in Asia and Latin America. Sub-Saharan African, largely because of unstable and corrupt governments, has benefited least. Still, few can doubt that overall globalization has contributed to a widening inequality of income between rich and poor

nations. By one account, average per capita income of the poorest countries is now 1.9 percent of that of the richest countries. This represents a decline from 3.1 percent a few decades previously. (Carol Lancaster, "Developing Countries: Winners or Losers?" In **The Global Century: Globalization and National Security** edited by Richard L. Kugler and Ellen L. Frost, Washington, DC, NDU Press, 2001.)

Further it is important to note that while more nations than ever participate in global trade, many others remain untouched by globalization. Similarly, despite the fact that computers and other information technology continue to decline in price even as they increase in availability, much of the world's population has never used the Internet - or even made a telephone call. Developed nations must address the growing income imbalance, bring more nations into the global trading village, and help others bridge the digital divide. This last item is critical, because societies lacking access to information technology are virtually excluded from world markets.

C. The Role of Nation-States

Nation-states still matter. Admittedly, globalization has altered the role of these entities. For example, sovereign borders are now much more porous. As discussed above, the increase of free markets and integrated economies results in huge cross-border flows of goods, capital and data. People also move freely between countries. And other uninvited guests-including drug trade, environmental pollutants, infectious diseases and cultural intrusions - pierce national boundaries. Under the circumstances, nation-states have limited ability to control their borders.

Already, transnational actors such as multi-national corporations, non-governmental organizations (NGOs) and networks (e.g., public interest groups) employ the tools of globalization to erode the traditional powers of nation-states. In particular, their use of information technology affords a direct role in national and world politics. Access to

information allows multi-national corporations and NGOs to shape governmental policy decisions. Even loosely organized citizens groups, by marshaling the power of the Internet, can have a voice in the debate of, not only state and local, but even national issues. In sum, the spread of information disperses power among many actors. The nation-state no longer enjoys a monopoly.

Nevertheless, despite these challenges and changes: the nation-state remains central to modern society. First, national identity is still important to many people, and the nation-state satisfies this need for identification. Nation-states also remain the primary source of order in the world. They provide security within national borders, and in concert with other nation-states, promote regional security. For example, despite the problem of border-control cited above, nation-states still exercise sovereignty over national borders. But now the ability to do so frequently requires intelligence and other assistance from beyond their national borders; i.e., from other sovereigns or international organizations. Thus this traditional function of the nation-state is unchanged; however, because of globalization, the manner of performance has changed. -

Nation-states further promote economic order. They do so by, among other things, maintaining systems of commercial laws and private property rights, without which markets could not operate effectively. In addition, sovereigns establish currencies, manage monetary supplies, and regulate transactions in equities and other financial instruments. As mentioned, however, states increasingly respond to rising interdependence by entering into trade pacts for mutual advantage. While this may require them to relinquish some economic sovereignty - or even political sovereignty, in the case of EU nations - it preserves their critical role in the process. In this and other ways, globalization challenges states to adapt but it has not rendered them irrelevant.

CONCLUSION

Globalization continues unabated. Yet it, like all unrestrained market forces, which operate with impersonal, brutal efficiency, must be dampened. It falls to developed nations, NGOs and international development assistance organizations to address inherent inequities. They should exert special effort to ensure that more nations can share the benefits of globalization. This involves many approaches, including bilateral trade pacts, technical assistance, grants and loans. They must also seek to bridge the digital divide, since information technology is the key that unlocks the global marketplace. The growing income disparity between rich and poor nations deserves greater attention. If present trends continue, eventually the resentment of young, militant have-nots in certain regions will find expression in destabilizing political protest and violence.

On the other hand, countering the radical fundamentalist backlash to globalization may prove far more difficult. For these groups, modernity constitutes the real foe. Globalization merely represents a convenient manifestation. International cooperation, especially intelligence sharing, is essential. For the U.S., this represents a potential threat of particular urgency. Since it is the world's sole super power, many of these fundamentalist elements equate globalization to Americanization. Consequently, we face the sad reality that our present war against terrorism portends a protracted -- even permanent -- struggle.

