

Dueling globalizations: a debate between Thomas L. Friedman and Ignacio Ramonet.

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DOSCAPITAL

by Thomas L. Friedman.

If there can be a statute of limitations on crimes, then surely there must be a statute of limitations on foreign-policy clichés. With that in mind, I hereby declare the "post-Cold War world" over. For the last ten years, we have talked about this "post-Cold War world." That is, we have defined the world by what it wasn't because we didn't know what it was. But a new international system has now clearly replaced the Cold War: globalization. That's right, globalization--the integration of markets, finance, and technologies in a way that is shrinking the world from a size medium to a size small and enabling each of us to reach around the world farther, faster, and cheaper than ever before. It's not just an economic trend, and it's not just some fad. Like all previous international systems, it is directly or indirectly shaping the domestic politics, economic policies, and foreign relations of virtually every country.

As an international system, the Cold War had its own structure of power: the balance between the United States and the USSR, including their respective allies. The Cold War had its own rules: In foreign affairs, neither superpower would encroach on the other's core sphere of influence, while in economics, underdeveloped countries would focus on nurturing their own national industries, developing countries on export-led growth, communist countries on autarky, and Western economies on regulated trade. The Cold War had its own dominant ideas: the clash between communism and capitalism, as well as détente, nonalignment, and perestroika. The Cold War had its own demographic trends: The movement of peoples from East to West was largely frozen by the Iron Curtain; the movement from South to North was a more steady flow. The Cold War had its own defining technologies: Nuclear weapons and the Second Industrial Revolution were dominant, but for many developing countries, the hammer and sickle were still relevant tools. Finally, the Cold War had its own defining anxiety: nuclear annihilation. When taken all together, this Cold War system didn't shape everything, but it shaped many things.

Today's globalization system has some very different attributes, rules, incentives, and characteristics, but it is equally influential. The Cold War system was characterized by one overarching feature: division. The world was chopped up, and both threats and opportunities tended to grow out of whom you were divided from. Appropriately, that Cold War system was symbolized by a single image: the Wall. The globalization system also has one overarching characteristic: integration. Today, both the threats and opportunities facing a country increasingly grow from whom it is connected to. This system is also captured by a single symbol: the World Wide Web. So in the broadest sense, we have gone from a system built around walls to a system increasingly built around networks. Once a country makes the leap into the system of globalization, its élite begin to internalize this perspective of integration and try to locate themselves within a global context. I was visiting Amman, Jordan, in the summer of 1998 when I met my friend, Rami Khouri, the

country's leading political columnist, for coffee at the Hotel Inter-Continental. We sat down, and I asked him what was new. The first thing he said to me was "Jordan was just added to CNN's worldwide weather highlights." What Rami was saying was that it is important for Jordan to know that those institutions that think globally believe it is now worth knowing what the weather is like in Amman. It makes Jordanians feel more important and holds out the hope that they will profit by having more tourists or global investors visiting. The day after seeing Rami I happened to interview Jacob Frenkel, governor of the Bank of Israel and a University of Chicago-trained economist. He remarked to me: "Before, when we talked about macroeconomics, we started by looking at the local markets, local financial system, and the interrelationship between them, and then, as an afterthought, we looked at the international economy. There was a feeling that what we do is primarily our own business and then there are some outlets where we will sell abroad. Now, we reverse the perspective. Let's not ask what markets we should export to after having decided what to produce; rather, let's first study the global framework within which we operate and then decide what to produce. It changes your whole perspective."

Integration has been driven in large part by globalization's defining technologies: computerization, miniaturization, digitization, satellite communications, fiber optics, and the Internet. And that integration, in turn, has led to many other differences between the Cold War and globalization systems. Unlike the Cold War system, globalization has its own dominant culture, which is why integration tends to be homogenizing. In previous eras, cultural homogenization happened on a regional scale--the Romanization of Western Europe and the Mediterranean world, the Islamization of Central Asia, the Middle East, North Africa, and Spain by the Arabs, or the Russification of Eastern and Central Europe, and parts of Eurasia, under the Soviets. Culturally speaking, globalization is largely the spread (for better and for worse) of Americanization--from Big Macs and iMacs to Mickey Mouse. Whereas the defining measurement of the Cold War was weight, particularly the throw-weight of missiles, the defining measurement of the globalization system is speed--the speed of commerce, travel, communication, and innovation. The Cold War was about Einstein's mass-energy equation, $e=mc^2$. Globalization is about Moore's Law, which states that the performance power of microprocessors will double every 18 months. The defining document of the Cold War system was "the treaty." The defining document of the globalization system is "the deal." If the defining anxiety of the Cold War was fear of annihilation from an enemy you knew all too well in a world struggle that was fixed and stable, the defining anxiety in globalization is fear of rapid change from an enemy you cannot see, touch, or feel--a sense that your job, community, or workplace can be changed at any moment by anonymous economic and technological forces that are anything but stable.

If the defining economists of the Cold War system were Karl Marx and John Maynard Keynes, each of whom wanted to tame capitalism, the defining economists of the globalization system are Joseph Schumpeter and Intel chairman Andy Grove, who prefer to unleash capitalism. Schumpeter, a former Austrian minister of finance and Harvard University professor, expressed the view in his classic work *Capitalism, Socialism, and Democracy* (1942) that the essence of

capitalism is the process of "creative destruction"--the perpetual cycle of destroying old and less efficient products or services and replacing them with new, more efficient ones. Grove took Schumpeter's insight that only the paranoid survive for the title of his book about life in Silicon Valley and made it in many ways the business model of globalization capitalism. Grove helped popularize the view that dramatic, industry-transforming innovations are taking place today faster and faster. Thanks to these technological breakthroughs, the speed at which your latest invention can be made obsolete or turned into a commodity is now lightening quick. Therefore, only the paranoid will survive--only those who constantly look over their shoulders to see who is creating something new that could destroy them and then do what they must to stay one step ahead. There will be fewer and fewer walls to protect us.

If the Cold War were a sport, it would be sumo wrestling, says Johns Hopkins University professor Michael Mandelbaum. "It would be two big fat guys in a ring, with all sorts of posturing and rituals and stomping of feet, but actually very little contact until the end of the match, when there is a brief moment of shoving and the loser gets pushed out of the ring, but nobody gets killed." By contrast, if globalization were a sport, it would be the 100-meter dash, over and over and over. No matter how many times you win, you have to race again the next day. And if you lose by just one-hundredth of a second, it can be as if you lost by an hour.

Last, and most important, globalization has its own defining structure of power, which is much more complex than the Cold War structure. The Cold War system was built exclusively around nation-states, and it was balanced at the center by two superpowers. The globalization system, by contrast, is built around three balances, which overlap and affect one another.

The first is the traditional balance between nation-states. In the globalization system, this balance still matters. It can still explain a lot of the news you read on the front page of the paper, be it the containment of Iraq in the Middle East or the expansion of NATO against Russia in Central Europe.

The second critical balance is between nation-states and global markets. These global markets are made up of millions of investors moving money around the world with the click of a mouse. I call them the "Electronic herd." They gather in key global financial centers, such as Frankfurt, Hong Kong, London, and New York--the "supermarkets." The United States can destroy you by dropping bombs and the supermarkets can destroy you by downgrading your bonds. Who ousted President Suharto in Indonesia? It was not another superpower, it was the supermarkets.

The third balance in the globalization system--the one that is really the newest of all--is the balance between individuals and nation-states. Because globalization has brought down many of the walls that limited the movement and reach of people, and because it has simultaneously wired the world into networks, it gives more direct power to individuals than at any time in history. So we have today not only a superpower, not only supermarkets, but also super-empowered individuals. Some of these super-empowered individuals are quite angry, some of them quite constructive--but all are now able to act directly on the world stage without the traditional mediation of governments or even corporations.

Jody Williams won the Nobel Peace Prize in 1997 for her contribution to the International Campaign to Ban Landmines. She managed to build

an international coalition in favor of a landmine ban without much government help and in the face of opposition from the major powers. What did she say was her secret weapon for organizing 1,000 different human rights and arms control groups on six continents? "E-mail."

By contrast, Ramzi Ahmed Yousef, the mastermind of the February 26, 1993, World Trade Center bombing in New York, is the quintessential "super-empowered angry man." Think about him for a minute. What was his program? What was his ideology? After all, he tried to blow up two of the tallest buildings in America. Did he want an Islamic state in Brooklyn? Did he want a Palestinian state in New Jersey? No. He just wanted to blow up two of the tallest buildings in America. He told the Federal District Court in Manhattan that his goal was to set off an explosion that would cause one World Trade Center tower to fall onto the other and kill 250,000 civilians. Yousef's message was that he had no message, other than to rip up the message coming from the all-powerful America to his society. Globalization (and Americanization) had gotten in his face and, at the same time, had empowered him as an individual to do something about it. A big part of the U.S. government's conspiracy case against Yousef (besides trying to blow up the World Trade Center in 1993, he planned to blow up a dozen American airliners in Asia in January 1995) relied on files found in the off-white Toshiba laptop computer that Philippine police say Yousef abandoned as he fled his Manila apartment in January 1995, shortly before his arrest. When investigators got hold of Yousef's laptop and broke into its files, they found flight schedules, projected detonation times, and sample identification documents bearing photographs of some of his coconspirators. I loved that--Ramzi Yousef kept all his plots on the C drive of his Toshiba laptop! One should have no illusions, though. The super-empowered angry men are out there, and they present the most immediate threat today to the United States and the stability of the new globalization system. It's not because Ramzi Yousef can ever be a superpower. It's because in today's world, so many people can be Ramzi Yousef.

So, we are no longer in some messy, incoherent "post-Cold War world." We are in a new international system, defined by globalization, with its own moving parts and characteristics. We are still a long way from fully understanding how this system is going to work. Indeed, if this were the Cold War, the year would be about 1946. That is, we understand as much about how this new system is going to work as we understood about how the Cold War would work in the year Churchill gave his "Iron Curtain" speech. Nevertheless, it's time we recognize that there is a new system emerging, start trying to analyze events within it, and give it its own name. I will start the bidding. I propose that we call it "DOScapital."

A NEW TOTALITARIANISM

by Ignacio Ramonet.

We have known for at least ten years that globalization is the dominant phenomenon of this century. No one has been waiting around for Thomas Friedman to discover this fact. Since the end of the 1980s, dozens of authors have identified, described, and analyzed globalization inside and out. What is new in Friedman's work--and debatable--is the dichotomy he establishes between globalization and the Cold War: He presents them as opposing, interchangeable "systems." His constant repetition of this gross oversimplification reaches the height of annoyance.

Just because the Cold War and globalization are dominant phenomena in their times does not mean that they are both systems. A system is a set of practices and institutions that provides the world with a practical and theoretical framework. By this right, the Cold War never constituted a system--Friedman makes a gross error by suggesting otherwise. The term "Cold War," coined by the media, is shorthand for a period of contemporary history (1946-89) characterized by the predominance of geopolitical and geostrategic concerns. However, it does not explain a vast number of unrelated events that also shaped that era: the expansion of multinational corporations, the development of air transportation, the worldwide extension of the United Nations, the decolonization of Africa, apartheid in South Africa, the advancement of environmentalism, or the development of computers and high-tech industries such as genetic engineering. And the list goes on.

Furthermore, tension between the West and the Soviet Union, contrary to Friedman's ideas, dates from before the Cold War. In fact, that very tension was formative in shaping the way democratic states understood Italian fascism in the 1920s, Japanese militarism in the 1930s, German rearmament after the rise of Adolf Hitler in 1933, and the Spanish Civil War between 1936 and 1939.

Friedman is right, however, to argue that globalization has a systemic bent. Step by step, this two-headed monster of technology and finance throws everything into confusion. Friedman, by contrast, tells a tale of globalization fit for Walt Disney. But the chaos that seems to delight our author so much is hardly good for the whole of humanity.

Friedman notes, and rightly so, that everything is now interdependent and that, at the same time, everything is in conflict. He also observes that globalization embodies (or infects) every trend and phenomenon at work in the world today--whether political, economic, social, cultural, or ecological. But he forgets to remark that there are groups from every nationality, religion, and ethnicity that vigorously oppose the idea of global unification and homogenization.

Furthermore, our author appears incapable of observing that globalization imposes the force of two powerful and contradictory dynamics on the world: fusion and fission. On the one hand, many states seek out alliances. They pursue fusion with others to build institutions, especially economic ones, that provide strength--or safety--in numbers. Like the European Union, groups of countries in Asia, Eastern Europe, North Africa, North America, and South America are signing freetrade agreements and reducing tariff barriers to stimulate commerce, as well as reinforcing political and security alliances.

But set against the backdrop of this integration, several

multinational communities are falling victim to fission, cracking or imploding into fragments before the astounded eyes of their neighbors. When the three federal states of the Eastern bloc--Czechoslovakia, the USSR, and Yugoslavia--broke apart, they gave birth to some 22 independent states! A veritable sixth continent!

The political consequences have been ghastly. Almost everywhere, the fractures provoked by globalization have reopened old wounds. Borders are increasingly contested, and pockets of minorities give rise to dreams of annexation, secession, and ethnic cleansing. In the Balkans and the Caucasus, these tensions unleashed wars (in Abkhazia, Bosnia, Croatia, Kosovo, Moldova, Nagorno-Karabakh, Slovenia, and South Ossetia).

The social consequences have been no kinder. In the 1980s, accelerating globalization went hand in hand with the relentless ultraliberalism of British prime minister Margaret Thatcher and U.S. president Ronald Reagan. Quickly, globalization became associated with increased inequality, hikes in unemployment, deindustrialization, and deteriorated public services and goods. Now, accidents, uncertainty, and chaos have become the parameters by which we measure the intensity of globalization. If we sized up our globalizing world today, what would we find? Poverty, illiteracy, violence, and illness are on the rise. The richest fifth of the world's population owns 80 percent of the world's resources, while the poorest fifth owns barely .5 percent. Out of a global population of 5.9 billion, barely 500 million people live comfortably, while 4.5 billion remain in need. Even in the European Union, there are 16 million people unemployed and 50 million living in poverty. And the combined fortune of the 358 richest people in the world (billionaires, in dollars) equals more than the annual revenue of 45 percent of the poorest in the world, or 2.6 billion people. That, it seems, is the brave new world of globalization.

BEWARE OF DOGMA

Globalization has little to do with people or progress and everything to do with money. Dazzled by the glimmer of fast profits, the champions of globalization are incapable of taking stock of the future, anticipating the needs of humanity and the environment, planning for the expansion of cities, or slowly reducing inequalities and healing social fractures.

According to Friedman, all of these problems will be resolved by the "invisible hand of the market" and by macroeconomic growth--so goes the strange and insidious logic of what we in France call the *pensée unique*. The *pensée unique*, or "single thought," represents the interests of a group of economic forces--in particular, free-flowing international capital. The arrogance of the *pensée unique* has reached such an extreme that one can, without exaggerating, call it modern dogmatism. Like a cancer, this vicious doctrine imperceptibly surrounds any rebellious logic, then inhibits it, disturbs it, paralyzes it, and finally kills it. This doctrine, this *pensée unique*, is the only ideology authorized by the invisible and omnipresent opinion police.

The *pensée unique* was born in 1944, at the time of the Bretton Woods Agreement. The doctrine sprang from the world's large economic and monetary institutions--the Banque de France, Bundesbank, European Commission, International Monetary Fund, Organisation for Economic Cooperation and Development, World Bank, and World Trade Organization--which tap their deep coffers to enlist research

centers, universities, and foundations around the planet to spread the good word.

Almost everywhere, university economics departments, journalists (such as Friedman), writers, and political leaders take up the principal commandments of these new tablets of law and, through the mass media, repeat them until they are blue in the face. Their dogma is echoed dutifully by the mouthpieces of economic information and notably by the "bibles" of investors and stockbrokers--the Economist, Far Eastern Economic Review, Reuters, and Wall Street Journal, for starters--which are often owned by large industrial or financial groups. And of course, in our media-mad society, repetition is as good as proof.

So what are we told to believe? The most basic principle is so strong that even a Marxist, caught offguard, would agree: The economic prevails over the political. Or as the writer Alain Minc put it, "Capitalism cannot collapse, it is the natural state of society. Democracy is not the natural state of society. The market, yes." Only an economy disencumbered of social speed bumps and other "inefficiencies" can steer clear of regression and crisis.

The remaining key commandments of the pensée unique build upon the first. For instance, the market's "invisible hand corrects the unevenness and malfunctions of capitalism" and, in particular, financial markets, whose "signals orient and determine the general movement of the economy." Competition and competitiveness "stimulate and develop businesses, bringing them permanent and beneficial modernization." Free trade without barriers is "a factor of the uninterrupted development of commerce and therefore of societies." Globalization of manufactured production and especially financial flows should be encouraged at all costs. The international division of labor "moderates labor demands and lowers labor costs." A strong currency is a must, as is deregulation and privatization at every turn. There is always "less of the state" and a constant bias toward the interests of capital to the detriment of the interests of labor, not to mention a callous indifference to ecological costs. The constant repetition of this catechism in the media by almost all political decision makers, Right and Left alike (think of British and German prime ministers Tony Blair and Gerhard Schröder's "Third Way" and "New Middle"), gives it such an intimidating power that it snuffs out every tentative free thought.

MAGNATES AND MISFITS

Globalization rests upon two pillars, or paradigms, which influence the way globalizers such as Friedman think. The first pillar is communication. It has tended to replace, little by little, a major driver of the last two centuries: progress. From schools to businesses, from families and law to government, there is now one command: Communicate.

The second pillar is the market. It replaces social cohesion, the idea that a democratic society must function like a clock. In a clock, no piece is unnecessary and all pieces are unified. From this eighteenth-century mechanical metaphor, we can derive a modern economic and financial version. From now on, everything must operate according to the criteria of the "master market." Which of our new values are most fundamental? Windfall profits, efficiency, and competitiveness.

In this market-driven, interconnected world, only the strongest survive. Life is a fight, a jungle. Economic and social Darwinism, with its constant calls for competition, natural selection, and

adaptation, forces itself on everyone and everything. In this new social order, individuals are divided into "solvent" or "nonsolvent"--i.e., apt to integrate into the market or not. The market offers protection to the solvents only. In this new order, where human solidarity is no longer an imperative, the rest are misfits and outcasts.

Thanks to globalization, only activities possessing four principal attributes thrive--those that are planetary, permanent, immediate, and immaterial in nature. These four characteristics recall the four principal attributes of God Himself. And in truth, globalization is set up to be a kind of modern divine critic, requiring submission, faith, worship, and new rites. The market dictates the Truth, the Beautiful, the Good, and the Just. The "laws" of the market have become a new stone tablet to revere.

Friedman warns us that straying from these laws will bring us to ruin and decay. Thus, like other propagandists of the New Faith, Friedman attempts to convince us that there is one way, and one way alone--the ultraliberal way--to manage economic affairs and, as a consequence, political affairs. For Friedman, the political is in effect the economic, the economic is finance, and finances are markets. The Bolsheviks said, "All power to the Soviets!" Supporters of globalization, such as Friedman, demand, "All power to the market!" The assertion is so peremptory that globalization has become, with its dogma and high priests, a kind of new totalitarianism.

DOSCAPITAL 2.0

Thomas L. Friedman.

Ignacio Ramonet makes several points in his provocative and impassioned anti-globalization screed. Let me try to respond to what I see as the main ones.

Ramonet argues that the Cold War was not an international system. I simply disagree. To say that the Cold War was not an international system because it could not explain everything that happened during the years 1946 to 1989--such as aerial transport or apartheid--is simply wrong. An international system doesn't explain everything that happens in a particular era. It is, though, a dominant set of ideas, power structures, economic patterns, and rules that shape the domestic politics and international relations of more countries in more places than anything else.

Not only was the Cold War such an international system, but France had a very comfortable, unique, and, at times, constructive niche in that system, bridging the two superpower camps. Now that this old order is gone, it is obvious France is looking for a new, singular, and equally comfortable niche in today's system of globalization. Just as in the Cold War, France, like every other country, will have to define itself in relation to this new system. The obsession with globalization in the pages of *Le Monde diplomatique* is eloquent testimony to the fact that this search is alive and well in France. Ramonet says that I "forget to remark that there are groups from every nationality, religion, ethnicity, etc., who vigorously oppose ... globalization." In my book *The Lexus and the Olive Tree*, however, I have five separate chapters dealing with different aspects of that backlash. The penultimate chapter, in fact, lays out why I believe that globalization is not irreversible and identifies the five major threats to it: Globalization may be "just too hard" for too many people; it may be "just too connected" so that small numbers of people can disrupt the whole wired world today; it may be

"just too intrusive" into people's lives; it may be "just too unfair to too many people"; and lastly, it may be "just too dehumanizing." My approach could hardly be called the Walt Disney version of globalization.

Frankly, I can and do make a much stronger case for the downsides of globalization than Ramonet does. I know that globalization is hardly all good, but unlike Ramonet, I am not utterly blind to the new opportunities it creates for people--and I am not just talking about the wealthy few. Ask the high-tech workers in Bangalore, India, or Taiwan, or the Bordeaux region of France, or Finland, or coastal China, or Idaho what they think of the opportunities created by globalization. They are huge beneficiaries of the very market forces that Ramonet decries. Don't they count? What about all the human rights and environmental nongovernmental organizations that have been empowered by the Internet and globalization? Don't they count? Or do only French truck drivers count?

Ramonet says I am "incapable of observing that globalization imposes the force of two powerful contradictory dynamics on the world: fusion and fission." Say what? Why does he think I called my book *The Lexus and the Olive Tree*? It is all about the interaction between what is old and inbred--the quest for community, nation, family, tribe, identity, and one's own olive tree--and the economic pressures of globalization that these aspirations must interact with today, represented by the Lexus. These age-old passions are bumping up against, being squashed by, ripping through, or simply learning to live in balance with globalization.

What Ramonet can accuse me of is a belief that for the moment, the globalization system has been dominating the olive-tree impulses in most places. Many critics have pointed out that my observation that no two countries have ever fought a war against each other while they both had a McDonald's was totally disproved by the war in Kosovo. This is utter nonsense. Kosovo was only a temporary exception that in the end proved my rule. Why did airpower work to bring the Balkan war to a close after only 78 days? Because NATO bombed the Serbian tanks and troops out of Kosovo? No way. Airpower alone worked because NATO bombed the electricity stations, water system, bridges, and economic infrastructure in Belgrade--a modern European city, a majority of whose citizens wanted to be integrated with Europe and the globalization system. The war was won on the power grids of Belgrade, not in the trenches of Kosovo. One of the first things to be reopened in Belgrade was the McDonalds. It turns out in the end the Serbs wanted to wait in line for burgers, not for Kosovo.

Ramonet falls into a trap that often ensnares French intellectuals, and others, who rail against globalization. They assume that the rest of the world hates it as much as they do, and so they are always surprised in the end when the so-called little people are ready to stick with it. My dear Mr. Ramonet, with all due respect to you and Franz Fanon, the fact is the wretched of the earth want to go to Disneyland, not to the barricades. They want the Magic Kingdom, not *Les Misérables*. Just ask them.

Finally, Ramonet says that I believe all the problems of globalization will be solved by the "invisible hand of the market." I have no idea where these quotation marks came from, let alone the thought. It certainly is not from anything I have written. The whole last chapter of my book lays out in broad strokes what I believe governments--the American government in particular--must do to

"democratize" globalization, both economically and politically. Do I believe that market forces and the Electronic Herd are very powerful today and can, at times, rival governments? Absolutely. But do I believe that market forces will solve everything? Absolutely not. Ramonet, who clearly doesn't know a hedge fund from a hedge hog, demonizes markets to an absurd degree. He may think governments are powerless against such monsters, but I do not.

I appreciate the passion of Ramonet's argument, but he confuses my analysis for advocacy. My book is not a tract for or against globalization, and any careful reader will see that. It is a book of reporting about the world we now live in and the dominant international system that is shaping it--a system driven largely by forces of technology that I did not start and cannot stop. Ramonet treats globalization as a choice, and he implicitly wants us to choose something different. That is his politics. I view globalization as a reality, and I want us first to understand that reality and then, by understanding it, figure out how we can get the best out of it and cushion the worst. That is my politics.

Let me share a secret with Ramonet. I am actually rooting for France. I hope that it can preserve all that is good and unique in its culture and way of life from the brutalizing, homogenizing forces of globalization. There is certainly room for a different path between the United States and North Korea, and good luck to France in finding it. But the readers of *Le Monde diplomatique* will get a lot better idea of how to find that middle path by reading my book than by reading Ramonet's critique.

Unfortunately, his readers will have to read *The Lexus and the Olive Tree* in a language other than French. The book is coming out in Arabic, Chinese, German, Japanese, and Spanish. There is only one major country where my American publisher could not find a local publisher to print it: France.

LET THEM EAT BIG MACS

by Ignacio Ramonet.

It is truly touching when Thomas Friedman says, "The wretched of the earth want to go to Disneyworld, not to the barricades." Such a sentence deserves a place in posterity alongside Queen Marie-Antoinette's declaration in 1789, when she learned that the people of Paris were revolting and demanding bread: "Let them eat cake!".

My dear Mr. Friedman, do reread the 1999 Human Development Report from the United Nations Development Programme. It confirms that 1.3 billion people (or one-quarter of humanity) live on less than one dollar a day. Going to Disneyworld would probably not displease them, but I suspect they would prefer, first off, to eat well, to have a decent home and decent clothes, to be better educated, and to have a job. To obtain these basic needs, millions of people around the world (their numbers grow more numerous each day) are without a doubt ready to erect barricades and resort to violence.

I deplore this kind of solution as much as Friedman does. But if we are wise, it should never come to that. Rather, why not allocate a miniscule part of the world's wealth to the "wretched of the earth"? If we assigned just 1 percent of this wealth for 20 years to the development of the most unhappy of our human brothers, extreme misery might disappear, and with it, risks of endemic violence. But globalization is deaf and blind to such considerations--and Friedman knows it. On the contrary, it worsens differences and divides and polarizes societies. In 1960, before globalization, the

most fortunate 20 percent of the planet's population were 30 times richer than the poorest 20 percent. In 1997, at the height of globalization, the most fortunate were 74 times richer than the world's poorest! And this gap grows each day. Today, if you add up the gross national products of all the world's underdeveloped countries (with their 600 million inhabitants) they still will not equal the total wealth of the three richest people in the world. I am sure, my dear Mr. Friedman, that those 600 million people have only one thing on their minds: Disneyworld!

It is true that there is more to globalization than just the downsides, but how can we overlook the fact that during the last 15 years of globalization, per capita income has decreased in more than 80 countries, or in almost half the states of the world? Or that since the fall of communism, when the West supposedly arranged an economic miracle cure for the former Soviet Union--more or less, as Friedman would put it, new McDonalds restaurants--more than 150 million ex-Soviets (out of a population of approximately 290 million) have fallen into poverty?

If you would agree to come down out of the clouds, my dear Mr. Friedman, you could perhaps understand that globalization is a symptom of the end of a cycle. It is not only the end of the industrial era (with today's new technology), not only the end of the first capitalist revolution (with the financial revolution), but also the end of an intellectual cycle--the one driven by reason, as the philosophers of the eighteenth century defined it. Reason gave birth to modern politics and sparked the American and French Revolutions. But almost all that modern reason constructed--the state, society, industry, nationalism, socialism--has been profoundly changed. In terms of political philosophy, this transformation captures the enormous significance of globalization. Since ancient times, humanity has known two great organizing principles: the gods, and then reason. From here on out, the market succeeds them both.

Now the triumph of the market and the irresistible expansion of globalization cause me to fear an inevitable showdown between capitalism and democracy. Capitalism inexorably leads to the concentration of wealth and economic power in the hands of a small group. And this in turn leads to a fundamental question: How much redistribution will it take to make the domination of the rich minority acceptable to the majority of the world's population? The problem, my dear Mr. Friedman, is that the market is incapable of responding. All over the world, globalization is destroying the welfare state.

What can we do? How do we keep half of humanity from revolting and choosing violence? I know your response, dear Mr. Friedman: Give them all Big Macs and send them to Disneyworld!

WANT TO KNOW MORE?

An insightful overview of the social transformations that globalization has ushered in can be found in Malcolm Waters' *Globalization* (New York: Routledge, 1995). In *Capitalism, Socialism, and Democracy* (London: Harper, 1942), Joseph Schumpeter argues that only innovation can compensate for the destructive forces of the market. Benjamin Barber looks at culture clash in his book *Jihad versus McWorld* (New York: Times Books, 1995). William Greider argues for more managed globalization in *One World Ready or Not: The Manic Logic of Global Capitalism* (New York: Simon & Schuster, 1997). In his book, *The Post-Corporate World: Life after Capitalism* (San

Francisco: Berrett-Koehler, 1999), David Korten stipulates that corporate capitalism could unravel the cohesion of society. Robert Reich considers how international labor markets will react to a shrinking world in *The Work of Nations: Preparing Ourselves for the 21st Century* (New York: Alfred A. Knopf, 1991). For a view on how information technology has changed the world economy, see Frances Cairncross' *The Death of Distance* (Cambridge: Harvard Business School Press, 1997). For a provocative advocate of Americanization, see David Rothkopf's "In Praise of Cultural Imperialism" (*FOREIGN POLICY*, Summer 1997). Refraining from taking sides, Dani Rodrik reexamines some of the faulty assumptions made on both sides of the globalization debate in "Sense and Nonsense in the Globalization Debate" (*FOREIGN POLICY*, Summer 1997). Ignacio Ramonet's wide-ranging commentary can be found in back issues of *Le Monde diplomatique*, archived online. Rigorous critiques of Thomas Friedman's new book, *The Lexus and the Olive Tree* (New York: Farrar Straus and Giroux, 1999) can be found in the *New Yorker* (May 10, 1999), *Nation* (June 14, 1999), *Financial Times* (May 15, 1999) and *New Statesman* (July 5, 1999).

For links to relevant Web sites, as well as a comprehensive index of related *FOREIGN POLICY* articles, access www.foreignpolicy.com.

Added material.

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IGNACIO RAMONET is editor of *Le Monde diplomatique*.

Diplomacy then: Soviet premier Nikita Khrushchev and U.S. vice president Richard Nixon argue over the merits of capitalism in 1959's "Kitchen Debate" ...

... and now: Microsoft boss Bill Gates gives Russia's former first deputy premier Anatoly Chubais a crash course on the new economy in Moscow, 1997.

A TALE OF TWO SYSTEMS

"The Cold War had its own dominant ideas: the clash between communism and capitalism.... The driving idea behind globalization is free-market capitalism."

"Those countries that are most willing to let capitalism quickly destroy inefficient companies, so that money can be freed up and directed to more innovative ones, will thrive in the era of globalization. Those which rely on governments to protect them from such creative destruction will fall behind."

"The balance between individuals and nation-states has changed So you have today not only a superpower, not only Supermarkets, but... Superempowered individuals."

COLD WAR

In 1961, dressed in military fatigues, Cuban president Fidel Castro made his famous declaration: "I shall be a Marxist-Leninist for the rest of my life."

In February 1972, President Richard Nixon traveled to China to discuss a strategic alliance between the two countries against the USSR.

Many countries raised trade barriers and tried import substitution industrialization, nationalization, price controls, and interventionist policies.

The International Monetary Fund (IMF) and the World Bank were always present but rarely heeded.

Result: Hyperinflation, overwhelming external debt, corruption, and

inefficient industries ruled the day. Only 8 percent of countries had liberal capital regimes in 1975 and foreign direct investment was at a low of \$23 billion.

In 1956, there were 973 international nongovernmental organizations (NGOs) in the world.

In 1972, the total volume of world trade was only a fraction larger than the gross national product of the USSR.

In 1970, there were only 7,000 transnational corporations (TNCs) in the world.

GLOBALIZATION

This January, Castro donned a business suit for a conference on globalization in Havana. Financier George Soros and conservative economist Milton Friedman were invited.

In April 1999, Chinese premier Zhu Rongji came to Washington to discuss China's admission to the World Trade Organization.

Economic development relies on private-sector ownership, transparency and accountability, as well as investments in human capital and social infrastructure.

The IMF plays a critical role, but must be enmeshed in a web of other organizations that support social welfare and the environment while promoting economic growth.

Result: Foreign direct investment increased five fold between 1990 and 1997, jumping to \$644 billion, and the number of countries with liberal regimes tripled to 28 percent.

In 1996, there were 5,472 international NGOs in the world.

The estimated annual revenue of transnational organized crime as of 1997, \$750 billion, is larger than the gross domestic product of Russia.

By 1994 the number of TNCs grew to 37,000 parent companies with 200,000 affiliates worldwide--controlling 33 percent of the world's productive assets.

SOURCE: Quotes taken from *The Lexus and the Olive Tree*, by Thomas Friedman (New York: Farrar, Straus, and Giroux, 1999).