

Globalization at Risk: The Changing Preferences of States and Societies

James M. Quirk

After long, wide trends toward freer and more integrated markets, peoples and ideas, reluctance to subordinate the ideals of globalization to state interests shows signs of serious erosion. Recent examples include the breakdown of international institutions, the rise in state control over energy resources and their use as diplomatic leverage, and the abandonment of the principles of globalization. The sources of these changing preferences are both ideological and utilitarian. The result is that key elements of globalization are at risk, but with unpredictable consequences.

Key Words: political economy, globalization, international institutions, economic nationalism, resource nationalism, financial crisis

JEL Classification: F02, F13, F33, F52, G01

Introduction

At the end of the 20th century, the great debate between socialism and capitalism was judged largely to have been resolved in favor of markets, free trade and entrepreneurs over central planning, protectionism and state-led roles. The confluence of these 'victories' with the spread of democracy and great technological advances yielded a multi-faceted globalization of commerce, culture and even 'the end of history'. Liberalism seemed to have gone global, overtaking competing -isms in theory and in practice.

In the 1980s and 1990s, democratic and market reforms spread across Latin America, Eastern Europe, and parts of Africa and Asia. Great leaps in telecommunications increasingly connected these regions with the West and the rest of the world. Multilateral tariff negotiations expanded into a global organization of more than 150 countries bound to rules on goods, services, intellectual property, and dispute settlement. A détente-era forum for East-West issues became a 56-member organization to promote democratic, electoral, economic and human rights reform 'from Vancouver to Vladivostok'.¹ Between 1988 and 2007, the Nobel Peace Prize

Dr James M. Quirk is a senior analyst at The Bishop Group and teaches politics at The Catholic University of America, USA.

Managing Global Transitions 6 (4): 341–371

was awarded to eight organizations (including the United Nations) for worldwide humanitarian, nonproliferation, development and environmental efforts.

Rapidly, however, the promise of global peace and prosperity became challenged by terrorism, energy insecurity, faltering democratic movements and more. In this context, states and populations have more easily overlooked the open and cooperative ideals. Notable developments include the breakdown of international institutions, the rise of state control and diplomatic use of energy resources, and the US shift in priorities away from the basic ideals of globalization.

Alone, any of these might represent a normal 'blip' in international politics and economics. But considering new global economic and security concerns, emerging evidence of retreat from democracy in some countries (and continued lack of democratic development in others), and a rise in leaders' use of nationalism and populism to appeal to disquieted electorates, together they may augur an important and troubling trend. They may suggest political, economic and cultural indicators of a return to the centrality of states, and the willingness of governments and populations to put their state interests and identities first. A general acceptance of democracy and markets remains, but reluctance to subordinate those ideals to state interest shows signs of serious erosion. The question is whether all this amounts merely to a cacophony of cries from insecure workers, voters and leaders, or to an inchoate orchestral movement away from global liberalism. This article serves in part as a call for investigations, qualitative and quantitative alike, into these trends. Such inquiry would serve scholarly, policy and commercial interests.

First, this article highlights some of the classic and emerging literature on the changing nature of states and the state system during globalization. Second, it considers evidence of three potential trends: the breakdown of international institutions, the rise of state control and diplomatic use of energy resources, and the abandonment of the principles of globalization by the United States. Next, it evaluates two sources of these changes in preferences by states and societies: ideological shift and pragmatism. Finally, the article offers avenues of inquiry for further investigation, in search of corroborating or contradictory evidence and more informed scholarship and policy-making.

One caveat. The goal of the article is neither to mourn nor celebrate a possible decline of globalization. Some people focus on the economic, cultural and other costs of globalization – a rich and important area

of study. But this analysis examines threats to generally beneficial aspects of globalization such as the expansion of democracy and human rights, greater international cooperation, and the benefits of integrated and market-oriented economies. The purpose here is to recognize ongoing changes, to understand the sources of such changes, and to be aware of their implications. In these ways, policy makers, scholars, business and citizens can prepare for, ameliorate or even benefit from the effects of such changes.

Challenges to States and the International System

The shift away from the generations-old movement of freer and more integrated markets, people and ideas, and from the acceleration and intensification of it known as globalization, takes place within a context of a longer discussion of the challenges to the primacy of states and of competing descriptions of the global system.

Among the seminal ideas on the decline of the pre-eminence of the state is Keohane and Nye's (1977) 'complex interdependence', in which states were joined by non-state actors as legitimate contenders for power and influence in the international system. Albert Bressand (1983) warned of threats to the 'worldeconomy' [sic] even before globalization bloomed. Later, Susan Strange (1995) explored the expanded role of non-state actors in the global economy, including organized crime, multinational corporations and inter-governmental organizations. Moses Naim (2005) judged that the proliferation of micropowers – like bloggers, hedge funds, human traffickers (and suicide terrorists (Pape 2006)) – created a hyper-polar system.

The development of states themselves also came under increasing scrutiny. In an era widely perceived as a global 'wave' of democratization (Huntington 1991), the reality was more complex. Terry Lynn Karl (1995) identified 'hybrid regimes' that combined authoritarian and democratic practices. Guillermo O'Donnell (1996) observed difficulties in 'consolidating' new regimes as democratic. Larry Diamond (2000) warned of a 'reverse wave', signaling the end and ebb of the current era of democratization. Robert Rothberg (2003) and others drew attention to failed and failing states, while James Dobbins (2007; 2008) and others detailed the difficulties of nation-building.

States and other actors also faced a changing operational environment. Jessica Mathews (1997) discussed the shift of powers from the state to supra-, sub- and non-state actors. Anne-Marie Slaughter (1997) de-

scribed states as transferring some of their regulating duties to transgovernmental organizations. Joseph Stiglitz (2002) acknowledged some of the shortcomings of international institutions, while David Held (2004) offered a social democratic alternative to the markets-first globalization. Jorg Friedrichs (2001) and John Rapley (2006) offered a ‘new medievalism’ in which overlapping authorities and multiple loyalties are stronger than states. Henry Kissinger (2001) was critical of those seeking without due care to replace Westphalia’s sovereignty and non-interference with humanitarian intervention and universal jurisdiction. Peregrine Worsthorne (1991) and Hubert Vedrine (1998) called the us a ‘hyperpower’. But Andrew Bacevich (2005a; 2005b), Chalmers Johnson (2004; 2006) and others warned of the consequences of American empire, while Thomas Friedman (2005) and Fareed Zakaria (2008) described a ‘flat’, ‘post-American’ world. More broadly, Niall Ferguson (2005) noted an emerging resemblance to the global conditions that contributed to World War I, reminiscent of Norman Angell’s (1909) warnings from that earlier era of globalization.

The international system was indeed evolving – ‘global’ was necessary to replace ‘international’ to reflect the rising role of non-state actors. But states and state interests did not disappear. It was national electorates that defeated EU restructurings. Governments defending national interests stalled trade negotiations, and responded with ‘unprecedented measures’ (Paulson 2008) to the financial crisis in 2008. It was national governments that increasingly took state control over energy sectors and used those resources in aggressive diplomacy. And it was us government policy, with broad popular support (at least for a while) which shifted from post-Cold War idealism to realism and from focusing on the benefits of globalization to focusing on its risks. The question is not whether strong states and globalization can co-exist, but whether state and societal tendencies are increasingly parochial or integrating. The changing preferences of states and societies is *away* from the principles of globalization.

The Changing Preferences of States and Societies

The postwar progress toward freer markets, people and ideas, which accelerated and globalized after the end of the Cold War, has come under increasing pressure. This can be illustrated by looking at three evolving trends: breakdowns in international institutions, increased state control and diplomatic use of energy resources, and considerable retraction

from globalization ideals by its prime mover and struggling hegemon.

BREAKDOWN OF INTERNATIONAL INSTITUTIONS

Key international organizations of the post-World War II era faced abrupt decelerations in the post-post-Cold War era. First, the proposed restructuring of the European Union stalled after being rejected by popular referendums in spring 2005 and summer 2008. Second, the Doha Development Round of the World Trade Organization talks broke down in June 2006, with little prospect for recovery. Third, the World Bank and International Monetary Fund (IMF) confronted a range of emerging challenges and criticism. Finally, the 2008 global financial crisis tested the world's leading economies, with governments responding in ways fundamentally opposite of market-based solutions.

Shaping the Future of Europe

The European Union (EU) traces its origins to postwar European efforts at economic reconstruction and political cooperation. After the Cold War, the pace of 'widening' (more member states) and 'deepening' (more integration) accelerated. It added Austria, Finland and Sweden in 1995, ten more states (several formerly of the Soviet bloc) in 2004, and Bulgaria and Romania in 2007. The areas of EU governance expanded from economic and trade topics to social, justice and foreign policy areas and the establishment of a common currency.

To manage the larger number of members and issues, a treaty establishing a constitution for Europe was developed. But in May and June 2005, popular referendums in France and the Netherlands rejected the new constitution, and polls indicated that voters in the United Kingdom and Poland might do the same. In France and the Netherlands, the main political parties supported ratification (as did UK prime minister, Tony Blair), but substantial elements across the population (55 and 61 percent, respectively) did not.² Of the 15 nations that ratified, only Spain (before France and the Netherlands) and Luxembourg (after) did so by referendum.

Support for 'no' to the constitution was found on both the political left and right. Issues ranged from concerns over the economy to dissatisfaction with the political parties, but also anti-immigration fervor, a 'general crisis in French society', and a sense of distance from the institution(s) of the EU itself.³ (For context, the Maastricht treaty of 1992 also had early difficulties. Denmark and the UK eventually got special 'opt

out' provisions.) Today, a new governing structure remains necessary to manage 27 members of diverse geographic, economic, cultural and ethnic backgrounds and interests, including the debate over whether to admit Turkey.

In the wake of the failed constitution, EU members' leaders agreed to the Treaty of Lisbon in December 2007, with the goal of ratification by all 27 member states by the end of 2008. All national governments except Ireland put the decision-making in the hands of their parliaments. The Irish, entitled to a referendum by their own constitution, rejected the treaty in June 2008. As in France and the Netherlands, most of Ireland's political, business and labor leadership supported the treaty, but for a wide range of reasons (including insufficient understanding and protecting Irish identity), the majority of voters did not.⁴

This is not to suggest that EU integration was the same as globalization, or necessary for it. Rather, the ideas driving EU integration were dominant elsewhere during the era of globalization, while the questions facing the EU now are contemporary with and related to broader questions of global integration.

WTO-Doha

Like the EU, the World Trade Organization (WTO) has roots in the post-war era. Twenty-three countries founded an international trade regime January 1, 1948, the General Agreement on Tariffs and Trade (GATT). GATT rounds over the next four decades removed a wide range of tariff and non-tariff barriers and introduced a general principle of 'most-favored nation' status among the treaty's increasing number of signatories. By 1986, 125 countries began the Uruguay Round, which sought to develop GATT into a permanent institution, the WTO, which was established in 1995.⁵

Subsequent efforts at expanding the trade regime have been difficult.⁶ The 'Seattle Round' was scuttled in the face of anti-globalization protests in 1999. WTO members tried again at a more secure location, Doha, Qatar, in 2001. It was to focus on development, not just trade facilitation. The difficulties of the Doha Round took shape by the time of the Cancun meeting in 2003. A group of developing nations (dubbed the G-20, with approximately that number of member states) contested US and EU agricultural policies on subsidies and market access, while developing nations were resistant to further opening of their markets to rich-country manufactured goods. When talks in Geneva broke down

in July 2006, many observers considered the Doha Round to be unsalvageable, since US law permitting 'fast-track' consideration of any trade bill (that is, without Congressional amendments) was set to expire, and did, in June 2007. Doha Round negotiations were restarted in Potsdam in 2007 and Geneva in 2008, but collapsed each time on the agricultural and market-access details.

World Bank and IMF

The principle international financial institutions are also under increasing pressure. The efforts of the World Bank and IMF came under a range of criticisms, including by at least two Nobel economists (Krugman 1999; Stiglitz 2002; 2006; Easterly 2001; 2006; Collier 2007). The IMF also strained under internal, conceptual questions. Its post-1989 'Washington Consensus' reform package was criticized as 'neo-liberal', blamed for financial crises and judged generally harmful to implementing countries. It was finally abandoned by its originators as the 'stale ideological rhetoric of the 1990s' (Williamson 2003).⁷ The World Bank and IMF were also distracted when the controversial World Bank president Paul Wolfowitz (in 2007) and IMF managing director Dominique Strauss-Kahn (in 2008) faced personal personnel scandals.

The World Bank and IMF also faced new competition. Facing enormous demand for energy and other natural resources, China increasingly uses the vast resources of its government-owned China Development Bank to make loans to developing countries, to secure access for Chinese companies to the borrowers' natural resources.⁸ China makes these and other deals without the human rights, social and environmental conditions imposed by the IMF and World Bank (IMF and World Bank 2006).

During the 2008 financial crisis, the entire postwar structure was questioned. IMF's Dominique Strauss-Kahn acknowledged that, 'It is necessary to review the functioning of the architecture of the global financial system.'⁹ British prime minister Gordon Brown and French President Nicholas Sarkozy were among those who called for a 'new Bretton Woods [...] to rebuild our fractured international financial system' (Brown 2008).

Wall Street

From 2007 through 2008, the bursting of the American housing bubble, the implications for the highly leveraged mortgage-related financial instruments and the subsequent credit crisis among major investment

banks developed into a global financial crisis. Stock markets plummeted in Russia, Europe, North America and East Asia, with fears of a long recession. The responses to the crisis revealed at least two things: strong, activist governments and dramatic changes in policy assumptions.

First, the response to the crisis demonstrated that free-market, democratic governments in the most advanced economies could be strong, willing actors in an effort to prevent a crisis from becoming a catastrophe. US Treasury Secretary Paulson – dubbed ‘King Henry’ – was the key figure in the government’s series of steps that included vast increases in authority for the Treasury and the Federal Reserve Bank. Through October 2008, these included arranging the sale, bailout, failure, or restructuring of the major investment banks; supporting the federal takeover of the giant US firms of the secondary mortgage market; temporarily banning short-selling; increasing the size and scope of the federal guarantee on bank deposits; orchestrating the government’s right to purchase up to \$700 billion of distressed assets; and issuing a plan to partially nationalize a number of US banks, with the Treasury purchasing \$250 billion in shares and imposing new restrictions (Cho, Irwin, and Whoriskey 2008). Purchasing shares in insurers soon followed.

European banks were similarly engaged with plans that came to include loan and deposits guarantees and governments’ direct purchase of bank shares. But some considered cooperation among the major countries to be slow in coming: ‘Germany shattered any semblance of European unity on the global credit crisis last night’ (Boyes 2008) read one report, after an unsuccessful Paris summit and unilateral efforts by Greece, Ireland, Denmark. As Iceland’s banking system neared collapse, and failing to gather support from its Western allies, the prime minister complained that it was ‘every country for itself’, and turned to Russia for a loan (Mason 2008).

Second, the response to the crisis demonstrated a fundamental change among the governments of wealthy countries. Over the last three decades, these countries generally had switched from mid-century Keynesian-FDR interventionist policies toward Hayek-Thatcher-Reagan market-led policies. Politicians, scholars and the media all made headlines, such as ‘Necessity pushes out principles’ (Beattie 2008), ‘Undertakers deliver last rites for US capitalism’ (Guha 2008) and ‘We’re all socialists now.’¹⁰ The American electorate slowed down Congressional approval of the original \$700 billion plan – at least partly on ideological grounds – but seemed to concede in the face of rapidly declining retirement accounts and countless media references to the Great Depression. Secretary Paulson (2008)

acknowledged that, 'Government owning a stake in any private us company is objectionable to most Americans, me included.' Plans to nationalize private pension funds, as announced in Argentina, were received by prominent Democrats in Congress.¹¹ As Paul Krugman pointed out early in the crisis, 'Much of Washington appears to have decided that government isn't the problem, it's the solution.' (Krugman 2008.) Even Alan Greenspan (2008) confessed that in his trust in markets over regulation, 'I made a mistake.'

Whether this change is temporary or long-term remains to be seen. But if government efforts at saving the markets are perceived to fail, both the government and the markets will be criticized. If the interventions are perceived to work, markets may still be seen as a problem, and government as a solution.

The problems of the EU, WTO, IMF and World Bank, and the Western financial sector are important for at least two reasons. First, they identify that populations and governments in both the developed and developing regions have large concerns over the future direction and extent of markets and integration. Second, they mark significant pauses – or perhaps breaks – in a general trends in the West since the end of World War II and globally since the end of the Cold War.

The breakdown of international institutions also may mark potential inroads for certain rising powers whose strengths lie in Western reliance on imported energy and whose commitments are not to democratic, human rights or market-oriented globalization. Ayatollah Ali Khamenei, Iran's supreme leader, claimed that the Marxist and capitalist models have failed, proving the Islamic model's superiority.¹² Venezuela's socialist president, Hugo Chavez, noted that in the face of crisis the West abandoned its free-markets model in favor of socialist policies.¹³

ENERGY: STATE CONTROL AND DIPLOMATIC LEVERAGE

Energy-exporting countries have begun to reassert the role of the state in their energy sectors, and are increasingly using their natural resources for diplomatic leverage. Concern about 'resource nationalism' in states like Russia, Iran and Venezuela is based on emerging diplomatic trends, including relations among these non-democratic energy exporters, and deteriorating relations between energy exporters and importers.

Russia

Russia headlines a discussion on energy diplomacy. It temporarily halted gas supply to Ukraine in 2006, reduced oil supplies to the Czech Repub-

lic after a 2008 US-Czech deal on antiballistic missile systems, and had extended and ultimately hostile disagreements with Georgia. Europe became increasingly worried about its own reliance on Russian energy.

Russia continues to enlarge state control over the energy sector, including the state takeovers of Yukos (beginning in 2003) and Sibneft (2005). By 2006, a new tactic emerged: Russian officials threatened foreign oil and gas investors in the name of environmentalism. The Shell (with partners Mitsui and Mitsubishi) oil and gas project, Sakhalin-2, and the Russo-Anglo ТНК-ВР deal in Siberia each became targets, with state-owned Gazprom as the beneficiary. In 2007, the French oil company Total was limited to a minority stake in a partnership with Gazprom for Arctic development.¹⁴

More generally, Russia's relations with the West cooled. In 2006, it received a scolding on energy and democracy from US vice president Dick Cheney in Vilnius, was again denied membership in the WTO, and made deals to provide arms to the anti-American regime in Venezuela. An EU pipeline deal with Kazakhstan avoiding Russian territory was completed, and questions were raised over Russia-Algeria cooperation over gas supplies to Europe. An OECD report (2006) criticized the expansion of Gazprom and Russian policies. In July 2007 Putin announced a moratorium on Russia's compliance with the 1990 Conventional Forces in Europe (CFE) treaty. In August 2007, Russia planted a flag on the Arctic seabed near the North Pole, symbolically claiming its potential resources. Russia has also begun strengthening ties with China and Central Asia in the Shanghai Cooperation Organization, a nascent military and/or energy alliance (Gat 2007). The war in Georgia in August 2008, and Russian recognition of independence for two Georgian regions, marked a new post-Cold War low point. Late in 2008, Russia and Iran (and Qatar) discussed creating a natural gas cartel. Advice from a former prime minister of Ukraine was foreboding: the West must 'counter Russia's long-standing expansionism and its present desire to recapture its great-power status at the expense of its neighbors' (Tymoshenko 2007).

Iran

Iran has the world's second largest reserves of oil and of gas, already dominated by the state. The government relies heavily on its state-owned energy sector: oil provides 85 percent of the government's revenues.¹⁵ Despite higher global energy prices, Iran continued to struggle domestically with inflation, unemployment and production capacity limits, and in

July 2007 imposed gasoline rations on its citizens.¹⁶ Nevertheless, higher global energy prices have enabled Iran to assert a more aggressive foreign policy.

Iranian President Mahmoud Ahmadinejad has attracted considerable negative attention for his Holocaust denials and threats to the existence of Israel. But concerns over Iran's foreign policies are also more fundamental, rooted in the dominance of Ali Khamenei, supreme leader since 1989 (Ganji 2008). His Iran has a two-pronged foreign policy of concern. First is ordinary regional contests: its support of Hamas, Hezbollah and certain Shiite militias in Iraq, pursuing its interests against Israel, the United States and Shia-Sunni cooperation in Iraq.

Second is the dispute over Iran's nuclear power program, and its alleged pursuit of nuclear weapons. A nuclear Iran could endanger Israel and its neighbors, and cause a regional arms race. If the international community were to increase sanctions for nuclear non-compliance, Iran might temporarily limit oil exports, or complicate passage of ships through the Straits of Hormuz,¹⁷ resulting in a global price spike without resolving the issue. If the US or Israel were to attack suspected nuclear technology sites in Iran, any of a number of options might develop, from civil unrest to regional war – all threatening global oil supplies. Russia's military ties with Iran, its assistance with the development of Iran's civilian nuclear power, reports of a Russian scientist providing nuclear weapons assistance, and mutual interest in countering American strength in the region raise questions about their nuclear relationship (Scolino 2008).

Venezuela

Venezuela's president Hugo Chavez attempts to be a connection between these various energy issues and new allies. Energy provided over 90 percent of export revenues and more than half of the government's revenues.¹⁸ Despite domestic electricity problems,¹⁹ the increases in revenue from sharp oil price increases had a directly emboldening effect on Venezuelan foreign policy. In a 2006 world tour, Chavez secured an arms deal with Russia, warned against US military action in Iran and sought Iranian investment, praised Castro beside his hospital bed, entered the Mercosur trade pact, secured China as an oil market and investor, and cultivated allies in Africa, Syria, Belarus and elsewhere on energy or anti-American issues. Military purchases included Russian attack helicopters, fighters and submarines, Belarussian air defense sys-

tems, and Chinese jet trainers. After winning re-election in December 2006, Chavez announced the closing of RCTV television channel, gained authority from the National Assembly to rule by decree, moved to nationalize the telecommunications, electricity, gold and energy sectors (at considerable expense to foreign firms), and pledged to leave the IMF and World Bank. Chavez seeks a leadership role and increased cooperation among Latin American countries, including Argentina, Bolivia, Columbia, Ecuador and Uruguay.

These countries in turn followed Venezuela's example in reasserting state control over private assets. Argentina claimed to be defending its natural resources when it announced plans to expropriate large foreign-owned tracts of land, despite the owners' claims that they themselves are protecting the land as environmental philanthropists (Mander 2006). Bolivia's new populist leader and Chavez ally, Evo Morales, made claims on foreign companies' natural gas production. Ecuador nationalized the assets of us-based Occidental Petroleum. Mexico, meanwhile, continued to prohibit foreign investment in its national oil company, Pemex. A lack of energy infrastructure improvements risks the future of Mexico's largest source of income and the us's second-largest oil supplier.²⁰

Together, these major energy-supplying countries (and some minor ones) are committed to interests other than full participation in a global economy, accepting certain costs or even dangers in exchange for short-term interests of the regime. But at the same time, the 800-pound globalization gorilla also began acting in some nationalist, protectionist ways.

UNITED STATES: ABANDONING GLOBALIZATION?

The Cold War victory fueled an American surge of faith in democratic values, and expanded confidence in those values as universal. In the 1980s, the American leadership shifted from containing communism to defeating it, intent on spreading the political, economic and security benefits it expected would follow (Reagan 1984; 1987; Bush 1989; 1992). In the 'unipolar moment' (Krauthammer 1990/1991) after the Soviet collapse, the us saw an opportunity to promote global leadership. The Clinton administration often (albeit not exclusively nor perfectly) sought to exercise this global leadership multilaterally, focused on democratic values and institutions, market-oriented economies and human rights. Democracy promotion was in part pragmatic, with bipartisan belief in the practical wisdom of expanding the 'democratic peace' (Baker 1992; Christopher 1993) and in blending realism and idealism (Krautham-

mer 1990/1991; Brzezinski 1997; Clinton 2000). More importantly, it elevated American idealism as a foreign policy tool and goal – a misunderstood version of ‘the end of history’ and a globalized sense of ‘shining city on a hill’. The US military was employed in peacekeeping and nation-building in Somalia, Haiti, Bosnia, Kosovo and elsewhere. The democracy-promoting OSCE expanded to reach ‘from Vancouver to Vladivostok’. Free trade and greater integration was promoted with the development of NAFTA and the WTO; similar agendas were advanced in the EU, ASEAN and Mercosur. The virtues of democracy, privatization and the freer flow of goods and capital were promoted to post-Communist transitioning countries, Latin America, East Asia and IMF borrowers.

Policy changes from the Cold War worldview were implemented at the administrative level as well. The US diplomatic corps made several changes reflecting and directing the nature of globalization (Talbot 1997). The Foreign Service Institute required a new course on transnational issues like narcotics trafficking and refugee flows. Many more US government employees from departments of Justice, Transportation, Treasury and Health and Human Services were staffing embassies, and working with multinational and non-governmental groups, not just bilateral relations. In postwar Bosnia, for example, ‘nine agencies and departments of the US government are cooperating with more than a dozen other governments, seven international organizations, and 13 major NGOs – from the Red Cross to the International Crisis Group to the American Bar Association – to implement the Dayton Peace Accords.’²¹

The terrorist attacks on September 11, 2001, fueled at least two dramatic developments in US policy and sentiment away from these trends in globalization. The first was a reversion from idealism and multilateralism to realism and unilateralism, accelerating a trend that began even before the attacks. The second was a shift from emphasizing the benefits of globalization to focusing on its dangers. It manifested this shift with a more militarized foreign policy, rising nationalism, economic protectionism, and a state-led response to the 2008 financial crisis.

Return to Realism

US reversion to realism and unilateralism predated the 2001 attacks themselves. William Safire (1999a; 1999b) described this in the *New York Times* early in the nomination process, and Condoleezza Rice (2000) was an unabashed realist when she was Candidate Bush’s key foreign policy

advisor. In the first months of the George W. Bush administration, the us abandoned the 1972 anti-ballistic missile treaty, the environmental approaches outlined in the Kyoto Protocol, and a standing international war crimes tribunal.

After the terror attacks, the obvious state-level action was the dislodgement of the Taliban government in Afghanistan. In October 2001, 89 percent of Americans approved of President Bush's handling of the situation – and 81 percent supported an attack on Saddam Hussein.²² The White House and the American people had shifted from globally-interested, post-Westphalian humanitarian intervention and peacekeeping to self-preserving regime change and pre-emptive war.

Militarizing Foreign Policy

Changes in language and perspective reinforced the new attention to military problems and solutions.²³ Terrorism was no longer considered a law enforcement problem, but an act of war. President Bush declared a 'global war on terror', targeted al Qaeda as following 'in the path of fascism, and Nazism, and totalitarianism',²⁴ and warned of Iran, Iraq and North Korea as the 'axis of evil'.²⁵ In a strange combination of themes from former us Presidents Wilson, Truman, Reagan and Clinton, Iraq was targeted not only for possible weapons of mass destruction, but also as the cornerstone for democratic change in the Middle East. From Candidate Bush, who opposed nation-building, evolved the president of pre-emption, regime change, and coercive democratization. Rice was judged to have evolved in this same direction (Kessler 2007).

These changes were formalized in the 2002 National Security Strategy.²⁶ Its themes included 'preserve, defend and extend the peace' and justifying pre-emption as part of the war on terror. These echoed themes of the 1992 Defense Planning Guidance – unipolarity, unilateralism, pre-emption – drafted by persons who became top Bush administration officials in 2001.²⁷ America's 'gravest danger', warned the 2002 NSS, is the 'global reach' of terrorists at the 'crossroads of radicalism and technology'. The theme continued in the 2006 National Security Strategy, with reference to illicit arms and WMD trade: 'Globalization has exposed us to new challenges and changed the way old challenges touch our interests and values.'²⁸

Nationalism

In addition to Bush's more assertive military posture, questions combin-

ing cultural exceptionalism, national security and economic protectionism emerged on two fronts: a new East-West debate (between Islam and the (Christian or secular) West), and a battle over immigration.

The first was related directly to the September 11, 2001, attacks. Bush acknowledged that Americans were asking themselves, *Why do they hate us?*, and offered his answer: 'They hate our freedoms – our freedom of religion, our freedom of speech, our freedom to vote and assemble and disagree with each other.'²⁹ A variety of efforts to answer this question were undertaken in the subsequent years, with results ranging from Bush's presumably careless use of the word 'crusade' and a commitment to changing the political culture and structure of the Middle East, to a myriad of new university, think-tank, NGO, television and other 'understanding Islam' and 'Islam and the West' programs.

If Americans struggled with comprehending this 'clash of civilizations' (Huntington 1993), they knew an older one – immigration – very well. During the second Bush administration, the American public increasingly clamored for stricter immigration enforcement.³⁰ Polls from early 2005 through mid-2006 consistently showed that 77 percent of respondents said the US was 'not doing enough to keep illegal immigrants out of the country'. Polls in 2006 and 2007 found support for using the National Guard and 'building a fence' to help secure the southern US border against illegal immigrants exceeded 60 percent. Seventy percent believed that illegal immigrants weaken the economy, while nearly 90 percent thought the problems of illegal immigration were 'very serious' (between 59 and 62 percent) or 'serious' (between 25 and 30 percent). In Europe, polls also showed overwhelming support for stricter border control and widespread views that illegal immigration was a problem.³¹

Reasons for these views varied. Some cited economic issues such as taking American jobs and the costs to local governments for health care and education.³² Some claimed a rule-of-law righteousness, arguing that 'my grandparents/my spouse/I came legally' and complaining about the 'catch and release' law enforcement. Cultural protectionists like Huntington (2004) questioned whether new immigrants had the appropriate interest in and ability for 'assimilation'. The national security-minded warned against the ease with which terrorists could cross the border; this last group often noted the vulnerability of our ports as well. These viewpoints coalesced in response to President Bush's 2007 immigration reform proposal, which was branded as 'amnesty' for providing a path to citizenship for illegal immigrants.

Economic Protectionism

In some ways, security, cultural and economic dynamics were mutually reinforcing. Unlike the usual topics of tariffs and subsidies monitored by special interest groups, two cases of foreign direct investment became topics of fierce public debate: the purchase of a US oil company by China, and the transfer of several US port operations to the United Arab Emirates.

In the summer of 2005, CNOOC, an oil firm owned 70 percent by the government of China, made a bid to purchase Unocal in the US. What emerged was a 'potent informal political alliance between pragmatic security hawks and the opponents of free trade' (Hassett 2005). After considerable pressure from its constituents, Congressional (but not White House) opposition pressured CNOOC to withdraw its bid, and Unocal was acquired by Chevron, a US company.

In early 2006, US legislators again joined popular objection to an international corporate deal. By purchasing a publicly-traded British company, the UAE's state-owned DP World would take over operations at several US ports. Under public pressure, key leaders of both parties in both houses of Congress worked to block the deal, while President Bush publicly asked, 'I don't understand why it's OK for a British company to operate our ports but not a company from the Middle East.'³³ A deal for DP World to sell its US port operations to American-owned AIG Global Investment Group was announced in December 2006. (Foreign takeovers of 'national security' assets were also resisted even among fellow EU members. In 2006, France opposed a bid from metals giant Mittal, headed by a London-based Indian, for Luxembourg-based Arcelor; Italy opposed a takeover of its toll-road operator by a Spanish firm; and Spain opposed the merger of Endesa by the German energy firm, E.On.)

2008 Financial Crisis

As described above, the responses to the 2008 financial crisis by US and European governments were state-centric, with bailouts, arranged deals, new financial guarantees, and the partial nationalization of banks orchestrated by self-empowering finance ministers, central bankers and heads of state. This varied considerably from the IMF prescriptions for troubled economies in the 1990s, which usually called for fiscal responsibility and market-oriented reforms. During the 1990s, Sweden and Japan took critical actions, the US supported Mexico and Long-Term Capital Management, and the IMF supported a spiraling Russia. But the govern-

ment roles in the 2008 crisis were historic in scope, dollar amount, and philosophy.

It is noteworthy that in the US, the White House did not share the opinion of many of its usual supporters on DP World and immigration; the protectionism was led by constituents, especially among the president's conservative base. Elsewhere, the president generated criticism for unilateralism and protectionism. Meanwhile, Democratic voters became frustrated with their own Congressional leadership for failing to deliver on pledges of troop withdrawals from Iraq. The judiciary was not exempt: the public demanded state and local responses to a 2005 US Supreme Court decision expanding the government's right to seize private property for re-development.³⁴ A disconnect between governments and their publics is seen in Europe too: the governments typically supported the new governing treaties, but the French, Dutch and Irish voters rejected them, and others might have. In the energy states, though, the state (even if that means a particular ruler) has led the policies. Putin and Chavez are criticized as increasingly authoritarian, while some see a swing to the populist, nationalist, or socialist left in Latin America.³⁵

Academics, politicians and voters are not the only ones struggling to understand these changes and conflicts. International business leaders, long at the vanguard of globalization, 'are being trapped by the uneven landscape of sovereign protectionism' and 'national parochialism' among mature democracies (Hamre 2007). That is, the diminishing reluctance to subordinate the principles of globalization to parochial interests comes from voters and regimes of different political philosophies in various parts of the world, affecting people, governments and business.

The Sources of Changing Preferences

The changing preferences of states and societies that are manifesting themselves as the breakdown of international institutions, the increased politicization of oil and the wavering of US commitment to globalization have at least two underlying sources. The first is philosophical – an ideological shift. The second is pragmatic, reflecting changing assessments of the utility of existing policies and structures.

Philosophical Changes

The post-Cold War era, which lasted perhaps a decade, was filled with hope, expectations and promises of idealism trumping realism. Human

rights, free trade, a global democratic peace, and the end of history would replace oppression, protectionism, nationalism, balance of power and ideological struggles. The ideals of intervention in Bosnia, Cambodia, East Timor, Eastern Slavonia, El Salvador, Haiti, Kosovo, Mozambique, Namibia, Sierra Leone, Somalia and elsewhere were to promote the human condition over and despite the political realities of the preceding decades and centuries.

Even before September 11, 2001, though, the ideological return of realism was underway. George W. Bush's top foreign policy advisor (Rice 2000) promised a realist *Weltanschauung*. The administration's prominent neo-conservatives such as Wolfowitz and Cheney sought to advance American hegemony and self-interest, rather than any multilateral confluence of global ideals. After the 2001 terrorist attacks, the American public gave wide latitude to the administration, at home and abroad, in the interest of national security (Casey 2008; Giuora 2008). Support for war against Afghanistan was nearly universal; a seemingly easy victory there made expanding this militarization of foreign policy to Iraq easier. This ideological position was joined by much of the American public in fear of the 'new normal', and spread to opposition to previously obscure foreign direct investment and immigration issues.

Putin and Chavez were likewise motivated by ideology, although in some different ways. Yeltsin's handpicked successor did not focus on the skillful repair and advancement of Russia's broken democratic and market 'reforms'. Rather, Putin sought to meet Russians' desperate hunger for order, stability and a return of national prestige. The economic collapse, the rise of the oligarchs, the struggle with Chechnya, the military's internal troubles, and the loss of super-power status – Putin was charged with rectifying these, not strengthening civil society and human rights law. Putin took on these challenges with his own personal and political strength, enabled and emboldened by the growing price of oil.

Latin America became increasingly democratic in the 1980s and 1990s. But in Chavez, Venezuela elected a former military coup leader committed to a Bolivarian social revolution, promoting social welfare, reining in the private sector, and combating the prevailing international power structure. Arguably, these views were not merely politically expedient but sincere and long-held (Chavez 2005; Guevara 2005). Surviving a coup attempt in 2002 and a recall vote in 2004, Chavez leveraged rising oil prices into globalizing his Bolivarian agenda, combating international power arrangements (particularly US hegemony), positioning himself as the ail-

ing Fidel Castro's philosophical heir, and asserting regional leadership and a global role for Venezuela.

In Iran, the clerical/political leadership's conservatism resisted prospective reforms under President Khatami. Bordered east and west by US military occupation (and potentially democratizing regimes) in Afghanistan and Iraq, Iran did not choose some fantastical democratization reform of its own. Instead, it advanced policies to keep the elites in power and to develop regional hegemony: persisting with its nuclear program, bombast against Israel, and support of anti-Western Hamas, Hezbollah and certain Iraqi Shiite factions. Meanwhile, Russia, Venezuela and Iran cooperated in military, economic and diplomatic matters, in what the London *Times* called the 'axis of diesel'.³⁶

New Pragmatism

Understanding ideological trends in countries – returning to 'normal' or 'historical' patterns of state-centered, self-interested, power-seeking realism rather than post-Westphalian, Kantian, liberal global idealism – is an important but incomplete approach to recognizing the threats to globalization. The trends in the United States, in the newly assertive oil powers, and especially the breakdown of international institutions also need to be understood within a more tangible context: pragmatic decisions about utility.

Institutions are created and maintained not merely for what they symbolize, or what they are said to 'mean', but for mutual practical advantage. The League of Nations had invaluable aims, but could not deliver; the United Nations and its many agencies were created in its wake for particular tasks. The postwar European Recovery Program was founded, implemented and concluded. Interpol, OPEC, FIFA and the Shanghai Cooperation Organization had various founders for various reasons; each evolves subject to the changing needs, perceptions and abilities of its members. In the early 2000s, it is this same pragmatism about utility that threatens several key international institutions – structures that were established after World War II, expanded after the Cold War and served as foundations of globalization.

The 'democratic deficit', accountability, bureaucracy and other problems of the European Union have been well chronicled (Ross 1995; Siedentop 2001; Lord 2004). But the 'no' votes in France, the Netherlands and Ireland were accumulations of particular concerns more than larger philosophical debates. At the time of referendums, there were

uncertain national economies, unpopular governments, and concerns about proposed EU voting structures and Turkey. The Treaty of Lisbon was signed with widespread practical acknowledgment of the need for improvements to the EU's decision-making processes, but without any emotional surge of 'Euro'-ness.

The postwar international financial institutions are also challenged by practical matters. First is a question of value. With regional financial collapses in Asia, Russia and Latin America in the last dozen years, and the global crisis in 2008, external and internal evaluations detailed their shortcomings. Second is a question of governance. The IFI's decision-making processes are dominated by the United States and a few other countries. They are criticized for not reflecting changes to the global political economy since the 1940s. The World Bank began to recognize this, putting forth in 2006 a 'medium term strategy' to change its governance, surveillance and assistance policies (de Rato 2006). Third, and related to value and governance, is the emergence of competition. States and firms can turn to new bilateral sources of support, such as China and sovereign wealth funds, for lending and development deals without the usual IFI conditions and oversight. Private efforts of Billanthropy (neologism from 'Bill Gates' and 'Philanthropy') or philanthrocapitalism³⁷ emerged partially in response to IFI shortcomings.

Like the EU and IFIs, the World Trade Organization is struggling to adapt to new missions. The 50 years of lowering tariff and non-tariff barriers has left only the most difficult cases, such as services, intellectual property rights and, especially, agriculture. Beyond questions of subsidies and market access, agricultural issues include environmental protection, food security, and rural development. After a record of success with industrial-age manufactured goods, the WTO labors to manage pre- and post-industrial issues.

Finally, pragmatism drove US and European governments to respond to the 2008 financial crisis with new regulations, special ad hoc arrangements, promises of very large financial relief, and discussion of overhauling the global financial system. These decisions were not made at a graduate seminar on Smith and Ricardo or a social justice forum on affordable housing. They resulted from contentious, international, cross-partisan efforts to prevent dire circumstances from becoming catastrophic.

Utility is not entirely dissociated from philosophy, of course. Deciding to reconsider long-held institutional arrangements, to take advantage of

changing commodities prices, or to focus on new threats is not simply to choose one ideological perspective over another. It is to make decisions based on assessments and re-assessments of domestic and international conditions. The risk is whether in the aggregate such re-assessments incline states and other actors increasingly toward rivalry, threats and violence, or towards new possibilities for mutual benefit.

Looking Ahead: Possible Consequences

The significant instances of international institutional breakdown, hostile state-controlled energy diplomacy, and trends away from globalization call for various kinds of inquiry for the benefits of policy makers, industry and citizens. Questions include the future of international organizations, the complex matrix of global energy politics, and the role of the United States on the world stage.

International Institutions

International organizations have played important roles in advancing cooperation since the end of World War II and the end of the Cold War. They serve as forums for grievance and negotiation, as coordinating regimes for functional utility, as sources of technical expertise and assistance, and more. The question of whether they can mature to address the needs of the 21st century remains to be seen. Not only is the WTO deadlocked on development issues, but also on membership: two decades after Gorbachev's reforms began, Armenia, Georgia and Latvia (and China and Cuba) are members of the WTO, but Russia is not. The EU struggles with several new, large, and/or poorer members, the long-standing question of Turkey, and formulating a new framework to address its concerns. The IMF and World Bank have new competition, less 'liberalizing' and 'integrative' in intent, while high-profile calls for debt relief may well prove to be only a short-term solution without broader development success. The reconstruction of global finance is an enormous challenge: the initial G-20 meeting in Washington in November 2008 received mixed reviews.

According to Joseph Nye (2006), even NATO's future is at risk. It has membership debates with Russia over its 'near-abroad', and internal debate over special partnerships with Australia, Japan and others. NATO faces key questions over shaping its new mission, and it has mission difficulties in Afghanistan. That the alternative, 'coalitions of the willing', (Haass 1997) has a mixed record in Iraq is no consolation. The OSCE,

once committed to promoting democracy ‘from Vancouver to Vladivostok’, faces the prospect of undemocratic Kazakhstan as its chair in 2010 (Walker 2007).³⁸

New proposals to solve old and new problems will emerge and evolve, of course. Global stewardship, such as Billanthropy and environmental initiatives, may be one such pattern. The world’s wealthiest individuals are privately funding new approaches to political and economic development, education, poverty, health care, environmentalism, and the provision of other public goods. George Soros, Ted Turner, Bill Gates, Warren Buffet, Carlos Slim, Mo Ibrahim and others are able to go around the usual organizations, or leverage them, in innovative ways where international efforts have struggled. Even if personal fortunes are lacking, individuals like Princess Diana, James E. Carter, Bill Clinton, Al Gore and Bono can mobilize public awareness (and attract funding) for their own global initiatives. Meanwhile, non-profit, commercial and state-led environmental initiatives may offer not only new technologies but also new forms of collaboration as policy makers, activists, scientists and entrepreneurs each seek to advance their versions of global stewardship. Al Gore’s book, *An Inconvenient Truth*, was a *New York Times* bestseller; the film version won the 2007 Academy Awards for best documentary feature. Whether these or other approaches can improve or replace the roles of states or international organizations will prove to be an important area of analysis.

Petropolitics

Global energy politics has numerous military, political, economic and environmental aspects. Even if there were a ‘reverse oil shock’ (Romero 2008) it would likely be temporary. The world’s energy needs, particularly of large and developing China and India, will continue to increase, and much of this increased demand will be for oil. The global supply of oil is under pressure in the short term because its primary sources are subject to terrorism, war and political instability, and in the long term because soon (if not already) the world will pass its maximum production possibility (‘peak oil’, Hubbert 1956) and work from there toward depletion. A new boom is underway in the search for renewable and alternative energy technologies, but no magic formulas are imminent.

Beyond geologic and geopolitical issues, additional problems exist. Countries positioned to benefit from natural endowments of oil and other energy resources frequently encounter acute political and eco-

conomic difficulties instead (Gelb 1988; Auty 2001; Ross 2001). Thomas Friedman (2006) asserted an inverse relationship between freedom and the price of oil. According to the Failed States Index (*Foreign Policy* 2005) nearly two-thirds of the world's proven natural gas reserves and nearly three-quarters of the world's proven oil reserves were in states that were judged 'borderline', 'in danger', or 'critical'. Additionally, environmental concerns and environmental activists have increased pressure on governments, corporations and individuals to wean themselves from carbon fuels. The science and politics of energy – carbon and alternative – will continue to prove fertile and dynamic areas of inquiry.

US and Globalization

Study of the United States on its own merits and as a force in world affairs will remain vibrant and important. Whatever its shortcomings, for most of the past half century the United States has been a strong, liberal and mostly benevolent empire. Harold Innis (1948) called American imperialism 'plausible and attractive'. John F. Kennedy (1961) challenged other nations to 'ask not what America will do for you, but what together we can do for the freedom of man.' Post-Cold War American empire became a bipartisan blend of realism and idealism – 'the indispensable nation' (Clinton 1996).³⁹ But this occurred while the world became 'normal' again (Kagan 2007). The United States has citizens and allies weary from Iraq, emerging competitors in Russia, China and elsewhere, a combination of domestic forces opposing immigration and war, reduced credibility in global opinion polls, and mutual suspicion between it and a wide range of important global actors. If there is a 'new Bretton Woods', both the prominence and the philosophical approaches of the new US presidential administration will be important to note.

Paraphrasing the quintessential American writer, Mark Twain, reports of the death of globalization may be greatly exaggerated. One might see conditions that contributed to World War I (Ferguson 2004), a 'new Cold War', China surpassing the West, or a new kind of global conflict. But one scenario is that the United States could devolve into a great power that eschews leadership in most non-vital global issues and areas – a hegemon unable or unwilling to provide global public goods, becoming instead mercantilist, predatory, unpredictable, a declining empire, or some combination (Mann 2003; Wallerstein 2003; Ferguson 2004; Johnson 2004; 2006; Hoffman 2004; Bacevich 2005a). Many, in the US and elsewhere, may initially welcome this retreat to a humbled American isolationism.

But in combination with energy conflicts and ineffective international organizations, the long, wide trends toward freer and more integrated markets, peoples and ideas may be threatened. Academia, private sector resources, policy makers and their publics must work vigilantly to note and understand these and other developments if they seek to advance not only their strategic interest but also the human condition.

Notes

- 1 The Conference on Security and Cooperation in Europe became the Organization for Security and Co-operation in Europe with the Charter of Paris for a New Europe in 1990. See www.osce.org.
- 2 The BBC web site has a thorough introduction to the EU constitution at <http://news.bbc.co.uk/2/hi/europe/3954327.stm>, much of the discussion here relies on it. UK polling data from ICM, MORI and others is collected at www.ukpollingreport.co.uk.
- 3 On the international and domestic sources of public dissatisfaction with the EU and its constitution, see, for example, Cohen-Tanugi (2005) and Kramer (2006).
- 4 See, for example, the survey by the Eurobarometer at http://ec.europa.eu/public_opinion/flash/fl_245_full_en.pdf for an analysis of voters and non-voters in the days immediately following the referendum.
- 5 Of related interest is the analysis of the increasing difficulty of admission to the WTO, by Jones (2006).
- 6 See, for example, Jones (2006).
- 7 Compare with Williamson's (2002) defense of the Washington Consensus and his criticism of it being labeled 'neo-liberal'.
- 8 A recent *New York Times* column on China in Chad, for example, is by French and Polgreen 2007.
- 9 Reuters, IMF urges coordinated EU approach to crisis, October 4, 2008. [Http://www.reuters.com/article/usDollarRpt/idUSL470304920081004](http://www.reuters.com/article/usDollarRpt/idUSL470304920081004).
- 10 Possibly the first to use this was Libertarian Party US presidential candidate Bob Barr, <http://www.telegraph.co.uk/opinion/main.jhtml?xml=/opinion/2008/10/09/do0901.xml>.
- 11 Targeting your 401(k). *Wall Street Journal*, November 14, 2008.
- 12 Agence France-Presse, Iran hails world financial crisis as 'end of capitalism'. October 15, 2008. [Http://www.breitbart.com/article.php?id=081015152055.72llwkbo](http://www.breitbart.com/article.php?id=081015152055.72llwkbo).
- 13 Reuters, Chavez says 'Comrade Bush' turns left in crisis. October 15, 2008. [Http://www.reuters.com/articlePrint?articleId=USTRE49FOK720081016](http://www.reuters.com/articlePrint?articleId=USTRE49FOK720081016).

- 14 Notably, Germany's energy relationship with Russia stood out from other European countries. Germany and Russia agreed to a special pipeline route, Nord Stream, toward the end of chancellor Gerhard Schroeder's term; Schroeder took position at Gazprom shortly thereafter (Kramer 2007). In 2008, German energy company E.On completed a deal with Gazprom to acquire a stake in a major Siberian natural gas field, on terms said to be friendly to E.On (see, for example, Chazan and Esterl 2008).
- 15 US Department of State. 2008. Background Note: Iran. [Http://www.state.gov/r/pa/ei/bgn/5314.htm](http://www.state.gov/r/pa/ei/bgn/5314.htm).
- 16 See, for example, IMF (2007) and Economist Country Briefings: Iran (<http://www.economist.com/countries/Iran>); compare with Campbell (2007).
- 17 Ayatollah Ali Khamenei offered such a scenario in September 2008 (Agence France-Presse, Iran boasts its forces can control the Gulf, http://www.breitbart.com/article.php?id=o80916143106.poyzy127&show_article=1).
- 18 US Department of State, Background Note: Venezuela. June 2008. [Http://www.state.gov/r/pa/ei/bgn/35766.htm](http://www.state.gov/r/pa/ei/bgn/35766.htm).
- 19 Reuters, Oil powerhouse Venezuela struggles to keep lights on. October 22, 2008. [Http://www.reuters.com/article/GCA-Oil/idUSTRE49MOBW20081023](http://www.reuters.com/article/GCA-Oil/idUSTRE49MOBW20081023).
- 20 Worldwide, firms owned and/or controlled by the state are the largest companies in the emerging markets. Of the top 100 companies in the world, by market capitalization, nine are from Russia, China or Brazil. Mexico is the only other emerging market with a company in the top 200. Of these nine, six are energy companies (including Gazprom, third largest company in the world by market capitalization), and five are Chinese (two energy, two financial, one telecom). Of the top 200 companies worldwide, 16 are emerging market firms, and only two of those are not state controlled. (Emerging into a world of giants, *Financial Times*, August 22, 2006.)
- 21 Examples are offered by Talbott (1997); Bosnia from p. 79 therein.
- 22 PollingReport.com, Newsweek/Princeton Survey Research Associates. October 10–11, 2001. [Http://www.pollingreport.com/terror8.htm](http://www.pollingreport.com/terror8.htm).
- 23 Bacevich (2005b) and Johnson (2004) examine this new militarism from a broader perspective and longer time horizon.
- 24 Address to a Joint Session of Congress, September 20, 2001.
- 25 State of the Union, January 20, 2002.
- 26 National Security Strategy. September 17, 2002. [Http://www.whitehouse.gov/nsc/nss/2002/index.html](http://www.whitehouse.gov/nsc/nss/2002/index.html).

- 27 Authors included Paul Wolfowitz (Donald Rumsfeld's deputy secretary of defense), and I. Lewis Libby (chief of staff to vice president Richard Cheney). For the original reporting, see Tyler 1992a; 1992b.
- 28 2006 National Security Strategy. [Http://www.whitehouse.gov/nsc/nss/2006/sectionX.html](http://www.whitehouse.gov/nsc/nss/2006/sectionX.html).
- 29 Address to a Joint Session of Congress, September 20, 2001.
- 30 The following US data is from PollingReport.com (<http://www.pollingreport.com/immigration.htm>).
- 31 The European data is from FT/Harris polls of UK, France, Germany, Italy and Spain (October 2006), at <http://www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=1107>. Ipsos MORI poll of UK (August 2006), at <http://www.times-archive.co.uk/onlinespecials/trends1.pdf>.
- 32 During the 2006 election cycle, the pro-immigrant factions also became more vocal, gaining some support from Democrats on social justice and anti-discrimination bases and from big-business Republicans on economic rationales – see, for example, the editorial 'The Immigration Dodge' in *Los Angeles Times*, September 6, 2006.
- 33 Quoted by CNN, Bush, Congress clash over ports sale. February 22, 2006. [Http://www.cnn.com/2006/POLITICS/02/21/port.security/](http://www.cnn.com/2006/POLITICS/02/21/port.security/).
- 34 *Kelo v. City of New London, CT*, Supreme Court of the United States, June 23, 2005.
- 35 The narrow, eventual loss by presidential hopeful Andres Manuel Lopez-Obrador in Mexico by fall 2006 had slowed this 'leftward swing', but Hugo Chavez's reelection in Dec. 2006 may keep it alive – see Casteñeda (2005) and Schamis (2006). On Putin, see, for example, the series of articles by Aron (2007), Kasparov (2007) and Sestanovich (2007) in the *Journal of Democracy*.
- 36 The axis of diesel, *Times*, October 18, 2008. [Http://www.timesonline.co.uk/tol/comment/leading_article/article4965123.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article4965123.ece).
- 37 The birth of philanthrocapitalism, *Economist*, February 23, 2006. Billanthropy, *Economist*, June 29, 2006. For competing perspectives, see Bishop and Green (2008) and Edwards (2008).
- 38 Kazakhstan was originally slated to chair OSCE in 2009.
- 39 Clinton at the Democratic National Convention, Chicago, August 29, 1996. M. Albright used the term 'indispensable nation' upon being nominated as secretary of state, December 5, 1996, and subsequently. On the bipartisan blend of realism and idealism, see, for example, Krauthammer (1990/1991), Wolfowitz (1992) and Brzezinski (1997).

References

Angell, N. 1909. *Europe's optical illusion*. London: Simpkin / Marshall.

- . 1910. *The great illusion*. London: Heinemann.
- Aron, L. 2007. After the Leviathan. *Journal of Democracy* 18 (2): 120–121.
- Auty, R. 2001. *Resource abundance and economic development*. Oxford: Clarendon.
- Bacevich, A. 2005a. The real World War IV. *Wilson Quarterly* 29 (1): 36–61.
- . 2005b. *The new American militarism*. New York: Oxford University Press.
- Baker, J. 1992. From Cold War to democratic peace. US Department of State Dispatch, June 29.
- Beattie, A. 2008. Necessity pushes out principles. *Financial Times*, October 14.
- Bishop, M., and M. Green. 2008. *Philanthrocapitalism: How the rich can save the world*. New York: Bloomsbury.
- Boyes, R. 2008. Every country for itself as European unity collapses in an attack of jitters. *Times*, October 6.
- Bressand, A. 1983. Mastering the 'World economy.' *Foreign Affairs*, Spring.
- Brown, G. 2008. Out of the ashes. *Washington Post*, October 17.
- Bush, G. H. W. 1989. Press conference in response to Berlin Wall events, November 9. <http://www.cnn.com/SPECIALS/cold.war/episodes/23/documents/bush/>.
- . 1992. FREEDOM Support Act, Office of the Press Secretary, April 1. <http://www.fas.org/spp/starwars/offdocs/b920401.htm>.
- Bush, G. W. 2001. Address to a joint session of Congress, September 20.
- Campbell, K. 2007. Is Iran facing an economic crisis? USIPeace Briefing, May. http://www.usip.org/pubs/usipeace_briefings/2007/0510_iran_economic_crisis.html.
- Casey, T. 2008. *The USA Patriot Act: The decline of legitimacy in the age of terrorism*. New York: Oxford University Press.
- Castañeda, J. 2006. Latin America's left turn. *Foreign Affairs*, May–June.
- Chazan, G., and M. Esterl. 2008. E.ON grabs stake in Russian gas field. *Wall Street Journal*, October 3.
- Cho, D., N. Irwin and P. Whoriskey. 2008. US forces nine major banks to accept partial nationalization. *Washington Post*, October 14.
- Cohen-Tanugi, L. 2005. The end of Europe? *Foreign Affairs*, November–December.
- Collier, P. 2007. *The bottom billion*. New York: Oxford University Press.
- Chavez, H. 2005. *Understanding the Venezuelan revolution: Hugo Chavez talks to Marta Harnecker*. New York: Monthly Review Press.
- Christopher, W. 1993. Budget priorities for shaping a new foreign policy. Statement before the Subcommittee on Commerce, Justice, State and Judiciary of the House Appropriations Committee, Washington, DC, March 10.

- Clinton, W. 1996. Speech at the Democratic National Convention, August 29.
- . 2000. Speech at Georgetown University, Washington, DC, September 1.
- de Rato, R. 2006. Speech by the managing director of the World Bank, September 5.
- Diamond, L. 2000. Is Pakistan the (reverse) wave of the future? *Journal of Democracy* 11 (3): 91–106.
- Dobbins, J. 2007. *The beginner's guide to nation-building*. Santa Monica, CA: Rand.
- . 2008. *After the Taliban*. Dulles, VA: Potomac.
- Easterly, W. 2001. *The elusive quest for growth*. Cambridge: MIT Press.
- . 2006. *White man's burden*. New York: Oxford University Press.
- Edwards, M. 2008. *Just another emperor? The myths and realities of philanthrocapitalism*. New York: Demos.
- Ferguson, N. 2004. *Colossus*. New York: Penguin.
- . 2005. Sinking globalization. *Foreign Affairs*, March–April.
- Foreign Policy*. 2005. Failed states index. *Foreign Policy*, July–August.
- Friedman, T. 2005. *The world is flat*. New York: Farrar, Straus and Giroux.
- . 2006. The first law of petropolitics. *Foreign Policy*, May–June.
- Friedrichs, J. 2001. The meaning of new medievalism. *European Journal of International Relations* 7 (4): 475–502.
- French, H., and L. Polgreen. 2007. China, filling a void, drills for riches in Chad. *New York Times*, August 13.
- Ganji, A. 2008. The latter-day sultan: Power and politics in Iran. *Foreign Affairs*, November–December.
- Gat, A. 2007. The return of authoritarian great powers. *Foreign Affairs*, July–August.
- Gelb, A. 1988. *Windfall gains: Blessing or curse?* Oxford: Oxford University Press.
- Greenspan, A. 2008. Testimony to House Committee on Government Oversight and Reform, October 23.
- Guevara, A. 2005. *Chavez, Venezuela and the new Latin America: An interview with Hugo Chavez*. Melbourne: Ocean.
- Giuora, A. 2008. *Constitutional limits on coercive interrogation*. New York: Oxford University Press.
- Gore, A. 2006. *An inconvenient truth*. New York: Rodale.
- Guha, K. 2008. Undertakers deliver last rites for US capitalism, *Financial Times*, October 14.
- Haass, R. 1997. *The reluctant sheriff*. New York: Council on Foreign Relations.
- Hamre, J. 2007. The global divide. CSIS Memorandum #248, July 28.

- Hassett, K. 2005. CNOOC episode unites protectionists and hawks. Bloomberg.com, August 8. http://www.aei.org/publications/pub1D.22971_filter.all/pub_detail.asp.
- Havel, V. 1995. Speech at Harvard University, June 8.
- Held, D. 2004. *Global covenant*. Cambridge: Polity.
- Hoffman, S. 2004. *Gulliver unbound*. Lanham: Rowman & Littlefield.
- Hubbert, M. 1956. Nuclear energy and the fossil fuels. Paper presented at the Spring Meeting of the Southern District Division of Production, American Petroleum Institute, San Antonio, TX. <http://www.hubbertpeak.com/Hubbert/1956/1956.pdf>.
- Huntington, S. 1991. *The third wave of democratization in the late 20th century*. Norman, OK: University of Oklahoma Press.
- . 1993. The clash of civilizations? *Foreign Affairs*, Summer.
- . 2004. The Hispanic challenge. *Foreign Policy*, March–April.
- . 2007. Islamic Republic of Iran: 2006 Article IV Consultation. IMF Country Report 07/100, March.
- IMF and World Bank. 2006. Applying the debt sustainability framework for low-income countries post debt relief. <http://www.imf.org/external/np/pp/eng/2006/110606.pdf>.
- Innis, H. 1956. *Essays in Canadian economic history*. Toronto: University of Toronto Press.
- Johnson, C. 2004. *The sorrows of empire*. New York: Henry Holt.
- . 2006. *Nemesis*. New York: Holt.
- Jones, K. 2006. The political economy of WTO accession: The unfinished business of universal membership. Paper delivered at IAES Conference, Philadelphia, PA.
- Kagan, R. 2007. End of dreams, return of history. *Policy Review*, August–September.
- . 2008. *The return of history and the end of dreams*. New York: Knopf.
- Karl, T. L. 1995. The hybrid regimes of Central America. *Journal of Democracy* 6 (3): 72–86.
- Kasparaov, G. 2007. Battling KGB, Inc. *Journal of Democracy* 18 (2): 114–9.
- Kennedy, J. 1961. Inaugural Address of the President of the United States.
- Keohane, R., and J. Nye. 1977. *Power and interdependence*. Boston, MA: Little, Brown.
- Kessler, G. 2007. *The confidante: Condoleezza Rice and the creation of the Bush legacy*. New York: St. Martin's.
- Kissinger, H. 2001. *Does America need a foreign policy?* New York: Simon and Schuster.
- Kramer, S. 2006. The end of French Europe. *Foreign Affairs*, July–August.

- Kramer, A. 2007. Gazprom and Total strike a deal for offshore gas field. *International Herald Tribune*, July 12.
- Krauthammer, C. 1990/1991. The unipolar moment. *Foreign Affairs*, America and the World.
- . 2002. The unipolar moment revisited. *The National Interest*, Winter.
- Krugman, P. 1999. *The return of depression economics*. New York: Norton.
- . 2008. Crisis endgame. *New York Times*, September 18.
- Lord, C. 2004. *A democratic audit of the European Union*. New York: Palgrave.
- Mann, M. 2003. *Incoherent empire*. London: Verso.
- Mander, B. 2006. Philanthropist battles to preserve Argentine wetlands. *Financial Times*, September 19.
- Mason, R. 2008. Iceland's PM warns it's 'every country for itself'. *Telegraph*, October 8.
- Mathews, J. 1997. Power shift. *Foreign Affairs*, January–February.
- Naim, M. 2005. *Illicit*. New York: Doubleday.
- Nye, J. 2006. Nato may soon fail amid the Afghan poppy fields. *The Daily Star* (Beirut), December 11.
- O'Donnell, G. 1996. Illusions about consolidation. *Journal of Democracy* 7 (2): 34–51.
- OECD. 2006. *Economic Survey of the Russian Federation 2006*. Paris: OECD.
- Pape, R. 2005. *Dying to win*. New York: Random House.
- Paulson, H. 2008. Statement by Secretary Henry M. Paulson, Jr. on actions to protect the US economy, Treasury Press Release HP-1205, October 14.
- Rapley, J. 2006. The new middle ages. *Foreign Affairs*, May–June.
- Reagan, R. 1984. Second Inaugural Address, January 20.
- . 1987. Remarks at Brandenburg Gate, West Berlin, June 12.
- Rice, C. 2000. Campaign 2000: Promoting the national interest. *Foreign Affairs*, January–February.
- Romero, S., M. Slackman and C. J. Levy. 2008. Three oil-rich countries face a reckoning. *New York Times*, October 20.
- Ross, G. 1995. *Jacques Delors and European integration*. New York: Oxford University Press.
- Ross, M. 2001. Does oil hinder democracy? *World Politics* 53 (3): 325–361.
- Rothberg, R., ed. 2003. *When states fail*. Princeton: Princeton University Press.
- Safire, W. 1999a. Bush speaks out. *New York Times*, April 15.
- . 1999b. Bush's Foreign Policy. *New York Times*, April 19.
- Scolino, E. 2008. Nuclear aid by Russian suspected. *New York Times*, October 9.

- Schamis, H. 2006. A left turn in Latin America? Populism, Socialism and Democratic Institutions. *Journal of Democracy* 17 (4): 20–34.
- Siedentop, L. 2001. *Democracy in Europe*. New York: Columbia University Press.
- Sestanovich, S. 2007. Putin's invented opposition. *Journal of Democracy* 18 (2): 122–4.
- Slaughter, A. 1997. The real new world order. *Foreign Affairs*, September–October.
- Stern, R. 2007. The Iranian Petroleum Crisis and United States National Security. *Proceedings of the National Academy of Sciences* 104 (1): 377–82.
- Stiglitz, J. 2002. *Globalization and its discontents*. New York: Norton.
- . 2006. *Making globalization work*. New York: Norton.
- Strange, S. 1996. *The retreat of the state*. Cambridge: Cambridge University Press.
- Talbott, S. 1997. Globalization and diplomacy: A practitioner's perspective. *Foreign Policy*, Fall.
- Tyler, P. 1992a. Pentagon imagines new enemies to fight in post-Cold-War era. *New York Times*, February 17.
- . 1992b. us strategy plans calls for insuring no rivals develop. *New York Times*, March 8.
- Tymoshenko, Y. 2007. Containing Russia. *Foreign Affairs*, May–June.
- Vedrine, H. 1999. Quoted in: To Paris, us looks like a 'Hyperpower'. *International Herald Tribune*, February 5.
- Walker, C. 2007. Democratic deficit. *Wall Street Journal Europe*, July 6.
- Wallerstein, I. 2003. *The Decline of American Power*. New York: Norton.
- Williamson, J. 2002. Did the Washington consensus fail? Speech at the Center for Strategic & International Studies, Washington, DC, November 6.
- . 2003. From reform agenda to damaged brand name. *Finance and Development*, December.
- Wolfowitz, P. 1992. Defense planning guidance. [Wolfowitz is credited/ blamed for drafting this policy planning guide; said to have been hastily rewritten with Donald Rumsfeld and Colin Powell before its public release.]
- Worsthorne, P. 1991. The Bush doctrine. *The Sunday Telegraph*, March 3.
- Zakaria, F. 2008. *The Post-American world*. New York: Norton.