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The Way We Live Now

Globalization 2.0

By DAVID RIEFF

Globalization is both unavoidable and of great benefit to the world as a whole. At least that has been the conventional wisdom for more than two decades now, except at the far fringes of the radical, antiglobalization left and the xenophobic, protectionist right. But is it true? Is the march toward economic interdependence, open markets and the weakening of national identity really as unstoppable as all that?

Two recent controversies — the sale of port facilities to a company owned by the government of Dubai and the negotiation of a controversial nuclear cooperation deal with India — underscore the tensions and contradictions between America's commitment to economic globalization and its political priorities in a post-9/11 world.

In part, these controversies pitted desirable outcomes — political stability and national security on the one hand; economic dynamism on the other — against one another. In the ports case, the principles of globalization demanded that the Dubai company be allowed to take over the management of the six ports in question. But advocates of globalization never really took into account the possibility that even as nations become interdependent on one another, political difficulties may continue to separate them.

Globalization is a coherent theory for times of comparative peace and economic expansion like the 1990's. It is less persuasive in times of conflict and fear like those we live in today. Although the presidential adviser [Karl Rove](#) has insisted that Democrats live in a pre-9/11 world and Republicans do not, the Bush administration's defense of the ports deal seems like a classic case of pre-9/11 thinking. The administration argued that the deal had to go forward if Americans were to remain true to their commitment to open markets and the free movement of investment capital. But add the threat of terrorism and the specter of weapons of mass destruction to the equation, and suddenly the words "free movement" seem more like a threat than a harbinger of a more prosperous economic future.

Bush's deal with India also illustrates the new and unexpected conundrums of globalization. The administration pledged to help India develop nuclear power plants despite that country's refusal to sign the Nuclear Nonproliferation Treaty and its maintenance of an atomic-weapons arsenal. An implicit argument was this: Because India is so important a strategic partner and, prospectively at least, a major economic power, Washington is no longer in a position to insist, even rhetorically, that New Delhi abide by the established rules of the nuclear game.

U.S. officials made little effort to deny that they were making an exception in India's case — an exception they were at pains to point out they would never make for Iran. Rather, as Bush made clear in his joint press conference with the Indian prime minister, Manmohan Singh, the cementing and deepening of the U.S.-Indian alliance were simply too important to allow a mere international legal regime to get in the way. In a world where the economic balance of power is steadily tilting toward Asia, American concerns about runaway arms races are very likely to be overshadowed by American concerns about the need to prevent a destructive competition for scarce fossil-fuel resources with India and China. Better to accept an India that uses more civilian nuclear power (and offers U.S. companies the chance to benefit from the sector's expansion) than to vainly chastise an India that is not going to abandon its nuclear arsenal anyway, whatever the effect on nonproliferation globally.

In retrospect, globalization's most fervent partisans and critics were both naïve to imagine that geopolitics would play second fiddle to geoeconomics. Obviously, the Dubai ports fiasco and the nuclear agreement with India posed very different policy challenges. In the case of Dubai ports, America's traditional role of sponsor and advocate for globalization was politically unsustainable, much to the chagrin of the Bush administration. In the case of the agreement with India, the administration took the view that long-term global stability, including the stability of energy prices, required the abandonment of long-held international legal rules. This is certainly not your grandfather's globalization.

The Achilles heel of that "inevitable" vision of globalization, so dominant in the 1990's, was its rigid, almost Marxist-like economic determinism. Today's globalization — inseparable from political concerns, no longer able to overrule nationalist sentiments or national security objections, increasingly marked by the phenomenon of Asian companies buying European and North American assets — is most likely to be far more controversial and far less orderly.

In all likelihood, Asians will complain about Western hypocrisy. After all, when globalization meant Western companies buying one another and acquiring assets in Asia, the U.S. and the countries of the [European Union](#) were unstinting advocates of globalization. Now it may seem that Western nations were never committed to economic interdependence — globalization in the true sense of the word — but simply to opening new markets for their own corporations and exporting political and legal norms coined in Washington or Brussels. But could it have been otherwise? As both the Indian nuclear agreement and the furor over the Dubai ports deal demonstrate, imagining that nations could not politicize international trade and economic issues or legal norms is as vain a hope as expecting them to act against their own self-interest in any

other sphere of public life. Doubtless, some form of globalization is unavoidable. It will just not be the globalization we had been led to expect.

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