CHAPTER TWENTY-FOUR

Accelerating Global Interaction

SINCE 1945

"I think every Barbie doll is more harmful than an American missile," declared Iranian toy seller Masoumeh Rahimi in early 2002. To Rahimi, Barbie's revealing clothing, her shapely appearance, and her close association with Ken, her longtime unmarried companion, were "foreign to Iran's culture." Thus Rahimi warmly welcomed the arrival of Sara and Dara, two Iranian Muslim dolls meant to counteract the negative influence of Barbie and Ken, who had long dominated Iran's toy market. Sara and her brother, Dara, depicted eight-year-old twins. Sara came complete with a headscarf to cover her hair in modest Muslim fashion and a full-length white chador enveloping her from head to toe. They were described as helping each other solve problems, while looking to their loving parents for guidance, hardly the message that Barbie and Ken conveyed.[1]

The widespread availability of Barbie in Muslim Iran provides one small example of the power of global commerce in the world of the early twenty-first century. The creation of Sara and Dara illustrates resistance to the cultural values associated with this American product. Still, Sara and Barbie had something in common: both were manufactured in China. This triangular relationship of the United States, Iran, and China neatly symbolized the growing integration of world economies and cultures as well as the divergences and conflicts that this process generated. Those linked but contrasting patterns are the twin themes of this final chapter.

DURING THE TWENTIETH CENTURY, AN INCREASINGLY DENSE WEB OF POLITICAL RELATIONSHIPS, economic transactions, and

One World: This NASA photograph, showing both the earth and the moon, reveals none of the national, ethnic, religious, or linguistic boundaries that have long divided humankind. Such pictures have both reflected and helped create a new planetary consciousness among growing numbers of people. (Image created by Reto Stockli, Nazmi El Saleous, and Marit Jentoft-Nilsen, NASA GSFC) cultural influences cut across the world's many peoples, countries, and regions, binding them together more tightly, but also more contentiously. By the 1990s, this process of accelerating engagement among distant peoples was widely known as globalization.

Although the term was relatively new, the process was not. From the viewpoint of world history, the genealogy of globalization reaches far into the past. The Arab, Mongol, Russian, Chinese, and Ottoman empires; the Silk Road, Indian Ocean, and trans-Saharan trade routes; the spread of Buddhism, Christianity, and especially Islam—all of these connections had long linked the societies of the Eastern Hemisphere, bringing new rulers, religions, products, diseases, and technologies to many of its peoples. Later, in the centuries after 1500, European maritime voyages and colonizing efforts launched the Columbian exchange, incorporating the Western Hemisphere and inner Africa firmly and permanently into a genuinely global network of communication, exchange, and often exploitation. During the nineteenth century, as the Industrial Revolution took hold and Western nations began a new round of empire building in Asia and Africa, that global network tightened further, and its role as generator of social and cultural change only increased.

These were the foundations on which twentieth-century globalization was built. A number of prominent developments of the past century, explored in the previous three chapters, operated on a global scale: the world wars, the Great Depression, communism, the cold war, the end of empire. But global interaction, while continuing earlier patterns, vastly accelerated its pace after World War II. Those contacts and interactions among geographically and culturally distant peoples gave rise to a world more densely connected and converging than ever before, but also to a world deeply divided, unequal, conflicted, and violent. To illustrate this accelerating globalization, this chapter examines four major processes: the transformation of the world economy, the emergence of global feminism, the confrontation of world religions with modernity, and the growing awareness of humankind's enormous impact on the environment.

The Transformation of the World Economy

■ **Change**
What factors contributed to economic globalization during the twentieth century?

When most people speak of globalization, they are referring to the immense acceleration in international economic transactions that took place in the second half of the twentieth century and has continued into the twenty-first. Many have come to see this process as almost natural, certainly inevitable, and practically unstoppable. Yet the first half of the twentieth century, particularly the decades between the two world wars, witnessed a deep contraction of global economic linkages as the aftermath of World War I and then the Great Depression wreaked havoc on the world economy. International trade, investment, and labor migration dropped sharply as major states turned inward, favoring high tariffs and economic autonomy in the face of a global economic collapse.

The aftermath of World War II was very different. The capitalist victors in that conflict, led by the United States, were determined to avoid any return to such

Depression-era conditions. At a conference in Bretton Woods, New Hampshire, in 1944, they forged a set of agreements and institutions (the World Bank and the International Monetary Fund) that laid the foundation for postwar globalization. This "Bretton Woods system" negotiated the rules for commercial and financial dealings among the major capitalist countries, while promoting relatively free trade, stable currency values linked to the U.S. dollar, and high levels of capital investment.

Technology also contributed to the acceleration of economic globalization. Containerized shipping, huge oil tankers, and air express services dramatically lowered transportation costs, while fiber-optic cables and later the Internet provided the communication infrastructure for global economic interaction. In the developing countries, population growth, especially when tied to growing economies and modernizing societies, further fueled globalization as dozens of new nations entered the world economy.

A World Economy Indian-based call centers that serve North American or European companies and customers have become a common experience of globalization for many. Here employees in one such call center in Patna, a major city in northeastern India, undergo voice training in order to communicate more effectively with their English-speaking callers. (Indiapicture/Alamy)

What kind of economic globalization was taking shape? In the 1970s and after, major capitalist countries such as the United States and Great Britain abandoned many earlier political controls on economic activity as their leaders and businesspeople increasingly viewed the entire world as a single market. Known as neo-liberalism, this approach to the world economy favored the reduction of tariffs, the free global movement of capital, a mobile and temporary workforce, the privatization of many state-run enterprises, the curtailing of government efforts to regulate the economy, and both tax and spending cuts. Powerful international lending agencies such as the World Bank and the International Monetary Fund imposed such free-market and pro-business conditions on many poor countries if they were to qualify for much-needed loans. The collapse of the state-controlled economies of the communist world only furthered such unrestricted global capitalism. In this view, the market, operating both globally and within nations, was the most effective means of generating the holy grail of economic growth. By the end of the twentieth century, as economic historian Jeffrey Frieden put it, "capitalism was global and the globe was capitalist."[2]

Reglobalization

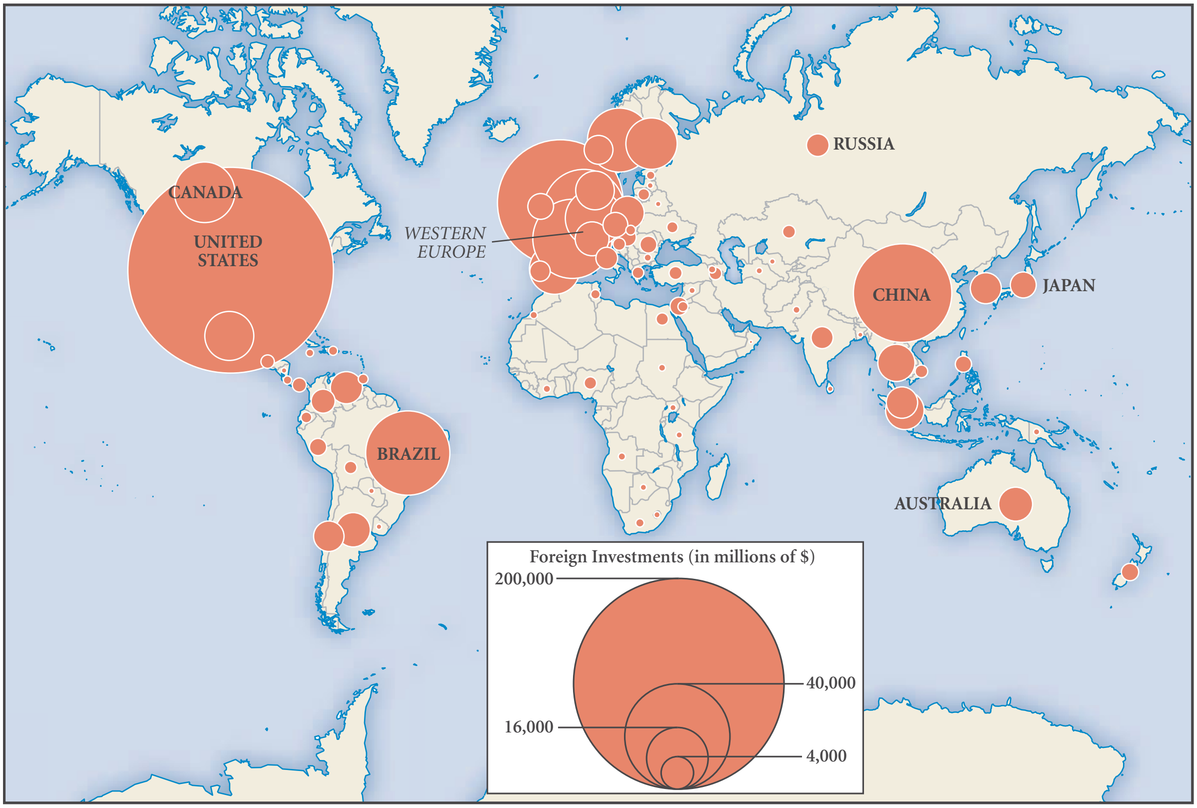
These were the foundations for a dramatic quickening of global economic transactions after World War II, a "reglobalization" of the world economy following the contractions of the 1930s. This immensely significant process was expressed in the accelerating circulation of goods, capital, and people.

■ Connection
In what ways has economic globalization linked the world's peoples more closely together?

Map 24.1 **Globalization in Action: Foreign Direct Investment in the Late Twentieth Century** Investment across national borders has been a major expression of globalization. This map shows the global distribution of investment inflows as of 1998. Notice which countries or regions were receiving the most investment from abroad and which received the least. How might you account for this pattern? Keep in mind that some regions, such as the United States, Western Europe, and Japan, were major sources of such investment as well as recipients of it.

World trade, for example, skyrocketed from a value of some $57 billion in 1947 to well over $13 trillion in 2007. Department stores and supermarkets around the world stocked their shelves with goods from every part of the globe. Twinings of London marketed its 120 blends of tea in more than 100 countries, and the Australian-based Kiwi shoe polish was sold in 180 countries. In 2005, about 70 percent of Walmart products reportedly included components from China. And the following year, Toyota replaced General Motors as the world's largest auto maker with manufacturing facilities in at least eighteen countries.

Money as well as goods achieved an amazing global mobility in three ways. The first was "foreign direct investment," whereby a firm in, say, the United States opens a factory in China or Mexico (see Map 24.1 and Visual Source 24.1, p. 1181). Such investment exploded after 1960 as companies in the rich countries sought to take advantage of cheap labor, tax breaks, and looser environmental regulations in the developing countries. A second form of money in motion has been the short-term movement of capital, in which investors annually spent trillions of dollars purchasing foreign currencies or stocks likely to increase in value and often sold them quickly thereafter, with unsettling consequences. A third form of money movement involved the personal funds of individuals. By the end of the twentieth century, international



credit cards had taken hold almost everywhere, allowing for easy transfer of money across national borders. In 2003, MasterCard was accepted at some 32 million businesses in 210 countries or territories.

Central to the acceleration of economic globalization have been huge global businesses known as transnational corporations (TNCs), which produce goods or deliver services simultaneously in many countries. For example, Mattel Corporation produced Barbie, that quintessentially American doll, in factories located in Indonesia, Malaysia, and China, using molds from the United States, plastic and hair from Taiwan and Japan, and cotton cloth from China. From distribution centers in Hong Kong, more than a billion Barbies were sold in 150 countries by 1999. Burgeoning in number since the 1960s, those TNCs, such as Royal Dutch Shell, Sony, and General Motors, often were of such an enormous size and economic clout that they dwarfed many countries. By 2000, 51 of the world's 100 largest economic units were in fact TNCs, not countries. In the permissive economic circumstances of recent decades, such firms have been able to move their facilities quickly from place to place in search of the lowest labor costs or the least restrictive environmental regulations. Nike, for example, during one five-year period closed twenty factories and opened thirty-five others, often thousands of miles apart.

More than ever workers too were on the move in a rapidly globalizing world economy. Examples included South Asians and West Indians seeking work and a better life in Great Britain; Algerians and West Africans in France; Yugoslavs in Germany and Switzerland; Mexicans, Cubans, and Haitians in the United States. By 2003, some 4 million Filipino domestic workers were employed in 130 countries. Young women by the hundreds of thousands from poor countries have been recruited as sex workers in wealthy nations, sometimes in conditions approaching slavery. Many highly educated professionals—doctors, nurses, engineers, computer specialists—left their homes in the Global South in a "brain drain" that clearly benefited the Global North. These migrating workers often represented a major source of income to their home countries. They also provided an inexpensive source of labor for their adopted countries, even as their presence generated mounting political and cultural tensions (see Visual Source 24.3, p. 1184). Beyond those seeking work, millions of others sought refuge in the West from political oppression or civil war at home, and hundreds of millions of short-term international travelers and tourists joined the swelling ranks of people in motion.

Growth, Instability, and Inequality

■ **Connection**
What new or sharper divisions has economic globalization generated?

What was the impact of these tightening economic links for nations and peoples around the world? That question has prompted enormous debate and controversy. Amid the swirl of contending opinion, one thing seemed reasonably clear: economic globalization accompanied, and arguably helped generate, the most remarkable spurt of economic growth in world history. On a global level, total world output grew from a value of $7.1 trillion in 1950 to $55.9 trillion in 2003 and on a per capita basis

Snapshot Indicators of Reglobalization[3]

Telephone lines	from 150 million in 1965 to 1.5 billion in 2000
Mobile telephones	from 0 in 1978 to more than 1 billion in 2004
Internet users	from 0 in 1985 to 934 million in 2004
International air travelers	from 25 million in 1950 to 400 million in 1996
Export processing zones	from 0 in 1957 to 3,000 in 2002
Daily foreign exchange turnover	from $15 billion in 1973 to $1.9 trillion in 2004
International bank loans	from $9 billion in 1972 to $1.465 trillion in 2000
World stock of foreign direct investment	from $66 billion in 1960 to $7.1 trillion in 2002
Value of international trade	from $629 billion in 1960 to $13.6 trillion in 2007
Number of transnational companies	from 7,000 in the late 1960s to 65,000 in 2001

from $2,835 to $8,753.[4] This represents an immense, rapid, and unprecedented creation of wealth with a demonstrable impact on human welfare. Life expectancies grew almost everywhere, infant mortality declined, and literacy increased. The UN Human Development Report in 1997 concluded that "in the past 50 years, poverty has fallen more than in the previous 500."[5]

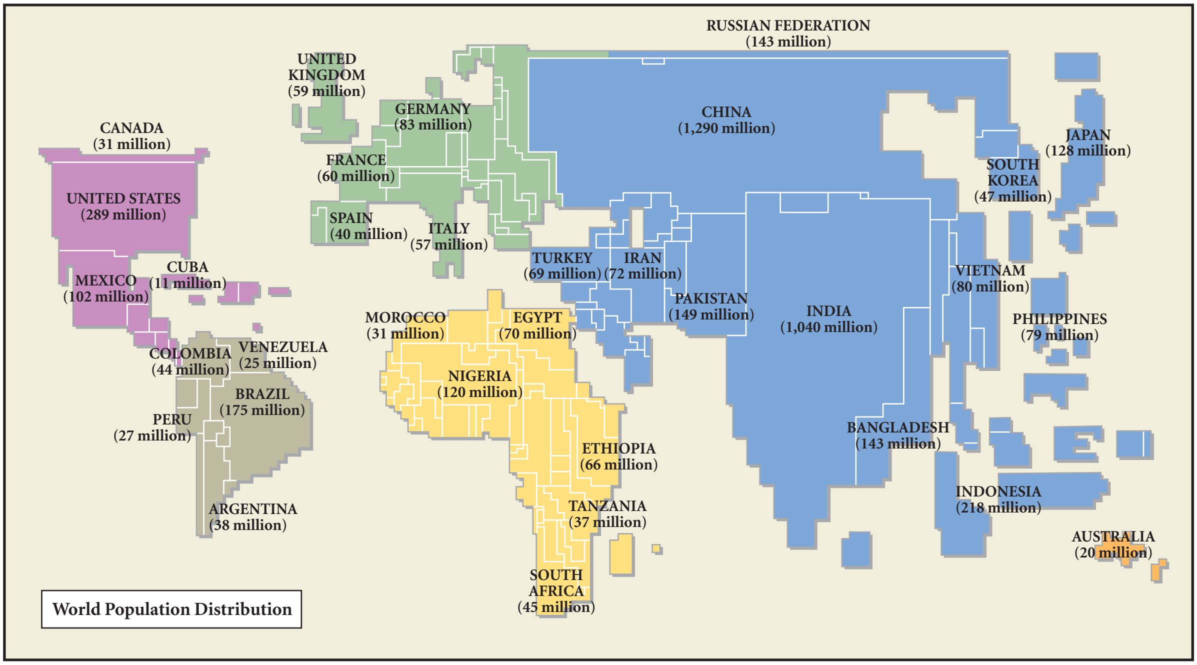
Far more problematic have been the stability of this emerging world economy and the distribution of the wealth it has generated. Amid overall economic growth, periodic crises and setbacks have likewise shaped recent world history. Soaring oil prices contributed to a severe stock market crash in 1973–1974 and especially great hardship for many developing countries. Inability to repay mounting debts triggered a major financial crisis in Latin America during the 1980s and resulted in a "lost decade" in terms of economic development. Another financial crisis, this time in Asia during the late 1990s, resulted in the collapse of many businesses, widespread unemployment, and political upheaval in Indonesia and Thailand.

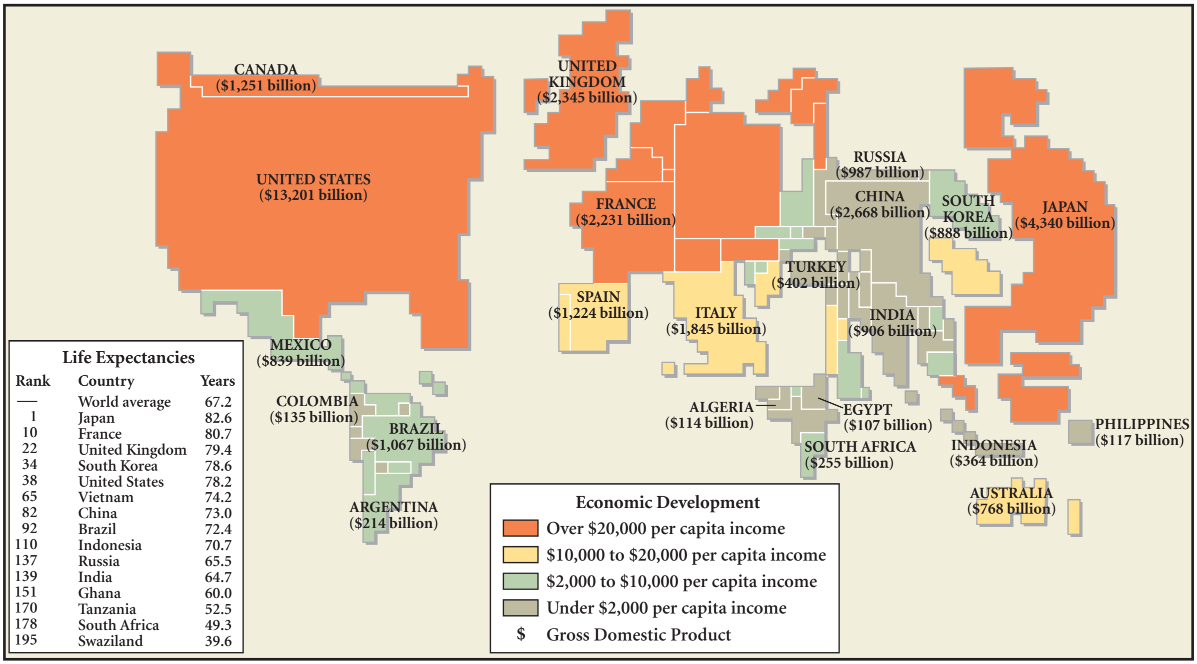
But nothing since the Great Depression more clearly illustrated the unsettling consequences of global connectedness in the absence of global regulation than the worldwide economic contraction that began in 2008. When an inflated housing market, or "bubble," in the United States collapsed—triggering millions of home foreclosures, growing unemployment, the tightening of credit, and declining consumer spending—the results rippled around the world. Iceland's rapidly growing economy collapsed almost overnight as three major banks failed, the country's stock market dropped by 80 percent, and its currency lost more than 70 percent of its value—all in a single week. In Africa, reduced demand for exports threatened to halt a promising decade of economic progress. In Sierra Leone, for example, some 90 percent of the country's diamond-mine workers lost their jobs. The slowing of China's once-booming economy led to unemployment for one in seven of the country's urban migrants, forcing them to return to already overcrowded rural areas. Impoverished Central American and Caribbean families, dependent on money sent home by family members working abroad, suffered further as those remittances dropped sharply. Calls for both protectionism and greater regulation suggested that the wide-open capitalist world economy of recent decades was perhaps not as inevitable as some had thought. Whatever the overall benefits of the modern global system, economic stability and steady progress were not among them.

Nor was equality. Since Europe's Industrial Revolution took hold in the early nineteenth century, a wholly new division appeared within the human community—between the rich industrialized countries, primarily in Europe and North America, and everyone else. In 1820, the ratio between the income of the top and bottom 20 percent of the world's population was three to one. By 1991, it was eighty-six to one.[6] The accelerated economic globalization of the twentieth century did not create this global rift, but it arguably has worsened the North/South gap and certainly has not greatly diminished it. Even the well-known capitalist financier and investor George Soros, a billionaire many times over, acknowledged this reality in 2000: "The global capitalist system has produced a very uneven playing field. The gap between the rich and the poor is getting wider."[7] That gap has been evident, often tragically, in great disparities in incomes, medical care, availability of clean drinking water, educational and employment opportunities, access to the Internet, and dozens of other ways. It has shaped the life chances of practically everyone (see Map 24.2 and Visual Source 24.5, p. 1186).

These disparities were the foundations for a new kind of global conflict. As the East/West division of capitalism and communism faded, differences between the rich nations of the Global North and the developing countries of the Global South assumed greater prominence in world affairs. Highly contentious issues have included the rules for world trade, availability of and terms for foreign aid, representation in international economic organizations, the mounting problem of indebtedness, and environmental and labor standards. Such matters surfaced repeatedly in international negotiations during the last half of the twentieth century and into the twenty-first. In the 1970s, for example, a large group of developing countries joined together to demand a "new international economic order" that was more favorable to the poor countries. Not much success attended this effort. More recently, developing countries have contested protectionist restrictions on their agricultural exports imposed by the rich countries seeking to protect their own politically powerful farmers.

Beyond active resistance by the rich nations, a further obstacle to reforming the world economy in favor of the poor lay in growing disparities among the developing countries themselves (see Chapter 23). The oil-rich economies of the Middle East had little in common with the banana-producing countries of Central America. The rapidly industrializing states of China, India, and South Korea had quite different economic agendas than impoverished African countries. These disparities made common action difficult to achieve.





Life Expectancies

Rank	Country	Years
—	World average	67.2
1	Japan	82.6
10	France	80.7
22	United Kingdom	79.4
34	South Korea	78.6
38	United States	78.2
65	Vietnam	74.2
82	China	73.0
92	Brazil	72.4
110	Indonesia	70.7
137	Russia	65.5
139	India	64.7
151	Ghana	60.0
170	Tanzania	52.5
178	South Africa	49.3
195	Swaziland	39.6

Map 24.2 Global Inequality: Population and Economic Development
These two maps illustrate in graphic form the global inequalities of the early twenty-first century. The first shows the relative size of the world's population by region and country; the second shows the size of the economy measured by total gross domestic product and per capita income. Illustrating yet another indication of the global economic divide are figures for overall life expectancy, an indicator that has narrowed more sharply than have others.

Economic globalization has generated inequalities not only at the global level and among developing countries but also within individual nations, rich and poor alike. In the United States, for example, a shifting global division of labor required the American economy to shed millions of manufacturing jobs. With recent U.S. factory wages perhaps thirty times those of China, many companies moved their manufacturing operations offshore to Asia or Latin America. This left many relatively unskilled American workers in the lurch, forcing them to work in the low-wage service sector, even as other Americans were growing prosperous in emerging high-tech industries. Even some highly skilled work, such as computer programming, was outsourced to lower-wage sites in India, Ireland, Russia, and elsewhere.

Globalization divided Mexico as well. The northern part of the country, with close business and manufacturing ties to the United States, grew much more prosperous than the south, which was largely a rural agricultural area and had a far more slowly growing economy. Beginning in 1994, southern resentment boiled over in the Chiapas rebellion, which featured a strong antiglobalization platform. Its leader, Subcomandante Marcos, referred to globalization as a "process to eliminate that multitude of people who are not useful to the powerful."[8] China's rapid economic growth likewise fostered mounting inequality between its rural households and those in its burgeoning cities, where income by 2000 was three times that of the countryside. Economic globalization may have brought people together as never before, but it also divided them sharply.

The hardships and grievances of those left behind or threatened by the march toward economic integration have fueled a growing popular movement aimed at criticizing and counteracting globalization. Known variously as an antiglobalization, alternative globalization, or global justice movement, it emerged in the 1990s as an international coalition of political activists, concerned scholars and students, trade unions, women's and religious organizations, environmental groups, and others, hailing from rich and poor countries alike. Thus opposition to neo-liberal globalization was itself global in scope. That opposition, though reflecting a variety of viewpoints, largely agreed that free-trade, market-driven corporate globalization had lowered labor standards, fostered ecological degradation, prevented poor countries from protecting themselves against financial speculators, ignored local cultures, disregarded human rights, and enhanced global inequality, while favoring the interests of large corporations and the rich countries.

This movement appeared dramatically on the world's radar screen in late 1999 in Seattle at a meeting of the World Trade Organization (WTO) (see Visual Source 24.4, p. 1185). An international body representing 149 nations and charged with negotiating the rules for global commerce and promoting free trade, the WTO had become a major target of globalization critics. "The central idea of the WTO," argued one such critic, "is that *free trade*—actually the values and interests of global corporations—should supersede all other values."[9] Tens of thousands of protesters—academics, activists, farmers, labor union leaders from all over the world—descended on Seattle in what became a violent, chaotic, and much-publicized protest. At the city's harbor,