

1

Globalization and Its Effects: Introduction and Overview

*Richard N. Rosecrance, Etel Solingen,
and Arthur A. Stein¹*

GLOBALIZATION—MORE NEW STATES?

In 1997–98 Thailand, Korea, and Indonesia were attacked by international financial interests convinced that the countries were not running their economies properly. The trio had borrowed heavily in hard currency, and were unable to repay their debts, at least in the short term. Money flowed out of Bangkok, Seoul, and Jakarta; currencies plummeted in value and interest rates went sky-high; unemployment spurted upward. The Indonesian government fell, and the others barely averted collapse. The IMF insisted on draconian measures before providing financial assistance. With much greater reserves, even China and Japan skated near financial peril. The lesson was clear: no country is large enough to withstand huge financial drains imposed by the globalization of the world economy. To paraphrase the English poet, John Donne: No country is an island entire unto itself. Each is part of the main.

Globalization has the effect of incapacitating states as autonomous units. Under its influence, states have come to rely on distant markets for raw materials, production, and finance, and have thereby become dependent on economic forces they do not control. In a globalized world, national governments are not able to insulate their citizens from the effects of world inflation and depression, causing unemployment and low growth.

Reacting to these problems, groups of citizens within particular states may seek full independence from their erstwhile homeland. But they then face opposed incentives. On the one hand, a new state will confront the same pressures as the previous inclusive metropolitan state did. It will probably be weaker, and it will be even more reliant on the international economy. On

the other, as long as tariffs are low, even small states can become viable. Even countries with a small national market can still sell overseas. Much depends upon whether they can attract liquid capital or foreign direct investment to increase their production capability to send exports abroad. But no country has enough cash to withstand all assaults, and when periodic crises occur, each is at the mercy of the international market. The dissatisfaction of a province therefore can lead in two directions: toward greater dependence on the metropolitan government and an acceptance of lesser status, or toward independence in hopes that the international economy will treat the fledgling state kindly. There is also another possibility, heavily resorted to in the 19th century—sending one's disgruntled citizens overseas. Migration provides a safety-valve for domestic discontent as the Irish, liberal Germans, and dismayed Italians showed in the 1840s and 1850s. But if the discontented remain at home, globalization magnifies the size of the problem a group confronts in considering a movement toward independence.

From a historical perspective, new movements toward independence are not surprising. Since the days of Joseph Mazzini in the mid-19th century, dissidents have been encouraged to form new states, and many have done so. Nationalism is only two centuries old, dating back to the times of Napoleon and the French Revolution. Scholars disagree about what creates nations, but for our purposes it is the desire for self-rule expressed through popular influence on government that is at the heart of nationalism. In the 19th century it was a largely integrative force, uniting the separate German and Italian provinces. In the 20th century, however, nationalism became a disintegrative force as peoples fought for independence from colonial rule. As a result the number of states in the international system grew rapidly. At the end of the First World War, previously repressed communities split off from the Ottoman and Hapsburg Empires to form new states. After the Second World War, the Dutch, British, French, Belgian, and Portuguese empires collapsed, leaving a host of new nations in their place. The dissolution of the Soviet Union and Yugoslavia in the 1990s similarly added new countries to the international system. There were 50 states in 1900, 75 before World War II, and about 200 today. And today there remains plenty of combustible material that might ignite a demand for additional states; dissatisfaction with economic and political outcomes abounds. Kurds, Kashmiris, Tamils, Basques, and Palestinians are among their number. In addition to political and economic grievances fostered by globalization, there are more than 8,000 different dialects spoken in the world today. If even a tiny additional fraction of these were organized into political units, the total number of nations would multiply.

The surprising conclusion of this book, however, is that few new states will form in the next generation.² This is not because demands for national self-determination do not exist. They occur, and they remain powerful. Three factors, however, bar the way. The first is the increasing ability of metropolitan

governments, faced with nationalist dissent, to buy off the discontented or to induce them to submit. Globalization may have blunted economic sovereignty, but it has not dulled governmental tools to keep dissidents within the metropolitan fold. Governments have spent more in the wake of globalization, and they are willing to use these funds to keep their country together.³ In addition, governments are ready to concede high degrees of autonomy to their dissident provinces. They will not agree to independence, but they are much more willing to meet the discontented half-way than governments in the past. In the nineteenth century, imperialism linked a metropole in Europe with colonies in Africa and Asia. Today, the discontented live in provinces contiguous with the central core of the state. Because of greater propinquity, metropolitan governments can threaten greater punishments as well as offer greater rewards to those who are dissatisfied.

Second, as we have seen, discontented voters have another alternative—a safety valve for the metropole: they can migrate to another country. When there were vacant places to be filled up, new territories and new states could be easily established abroad. Now that the world's surface is already organized, the discontented can still seek residency or citizenship in another—from their point of view—better-governed country. Nineteenth-century emigration from Europe to America, Canada, and Australia was one great example of this phenomenon. It continues today with large-scale emigration from Latin America, Africa, the Middle East, and East Asia to Europe and North America. If this safety-valve performs adequately, there is no need for ethnic dissenters to form new states. They can find a home abroad in already established polities.

Thirdly, international opinion and Great Power support for self-determination and the creation of new states have lessened. As governments have perforce embraced globalization, they have also become leery of dissidents who reject it. Even more significant, dissenters who use the methods of international terrorism to gain attention for their plight have thereby generally discredited themselves. Thus, the international climate of opinion and action has now turned against axiomatic national self-rule for every dissident group. In some cases, the Basque separatists or Scottish nationalists may hope that they can gain admission to the European Union and that they will fare better in the EU than they did as provinces of Spain, France, or Britain. They are, however, likely to be disappointed. Nor will a restive Quebec be able to choose NAFTA and an alliance with the United States as an alternative to provincial autonomy within Canada. To join a new international organization or customs union, dissident nations need the consent of existing members, and they will by no means automatically receive it. The informed approval of the international community is less likely to be given.

Globalization has made all states less strong, but it has made things especially difficult for new states unless low tariffs exist across the board. Factors

of production and flows of finance can get into a new state, challenging its industries, but those industries are not always able to sell to the outside world, discharging the obligations thus incurred. The financial crisis of 1997–98 was a case in point. Asian nations had heavily borrowed abroad, but their ability to repay depended upon general acceptance of their exports. When this came into question in 1996–97, debts accumulated and foreigners removed their money. Through contagion effects, one crisis led to another, and Thailand, Indonesia, Malaysia, and Korea were thrown into crisis and most of them had to kneel at the altar of the IMF, accepting devaluation and higher interest rates as a result.

In the result, therefore, globalization has produced differential effects—weakening metropolitan governments but making life even more difficult for fledgling states. Under the circumstances, nationalist movements have generally agreed to remain within the protections of the central regime in their country.

Can new small states emerge? In theory this is possible. But there will be no investment or trade, if wars of national liberation ravage the countryside. To do their job, private traders and investors rely on continued peace and stability. Wars of national liberation, depending as they always have done on external support, therefore, are unlikely to receive it. There is no bipolar division of the world to keep those struggles going. Thus, there may be few new states emerging under such conditions.

Globalization, of course, increases the viability of even small states. In the past, national self-determination was rarely granted unless the emerging state would be deemed economically “viable.” But in an open world economy—where all comers can buy and sell freely—states do not have to be large to be viable. Thus candidates for self-determination like Scotland or Quebec would not be prohibited from independence solely on grounds of viability. If admitted to free trade arrangements, they might stand on their own. But the pattern of globalization favors bigger players, with a greater supply of cash. Trade is less free than capital movements whose outflow can penalize a country without deep pockets. In addition, provincial units receiving benefits and subsidies from the center can do better inside than they might as independent units exposed to sudden economic shifts.

WILL GLOBALIZATION WITHER?

This outcome could change if globalization were negated or transformed. A decline in globalization would almost certainly enhance the national power of states, as it did in the 1930s. This in turn could lead to greater oppression of subject minorities, as occurred then. But it would also augment incentives for independence. The globalization of today, then, probably in the net helps

repressed minorities within most states, even if it provides few opportunities for them to declare independence. If globalization gave way to new economic nationalism, it would scarcely benefit regional minorities. The result, therefore, is that globalization may be a force for restraint in creating new nation-states. If it were reversed, the pressures for further self-determination would likely increase. Will this happen?

Since 9/11, the international economy and global relationships have been under assault. In its aftermath, policymakers have worried that terrorism might soon be directed at world trade, metropolitan centers, or once again at the capitals of international finance. Weapons of mass destruction—nuclear radiation weapons, or biological agents—might be delivered against major cities. If these weapons were used, parts of cities might be destroyed; seaports could be severely disabled or shut down.⁴ Planes might be attacked by shoulder-fired surface-to-air missiles, rendering air travel hazardous. The exchange of goods, persons, and money might be curtailed. The foundations of globalization could then begin to crumble.

In addition—so it is said—Great Power rivalries might themselves write “finis” to the further spread of commerce and investment. As China grows stronger, tension between the United States and China could lead to economic conflict or even military conflict over Taiwan or other issues.⁵ Despite high economic interdependence between them in 1913, rising Imperial Germany came into collision with Great Britain. Facing the possibility of a similar clash with China, some Americans believe that the United States should act now to cut China’s growth rate, interrupting its global economic ties, and weakening global trade. Greater globalization might not prevent this conflict.⁶

To be sure, terrorism and power rivalries could theoretically disrupt the world economy. These things have happened in past ages—during the vast internal and external struggles of the Thirty Years’ War, for example. Nonetheless, they do not presently appear likely to halt the ongoing globalization process.⁷ The basic characteristic of globalization has been its flexibility—its power to adjust to checks or barriers and find new ways to continue the exchange of goods, persons, and information. The attacks on New York and Washington in 2001 did not disable their telephonic or financial operations. Back-up systems and new methods of routing calls and finance were created very quickly. Today international shipping remains unimpeded though only a small percent of its containers are inspected. Nations are, however, fashioning new supplier-receiver arrangements which maintain the integrity of the shipment from packing to arrival. (Canada, the Netherlands, Singapore, China, and the United States are negotiating arrangements to achieve this result.) The movement of persons from country to country has been monitored and restricted, but it has not come to a halt. This does not mean that a large-scale terrorist attack could not have devastating consequences.⁸

But would it shut down the entire apparatus of international commerce? At present this seems quite unlikely. Even the use of nuclear weapons would not certainly disable international trade. There are many ports and many cities through which commerce could continue to proceed as the attacked nation—with the assistance of powerful allies—scours the world for the perpetrators.⁹ Those harboring the terrorists—whether organized or “failed” states—would not be immune to attack, nuclear or other. And in terms of the long-term Great Power competition, the U.S. rivalry with China is not best advanced by termination of civilian investment or trade.¹⁰ Countervailing economic sanctions would be inimical to both nations.

If globalization does continue and expand—which appears the most likely eventuality—policymakers will have to consider and deal with its pervasive effects. As more countries enter the world economy and communications system, diverse regions are impacted in different ways. Some countries and regions wish to benefit from the new global ties, others to withdraw from or restrict them. Still others may wish to put on tariff or capital controls to limit globalization’s effect. The U.S. presidential election campaign in 2004 questioned whether outward foreign direct investment in manufacturing has hurt the home economy. In response, some have advocated penalties for companies which “outsource” manufactured goods. Yet cooler heads have observed that “outsourcing” does not disadvantage the economy as a whole—it helps it, even when particular sectors are adversely affected.¹¹

Still, as globalization proceeds, some provinces may be more affected and more dissatisfied than others. Some may be tempted to seek independence to pursue economic and political policies different from those of the metropolitan regime. They may petition the international community for assistance in their quest.

The study which follows is an attempt to chart the likely outcome. Will new states continue to be formed? Or will the international community generally inveigh against independence and particularly against the use of terrorism to achieve self-determination for dissident groups? While the future remains uncertain, we believe few states will be created in the near future.¹² East Timor and, more uncertainly, Palestine may be among the last exceptions to a general rule against further independence of potentially dissident provinces. A summary of our analysis follows.

GLOBALIZATION—THE MOBILITY OF GOODS, CAPITAL, AND INFORMATION

In our definition, globalization is the growing mobility of factors of production—capital, labor, information, and goods—between countries. Since 1945 world trade has been growing more rapidly than world GDP. Capital move-

ments have also risen rapidly in recent years. Few regions of the world are now immune to inflows or outflows of capital or labor. If the world economy continues to spread, formerly autarchic regions like Outer Mongolia, Xinjiang, land-locked African states, and central Asian countries will eventually be brought into contact with the forces of globalization. Their labor forces and raw materials will then be priced according to international market valuations, and capital and labor will begin to move in and out accordingly. This will affect social patterns in the hitherto untouched states and cause a political reaction. This reaction has already occurred in Latin America and East Asia, leading in most cases to adjustment to the new flows. In some cases, disaffected regions may seek power to ameliorate the effects, as in Chiapas or Aceh. In other cases regions like the Punjab or Catalonia will want more of globalization's effects. The question, however, is whether the metropolitan or the international community will support autonomy or independence for disaffected provinces. As we shall see, independence for such regions is becoming less and less likely.

The trade in goods has spread around the world. Consumers in many developed nations, particularly the United States, have demonstrated a voracious appetite for the products of other nations. This puts income into the hands of exporting nations which now include East Asian countries as well as Europe and Japan. Given their low labor costs, Third World nations have increasingly become manufacturing powerhouses—exporting goods back to developed country markets. As outsourcing continues, even more First World industrial facilities will move to less developed locations. Certain software activities will also shift to the Third World. This process will cause a greater equalization of gross domestic products between North and South. As a result, a growing number of nations will participate in world trade; commerce will increase in size and scope.

In contrast to goods, capital has not spread uniformly around the world. Since World War II, capital transfers have typically occurred between developed countries. Only recently has this transfer been extended to include East Asia, Latin America, and India. Beginning in the 1980s, the failure of capital to spread more widely has caused a greater pressure for migration, but this pressure has been resisted in Europe and Japan and to some extent even in the United States. In theory, the failure of capital to move to Southern countries could be made up in economic terms by the migration of labor from South to North. In theory, factor price equalization then might occur.

In practice, however, migration has not fully compensated for capital's failure to shift locations. Real wages remain low in the Southern Hemisphere and in relative terms perhaps too high in the Northern Hemisphere.¹³ If less developed states undertook to do more manufacturing, inequality between countries would be reduced.¹⁴ The outsourcing of services will also help equalize growth rates between industrial and developing countries. Foreign

direct investment (FDI) proceeding from North to South would then partly substitute for migration flows from South to North, and Third World manufacturing production based on foreign direct investment could serve as the basis for exports to developed economies. Under these conditions, trading nations would become producers of manufactured goods as well as services.

Moving to the next stage of industrial progress, previous low-cost producers like Hong Kong, Korea, Taiwan, and Singapore could then become designers and financiers of products produced in even lower wage locations—like China, India, Mauritius, Indonesia, and Bangladesh.¹⁵ Then, differences between North and South would be further reduced as “virtual states” emerged among developing economies.¹⁶

Until this happens, inequalities may be one of the causes of tensions between nations. In addition, globalization may favor particular regions within a country, giving rise to internal conflicts. As a result of their participation in global trade, the Punjab and Kerala did particularly well in India while other provinces were relatively disadvantaged. In Spain, Catalonia and the Basques were favored by international economic flows, but Castile was not. In China, Guangdong and Dalian benefited, but Xinjiang did not. Under these circumstances even relatively advanced countries may contain less favored regions which seek to break out of metropolitan control and achieve independence. States with restive populations include: Sri Lanka (Tamils), India (Punjabis, Mizos, Nagas, and Kashmiris), Mexico (Chiapans), and Indonesia (with dissident populations in Aceh, Ambon, and elsewhere).¹⁷ Thus the failure of capital to move to areas of labor abundance, and the simultaneous inability of labor to move to areas of capital abundance, will cause inequalities and perhaps lead to greater subnationalism of the affected regions. In this way capital as a factor in globalization may stimulate tensions.

As domestic security problems are resolved within the Third World, however, capital will generally resume flowing to areas of capital scarcity and labor abundance. If this occurs, globalization of capital will provide an equalizing tendency between if not within nations.¹⁸

Finally, the spread of information is becoming a worldwide phenomenon, and it is the hardest to stop. Engulfed by information flows from other countries, individuals may become dissatisfied as they compare their present situation with known life-possibilities available elsewhere. A revolution of rising expectations may be stimulated by new information sources on the quality of life in other countries. But a more uniform spread of information does not mean a proportional increase of terrorism or movements seeking national self-determination. If everyone in a social system is affected equally by these global tendencies, ethnic self-determination and terrorism are unlikely to erupt. Also the government takes advantage of the new opportunities in information technology to control dissidents. By and large, ethnic inequalities or regional differences must be present to stimulate the disadvantaged to

seek redress. If these emerge, self-determination movements and terrorists can use internet and information networks to further their cause.¹⁹

CONTROLS ON GLOBALIZATION EFFECTS

This does not mean, however, that globalization in different regions will automatically produce a negative, separatist reaction. Much depends on what national and international authorities (national governments, the IMF, WTO, NATO, ASEAN, and G-8) do to contain the response. Globalization, of course, enlists or at least attracts a large number of cooperators—governments, labor movements, bureaucracies, and business organizations, to say nothing of consumers. The middle classes and local reservoirs of technical expertise benefit from the rising investment and cheap consumer goods that are provided by the global economy. In this way, globalization may help to co-opt potential dissidents. In addition, the disenchanting populations may be spread evenly throughout the country, preventing the buildup of regional centers of opposition. New subnationalism will not then be formed. Governments, moreover, can influence the settlement patterns of their minorities.

In addition, modern governments, particularly those in Europe, seek to assure welfare for groups that might be disadvantaged by the globalization process. Groups in the major cities may benefit from worldwide production, trade, finance, or information. In the hinterlands, where infrastructure is lacking, globalization may bypass local interests, but the national government can compensate the neglected provinces with subsidies or benefits, especially where potential dissidents might be concentrated. Quebec, Scotland, the Punjab, and the Basque regions of Spain and France have not suffered as a result of their regional distinctness or distance from the metropolitan center. They have been generously compensated for losses by the central authorities. Taiwan is now receiving *de facto* economic benefits—even subsidies—from Beijing which may partly assuage Taipei's failure to achieve international recognition of its separate sovereignty. Taiwanese elections show that sentiment in favor of independence has not declined, though the Democratic People's Party (which favored sovereignty) has been losing ground to the Kuomintang (see Richard Baum in chapter 15).

In some cases, like Chechnya, Kashmir, or Aceh, however, benefits provided by the central government have been insufficient to overcome ideological-religious hostility or the active assistance of hostile foreign elements directing insurgent attacks against the central regime. To cope with continuing strife, national governments have used force to contain dissident provinces, with partial success. In addition, the international community may inveigh against independence for dissident regions. It has been hostile to independence or autonomy for Chechnya and Kashmir at least since the September 11,

2001 attacks on the World Trade Center. In Indonesia, Aceh and Ambon have not enlisted international sympathizers akin to those who supported independence for East Timor. For many outside powers, the prospect of a major state unraveling under the pressure of regional self-determination has stimulated a conservative reaction. Palestine is one of the few emergent nation-states that still garners international support, though that support may be lost because of Hamas's dominance of local politics in the West Bank and Gaza. Hamas has not yet shown any indication to control terrorism directed against Israel.

GLOBALIZATION AND SELF-DETERMINATION— A THEORETICAL MODEL

Many factors condition the acceptance or rejection of continuing metropolitan rule of dissident provinces. There are at least four variables that influence the dependent region: (1) the degree of globalization itself; (2) the acceptance of globalization by metropolitan rulers; (3) the acceptance of globalization by major international actors (who could support or oppose independence for the region); (4) the dependent province's attitude toward globalization. We hypothesize that the most likely case for independence—or an increase in the potency of the self-determination movement (SDM)—would occur when (Table 1.1):

Independence would be more likely when the metropolitan government is isolated in its stance on globalization, being opposed by both foreign actors and the dissident province itself. Independence would also be more likely when preceded by a crisis enveloping the central government (such as economic or financial collapse).

On the contrary the metropolitan bond with the dependent region would hypothetically be strengthened when (Table 1.2):

Retention of the dissident province within the territorial boundary would most likely take place when its position on globalization was similar to that of the metropole and of leading international actors.

In Case 1) a dissident modernizing province supported by international actors seeks independence from a retrograde government. The Punjab in the 1980s might have constituted such a case, but since then the Indian government has itself modernized. Kashmir is not such a case, because Kashmiri

Table 1.1.

<i>State of Globalization</i>	<i>Metropolitan Policy</i>	<i>International Policy</i>	<i>Dissident Group</i>
1. High	Against G	For G	FG-dissatisfaction
2. Low/moderate	For G	Against G	AG-dissatisfaction

Table 1.2.

<i>State of Globalization</i>	<i>Metropolitan Policy</i>	<i>International Policy</i>	<i>Dissident Group</i>
3. High	For G	For G	FG-satisfaction
4. Low/moderate	Against G	Against G	AG-satisfaction

dissidents aided by Pakistan are Islamic traditionalists and they have only limited support from the international community. (See Deepak Lal in chapter 9.) In Case 2) with globalization low, a modernizing regime seeks to keep a traditional province that is supported by anti-global international actors within its national fold. Chechnya does not constitute such a case because the international community has become pro-globalist. (See Reppert-Shevchenko in chapter 8.) In fact, if there were such cases in the past, there are no obvious examples of them today.

Case 3) in which governments, dissidents, and the outside world are all in favor of globalization is much more typical and is becoming the characteristic outcome, even where there are cultural differences between province and metropole. Scotland and Quebec are examples as we shall see. Case 4) is again an anachronistic outcome, involving low globalization and anti-globalist policies all round. Today, few if any regions of the world are free from the pressures of globalization. It is difficult to think of relevant current examples of Case 4). In the past, however, President Sukarno of Indonesia faced a “backlash” coalition of dissidents even when he shared their fundamental antipathy toward globalization.

The Appendix lists the twelve other possible outcomes.

THE INDEPENDENT VARIABLES

In seeking independence, dissidents seek to capitalize on a situation in which their metropolitan government is out of harmony with three other elements in the picture: (1) the strength of globalization, (2) the international support for globalization, and (3) their own position on globalization. Chechnya is opposed to modernization, and Moscow is in favor. If major international actors were against it, and if globalization were weakening, these trends would favor self-determination for Chechnya. But, as we know, globalization is not apparently lessening, nor is international support for it declining, so independence becomes even more unlikely (see Reppert-Shevchenko in chapter 8). (Given their support of terrorism, Chechnyan nationalists have become more isolated still.)²⁰ Chechen separatist attacks have only solidified international opposition to their designs. The Beslan school massacre in North Ossetia constitutes a leading case in point.

In the past, dissidents in the Punjab sought independence and/or greater autonomy from India. The movement wanted more freedom to participate in the international economy without controls from Delhi. Most international actors favored globalization. But the need for Punjabi autonomy/independence declined when Delhi came to support globalization as well. India succeeded with a policy which combined local repression with greater globalization. In the Basque case the dissidents favored globalization, but Spain and France were also its partisans in political as well as economic groups. Despite their cultural differences with Castile, Basques had few economic grievances, and support for ETA declined. Before Spain's entry into the EU and the Euro-zone, Basques might have argued for independence plus EU membership; now, however, independence without such membership looks quite unattractive. Since Basque separatists want French as well as Spanish territory, they face an uphill fight. In this respect, their position is analogous to the Kurds' failure to achieve an autonomous or independent nation-state of their own comprising territory from Iraq, Iran, and Turkey.

Those likely to remain within the metropolitan bond include Scotland and Quebec because Canada and Great Britain are as globalist as the outside world. Nor would independence necessarily lead (as some dissidents believe) to either an American or a European embrace of the seceded province. The Parti Quebecois has staged a partial comeback though the new Conservative government is unlikely to be any more hospitable to Quebec than the Liberals were. This issue, however, of negotiations remains open. In addition, the French-speaking region has benefited from generous government subsidies from Ottawa. Public opinion surveys indicate that separatist opinion in Quebec was largely strategic in character, seeking greater influence in Canada, whether or not independence was granted.²¹

In the Scottish case, Glasgow has received a considerable devolution of power—a parliament, the Scottish pound, and an independent legal system—and like Scotland, Britain remains in the globalization camp. Britain has also given a disproportionate share of benefits to Scotland. Glasgow may (vainly) hope that it could fare even better if the EU offered it membership. but this prospect is quite unlikely. The EU has too many candidate-members already, and Britain would strongly oppose its admission.²²

Cyprus has been granted EU membership, but the Turkish part of the country has been left in abeyance, pending agreement with Greek Cypriots who have vetoed an international accord. The Greeks will have to change their stance over time because Turkish Cypriots, with the support of Ankara, have accepted a federal solution. This settlement will pave the way for negotiations leading to Turkish membership in the European Union.²³

In summary, metropolitan and international forces typically embrace globalization.²⁴ If the dissident province does not do so, its independence will rarely be supported and may not succeed. If the dissident province favors

globalization, its independence is in a degree unnecessary. In this way, the interaction of variables typically favors the retention of the dissident province within the metropolitan frontier.

THE AMOUNT OF GLOBALIZATION

There may be more or less globalization. Some believe that globalization will moderate in the aftermath of the attacks on the World Trade Center of September 11, 2001. That is not our conclusion, however. (See Deepak Lal in chapter 3 and John Mueller in chapter 4.) Despite questions concerning port security, world trade has not lessened. The flow of capital resumed as the world recession diminished. Our study concludes that more countries will now be affected by international financial flows than previously. In the 1960s many Third World nations could stand aside from globalization, but few can do so today, dependent as they have become on selling abroad and receiving capital from the outside world. The greater the globalization, the harder it will be for dissident movements to reverse economic pressures even if they are opposed to them. After the deposition of the Shah in 1979–80, the Iranian mullahs sought to restrain globalist pressures, but they succeeded only partially. Underneath the surface of Iranian religiosity, a pro-globalist citizenry resides.

In more general terms, the amount of globalization which varied significantly in past ages seems to be secularly increasing today. Some areas of Africa, South Asia, and the South Pacific may still be largely unaffected by global trade and capital movements, but most areas of the world are strongly influenced by them.

THE SOCIAL RESPONSE TO GLOBALIZATION

If global factors generally intrude into social affairs, it is necessary to examine society's response to them. To test for the influence of domestic social factors, one can begin with the assumption that the response to globalization will generally depend on the political/economic status or development of the particular society. An urban, politically-participant electorate in Caracas or Mexico City will apparently be far more affected than rural peasants in Nepal or nomadic herdsmen in Outer Mongolia.²⁵ Non-participation can be either in class or regional terms. If the mobilized part of society is excluded from political participation either vertically (in class terms) or horizontally (in regional terms), it may well react to demand greater autonomy or benefit.

Is there a threshold (in terms of domestic social development) between acceptance and rejection of global influences? At least two different issues are

involved in answering this question: what is the nature of the target society; and what is the degree of penetration by global economic forces? As to the first, how much of the society will be able to adjust to incoming capital and technology and gain (not lose) jobs?²⁶ What proportion will be unemployed? As to the second question, the entry of overseas capital will depend in the long term on the legal safeguards in place in the target society. Do citizens enjoy property rights, and are their rights protected? How stable is the government? Russia failed the stability test in 1998, and many Latin American countries do not accord property rights to their impoverished citizens. Russia also does not fully protect the property rights of its people. (The treatment of the oil company, Yukos, by the Russian regime is a case in point.) Infrastructure and literacy will also be involved. A literate and trained population together with a developed infrastructure of roads, ports, communications, and air routes may also be needed to attract foreign capital. Equally, class and income differences within the society should not be so extreme as to restrict consumption. In more general terms, one might expect that globalization will be accepted by more modernized societies and rejected by more traditional ones. The amount of literacy, infant mortality, and years of schooling would presumably also affect a country's reception of globalization.

Yet a brief comparison of local social characteristics and the indicators of globalization (such as trade/GDP ratios) demonstrates few robust correlations. This suggests that there are few intrinsic barriers to the spread of global influences. (See Cordero-Rosecrance in chapter 2.) Urban population, schooling, life expectancies, and female literacy are associated with globalization effects. But these do not represent strong or necessary relationships in all cases. It appears that some governments favor a movement toward globalization even when their country's social characteristics remain fairly traditional, even backward.²⁷

Two such examples are Brazil and Indonesia. These two countries are struggling to meet requirements of the "Washington Consensus"—low inflation, restrained government deficits, and a stable currency—yet they are not fully modern societies. As Etel Solingen demonstrates, countries do not have to be democratic to attract capital.²⁸ There are some authoritarian societies in which liberalizing coalitions seek foreign investment on the basis of improved contract-law safeguards and greater political stability.²⁹ General Park Chung Hee foisted globalization on South Korea when there were few local characteristics which favored it. In the Indonesian case, elites have accepted globalization, though the masses have not yet done so. Islamists have vied with Christians in various provinces, but it is unlikely that dissidents will be given independence. This relationship is further explored in chapter 10.

A general conclusion is that the policy of the metropole is the single most important independent variable in charting the acceptance of globalization. A

country's participation in the globalization process may be determined more by a willing government than by the social "ripeness" of the population itself.

THE METROPOLITAN RESPONSE TO GLOBALIZATION

The response of the domestic government is critical to the success of both globalization and self-determination for a regional minority. Some domestic governments have been quite effective in channeling or reducing the effect of globalization upon their populations, seeking to prevent new dissident movements from rising. Increased governmental expenditure can mitigate the inequalities foisted upon low income countries by globalization. In previous years, Iraq's Saddam Hussein kept the Kurds in the north and the Shiites in the south in check by preventing foreign (globalist) influences from intruding. His approach was largely a punitive one. The Indonesian response to Aceh under Megawati Sukarno-putri also mixed military repression with blandishments. This will likely continue with General Adhoyono in power. In other cases governments have typically rewarded potential dissidents, hoping to keep them within the fold. Canada, Spain, and England have offered rewards to dissidents in Quebec, the Basque areas, and Scotland. The Russian government combined carrots and sticks to influence Chechnya, but the conflict continues to simmer with terrorist actions in Russian cities and nearby provinces. Aside from Chechnya, Vladimir Putin has used the prospect of benefits as well as political pressures to keep disparate regions in line.³⁰ In more general terms, when aided by the international community, the metropolitan government has been able to prevent self-determination in a very wide range of cases. King Hussein and King Abdullah in Jordan were able to persuade Islamist elements in the legislature to accept effective central rule from Amman.

INTERNATIONAL RESPONSES TO GLOBALIZATION

The outcomes of national self-determination struggles are also strongly influenced by the amount of international support they receive. If key independence movements are assisted by Great Powers, they will be more successful. Croatia became independent largely because of German and then European support. Slovenia was assisted by the European Union in achieving independence. Macedonia retains its territorial integrity largely because of help from the United States, the United Nations, and the European Union—otherwise its northern region might have become part of Kosovo. America and Russia supported the independence of Israel in 1948 against the wishes of the British government. The United Nations, the Great Powers, and sometimes even the previous colonial power paved the way for national self-determination for

new African states from the 1950s to the 1970s. On the other hand, the United States has not encouraged an independent Quebec, and international forces do not support independence for either Scotland or Wales. East Timor, however, moved to independence from Indonesia with the support of Australia and other countries.

DISSIDENT ATTITUDES TOWARD GLOBALIZATION

In some cases dissident attitudes toward globalization can be very important in garnering international support. Slovenia convinced many observers that it was an eligible nation-state because of its already high degree of economic and political advancement. As the rest of Yugoslavia fell into chaos, Slovenia was seen as a new and viable economic entity. The key here appears to be the dissidents' congruence with international pressures as compared with their acceptance by the metropolitan regime. If international powers support globalization and the metropolitan government does not, a globalist group of dissidents may win support. In a traditional society, if international powers stand against globalization and the domestic regime also opposes it, a liberal dissident group may have difficulty winning autonomy. The Punjab faced such problems initially.

THE DEPENDENT VARIABLE—SELF-DETERMINATION OUTCOMES

The reaction against globalization extends along a continuum which ranges from terrorism (the weapon of the weak) at its lower end to devolution, autonomy, independence, and nationalist assertion at its higher end. Each of these objectives reflects a successively higher degree of nationalist ambition and/or response. Nationalist aggressors and seekers of independence are the most demanding responders, and under favorable circumstances can become the most successful modifiers of the status quo. But if full independence and/or nationalist expansion cannot be achieved, dissidents may have to be satisfied with autonomy or a lesser devolution of power. If none of these is within reach, terrorism may be the default response. It can occur at the beginning and/or at the end of a (failed) struggle for independence. It is theoretically possible that a decisive failure of the Parti Québécois to win independence from Canada could regenerate the FLQ in Canada and Quebec. The Basques and the Kurds have failed to achieve statehood, but they continue with terrorist tactics of ETA and the PKK. If Taiwan were forced to amalgamate with China against its will, it might direct terrorism against Beijing. In chapter 2, our study seeks to chart the domestic political/economic variables which will help decide the reaction to globalization. If the regime in power

rejects global influences and a dissident group wishes to participate in a wider international society, tension may increase and generate international support for the group in question. But full autonomy will depend upon the policies, strength, and stability of the metropolitan government as well as the response of the Great Powers and the international community more generally.

Another variable which appears to foster globalization is the participation of a candidate-state in a regional security arrangement (see Etel Solingen in chapter 10). ASEAN has paved the way for globalization and an end to military conflicts in East Asia. No such organization exists in the Middle East, and the region's acceptance of globalization has been spotty at best. In Europe, NATO and EU have paved the way for globalization and peace, but there is yet no similar organization in South Asia. In Etel Solingen's terms, "backlash coalitions" (directed against globalization) are more likely where there is no accepted security cluster to provide for regional acceptance of global influences.

CONCLUSIONS—THE OUTLINE OF THE ARGUMENT

Globalization will continue and deepen. Neither terrorism nor Great Power rivalry is likely to halt its expansion.

There will be continuing movements toward self-determination, but these will generally not achieve independence. NGOs may assist locals to propound their political claims, but terrorism will not be an acceptable means of advancing the cause of independence. In Africa, diamonds, oil, and minerals will draw dissident elements to particular provinces, but countries will fight to prevent their secession. If so, few new states will likely be created. Few additional empires are in the market for collapse.³¹ Nationalism of the state regime, however, will be a continuing feature of the international political scene to control potential dissidents.

Thus states, even states with ethnic minorities, will not generally split apart.

There will be no independence for (Table 1.3):

Palestine may become independent with outside peacekeepers stationed there. But this depends upon a domestic consolidation within the Palestine

Table 1.3.

<i>Negative Sanctions</i>	<i>Positive</i>
Aceh	Scotland
Kashmir	Quebec
Chechnya	Basques

Authority to control terrorism, which under Hamas's dominance appears unlikely. In Africa the Southern Sudan may possibly split from the North if an agreement is reached to end the civil war. But few other instances of successful subnationalism are likely to be found in the next few years.

Global terrorism will continue, irrespective of globalization, though globalization will make terrorist success more difficult. Partisans of globalization will increase in number, favoring open trade, open markets, and financial flows. They will not wish to see these transactions disrupted by international terrorism. As a result, an increasing number of state supporters of globalization (including the United States and Europe) will cooperate to reduce the prospects of terrorism. The United States cannot do this alone, for there are no superpowers in the struggle against this international evil. Equally, the fight against terrorism could facilitate stronger Great Power links, including links with the People's Republic of China.

NOTES

1. The authors would like to express thanks to Barbara Rosecrance, Amy Davis Stein, and Luisita Cordero.

2. The long-term future of states in Africa, however, cannot be fully foreseen. Today, with perhaps the exception of the southern Sudan, Kosovo and Montenegro, no new states appear likely to be formed. For an alternative point of view, see Alberto Alesina and Enrico Spolaore, "On the Number and Size of Nations," NBER Working Paper #5050 (March, 1995).

3. See Geoffrey Garrett, "Capital Mobility, Trade, and the Domestic Politics of Economic Policy," in R. Keohane and H. Milner, eds., *Internationalization and Domestic Politics* (Cambridge: Cambridge University Press, 1996), 80–81.

4. See Graham Allison, *Nuclear Terror* (2005).

5. See John Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2003).

6. But see Richard Cooper in chapter 5.

7. The relative immunity of present-day globalization to break down as a result of terror attacks is testified to by John Mueller, Richard Cooper, and Deepak Lal.

8. As demonstrated by the attacks on Madrid railways in 2003. Studies by former Secretary of Defense William Cohen suggest the continuing possibility of large-scale terrorist attacks.

9. In the sixteenth century Antwerp was sacked and blockaded, but this only stimulated the emergence of Amsterdam as a hub of commerce.

10. See Richard Cooper in chapter 5, and Council on Foreign Relations, "Chinese Military Power" (2003).

11. The Council of Economic Advisors under Gregory Mankiw frequently elaborated this case. See also *Principles of Economics* (Mason, OH: Thomson/South-Western, 2004).

12. See Graham Allison in chapter 6.

13. In contrast, labor mobility made for a greater equalization of real wages between England and the United States during the second half of the 19th century. (See Kevin O'Rourke and Jeffrey Williamson, *Globalization and History* (Cambridge, MA: MIT Press, 1999).

14. This would not necessarily diminish inequality within countries, however.

15. See the reference in footnote 3.

16. Virtual states are countries which shift their production overseas, retaining design and research facilities at home. See Rosecrance, *The Rise of the Virtual State* (New York: Basic Books, 1999).

17. The way to prevent this is to invest more in the disadvantaged province—in terms of both carrots and sticks.

18. See Robert E. B. Lucas, *International Migration and Economic Development: Lessons from Low Income Countries* (Cheltenham, UK: Edward Elgar, 2005).

19. See John Mackinlay, "Globalization and Insurgency," International Institute for Strategic Studies (London, 2002). Governments also use such networks to enhance their control of separatists.

20. But see also the work of Matthew Evangelista, *The Chechen Wars: Will Russia Go the Way of the Soviet Union?* (Washington, DC: Brookings Inst., 2002).

21. See Alan Alexandroff in chapter 13.

22. See Richard Rosecrance and Arthur Stein in chapter 14.

23. These negotiations began in October, 2005.

24. The Middle East and Africa remain exceptions here.

25. In Argentina, however, urban populations are sometimes more opposed to globalization than are the agricultural population (whose fate is tied to farm exports).

26. See Adrian Wood and Kersti Berge, "Exporting Manufactures: Human Resources, Natural Resources, and Trade Policy," *Journal of Development Studies* (October, 1997).

27. There are many anomalies here. General Park Chung Hee forced globalization on South Korea when the society's latent and rural characteristics were not fully supportive of such a change. King Hussein in Jordan and President Yoweri Museveni in Uganda also fostered greater globalization than their populations may have been initially ready for.

28. There is, however, a "democratic efficiency" argument. See UNDP, "Arab Development Report" (2002).

29. See Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton, NJ: Princeton University Press, 1998).

30. See Daniel Treisman, *After the Deluge: Regional Crises and Political Consolidation in Russia* (Ann Arbor: University of Michigan Press, 1999).

31. Russia, Indonesia, and India might be thought to be continuing candidates for dismemberment, but this outcome seems increasingly unlikely.