

Globalization with a human face

by [John B. Cobb Jr.](#) in the [November 3, 1999](#) issue

The Lexus and the Olive Tree: Understanding Globalization, by Thomas L. Friedman

We now have a name for the dominant reality of the post-cold-war epoch: globalization. Thomas Friedman rightly describes globalization as an all-embracing phenomenon shaped by global capitalism. He approaches the topic in a remarkably comprehensive fashion, offering an overview of six no longer separable dimensions: politics, culture, technology, finance, national security and ecology.

Friedman, a foreign-affairs columnist for the *New York Times*, has a very readable, journalistic style. Brilliantly selected anecdotes and personal reminiscences communicate what is going on around the world. Much of his account is neutral. He describes globalization and allows readers to respond favorably or unfavorably, to be excited or appalled. Whereas the cold war was fought over the views of Karl Marx and Geoffrey Keynes, "who each in his own way wanted to tame capitalism," the current era unleashes capitalism to perform its essential work of "creative destruction."

The speed by which your latest invention can be made obsolete or turned into a commodity is now lightning quick. Therefore, only the paranoid, only those who are constantly looking over their shoulders to see who is creating something new that will destroy them and then staying just one step ahead of them, will survive. Those countries that are most willing to let capitalism quickly destroy inefficient companies . . . will thrive in the era of globalization.

Despite his awareness of many of the losses and dangers involved in globalization, Friedman communicates his excitement. His explicit account of his position is moderate:

I feel about globalization a lot like I feel about the dawn. Generally speaking, I think it is a good thing the sun comes up every morning. It

does more good than harm. But even if I didn't much care for the dawn there isn't much I could do about it. I didn't start globalization, I can't stop it—except at a huge cost to human development—and I'm not going to waste my time trying. All I want to think about is how I can get the best out of this new system, and cushion the worst, for the most people.

The analogy with the rising of the sun suggests inevitability—a widely held perception about globalization. Yet many of Friedman's statements counter this view. One could draw from his account evidence that the global economy can easily be derailed. For example, he fears that if we do not adopt policies that ease the pain of globalization on displaced workers and others, the U.S. may become a society of "high walls and tinted windows."

One of the prerequisites for globalization is that the U.S. act as a relatively benevolent hegemon, willing to shoulder extra responsibilities and even give others a free ride. Friedman worries that most Americans do not support the kind of international policies required for America to perform this role. He points out that in the wake of the financial meltdowns in Southeast Asia and Russia, some economists were calling for slowing down the movement of global capital. Putting "sand in the gears" like this could bring the global economy "to a screeching, metal-bending halt." Friedman understands that most nations do not have the infrastructure or culture needed to participate in the global economy and may balk at making the necessary changes. But if major countries do this, the globalization project will fail.

Perhaps, then, globalization is more of a choice than his analogy with the dawn suggests. Perhaps there are real options, and Friedman's goal is to encourage us to choose globalization and to pay the necessary price. Perhaps his real position is better stated in this climactic image:

Think of participating in the global economy today like driving a Formula One race car, which gets faster every year. Someone is always going to be running into the wall and crashing, especially when you have drivers who only a few years ago were riding a donkey. You have two choices. You can ban Formula One racing. Then there will never be any crashes. But there also won't be any progress. Or you can do everything possible to reduce the impact of each crash by improving every aspect of the race.

It appears, then, that for Friedman globalization is not inevitable. But the only alternative to it is an end to all economic progress. If that's so, the point should be more seriously argued. None of the great economic success stories to date occurred in the context of a global economy. Are the patterns of the past really no longer viable?

In the absence of a nondestructive alternative, Friedman sees his task as furthering greater understanding and acceptance of globalization so that Americans will support the government in playing its historic role. He quotes Robert Kagan with approval: "Good ideas and technologies also need a strong power that promotes those ideas by example and protects those ideas by winning on the battlefield." Globalization's dependence on U.S. national policies is one of the book's central theses.

One of the dangers of globalization is suggested by the book's title. The olive tree represents "everything that roots us, anchors us, identifies us and locates us in the world—whether it be belonging to a family, a community, a tribe, a nation, a religion or, most of all, a place called home." The threat to the olive tree "is likely to come from the Lexus—from all the anonymous, transnational, homogenizing, standardizing market forces and technologies that make up today's globalizing economic system." But these forces need not destroy the olive tree. Friedman calls for their impact to be filtered, so traditional cultures can survive and adjust. At the same time, he recognizes that the uprooting and homogenizing effects of globalization are difficult to resist.

Friedman's discussion of the natural environment is closely linked to his concern for the preservation of traditional cultures. "Because globalization as a culturally homogenizing and environment-devouring force is coming on so fast, there is a real danger that in just a few decades it could wipe out the ecological and cultural diversity that took millions of years of human and biological evolution to produce." This would make globalization unsustainable. Friedman hopes that market principles can save environmental diversity, that the global network will be used to organize environmental defense, and that technology will reduce the volume of materials needed for the economy and engineer new genetic forms. He knows that unless population growth slows, it will be impossible to protect the environment.

Friedman rightly argues that the policy options we face today are defined by the global economy. He provides a simple diagram of the four stances to which his

analysis leads, and proposes two axes: one from separation to integration, and the other from "let them eat cake" to "social-safety-nets." Like Bill Clinton, he is committed to the quadrant of the integrationists and the social-safety-nets. I should be equally explicit about my own commitments. I, like House minority leader Dick Gephardt, belong to the separation/social-safety-nets.

Actually, of course, these schemas are too simple. Safety nets are not Friedman's only response to those crushed by the Lexus. He also wants trampolines—ways to enable the poor to enter the market economy successfully. While favoring both safety nets and trampolines, I would focus more on systemic changes in the economy that would reduce the creation of poverty.

Friedman has compassion for the poor, but he is most concerned about the political dangers to the economic system that will arise if the disadvantaged are neglected. I would begin with the plight of the world's poor and ask what economic system can best alleviate it. When this question is posed, it is clear that the present pattern of globalization is not the answer.

Friedman does not discuss how the global economic system systematically lowers wages throughout the world. When he talks about the growing income gap, his example is from basketball. Globalization makes a few into world celebrities while their teammates, who are almost as good, go unnoticed. This leads to a vast difference in income between the few stars and the other players.

Though this is an interesting point, it is chiefly relevant to entertainment and sports. A far greater downward pressure on wages comes from a different aspect of globalization: the global market allows corporations to locate in those places where they can pay the lowest wages for labor-intensive work. This forces nations to compete with one another in providing laborers who have no choice but to work for less and less. Many of our goods are cheap today because they are produced in this new global sweatshop. That millions of workers around the world are now toiling long hours without receiving a living wage is a direct consequence of globalization. Meanwhile, those CEOs most willing and able to exploit others receive astronomic salaries. Friedman is silent about all this. His attention is on the investors and entrepreneurs.

Though Friedman calls for a balance between the Lexus and the olive tree, he barely pauses to consider what can be done to sustain some form of community. He thinks

the U.S. is achieving a balance quite well. I would argue that major trends in American society are more of an indictment of globalization's effects on community than a model for the world to follow. Since human beings need community more urgently than they need fancy cars, economic systems should be designed or managed to support community, not to destroy it.

The environmental crisis is far more critical than Friedman indicates. The degradation of the planet may make it incapable of supporting its human population. The global economy is rapidly depleting the resources on which it depends, polluting the air, water and land and changing the global climate. There are critical reasons for searching for an alternative.

Friedman may be justified in asserting that we who are critical of globalization have not provided any widely influential alternative to it. But he does not consider what has been done in this direction. Moreover, he excuses events that show the bungling of the global economy by citing how new the global economy is. May not the absence of a well-conceived alternative be excused in a similar way? His recognition of globalization's threat to culture and the environment should make him willing to consider proposals for radical changes.

A central issue between those of us who oppose the present form of globalization and those who celebrate it is the role of governments. Both sides agree that governments play an important role. Those who side with Friedman argue that governments are needed to serve the market. Even Friedman's argument for democracy is based on the view that it eases the nation's integration into the global market.

Should economic growth and technological progress be our supreme values? Should not politics be about more inclusive goods? Should not economic goals be subordinated to more important purposes? If there are greater and more inclusive goods than wealth, then we should move toward what Friedman does not want—either the recovery of control of the market by national governments, or the development of a global government capable of establishing the parameters of market activity.

Once governments reasserted their control over economic actors, it would become possible to restrict the power of the market. Governments can set the conditions of economic activity, including minimum wages, safe working conditions and

antipollution standards. But if doing so raises the costs of production within their nations, they may have to protect their producers from being undercut by goods imported from countries that have lower standards. Governments could also protect their environments and natural resources. We could move from the single global market toward an international economy. Obviously, such an economy would require new sets of international agreements. A greatly strengthened United Nations would help provide the new levels of cooperation needed among nations.

This kind of international economic order might slow the growth of the global economy, but to dismiss it as ending all progress is not justified by any arguments provided in this book or, as far as I know, anywhere else. The greater freedom of governments would not ensure that the poor in their countries would benefit, but it would make possible the improvement of their condition—a possibility absent in unfettered global capitalism.

The sense of inescapability that pervades the book is strengthened by the longer history in which Friedman sets the current form of globalization. We have been moving toward globalization for centuries, but the process was interrupted by the communist revolution in Russia, the Great Depression, World War II and the cold war that followed. With the end of the cold war, symbolized by the fall of the Berlin Wall in 1989, the process simply resumed of its own accord.

While there is some truth to this account, it is also misleading. Human decisions and intentionally chosen policies played an important role in the initiation of globalization. This began in the Reagan administration with the "Washington consensus" that private enterprise should be the engine of world development. The resultant policies reshaped both the U.S. and the Third World during the '80s.

The U.S. led in dismantling the welfare state and the national economy—the dominant economic system of the first decades after World War II. This dismantling was not required by globalization; it was required for globalization. During the same period structural adjustment policies imposed by the World Bank and the International Monetary Fund on scores of countries opened them to transnational corporations. Thus, well before the fall of the Berlin Wall, much of the world had already shifted away from national economies that tried to provide for all their people. Of course, the inclusion of Eastern Europe and China in the market was needed to make the new system fully global. And it was not until the '90s that private investments flooded the world.

Globalization would not have occurred-or would have taken a different form—without the joint decisions of the U.S. government, the International Monetary Fund and the World Bank. If this radical change could be implemented by human decisions, other decisions could effect other changes.

We need the debate for which Friedman calls about how to adjust to globalization. Even more urgently we need a debate about alternatives to the current form of globalization—alternatives that would leave our grandchildren a more livable world.