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Globalisation must be saved from the radical global utopians

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Now may hardly seem the time to imagine a more global future, let alone do so with optimism. Most of us are hard pressed just to maintain the illusion that the present system is not breaking down, to deny with conviction what everyone knows - that the grand trade liberalisation project is, at best, on life support.

It is only natural to think conservatively, even defensively, when witnessing the collapse of an empire. Few outside the US doubt that America's free-trade system, constructed with such care in the decades after the war, is crumbling fast. The proximate cause is America's looming bankruptcy. As the ongoing Doha round of world trade negotiations has already proved, the US simply lacks the currency - in the form of believable promises of sustainable access to the US marketplace - to "buy" the next round of trade liberalisation, as Washington has "bought" every round since the 1960s. Clearly no other nation is willing or able to take America's place.

Yet we will find no better moment to begin, once again, to imagine a world in which expanding trade helps to promote a more just, secure, free and peaceful world. This is because there is no better time than today to face up to the two fatal flaws of the radical globalisation project that in the early 1990s came to supplant the more careful trade liberalisation of the postwar era: first, America's utopian belief that an unregulated "market" would somehow do the work of government; and second, the rise of global companies - especially in the retail and electronics sectors - to fill the power vacuum created by the retreat of the American state from its traditional role managing US trading relationships.

Similarly, there is no better time than now to grasp that the real question is not, as Americans like to frame it, free trade versus protectionism. It is whether the world trading system will be regulated by private companies that are answerable only to the rich and powerful, and are profoundly unã,Âequipped for the task of processing complex information for the sake of society, or by states built to assess risk and to be answerable to all citizens.

It would be Pollyannaish to deny that grave dangers abound. The last time a free-trade system unwound, when Britain's "invisible empire" vanished almost overnight in the 1880s, one result was a scramble for territory. Europe's powers carved up Africa, then began to hack away at China, in a process that helped set the stage for the first world war.

Already today, two scrambles are under way. One aims to grab keystone parts of the global industrial system, as nations ranging from Japan to South Korea and China to France resurrect a variety of mercantilist tactics to seize and hold industrial operations. The other scramble is for greater control over natural resources, especially oil. Although neither scramble poses an immediate threat to peace, both only exacerbate the biggest danger the world now faces: the extreme fragility of our highly specialised, cross-border industrial systems.

By far the greatest obstacle to understanding the failings of post-cold-war globalisation is the US's own utopian ideology. For most of the nation's history, America was guided by deeply realistic thinking, and idealistic rhetoric was trotted out mainly to clothe cold strategic aims. But after the fall of the Berlin Wall, in that moment of self-congratulatory euphoria, much of the US's ruling elite came to believe the rhetoric itself. The result was a uniquely American, fin-de-siecle paganism - absolute faith in the ability of an all-determining market mechanism to deliver universal prosperity and peace, in perpetuity - which was then hawked abroad with evangelical zeal.

This is not the first time an imperial power has imagined a link between the workings of empire and the benevolent actions of some higher force. It is, however, the first time a power that strove so relentlessly to sit in the driver's seat of a world system then chose to close its eyes to the road.

It is the first time that the central director of a hyper-complex industrial system has had so little ability to process basic information about the workings of that system, which is also, by design, the central framework of its empire. The depth and intensity of America's trade utopianism becomes more astonishing as time wears on. Look at how the US treats oil politics and you will see the realistic America of old. The nation's leaders shape an energy policy, they intervene in markets, they invade oil-rich nations. But when it comes to the global trading system, America today operates on an entirely different set of principles. No one dares whisper the words "industrial policy". No one dares admit the degree to which the trade system is actually manipulated, not by any state but by companies built to straddle many states. No one dares admit the degree to which these companies tend to destroy not merely soft social infrastructure, such as pensions and wages, but basic production infrastructure.

The dangers of this perverse duality in the US mind are extreme. Yet even in America, the fantastic delusion of trade utopianism cannot last - it is neither logically nor physically sustainable. Indeed, as can be seen in the growing willingness of politicians in both parties to engage in xenophobic demagoguery, America's utopian fever seems to be breaking. This brings us back to the question of whether the nations of the world will, together, take proactive steps to expand an open global system, or will stumble into blind and destructive protectionism.

The biggest reason for hope is the prospect of a reformed, sober US. Once the American mind is exorcised of today's mechanistic utopianism, the most probable result will be a

return to a far more realistic, practical, ethical internationalism. Rather than attempt to retreat into an equally impossible autarky, it is far more likely that America will re-embrace the responsibility of using state power to engineer markets and systems to serve its own people, while ceding to other states far more space to serve their citizens in ways of their own choosing. The next global system will be far more heterogeneous, cosmopolitan, liberal and flexible than today's.

Utopian universalism is dead. The sooner nations gather to bury its corpse - and harness, hobble or break up the immense companies that have grown so powerful in the shadow of that myth - the more likely we will be to save globalisation. This, of course, can happen only if we define globalisation, once again, as a political process that must be managed by nation states. The result may not be perfect, and it certainly will be no utopia. But it is the best we can expect on this earth. And that may be enough.

The writer, a senior fellow at the New America Foundation in Washington DC, is author of *End of the Line: The Rise and Coming Fall of the Global Corporation* (Doubleday)