Chapter 1

CRITICAL PERSPECTIVES ON GLOBALIZATION

Article 1.1

THE GLOBAL ECONOMY TODAY

How we got here and where we need to go

BY ARTHUR MacEWAN

January/February 2017

Globalization has run into a backlash. There has long been opposition to the efforts of governments and large corporations in the high-income countries—especially the United States—to establish new rules of global commerce. This opposition appeared in the protests against the North American Free Trade Agreement (NAFTA) in the early 1990s and against the World Trade Organization (WTO) in the later 1990s. Remember the Zapatistas in 1994 and Seattle in 1999?

In 2016, however, the backlash against globalization became especially formidable. It emerged as a dominant theme in Donald Trump's ascendency to the U.S. presidency, and also was a major factor in Sen. Bernie Sanders' strong campaign for the Democratic nomination. In the United Kingdom, the Brexit vote to take the country out of the European Union was also in part a reaction against globalization, as has been the growing strength of right-wing politicians elsewhere in Europe. Globalization has become the focal point for the reaction of many to a wide range of social and economic ills, a reaction that has also been fueled by latent—and not so latent—xenophobia and racism.

Whatever other factors are involved, the backlash against globalization is based on the very real damage that has been done to economic equality, security, and the overall well-being of many people by the way international commerce has been organized. How did we get here—what's the history of our current situation? Could international commerce be organized differently? Are there alternatives?

Not a New Phenomenon

At least since people began walking out of Africa tens of thousands of years ago, humans have been expanding the geographic realm of their economic, political, social, and cultural contacts. In this broad sense, globalization is nothing new, and it might reasonably be viewed as an inexorable process. To oppose it would be little different than trying to stop the ocean tides.

Globalization, however, is not one, well-defined phenomenon. It has taken different forms in different periods and has been connected to political power in different ways. It will certainly take new and different forms in the future. Colonialism, for example, has been a predominant form of globalization for thousands of years, and only disappeared—well, not entirely (consider Puerto Rico)—in the second half of the 20th century. Neo-colonialism, a system in which major powers exercise *de facto* control over the policies of lesser powers but without the formal, *de jure* controls of colonialism, often came into force as colonialism waned. From the 16th through the 18th century, under the ideology of mercantilism, European powers explicitly regulated their own countries' foreign commerce through import restrictions and export promotion. Mercantilism often went along with colonialism, and colonial powers also put economic restrictions on the countries they controlled. In the second half of the 20th century, the increasing integration of countries in Western Europe, leading to the formation of the European Union and creation of a common currency, is still another example of the varied forms of globalization.

Virtually everywhere among the now high income countries—the United Kingdom and the United States are prime cases—early industrialization was accomplished with high levels of government protection for manufacturing. At the same

NAFTA and the Zapatistas

The Zapatista Army of National Liberation (Ejército Zapatista de Liberación Nacional, EZLN), popularly known as the "Zapatistas," is a revolutionary leftist political militant group based in Chiapas, the southernmost state of Mexico.

On the morning of January 1, 1994, the day that NAFTA went into effect, the Zapatistas issued their First Declaration and Revolutionary Laws from the Lacandon Jungle, and an estimated 3,000 armed Zapatista insurgents seized several towns and cities in Chiapas. They freed the prisoners in the jail of San Cristóbal de las Casas and set fire to several police buildings and military barracks in the area. The guerrillas enjoyed brief success, but the next day Mexican army forces counterattacked, and fierce fighting broke out in and around the market of Ocosingo. The Zapatista forces took heavy casualties and retreated from the city into the surrounding jungle.

The Zapatistas' initial goal was to instigate a revolution throughout Mexico. As this did not happen, they used their uprising as a platform to protest the signing of NAFTA, which the EZLN believed would increase the gap between rich and poor people in Chiapas—a prediction that has been vindicated by subsequent developments.

The Zapatistas have continued to exist into the 2000s, operating principally from their base in Chiapas (though also making unarmed forays around Mexico), issuing several further declarations, and organizing for social justice.

time, these countries' governments used their power to extend their global economic engagement, to seek resources or markets or both. For example, Britain developed a far-flung empire, and also employed its powerful navy to assure that, in regions outside the empire, markets and resources were available for British commerce—for the sale of textiles in Latin America, opium in China, etc. The United States, late to the era of colonialism, extended its realm of control, over land and other resources, by expanding westward across the continent. But the United States became a colonial power at the end of the 19th century, taking Puerto Rico, the Philippines, Hawaii, and Guam (and Cuba for a two-and-a-half-year period). At the same time, this country increasingly became a neo-colonial power, using military strength especially in the Caribbean and Central American to protect U.S. financial and other interests.

Interruption and Reassertion

Globalization was severely interrupted in the first half of the 20th century by two world wars and the Great Depression. Furthermore, after the wars, two major areas of the world—the Soviet Union and its "satellite" countries, as well as China—were largely outside of the international capitalist system. In this context, the United States—with only 6% of the world's population, but some 27% of the world's output—became the undisputed leader of the "free world." With this economic prowess, its extreme military strength, and the relative devastation of other economically advanced countries, it was virtually able to dictate the terms, the rules of operation, in the international economic system.

The goal of the U.S. government in this regard was that U.S. firms would have access—indeed, they should have the right of access—to resources and markets throughout the international system. As one step toward accomplishing this end, the United States, with the acquiescence of other countries, established the dollar as the central currency of international commerce. Both directly and through its influence over international institutions (the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade), the U.S. government pushed for the minimization of countries' barriers to foreign trade and investment—that is,

The Battle in Seattle

On November 30, 1999, the World Trade Organization (WTO) convened a Ministerial Conference to launch a new round of trade negotiations. The negotiations were quickly overshadowed by massive and controversial street protests outside the hotels and the Washington State Convention and Trade Center, in what became the known as "The Battle of Seattle." (A Hollywood movie with this title and based on the 1999 events was released in 2007.)

The large scale of the demonstrations, estimated at no less than 40,000 protesters, dwarfed any previous demonstration in the United States against a world meeting of any of the organizations generally associated with economic globalization (such as the WTO, the International Monetary Fund, or the World Bank).

"free trade." Trade barriers were, however, slow to come down as other advanced countries sought to rebuild their industries after the war and many lower-income countries sought to protect their nascent industries. Nonetheless, governments and business interests in these other countries also wanted foreign investment, resulting in the great expansion of U.S.-based multinational firms from the 1950s onward.

But trade barriers would eventually come down. The United States, which had built its own industrial capacity behind tariff walls in the 19th century, now insisted in the latter half of the 20th century that low-income countries abandon similar walls. Having reached the top, the United States was pulling the ladder up. The International Monetary Fund (IMF) played a major role in pushing low income countries to lower their import restrictions. When these countries turned to the IMF for financial assistance (especially during the debt crisis of the 1980s), the condition for that assistance was "structural adjustment," which included lowering import restrictions.

The efforts of the U.S. government began to achieve notable success in the 1990s, with NAFTA, which removed many trade barriers among the United States, Mexico, and Canada (and did a good deal more, as discussed below). Then it promoted the formation of the World Trade Organization (WTO), which, according to its own website, "is the only global international organization dealing with the rules of trade between nations." (The U.S. government, however, failed in its effort to establish the Free Trade of the Americas Agreement (FTAA)—about which negotiations took place through the 1990s and which would have included virtually all countries in the Western Hemisphere.)

The U.S. government has established either bilateral or small group (e.g., NAFTA) "free trade" agreements with 20 countries, most put into effect since 2000. Even without such agreements, access to the U.S. market and U.S. access to foreign markets have expanded considerably. There are still regions of the world, China and Russia, for example, where significant restrictions on foreign trade and investment still apply and with which the United States has no general trade agreements. Yet U.S. firms are nonetheless heavily involved in these countries as well. Compared to the situation after World War II, to say nothing of the 19th century, tariffs and other trade restrictions are now quite low.

The changes are illustrated, in Table 1, with data from the world's twelve largest economies. It is not simply tariff changes, however, that have brought about a burgeoning of international commerce. Other sorts of restrictions on trade (e.g., quantitative import restrictions, or "import quotas") have come down. And major advances in transportation and communications technology have also played a role. All in all, the rising role of international trade and investment has been huge—making the current age truly an era of economic globalization (at least in the broad sense).

In the decade of the 1960s, world exports averaged 12% of world GDP, but in the recent ten-year span of 2006-2015, the figure was 30%. The international trade of the U.S. economy also grew over the same period, though at a much lower level. (Larger countries tend to have lower imports and exports, relative to the size of their economies, than small countries.) Foreign direct investment (FDI) has grown especially rapidly in recent decades, with annual net inflows of FDI in the world rising 100 fold between the 1970s, when the average was $21 billion, and the period 2006-2015, with an average of over $2.1 trillion. (FDI includes investment that establishes control or substantial influence over the decisions of a foreign business—such as a wholly owned subsidiary—plus purchases of foreign real assets such as land and buildings.)

Financialization and Crisis

There is also the international financialization phenomenon—the rising role of financial markets and financial institutions in the operation of the economy. The global amount of debt outstanding grew from $45 trillion in 1990 to $175 trillion in 2012, increasing from almost 2¼ times global GDP to almost 2½ times. (The most rapid growth took place before the Great Recession, followed by a slow-down in subsequent years.)

The economic instability associated with financialization became apparent in the Asian financial crisis of 1997. The rapid exodus of capital from countries where economic problems were developing greatly exacerbated the downturn. The financial crisis that emerged in the United States in 2008 and 2009, then spread to Europe and elsewhere, exposed the full and devastating force of global financial activity. The great size and extensive web of connections among financial institutions created a severe threat to the world economy. "Free market" ideology was put aside, and the U.S. government intervened heavily—with a huge bailout of the banks—to keep the economy from imploding.

Financialization created, and continues to create, a vast increase in debt levels in many counties. "Debt … is an accelerator," notes University of Massachusetts economist Gerald Epstein, "that enables the financial system to generate a credit bubble." The bubble allows financial institutions (banks, hedge fund, private equity firms, etc.) to extract wealth from non-financial firms and individuals, and can also quicken the pace of economic activity more generally. Bubbles, however, burst, leading to economic distress, deflation, and bankruptcies.

Beyond instability and crises, financialization appears to impede economic growth by diverting resources from productive activity into financial speculation. Also, financialization harms economic growth by contributing to extreme income inequality, which is increasingly recognized to have a negative impact on growth. Furthermore, though perhaps in a more extreme form, large financial firms present the same problems that arise with other large firms operating internationally, namely that the many options created by their global operations— to say nothing of their political influence—make them difficult to tax and regulate.

Free Trade? Only in the Rhetoric

Even with U.S. trade-and-investment agreements, reduction in restrictions on international commerce, technological changes, and the WTO rules of operation, many

TABLE 1: TARIFF RATE CHANGES FOR TWELVE LARGEST ECONOMIES FROM LATE 1980S OR EARLY 1990S TO 2014 (WEIGHTED MEAN, ALL PRODUCTS)

Country	Late 1980s or Early 1990s	2014
United States	4.0% (1989)	1.4%
China	32.2% (1992)	3.2%
Japan	3.8% (1988)	1.2%
Germany	3.6% (1988)	1.5%
United Kingdom	3.6% (1988)	1.5%
France	3.6% (1988)	1.5%
India	54.0% (1992)	6.8% (2009)
Brazil	31.9% (1989)	7.8%
Canada	7.2% (1989)	0.8%
Rep. of Korea	13.8% (1988)	5.2%
Russia	6.2% (1993)	4.9%

Source: World Bank (data.worldbank.org).

Note: The twelve largest economies are selected on the basis of 2016 nominal GDP in U.S. dollars, International Monetary Fund data (see statisticstimes.com/economy/countries-by-progectedgdp.php). The date in the "Late 1980s or Early 1990s" is the earliest date for which figures are available in the World Bank souce.

aspects of world commerce remain contested terrain. U.S. financial and nonfinancial firms, along with firms from other countries, want not only trade and investment access, but also as much assurance as they can get for the right to access. So under the banner of "free trade" the United States pushed forward to establish the Trans-Pacific Partnership Agreement (TPP), with eleven other countries along the Pacific Rim, and the Transatlantic Trade and Investment Partnership (TTIP), with the European Union. These agreements would expand the share of U.S. trade and investment taking place within realms where the "rules of the game" are firmly established—and those rules would essentially be rules promoted by large U.S. firms and the U.S. government, but of course with the cooperation of large firms and governments elsewhere. With the ascendancy of Donald Trump to the presidency, however, the TPP now seems dead, and the future of the TTIP and other agreements is unclear. A key to understanding these and earlier trade-and-investment pacts is to recognize that they are not "free trade" agreements. These agreements, while removing some barriers to international trade and investment, have focused on creating protections. This is most clear in regard to patents and copyrights—so-called "intellectual property rights." As Dean Baker, the co-director of the Center for Economic and Policy Research has written:

> The TPP is not about free trade. It does little to reduce tariffs and quotas for the simple reason that these barriers are already very low. …In fact,

> the TPP goes far in the opposite direction, increasing protectionism in the form of stronger and longer patent and copyright protection. These forms of protection for prescription drugs, software and other products, often raise the price by a factor of a hundred or more above the free market price. This makes them equivalent to tariffs of several thousand percent.

Patents and copyrights are alleged to encourage innovation, but there is no reason to think that the particular—especially high—U.S. system of protections promoted in these agreements is a good way to accomplish this end. There are more effective ways to promote innovations, but few more effective ways to promote profits for large pharmaceuticals and software firms.

Furthermore, while these agreements assure the unrestrained movement of capital—establishing rights for foreign investment in the participating countries—they do not provide for the movement of labor. People are inherently less mobile than capital, regardless of immigration restrictions. Yet, removing restrictions on capital mobility and doing nothing to facilitate the movement of labor or protect labor increases the power of firms over workers. Power depends on the availability of options. These agreements give greater options—and therefore greater power—to businesses. This power shows up in the stagnation, and in many cases the decline, of workers' wages, as their jobs are shifted to lower-wage countries and they are forced to accept lower wages in other employment. Even when firms do not actually move abroad, the threat of movement is sufficient to weaken workers' bargaining power.

Power to businesses is also provided—in these agreements, in NAFTA and the more recently proposed agreements—through provisions that give foreign investors the right to sue governments in private international arbitration (not the courts). These provisions are known as "investor-state dispute settlement," or ISDS. ISDS allows a firm to sue, claiming that new financial regulations, environmental laws, worker protections, food and health safety standards, or other laws and regulations threaten their profits. A recent example of the use of ISDS is the case filed in 2016 by TransCanada, claiming that the U.S. government's blocking construction of its Keystone XL pipeline violated its rights under NAFTA and seeking $15 billion in compensation. The danger of these agreement provisions is not only that the suits will be costly, but that they will inhibit the establishment of important laws and regulations. (There is, by the way, no provision for workers to sue when new laws or regulations harm their livelihoods.) The ISDS provisions and the patent and copyright protections in these various international agreements belie the rhetoric that they are free trade agreements.

In reality, there is no such thing as free trade, if the term is taken to mean international commerce without any impact from government actions. Governments' involvement in economic activity is ubiquitous and their impact on their countries' international commerce is affected by far more than tariffs, import quotas, and direct subsidies for export activity. Perhaps the best example is government expenditures on education and research. If these expenditures are high relative to other countries', the country has a trade advantage in goods and services that rely on highly skilled labor. These expenditures are, in effect, an indirect, though important, subsidy to certain kinds of exports. A particular and historically important case is that of government support of agricultural research and extension activity, which has long-placed U.S. agriculture in a strong position in international trade. More recent examples are the U.S. Defense Department's grants for information technology development and the National Science Foundation's support for activity biotechnology. Clearly, such expenditures, as well as the broad government support of public education, have profound effects on countries' international commerce.

The point here is not that governments should stop all economic engagement that affects international commerce, an impossible task that even celebrants of free trade themselves do not advocate. Instead, we should recognize that choices must be and are being made regarding the nature of a country's trade. Those choices are

The Bretton Woods Arrangements

In July 1944, the U.S. government convened a conference at the Mount Washington Hotel in Bretton Woods, N.H., to set the rules for the international economy in the period after World War II.

Representatives from 44 governments, all of them U.S. allies in the war, attended the Bretton Woods Conference. A principal outcome of the conference was the establishment of the U.S. dollar's central role in international commerce. Other countries agreed to maintain the values of their currencies in a fixed relation to the dollar, and to change that value only under extreme circumstances. The United States, in turn, would maintain the value of the dollar in relation to gold at $35 per ounce—i.e., the U.S. government agreed to exchange other countries' dollars for gold at this rate. This arrangement was intended to maintain international economic stability and to serve as a foundation for open markets in the world economy.

The arrangement worked well for the U.S. government and U.S. firms. With global transactions taking place in dollars, most dollars were never traded in for gold. It was a bit like a person writing checks to pay for purchases and knowing that most of those checks would never be cashed; they would simply be used like money among other people. The stability this arrangement created also worked well for many other countries.

The dollar system, however, ended in 1971. A combination of heavy private and government (largely military) spending abroad and inflation and recession at home meant that the U.S. government could no longer maintain the $35 per ounce of gold relationship and abandoned the system (closed the "gold window"). The dollar continued to play a central role in global commerce, but through a series of changing arrangements, which were accompanied by greater instability in currency relationships.

The Bretton Woods agreements also created the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade (precursor to the World Trade Organization). These institutions, dominated by the U.S. and allied governments, have played major roles in affecting both the organization of the global economy and of many national economies.

The Bretton Woods conference was very much dominated by the United States. This country's great economic power—largely unscathed by war devastation experienced elsewhere—placed it in position to insist on rules and regulation for the international economy that would decisively establish it as the one superpower in the capitalist world, demoting Britain to the status of junior partner. As a wartime ally of the United States, the Soviet Union took part in the Bretton Woods conference, but—perhaps needless to say—did not sign the agreements.

bound up with all sorts of other choices about governments' engagement with their economies. The matter of how international commerce should be organized cannot hidden behind the rhetoric of free trade.

Global Commerce and Political Power

The rhetoric of free trade, in any case, is simply one of the tools that the U.S. government, its allies, international agencies, and large firms use in shaping the world economy. Economic and political-military power is the foundation for this shaping. Following World War II, when the U.S. accounted for more than a quarter of world output, it had tremendous economic power—as a market, an investment source, and a source of new technology. U.S. firms had little competition in their global operations and were thus able to penetrate markets and control resources over a wide range (outside of the U.S.S.R., the rest of the East Bloc, and China). Along with this economic power, the military power of the United States was immense. In the context of the Cold War and the rise of democratic upsurges and liberation movements in many regions, the role of the U.S. military was welcomed in many countries—especially by elites facing threats (real or imagined) from the Soviet Union, domestic liberation movements, or both.

This combination of economic and military power, far more than the rhetoric of free trade, allowed the U.S. government to move other governments toward accepting openness in international commerce. The Bretton Woods conference was a starting point in this process; U.S. representatives at the conference were largely able to dictate the conference outcomes. In terms of international commerce, things worked quite well for the United Sates for about 25 years. Then, however, various challenges to the U.S. position emerged. In particular, the war in Indochina and its costs, competition from firms based in Japan and Europe, and the rise of OPEC and increase in energy costs began to disrupt the dominant U.S. role by the early 1970s.

Still, while the period after the 1970s saw slower economic growth, both in the United States and in several other high-income countries, the United States continued to hold its dominant positon. In part, this was due to the Cold War—the Soviet threat, or at least the perceived threat, providing the glue that attached other countries to U.S. leadership. Yet, by the 1990s, the U.S.S.R. was no more, and China was becoming a rising world power.

GDP Comparisons: Market Exchange Rates and Purchasing Power Parity

To understand the difference between comparing countries' GDP using market exchange rates and based on purchasing power, suppose that the market exchange rate between the U.S. dollar and the peso in another country is one dollar equals one peso, and with this 1-to-1 exchange rate, this other country has a GDP that is one-half as large as the U.S. GDP. However, assume it turns out that one peso in this other county can buy as much as two dollars in the U.S. That is, in term of purchasing power, two dollars is equal to one peso. Based purchasing power, the two counties have the same GDP.

In spite of the changes in the world economy, the United States at first appears to have almost the same share of world output in 2016, 24.7%, as it had in the immediate post-World War II period, and is still considerably ahead of any other country. Yet this figure evaluates output in the rest of the world's countries at market exchange rates. When the figures are recalculated, using the real purchasing power of different currencies, the U.S. share drops to 15.6%, behind China's 17.9% of world output. Of course, as China has a much larger population than the United States, even using the purchasing power figures, per person GDP in the U.S. is almost four times greater than in China; it would be almost 7 times greater using the market exchange rates.

The rise of China has not moved the United States off its pedestal as the world's dominant economic power. Moreover, U.S. military strength remains dominant in world affairs. Yet the challenge is real, even to the point that China has recently created an institution, providing development loans to low-income countries, to be an alternative to the (U.S.-dominated) World Bank. Investment by Chinese firms, too, is spreading worldwide. Then there are the military issues in the South China Sea.

At the same time, the United States is engaged in seemingly intractable military operations in the Middle East, and has continued to maintain its global military presence as widely as during the Cold War. Having long taken on the role of providing the global police force, for the U.S. government to pull back from these operations would be to accept a decline in U.S. global power. But, further, the extensive and far flung military presence of U.S. forces is necessary to preserve the rules of international commerce that have been established over decades. The rules themselves need protection, regardless of the amount of commerce directly affected. The real threat to "U.S. interests" posed by the Islamic State and like forces in the Middle East, Africa, and parts of East Asia is not their appalling and murderous actions. Instead, their threat lies in their disruption and disregard for the rules of international commerce. From Honduras and Venezuela to Saudi Arabia and Iraq, if U.S. policy were guided by an attempt to protect human rights, the role of U.S. military and diplomatic polices would be very different.

Continuing to operate on a global level to halt threats to the "rules of the game"—in a world were economic power is shifting away from the United States—this country is threatening itself with imperial overreach. Attempting to preserve its role in global affairs and to maintain its favored terms of global commerce, the U.S. government may be taking on financial and military burdens that it cannot manage. In the Middle East in particular, the costs of military operations during the 21st century have run into the trillions of dollars. Military bases and actions are so widespread as to limit their effectiveness in any one theater of operations.

The potential danger in this situation is two-fold. On the one hand, the costs of these operations and the resulting strain on the U.S. government's budget can weaken the operation of the domestic economy. On the other hand, in the context of the rising challenges to the U.S. role in global affairs and the rising role of other powers, especially China but also Russia, U.S. forces may enter into especially dangerous attempts to regain U.S. power in world affairs—the treacherous practice of revanchism.

Are There Alternatives?

Although globalization in the broad sense of a geographic expansion of economic, political, social, and cultural contacts may be an inexorable process, the way in which this expansion takes place is a matter of political choices—and political power. Both economic and political/military expansion are contested terrain. Alternatives are possible.

The backlash against globalization that appeared in 2016, especially in the U.S. presidential campaign, has had both progressive and reactionary components. The outcome of the election, having had such a reactionary and xenophobic foundation, is unlikely to turn that backlash into positive reforms, which would attenuate economic inequality and insecurity. Indeed, all indications in the period leading up to Trump's inauguration (when this article is being written) suggest that, whatever changes take place in the U.S. economic relations with the rest of the world, those changes will not displace large corporations as the principal beneficiaries of the international system.

Nonetheless, the Sanders campaign demonstrated the existence of a strong progressive movement against the current form of globalization. If that movement can be sustained, there are several reforms that it could push that would alter the nature of globalization and lay the foundation for a more democratic and larger changes down the road (Sanders' "revolution"). Two examples of changes that would directly alter U.S. international agreements in ways that would reduce inequality and insecurity are:

Changing international commercial agreements so they include strong labor rights and environmental protections. Goods produced under conditions where workers' basic rights, to organize and to work under reasonable health and safety conditions, are denied would not be given unfettered access to global markets. Goods whose production or use is environmentally destructive would likewise face trade restrictions. (One important "restriction" could include a carbon tax that would raise the cost of transporting goods over long distances.) Effective enforcement procedures would be difficult but possible.

Establishing effective employment support for people displaced by changes in international commerce. Such support could include, for instance, employment insurance funds and well funded retraining programs. Also, there would need to be provisions for continuing medical care and pensions. Moreover, there is no good reason for such support programs to be limited to workers displaced by international commerce. People who lose their jobs because of environmental regulations (such as coal miners), technological change (like many workers in manufacturing), or just stupid choices by their employers should have the same support.

Several other particular reforms would also be desirable. Obviously, the elimination of ISDS is important, as is cessation of moves to extend U.S. intellectual property rights. The reforms would also include: global taxation of corporations; taxation of financial transactions; altering the governance the IMF, World Bank, and WTO to reduce their role as instruments of the United

States and other high income countries; protections for international migrants and protection of their rights as workers. The list could surely be extended. Changes in international economic relations, however, cannot be separated from political changes. The ability of the United States and its allies to shape economic relations is tied up with military power. Military interventions and the threat of military interventions have long been an essential foundation for U.S. power in the global economy. These interventions and threats are often cloaked in democratic or humanitarian rhetoric. Yet, one need simply look at the Middle East to recognize the importance of the interests of large U.S. firms in bringing about these military actions. It will be necessary to build opposition to these military interventions in order to move the world economy in a positive direction—to say nothing of halting the disastrous humanitarian impacts of these interventions.

No one claims that it would be easy to overcome the power of large corporations in shaping the rules of international commerce in agreements or to reduce (let alone block) the aggressive military practices of the U.S. government. The prospect of a Trump presidency certainly makes the prospect of progressive change on international affairs—or on any other affairs—more difficult. There is, however, nothing inevitable about the way these central aspects of globalization have been organized. There are alternatives that would not undermine the U.S. economy (or other economies). Indeed, these alternatives would strengthen the U.S. economy in terms of improving and sustaining the material well-being of most people.

The basic issues here are who—which groups in society—are going to determine basic economic policies and by what values those policies will be formulated. ❑

Sources: The World Bank, Global Monitoring Report 2014/15, "Ending Poverty and Sharing Prosperity" (worldbank.org); Oxfam Briefing Paper, "An Economy for the 1%," 18 January 2016 (oxfam.or)g; Statistics Times, List of Countries by Projected GDP, Data from the International Monetary Fund, 21 October 2016 (statisticstimes.com; US Share of World GDP in market prices ycharts.com; Dean Baker, "The TPP and Free Trade: Time to Retake the English Language" (cepr.net); The Canadian Press, "TransCanada Makes Good On NAFTA Lawsuit Against U.S. Over Keystone Rejection" Huffington Post, June 27, 2016 (huffingtonpost.ca); Joseph Stiglitz, "Beware of TPP's Investor–State Dispute Settlement Provision," March 28, 2016 (rooseveltinstitute.org); World Bank data (data.worldbank.org); Gerald Epstein, "Financialization:There's Something Happening Here," PERI Working Paper 394, August 2015 (peri.umass.edu); "Financial Globalization: Retreat or Rest?" McKinsey Global Institute, March 2103.