

Chapter 1

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Global Interactions and Global Tensions



Kent Nishimura/Getty Images

Learning Objectives

After finishing this Introduction, you should be able to:

- 1.1 Define international studies.
- 1.2 Summarize the relationship between the concepts of global “interactions” and “tensions.”
- 1.3 Identify different types of global interactions.

- 1.4 Describe how global tensions occur.
- 1.5 Explain why international studies uses inside-out and outside-in approaches.
- 1.6 Define each of the four forces that shape global interactions.
- 1.7 Identify the utility of international studies for you.

College campuses across the United States and around the world erupted in protest in 2024. Thousands of students were arrested or detained.¹ The outrage was fueled by the suffering unfolding in Palestine, where a massive bombing campaign by Israel and withholding of humanitarian assistance have caused tens of thousands to die, mostly civilians.² Israel's military response followed a brutal attack on October 7, 2023, led by the Palestinian militant group Hamas, that killed about 1,200 Israelis, mostly civilians, and that resulted in about 250 Israelis being taken hostage.³ The attack constituted the most deadly day for Jewish people since the Holocaust in World War II.

We want to show you how an international studies approach provides insight into the violence and the global context in which it is unfolding. We also want to illustrate less obvious global interconnections that play a role in the conflict. There is a whole world of often invisible global interactions that shape not only major events, like what has happened in Israel–Palestine, but also our everyday lives. Our first detour starts with artificial intelligence (AI).

About a decade ago, Jen-Hsun “Jensen” Huang, a name known only to hardcore gamers, spent his time making video games and apps faster.⁴ His company, Nvidia, was at the cutting edge of semiconductors, which are “the most complex object that humanity knows how to mass produce. Making semiconductors requires the world’s purest metals, the world’s most expensive machinery . . . legions of highly specialized engineers, and unbelievable precision: a single speck of dust can ruin an entire chip production run, wasting millions of dollars.”⁵ Hundreds of millions of people used Nvidia’s chips whenever they played *Zelda*, *Grand Theft Auto*, or *The Last of Us*.



Photo of Huang, CEO of Nvidia.

Carlos Avila Gonzalez/The San Francisco Chronicle via Getty Images

But around 2022 things began to change dramatically for Nvidia and Huang. The company tripled in value over two years to be worth well over \$2 *trillion*. A decade earlier, Nvidia made a big bet on the chips required to power AI. That bet had begun to pay off as the company became the world's biggest producer of chips for AI. Its most powerful chip contains 80 billion transistors, with nodes measuring about the size of a DNA molecule. Mark Zuckerberg says Meta needs about half a million of these chips to power his AI plans, totaling an estimated \$10 billion.⁶ This underlines Nvidia's central position in controlling key technology that goes into AI.

International studies isn't interested only in the meteoric growth of one company, however. Rather, by applying an international studies lens, we can learn how Nvidia's rise affects and is affected by many global dynamics. For example, the AI boom, and the central position of Nvidia in controlling key technology, is happening against the background of the tensest relations between the United States and China in our lifetimes. Both powers see the battle to control AI as the battle to dominate the future. And it is not only the United States and China; many countries are racing to build AI capabilities into their military. Returning to the Middle East, Israel called its 2021 military campaign against Hamas the "world's first AI war."⁷ During the war in Gaza, the Israeli Defense Force incorporated multiple AI applications—for its missile defense system called the "Iron Dome," which detects and shoots down projectiles fired at Israel; for scopes attached to rifles; and most controversially for programs called "the Gospel" and "Lavender," which process surveillance and other data to recommend large numbers of targets for bombing, reportedly every 20 seconds.⁸

Watch: AI Supremacy: The AI Battle Among China, the United States, and Europe

The tensions between the United States and China predate AI, of course. The United States has the largest economy of any state in the world. But China for the past 20 years has been growing considerably faster than the United States and is projected to overtake the United States by 2030.⁹ This rivalry between two great powers, with one growing in relative strength compared to the other, is one of the biggest developments of our lifetime, one that shapes many dynamics and interactions all across the globe, as this book will show.

International studies is partly about relations among countries, as in the relations between the United States and China. But international studies is also about how international interactions affect things within countries and vice-versa. We call these "outside-in" and "inside-out" processes. For example, many American politicians have claimed that imports from China hurt U.S. communities by putting businesses out of work (see Chapter 2). Anti-Chinese sentiment fueled support for Donald Trump's two electoral victories, and President Trump has pursued many policies to insulate American businesses from global competition. The COVID-19 pandemic worsened anti-Chinese sentiment because the viral origins were linked to China. During the pandemic, many politicians and citizens became anxious about their vulnerability to other countries in times of crisis: China accounted for half of global mask production. Attention turned to other kinds of vulnerabilities, and it was discovered that the U.S. military got 40% of its semiconductors from China.¹⁰ When Russia invaded Ukraine in 2022, Europeans woke up to the realization that Russia supplied about half of its natural gas and about a quarter of its oil.¹¹ These examples show that international studies is more than the study of international affairs; it is not only about what happens among countries. Instead, reading these examples through an

outside-in lens means understanding how forces and events outside of a society (i.e., internationally) are felt and experienced at the level of individuals and their societies.

Let's return to Nvidia and AI to see the outside-in in practice. Chastened by reliance on China during the pandemic, but energized by the leading role of Western firms in AI, the Biden administration decided to cement U.S. tech advantages by banning the sale of advanced AI to China. Western-aligned companies could access Nvidia's fastest chips to power their AI, effectively giving the United States control over the processing power available to Chinese AI. The United States applied diplomatic pressure to ensure chip makers in allied countries also discriminated against China. Hence countries such as the Netherlands introduced a policy to "vet" international (i.e., Chinese) students on national security grounds.¹² China's leader complained that "Western countries, led by the US, are implementing all-round containment, encirclement and suppression against us." As we will learn in Chapter 7, some observers say that American control over parts of the international economy allows the United States to dominate other countries.

The picture we've painted so far is of a U.S.-based company, Nvidia, siding with the United States in a geopolitical fight. But there's more to it. Nvidia designs chips, but actual *production* of the chips happens at the offices of the Taiwan Semiconductor Manufacturing Company (TSMC). Critical components in the AI you use today were likely made at the TSMC plant in Taiwan.

The significance of production happening in Taiwan is that the government of China considers the island of Taiwan to be core to Chinese identity (we discuss national identity in Chapter 5). China's government has a "One China" policy that refuses to acknowledge Taiwan's existence as an independent state despite the reality that Taiwan has been a self-governing country for decades and most Taiwanese self-identify as Taiwanese rather than Chinese.¹³ The United States, meanwhile, pledges to protect Taiwanese independence and has given the Taiwanese government billions of dollars to buy weapons from American companies.¹⁴

So an island that is only one-tenth the size of California finds itself, on one side, neighboring a growing superpower that denies Taiwan's right to exist and desperately wants Taiwan's AI technology. On the other side, more than 6,000 miles away, is an existing superpower that also wants Taiwan's technology so that it can maintain advantages over China and whose guarantees of Taiwan's security predate recent AI breakthroughs.

So, when Xi Jinping, China's leader, complained in the earlier quote about "containment, encirclement and suppression against us," we should put his complaint in the context of Western countries preventing China from accessing key technology *and* U.S. protection of Taiwan, which China considers Chinese territory.¹⁵ And Nvidia's Huang, once known only to gaming industry insiders, finds himself caught in the crosshairs of conflict between two global powers.

Watch the author of Chip War talk about the global race to control AI chips¹⁶

Now let's bring our focus back to protests on college campuses to see how tech and geopolitics matter. The Gaza protests illustrate the modern face of social movements, in which social media is a battleground to control narrative. The victims of conflict used social media to broadcast their experiences living among human tragedy, like @hasnkamil in Sudan, @motaz_azaiza or @wizard_bisan1 in Gaza, or @valerisssh in Ukraine. A lawyer before the International Court of Justice called the war in Gaza "the first genocide in history where victims are broadcasting their own destruction" (we discuss the term *genocide* in Chapter 11).¹⁷ But social media

is a double-edged sword. Hamas militants live-streamed their atrocities on October 7, 2023, and even took over the social media accounts of victims.¹⁸ Reddit users, both pro-Russian and pro-Ukrainian, post videos of drone strikes set against rousing music.



Students at Wayne State University in Michigan protest President Biden's support for Israel's war in Gaza.

Adam J. Dewey/Anadolu via Getty Images

The Gaza campus protests also demonstrated another debate around Big Tech, which is their role in misinformation. A claim that Harvard University had erected a Palestinian flag was quickly identified as false, but millions viewed the report before the retraction came. Other posts spread falsehoods, such as U.S. Marines joining the fight in Gaza; North Korea blaming the United States for the war in Gaza; and a huge “Stand With Israel” sign hung over Times Square in New York (a fake video viewed 13 million times).¹⁹ Tech companies are also pressured not to provide platforms for extreme groups. Thus, Telegram blocked a number of channels with connections to Hamas.²⁰ Yet when non-extreme groups, including journalists, have their social accounts suspended, we see how much power is in the hands of un-democratic companies.²¹

But even tech giants can't avoid getting sucked into great power conflict. Whereas since the 1990s, multinationals have tried to avoid being overtly political so they could do business as globally as possible, today multinationals (especially in tech) are being forced to take sides amid U.S.–China/Russia tensions. Larry Fink, CEO of the largest money-management firm in the world with \$10 trillion under management, said the invasion of Ukraine “put an end to the globalization we have experienced over the last three decades.”²² Companies' claims to be nonpolitical were no longer acceptable. And so Microsoft protected Ukraine from cyberattacks, while YouTube, Facebook, and Instagram blocked Russian state media.²³ The United States banned China's tech giant Huawei and has threatened to ban TikTok. Meanwhile China continues to ban YouTube, Google, Instagram, and X. This connects to a deeper question about our 21st-century world: whether companies, not countries, really run the show or are ultimately subordinate to states. We discuss this more in Chapter 3.

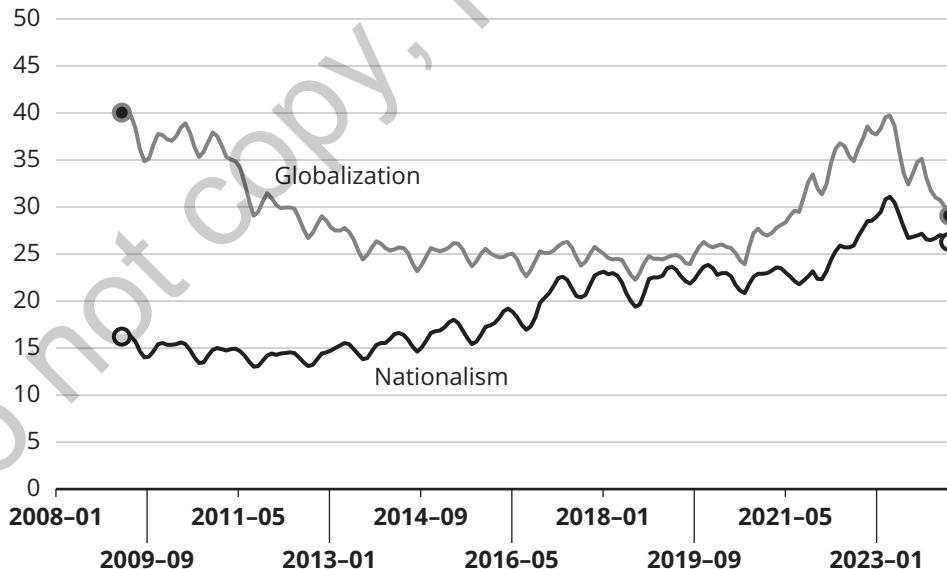
What Is Our Era? (De)globalization

Whereas **globalization** means markets and information shrink space among people, observers now speak of **degloblization**. The term can be interpreted in a variety of ways. It can mean that the rate of growth of globalization has slowed; that is, the world continues to forge new connections but not as rapidly as before. It can mean that the forces that propelled globalization have weakened, that is, advocates of free trade are on the defensive, whereas the voices of populists and nationalists have grown louder. Figure 1.1 shows Google searches for the word “nationalism,” a term associated with globalization’s decline. *Degloblization* may take the form of decoupling, a mostly peaceful affair in which the economies of the United States/Europe and China gradually de-link from one another. In the early stages of his second term, President Trump took a dramatic step in that direction by imposing steep tariffs (taxes that function as trade barriers) on every American trading partner, igniting what many called a “trade war.” The tariffs on China clocked in at 145%. A leading Canadian economic official called it a once-in-a-century “unprecedented shock.”²⁴ The president later suspended some of those tariffs, but those on China remained. Finally, deglobalization may instead mean de-risking, meaning continued trade relations except in high-tech and sensitive sectors.²⁵ Some observers even speak of a new

Figure 1.1 ■ Interest in Concepts “Globalization” and “Nationalism” in Google Searches

Google Searches for “Globalization” and “Nationalism”

Vertical axis is ‘interest over time’ calculated by Google as popularity of the term relative to overall Google searches in that period. What matters is the direction/trend of the line.



Source: Google Trends.

cold war, a reference to the roughly four decades of tense (but not majorly violent) relations between the United States and then-communist Soviet Union (Russia). In the next chapter we will discuss the Cold War analogy.

Others say our era is better characterized by ideas of complexity rather than deglobalization. People such as Masood Ahmed and Adam Tooze use the term *polycrisis*—poly means many—to refer to how major challenges today cannot be treated in isolation, thus presenting an additional layer of complexity for world leaders. For example, rather than thinking of climate plus inequality plus refugees as three challenges, the concept of polycrisis essentially says there are four challenges because the interlinked nature of each challenge itself counts as a crisis.

It is not easy to make sense of things that until recently seemed unthinkable yet happened almost at the same time: that a global pandemic would keep a staggering 81% of the global workforce at home; that driverless trucks might threaten the most common job in America; that AI is developing so fast that 1,000 tech leaders warned that “AI systems with human-competitive intelligence can pose profound risks to society and humanity,” with Elon Musk calling AI “far more dangerous than nukes”;²⁶ that a large European country would be invaded; and that a U.S. president would incite rioters to overturn a democratic election. Add to these the climate crisis, and we get a sense of what Tooze means: “In the polycrisis the shocks are disparate, but they interact so that the whole is even more overwhelming than the sum of the parts.” Tooze quotes Larry Summers, former president of Harvard University and adviser to multiple U.S. presidents: “This is the most complex, disparate and cross-cut cutting set of challenges that I can remember in the 40 years that I have been paying attention to such things.”²⁷ In other words, the crises of our time are not only economic or political or from the natural environment, whether climate crisis or zoonotic change. Polycrisis means the sense of being overwhelmed by the simultaneity and intertwining of these diverse crises and the turmoil and uncertainty they engender.

*Watch: Adam Tooze explains the term polycrisis.*²⁸

Countries at war, the age of AI, a recent pandemic, the stirrings of a trade war, and a worsening climate crisis: these challenges, the forces that propel them, and the tensions that result are a stark illustration of themes in this textbook. In these examples, we see a variety of actors, such as governments, international organizations, corporations, tech innovators, influencers, militants, and students. We see a variety of places where these actors interact, such as online, college campuses, battlefields, and global cities. We also see tensions in the interactions between global cooperation and taking care of one’s own self first or between countries fighting to control tech companies and tech giants standing above nations. These are the people, places, and themes we will learn about in this textbook.

As a body of thought and teaching, international studies invites you to learn about and analyze our complex world. At the same time, international studies can seem vague. What is an international studies approach? In this book, we offer a simple approach, one that we hope will help you understand your world better and provide you with the analytic foundations for a lifetime of learning. It is that framework and the core ideas in international studies that we detail in the remainder of the chapter.



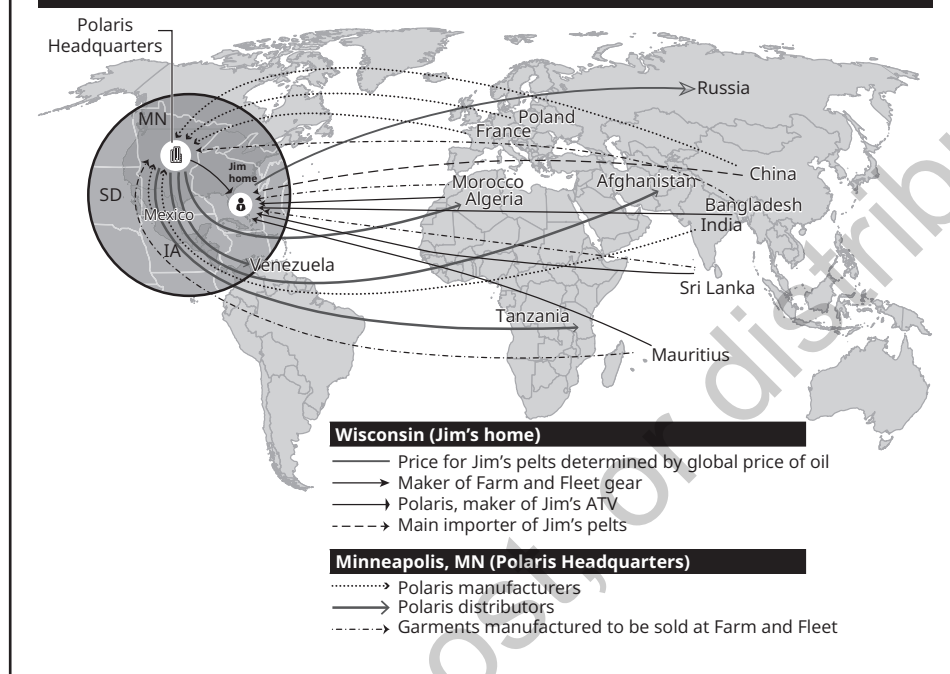
Fur pelts for sale.

Flicker user Joe Ross, <https://www.flickr.com/photos/joeross/6743972159>. Licensed under CC BY-SA 2.0, <https://creativecommons.org/licenses/by-sa/2.0/>

Jim is a trapper in rural Wisconsin near one of our homes. He traps raccoons, beavers, and coyotes among other animals. When working, he prefers to wear camouflage outfits bought from a local superstore that caters to farmers, a Farm and Fleet, and he drives a highly accessorized Ranger all-terrain vehicle (ATV) that is the envy of many of his neighbors.

At one level, Jim would seem cut off from the rest of the world. Rural Wisconsin is not cosmopolitan New York, Shanghai, Paris, or Rio de Janeiro. Jim's town has a few thousand residents; it is fairly isolated. The main issues of the day are local, such as whether to issue a bond for a new public school in the area. Jim lives off the land. But ask Jim about trapping, as one of us did recently, and he was quick to answer that business was bad. Why? His answer opined on the state of the economy in Russia and China. It turns out the price of fur pelts depends on demand in those countries, which in turn is connected to the global price of oil (in Russia) and global consumer demand (in China).

The global connections do not stop there. The company Polaris makes Jim's Ranger. Based near Minneapolis, Minnesota, Polaris is a manufacturer of snowmobiles, ATVs, motorcycles, and a variety of other motorized equipment. The company has distributors in countries on five continents, from Algeria and Afghanistan to Tanzania and Venezuela. Although its main manufacturing sites are in the United States, Polaris also makes vehicles in India, China, France, Mexico, and Poland. At our local Farm and Fleet, the clothing for sale—socks, T-shirts, dress shirts, hats, and boots, in addition to Jim's waders and camouflage jacket—is made in factories around the world from Bangladesh and Sri Lanka to Morocco and Mauritius (Figure 1.2).

Figure 1.2 ■ Mapping Our International Networks

A Framework for International Studies

International studies is the study of global interactions, the tensions those interactions produce, and the forces and actors that play a role in them. **Interactions** are the raw material of international studies. They are the myriad ways in which people, things, information, and ideas intersect in our world. **Tensions** result from interactions. Many of the global challenges we discuss in this textbook are actually *tensions*, such as climate change, global health crises, trade disputes, or war, that have resulted from *interactions*. So, International studies is all about global interactions and the tensions that result. But what is driving these interactions? We focus on four **global forces** that matter for every global problem described throughout the book: global markets, tech, geopolitics, and global governance.

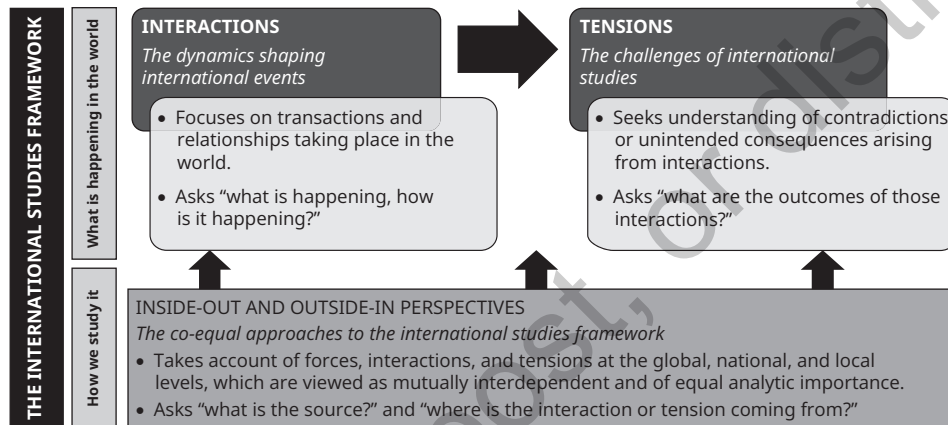
International studies adopts an **inside-out and outside-in perspective**. This means that we consider actors and events at the global level to be no more or no less important than actors and events that occur within countries. It is important to understand how “the local” affects “the global” as well as how “the global” affects “the local.”

Last, international studies is primarily interested in contemporary issues and challenges rather than debates within specific academic disciplines. International studies is not a single

scholarly discipline, such as sociology or history. Rather, we are primarily concerned with the global challenges of the day, and we draw from across established scholarly disciplines for the analytical tools to help understand them. See Figure 1.3 for an illustration of how all of these pieces of the framework fit together. In the next section we will expand on our International Studies framework.

Figure 1.3 ■ International Studies Framework

International studies is the study of global interactions, the tensions those interactions produce, and the forces and actors that shape them. It seeks to explain those interactions and tensions by analyzing them from both “outside-in” and “inside-out” perspectives.



Global Interactions

Global interactions occur whenever people come into contact, whenever they exchange ideas or objects with others across national borders. So, for instance, interactions can be about the movement of *people*—as economic migrants, refugees, tourists, or students studying abroad. Interactions can be about the movement of *things*—from the food we eat to the clothing we wear, to the music we hear, to the posts we share. Interactions can be about the movement of *ideas*—ideas about gender equality, the value of free markets, or religion. Interactions can be about the movement of *money*—from big stock market players to migrants sending money back home. By focusing on interactions, international studies allows us to study the multiple, overlapping types of exchanges that take place across borders. We can start asking a specific set of questions about issues or events taking place in the world. Who and what is interacting? From where do those interactions come?

Global Tensions

Global tensions result from the interactions and movement of people, things, and ideas. Let’s consider the example of the International Criminal Court (ICC, not to be confused with International Court of Justice). Based in the Hague (Netherlands), and discussed at greater

length in Chapter 11, the ICC tries individuals for crimes of genocide, crimes against humanity, and war crimes when domestic courts are unable or unwilling to prosecute such crimes. The premise is that these are global crimes, crimes that offend a universal sense of humanity. States around the world become members of the ICC, and the court's jurisdiction in turn extends to those states and in some cases beyond. The court itself is a site of multiple interactions—of powerful government leaders standing accused, of lawyers and investigators, of members state from around the world, and of ideas of international human rights that in theory apply to all people everywhere.

The ICC is one of the most potent symbols of the global reach of intergovernmental organizations. It has taken bold measures against powerful people. For example, the court issued an arrest warrant for Vladimir Putin, the president of Russia following Russian atrocities in Ukraine, and for Israeli Prime Minister Binyamin Netanyahu and Hamas leader Yahya Sinwar for the violence against civilians in Israel and Gaza. Think about these actions for a moment: An international court based in the Netherlands indicted sitting heads of state in Russia and Israel for alleged crimes against humanity. For some, such a move is the epitome of the promise of human rights: to declare some crimes so horrible that they shock humanity and should be punishable in an international court.

*International lawyer explains charges from the ICC.*²⁹

When considered from another perspective, however, how would you feel if the president of your country were indicted by an international court? Israeli Prime Minister Netanyahu responded to ICC charges against him by retorting, “How dare you compare the monsters of Hamas to the soldiers of the Israeli Army, the world’s most moral military?” Others see the court as an example of overreach and imperialist impulses in the West. They note that Westerners rarely are accused and almost never stand trial. In short, the ICC is a site of interaction that engenders tensions even while for some advocates it is the realization of a dream of universal punishment for the worst crimes. An international studies perspective brings these tensions into focus.

International Studies and Globalization

What Is the Difference?

Is international studies any different from the study of globalization? They certainly overlap. In general, we are relaxed about using the two terms throughout the book, but we argue that they are not the same. The first problem with the term *globalization* is that it has come to mean many things to many people. To some, globalization represents Americanization, which means a process by which American actors, especially U.S. corporations, the U.S. military, and American ideas, including consumerism and individualism, extend their domination across the world at the expense of non-U.S. societies. But to others, globalization is a new age of reason, in which oppressive governments and poverty are becoming things of the past, and the fruits of which are globally minded citizens connected online and feeling unbound by national borders. For our purposes,

however, a term that can mean such different things, although being so provocative, should not anchor a field.

The second problem is that globalization usually refers to a specific historical period. Our current global era is probably only a few decades old. Societies go through phases of lesser or greater connectivity and interaction with the wider world, which means there is nothing inevitable about any global era. International studies focuses on big global issues, but it is not tied to a specific historical period. So, globalization is a period in time, whereas international studies is an approach to studying the world at any time.

An Inside-Out and Outside-In Approach

International studies cares about local contexts because global processes occur in particular places. Let's return to the example of campus protests and Gaza to illustrate this point. Protests were interpreted differently in each country according to that country's own context. For example, France's prime minister said the protests illustrated the dangers of "woke culture"³⁰ imported from the United States. In other countries, the violent responses to campus protests fit into narratives of American hypocrisy, typically in countries with poor human rights records. One Egyptian show presented viewers with the scene of Emory University Professor Caroline Fohlin being slammed to the ground by police. "That's the real White House," the host exclaimed. "Any words the Americans said before [about human rights], just do not believe them." China's Ministry of Foreign Affairs asked, "Remember how U.S. officials reacted when these protests happened elsewhere?" Headlines in some Iranian newspapers read: "This is how America treats students." These are examples of the value of an inside-out and outside-in approach. U.S. college students protested events happening outside their borders (outside-in), and in turn people elsewhere reacted to U.S. protests according to their own contexts (inside-out). So, whether the topic is climate change, global health, or global poverty, an international studies approach will take seriously not only the global forces at work in shaping these issues but also how livelihoods and attitudes in particular places are fundamentally important.

Global Forces

Throughout the book we will often refer to one of four **global forces** that structure interactions, drive change, and generate tensions in the world. The four forces are as follows:

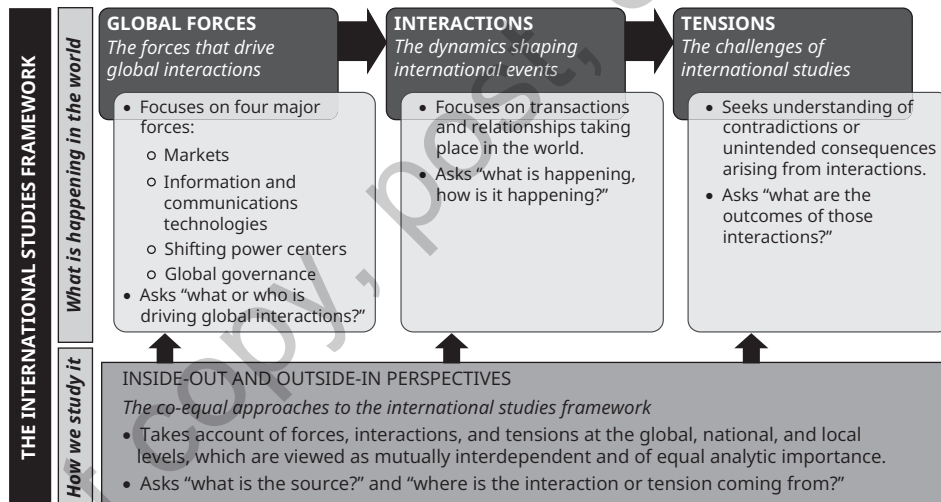
- **Global markets.** This is the reach and depth of supply and demand across borders. Through changes in transportation, government policy, and technology, global markets play a major role in all of our lives.
- **Tech.** Power global online interactions, shape the spread of information, and even affect security and elections around the world. Added to this is powerful and potentially disrupting AI technology.

- **Shifting centers of power in the world.** Global affairs are affected by the rise of China and India, as well as large developing countries, such as Russia, Brazil, Indonesia, Iran, Turkey, Morocco, Saudi Arabia, Mexico, Vietnam, Nigeria, and South Africa. These countries are growing economically and asserting their power on a global stage.
- **Global governance.** This is the way in which multiple actors seek to manage complex international issues by making and enforcing rules. Global governance is *crowded*: Rule making and enforcement for global issues are no longer the unique purview of states. Global governance is *uneven*: There are major issues where global governance is present, such as trade and nuclear weapons, as well as areas where it is weak, such as climate change or global finance.

Let's look at these global forces in greater detail. Figure 1.4 also shows how our global forces fit into the overall framework.

Figure 1.4 ■ Global Forces

International studies is the study of global interactions, the tensions those interactions produce, and the forces and actors that shape them. It seeks to explain those interactions and tensions by analyzing them from both "outside-in" and "inside-out" perspectives.



Global Markets

Our first global force driving interactions is global markets, or what some people call economic globalization. Several elements of global markets—trade, finance, and production—each drive interactions among societies, and each can produce tensions. Chapter 7 will go into further detail.

The first way global markets drive interactions is the enormity of **global trade**, which we can think of as the cross-border movement of commercial goods (i.e., physical things for sale, although it also includes services). The volume of that trade has exploded over time. In 1953, world merchandise trade was worth \$84 billion, but in 2018 it was worth \$19.5 *trillion*.³¹

Because economies are so interconnected, and because of the speed with which goods, money, and information can flow, economic events in one corner of the globe have ripple effects that are felt far away. For example, when China made its currency cheaper in 2015, it raised unemployment in Zambia. Why? Investors knew that China devaluing its currency meant China was worried about its future economic growth. Investors then speculated that China's trading partners, like Zambia, would suffer as a result, so they sold their investments in copper, which is Zambia's major export. Lower prices for copper meant lower profitability for copper mining companies in Zambia, which responded by laying off workers. This all happened in the space of one month.

Trade also acts as a global force because of what are called **distributional effects** within countries, meaning that there are winners and losers from trade. For example, many of western Europe's manufacturing industries moved to Southeast Asia over the past decades. Although some people have moved from factories to office jobs in sectors like finance or insurance, it also led to unemployment and political agitation by working-class people who were harmed. In some



Protests against outsourcing of U.S. jobs.
Mark Wilson/Getty Images

countries, unions that represented the workers became staunch opponents of trade liberalization, including the free movement of migrant workers. Today, many industrialized countries have strong anti-immigrant and xenophobic political parties. They also have constituencies that want to erect trade barriers to stimulate domestic manufacturing. So, when boats carrying Arab or African refugees capsize off the Italian coast, or the prices of goods shoot up, we should see the connection between a decline in European manufacturing decades ago, the decline in public support for immigration that resulted, reluctance in Europe today to help even the most desperate migrants, and support for walling countries off from external competition.

The second way global markets are a driving force is through global finance or what some call **financial globalization**, which refers to flows of money around the world. This activity is centered on the world's major stock markets, where one can buy shares in a Chinese company through the Shanghai stock market or where a Costa Rican can buy shares in Germany's heavy industries. The value of all the shares traded annually exceeded \$100 trillion in 2022.³² This does not even include bond markets, in which investors trade in loans to governments or corporations, which itself involves tens of billions in annual transactions.³³ But money floating about in the international economy can produce tensions when it moves in and out of a state's borders. Let's take an example.

The price of oil was high in the 2000s. This was good news for oil-exporting countries like Saudi Arabia and Russia. As they exported billions of barrels of oil, the world repaid them by pumping billions of dollars into their government bank accounts. Oil exporters then deposited the money in the world's largest private banks to earn interest. Eager to put the money to work, banks in turn loaned this money elsewhere, creating "easy money," meaning loans (credit) that

were cheap for borrowers. Some of it was loaned to developing countries hungry for investment, but it was also loaned to consumers in places like Dublin and Arizona, who were happy to have low interest rates on mortgages and credit cards. But once some borrowers could not repay—such as homeowners in Cincinnati or the government of Greece—banks announced that they had loaned out too much money. It is tempting to think of the U.S. mortgage crisis of 2008 as being caused when people irresponsibly took out mortgages they could not afford. But there were deeper causes to be found in the growth of global finance, in which banks eager to loan their money engaged in risky lending and were tightly connected across borders.

The third way markets are a global force is through internationalization of production, which means the proliferation of production across the globe. When a company expands abroad by building or buying a factory in a foreign country, that activity is called **foreign direct investment (FDI)**, and the company is then a **multinational corporation (MNC)**. The world's stock of FDI—the total amount of cumulated foreign investment everywhere in the world—went from about \$2 trillion in 1990 to almost \$50 trillion in 2024.³⁴ The MNCs engaged in these investments number in the tens of thousands, and they employ almost 100 million people worldwide. But they are overwhelmingly headquartered in industrialized countries: 92 of the largest 100 MNCs are headquartered in just the United States, western Europe, or Japan.³⁵

FDI also creates major tensions within developing countries. In return for companies investing billions to construct heavy machinery to extract these materials, and for paying the highly educated engineers to operate them, governments offer things like no taxation of company profits for several years, relocation of local people from the area, or relaxation of environmental or labor standards. Some scholars are concerned about a **race to the bottom** among developing countries, who are eager to weaken labor laws and environmental protections to attract investment. An example of this was the circumstances contributing to the 2013 Dhaka garment factory disaster in which 1,134 people died.

Watch *Tears in the Fabric: Rana Plaza Documentary* (2014).³⁶



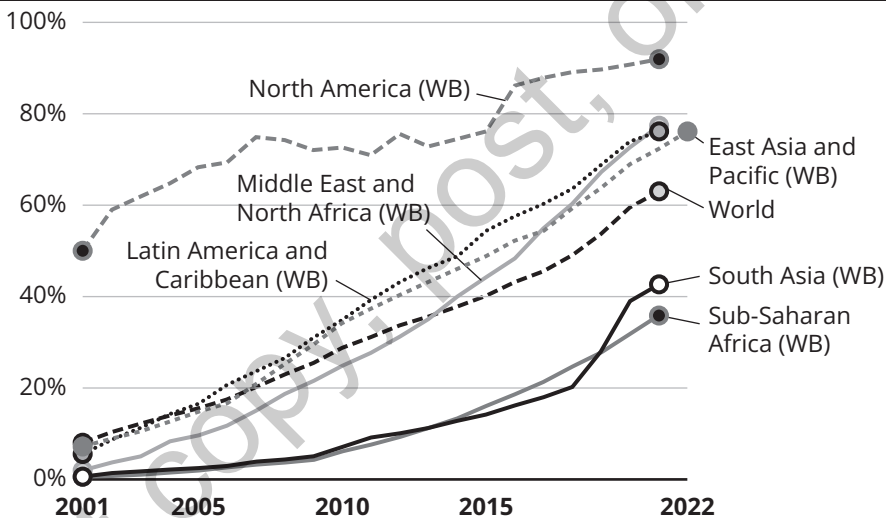
Relatives of workers who died in the Rana Plaza disaster call on corporations to sign a safety accord.

MUNIR UZ ZAMAN/AFP via Getty Images

Tech

The 1990s were an exciting period in which the architecture of the internet was unfolding. Your parents' cell phones and computers were likely clunky pieces of equipment, but by the mid- to late-2000s social media and smartphones had emerged. The global implications of this surge in access to mobile and Internet communications are huge (see Figure 1.5). We are witnessing a remarkable **democratization of information**. In contrast to centralized information systems, such as radio and television, the spread of Tech in the contemporary world is decentralized because governments do not stand in between people sending data across borders. The **cost of information** has also decreased so remarkably that information is almost free to many internet users around the world. As the cost of information has decreased, the **speed of information** has increased—information can travel almost instantaneously around the globe. Many observers consider ours the “information age” and our society a “network society.”³⁷

Figure 1.5 ■ When the World Went Online



Source: Our World in Data. Share of the Population Using the Internet.

*See the world's first website.*³⁸

Some observers have begun to speak of a “technopolar moment,” referring to how a handful of tech companies now rival states for geopolitical influence.³⁹ And it is not only U.S. tech companies; China’s tech giants include Alibaba, ByteDance/TikTok, and Tencent. The U.S.–China conflict sometimes depicts the tech giants as tools wielded by each side. “But technology companies are not mere tools in the hands of governments.”⁴⁰ Major tech firms provide both

the hardware, such as phones, and the software, such as cloud services, that we have already come to take for granted. That gives this group of for-profit giants a control over essential social infrastructure that is unparalleled in human history. And some tech companies are owned by individuals who have grown powerful in their own right. Think Elon Musk or Jeff Bezos. These are people who have transcended their original tech product or company. They have staggering private wealth, hundreds of thousands of employees, billions of customers, and they own global media.⁴¹ Their position is that of a global super citizen. This was laid bare when Elon Musk, whose satellites were used by Ukrainian forces to repel the Russian invasion, refused Ukraine's request to extend the satellite coverage to attack Russian ships and then stopped Ukraine from using Musk's satellite internet to operate their drones. Musk also was a major actor in the early stages of President Trump's second term when he ran the Department of Government Efficiency, which was responsible for slashing the number of federal employees and effectively shutting down government agencies. These are stark illustrations of the extraordinary power of the modern tech titan.⁴²

What should we make of this? A group we will call "**tech optimists**" welcome this tech era. They see a global population with greater information than ever before. In economics, people will be more productive than ever before. Goldman Sachs projects that AI could grow the global economy by \$7 trillion over 10 years. In agriculture, AI will combine global market prices with weather forecasts to recommend when farmers should harvest. In health, consumers can research treatments without necessarily relying on physicians; they can receive reminders when to take medications. In commerce, businesses can coordinate global supply chains in dozens of countries through sophisticated software. These are some of the key ideas that Eric Schmidt, the co-founder of Google, and Jared Cohen, a former adviser to the U.S. State Department and founder of Google Ideas, stressed in their book, *The New Digital Age: Transforming Nations, Businesses, and Our Lives*. In their words, the new age will see "every crime and atrocity caught on camera," "pills that tell your phone what's wrong with your body," "digital insurgencies bring down autocratic leaders," and "unprecedented power in the hands of people" among other major changes.

*Watch Schmidt and Cohen.*⁴³

Tech optimists include leaders in AI development. Sam Altman, the man behind ChatGPT, describes himself as a "crazy techno-optimist." As to people's anxieties about how AI will shape us, Altman replies:

Every time we've had a major societal revolution of some sort—we had the Agricultural Revolution, we had the Industrial Revolution—where anytime you have a significant fraction of human jobs get eliminated in a relatively short period of time, eventually humans do figure out new things to do. But there's quite a lot of disruption while they're happening. . . . I do think that as we, as a society, get richer and richer, there should be some sort of floor for everybody. . . . It's actually healthy for a society if some people get incredibly rich. But there should be a floor below which we as a society don't allow people to fall.⁴⁴

Standing opposite the tech optimists are the pessimists. They make a number of points. First, technological advances have increased the capacity for surveillance, which can have profoundly anti-democratic effects. An Italian company, Hacking Team, sold spy technology to authoritarian Ethiopia so that it could spy on opposition political forces. We know this because another global actor—Wikileaks—published a record of the relationship between the Italian company and the Ethiopian government.⁴⁵

The tech era also allows corporations to better monitor, track, and target consumers. In the end, big business will benefit, as Shoshana Zuboff argues:

Surveillance capitalism now claims private human experience as free raw material for translation into behavioral predictions that are bought and sold in a new kind of private marketplace. And it takes place almost completely without our knowledge. . . . These firms know everything about us, while their operations are unknowable to us. Their predictions are about us but not for us.⁴⁶

*Watch Shoshana Zuboff discuss her book *The Age of Surveillance Capitalism*.*⁴⁷



Pokémon Go takes a player to a supermarket in Bangkok, Thailand.

iStockphoto.com/PongMoji

Second, tech pessimists are worried about the effects of social media on society, especially on mental health and relationships. There are a lot of complaints here: social isolation, data harvesting, cyberbullying, revenge porn, biased algorithms, and effects on the brain.⁴⁸ Sherry Turkle argues that we are “alone together” in the sense that we have removed ourselves and do not know how to have meaningful conversations with one another.

*Compare Sherry Turkle’s TED Talk to Jared Cohen’s.*⁴⁹

The third concern of tech pessimists is economic. An important distinction is between AI that leads to automation (replacing people) versus augmentation (making people more

productive). Consider self-checkout kiosks.⁵⁰ Their value to a store is that they reduce costs paid to workers, but they don't make the checkout experience more efficient; consumers simply do the scanning instead of workers. In other words, they might improve profitability for the store, but for the overall economy there is meager benefit to compensate for the creation of unemployment. This is what Nobel Prize-winning economist Simon Johnson calls "so-so automation."

The fourth concern of the tech pessimists concerns online activism. Although citizens may harness information to generate public pressure, such cyberactivism is often shallow. Will retweeting a page on atrocities in Myanmar make a difference to the human rights in that country? These are the kinds of questions that some scholars have begun to ask.⁵¹

Shifting Centers of Global Power

The third global force reshaping the world is a reorganization of power. As we proceed through the 21st century, power will shift from being concentrated in the hands of old, industrialized states in western Europe, North America, and Japan to a broader array of states as well as to other types of organizations, such as intergovernmental organizations, nongovernmental organizations, and multinational corporations. Rather than being the sole superpower, the United States will share the global stage.

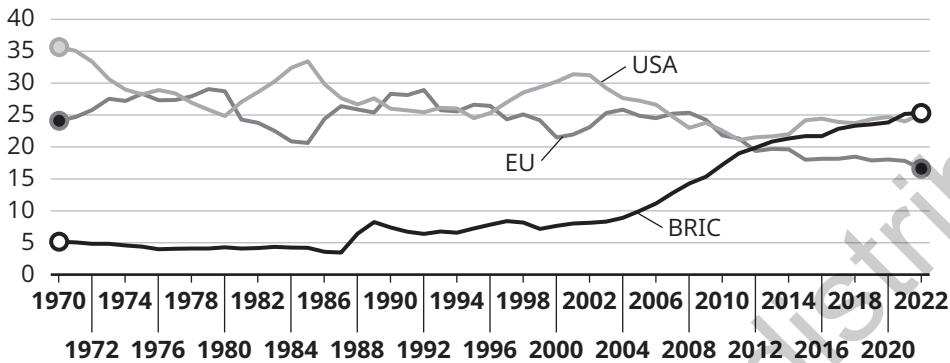
One central way that analysts express the coming global shift is the **rise of the rest**.⁵² The main idea is that in the contemporary era, we shall witness the sustained growth and increased power of many large, developing countries. Some people employ the acronym **BRIC or BRICS** as shorthand for the rising power of Brazil, Russia, India, and China. China is a country of more than 1.4 billion people that has experienced astonishing economic growth during the past three decades. India and Brazil are countries with 1.3 billion and 210 million people, respectively. The added "S" in BRICS, which some include and some do not, refers to South Africa. The rise of the BRICs is shown in Figure 1.6. One estimate captures the expected change nicely. In 2010, the five largest economies in the world were the United States, China, Japan, Germany, and France.⁵³ By 2050, the expected five will be the United States plus BRICS.⁵⁴

Read "*The BRICS Resurgence*" at <https://www.internationalaffairs.org.au/australianoutlook/the-brics-resurgence/>.

But is it much of a group at all? The BRICS's own governments use the term, and they have jointly set up their own international organizations (see Chapter 4). Yet the person who coined the term *BRICs* two decades ago now asks, "If it weren't for China, then what would be the relevance of the club?"⁵⁵ China's economy is larger than all the other BRICS *combined*. South Africa is included in the group only for regional representation, not because it adds weight to the group. Russia is, to some, actually a stagnating power, not a rising one. And even though China's growth over the past half century has been extraordinary in historical terms, more recently the government has been rattled by the popular reaction to its handling of COVID-19, and economic growth has slowed so much that observers argue that "the old Chinese [economic] growth model is broken."⁵⁶

Figure 1.6 ■ Rise of BRICs

Rise of BRICs Shares of Global GDP (Current \$USD)



Data from World Bank, World Development Indicators

Whether or not we agree that BRIC(S) is a grouping that matters today, the states that make it up certainly matter. Observers use the term *polarity* to understand how rising powers will matter. After World War II, the world was primarily **bipolar**, or split between two major states—the United States and the Soviet Union. This period was also known as the Cold War because the two countries sought for primacy and prepared for war but never fought against each other directly. From the 1990s, after the fall of the Soviet Union, we lived in a **unipolar** world in which the United States had no competitor close to its power.

But the unipolar era into which you were born appears over. In the midst of the Ukraine war, President Putin of Russia remarked that Russia and China stood as a “benchmark of cooperation” in a world that now reflected “multipolar realities.”⁵⁷ To understand this claim, we have to travel back to 2022, when Russia’s invasion of Ukraine stunned observers. Russia’s brazen use of military might to annex part or all of another country is a direct violation of Ukraine’s sovereignty, and sovereignty is a fundamental pillar of international law and a rules-based international order. The invasion sparked a massive response from Western Europe and the United States to support Ukraine. However, despite economic sanctions and billions in military support given to Ukraine, Russia’s war continued thanks in part to alliances (but also indifference) from many non-Western countries. And this is how we should understand Putin’s claim: Russia’s campaign persisted in part by courting China and other rising powers. This is multipolarity.

Not everyone is convinced about multipolarity, however.⁵⁸ For the world to be multipolar there have to be at least three or more countries of roughly equal power, yet most observers would say that the United States is far more militarily and technologically advanced than China and that there is no third country close to these superpowers. American firms are global leaders in far more sectors than Chinese firms. The payments China receives for patented intellectual property—a measure of how much the world wants to pay for your technology—is one-tenth that of the United States. The U.S. military still commands a considerable lead across a range

of capabilities, such as nuclear submarines, satellites, or aircraft carriers. Some observers argue that the military strengths of China and Russia are merely a regional one because neither has projected their military power as far, and as often, as the United States has.

*Scholars debate multipolarity.*⁵⁹

A different take on polarity is the idea of **nonpolarity**, which sees a world in which no one country will dominate. Observers predict that the coming world will not be fashioned in the image of the West, which emphasizes liberal democracy, secular nationalism, and industrial capitalism. “The Chinese ship of state will not dock in the Western harbor,” writes Charles Kupchan.⁶⁰ The new world is one with proliferating ideologies and value systems, new economic models, and new ways to imagine the relationship between state and society.

The danger comes not from fire—shooting wars among great powers or heated confrontations over human rights, intellectual property, or currency manipulation. The danger comes instead from ice—frozen conflicts over geopolitical, monetary, trade, or environmental issues. Given the immense costs of warfare, great powers that cannot resolve their disputes at the negotiating table no longer have the option—at least if they are rational—of settling them on the battlefield. When political arrangements do materialize, they will be short lived.⁶¹

This thesis underlines one of the themes of the book: Although the rise of the rest represents an exceptional moment of change and opportunity for literally billions of people worldwide, the tectonic shift could engender tensions that prove hard for any power to manage.

Global Governance

Our final global force is global governance. **Governance** refers to how something is managed: which actors are involved, what the rules are, and how strong the enforcement is. Every part of life involves some governance. In a typical corporation, the board of directors establish rewards systems like pay and bonuses. This is called corporate governance. But even parts of life in which no one is in charge involve governance. For example, when friends go camping, there is no parent or CEO, but there is some unspoken understanding that no one person gets to call all the shots. Campers discuss who will gather firewood, who will clean dishes, and so on. Whereas government is about authority, governance is about common management of an issue.

States engage in governance activities all the time. There is some governance activity in the form of a United Nations (UN) organization, treaty, or convention for any cross-border issue you can possibly conceive of. But global governance does not have to be state led. For example, on the issue of climate change, in the face of weak state action, nongovernmental organizations (NGOs) and corporations formed the Forest Stewardship Council (FSC) to ensure the sustainable management of forests. The nonprofit’s membership comprises approximately 800 civil society actors from around the world, including NGOs and individuals, with thousands of corporations holding FSC certificates.⁶² Outlets like Home Depot display the FSC stamp, which certifies that their materials were responsibly sourced. No states or intergovernmental

organizations are involved in any of this. There are no fines or jail time for violating the code, but a company could lose certification, suffer public shaming, and lose market share as a result. Even in the face of weak governance at a global level, actors across multiple levels are jointly managing an issue of common concern. For this reason, we can say that global governance is **crowded**: there are a variety of types of actors involved.

Global governance is also **uneven**, meaning there is extensive global governance of some issues but not of others. One issue in which we find extensive global governance is human rights, which we discuss in Chapter 9. The key actors are states but also intergovernmental organizations, like the UN High Commissioner for Human Rights and the European Court of Human Rights, as well as civil society organizations such as Amnesty International and Physicians for Human Rights. The key rules are established in things like the Universal Declaration of Human Rights or the Convention on the Rights of the Child. These agreements often represent the formalization of what were once norms, meaning unwritten rules about desirable behavior. One can speak of a “global human rights regime” because this issue is attended to by a multitude of actors, and a multitude of types of actors, and they together monitor, shape, and enforce formal and informal rules.

An issue with weak global governance is climate change. International civil society actors such as Greenpeace, Greta Thunberg, or the Extinction Rebellion movement have been effective in disseminating norms about environmentally sustainable behavior, but they have no legal power to punish bad behavior. Corporations are also involved in the area through the UN Global Compact, which allows corporations to publicly commit themselves to certain labor and environmental practices. But participation is voluntary, and the only punishment is public shaming. As we detail in Chapter 14, however, fashioning a global treaty to which all states of the world adhere has been difficult.



Extinction Rebellion activists symbolize mass death as part of nonviolent civil disobedience in Berlin, Germany.

dpa picture alliance/Alamy Stock Photo

These four global forces make and remake our globe. They are driving the interactions and tensions that are at the heart of this book. Highlighting them will help you understand the world around you and the forces that affect the issues about which you care.

What Is International Studies Good For?

This book provides an introduction to the field of international studies, and as we've explored, our goal in this introduction has been to outline a framework that will allow you to understand better today's critical global challenges as you work your way through the book. But many students may rightfully ask what the practical purpose of such a course is.

First, our reality for today and the foreseeable future is global. The international intrudes on our daily lives in all kinds of ways. As students, teachers, and citizens, it is incumbent on us to understand those processes—to understand the forces that influence our lives. A course such as this provides you with an intellectual foundation by which to understand global forces that shape our world.

Second, this book should help you develop a global awareness even of things that don't directly affect you but clearly affect millions of others. Although much of the book is about how the global affects us, the book also should help you understand that which is unfamiliar. That might mean coral reefs in Australia, human rights in Eritrea, or protests in Bolivia. In other words, the book should help you understand the world in which you live and provide you with the tools to make sense of it. We hope that stimulates a lifetime of learning and curiosity about our world.

Last, international issues shape many careers. Most businesses today—should they look to expand their markets—often play or aim to play on the international scene. The market for entertainment may be largest in the United States, but anyone in business—from cinema, to gaming, to basketball—will tell you how global the market is. International studies is a fantastic gateway for a student interested in a globally engaged career, such as in international finance, humanitarian relief, or global health. And it is also useful for students who may not want a globally engaged career but wish to nonetheless understand how global affairs will relate to their lives. Whether you wish to be an organic potato farmer in Idaho, a ceramicist in New York City, a real estate agent in Chicago, or a chef in New Orleans, your professional development will be strengthened with an appreciation for how you affect and will be affected by oil prices, climate change, free trade, or global food production.

In sum, understanding the international in as holistic a way as possible is an essential part of your education today, and this course will give you a core training in that subject from an interdisciplinary perspective.

Key Terms

bipolar
BRIC or BRICS
cost of information
crowded
deglobalization

democratization of information
distributional effects
financial globalization
foreign direct investment (FDI)
global forces

global governance
 global interactions
 global markets
 global tensions
 global trade
 globalization
 governance
 inside-out and outside-in perspective
 interactions
 international studies
 multinational corporation (MNC)

nonpolarity
 race to the bottom
 rise of the rest
 shifting centers of power in the world
 speed of information
 tech
 tech optimists/pessimists
 tensions
 uneven
 unipolar

Questions for Review

1. What are three ways in which global interactions affect your life?
2. Have you or anyone in your family experienced a negative outcome from a global interaction?
3. What is an outside-in and inside-out framework? What are some examples of each?
4. What are the four major global forces outlined in this chapter? Consider an issue you care most about (e.g., global health or climate change). Which forces matter and how for that issue?
5. Do you think the world is globalizing or deglobalizing? Why or why not?

Learn More

Watch: How might AI chatbots affect our future?

<https://www.youtube.com/watch?v=detcfxw13AQ>

Visualize data on the global trade in used clothing.

<https://oec.world/en/profile/hs/used-clothing>

Ten books experts recommend to learn more about Israel-Gaza.

<https://theconversation.com/10-books-to-help-you-understand-israel-and-palestine-recommended-by-experts-217783>

Visualize data on campus protests.

<https://nonviolentactionlab.shinyapps.io/palestine-protest-dashboard/>

Read more about on Taiwan's chipmaker TSMC.

<https://time.com/6102879/semiconductor-chip-shortage-tsmc/>

Check out the Polycrisis website.

<https://polycrisis.org/courses/learning-journey/>

The State Department and Peace Corps both highlight the importance of international experiences for undergraduate students:

<https://careers.state.gov/interns-fellows/pathways-programs/student-programs-overview/>

<https://www.peacecorps.gov/stories/from-study-abroad-to-peace-corps-volunteer/>

Chapter 2

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The Making of Our Global Age

Forces, Interactions, and Tensions Since 1800



PA Images/Alamy Stock Photo

Learning Objectives

After finishing this chapter, you should be able to:

- 2.1 Explain the main features of the first global age.
- 2.2 Describe events leading to the decline of the first global age.
- 2.3 Contrast major actors in the first and second global ages.
- 2.4 Identify the historical roots of today's global challenges.

When Steve Huffman, Reddit's co-founder, underwent laser eye surgery, he said it wasn't because he disliked the look of glasses or the feel of contact lenses. He did it to improve his chances of surviving a massive disaster. As he told *The New Yorker*, "If the world ends—and not even if the world ends, but if we have trouble—getting contacts or glasses is going to be a huge pain in the ass."¹ Huffman is part of a broad community who prepare themselves for withstanding global chaos. They are known as survivalists or doomsday preppers. National Geographic Channel's *Doomsday Preppers* was a reality TV show centered on this community, and it became the most popular show in the channel's history. The show may have entertained some, but it seemed to speak to many: In one survey, 40% of Americans said stocking supplies or building a bomb shelter was a wiser investment than a retirement savings account.

Exactly what is being prepared for varies widely, from economic collapse in the United States to a global power grab by a "One World Order." Companies such as Survivalist101.com describe one "doomsday scenario that could wipe out our way of life and set our civilization back a couple of centuries. The world is edging closer to a time when rogue nations will have the capability of detonating a nuclear bomb over Washington, DC. All they need is a barge anchored 100 miles off the coast, a missile launcher and a nuclear tipped missile."² Whereas some preppers fear war, others fear chaos brought on by economic crisis. As Robert Richardson of *Off Grid Survival* warned: "Economies around the world are crashing, countries are drowning in record amounts of debt, and governments continue to pile on new debt like there's no tomorrow. At some point this debt train is going to come to a screeching halt; when that happens we are going to see panic and chaos like nothing we've ever seen before."³ Prepper companies sell peace of mind for a fee, and their market is experiencing rapid growth.⁴ Even household names such as Costco have joined the market, selling a product with 36,000 servings of food for \$6,000.

These businesses are not only engaged in simple fear mongering. They are tapping into a more general anxiety with the tensions that came with global interactions and the speed of global change in the 21st century. Although the word "globalization" entered everyday usage in the 1990s, it is important to know that globalization is not new. A century ago, societies were also undergoing changes that seemed stunning at the time. The global forces driving intensified interaction included scientific advances such as the manufacture of steel in the late Industrial Revolution, which made it possible to build enormous buildings, reliable railways, and larger ships. Politically, Europe had experienced the growth of nation-states and the decline of monarchies, whereas the spread of colonial rule brought many societies into production for global markets and into political organizations called "states," some for the first time. A woman born in Lagos in 1830 would by 1901 find herself in a newly invented state called "Nigeria" and a legal subject of the British Empire. A woman born into slavery in Louisiana in 1830 would by 1901 find herself legally free. Ships could travel further than humans had ever imagined, and two people could exchange messages over distances more immense than their ancestors could have ever conceived. More men—and, soon, women—could vote irrespective of their property or education.

So, our present global age—this remarkably integrated world—is not new. The second age of globalization took off in the 1990s, and we are still experiencing it. But what happened in between? Why did the first global age end? And are we witnessing the end of our second global age?

This chapter provides a broad overview of major global events spanning recent centuries with an emphasis on recent decades. Understanding this basic history is foundational for the

remainder of this textbook. The chapter goes in chronological order, introducing major events that will help contextualize the international news you read today, tying them to the four global forces we discussed in Chapter 1. Table 2.1 lays out some major historical milestones. We start the next section in the early 1800s but not because it marked the start of global history. Rather, it marked the first time people started to perceive the world as truly globally connected.

Table 2.1 ■ Making of the Modern World: Timeline of Global Forces and Interactions

Major political events	Period	Major economic events
Era of empires	1500–1750	Mercantilism
Unipolar system: Pax Britannica	1815–1914	Partial liberalism & free trade
	1800s to early 1900s	Colonies forced to export raw materials
	1870–1914	Gold Standard
Universal suffrage spreads (Figure 2.3)	1900–1930	
World War I	1914–1918	
League of Nations	1920–1945	
Rise of fascism and communism	1930s	Great Depression & protectionism, end of Gold Standard
World War II	1939–1945	
United Nations	1945–today	
Cold War: Bipolar system	Late 1940s–1991	
	1944–1973	Bretton Woods System (BWS)
Decolonization	1940s–1980s	
Rise of Non-Aligned Movement	1960s	OPEC Oil Cartel
	1973	End of BWS
Decline of dictatorships	1980s–1990s	
	1980s	Debt in Africa and Latin Am. lead to structural adjustment
Fall of Berlin Wall & USSR	1989–1991	

(Continued)

Table 2.1 ■ Making of the Modern World: Timeline of Global Forces and Interactions (<i>Continued</i>)		
Major political events	Period	Major economic events
Unipolar system: U.S. Supreme	1990s	
	1997+	Financial crises: Southeast Asia, Russia, Argentina
	2000	Dot-com bubble burst
War on Terror and ‘long wars’	2001–today	
	2007	Global Financial Crisis
Multipolar or nonpolar system	2000s–today	
Arab Spring	2011	
UK votes to leave EU	2016	
Trump declares “America First”	2016	
COVID-19 pandemic	2020	Global South Debt Crisis
(further) invasion of Ukraine	2022	
Israel–Gaza conflict spreads	2024	

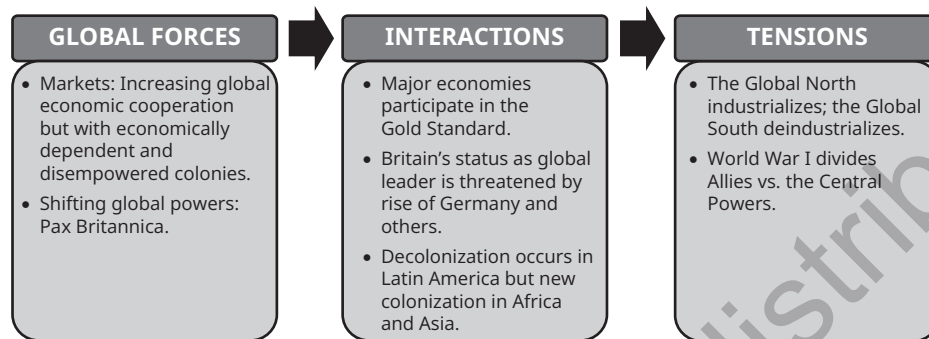
The First Global Age: Increasing Global Interactions

The first global age can be loosely located in the early 1800s. A world emerged with more global interactions than ever before. Some of these interactions were voluntary, such as economic agreements and international scholarly travel. But some were anything but voluntary, such as slavery and colonialism. The effect was to bring people together in ways that shape our present. This section describes this first global age. Figure 2.1 puts the First Global Age in our international studies framework.

Global Stability Under Pax Britannica: 1815–1914

The year 1900 seemed to be one of dizzying change because western Europe and North America had experienced the fastest economic growth in history. Their economies had grown about eightfold in size in recent decades. The growth achieved in the previous 1,000 years had taken 100 years.⁵ Yet, the 1800s were not without conflict. A civil war had ravaged the United States; elsewhere, indigenous people faced massive suppression as they attempted to resist colonial domination. Nevertheless, the period was notable for the absence of large-scale war involving major powers.⁶ The period is referred to as the **Pax Britannica** (“British Peace”) because Great Britain was the undisputed globally dominant force. In the 99 years between Napoleon’s defeat

Figure 2.1 ■ Global Forces, Interactions, and Tensions in the First Global Age: A Synopsis



at Waterloo in 1815 to the start of World War I (WWI) in 1914, Britain's self-interest in economic integration across its colonies and with other trading partners provided the military and diplomatic support for a gradual increase in cross-border trade.

The idea of free trade was still new by 1900. The previous 300–400 years was a time of mercantilism rather than of liberalism and free trade. During the earlier mercantilist period, countries like France and Britain had not believed they could benefit by trading with one another. But this was precisely the idea of comparative advantage that is at the heart of the theory of free trade: If you and your trading partner both trade what you each produce most efficiently, you both gain from trade. See Chapter 6 for more on these economic concepts.

By the mid-1800s, Britain had started to reduce some of the tariffs that it had once used to protect industries from foreign imports. In the second half of the 1800s, other major economies followed suit. They began to import what they produced less efficiently. The mercantilist idea that trade was zero-sum—that I will be worse off if I sell my rival something they need—was losing favor.

Greater industrialization in the period was not a simple matter of embracing free trade. First, major powers like Britain, Germany, Japan, and the United States all used protectionist policies for many decades while they were industrializing. This means they made it hard for foreign competition to enter their markets.⁷ Although they liberalized some industries, they protected others. Second, for the great swathe of humanity who lived as colonial subjects, global markets were not experienced as a liberating thing. Colonies were forced to sell their raw materials like timber or palm oil directly to their colonial master for less than they could get if the global economy were truly free. In addition, colonialism often forced people pay taxes in cash, which meant leaving their small farms where they engaged in subsistence agriculture to enter waged labor in cities, forests, and mines. Subsistence agriculture gave families some stability and control in managing their own economic fortunes. In wage labor, however, colonial subjects lost power over their own production.

Around the beginning of the Industrial Revolution in the mid-1700s, industrial activity in Asia and Latin America was similar to that in Europe. In previous centuries, the center of the world economy was not Europe or North America but China and India. By 1900, however, Europe had experienced a sixfold increase in industrial activity, whereas Asia and Latin America

had declined to one-third of their initial level.⁸ Because they were not allowed to protect their infant industries, as Europe and the United States had done, all they could offer to the world was their raw commodities, meaning either their natural resources, like gold, or their agricultural products, like cocoa.

An international division of labor thus began to emerge: Industrializing countries in Europe and North America continued to industrialize, and wealth turned into a virtuous circle of even greater human capital—stronger militaries, stronger states, and better universities—and thus more wealth. Conversely, in Asia, Latin America, and much of Africa, the colonized were *deindustrialized*, and they became reliant on exporting raw commodities to the wealthy world, earning little of the profit that occurred at the manufacturing stage and suffering the whims of global fluctuations in prices for their goods.

Global Cooperation and the Gold Standard

One reason for economic growth was political cooperation on economic issues. The world's major economies participated in the **Gold Standard**, which was an agreement among states lasting from about 1870 to 1914 in which participants agreed to fix the value of their currencies to a specific amount of gold. (Today, the exchange rates of the world's currencies generally float freely, meaning the value of currencies goes up and down according to world demand for that currency.) Under the Gold Standard, major economies agreed that if you had X amount of their currency, you could walk into a bank and exchange that for a set amount of gold. This provided tremendous stability to international prices, which was good for long-term and long-distance trade.

World War I (1914–1918)

By 1900, rapid economic growth led to shifting power among major European states. Three empires—Russia, Ottoman, and Austria–Hungary—were declining economically and experiencing political dissent within their borders. On the rise were Germany, Japan, and the United States. Britain was being outpaced by German industrial innovation. States and societies in sub-Saharan Africa were victims of these tensions.⁹ At the Berlin Conference of 1884, major European powers agreed on the principles governing their division of African territories, transforming Africans into colonial subjects. Germany also sought to bring Europe's other German-speaking populations into its newly formed borders. Under Pax Britannica, there would have been less fear of this occurring, but without a globally dominant state to impose its will, Europeans grew concerned in the early 1900s that Germany desired more European land and that Britain might not be able to stop them.

This competition among European powers, together with enormous military buildups, was the backdrop for a series of small events that led to war in 1914. On one side were the Central Powers: Germany, Austria–Hungary, and the Ottomans.¹⁰ On the other were the Allies: Britain, France, and Russia. The war birthed trench warfare, in which both sides dug long, deep trenches and became stuck in a bloody stalemate. In five months of the Battle of the Somme in 1916, more than one million British, French, and German men died. Many of these were in fact non-European colonial subjects from places like Canada and Australia.



A busy port is a visible site of global interaction

iStockphoto.com/CHUNYIP WONG

The devastation ended when the United States entered the war, tipping the balance in favor of the Allies. The war had been far costlier, and lasted far longer, than any could have imagined. Major European wars of the past had not featured tanks, airplanes, trenches, and chemical weapons. In all, about 15 million people died, half of them civilians.

Between the First and Second Global Ages: Wars, Hot and Cold, and New Interactions

Pax Britannica and the first period of globalization ended in 1914 as the world entered 30 years of war and financial collapse. World War I was the largest and most devastating conflict in world history. After it came the Great Depression of the 1930s, the rise of fascism in Germany, the rise of communism in the Soviet Union, and a second World War (WWII). Two major global forces that drove interactions a few decades earlier were absent at this time: Major powers became less interested in free trade and became more protectionist, and global cooperation on things like exchange rates failed. In the colonized world, independence movements were growing in popularity as the popularity of colonialism itself was declining within the colonial powers.

The Aftermath of War

World War I had been devastating for all and especially for those on the losing side. The Russian and Austria-Hungarian empires broke apart. The Ottoman Empire lost much of the Arab Middle East and became the state of Turkey. Germany lost its non-European colonies as well as many German-speaking populations in Europe (Figure 2.2). Germany then suffered further under the Treaty of Versailles, in which the Allied powers laid out the terms of German surrender. The outcome was enormous debts that Germany was to pay to the war's victors. France needed Germany to repay because France had borrowed heavily during the war from the United

States, which was unwilling to forgive loans. Germany's war-torn economy was hobbled further when it experienced hyperinflation. This meant one German mark might buy a loaf of bread one day, but the bread might cost 10 marks the next day and 10,000 marks a year later. People with money in the bank saw their savings turn to dust as marks became worthless.

Figure 2.2 ■ Europe Before and After World War I



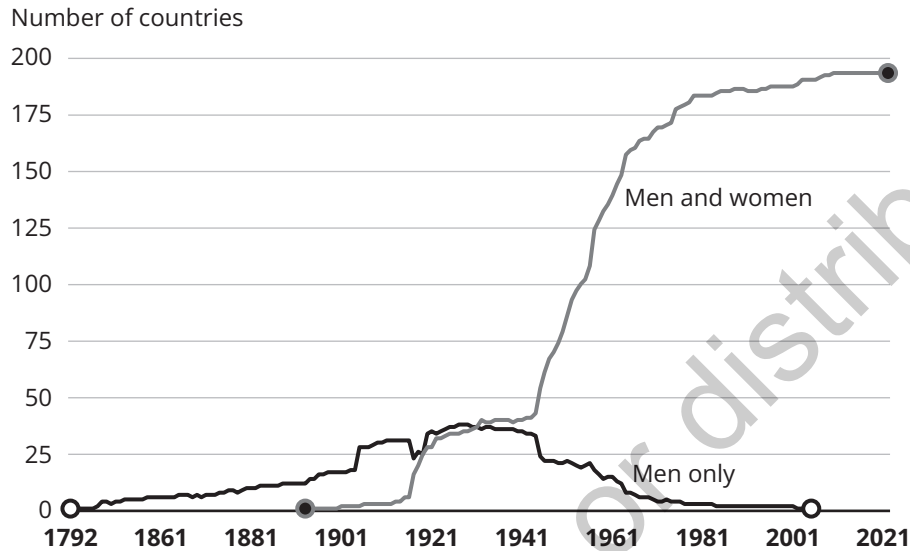
Source: National Archives. <http://www.nationalarchives.gov.uk/pathways/firstworldwar/maps/maps.htm>.

Universal Suffrage for Europe and North America

Universal suffrage was among the most significant social and political changes happening across Europe at this time. For most of the 1800s, the few places in Europe and North America that were democratic restricted the right to vote to educated men. But in the early 1900s, thanks in part to the organizing activities of labor unions and socialists, the working classes in most of the industrialized world were beginning to assert themselves politically (see Figure 2.3). In the first three decades of the 20th century, universal suffrage, inclusive of all men and women, was won in Norway, Finland, Denmark, Germany, Sweden, Holland, Ireland, Britain, Canada, and (in law if not in practice) the United States. The effect of this electoral empowerment of entire populations cannot be overstated. To win power and stay in office, governments now had to be much more responsive on issues like worker safety and unemployment than ever before.

The Global Depression of 1929

The Global Depression that started in 1929 was longer, more widespread, and more destructive than any other economic crisis in living memory. Because the world had become increasingly interconnected and economically interdependent, few corners of the globe could escape the effects of major economies imploding. Colonial economies, which had been developed to export raw materials for industrial centers in the Global North, saw their export-driven economies collapse.¹²

Figure 2.3 ■ The Growth of Universal Suffrage: the Right to Vote

Source: Lexical Index of Electoral Democracy.¹¹

The result in many Latin American countries was a turn away from the global economy. The idea that the global economy was something to be feared rather than embraced was a tremendously powerful notion that came to dominate much of the developing world. Many developing countries started to use the power of their own states to move away from a reliance on exporting raw materials and toward industrializing themselves. Their models at the time were Germany and the Soviet Union, countries that had grown at then-unheard-of rates thanks to the government actively intervening in the economy to help it industrialize. This distrust of global markets and free trade, and embrace of a state that actively develops its own economy, would exert a powerful influence on the world in the decades that followed.¹³

The Gold Standard had facilitated international trade for several decades, but it collapsed in the 1930s. For it to work, countries had to agree to keep their currencies set at a specific value as well as to exchange each other's currencies for a set amount. But this prevented any single country from changing the value of its currency to make its exports more competitive. In other words, the system required states to *desire* cooperation. When economies struggled to get out of the depression, international agreements to honor fixed currencies became too much to bear.

The general decline in international cooperation was not only economic. An intergovernmental project was developed to make sure states cooperated and engaged with one another, but it did not last. U.S. President Woodrow Wilson had proposed the creation of the League of Nations, which would have looked a little like the United Nations (UN) today. The League of Nations was created after WWI, but it was Wilson himself who was unable to convince the Republican Party, which was not in favor of deepening U.S. engagement in foreign affairs,

to join the organization. The League of Nations lived on, without much effect, until it was replaced by the UN in 1945. Rather than cooperate, major economies turned inward, away from free trade, toward protectionism.

World War II: The Rise of Extremism

At the same time, domestically, politicians were coming to power on the basis of provocative and divisive visions of the world. Germany's Fascists came to power arguing that Germany's problem was that nonethnic Germans (non-Aryans) had grown too powerful within Germany and could not be trusted. Elsewhere, socialists came to power arguing that the problem was instead capitalists in the form of bosses and owners and that public control of the economy would be better for workers than private control of things like power grids and factories. Political extremism grew in Europe in the 1930s, culminating in WWII and the efforts of world powers to stop Hitler's attempts to expand Germany's borders.

This time the two sides were the Axis (Germany, Italy, and Japan along with their colonies) against the Allies (United States, Britain, and the Soviet Union). The balance was tipped in favor of the Allies after a succession of victories. Russia turned Germany back from Stalingrad in 1943. British and American forces recaptured territory in North Africa, Italy, and France in 1943–1944. U.S. forces bombed Japan into surrender in 1945 with use of the world's first nuclear bombs, leaving more than 100,000 civilians dead. Perhaps the greatest toll was paid by Russians, between 15 and 20 million of whom died in WWII, but casualties were staggeringly high on all sides among soldiers and civilians. All told, about 60 million civilians and soldiers died, including some six million in the Holocaust. The physical infrastructure of Europe was destroyed for both the victorious and the defeated.

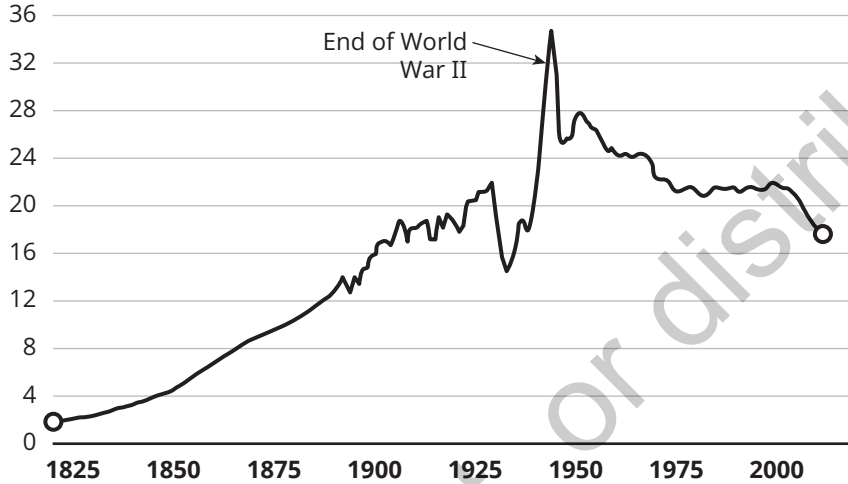
Although the United States also suffered enormous casualties, with approximately 400,000 killed, it emerged from the war as a **superpower**. At war's end, the United States alone accounted for an estimated one-third of global gross domestic product (GDP; Figure 2.4). WWII had been a boom time for the United States because European states relied on U.S. weapons manufacturing, and the United States, in large part, avoided damage to its physical infrastructure, thanks to its oceans preventing land invasions. In the few years after the war, it would play an instrumental role in devising international institutions spanning issues of trade and security that are with us today.

The end of WWII also saw changes in the status of two superpowers: the decline of Britain and the rise of the Soviet Union. Even before the war, Britain had lost its economic and military supremacy. WWII seemed to confirm and hasten the decline. By the 1960s, British colonial occupation in Africa and the Middle East had ended, and it has never regained the global position it occupied in the 1800s. At the same time, the Bolsheviks who took over Russia in 1917 began a project of enormous state-driven transformation. Politically, the Soviet Union was formed in 1922, when Russia was combined with several neighboring territories, such as modern Georgia and Ukraine. What became of the Union of Soviet Socialist Republics (USSR, aka the "Soviet Union" or "Russia") was transformed from a poor and rural place into an industrial and scientific leader.

Figure 2.4 ■ The United States Emerged From World War II an Economic Powerhouse

U.S. SHARE OF GLOBAL GDP

Percentage



Source: Data from Angus Maddison, IMF, CIM.

The Cold War: A Bipolar World

Bipolarity—a system with two centers of power—reigned in the aftermath of World War II. Although the United States and the USSR were joined in their fight against Hitler, by the end of the 1940s, these two economic and military giants agreed on little. The United States had a democratically elected government that presided over a market-based economy. The Soviet Union was a one-party state that directly controlled its economy. It was an interventionist state that built factories and heavy industry. All workers worked for the state, whether they were trash collectors or machinists. The Soviets had a centrally planned economy, in which the central government allocated resources like people, equipment, and materials to different sectors and different regions to meet growth targets.

Each superpower led alliances of like-minded states. Western states formed a military alliance, the North Atlantic Treaty Organization (NATO), in 1949. NATO still exists and in recent years has had operations in Afghanistan and Libya. The Soviet version was the Warsaw Pact, an alliance of Communist countries lasting from 1955 to 1991. Although the two superpowers never fought a major war—hence the name *Cold War*—their opposition to one another was felt across the world through proxy wars, support for dictators, and propagation of the nuclear arms race. Proxy wars, in which two states fight one another by backing opposing sides in someone else's war, were often fought in the world's poorest countries. In wars in Laos, Cambodia, Vietnam, and El Salvador, the United States supported the government, whereas the Soviet Union funded and armed rebel groups. The opposite occurred in Afghanistan, Nicaragua, and

Angola, with the United States supporting rebels against Soviet-backed governments. Precisely because of the support of powerful external actors, these sorts of conflicts are some of the most difficult to resolve.¹⁴

Although the next 50 years of international relations was characterized as a Cold War that divided “capitalist West” against “communist East,” there was significant international cooperation in the form of the United Nations, which as mentioned was created in 1945. Unlike NATO or the Warsaw Pact, the UN was inclusive of all countries. One important part of the UN, the Security Council, likely helped avoid major war between superpowers during the Cold War. We discuss intergovernmental organizations in Chapter 4.

Bretton Woods System (1944–1973): Compromise and Cooperation

As the Great Depression lay waste to economies in the early 1930s, classic economic thinking held that if an economy was doing poorly, governments should spend less and wages should be allowed to fall such that the economy becomes competitive again. British economist John Maynard Keynes challenged this idea. He said that during bad times, governments should increase spending and keep interest rates low to keep the economy moving. Why? Because of the paradox of thrift: What is the rational thing to do when you are threatened with unemployment? You will spend less and save more. When everyone thinks a recession is coming, they all spend less and save more. But this becomes a self-fulfilling prophecy: You think a crisis is coming, so you change your behavior, and this makes the crisis happen. Keynes said investors will not invest if there is no prospect for rising demand no matter how low wages or interest rates go.

By the late 1940s, there was growing acceptance of the Keynesian idea that markets were not self-regulating and that governments had to manage their economies. This was not socialism, however, because Keynes wanted to understand how markets worked precisely so they could be made even more effective.

This helps us understand why industrialized countries emerging from WWII wanted to create an international economic system that would allow them to manage their own economies while simultaneously avoiding the protectionism and anti-free trade policies of the 1930s. They did this by creating the **Bretton Woods System (BWS)**, named after the place in New Hampshire where 44 Allied states met in 1944.¹⁵ The BWS prioritized free trade over the free movement of capital. The value of countries’ currencies were fixed to the dollar for long periods, but governments were allowed to adjust them occasionally. Thus, the Bretton Woods monetary regime was a compromise: By reducing the volatility of exchange rates, it enhanced global economic exchange, but by allowing occasional readjustment, it allowed states to manage their domestic situation when necessary. One of its aims was to avoid **competitive devaluations**, in which a country tries to boost its exports by setting the value of its currency artificially low. Every country has an incentive to devalue this way, but if all countries did, no one would benefit.¹⁶ This is why many accuse China of being a “currency manipulator” even though China has not kept its currency artificially low for several years now.¹⁷

The BWS was a success with rapid economic growth in the 1950s and 1960s. When people talk about this golden age of American prosperity, this is partly why. The share of global GDP that came from trade doubled, meaning more of the world's economic activity was centered on trading with one another, exactly as the BWS planned. In the 1950–1973 period—the period of the BWS—global growth was higher than it had ever been before, and indeed, it was higher than it has ever been since. Growth was also broad based, meaning the economic gains did not accrue to the top 10% to 20%, but there was expansion of the middle classes in industrialized countries. Several northern Europe countries developed extensive social welfare systems, where citizens paid hefty taxes in return for excellent child-care, health care, education, pensions, and unemployment compensation and retraining assistance.

The rules of the international economy set up under the BWS lasted until the 1970s, but the Bretton Woods Institutions—organizations created by the Bretton Woods meetings—still exist. This is where the World Bank (WB), World Trade Organization (WTO), and International Monetary Fund (IMF) all come from. The WB was originally designed to provide cheap loans to European states trying to rebuild after WWII. The WTO began as the General Agreement on Tariffs and Trade (GATT) and became the WTO about 50 years later. The IMF was created to ensure global financial stability by acting as a “lender of last resort.” When countries find themselves in crisis with no banks or governments willing to lend to them, the IMF is supposed to ensure that the country does not collapse.

Decolonization and Dependency

By the end of WWII, nationalist and independence movements were growing in most colonial states. Most of Spain's colonial possessions in the Americas had been independent since the early to mid-1800s, so anti-colonial struggles after WWII developed in Africa, the Middle East, and Asia. Prominent figures included Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, Léopold Senghor of Senegal, and Mahatma Mohandas Gandhi and Jawaharlal Nehru of India. These anti-colonial leaders were not mere politicians: They were thought leaders. People like Senghor were respected intellectuals in their own right. They constructed a worldview that explained how the world “really” worked. Their ideas overlapped with many of the ideas of what became known as *dependency theory*, or **structuralist theory**, of the world economy. In this view, the world is not simply one of many independent states freely pursuing what they think is best for them. Instead, the world has been *intentionally structured* to benefit the wealthy, industrialized, White world at the expense of the poor, agricultural, non-White world. In this view, for example, Britain did not get wealthy despite Kenya being poor: Britain got wealthy *because it made Kenya poor*. We will see an example of this in our discussion of “green colonialism” in later chapters.

Independence generally came much more quickly than the colonial powers expected. In 1946, the United States gave up control of the Philippines. The next year, Britain left India, from which Pakistan emerged and from which Bangladesh emerged decades later. One year after the British left the Palestine Mandate, Israel declared itself a state. In 1949, Indonesia

gained independence from the Netherlands. In the 1950s, waves of independence swept Africa, first in North Africa with Libya, Tunisia, and Morocco all independent by 1956. In 1957, Ghana became the first sub-Saharan African country to gain independence. Decolonization spread rapidly in Africa thereafter, with major states like Nigeria, Côte d'Ivoire, Zaire/Democratic Republic of the Congo, and Kenya all gaining independence. Some struggles for independence were long and violent, especially where independence movements were opposed by White settler populations (like Zimbabwe) or Cold War powers (like Vietnam). In other cases, superpowers fueled conflict between indigenous populations seeking to control a newly independent state, such as the Angolan Civil War (1975–2002; Table 2.2).

Table 2.2 ■ Global South? Third World? What Is the Difference?

Term ¹⁸	Used today?	Defined by	Origins	Challenges with the term
Third World	Rarely	Political alignment	Leaders of newly independent countries in 1950s–1970s self-identified as Third World. A prominent NGO still exists, called the Third World Network. Some consider it outdated, even offensive.	The term probably doesn't make much sense since the Cold War is over. To use the term today would lump together far too many countries that do not think of themselves as having something in common.
Developing Countries	Yes	Economy and living standards	A widely used term today that is used by the UN. It refers to countries with lower living standards and wealth, including middle-income and very poor countries.	Some say the term suggests an unhelpful or even offensive hierarchies of countries, although many non-rich countries self-identify as “developing countries.”
Poor countries	Yes	Economy and living standards	Countries where wealth is below middle income.	Although <i>developing country</i> is defined as specific income levels, <i>poor countries</i> is broad. Not widely used in academic writing because it is not specific.

Term ¹⁸	Used today?	Defined by	Origins	Challenges with the term
Global South	Yes	A country's power in global organizations and the global economy.	This term has become popular in recent decades. It emphasizes geopolitical rather than cultural or geographic differences. The term is used especially, although not exclusively, by activists wishing to force a recognition that countries in such a broad a grouping as "Global South" have something in common. In this way, Global South is similar to older terms such as core, periphery, or semi-periphery countries.	Groups together divergent countries such as Yemen and Brazil. Some rich countries, including those with large European settler populations, exist in the Southern Hemisphere, such as New Zealand and Australia. Which countries it refers to is less precise than the countries it is in opposition to: the Global North, which usually means wealthy countries that have been industrialized for a long time.
Western Countries	Yes	Culturally	Refers to cultural rather than political or economic categories, such as where the dominant group traces descent back to Christian and European countries.	This term is incorrect if used to mean wealthy countries, because many non-Western countries such as Japan and Singapore have high living standards. It is also incorrect if used to mean liberal democratic countries; non-Western countries such as South Korea, Botswana, and Chile are democratic.

The 1950s and 1960s were a period of tremendous excitement and optimism in many developing countries. Countries that had not even existed a few decades before colonialism invented them were now legally free, and those in power felt the right and the duty to use the state to modernize their societies. The state, rather than the market, played a major role in their plans because dominant political thinking held that global markets and trading with wealthy countries were what held poor countries back. Rather than look to the economic models of the United States or United Kingdom, many developing countries looked instead to the East. Soviet economic stagnation set in gradually over the coming decades, but in the 1950s, they were admired by independence leaders for having cast off their imperial rulers and for turning poor and agricultural Russia into an industrialized and advanced socialist powerhouse. Moreover, the Soviets had claimed the first victory in the emerging space age by successfully sending a human into orbit in 1961.

*Durba Mitra talks about how British colonialism affected sexuality in India up to today.*¹⁹

Many developing countries tried to resist being dominated by what they called the “first world” (capitalist states led by the United States and the United Kingdom) or the “second world” (communist states led by Russia). Instead, they identified as the “third world,” a group of like-minded countries that had common experiences as postcolonial developing countries. Prominent states like Indonesia, Egypt, and India formed the Non-Aligned Movement in 1961 in an effort to present a united front in international forums like the UN General Assembly. In the 1970s, they advanced an agenda for a New International Economic Order centered on improving terms of trade for developing countries, increasing development aid, and improving access to the markets of wealthy countries. The group still exists with 120 member states, but it has recorded few successes. One effort by developing countries to self-organize was successful, however. The Organization of Petroleum Exporting Countries (OPEC) was created in 1960 by five oil-producing countries trying to command a greater share of their oil wealth that had hitherto been controlled by the multinational oil companies.²⁰ Through its control of energy prices, OPEC has played an important role in the global economy for more than 50 years.

The Rise of Neoliberalism and the Fall of Communism

The optimism of the 1950s and 1960s that had come from space exploration, growth in the Bretton Woods economies, and the widespread ending of colonialism began to dwindle into the 1970s. The Bretton Woods Institutions (WB, IMF, and WTO) lived on, but the fixed exchange rate ended. The 1970s was also notable for spikes in oil prices that led to recessions in many industrialized countries. But higher oil prices were precisely what OPEC wanted, and oil-producing countries had more cash than they could even invest in their own countries. The consequence was that oil producers deposited enormous amounts of dollars (oil contracts were priced in U.S. dollars) in major banks in Europe and the United States. Flush with cash, these banks found willing borrowers in developing countries eager to borrow money to build railways, ports, electricity grids, and schools. Whereas industrialized economies suffered under high energy prices, oil producers prospered, and developing countries borrowed heavily.

This recycling of petrodollars came to a screeching halt when in 1982 Mexico announced that it would not be able to pay its debts to international banks. By 1983, 27 countries owing \$239 billion had rescheduled their debts or were in the process of doing so: 16 of these were in Latin America. It was at this time that the IMF began to expand its activities significantly. As the “lender of last resort,” it was the organization countries turned to when no one else would loan to them. Countries like Mexico were in such a position. In return for loaning massive sums of money to developing countries to pay their debts, the IMF required that developing countries make significant changes to their economies. The logic behind these changes (known as “conditionality”) was inspired by ideological developments in the United States and the United Kingdom especially, where Keynesianism and state involvement in the economy had come under attack. In its place was **neoliberalism**, an ideology that preferred market-based solutions to problems, whether they be financial crises, climate change, or even how to pay for public schools. Intellectually, these ideas were represented in the work of Milton Friedman and Friedrich Hayek and politically by U.S. President Ronald Reagan and UK Prime Minister Margaret Thatcher.

But we need to be careful in identifying neoliberalism with “free” markets because markets always have rules and rule enforcers. Therefore, another way to think of neoliberalism is as a legal strategy for making markets free from popular control. For example, neoliberal views on trade would advocate for limited government (i.e., popular) control over trade, favoring instead a “neutral” referee to enforce agreed-upon rules (i.e., the WTO). A neoliberal view on managing an economy would favor a central bank (like the U.S. Federal Reserve) that is significantly independent of government (i.e., democratic) control. The point is that thinking of neoliberal ideas as simply pro-market would miss the deeper neoliberal idea that major parts of our economies need to be insulated and protected from democratic control.

These pro-market ideas were also influential among intergovernmental organizations engaged in lifting developing countries out of poverty. When developing countries came to the WB and IMF in crisis, therefore, the message they received was that their states were too involved in their economies. They had to liberalize, deregulate, and privatize. This was the beginning of structural adjustment programs (SAPs). In many countries in Latin America and sub-Saharan Africa, cutbacks in government spending on health and education services made poverty much worse in the 1980s, a period known as the “Lost Decade.” This was especially disastrous in Southern Africa where the HIV/AIDS epidemic was beginning to explode just as health facilities were being defunded.

The 1980s were not only a period of economic decline for the world’s poorest countries. The Soviet Union was also beginning to show signs of significant weakness. Starting in 1979, the Soviets had been involved in a lengthy and an expensive invasion of Afghanistan. The Soviet Union was falling behind militarily and economically. Although it had once made great leaps in industrial production, it had failed to innovate and move beyond heavy industry. Under Mikhail Gorbachev in 1985, the Soviet Union attempted to improve relations with the United States while introducing economic and political reforms within the USSR. By the end of the 1980s, the Soviets had reduced their control over, and support for, other communist regimes. The Berlin Wall, the literal and symbolic dividing line between East and West, fell in 1989. When the Soviet Union dissolved in 1991, 15 newly independent states emerged.

Why did the Cold War end? One theory, now mostly discredited, says that the United States under Ronald Reagan dramatically increased U.S. military spending in an attempt to entice the Soviets to follow suit and bankrupt themselves in the process. Another theory says the stagnant Soviet economic model would likely have collapsed without foreign pressure. Yet another says that Soviet *ideas* changed. Specifically, Gorbachev had new ideas for how to build a stronger Soviet Union. In this reading, the Cold War ended because communism was found not to work. Although the former explanations for the end of the Cold War had to do with material things like declining economic strength, this latter explanation had to do with ideas, which are non-material. As we will see later, this reflects a division in how social scientists see the world: Some think people do things for material reasons (i.e., they want money, or they fear violence); others think people do things for nonmaterial reasons (i.e., a “good state” is one that bans landmines or allows women to vote).

The Second Global Age: An Explosion of Global Finance, International Interactions, and New Tensions

The world entered its current rate of tremendous economic growth and relative geopolitical stability in the 1990s. Exact dating of the beginning of this second global age is not possible because the intensity or depth of interactions around the world has developed unevenly. Certainly, global trade and telecommunications innovations advanced in the 1990s. But two significant drivers of globalization began before that. The first was China’s move to become an export powerhouse. The second was the growth of global finance. We will begin this section by looking at developments in China and global finance that began before the 1990s. Thereafter, we will discuss four important developments since the 1990s that bring us up to today: the global spread of elected government; explosive growth of the internet; terrorism and the politics of waging wars against it; and faster economic growth in developing countries than in the developed world with a resulting shift of many countries from the ranks of the world’s poorest to the ranks of middle-income countries.

China (Re)emerges

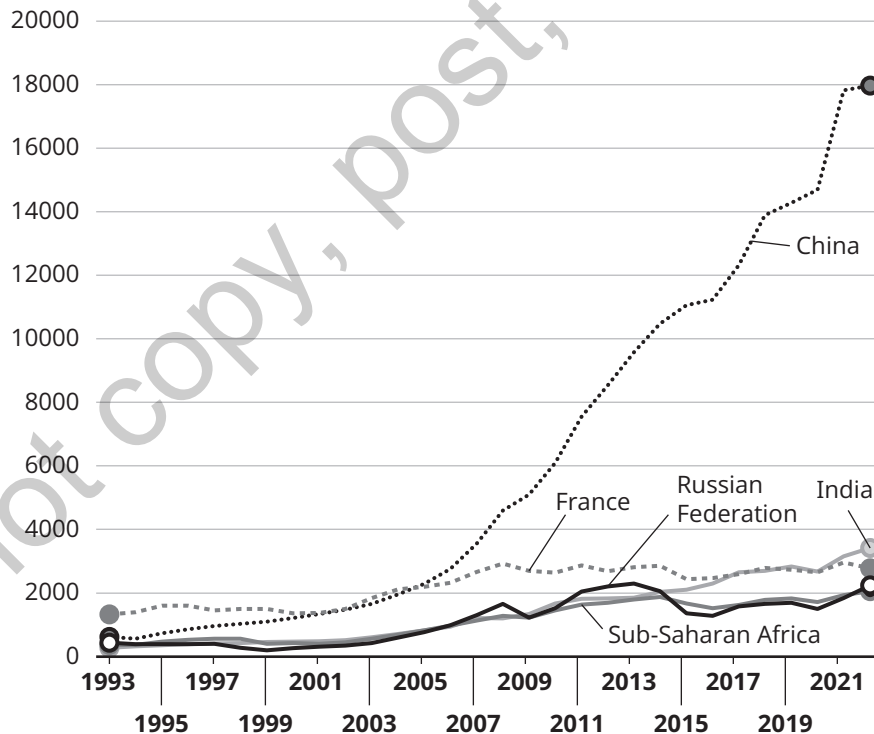
China under Mao Zedong attempted to imitate the remarkable industrialization witnessed in the Soviet Union. Mao’s Great Leap Forward (1958–1961) tried to move China from a rural, agrarian economy into a modern, urban society rapidly through the use of industrialization and forced collectivization, which banned private farming. One result was a famine that killed 20 million people. After Mao’s death in 1973, Deng Xiaoping began a series of economic reforms that continue today. Special economic zones were set up in which private firms were allowed to operate. Limited foreign investment was also allowed. The result was a flood of multinational corporations building factories in China to take advantage of low labor costs, political stability, and export infrastructure in the form of railways and ports. These reforms

are often labeled “liberalization,” but that is not accurate. Politically, the Chinese Communist Party is highly authoritarian, repressive, and invasive. Economically, there is tremendous state involvement in the economy, which is why the three biggest banks in the world are all Chinese state banks, the largest of which has \$4 *trillion* in assets.²¹

It is more accurate to speak of China’s reemergence than of its rise. There has been a functioning state in China for at least 2,000 years. Compare that with states in Africa, many of which are at most one century old, and states in Europe, many of which are only about 200 years old. Whereas European societies were technological backwaters more than 1,000 years ago, China had already invented modern forms of bureaucracy, standardized building codes, piped gas, steel, and even playing cards and toilet paper. This is why people refer to the recent rise of China as the *return* of China. It is the reemergence of perhaps the oldest and most sophisticated continuously existing social and political system in the world.²² China’s rapid economic growth is shown in Figure 2.5.

Figure 2.5 ■ China’s Booming Economy

China’s economy is now larger than that of India, France, and Russia as well as of all sub-Saharan African countries combined.



Source: Data are from the World Bank, World Development Indicators.

International Studies From the Outside In

Why Did China Embrace the Global Economy?

Most accounts of China's embrace of the global economy start with gradual economic reforms enacted by Deng Xiaoping in 1979. After the economic disaster of Mao's communism, Deng declared "to get rich is glorious!" Farmers were allowed to market a portion of their crops privately rather than produce only to meet government quotas. The introduction of township and village enterprises (TVEs) encouraged local governments to invest in businesses that were right for their local context. Importantly, profits could be returned to the local government officials, giving officials an incentive to see local businesses do well. And foreign firms were encouraged to come to invest and build factories.²³ The results were a quadrupling of the country's output in 20 years. China surpassed Japan as the world's second-largest economy in 1992.

International studies helps us see our global age with inside-out and outside-in perspectives. In the case of Deng, accounts stress his political leadership, pragmatism, and courage. In introducing limited market reforms, in enabling Chinese to move about more freely within China, and by implicitly tolerating some inequality, Deng marked a real break from his predecessor, Chairman Mao. As to whether this turn to markets was a betrayal of communism, Deng, the pragmatist, famously replied, "If a cat catches mice, what does it matter if it's black or white?" This is an inside-out view because we start from the local and ask how it affected or was experienced by the global. But an outside-in perspective is also possible.

China's economic reforms were influenced by ideas and experiences beyond its own borders. For example, Deng learned from Japan's export-oriented economic model as well as from its emphasis on technological upgrading. In the West, people often assume China grew by using its abundant cheap labor. Certainly that played a part, but it also misleads. Indeed, China did not stay in the business of exporting low-tech consumer goods. Rather, the government borrowed economic policy ideas from neighbors such as Japan and South Korea, which supported native companies while taxing foreign goods coming into the country. The policy was designed to move the economy up the value-added ladder, away from producing low-tech goods such as jeans, and toward hi-tech industries such as consumer electronics.

China borrowed from other neighbors too. From Taiwan, China copied the idea of a *free trade zone*. From Singapore, it got the idea of encouraging investment from multinational corporations. These companies would bring capital, expertise, and links to global markets. From Hong Kong, China saw that tourism could help the economy. Deng also learned from India how useful diasporas can be. For example, he embraced Y. K. Pao, a Chinese financier who had fled to Hong Kong after the Communist Revolution. Pao told Deng of his intent to invest in the new China, saying, "I was born in China. My roots are in China. I will do what I can to help the motherland to develop."²⁴ This cross-border learning may have come full circle: The Obama-produced Netflix documentary *American Factory* shows factory workers in Ohio trying to learn techniques from their Chinese counterparts.

An outside-in perspective also alerts us to the historical moment in which China began to globalize. Because of its limited engagement with the global economy, China

avoided the 1980s debt crisis that shook many developing countries. China also benefited from having a large diaspora (Chinese living abroad), especially in the United States. This would prove useful in forging links between importers and exporters. And in the 1990s, China's export orientation met a global appetite for cheap consumer goods irrespective of the working conditions involved in their production. Historians Niall Ferguson and Moritz Schularick used the term *Chimerica* to refer to the relationship in which Chinese workers manufacture goods that American consumers import, and the money exchanged is then recycled by China as credit to enable further American consumerism.²⁵

Deng's economic policy was also shaped by his sense of China's place in the world. He sought a low-profile foreign policy precisely because China was not strong enough for anything else. As we learn in Chapter 4, realists think international relations is a self-help system in which states have to carefully guard their very existence.

This is why Deng said, "If we do not develop, then we will be bullied."²⁶

Reflect

One interaction we saw in this example was between China and the Chinese diaspora. How many more interactions can you identify? Interactions can be between two actors within one country, between two international actors, or between one international and one domestic actor.

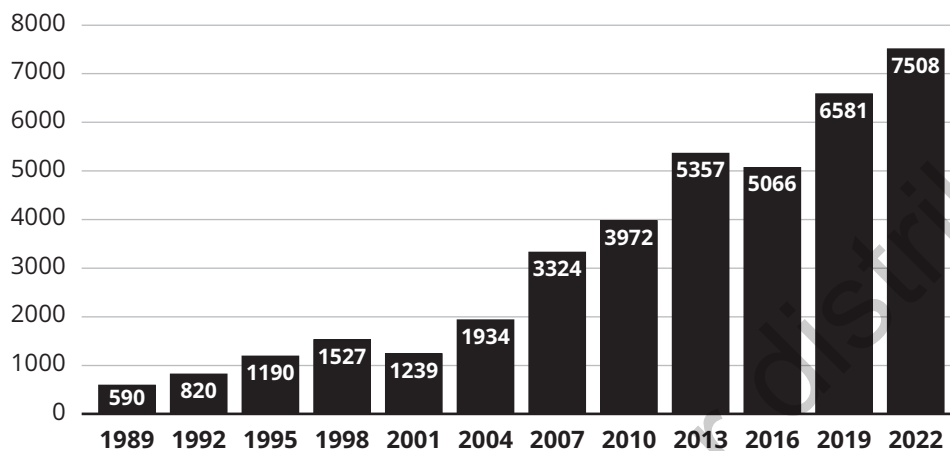
The Extraordinary Growth of Global Finance

Financial globalization refers to the massive amount of money that is exchanged daily on global markets. Under the **Bretton Woods Monetary System** (1944–1973), major economies limited the amount of money that could move in and out of their economy (known as "capital controls"). They did this because huge amounts of investment or speculative market activity would have made it difficult to manage their own economies. Once the Bretton Woods Monetary System ended, however, money began to move more freely between countries. As wealthy countries removed these restrictions throughout the 1980s, investors and speculators moved billions around the global economy.

The sums were enormous. In 1973, \$160 billion was available for lending on international markets. By the early 1990s, they held more than \$5 *trillion*.²⁷ In the 1980s, the global financial system accounted for less than 5% of global GDP. Today it is greater than 15%. In 1975, international lending by banks was about \$100 billion. In 2012, it was worth \$20 *trillion*. In 1986, about \$850 billion was traded in currencies every day in international foreign exchange markets. Today, about \$6.6 *trillion* worth of currencies are traded every day (Figure 2.6). Most of that currency trade is buying and selling euros for U.S. dollars because trade between the two is so enormous. You and everyone you know are probably intimately involved in this. When you buy something made in the European Union (EU) on Amazon, a currency trade occurs to allow you to pay in dollars and for the seller to get paid in euros.

Figure 2.6 ■ Daily Trades in Global Foreign Exchange Markets

Daily Average Trades in April, in Billions USD



Source: Data from database: BIS Triennial Central Bank Survey of Foreign Exchange and Over-the-counter (OTC) Derivatives Markets (total of all instruments). https://data.bis.org/topics/DER/tables-and-dashboards/BIS,DER_D11_1,1.0?time_period=2019.

Global finance has exploded for a few reasons. First, many countries removed legal limits to the buying and selling of currency and to the movement of money across borders. Second, there was liberalization of financial centers like The City in London, which is Britain's Wall Street. The City had once been the leader in global finance, meaning the place where companies and governments could come to borrow, but it had fallen behind Wall Street. Prime Minister Margaret Thatcher (1979–1990) responded by removing restrictions on how market traders and investors could operate. It was in The City that complex financial instruments like derivatives markets were invented, which unleashed billions that would eventually be loaned out around the world.

Communications and transport technology also made it possible for large firms to be active in global markets 24/7. International flights, high-speed internet, and advances in shipping technology made it possible for lightbulb manufacturers and currency speculators to factor wars, weather, or commodity prices millions of miles away into their investment decisions. The real cost of air travel fell 90% from 1930 to 2000. In the 1920s, a five-minute phone call from New York to London would cost an American worker three weeks' wages. By 2000, it would cost 15 minutes' worth of wages.²⁸ Meanwhile, growth in the financial sector made available ever larger sums for them to expand their economic activities. Today international trade is worth about \$18 trillion per year. There are approximately 82,000 multinational companies with one-quarter of total global production, one-third of world trade, and 77 million employees.²⁹

This financial globalization had two important consequences. First, enormous sums of money became available for countries, including developing countries, to borrow. Capital flows to developing countries went from \$60 billion in 1990 to about \$1 trillion today and funded the construction of factories, airports, railways, mines, roads, and houses.³⁰ Second,

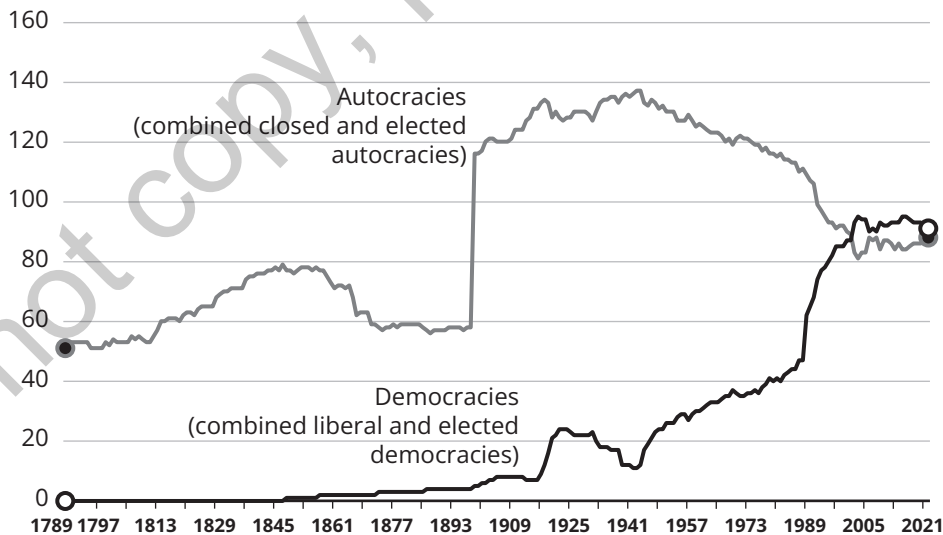
these enormous amounts of money threatened the financial systems of many newly liberalized economies, which is why financial globalization was intimately tied to multiple financial crises in Latin America, Russia, and Southeast Asia that were intensely destructive and made life worse for millions. This is also partly why U.S. homeowners and credit card holders were able to borrow so much before the 2007 housing market bubble burst and the global economy crashed.

The Spread of Elected Government

After decades of U.S.- and Soviet-backed dictatorships, a wave of regime change had spread throughout Africa in the early 1990s. Like the optimism that greeted independence decades earlier, people were excited to watch African states move from dictatorships to multiparty electoral systems. This sense of change was embodied in the release from prison of Nelson Mandela in South Africa as well as in that country's mostly peaceful transition from a racist apartheid government to a peaceful, multiparty democracy. This wave of political reform was not restricted to Africa. In the 1980s and 1990s, military and one-party dictatorships fell throughout Latin America, Central Europe, and East Asia. By 2000, most countries in the world had governments elected by the majority of their populations, which was a first for humanity. Figure 2.7 shows data from a widely used dataset in political science. The red line shows a decline in the number of countries considered autocratic and a rise in the number considered democratic (blue line), starting around 1990. Democratization processes are discussed in more detail in Chapter 8.

Figure 2.7 ■ Global Democracy and Autocracy, 1946–2023

Numbers of Autocracies and Democracies



Source: V-Dem, 2024—processed by Our World in Data, <https://ourworldindata.org/grapher/countries-democracies-autocracies-row>.

By the end of the 1990s, however, Afro-optimism turned to Afro-pessimism. Many states experienced protracted civil wars, which in places like Somalia and Liberia led to a total collapse of state authority. The entire neighborhood of countries in central Africa was engulfed in a multi-country conflict in the Democratic Republic of Congo, a country four times the size of France, in a conflict that killed millions. Added to the Rwandan Genocide in 1994, in which more than 600,000 civilians were killed in three months, the international image of Africa was one of disorder and backwardness.

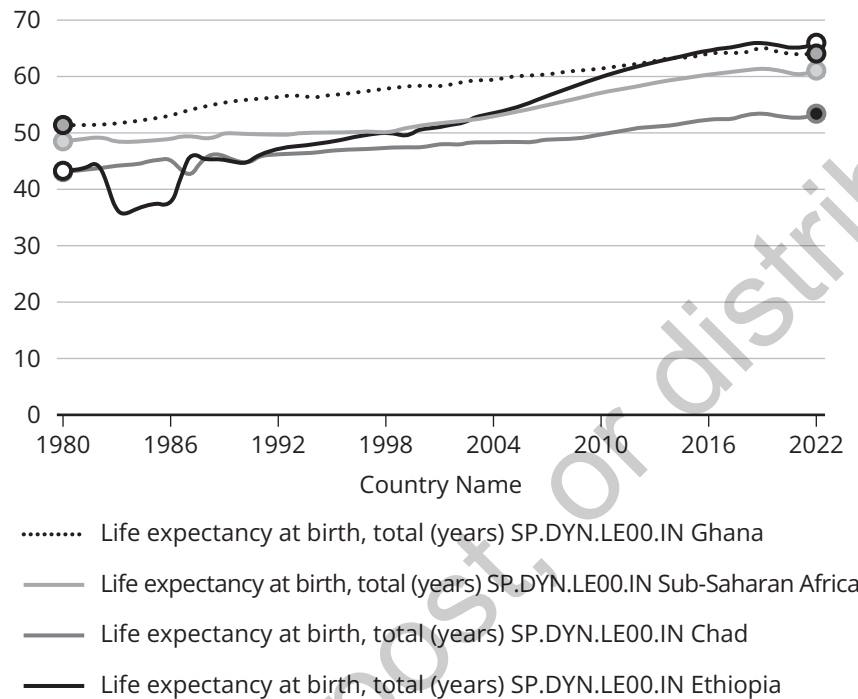
The mass violence, in particular significant civilian deaths, added to growing calls to reconsider the idea of state sovereignty: the idea that no government may intervene in the domestic affairs of another. Not only were there mass atrocities in some African states, but there also was ethnic cleansing and genocide in southern Europe as Yugoslavia broke up. The idea of humanitarian intervention gained support even though it was not a new idea. Powerful states formulated a plan called “Responsibility to Protect” (R2P) that called for the UN to commit to playing a role in managing conflict, thus expanding humanitarian efforts enormously in the 1990s.³¹

Today, the image of Africa is much more mixed. States like Ghana, Botswana, and South Africa are politically open and growing economically. In contrast, governments in Chad, Somalia, and Nigeria cannot control effectively swathes of their own territory. Figure 2.8 compares life expectancy at birth in Ethiopia, Ghana, and Chad as well as provides the average for sub-Saharan Africa as a whole. We see that the sub-Saharan Africa average has generally increased since the turn of the century, but some countries have progressed faster than others.

The Internet Age

The internet is a hallmark of this second global age, yet the impact of the internet in the 1990s is easily romanticized. As late as 1998, only one-quarter of U.S. households had computers, and not all of those were online.³² According to the International Telecommunications Union, the percentage of the global population with internet access never went above 10% that entire decade.³³ The remarkable online takeoff in the 1990s was less in actual usage and more so in the speculative bubble that developed around new Web companies that dreamed of reaching billions of people in a totally new commercial model. The growth model used by websites such as Boo, GeoCities, and Lycos featured rapid expansion of the customer base even at the expense of actual revenue.

Whereas the world’s largest companies in 1900 were involved in oil, steel, and mining, today finance and technology companies are major players. Of the top 10 most valuable publicly traded companies in the world, all but two are financial, whereas the other two are computing and oil and gas companies.³⁴ Microsoft’s market value in 2024 was \$3.1 trillion, six times that of oil giant ExxonMobil. The Internet Age has not only created new economic giants, but it has also connected people in vast online social networks as well as in transnational production networks.³⁵ In the case of Apple, international production includes software development by a multinational company in California, miners digging for tin ore in Indonesia, and factory workers assembling iPhones in China, all transported on Greek-owned ships.

Figure 2.8 ■ Life Expectancy at Birth in Three African Countries**Life Expectancy at Birth in Three African Countries**

Source: Data from database: World Development Indicators.

The Long Shadow of the “War on Terror”

The next seismic event in this second global age involved the events leading to the so-called War on Terror. On September 11, 2001, 19 men—15 from U.S. ally Saudi Arabia—hijacked four planes, ultimately leading to the death of 2,996 people. Twenty-six days later, the United States and Britain began bombing Afghanistan in an effort to capture Osama bin Laden and dismantle the al-Qaeda network that had sponsored the attacks. It became the longest-ever U.S. war, leading to the deaths of more than 2,000 U.S. soldiers, and 150,000 Afghans, including 43,000 civilians.³⁶

On March 19, 2003, the United States led an invasion of Iraq after many months of a highly divisive diplomatic campaign to gather support for war. Many critics alleged then, and we know now, that the Bush administration wanted to remove Saddam Hussein from power, and was merely using allegations of weapons of mass destruction as a pretext. UN weapons inspectors reported “no evidence or plausible indication of the revival of a nuclear weapons program in Iraq,”³⁷ but years earlier—on the afternoon of September 11, no less—U.S. Defense Secretary

Donald Rumsfeld asked his staff for intelligence that would be “good enough [to] hit Saddam Hussein at [the] same time. Not only Osama bin Laden.”³⁸ The resulting war in Iraq led to the deaths of approximately 200,000 Iraqi civilians and about 8,000 U.S. troops and military contractors. When researchers include deaths resulting from things like destroyed health infrastructure, the number of dead Iraqis is approximately half a million.³⁹ In 2013, the U.S. Department of Veterans Affairs reported that, on average from 1999 to 2010, one veteran committed suicide every hour.⁴⁰



Murals depicting torture by U.S. soldiers at Iraq's Abu Ghraib prison, on a wall in Tehran, Iran.

BEHROUZ MEHRI/AFP via Getty Images

Although military action was successful in removing Saddam Hussein and Osama bin Laden, it led to a significant destabilizing of the entire region. Governments in Afghanistan and Iraq were defeated in a few weeks, but what followed were decades-long civil wars in which ethnic and religious groups fought against the United States and one another for control of the state. The United States and its allies have spent the past decade in protracted wars but not against other states. Instead, they have been fighting nonstate actors, like al-Qaeda, the Taliban, and the Islamic State of Iraq and Syria (ISIS, or “the Islamic State”). After two decades of war, the United States withdrew from Afghanistan, and the Taliban took over once again.

By the end of the first decade of the 2000s, the Middle East was in upheaval as a wave of anti-authoritarian protests rocked the Arab world. Protests started in Tunisia in late 2010 that saw the fall of government in Tunisia, Egypt, Libya, and Yemen about one year later as well as uprisings in Bahrain and Syria and street protests in almost every other Arab-majority country.

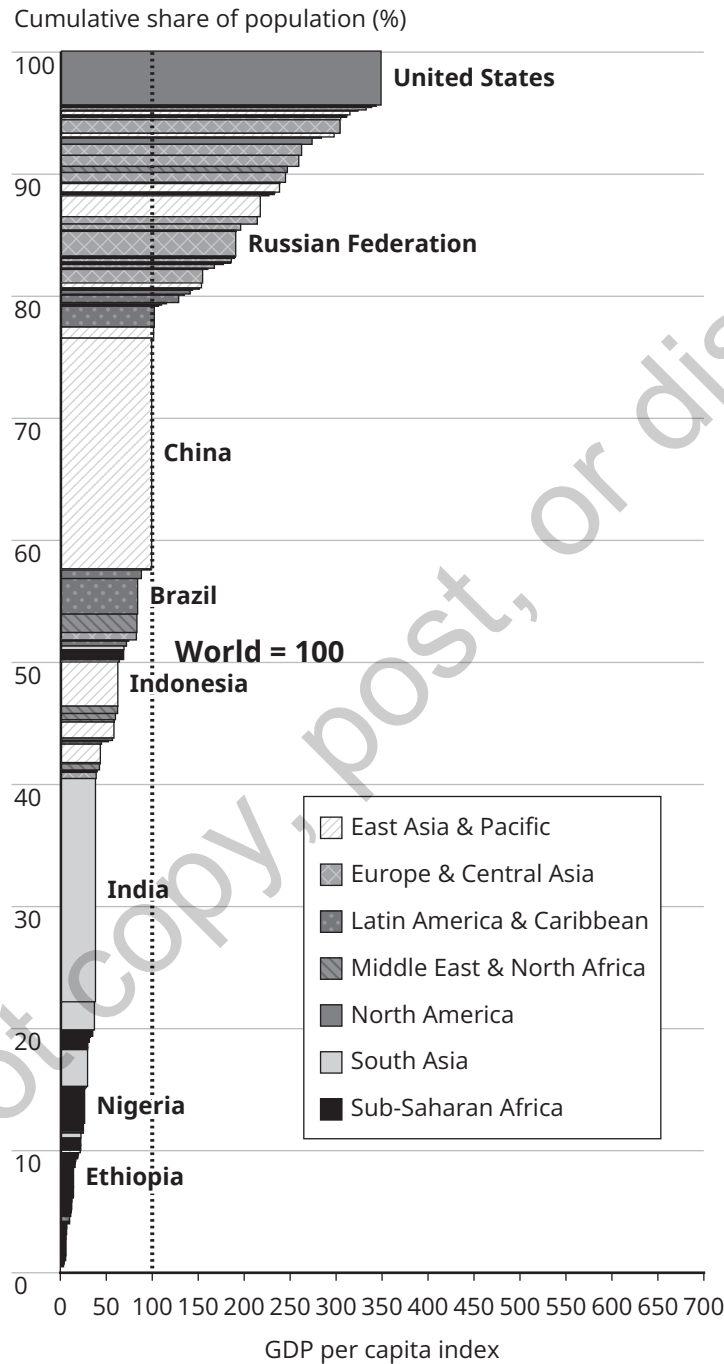
The popular revolts seemed to reflect the times: a global norm that unelected government was illegitimate; the use of social media to connect disparate groups; and the interconnectedness of global markets, as biofuels drove up the price of staple foods in developing countries.⁴¹ The outcomes of the Arab Uprisings have been highly varied: Tunisia has an elected government; Egypt once again has a military ruler; governments in Libya and Yemen appear unable to control their own territory. Elsewhere, protests have been brutally repressed, and civil wars are ongoing. In the chaos and struggles for power, nonstate actors like the Islamic State briefly governed territory covering millions of people in Iraq, Syria, and across Africa's Sahel.

The Rise of New Powers

In the past two decades, many poor countries have made significant economic strides. There are four major reasons for this. First, many emerged from lengthy and costly civil wars, and political stability is essential for growth. Second, commodity prices have been high, which has helped spur growth in countries with abundant natural energy resources, such as Brazil and Russia. Third, investors have been excited by the potentially large returns offered by emerging economies, and as a result, poorer countries can now avail themselves of significant amounts of investment. Fourth, a poor country can take advantage of available technology to jump-start its growth because it does not need to reinvent the wheel. Consider malaria. A poor country suffering from malaria has at its disposal the knowledge of the world about where malaria comes from, how it is spread, how it can be treated, and how it can be prevented. The same goes for road-building, telecommunications, and food technology and so on.

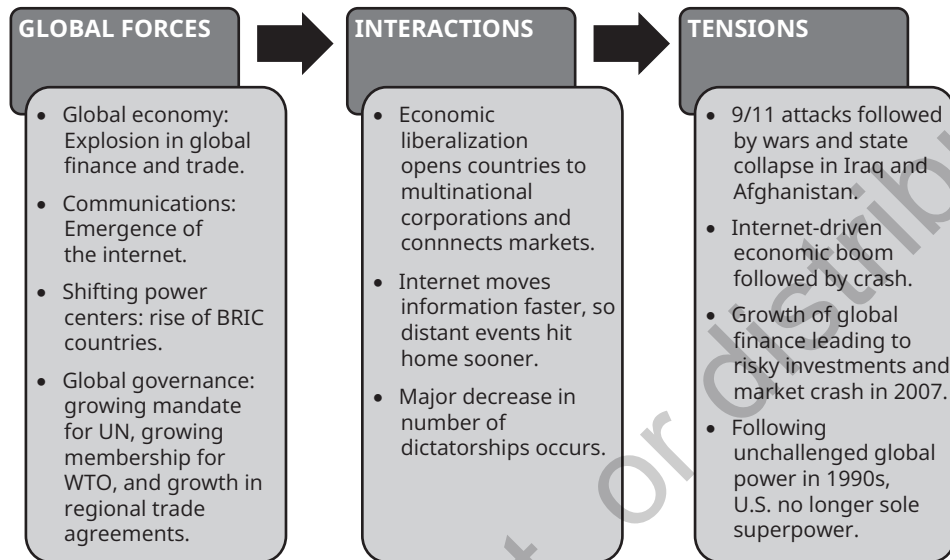
The second global age has witnessed a reversal of a much longer trend in global inequality.⁴² Although inequality among countries generally grew in the past 200 years, it has narrowed in the past 20 or so years. The initial divergence was mainly because of the rapid development of the Industrial Revolution and the growth of strong states in the Western world followed by the spread of colonialism, in which these increasingly wealthy countries retarded the progress of societies that had weak or not-yet-strong-enough economic and political systems to resist domination. Nobel-prize-winning economist Michael Spence says that the 200-year period leading up to 1940 was a “breakout period for a minority of the world’s population, with some 750 million people living in industrializing countries and the remaining 4-plus billion left behind.”⁴³

Over the past two decades, however, the opposite is true: Developing countries have had much stronger economic growth than developed countries. Countries like Brazil and China have raised tens of millions of people out of poverty. But wealth is still highly concentrated in the world. In Figure 2.9, the human population is shown from left to right, and wealth is shown on the vertical axis. The dotted line shows the average per capita wealth for all countries is \$13,460. We see that only a small share of humanity is above this line and that a tiny share is far above it. China and India are especially notable for the size of their populations. Figure 2.10 provides an overview of the interactions and tensions that have resulted from this second global age.

Figure 2.9 ■ Share of Wealth in the Global Population

Source: ICP 2021: Per capita measures, https://www.worldbank.org/en/programs/icp/brief/ICP2021_DataViz_3.

Figure 2.10 ■ Global Forces, Interactions, and Tensions in the Second Global Age: A Synopsis



End of the Second Global Age? The Globalization Backlash

If the trajectory in recent decades has been ever more cross-border interaction, the trajectory in recent years appears to be the opposite. We may be entering the end of the second global age.

The feeling of seismic change was inescapable during the COVID-19 pandemic and reinforced when Russia (further) invaded Ukraine, an act of war that many Westerners found shocking and unthinkable.



Ukrainian families split apart by war.

Salwan Georges/The Washington Post via Getty Images



Man carries slogan of the Conservative Party British Prime Minister Boris Johnson that Brexit would go ahead.

Press Association via AP Images

tion is suspect.⁴⁴ The UK's conservative then-Prime Minister Theresa May appeared to confirm as much when she said that cosmopolitan "citizens of the world" are really "citizens of nowhere."⁴⁵ The implication was that to be a UK citizen was to be a citizen of a "real thing," whereas to feel allegiance to a global or international community was to be a citizen of a "fake thing."

This nationalist sentiment was echoed in the rejection of international integration from the U.S. Secretary of State, who declared: "International bodies must help facilitate coop-



Newspapers carry the message of Donald Trump to a global audience.

Kathy deWitt/Alamy Stock Photo

However one characterizes it—a reversal, a slowdown, or a complete stoppage of global integration—something seismic happened in 2016 with the election of Donald Trump and the UK's decision to leave the EU ("Brexit"). But although Donald Trump and Brexit provided a stark vision of this "globalization backlash," those events were a continuance of the longer-term decline in center-left and center-right political parties in rich countries. That decline, and the election of Trump and Brexit, shook the belief that international interactions would inevitably continue to deepen as in the past. Let's look at the two forces that appear to be pushing against global integration: nationalism and populism.

When the British public voted in 2016 to leave the EU, observers said it "leaves no doubt that in today's global equation, national interests are supreme and globalization is suspect."⁴⁴ The UK's conservative then-Prime Minister Theresa May appeared to confirm as much when she said that cosmopolitan "citizens of the world" are really "citizens of nowhere."⁴⁵ The implication was that to be a UK citizen was to be a citizen of a "real thing," whereas to feel allegiance to a global or international community was to be a citizen of a "fake thing."

This nationalist sentiment was echoed in the rejection of international integration from the U.S. Secretary of State, who declared: "International bodies must help facilitate cooperation that bolsters the security and values of the free world [i.e., the United States], or they must be reformed or eliminated. . . . Our mission is to reassert our sovereignty."⁴⁶ Prominent examples of this "America First" policy included withdrawal from major agreements, such as the Paris Agreement on Climate Change, the UN Human Rights Council, the Universal Postal Union treaty, the Global Compact in Migration, and the Intermediate-Range Nuclear Forces Treaty. Other examples include withdrawing support for the International Criminal Court and the World Health Organization, not to mention bombing another country without UN authorization.⁴⁷

Waves of nationalism have not only lapped on the shores of Britain and the United States. In Spain, the far-right Vox is less than a decade old but already is the third-biggest party in the legislature. Vox is strongly opposed to immigration by non-Europeans. Right-wing nationalists were (re)elected in India, Poland, the Philippines, the United States, Turkey, Hungary, Austria, Italy, and Brazil. Leftist political parties have taken seats from centrist parties in Scotland, Spain, Greece, and Germany. The decline of centrist parties is important because those forces had been instrumental in building the national and international infrastructures of our current global age.

We also see in some (but not all) of this nationalist rhetoric a new way of talking about politics. This is the second force pushing against global integration: populism, which is an “ideology that considers society to be ultimately separated into homogeneous and antagonistic camps, ‘the pure people’ versus ‘the corrupt elite,’ and which argues that politics should be an expression of the general will of the people.”⁴⁸ Benjamin Moffitt says populism is not an ideology but a style, or a way of performing, politics.⁴⁹ It is embodied in the behavior of Donald Trump, whose leadership style discards the notion that leaders should be ethical, unbigoted, or honest or that policymaking should be carefully planned and respectful of experts. This was encapsulated in the famous reply by a UK cabinet member when asked which experts could substantiate his arguments in favor of Brexit: “People in this country,” he said, “have had enough of experts.”⁵⁰ Sometimes populists are called populist nationalists, but the terms are actually distinct. Populists emphasize the needs of “ordinary people”—vaguely defined—over the views of “experts,” whereas nationalists tend to emphasize people of a specific background. We can see how **populism** and nationalism blend when France’s Marine Le Pen critiqued “uncontrolled free trade that helps only the banks and financiers.”⁵¹ This right-wing figure rejects not only cross-border economic integration (“uncontrolled free trade”) but also the group that benefits (“banks and financiers”) at the expense of French people. In the United States, whereas moderate Republicans have tended to favor global economic integration, White nationalists such as Tucker Carlson rail against putting religious faith in markets ahead of one’s country.⁵²

But where did this backlash come from? Let’s look at two groups of explanations. In the first group, researchers such as Diana Mutz and Janelle Wong have found that support for right-wing parties is especially strong among Whites, the very religious, and those without advanced education.⁵³ Other researchers conducted an experiment that asked respondents to choose a hypothetical candidate for immigration to the United States.⁵⁴ The researchers then randomized features of each hypothetical immigrant. Overall, they found voters prefer better educated, English-speaking immigrants, and it didn’t matter if the immigrant was from a wealthy or poor country. Some observers refer to this as “cultural anxiety,” meaning the feeling voters experience that they are losing their social position to groups they don’t identify with.



A campaign poster from Germany's far-right party reads “Burkas? We prefer bikinis.”

Maja Hitij/Getty Images

The second group does not deny that racism and xenophobia are potent political currents, especially in the United States and the UK. But they would say that racism does not explain the vote for left-wing politicians across the industrialized world. What actually explains it is inequality and stagnant wages that are the hallmark of industrialized economies in recent decades. In other words, the political events since the Global Financial Crisis were a long time coming.⁵⁵ In the late 1990s, for example, historians had already shown how the main losers from free trade in 19th-century Europe were landowners, who faced competition from newly “available” land in the New World. The reaction in countries such as Germany and France was a decline in support for free trade, whereas immigration from Europe to the United States was made more difficult as U.S. workers feared for their jobs.⁵⁶

There is certainly evidence that many Trump voters were dissatisfied with their economic situation.⁵⁷ Trump’s appeal was stronger where declines in manufacturing jobs were greater.⁵⁸ In the British case, whereas some research has found that support for Brexit was strong among the elderly, White, and less educated,⁵⁹ other research has looked more at Brexit-voting areas rather than at individuals and has found that Brexit support was strongest in areas hardest hit by economic globalization, especially imports from China.⁶⁰ This is similar to the United States, where Trump did well in areas most exposed to imports from China (the so-called China Shock).⁶¹

This research suggests that a person’s individual characteristics, such as age or income, does not determine how they vote. Rather, what matters is the community in which they live. Even if I have a good job, I may not feel positive if friends and neighbors are losing jobs, property values decline, businesses shutter, and smaller tax bases mean state and local governments provide fewer public services. The idea that the global economy is felt at the level of a community, and not only at the individual level, is supported by the work of Anne Case and Angus Deaton. They wrote about “deaths of despair,” by which they meant deaths from suicide, opioids, and alcohol.⁶² They found that White Americans between 45 and 54 years of age actually had *declining* life expectancy, a pattern not seen anywhere else in the world.

Indeed, many U.S. voters were distrusting of elites and global engagement even before Donald Trump.⁶³ A refusal to believe climate science is the best example of this. Research from Europe also reveals a long-term decline in trust in institutions, which was exacerbated (not created) by the Global Financial Crisis. Surveys conducted over the past two decades consistently show about 50% of Europeans don’t trust the media, about 50% don’t trust the EU, about 75% don’t trust political parties, about 60% don’t trust big companies, and over 50% don’t trust their national government.⁶⁴ This willingness to not believe scientists and health officials could also be seen in responses to coronavirus: Google data showed people in heavily Democratic counties moved around a lot less than people in Republican counties even after researchers factored in a county’s density, virus exposure, and age.⁶⁵

Finally, we should note a third view, which says that major pillars of globalization are resilient and that a focus on populists in a few countries should not blind to us how different the world is to a few decades ago. Zachary Karabell makes several points.⁶⁶ First, even though global trade contracted in 2019, it did so by only a “smidgin.” U.S.–China trade is back only to its 2013 level. Second, China continues to ramp up its international

investments. Through its Belt and Road Initiative, it plans \$1 trillion of infrastructure investments around the world. Third, even as some U.S. companies report leaving China owing to trade restrictions, those companies are moving to other East Asian countries, not back to the United States. And the major trade agreement from which Trump withdrew the United States—the Trans-Pacific Partnership—continues to connect economies in East Asia and the Pacific. Fourth, even if tourism declines in coming years, recall that in 1950 there were an estimated 25 million tourist arrivals, whereas in 2019, there were 14 *billion*. Fifth, the broad trend in global finance remains that countries continue making it easier to bring money in and out of borders. Sixth, one core feature of our global age—privatized industry—appears unthreatened. There are no serious global trends by countries to nationalize industries. Thus, Karabell says we can too easily mistake a global contraction for a global reversal. A survey of 25,325 people in 23 of the world's biggest countries is instructive: Whereas substantial numbers of respondents in the United States, the UK, and Germany said the costs of immigration outweigh the benefits, in 19 of 23 countries surveyed, people thought the benefits of immigration outweighed the costs or were about equal.⁶⁷ The same was largely true with respect to views on trade.



Is global trade resilient?

iStockphoto.com/Thibault Renard

China–United States: A New Cold War?

As the world's major powers—China and the United States—are experiencing their worst relations in decades, some observers have reached for historical analogies and begun to talk of a “New Cold War.” Where the original Cold War pitted the capitalist West against the communist East, now the democratic-capitalist West is pitted against quasi-capitalist authoritarian China. One commentator wrote, “What started as a trade war between the United States and China is quickly escalating into a death match for global economic, technological, and military dominance.”⁶⁸ The commentator recalled a meeting with China's President Xi Jinping, in

which the Chinese president said other countries didn't have to worry about the Thucydides Trap. That was a reference to the ancient Greek historian, Thucydides, who said Sparta's fear of the rising power of Athens made conflict between them inevitable around 400 BCE. The logic of the Thucydides Trap has been invoked in predictions that the United States will try to retard China's rise, even violently.

Watch: Graham Allison talk about the Thucydides Trap.

Critics respond by pointing to errors in this reading of Greek history or errors of logic in applying lessons from a small conflict 2,500 years ago to 21st-century superpower rivalry. To give one example, consider climate change. The original Cold War did not feature a challenge that mattered to both blocs that neither could manage alone. Relations among major powers may be tense today, yet at the same time all powers face the need to collectively work against the common threat of the climate emergency. The United States and China together account for almost half of global CO₂ emissions, so a policy of not engaging with each other would help neither.

A Cold War invokes the idea of a total separation between blocs, a world with no sharing of technological or medical advances, no cultural or educational exchanges, and no trade in entertainment or products. The United States/EU and China may be simply too intertwined for that to happen. Rather than a Cold War with a wall between the West and China, what may emerge instead is a hierarchy between deeply interconnected economies and societies. To understand this, let's take an example from a shopping app used by people in Borneo, an island split (mostly) between Indonesia and Malaysia.

In Borneo's dense rainforest, people in remote villages use the Shopee app.⁶⁹ Shopee connects people across Indonesia's 13,000 islands and is used by hundreds of millions of people in Southeast Asia. On the other end of the chain, sales teams from stores such as Indonesia's *Patris* work social media channels around the clock to engage customers.⁷⁰ A journalist covering Shopee recounts the purchase of shoes for \$12 by one Patris customer, setting off a three-day, five-person delivery: "Parts of the country still have no proper roads, postcodes or addresses. Local couriers must know how to find the house three doors down from the blue mosque or by turning left at the big tree. They must ride their motorbikes onto sampans, balance on narrow, rickety boardwalks and sometimes wade through swampland on foot." We can see globalization along this chain: advertising on social media, shopping apps, production networks, payment systems, and GPS-enabled smartphones used in delivery. The app itself is international, based in Singapore and part-owned by a Chinese tech giant.

But the journalist soon finds the story is more complicated than it seemed. To protect Indonesian businesses such as Patris, the Indonesian government banned the sale of imported goods worth less than \$100. This reveals one kind of tension with companies and countries tapping into global technology to build online advertising, payment, and logistics platforms while also trying to privilege their own people. Yet, whereas the Indonesian government may limit the import of handbags or shoes to benefit Patris, it makes little sense for the government to also cut Indonesia off from tech advances. This is why any "New Cold War" is unlikely to amount to different corners of the earth walling themselves off from everyone else. To do so would be to shut oneself out of tech advances of the sort that Shopee and Patris depend on. This is why some observers predict that worsening U.S.-China tensions will lead

to a global hierarchy in which U.S.-aligned tech firms sell their most advanced technology to companies and customers in U.S.-aligned countries while selling slower and weaker technology to buyers within China's orbit.

Summary

One could fill a library covering each paragraph of this chapter, so sweeping have we needed to be. Although a “complete” telling of all historical events is not possible, this chapter has provided you with enough basic background knowledge to begin making sense of the next chapters. We have seen how the international actors and events that interest us in this book do not emerge from thin air. They emerge from, and through, history. More specifically, we have seen that our present global age is not unique. The world witnessed unprecedented integration and connection in the 19th century. In acknowledging this first global age, we also can appreciate that its decline means the present second global age is neither inevitable nor irrevocable. Our global age is the product of decisions made by human action. Our world is not something that simply “happened” to us. Every act to make our lives more global can also be undone. Any global age can be made and unmade.

Key Terms

Bretton Woods Monetary System
Bretton Woods System (BWS)
competitive devaluations
Gold Standard
neoliberalism

Pax Britannica
populism
superpower
structuralist theory

Questions for Review

1. Choose one international story from the front page of a major newspaper. Identify one specific event discussed in this chapter that improves our understanding of the news story.
2. How resilient and durable is the Second Global Age when compared with the First Global Age?
3. Of our four global forces, rank the forces that best explain the rise of China.
4. In international studies, tensions are sometimes the unintended consequence of interactions. Can you identify one example of an unintended consequence in the chapter?

Learn More

From the Council on Foreign Relations, read “How Did Colonialism Reshape the World?” <https://education.cfr.org/learn/reading/how-did-decolonization-reshape-world>

Search the UN archive of decolonization photos: <https://media.un.org/photo/en/collections/global-issues/decolonization?page=3>