

The World Bank “waves” demonstrate several important elements of globalization:

Integration is uneven – some states are more integrated than others

- The US/EU/Japan group is much more integrated than any other
- The North is more integrated than the South
- There are states in the South that are not integrated into the global economy

The pace is different in different places

Conditions favor deeper integration in some regions

- Political, social, economic, and military conditions favor European integration
- North America moves more slowly
- Sub-Saharan Africa is hardly integrating at all

States can resist the process – even weak states

- National policy can prevent integration, but there are costs

Globalization requires some stability

- Failed states cannot easily globalize in a stable way
- Informal integration is tenuous and is usually reversed when formal sector is restored
- Major system shocks disrupt globalization (inter-war years)

Globalization can be reversed

- State action can cause the reversal of integration
- State action can slow the integration process

The other major impact of globalization is that it has led to the increased need to solve collective action problems at a level of organization beyond the nation state

- Collective action problems arise when states must act as a group to solve problems
- The major drawback is that states cannot deny the benefits to free riders
- The major challenge to global governance is how to overcome the temptation to be a free rider

The solution has been to use IGO’s to provide global governance and solve these collective action problems

- IGO’s can force members to share the costs of action – benefits are limited to members
- IGO’s can enforce decisions on possible defectors – collective action raises penalty for breaking rules
- IGO’s can offer the hegemon a cheap way to manage the system – states “buy in” to the organization
- IGO’s offer potential members benefits at lower cost – shared costs reduce each members contributions

It is this logic that has led to a strong growth in the number of IGO’s in the world post WWII period

How does this affect the United States?

The US is integrated into the world economy – we depend on other countries economic success for our own success

The US is constantly pulled in two directions by globalization

- Groups in the US that are poised to gain from globalization benefit from the process
- Groups that are harmed by globalization press for political protection

As large and powerful as the US is, we cannot function on our own

Our political system holds our leaders accountable for the well being of the citizens, but globalization limits the political leaders' ability to delivery on these promises.

In crafting US foreign policy, political leaders must balance the widespread ignorance of foreign policy on the part of the public at large with the need to remain engaged in the global system.

Globalization also generates a multi-directional set of interactions that affects US foreign policy
We have discussed how US decisions affect international actors

But the actions of international actors also affects the US

- Foreign stock markets create turbulence in US markets
- EU decisions on climate change mean US MNC's must follow those rule in their European operations
- Disruptions of the flow of oil in the Niger Delta affect the price of gas at the pump in the US

The US role in the world also means that actors may perceive the US to play a greater role than we actually do

- The US is seen to be responsible for many things that take place in the world
- Our economic power associates the US with the economic consequences of globalization
- The power of US MNC's means that the US is associated with decisions made by private actors
- The role of the US in IGO's like the IBRD and IMF lead people to associate the US with the actions of these organizations
- In a world in which globalization is creating social, political and economic turbulence, the US is often the image that people associate with their problems
- This can be exacerbated or ameliorated by US policy decisions

In short, globalization has significant implications for the US

There is also another factor – the basic terms of globalization are changing

- The advanced industrial states (AIS) have benefited hugely from globalization
- The benefits to the AIS have been disproportionate to the benefits accrued to the developing world, but this is changing
- The developing states are learning how to use globalization to their benefit (especially larger and wealthier ones such as Brazil, India, and China)
- We are seeing a shift in several different aspects of globalization

- wage competition in unskilled and semiskilled jobs is essentially a global market
- wage competition in skilled jobs is increasingly globalized
- Skills that were once limited to the AIS are now being produced abroad in massive numbers
- The demographics show that this is likely to continue
- China and India are producing rapidly growing numbers of engineers while the AIS are producing fewer and fewer
- The old lure of the AIS in terms of jobs and money is eroding
- But the AIS have become dependent on foreign born talent in many key areas (1/3 of Nobel laureates in the sciences are foreign-born)

Globalization also generates resentment at those that appear to benefit from the process

As the largest economy in the world, the US is often seen as the embodiment of globalization

To people that are in a losing position from globalization, the US seems responsible, or at least makes an easy scapegoat.

This process generates anger and hatred of the United States in many parts of the world

As a result, globalization has a complex impact on foreign policy

Policy must be made in the context of competing pressures on policymakers from many sources