The Collapse of Globalism: and the Rebirth of Nationalism

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Grand economic theories rarely last more than a few decades. Some, if they are particularly in tune with technological or political events, may make it to half a century. Beyond that, little short of military force can keep them in place. The wild open-market theory that died in 1929 had a run of just over thirty years. Communism, a complete melding of religious, economic, and global theories, stretched to seventy years in Russia and forty-five years in central Europe, thanks precisely to the intensive use of military and police force. Keynesianism, if you add its flexible, muscular form during the Depression to its more rigid postwar version, lasted forty-five years. Our own Globalization, with its technocratic and technological determinism and market idolatry, had thirty years. And now it, too, is dead.

Of course grand ideologies rarely disappear overnight. Fashions, whether in clothes or food or economics, tend to peter out. Thousands of people have done well out of their belief in Globalization, and their professional survival is dependent on our continued shared devotion to the cause. So is their personal sense of self-worth. They will be in positions of power for a few more years, and so they will make their case for a few more years. But the signs of decline are clear, and since 1995 those signs have multiplied, building on one another, turning a confused situation into a collapse.

We have scarcely noticed this collapse, however, because Globalization has been asserted by its believers to be inevitable—an all-powerful god; a holy trinity of burgeoning markets, unsleeping technology, and borderless managers. Opposition or criticism has been treated as little more than romantic paganism. It was powerless before this surprisingly angry god, who would simply strike down with thunderbolts those who faltered and reward his heroes and champions with golden wreaths. If Globalization has seemed so seductive to societies built upon Greek and Judeo-Christian mythologies, perhaps the reason is this bizarre confusing of salvation, fatalism, and punishment. Transferred to economics, in however jumbled a manner, these belief systems are almost irresistible to us.

The British and French empires had vaunted and defended their power in similar ways from the late nineteenth century on; that is, just as they began to collapse. And as the various nineteenth-century nationalisms declined into ugliness, their supporters increasingly transformed them into a matter of race.

Inevitability is the traditional final justification for flailing ideologies. Less traditional—and a sign of inherent weakness—is the extent to which Globalization was conceived as old-fashioned religiosity. Perhaps the economists and other believers who launched Globalization were instinctively concerned that people would notice their new theories were oddly similar to the trade theories of the mid-nineteenth century or the unregulated market models that had been discredited in 1929. And so treating the intervening forty years as an accidental interval, they began where their predecessors had left off: with religious certainty. Despite that initial certainty,
a growing vagueness now surrounds the original promise of Globalization; we seem to have lost track of what was repeatedly declared thirty years ago, even ten years ago, to be inevitable:

That the power of the nation-state was on its way out, to be replaced by that of global markets. That in the future, economics, not politics or arms, would determine the course of human events. That freed markets would quickly establish natural international balances, impervious to the old boom-and-bust cycles. That the growth in international trade, as a result of lowering barriers, would unleash an economic-social tide that would raise all ships, whether of our Western poor or of the developing world in general. That prosperous markets would turn dictatorships into democracies. That all of this would discourage irresponsible nationalism, racism, and political violence. That global economics would produce stability through the creation of ever larger corporations impervious to bankruptcy. That these transnational corporations would provide a new kind of international leadership, free of local political prejudices. That the rise of global marketplace leadership and the decline of national politics, with its tendency to deform healthy economic processes, would force the emergence of debt-free governments. By then wedding our governments to a permanent state of deficit-free public accounting, our societies would thus be stabilized.

In summary, global economic forces, if left unfettered by willful man, would protect us against the errors of local self-pride, while allowing individual self-interest to lead each individual to a better life. Together, these forces and self-interests would produce prosperity and general happiness. In a society where Christian dogma had been so dominant until so recently, how could people of goodwill not be attracted by this good news—by these promises of personal redemption? And if you add to all of this a multitude of new, technocratic market methods—well, then, the cycles of history would be broken, setting us on a permanent, inevitable course. In the words of a particularly naive believer, history would die. History was already dead.

Globalization materialized in the 1970s from the sort of geopolitical vacuum or fog that appears whenever a civilization begins to change direction, to grope its way around a corner from one era to another. In geopolitics, a vacuum is not an option. It is the period between options; an opportunity, providing you can recognize it for what it is; a brief interregnum during which individuals can maximize their influence on the direction of their civilization.

What caused that particular void? Perhaps a quarter century of social reform had left the liberal elites exhausted. The need to manage a multitude of enormous new social programs that had been put in place in a democratic manner—an ad hoc manner—made it difficult for political leaders to concentrate on the main line; that is, to concentrate on a broad sense of the public good. Instead, governments were caught up in the endless and directionless details of management. Or perhaps the cause of the vacuum was the resulting reliance of those political elites on technocrats, who understood little of public debate—in fact, distrusted it—and so drew the leaders into isolation.

In either case, most Western leaders seemed confused about what to do next. They had come to the end of a chapter of social progress. And they could not have been less prepared for a religious counterattack upon their ethical motivations, particularly not one in which the classic Judeo-Christian ideas of the sacred had been converted into economic inevitabilities.
These theoretically new economic ideas were now scarcely recognizable as the simplistic economic arguments of pre-1929. The religious fervor had been blended with sparkling waves of new technology and with masses of microeconomic data, all presented as fact. Relaunched in this way, as three in one, one in three, the old ideas seemed new.

Caught up as the liberal elites were in the instrumental rationality of program management, they responded to this attack with superior, stolid, and unimaginative rejection, instead of speaking out for the public good, they defended administrative structures. The effect was to make tired and discredited market arguments seem young and agile and modern.

One comic sign of the coming era was the creation, in 1971 in a Swiss mountain village called Davos, of a club for European corporate leaders. There they could examine civilization through the prism of business. Soon businessmen were coming from around the world. Then government leaders and academics flooded in, looking for investors. Business leaders, politicians, and academics alike seemed to accept without question the core tenet of Davos: that the public good should be treated as a secondary outcome of trade and competition and self-interest.

Davos was just a weather vane, a superficial and self-important version of a royal court, but when the G6—now the G8—was created in 1975, its aim mimicked that of Davos: to bring the leaders of the biggest national economies together to examine the world through the prism of economics. Never before had the great nations so explicitly and single-mindedly organized their core relationship around naked, commercial self-interest, without the positive and negative counterweights of social standards, human rights, political systems, dynasties, formal religions, and, at the negative extreme, supposed racial destinies. Valery Giscard d’Estaing, the French president who organized the first G6 meeting at his official country residence, Rambouillet, was the very model of the European technocratic economist. And his approach dominated.

But what actually opened the door to Globalization was the economic collapse of 1973 the depression that never was. The reigning technocratic obsession with management and control meant that we all had to be reassured. So we were told that this was just a recession. Then there was another recession, then another, and on and on, always minimized, always about to be resolved. The social reformers, who dominated within almost all political parties and governments, denied themselves the right to stand back and deal with the situation as a whole. They had lost the intellectual breadth and the emotional balance to do this. And so they gradually lost their right to lead.

As for the new force or ideology that came forward to fill the vacuum, it involved an all-inclusive strategy called Globalization—an approach that contained the answer to every one of our problems. It was delightfully seductive. It contained simple, sweeping solutions and, as with all successful religions, lodged ultimate responsibility in invisible, untouchable hands. Thus Globalization required no one to take responsibility for anything.

This transcendent vision quickly filled the vacuum. I first heard the variety of personal passivity produced by this belief system on French national television in a speech by Giscard d’Estaing. He had been elected as a new-style political leader—a brilliant economist. Modern. Almost postmodern. He was to lead society via the economy. But he came in just after the 1973 collapse,
which included high inflation and unemployment. After a year or so of struggling with the collapse, Giscard went on television to tell people that great global, indeed inevitable, forces were at work. There was therefore little that he could do. Nation-states were powerless.

This was the beginning of the mania for public declarations of impotence by democratically elected leaders. Globalization became their excuse for not dealing with difficult issues, for not using their levers of power and large budgets to effect. They made the forces of inevitability credible.

Globalization had brilliant proponents—Mrs. Thatcher first among them, and economists like Milton Friedman, but also growing waves of new-style managers and consultants. These people had a multiplicity of roles. They briefed public- and private-sector leaders, organized the structures that implement policies, and ran these structures on a day-to-day basis. And their basic theory was—it modern methodology is universal. What’s more, these methods are preferable to the untidy business of democratic argument and personal will, whether that is a matter of personal opinion or personal choice. In other words, they were engaged in the classic struggle to promote method over opinion; that is, form over content.

And so, as always happens when form is dominant, a variety of ideal experiments were undertaken. Around the world, civil services were shrank, public and private sectors deregulated, markets released, taxes cut, public budgets balanced. Corporations began growing in size by merging and remerging. This Gigantism was considered necessary for success in a new world market. Trade grew by an astonishing multiple of twenty. European economic integration accelerated. New Zealand, the original social democratic model state, did a complete flip in the mid-eighties and attempted to become the perfect Globalized nation-state. The economies of Canada and the United States were rapidly integrated after the signing of the Free Trade Agreement in 1988, to which the integration of the Mexican economy was added with the signing of NAFTA. Social reformers, for their part, restructured their own arguments until their basic assumptions were the same as those of their opponents. Social democrats and liberals almost everywhere became Globalists, but of a kinder, gentler sort.

Government after government, as if in a fit of moralism, legislated away its right to take on debt or collect new taxes, even though both of these were fundamental governmental powers, central to the construction and maintenance of democracies. In fact, debt and taxes had played the same fundamental role in the pre-democratic period. At the same time, the private sector invented myriad new debts and privatized taxes for itself. Everything from junk bonds to credit cards was treated as an unregulated privatized currency. And corporations used the old default mechanism more than ever to clear their own decks whenever it was handy to do so.

The sin of public debt was then broadened by attributing it to public utilities. Running well or not, they had to be privatized and deregulated into a global marketplace to cleanse them of public-sector inefficiencies. This led in turn to the large utility-style private businesses, such as airlines, being freed of regulatory restraints to satisfy a moral version of individualism that promised, for example, the right to travel, cheaper fares, greater choice, more destinations.
From the early 1970s to late in the century, multiple binding international economic treaties were put in place, while almost no counterbalancing binding treaties were negotiated for work conditions, taxation, the environment, or legal obligations. For 250 years the painful job of building the modern nation-state had depended on a continual rebalancing of binding rules for both the public good and self-interest. Now this balance was tipped violently one way by simply shifting much of our economic power out into the global marketplace.

With economic power denationalized and transnationals using the new unregulated debt and currency systems to accumulate a financial worth greater than that of most nation-states, the next logical step was to think of those transnationals as new nations unto themselves—virtual nations, freed of the limitations of geography and citizens, freed of local obligations, empowered with the mobility of money and goods. Better in every way.

This quarter-century rise of Globalization peaked in 1995 when the old system of international trade agreements known collectively as the General Agreement on Tariffs and Trade, or GATT—was reconceived as a new powerful body, the World Trade Organization. It was the last triumph. There was nothing remarkable about the creation of the WTO. It was just a centralized body to deal with commercial trade issues—not a bad thing in and of itself. The important point was the context. The reconceptualization of civilization through the prism of economics had reached a critical barrier. Beyond that barrier any international exchange that involved a commercial element would be treated as fundamentally commercial. Culture would be seen as a mere matter of industrial regulation; food, as a secondary outcome of agricultural industries.

What particularly caught public attention around the world was the idea that national health and food rules would be treated not as the expression of a people concerned about what sorts of things it put in its collective stomach but rather as mere protectionism—unless backed by the hardest of hard scientific evidence. That sort of evidence was usually decades in coming. The precautionary principle and the citizen’s opinion were thus to be thrown aside in favor of an absolutist theory of commercial exchange.

This determinist approach toward agriculture as an industry rather than as a food source—toward the implications of everything from fertilizers, herbicides, and insecticides to genetics, hormones, antibiotics, labeling, and sourcing—became the flash point for a far broader concern among citizens. This was the context in which a growing percentage of people judged the handling of key issues as different as mad cow disease, the availability of pharmaceuticals in the developing world, and global warming. They were beginning to feel that what was presented as an argument of Globalism versus protectionism was often just a confused opposition of personal choice and abstract corporate interests. So Globalization, put forward as a metaphor for choice, was organizing itself around not consumers but corporate structures, structures that sought profits by limiting personal choice.

Soon people began to notice other contradictions in the Global orthodoxy. How could the same ideology promise a planetary growth in democracy and yet a decline in the power of the nation-state? Democracy exists only inside countries. Weaken the nation-state and you weaken democracy.
Why did an unprecedented increase in money supply translate into a dearth of money for public services? And why did this growth in new monies enrich mainly those who already had money? Why did it lead to a growth in the rich-versus-poor dichotomy and a squeezing of the middle class? Why did many privatizations of public utilities neither improve services nor lower costs for consumers but instead guarantee revenues to the new owners while leading to a collapse in infrastructure investment?

People noticed that the financial value of the great breakthroughs in female employment had somehow been inflated away. Abruptly, a middle-class family required two incomes. They noticed that in a mere twenty-five years CEO salaries in the United States had gone from 39 times the pay of an average worker to more than 1,000 times. Elsewhere the numbers were similar. And the savings from the cutbacks in civil servants was more than offset by the cost of new lobbyists and consultants.

There were three particularly obvious signs that Globalization would not deliver on its promises. First, the leadership of a movement devoted to “real competition” was made up largely of tenured professors, consultants, and technocrats—that is, private-sector bureaucrats—managing large joint-stock companies. Most of the changes they sought were aimed at reducing competition.

Second, the idea of transnationals as new virtual nation-states missed the obvious. Natural resources are fixed in place, inside nation-states. And consumers live on real land in real places. These are called countries. The managers and professors who waxed enthusiastic about the new virtual corporate nations were themselves resident citizens and consumers in old-fashioned nation-states. It would be only a matter of time before elected leaders noticed that their governments were far stronger than the large corporations.

Finally, the new approach to debt—public versus private, First World versus Third World—revealed a fatal confusion. Those who preached Globalization couldn’t tell the difference between ethics and morality. Ethics is the measurement of the public good. Morality is the weapon of religious and social righteousness. Political and economic ideologies often decline into religious-style morality toward the end. But Globalization had shoved ethics to the side from the very beginning and insisted upon a curious sort of moral righteousness that included maximum trade, unrestrained self-interest, and governments alone respecting their debts. These notions were curiously paired with something often called family values, as well as an Old Testament view of good and evil. It somehow followed that if countries were in financial trouble, they were moral transgressors. They had to discipline themselves. Wear hair shirts. Embrace denial and fasting.

This was the crucifixion theory of economics: you had to be killed economically and socially in order to be reborn clean and healthy. For a quarter century, under the severe hand of the International Monetary Fund, this moralizing and emotionally charged approach has been applied to the developing world with absolutely no success. Oddly enough, it had been presented as a form of cool, detached utilitarianism. Those who applied the theory seemed to fail the basic philosophical test of functioning intelligence and ethics—the ability to imagine the Other. They simply insisted, as developing-world debts continued to rise on a roller coaster of instability, that
those people must learn to act in a more predictable manner. Which brings to mind rather aged priests insisting that young men should take cold showers and exercise more.

By the turn of the century, it had become clear that nationalism and the nation-states were stronger than they had been when Globalization began. Indeed, this was apparent as early as 1991, when the Yugoslavian army tried to stop Slovenia and Croatia from leaving their federation. The ensuing massacre was a test for almost every international organization. All of them failed. As if in a black comedy, international elites chattered away about how global economic forces made nation-states irrelevant, while thousands of real people were being murdered and cleansed to facilitate the creation of yet more nation-states. The resulting horror shocked the Europeans into the realization that their economic and administrative Union was helpless in a political-military disaster.

Eventually Washington brokered the Dayton Peace Accords. But Dayton accepted the model of the local nationalist war criminals. Jews in Bosnia don’t exist as citizens unless they pretend to belong to one of the three official races. Neither do people of mixed blood. Dayton is all about racially based nations—the most appalling aspect of nationalism, but nationalism nonetheless. And so Globalization’s triumph, with the creation of the WTO in 1995, was paired with its humiliation at the Dayton signing in the same year.

In a depressing game of leapfrog, the Yugoslavian settlement competed with a genocide in Rwanda, where half a million to a million people were murdered. This is a remarkable statistic. In a global world of economic and social measurement, we are bombarded daily by apparently exact statistics measuring growth, efficiency, production, reproduction, sales, currency fluctuations, comparative levels of obesity and orgasms, divorce, salaries, and incomes. Yet we don’t know, or don’t care to know, whether it was a million or half a million Rwandans who were massacred. And the genocide was facilitated by Paris and Washington, using old-fashioned nation-state powers at the U.N. Security Council to block a serious international intervention. The Rwanda catastrophe then morphed into the Congo catastrophe, involving 4.7 million deaths between 1998 and 2003. Or was it 3 million? Or 5.5?

The point is that the inevitability of global economic leadership has been irrelevant through all these crises. While the true believers speak of Globalization, we are in fact in the middle of an accelerated political meltdown marked by astonishing levels of nationalist violence.

Observant national leaders couldn’t help but notice that the theories of Globalization were failing them. The most public of these failures was the breakdown of international lending and debt mechanisms. For a short period it looked as if the IMF’s punishing approach might actually work. For a dozen years most Latin American governments tried to follow the instructions laid down by the IMF, Western governments, and the private banks. They endured crucifixion economics, and in many cases this eventually produced apparently solid growth, even if the parallel result was a greater rich/poor divide. But in each case the recovery was followed, a few years later, by an even greater collapse. It turned out that such prolonged austerity had weakened, not strengthened, the social-economic fabric. So after all of the liberalizations, privatizations, and inflation-stabilization programs, growth in Latin America in the late nineties was a little over half what it had been before the reforms.
True believers will tell you that it could have worked, if only there had been less nepotism, weaker unions, or less corruption. But real economic policies in the real world don’t require perfect conditions. Perfect conditions don’t exist in the real world. Western growth over two centuries has come in spite of our own shifting flaws.

Peru and Bolivia are on a precipice. Argentina is picking itself up yet again, while its educated youth emigrate en masse. Now, like Brazil, it is going to try something it believes more suitable to its circumstances. Only Chile seems solid, and that is because, since the departure of Pinochet, it has carefully designed its own solutions.

In other words, Latin America no longer believes in Globalization. Neither does Africa. Nor does a good part of Asia. Globalization is no longer global. Indeed, most Western finance ministers have been quietly working for some time on partial deregulation of the markets. Why quietly? To avoid the ferocity of the true believers.

In 1998 the governor of the Reserve Bank of Australia, L. J. Macfarlane, began calling for deregulation. “More people are asking whether the international financial system as it has operated for most of the nineties is basically unstable. By now, I think the majority of observers have come to the conclusion that it is, and that some changes have to be made.”

In the same year a combination of street demonstrators and distrustful ministers of finance from around the developed world killed the Multilateral Agreement on Investment negotiations, which had been aimed at a further Globalization of finance and investment. They rejected the idea of yet more business-oriented binding treaties, with no binding political or social counterweights.

At almost the same time, Malaysia responded to an economic meltdown in Asia by refusing to follow the Global rules. The government pulled its currency off the market, made it nonconvertible, pegged it just low enough to favor exports, blocked the export of foreign capital, and raised tariffs.

These measures were met by an explosion of Western moral fervor. Malaysia could not do this. Their economy would not survive. The leading international emerging-markets index expelled them. Then everyone averted their eyes from the inevitable collapse. In 1999, a short year later, that same index sheepishly readmitted Malaysia. Smarter merchant bankers began to praise the possible long-term investment advantages of pegging certain currencies in certain conditions.

By then the World Bank, under new leadership, had begun to soften its monolithic Global view, even if the IMF has been extremely slow to accept reality and follow. Late in the year the WTO was humiliated in Seattle by unprecedented demonstrations. By the end of the century it was not only national leaders who were beginning to take a more nuanced view of Globalization’s capitalist credentials. A growing number of people, including the brighter business leaders, were focusing on where deregulation had worked and where it hadn’t.

The airline industry, for example, had been growing since World War II. The calls for deregulation in the mid-seventies came from a successful, profitable growth sector, which continued to grow until September 11, 2001. Even then, the drop was only 5.7 percent, which,
given sixty years of solid growth, should not have been a catastrophe. Yet it was. In any case, those corporations that had called for deregulation a quarter century before had pretty well all gone bankrupt, one by one over the intervening years. The whole industry is now dependent on cut-rate airlines. So a sector that provides essential services is being run on dubious margins and institutional instability.

Why? Because of devotion to a simplistic, monolithic model of Global market forces. But a large airplane is not a telephone or running shoes. Planes that cost $100 million have to be paid for with $100 plane tickers—a daunting business model. The secret to the industry’s pre-1973 success was its stability—produced by carefully maintained, long-term public regulations.

As for the romance of Gigantism—of corporate size as a criterion for industrial success—it was beginning to look pretty silly. Endless mergers had led to high levels of unserviceable debt and bankruptcy. It was as if size had replaced thought. As if it were a male thing.

It was all beginning to resemble the seventeenth- and eighteenth-century speculation markets—the South Sea Bubble, John Law and the French regency, the Dutch tulip-bulb frenzy. The larger the corporations grew, the slower and more directionless they became—enormous management structures frightened of serious investment and risk. They resembled out-of-control bureaucracies. Yet the whole argument in favor of Globalization had been the apparently desperate need to wrench power from the bureaucracies and place it firmly in the hands of real owners capable of taking real risks.

More perhaps than the genocides, the disorder in the streets, or the debt crises, it was those simple recurring images of corporate ineptitude, combined with an absence of self-criticism, that first made clear the decline of Globalization. How then could any of us seriously believe that our redemption lay in the reconceptualization of civilization so that we could all view it through the prism of business and economics? The larger the corporations became, the more deregulation released them to be themselves, the faster they slipped out of sync with their civilization and even with their customers and shareholders.

Of course most people in business were working away as best they could, more or less as they always had, whatever the ideology in place. The people who stumbled badly seemed to be the insistent stars of the new-world methodology. And so, in full public view, the value of the fabled merger of AOL and TimeWarner slipped rapidly from $284 billion to $61 billion. And GE’s Jack Welch, a model new leader, began stumbling toward every last penny on the floor like a greedy little boy. Arthur Andersen demonstrated that accountants can act as badly as anyone else. Hollinger, whose newspapers on four continents had trumpeted Globalization, fell under multiple financial and legal investigations, as did Parmalat, the great Italian success story. And so on.

Ideology, like theater, is dependent on the willing suspension of disbelief. At the core of every ideology lies the worship of a bright new future, with only failure in the immediate past. But once the suspension goes, willingness converts into suspicion—the suspicion of the betrayed. Our brilliant leaders abruptly appear naive, even ridiculous.
And so, in the late nineties, our disbelief came back, and with it our memory. The years between 1945 and 1973 no longer seemed such a failure. In fact, it had been one of the most successful eras in history for both social reform and economic growth. It was something to build on, to reform; not something to dismiss.

The first clear hint of the end of the reigning ideology came with Malaysia’s successful rejection of the Globalization model. We, in our fervor, saw their crisis as one of economics, and therefore subject to the rules of inevitability. The Malaysians saw it as a national political crisis with economic implications. And so they acted politically and nationally, and were proved right. Abruptly it seemed possible that nation-states were not dying. And that economic certainty was naïve.

Then, in late 1999, came the general election in New Zealand. Fifteen years earlier this small country had become the model for Globalization. Now, overnight, its electors voted to change direction, endorsing a strong interventionist government devoted to a mix of national social policies, enforceable economic regulations, and a stable private sector. Why? Its national industries had been sold off, its economy was in decline, and its standard of living had been stagnant for all fifteen years of its Globalization experiment. Its youth were emigrating at alarming rates. This, the citizens now said, was not inevitable. If a small country could flex its muscles, well, then, the nation-state was truly alive.

Then came the explosions of 2001 in New York, Washington, and Pennsylvania. In the following days, the world economy began plummeting into a depression. Corporate leaders hunkered down to their businesses, forgot about world leadership, and, with a classic desire to reduce risk, slashed their investment programs, thus accelerating society’s economic plunge.

As for the political leaders, ministers of finance, chairs of reserve and national banks—the constituted elites of the nation-states—they rolled into action. They traveled and talked, printed money, and spent vast amounts of it. And they managed to stabilize the situation. In other words, there was a brutal, highly public, and existential reversal of roles. The governments of the nation-states took back their full power both to act and to lead. The CEOs retreated back into their historic reactive role.

Once belief is gone, the churches begin to empty. You could see this accelerating disbelief in bankruptcy court in December 2001, when, as if in the last scene of an old-fashioned bedroom farce, the “inevitability” of Global corporate leadership came face to face with Enron, filing for government protection from its private debts.

You saw it again in the opening session of the frivolous court of Davos. This was where, thirty-three years before, the theology of Globalization had been first put forward, all based on the assumption that civilization must be approached through a single, monolithic economic prism. Yet here they were on their opening day in January 2003 feting Mahathir Mohamad, the prime minister of Malaysia, for his country’s economic success. It was clear to everyone that this success had come from political leadership at the nation-state level and that it was based on the rejection of Globalist economics. A few days later, Luiz Inacio Lula da Silva, the new president
of Brazil, arrived in the Swiss village to lay out an independent, straightforward version of responsible nation-state populism.

What all of this meant became perfectly clear when Secretary of State Colin Powell arrived to speak for the country that had achieved more national power than any other in history. Insofar as a possible war with Iraq was concerned, he declared, “we will act even if others are not prepared to join us.” So the United States would act unilaterally—that is, nationally. Thus, in a single week, inside the emotional and mythological home of Globalization, three very different pivotal governments turned their backs on Globalization and acted as if the nation-state were the central international reality.

The war that followed in Iraq quite intentionally put an effective end to the half-century-old Western alliance produced by the Second World War. Washington had chosen in January 2003 not to take the time to put together the traditional Western battlefield coalition. The effect was to free a cast of nations to rethink their relationships. This was as true for the old NATO players as it was for the smaller, newly free, central European states, which were able to flex their nation-state muscles by joining in. Some of them had never had such an opportunity. For others it was the first time since the 1930s.

Throughout the world, nations began moving about like semi-free agents. Organizations such as NATO are still solid. There is no desire to storm out. But everyone is checking around to see if What there are other ways they might like to act. And with whom. What this might mean remains painfully unclear. Here we are, rushing around one of those sharp corners with no idea of where we are going. Perhaps back to the worst of old-style negative nationalism. Or perhaps on toward a more complex and interesting form of positive nationalism, based on the public good.

What is certain is that nationalism of the best and the worst sort has made a remarkable, unexpected recovery. We don’t yet know whether it will become the new dominant ideology. What we do know is that there has been a return across Europe of nineteenth-century-style negative nationalism. Although usually the product of fear, it reappeared in countries that had nothing to fear: Jorg Haider in Austria speaking out against immigrants, while echoing race and monolithic national myths. Italy governed by three nationalists, one of them the leader of Mussolini’s old party. Related phenomena in Belgium, Denmark, France, Holland, Norway, Switzerland. A sudden revival of sectarian nationalism in Northern Ireland. The defeat of a compromise in Corsica. Everywhere these nationalists are now in coalition governments or are leading oppositions.

Many mainstream parties have trimmed their sails to capture some of this nationalist vote. Non-European immigrants, who rarely account for more than 5 percent of a country’s population, have become the focus for a sense of political and social impotence, produced in part by a quarter century of continental and Global inevitabilities. Today’s growing fear of Muslims is paralleled by a return of anti-Semitism. The last Australian election was won by provoking a fear of immigrants. The new president of the Czech Republic is thought to be an old-fashioned nationalist, as is the governor of Tokyo. Because the United States is so powerful, people say its
actions are all about empire. But empires are mere extensions of nationalism. They are not a phenomenon of either Globalization or internationalism.

At the same time, positive forms of nationalism have surged forward, with countries like South Africa and Brazil taking on the pharmaceutical transnationals over the availability of drugs to fight epidemics such as AIDS. And these countries have been winning. A reasonable number of noneconomic and internationally binding treaties based on the primacy of ethics and the public good have begun to take form: the Ottawa treaty against land mines, the International Criminal Court, the Kyoto accord against global warming. They represent the beginnings of an attempt at an international balance in which the prism of civilization is neither naïve market economics nor national selfishness.

The return of the idea of national power has also meant the return of the idea of choice—choice for citizens and choice for countries. But with choice comes uncertainty, which provokes fear. The moment we entered the post-Globalization vacuum, you could feel that fear begin to rise. And curiously enough, the greater a nation’s power, the more intense the fear becomes. Perhaps power produces an expectation of certainty. Perhaps smaller countries find a certain freedom in uncertainty—the freedom to choose without being bullied. Necessity, Pitt the Younger said, is the excuse of every tyranny. For most smaller countries, Globalization has felt like an inevitability and, so, like a tyranny.

History will eventually give all of these contradictory signals a shape. But history is neither for nor against. It just is. And there is no such thing as a prolonged vacuum in geopolitics. It is always filled. This is what happens every few decades. The world turns, shifts, takes a new tack, or retries an old one. Civilization rushes around one of those blind corners filled with uncertainties. Then, abruptly, the opportunities present themselves to those who move with skill and commitment.