

## Washingtonpost.Newsweek Interactive, LLC

---

Globalization: What's New? What's Not? (And So What?)

Author(s): Robert O. Keohane and Joseph S. Nye, Jr.

Source: *Foreign Policy*, No. 118 (Spring, 2000), pp. 104-119

Published by: [Washingtonpost.Newsweek Interactive, LLC](#)

Stable URL: <http://www.jstor.org/stable/1149673>

Accessed: 11/01/2011 00:55

---

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/action/showPublisher?publisherCode=wpni>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).



Washingtonpost.Newsweek Interactive, LLC is collaborating with JSTOR to digitize, preserve and extend access to *Foreign Policy*.

# Globalization: What's New? What's Not? (And So What?)

by Robert O. Keohane and Joseph S. Nye Jr.

“Globalization” emerged as a buzzword in the 1990s, just as “interdependence” did in the 1970s, but the phenomena it refers to are not entirely new. Our characterization of interdependence more than 20 years ago now applies to globalization at the turn of the millennium: “This vague phrase expresses a poorly understood but widespread feeling that the very nature of world politics is changing.” Some skeptics believe such terms are beyond redemption for analytic use. Yet the public understands the image of the globe, and the new word conveys an increased sense of vulnerability to distant causes. For example, as helicopters fumigated New York City in 1999 to eradicate a lethal new virus, the press announced that the pathogen might have arrived in the bloodstream of a traveler, in a bird smuggled through customs, or in a mosquito that had flown into a jet. Fears of “bioinvasion” led some environmental groups to call for a reduction in global trade and travel.

Like all popular concepts meant to cover a variety of phenomena, both “interdependence” and “globalization” have many meanings. To understand what people are talking about when they use the terms and

---

ROBERT O. KEOHANE is James B. Duke professor of political science at Duke University. JOSEPH S. NYE JR. is dean of the John F. Kennedy School of Government at Harvard University. This article is drawn from the forthcoming third edition of their book *Power and Interdependence: World Politics in Transition* (New York: Longman, 2000).

to make them useful for analysis, we must begin by asking whether interdependence and globalization are simply two words for the same thing, or whether there is something new going on.

## **THE DIMENSIONS OF GLOBALISM**

The two words are not exactly parallel. Interdependence refers to a condition, a state of affairs. It can increase, as it has been doing on most dimensions since the end of World War II; or it can decline, as it did, at least in economic terms, during the Great Depression of the 1930s. Globalization implies that something is increasing: There is more of it. Hence, our definitions start not with globalization but with “globalism,” a condition that can increase or decrease.

Globalism is a state of the world involving networks of interdependence at multicontinental distances. The linkages occur through flows and influences of capital and goods, information and ideas, and people and forces, as well as environmentally and biologically relevant substances (such as acid rain or pathogens). Globalization and deglobalization refer to the increase or decline of globalism.

Interdependence refers to situations characterized by reciprocal effects among countries or among actors in different countries. Hence, globalism is a type of interdependence, but with two special characteristics. First, globalism refers to networks of connections (multiple relationships), not to single linkages. We would refer to economic or military interdependence between the United States and Japan, but not to globalism between the United States and Japan. U.S.-Japanese interdependence is part of contemporary globalism, but is not by itself globalism.

Second, for a network of relationships to be considered “global,” it must include multicontinental distances, not simply regional networks. Distance is a continuous variable, ranging from adjacency (between, say, the United States and Canada) to opposite sides of the globe (for instance, Great Britain and Australia). Any sharp distinction between long-distance and regional interdependence is therefore arbitrary, and there is no point in deciding whether intermediate relationships—say, between Japan and India or between Egypt and South Africa—would qualify. Yet globalism would be an odd word for proximate regional relationships. Globalization refers to the shrinkage of distance on a large scale [see box on pages 110]. It can be contrasted with localization, nationalization, or regionalization.

Some examples may help. Islam's rapid diffusion from Arabia across Asia to what is now Indonesia was a clear instance of globalization, but the initial movement of Hinduism across the Indian subcontinent was not. Ties among the countries of the Asia Pacific Economic Cooperation forum qualify as multicontinental interdependence, because these countries include the Americas as well as Asia and Australia; but ties among members of the Association of Southeast Asian Nations are regional.

Globalism does not imply universality. At the turn of the millennium, more than a quarter of the American population used the World Wide Web compared with one hundredth of 1 percent of the population of South Asia. Most people in the world today do not have telephones; hundreds of millions live as peasants in remote villages with only slight connections to world markets or the global flow of ideas. Indeed, globalization is accompanied by increasing gaps, in many respects, between the rich and the poor. It implies neither homogenization nor equity.

Interdependence and globalism are both multidimensional phenomena. All too often, they are defined in strictly economic terms, as if the world economy defined globalism. But there are several, equally important forms of globalism:

- *Economic globalism* involves long-distance flows of goods, services, and capital, as well as the information and perceptions that accompany market exchange. It also involves the organization of the processes that are linked to these flows, such as the organization of low-wage production in Asia for the U.S. and European markets.
- *Military globalism* refers to long-distance networks of interdependence in which force, and the threat or promise of force, are employed. A good example of military globalism is the "balance of terror" between the United States and the Soviet Union during the cold war. The two countries' strategic interdependence was acute and well recognized. Not only did it produce world-straddling alliances, but either side could have used intercontinental missiles to destroy the other within 30 minutes. Their interdependence was distinctive not because it was totally new, but because the scale and speed of the potential conflict arising from it were so enormous.
- *Environmental globalism* refers to the long-distance transport of materials in the atmosphere or oceans, or of biological substances such as pathogens or genetic materials, that affect human health and well-

being. The depletion of the stratospheric ozone layer as a result of ozone-depleting chemicals is an example of environmental globalism, as is the spread of the AIDS virus from west equatorial Africa around the world since the end of the 1970s. Some environmental globalism may be entirely natural, but much of the recent change has been induced by human activity.

- *Social and cultural globalism* involves the movement of ideas, information, images, and people (who, of course, carry ideas and information with them). Examples include the movement of religions or the diffusion of scientific knowledge. An important facet of social globalism involves the imitation of one society's practices and institutions by others: what some sociologists refer to as "isomorphism." Often, however, social globalism has followed military and economic globalism. Ideas, information, and people follow armies and economic flows, and in doing so, transform societies and markets. At its most profound level, social globalism affects the consciousness of individuals and their attitudes toward culture, politics, and personal identity. Indeed, social and cultural globalism interacts with other types of globalism, because military, environmental, and economic activity convey information and generate ideas, which may then flow across geographical and political boundaries. In the current era, as the growth of the Internet reduces costs and globalizes communications, the flow of ideas is increasingly independent of other forms of globalization.

This division of globalism into separate dimensions is inevitably somewhat arbitrary. Nonetheless, it is useful for analysis, because changes in the various dimensions of globalization do not necessarily occur simultaneously. One can sensibly say, for instance, that economic globalization took place between approximately 1850 and 1914, manifested in imperialism and increased trade and capital flows between politically independent countries; and that such globalization was largely reversed between 1914 and 1945. That is, economic globalism rose between 1850 and 1914 and fell between 1914 and 1945. However, military globalism rose to new heights during the two world wars, as did many aspects of social globalism. The worldwide influenza epidemic of 1918-19, which took 30 million lives, was propagated in part by the flows of soldiers around the world. So did globalism decline or rise between 1914 and 1945? It depends on what dimension of globalism one is examining.

## CONTEMPORARY GLOBALISM

When people speak colloquially about globalization, they typically refer to recent increases in globalism. In this context, comments such as “globalization is fundamentally new” make sense but are nevertheless misleading. We prefer to speak of globalism as a phenomenon with ancient roots and of globalization as the process of increasing globalism, now or in the past.

The issue is not how old globalism is, but rather how “thin” or “thick” it is at any given time. As an example of “thin globalization,” the Silk Road provided an economic and cultural link between ancient Europe and Asia, but the route was plied by a small group of hardy traders, and the goods that were traded back and forth had a direct impact primarily on a small (and relatively elite) stratum of consumers along the road. In contrast, “thick” relations of globalization, as described by political scientist David Held and others, involve many relationships that are intensive as well as extensive: long-distance flows that are large and continuous, affecting the lives of many people. The operations of global financial markets today, for instance, affect people from Peoria to Penang. Globalization is the process by which globalism becomes increasingly thick.

Globalism today is different from globalism of the 19th century, when European imperialism provided much of its political structure, and higher transport and communications costs meant fewer people were directly involved. But is there anything about globalism today that is fundamentally different from just 20 years ago? To say that something is “fundamentally” different is always problematic, since absolute discontinuities do not exist in human history. Every era builds on others, and historians can always find precursors for phenomena of the present. Journalist Thomas Friedman argues that contemporary globalization goes “farther, faster, deeper, and cheaper . . .” The degree of thickening of globalism may be giving rise to three changes not just in degree but in kind: increased density of networks, increased “institutional velocity,” and increased transnational participation.

### ***Density of Networks***

Economists use the term “network effects” to refer to situations where a product becomes more valuable once many people use it—take, for example, the Internet. Joseph Stiglitz, former chief economist of the World Bank, has argued that a knowledge-based economy generates “powerful spillover effects, often spreading like fire and triggering fur-

ther innovation and setting off chain reactions of new inventions.” Moreover, as interdependence and globalism have become thicker, systemic relationships among different networks have become more important. There are more interconnections. Intensive economic interdependence affects social and environmental interdependence; awareness of these connections in turn affects economic relationships. For instance, the expansion of trade can generate industrial activity in countries with low environmental standards, mobilizing environmental activists to carry their message to these newly industrializing but environmentally lax countries. The resulting activities may affect environmental interdependence (for instance, by reducing cross-boundary pollution) but may generate resentment in the newly industrializing countries, affecting social and economic relations.

The worldwide impact of the financial crisis that began in Thailand in July 1997 illustrates the extent of these network interconnections. Unexpectedly, what first appeared as an isolated banking and currency crisis in a small “emerging market” country had severe global effects. It generated financial panic elsewhere in Asia, particularly in South Korea and Indonesia; prompted emergency meetings at the highest level of world finance and huge “bail-out” packages orchestrated by the International Monetary Fund (IMF); and led eventually to a widespread loss of confidence in emerging markets and the efficacy of international financial institutions. Before that contagious loss of confidence was stemmed, Russia had defaulted on its debt, and a U.S.-based hedge fund had to be rescued suddenly through a plan brokered by the Federal Reserve Bank of New York. Even after recovery had begun, Brazil required an IMF loan, coupled with a devaluation, to avoid financial collapse in 1999.

Economic globalism is nothing new. Indeed, the relative magnitude of cross-border investment in 1997 was not unprecedented. Capital markets were by some measures more integrated at the beginning than at the end of the 20th century. The net outflow of capital from Great Britain in the four decades before 1914 averaged 5 percent of gross domestic product, compared with 2 to 3 percent for Japan over the last decade. The financial crisis of 1997-99 was not the first to be global in scale: “Black Tuesday” on Wall Street in 1929 and the collapse of Austria’s Creditanstalt bank in 1931 triggered a worldwide financial crisis and depression. In the 1970s, skyrocketing oil prices prompted the Organization of Petroleum Exporting Countries to lend surplus funds to developed

## Distance: It's Not Quite Dead

The “Death of Distance” is the battle cry of the information age. In some domains, this refrain is true; as a generalization, however, it is a half-truth. First, participation in global interdependence has increased, but many people of the world are only tenuously connected to any communications networks that transcend their states, or even their localities. Many peasant villages in Asia, Africa, and Latin America are only connected to the world as a whole through slow and often thin economic, social, and political links. Even for those people linked extensively to global communications networks, it is more accurate to say that the significance of distance varies greatly by issue area.

For instance, **economic globalism** has been most marked in financial markets. Distance is indeed irrelevant—except for time zones—if a stock can be sold instantaneously in New York or Hong Kong by an investor in Abidjan to one in Moscow. Indeed, if the stock is sold online, it may be only a fiction that it was “sold on the New York Stock Exchange.” But physical goods move more slowly than capital, because automobiles and cut flowers cannot be transformed into digits on a computer. Orders for such items can be sent without regard to distance, but the cars or flowers have to move physically from Tokyo or Bogotá to Jakarta or Calgary. Such movement is taking place faster than ever—flowers are now sent thousands of miles by jet aircraft—but it is by no means instantaneous or cheap.

Variability by distance applies to **cultural globalism** as well. The actual movement of ideas and information is virtually instantaneous, but how well new concepts are understood and accepted depends on how much the assumptions, attitudes, and expectations of different groups of people vary. We can refer to these differences as “cultural distance,” which has been shaped by past migrations of people and ideas and is, in turn, constrained by

nations, and banks in those countries made a profit by relending that money to developing countries in Latin America and Africa (which needed the money to fund expansionary fiscal policies). But the money dried up with the global recession of 1981-83: By late 1986, more than 40 countries worldwide were mired in severe external debt.

But some features of the 1997-99 crisis distinguish it from previous ones. Most economists, governments, and international financial institutions failed to anticipate the crisis, and complex new financial instruments made it difficult to understand. Even countries that had pre-



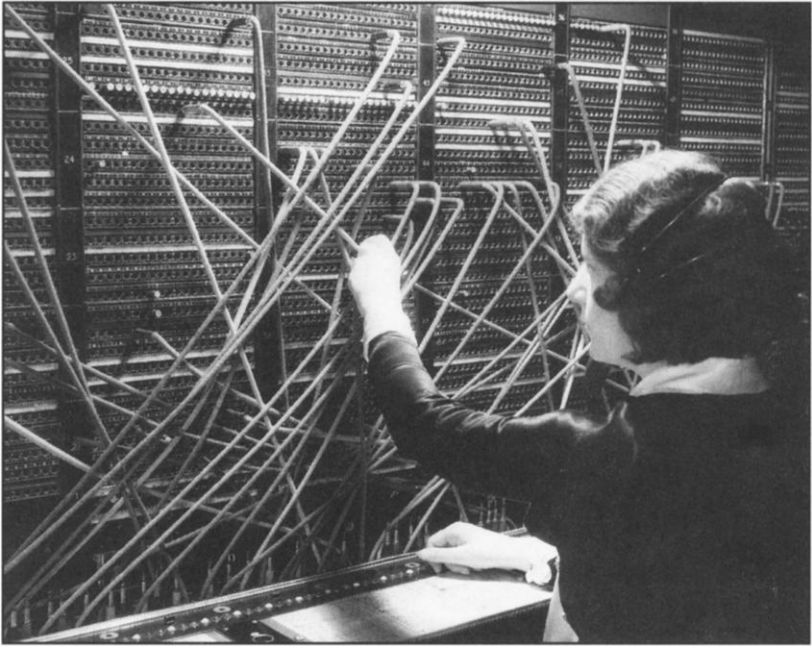
geography. The U.S. president can talk simultaneously to people in Berlin, Belgrade, Buenos Aires, Beijing, Beirut, Mumbai, and Bujumbura—but the same words will be interpreted very differently in these seven cities. Likewise, U.S. popular culture may be interpreted by youth in some cultures as validating fundamentally new values and lifestyles, but viewed in other settings as nothing more than trivial symbols, expressed only in baseball caps, T-shirts, and music. And for some youth in the same city, such as Tehran, such symbols are representative of the Great Satan, or of liberation. Cultural distance resists homogenization. Finally, elements of **social globalism** that rely on the migration of people are highly constrained by distance and by legal jurisdictions, because travel remains costly for most people in the world, and governments everywhere seek to control and limit migration.

Similar variability by distance occurs with **environmental globalism**. We may live on “only one earth,” but pollution of rivers directly affects only those downstream, and the poisonous air of many cities in the former Soviet empire and developing countries is lethal mostly to people within local and regional basins. The most lethal pollution is local. Even global phenomena such as the depletion of the ozone layer and global warming vary by latitude and climatic factors.

There is also great variability by distance in **military globalism**. Only a few countries have intercontinental missiles, and only the United States has the logistical and command and control capabilities for global reach with conventional forces. Most countries are local or at best regional powers. At the same time, weak local actors can use other networks of globalism to cause damage. Even nonstate actors can do so, as witnessed when a transnational terrorist group bombed the World Trade Center in New York.

—R.O.K. & J.S.N.

viously been praised for their sound economic policies and performance were no less susceptible to the financial contagion triggered by speculative attacks and unpredictable changes in market sentiment. The World Bank had recently published a report entitled “The East Asian Miracle” (1993), and investment flows to Asia had risen rapidly to a new peak in 1997, remaining high until the crisis hit. In December 1998, Federal Reserve Board Chairman Alan Greenspan said: “I have learned more about how this new international financial system works in the last 12 months than in the previous 20 years.” Sheer magnitude, complexity,



**May I interconnect you?**

and speed distinguish contemporary globalization from earlier periods: Whereas the debt crisis of the 1980s was a slow-motion train wreck that took place over a period of years, the Asian meltdown struck immediately and spread over a period of months.

The point is that the increasing thickness of globalism—the density of networks of interdependence—is not just a difference in degree. Thickness means that different relationships of interdependence intersect more deeply at more points. Hence, the effects of events in one geographical area, on one dimension, can have profound effects in other geographical areas, on other dimensions. As in scientific theories of “chaos,” and in weather systems, small events in one place can have catalytic effects, so that their consequences later, and elsewhere, are vast. Such systems are difficult to understand, and their effects are therefore often unpredictable. Furthermore, when these are human systems, people are often hard at work trying to outwit others, to gain an economic, social, or military advantage precisely by acting in unpredictable ways. As a result, globalism will likely be accompanied by pervasive uncertainty. There will be continual competition between increased complexity and uncertainty,

and efforts by governments, market participants, and others to comprehend and manage these increasingly complex interconnected systems.

Globalization, therefore, does not merely affect governance; it is affected by governance. Frequent financial crises of the magnitude of the crisis of 1997-99 could lead to popular movements to limit interdependence and to a reversal of economic globalization. Chaotic uncertainty is too high a price for most people to pay for somewhat higher average levels of prosperity. Unless some of its aspects can be effectively governed, globalization may be unsustainable in its current form.

### ***Institutional Velocity***

The information revolution is at the heart of economic and social globalization. It has made possible the transnational organization of work and the expansion of markets, thereby facilitating a new international division of labor. As Adam Smith famously declared in *The Wealth of Nations*, “the division of labor is limited by the extent of the market.” Military globalism predated the information revolution, reaching its height during World War II and the cold war; but the nature of military interdependence has been transformed by information technology. The pollution that has contributed to environmental globalism has its sources in the coal-oil-steel-auto-chemical economy that was largely created between the middle of the 19th and 20th centuries and has become globalized only recently; but the information revolution may have a major impact on attempts to counter and reverse the negative effects of this form of globalism.

Sometimes these changes are incorrectly viewed in terms of the velocity of information flows. The biggest change in velocity came with the steamship and especially the telegraph: The transatlantic cable of 1866 reduced the time of transmission of information between London and New York by over a week—hence, by a factor of about a thousand. The telephone, by contrast, increased the velocity of such messages by a few minutes (since telephone messages do not require decoding), and the Internet, as compared with the telephone, by not much at all. The real difference lies in the reduced cost of communicating, not in the velocity of any individual communication. And the effects are therefore felt in the increased intensity rather than the extensity of globalism. In 1877 it was expensive to send telegrams across the Atlantic, and in 1927 or even 1977 it was expensive to telephone transcontinentally. Corporations and the rich used transcontinental telephones, but ordinary people wrote letters unless there was an emergency. But in 2000, if

you have access to a computer, the Internet is virtually free and transpacific telephone calls may cost only a few cents per minute. The volume of communications has increased by many orders of magnitude, and the intensity of globalism has been able to expand exponentially.

Markets react more quickly than before, because information diffuses so much more rapidly and huge sums of capital can be moved at a moment's notice. Multinational enterprises have changed their organizational structures, integrating production more closely on a

---

*The increasing thickness of globalism—the density of networks of interdependence—is not just a difference in degree.*

---

transnational basis and entering into more networks and alliances, as global capitalism has become more competitive and more subject to rapid change. Nongovernmental organizations (NGOs) have vastly expanded their levels of activity.

With respect to globalism and velocity, therefore, one can distinguish between the velocity of a given communication—"message velocity"—and "institutional velocity." Message velocity has changed little for the population centers of relatively rich countries since the telegraph became more or less universal toward the end of the 19th century. But institutional velocity—how rapidly a system and the units within it change—is a function not so much of message velocity than of the intensity of contact—the "thickness" of globalism. In the late 1970s, the news cycle was the same as it had been for decades: People found out the day's headlines by watching the evening news and got the more complete story and analysis from the morning paper. But the introduction of 24-hour cable news in 1980 and the subsequent emergence of the Internet have made news cycles shorter and have put a larger premium on small advantages in speed. Until recently, one newspaper did not normally "scoop" another by receiving and processing information an hour earlier than another: As long as the information could be processed before the daily paper "went to bed," it was timely. But in 2000, an hour—or even a few minutes—makes a critical difference for a cable television network in terms of being "on top of a story" or "behind the curve." Institutional velocity has accelerated more than message velocity. Institutional velocity reflects not only individual linkages but networks and interconnections among networks. This phenomenon is where the real change lies.

### ***Transnational Participation and Complex Interdependence***

Reduced costs of communications have increased the number of participating actors and increased the relevance of “complex interdependence.” This concept describes a hypothetical world with three characteristics: multiple channels between societies, with multiple actors, not just states; multiple issues, not arranged in any clear hierarchy; and the irrelevance of the threat or use of force among states linked by complex interdependence.

We used the concept of complex interdependence in the 1970s principally to describe emerging relationships among pluralist democracies. Manifestly it did not characterize relations between the United States and the Soviet Union, nor did it typify the politics of the Middle East, East Asia, Africa, or even parts of Latin America. However, we did argue that international monetary relations approximated some aspects of complex interdependence in the 1970s and that some bilateral relationships—French-German and U.S.-Canadian, for example—approximated all three conditions of complex interdependence. In a world of complex interdependence, we argued, politics would be different. The goals and instruments of state policy—and the processes of agenda setting and issue linkage—would all be different, as would the significance of international organizations.

Translated into the language of globalism, the politics of complex interdependence would be one in which levels of economic, environmental, and social globalism are high and military globalism is low. Regional instances of security communities—where states have reliable expectations that force will not be used—include Scandinavia since the early 20th century. Arguably, intercontinental complex interdependence was limited during the cold war to areas protected by the United States, such as the Atlantic security community. Indeed, U.S. power and policy were crucial to the construction of postwar international institutions, ranging from NATO to the IMF, which protected and supported complex interdependence. Since 1989, the decline of military globalism and the extension of social and economic globalism to the former Soviet empire have implied the expansion of areas of complex interdependence, at least to the new and aspiring members of NATO in Eastern Europe. Moreover, economic and social globalism seem to have created incentives for leaders in South America to settle territorial quarrels, out of fear both of being distracted from tasks of economic and social development and of scaring away needed investment capital.

Even today complex interdependence is far from universal. Military force was used by or threatened against states throughout the 1990s, from the Taiwan Strait to Iraq, from Kuwait to the former Yugoslavia; from Kashmir to Congo. Civil wars are endemic in much of sub-Saharan Africa and sometimes have escalated into international warfare, as when the Democratic Republic of Congo's civil war engulfed five neigh-

---

*Interstate use and threat of military force have virtually disappeared in certain areas of the world.*

---

boring countries. The information revolution and the voracious appetite of television viewers for dramatic visual images have heightened global awareness of some of these civil conflicts and made them more immediate, contributing to pressure for humani-

tarian intervention, as in Bosnia and Kosovo. The various dimensions of globalization—in this case, the social and military dimensions—intersect, but the results are not necessarily conducive to greater harmony. Nevertheless, interstate use and threat of military force have virtually disappeared in certain areas of the world—notably among the advanced, information-era democracies bordering the Atlantic and the Pacific, as well as among a number of their less wealthy neighbors in Latin America and increasingly in Eastern-Central Europe.

The dimension of complex interdependence that has changed the most since the 1970s is participation in channels of contact among societies. There has been a vast expansion of such channels as a result of the dramatic fall in the costs of communication over large distances. It is no longer necessary to be a rich organization to be able to communicate on a real-time basis with people around the globe. Friedman calls this change the “democratization” of technology, finance, and information, because diminished costs have made what were once luxuries available to a much broader range of society.

“Democratization” is probably the wrong word, however, since in markets money votes, and people start out with unequal stakes. There is no equality, for example, in capital markets, despite the new financial instruments that permit more people to participate. “Pluralization” might be a better word, suggesting the vast increase in the number and variety of participants in global networks. The number of international NGOs more than quadrupled from about 6,000 to over 26,000 in the 1990s alone. Whether they are large organizations such as Greenpeace

or Amnesty International, or the proverbial “three cooks with modems and a fax machine,” NGOs can now raise their voices as never before. In 1999, NGOs worldwide used the Internet to coordinate a massive protest against the World Trade Organization meeting in Seattle. Whether these organizations can forge a coherent and credible coalition has become the key political question.

This vast expansion of transnational channels of contact, at multicontinental distances, generated by the media and a profusion of NGOs, has helped expand the third dimension of complex interdependence: the multiple issues connecting societies. More and more issues are up for grabs internationally, including regulations and practices—ranging from pharmaceutical testing to accounting and product standards to banking regulation—that were formerly regarded as the prerogatives of national governments. The Uruguay Round of multilateral trade negotiations of the late 1980s and early 1990s focused on services, once virtually untouched by international regimes; and the financial crisis of 1997-99 led to both public and private efforts to globalize the transparent financial reporting that has become prevalent in advanced industrialized countries.

Increased participation at a distance and greater approximation of complex interdependence do not imply the end of politics. On the contrary, power remains important. Even in domains characterized by complex interdependence, politics reflects asymmetrical economic, social, and environmental interdependence, not just among states but also among nonstate actors, and through transgovernmental relations. Complex interdependence is not a description of the world, but rather an ideal concept abstracting from reality. It is, however, an ideal concept that increasingly corresponds to reality in many parts of the world, even at transcontinental distances—and that corresponds more closely than obsolete images of world politics as simply interstate relations that focus solely on force and security.

So what really is new in contemporary globalism? Intensive, or thick, network interconnections that have systemic effects, often unanticipated. But such thick globalism is not uniform: It varies by region, locality, and issue area. It is less a matter of communications message velocity than of declining cost, which does speed up what we call systemic and institutional velocity. Globalization shrinks distance, but it does not make distance irrelevant. And the filters provided by domestic politics and political institutions play a major role in determining what effects globalization really has and how well various countries adapt to it. Finally,

reduced costs have enabled more actors to participate in world politics at greater distances, leading larger areas of world politics to approximate the ideal type of complex interdependence.

Although the system of sovereign states is likely to continue as the dominant structure in the world, the content of world politics is changing. More dimensions than ever—but not all—are beginning to approach our idealized concept of complex interdependence. Such trends can be set back, perhaps even reversed, by cataclysmic events, as happened in earlier phases of globalization. History always has surprises. But history's surprises always occur against the background of what has gone before. The surprises of the early 21st century will, no doubt, be profoundly affected by the processes of contemporary globalization that we have tried to analyze here.

---

## WANT TO KNOW MORE ?

Interdependence became a buzzword in the 1970s, thanks in part to the landmark works of two economists: Richard N. Cooper's *The Economics of Interdependence: Economic Policy in the Atlantic Community* (New York: McGraw Hill, 1968) and Raymond Vernon's *Sovereignty at Bay: The Multinational Spread of U.S. Enterprises* (New York: Basic Books, 1971). Political scientists Robert O. Keohane and Joseph S. Nye Jr. have published a number of works on the topic, including *Transnational Relations and World Politics* (Cambridge: Harvard University Press, 1972) and *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, and Company, 1977; forthcoming third edition, New York: Longman, 2000).

Technological and economic change did not stop in the 1980s, even as the "little cold war" was refocusing public attention, foundation resources, and academic fashions on the more traditional security agenda. With the cold war's end, the resulting growth in interdependence became so clear that journalist Thomas Friedman's well-written book on globalization, *The Lexus and the Olive Tree* (New York: Farrar Straus and Giroux, 1999) became a bestseller. (Friedman engaged *Le Monde diplomatique's* Ignacio Ramonet in a lively debate over globalization in the Fall 1999 issue of FOREIGN POLICY.) William Greider presents a skeptical post-cold-war view in his *One World, Ready or Not: The Manic Logic of Global Capitalism* (New York: Simon & Schuster, 1997).



The most complete academic survey of globalization to date is the magisterial ***Global Transformations: Politics, Economics, and Culture*** (Stanford: Stanford University Press, 1999), by David Held, Anthony McGrew, David Goldblatt, and Jonathan Perraton. Saskia Sassen presents an interesting sociological perspective in ***Globalization and Its Discontents: Essays on the New Mobility of People and Money*** (New York: New Press, 1997). Frances Cairncross takes a somewhat breathless view of the information revolution in ***The Death of Distance: How the Communications Revolution Will Change Our Lives*** (Boston: Harvard Business School Press, 1997). Margaret E. Keck and Kathryn Sikkink's book ***Activists Beyond Borders: Advocacy Networks in International Politics*** (Ithaca: Cornell University Press, 1998) offers a historical perspective on the evolution of global norms, and Jared M. Diamond's ***Guns, Germs, and Steel: The Fates of Human Societies*** (New York: W.W. Norton & Company, 1997) examines the various dimensions of globalism over a span of centuries.

Karl Polanyi's ***The Great Transformation*** (New York: Farrar & Rinehart, 1944; Beacon Press, 1985) remains a classic account of the rise and fall of 19th-century economic globalism. Dani Rodrik's ***Has Globalization Gone Too Far?*** (Washington: Institute for International Economics, 1997) updates these concerns for the current era. Jeffrey G. Williamson's chapter, "Globalization and the Labor Market," in Philippe Aghion and Jeffrey G. Williamson, eds., ***Growth, Inequality and Globalization: Theory, History, and Policy*** (Cambridge: Cambridge University Press, 1998) is an excellent source for important historical data.

For links to relevant Web sites, as well as a comprehensive index of related FOREIGN POLICY articles, access [www.foreignpolicy.com](http://www.foreignpolicy.com).