

Globalisation, Democracy and Terrorism

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Also by Eric Hobsbawm:

The Age of Revolution 1789–1848

The Age of Empire 1875–1914

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Bandits

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population. The land and not the sea was central to its development. The US was expansionist from the start, but not in the ways of overseas maritime empires like the sixteenth-century Castilian and Portuguese, the seventeenth-century Dutch, and the British, which could be and usually were based on states of modest dimensions or populations. It was more like Russia, expanding outwards across the plains from a central nucleus in Muscovy until it could also claim to reach 'from sea to shining sea', namely from the Baltic to the Black Sea and the Pacific. The US without an empire would still be the state with by far the largest population in the western hemisphere, and the third most populated state on the globe. Even Russia, reduced as it now is to what it was before Peter the Great, remains a relative giant, not least in terms of the natural resources available on its vast territory. Britain without its empire was and is just one middle-sized economy among many, and knew itself to be so even when it governed a quarter of the world's land and population.

What is more to the point, because the British economy was essentially linked to global economic transactions, the British empire was in many respects a central element in the development of the nineteenth-century world economy. This was not because it was a formal empire. There are no significant British colonial territories in Latin America outside the Caribbean area, and Britain deliberately refrained from using its naval or military force to intervene there, though it could easily have done so. Yet until the First World War Latin America was far more a part of a British-oriented world economy than it was linked to the US: British investments were

more than twice as large as those of the US in 1914¹⁹ and ran them close even in Mexico, where (with Cuba) American capital was concentrated.²⁰ In effect, nineteenth-century Britain was an economy complementary to the developing world. Through the 1950s, at least three quarters of Britain's enormous investments were in developing countries.²¹ Even between the wars well over half of British exports went to the formal or informal British regions. That is why the British connection made the southern cone of Latin America prosperous while it lasted, while the US connection with Mexico has produced chiefly a source of cheap labour for the northern neighbour. With European and US industrialisation, Britain soon ceased to be the world's workshop, except in the construction of the international transportation structure, but it remained the world's trader, the world's banker, the world's capital exporter. Nor should we forget that at the peak of its economic supremacy Britain was in effect the world market for primary goods – food and raw materials. Modest as it was in size and population, as late as the 1880s it bought most of the internationally traded raw cotton and 35 per cent of internationally traded wool. It also consumed something like half of all internationally traded wheat and internationally traded meat, and most of its tea.²²

The US economy had and has no such organic connection with the world economy. Being by far the largest industrial economy on the globe, it made, and still makes, its impact on it through sheer continental size and the Yankee originality in technology and business organisation that made it a model for the rest of the world from the 1870s on, and especially in the

twentieth century, when it emerged as the first society of mass consumption. Until the period between the wars, heavily protected, it relied overwhelmingly on domestic resources and the domestic market. Unlike Britain, until the late twentieth century it was a relatively modest importer of commodities and a disproportionately small exporter of goods and capital: at the peak of its industrial power, in 1929, US economy exports amounted to 5 per cent of its GNP (1990 prices) as against 12.8 per cent for Germany, 13.3 per cent for the United Kingdom, 17.2 per cent for the Netherlands and 15.8 per cent for Canada.²³ Indeed, in spite of its global industrial primacy since the 1870s, with 29 per cent of world industrial output, its actual share of global exports did not equal that of Britain until the eve of the 1929 slump.²⁴ It remains one of the least trade-dependent economies in the world – much less so than even the euro area.²⁵ Although from the First World War on the US government encouraged American exporters with tax breaks and exemption from anti-trust law,²⁶ US enterprise did not seriously envisage penetrating into the European economies until the mid-1920s, and its advance was slowed by the Great Depression. Broadly speaking, the New World's economic conquest of the Old World is something that took place during the Cold War. There is no guarantee that it will last very long.

Unlike the worldwide advances of nineteenth-century Britain, this conquest was only partly the result of what might be called the global division of labour between industrialised and developing (primary-producing) countries. The great leap forward since the Second World War has been based on the increasingly globalised interchange between the similar and

rival economies of developed industrial countries, which is why the gap between the developed and the poor worlds has widened so dramatically. But it is also why the plunge into free-market globalisation makes even the strongest national economy dependent on forces it cannot control.

This is not the place to analyse the recent shift in the geographical distribution of economic power from its old centres on both sides of the Atlantic to the regions of the Indo-Pacific oceans, nor their consequent vulnerability. Both are evident enough. The historic advantages that allowed most of the inhabitants of North America and the favoured parts of Europe, Japan and Australasia to enjoy as the new century began a GDP per capita at least five times as high as the global mean²⁷ and a standard of life princely by the standards of 1900, and under unprecedented conditions of social security, are eroding. Those who in the past benefited disproportionately from a globalised market economy may cease to do so, and those who pioneered globalisation may become its victims. The greatest of the American advertising agencies, J. Walter Thompson, which brought the twentieth-century way of marketing to the world, was taken over in 1987 by a British marketing service which now operates forty companies in eighty-three nations.

Faced with the industrialisation of Europe and the US, Victorian Britain – still massively industrialised, still the world's largest trader and investor – shifted its markets and capital investments to the formal and informal empire. The US of the early twenty-first century has no such option, and in any case could not, since it is no longer a major exporter of goods and capital, and pays for the goods it can no longer produce itself by

going into debt to the new centres of world industry. It is the only major empire that has also been a major debtor. Indeed, with the exception of the seventy years between the First World War and 1988, the global bottom line of its economy has never been in credit.²⁸ The capital assets, visible and invisible, accumulated since 1945 by the US economy are large and not liable to rapid erosion. Nevertheless, US supremacy must be acutely vulnerable to its relative decline, and to the shift of industrial power, capital and high technology into Asia. In a globalised world, the 'soft power' of market and cultural Americanisation no longer reinforces US economic superiority. The US pioneered supermarkets, but in Latin America and China the running is made by the French Carrefour chain.

The American empire, unlike the British, has consistently had to rely on its political muscle. American global enterprise was mixed with politics from the start, or at least from the moment in 1916 when President Wilson addressed a convention of salesmen in Detroit and told them that America's 'democracy of business' had to take the lead in 'the struggle for the peaceful conquest of the world'.²⁹ No doubt its influence in the world rested both on being a model for business enterprise and its sheer size; yet it also rested on its fortunate immunity to the catastrophes of two world wars, which exhausted the economies of Europe and the Far East, while its own economy prospered. Nor were US governments unaware of the enormous boost this gave to dollar diplomacy. 'We have got to finance the world in some important degree,' thought Woodrow Wilson, 'and those who finance the world must understand it and rule it with their spirits and their minds.'³⁰

During and after the Second World War, from the Lend-Lease of 1940 to the British Loan of 1946, Washington policy did not conceal that it aimed at the weakening of the British empire as well as victory over the Axis forces.

During the Cold War, the global growth of American enterprise took place under the patronage of the political project of the US, with which most American CEOs, like most Americans, identified themselves. In return, given its world power, the US government's conviction that American law ought to prevail in the dealings of Americans anywhere in the world put considerable political force behind it. In the (often misquoted) 1950s catchphrase, 'What's good for the country is good for General Motors, and vice versa.'³¹ Of course the first mass consumer economy benefited enormously from the rise of affluent European mass consumer societies in the golden decades of the 1950s and 1960s. After all, it had developed the productive capacity, the big corporate producers, the institutions, the know-how and even the language of such society. As a French novelist said as early as 1930, advertising sold not only the goods but the adjectives to talk about them. This, rather than the lucky fact that thanks to the British empire English had the makings of a universal global language, is the essence of American cultural hegemony. Nevertheless, aside from its demonstration effect, the major contributions of the US to twentieth-century world economic development were politically anchored: the Marshall Plan in Europe, the occupation land reforms in Japan, the military orders in Asia for the Korean and, later, Vietnam wars. Without the Cold War political supremacy in the 'free world', would the sheer size of the US economy alone have been

enough to establish as the global standard the US way of doing business, the US credit-rating agencies, accountancy firms and commercial contract practices, not to mention the 'Washington Consensus' for international financing? It may be doubted.

That is why the old British empire is not and cannot be a model for the American project of world supremacy – except in one respect. Britain knew its limits, and especially the limits, present and future, of its military power. Being a middleweight country which knew that it could not hold the world heavyweight championship for ever, it was saved from the megalomania that is the occupational disease of would-be world conquerors. It occupied and ruled a larger part of the globe and its population than any state has ever done or is likely to do, but it knew it did not and could not rule the world, and it did not try. Its navy, which did indeed enjoy supremacy on the oceans for a long time, was not a force suited to this purpose. Once Britain had established its global position with successful aggression and war, it kept out of the politics of European states as much as it could, and altogether out of those in the western hemisphere. It tried to keep the rest of the world stable enough to proceed with its own business, but did not tell it what to do. When the age of Western overseas empires ended in the mid-twentieth century, Britain recognised 'the winds of change' earlier than other colonisers. And, because its economic position did not depend on imperial power but on trade, it adjusted more easily to its loss politically, as it had adjusted to the most dramatic setback in its earlier history, namely the loss of the American colonies.

Will the US learn this lesson, or will it be tempted to maintain

an eroding global position by relying on politico-military force, and in so doing promote not global order but disorder, not global peace but conflict, not the advance of civilisation but of barbarism? That, as Hamlet said, is the question. Only the future will show. Since historians are, fortunately, not prophets, I am not professionally obliged to give you an answer.

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 - 4 Margareta Sollenberg (ed.), *States in Armed Conflict 2000* (Uppsala, 2001); *Internal Displacement: A Global Overview of Trends and Developments in 2003* (http://www.idpproject.org/global_overview.htm).
 - 5 John Steinbrunner and Nancy Gallagher, 'An Alternative Vision of Global Security' in *Daedalus*, summer 2004, p. 84.
 - 6 Angus Maddison, *L'Économie Mondiale 1820–1992. Analyse et Statistiques* (OECD, Paris, 1995), pp. 20–1. The figures for Egypt only from 1900.
- 3 *Why American Hegemony Differs from Britain's Empire*
- 1 Niall Ferguson, *Colossus: The Rise and Fall of the American Empire* (London, 2005).
 - 2 Uppsala, *Uppsala Conflict Data Project (Armed Conflicts 1945–2004)* at prio.no/cwp/ArmedConflict. Consulted 17 June 2006.
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 - 4 Ferguson, op. cit., p. xxviii.
 - 5 *TLS* (London), 29 July 2005.
 - 6 Ferguson, op. cit., p. 42.
 - 7 Friedrich Katz, *The Secret War in Mexico: Europe, the United States and the Mexican Revolution* (Chicago and London, 1981).
 - 8 Howard F. Cline, *Mexico, Revolution to Evolution* (Oxford, New York and Toronto, 1962), p. 141.
 - 9 Christopher Bayly and Tim Harper, *Forgotten Armies: The Fall of British Asia 1941–1945* (London, 2004).
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 - 16 Eric Foner, *The Story of American Freedom* (London, Basingstoke and Oxford, 1998), p. 38.
 - 17 Hannah Arendt, *On Revolution* (New York and London, 1963).
 - 18 Gwyn A. Williams, *Madoc: The Making of a Myth* (Oxford, 1987).
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 - 20 Calculated from Herbert Feis, *Europe, The World's Banker 1870–1914* (New Haven and London, 1930), p. 23, and Cleona Lewis, *America's Stake in International Investments* (Washington DC, 1938), app. D, p. 606. The \$:£ exchange rate has been roughly estimated at 4.5:1.
 - 21 Eric J. Hobsbawm, with Christopher Wrigley, *Industry and Empire* (London, 1999, new edition), table n32a.
 - 22 Dr F.X. von Neumann-Spallart, *Uebersichten der Weltwirtschaft von Dr F.X. von Neumann-Spallart, Jahrgang 1883–84* (Stuttgart, 1887), pp. 189, 226–7, 352–3, 364–6.
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4 *On the End of Empires*

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 3 *El Pas*, 13 January 2004, p. 11.
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 4 International Herald Tribune, 2 October 2000, p. 13.
 5 *ibid.*

8 *Terror*

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