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A Companion to International History 1900–2001

EDITED BY GORDON MARTEL

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Wealth of Nations (1776) remains a manifesto for free marketers. Another important set of ideas shaping efforts to structure the globalization process has origins in the efforts of international lawyers to promote mechanisms for peaceful resolution of disputes. Many of them believe that harmonization of standards, rules, and legal systems, including the establishment of supranational dispute settlement mechanisms in agreements such as the North American Free Trade Area (NAFTA) and the World Trade Organization (WTO), help to resolve conflicts among governments and private parties.³

Proponents of globalization – frequently business, professional, government leaders and other opinion makers – rhapsodize about a new era in which transnational corporations integrate national markets, traditional borders fade in significance, new technologies connect people around the globe, and the synergistic process lifts billions of people out of poverty. The US Council for International Business, an affiliate of the International Chamber of Commerce, extolled the opportunities available to business in a world without borders:

Business today operates in a truly global, networked environment. In essence, the only borders are those that are self-imposed. Interconnections are made possible by buyers and sellers brought together at the speed of light by modern technology. Huge new markets and supply sources have opened in China, India, an expanded European Union, and elsewhere. Today, as never before, global commerce has the potential to create wealth, distribute it more broadly to alleviate poverty, improve the environment and promote economic development. Sustainable capital markets and communities are within our reach.⁴

Many pro-globalization enthusiasts say the process is dynamic and transformational, promoting convergence, harmonization, efficiency, growth, democratization, and homogenization. Journalist Tom Friedman of the *New York Times* is one who celebrates the modern era of globalization and plays down its conflicts. In his 1999 bestseller, *The Lexus and the Olive Tree*, he lauded the significance of rapid information transfers and instantaneous capital movements. In contrast to

the phase of globalization that preceded the First World War and the Great Depression, Friedman asserted that new technologies enabled nations, states, corporations, and individuals to “reach farther, faster, cheaper and deeper around the world than ever before.” In a sequel, he excitedly explained how globalization had shrunk and flattened the world, enabling individuals in China and India to become part of the global supply chain, competing for jobs and opportunities with those in high-income countries.⁵

Other troubadours of the new age have predicted that globalization would transform political relationships as well. In a series of writings, widely circulated in the business community, Kenichi Ohmae, formerly a McKinsey and Company official in Japan, espoused the view that national-states are “dinosaurs waiting to die.” Nationality would fade, he said, in the face of consumer sovereignty, as people in every developed country sought to obtain the best products in the world. Strobe Talbott, a *Time* magazine columnist and later deputy US secretary of state in the Clinton administration, predicted that “within the next hundred years, nationhood as we know it will be obsolete; all states will recognize a single, global authority. A phrase briefly fashionable in the mid-20th century – ‘citizen of the world’ – will have assumed real meaning by the end of the 21st century.”⁶

At the grassroots level, globalization is frequently viewed in negative terms. Anti-globalization activists – including farmers, trade unionists, professors, and employees of NGOs – have a much different interpretation, one that stresses the dark side. They assert that globalization produces severe economic and social dislocations. It also arouses anxieties about job security, distribution of economic gains, and the impact of volatility on families, investments, cultures, communities, and nations. In particular, the critics assert that the globalization process puts low-skilled but high-income workers in developed countries in a race to the bottom with cheap labor in developing countries that toils in sweatshop conditions. They also claim that the spread of transnational corporations threatens the environment, national sovereignty, and democratic decision-making. Some activists associate globalization with the

CHAPTER THIRTY-ONE

Globalization

ALFRED E. ECKES

During the last two decades of the twentieth century, the word globalization entered the lexicon. A new term and concept, it focused attention on how technological innovations and economic changes combined to overcome longstanding barriers of time, distance, and lack of information. First popularized by futurist John Naisbitt and Harvard University business professor Theodore Levitt in the early 1980s, the new word spread rapidly and came to symbolize the post-Cold War era of openness and interconnectivity.¹

So what is globalization? Simply stated, it is a complex, synergistic process in which improvements in technology (especially in communications and transportation) combine with the deregulation of markets and open borders. Vastly expanded flows of people, money, goods, services, and information result. The process integrates people, businesses, non-governmental organizations (NGOs), and nations into larger networks. Globalization thus has an impact not only on business and economics but also on culture, society, politics, and almost every aspect of human existence.

Several engines drive the modern globalization process – particularly, technological innovations, market dynamics, policy ideas, and government actions. Over the long run – especially over the course of the twentieth century – improvements in transportation and communications gradually dissolved the barriers of time, distance, and lack

of information that complicated all types of long-range relationships. Some of the most important developments involved aviation, wireless radio, satellite communications, fiber-optic cables, personal computers, and, of course, the Internet and cellular phones. The private sector, directed as it is to making profits and acquiring market share, is another motor vital to globalization.

Appreciating the opportunities that new technologies presented, business successfully lobbied the public sector to commercialize technologies developed for military purposes and to reduce border barriers to trade and capital flows. As a result, global markets emerged, and corporate thinking evolved accordingly. Today most large manufacturers have devised global supply and marketing chains and serve customers far from their home base. Many medium-sized firms have done the same. Strategically, they identify with global markets and many seek to blur national identifications. For example, when speaking in Beijing about plans to expand business and sourcing, John Chambers of Cisco Systems chortled: “If I wasn’t American, I would be Chinese.”²

Of course, policy ideas also influence globalization. Among the most important has been the consensus among economists that free trade, private enterprise, and competitive markets promote efficiency and economic growth, benefiting individuals and nations. This thinking took root with the writings of influential Scottish economist and philosopher Adam Smith. His

worldwide expansion of American capitalism, consumerism, and pop culture, which they say threatens to drive out local cultures and replace traditional values with drugs, violence, sex, and pornography. Critics frequently blame supranational agencies such as the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO) for advancing the pro-globalization mega-corporate agenda. As a consequence, thousands of protesters have rallied at high-level meetings of the IMF, the World Bank, and the WTO. In 1999, they succeeded in disrupting the WTO summit in Seattle, and this opposition continued at ministerial meetings in Cancun, Mexico (2003), and Hong Kong (2005).

Proponents and opponents agree on little except that the globalization process is transformational and challenges the power of nation-states. Unlike several other important unifying themes in this *Companion to International History*, such as nationalism, internationalism, and imperialism, the new concept focuses more on individuals and networks as agents of change, and less on nation-states. The former include ordinary people, corporations, and NGOs.

For historians, globalization offers a new prism for analyzing the past. Several scholars have proposed a "new global history" treating globalization as a "definitive new area of historical study."² Bruce Mazlish of Massachusetts Institute of Technology and Akira Iriye of Harvard University distinguish the new global history from both state-centered national histories and world history. They say that global forces, such as migration, innovations in communications and transport, integrated capital markets, NGOs, human rights, and transnational religious and ethnic movements, cannot be understood in a traditional nation-centered framework. Nor does world history suffice. The latter began as a post-Second World War reaction to Eurocentric national histories. While world history did consider some transnational factors, such as plagues and population movements, it often attempted to synthesize the whole of past history. Mazlish and Iriye propose a more selective approach for the new global history, focusing on themes that transcend national boundaries. They emphasize the period since the Second World War as the appropriate

period for study, referring to it as a global epoch, and advocate an interdisciplinary approach.⁷

The First Modern Era of Globalization

To understand the globalization process and to anticipate the future, some historical background is appropriate. Although the term globalization is relatively new, the process it describes has deep roots, extending back to the early traders and explorers – including such familiar names as Marco Polo, Leif Ericson, and Christopher Columbus among many others. For them, international travel and communications were time-consuming, exhausting, and hazardous. But, in the mid-nineteenth century, a series of political and technological developments transformed the business environment and speeded up the pace of change. The end of the Napoleonic Wars ushered in a century of relative peace in continental Europe. Key inventions like the steam engine and the telegraph dramatically accelerated international transportation and communications. With coal providing a cheap and readily available source of energy, the costs of moving goods and information fell sharply and the quality of these services improved markedly. In 1900 people and goods crossed the Atlantic Ocean in five or six days, down from four to six weeks during the preceding era of sail power. Transportation costs fell an estimated 45 percentage points in the period 1870 to 1913.⁸

Meanwhile, a submarine cable linked the New York and London financial markets, and an entire network of cables joined London to its overseas empire. By the 1890s, business information traveled from London to New York in two or three minutes, effectively linking financial markets. Because of the need to retransmit messages, those sent from London to India took 35 minutes, to China 80, and to Australia about 100 minutes. By the end of the nineteenth century, adventurers even traveled around the world in as few as 60 days, beating the fictional hero of Jules Verne's 1873 classic *Around the World in Eighty Days*. As a result of these technological improvements, as well as the spread of industrialization and imperialism, European businesses invested

heavily abroad. They sought overseas sources of raw materials to support industrialization and agricultural products to feed urban populations. During this phase of globalization, business historian Geoffrey Jones says, "firms rather than markets or governments" drove foreign trade and investments.⁹ European nations accounted for over three-fourths of the world's stock of foreign direct investment (FDI), valued in 1914 at \$14.5 billion. Britain alone had 46 percent of FDI, and it exported 7 percent of national income. Not surprisingly, by the end of the nineteenth century, British companies dominated global shipping and cable networks and controlled some of the world's richest known deposits of raw materials.

The British government also played an important role behind the scenes in supporting globalization. It provided leadership in economics and finance. Adopting free trade and adhering to the gold standard, which facilitated currency convertibility and stability, London emerged as the center of world banking. In addition, a defense policy of maintaining a navy second to none and projecting power along the world's shipping lanes helped British trade and investments flourish.

For western Europeans generally, the quality of life improved during this first modern era of globalization. With faster transportation and refrigeration, along with improved communications, people enjoyed diets richer in meat, vegetables, and fruit and a wide variety of consumer goods from all areas of the world. To some residents of London this period before the First World War was a marvelous era in which economic and social life was internationalized. Economist John Maynard Keynes reflected this sentiment:

What an extraordinary episode in the economic progress of man that age was which came to an end in August, 1914. . . . The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages. . . . He could secure forthwith, if he wished it, cheap and comfort-

able means of transit to any country or climate without passport or other formality. . . . But, most important of all, he regarded this state of affairs as normal, certain, and permanent.¹⁰

As in the late twentieth century, confidence grew before the First World War that global economic, social, and technological connections had made wars unrealistic and economic integration irreversible. In 1911, the peace activist Norman Angell wrote in *The Great Illusion* that "international finance has become so interdependent and so interwoven with trade and industry that . . . political and military power can in reality do nothing."¹¹ Subsequent events during the summer of 1914 would prove that optimism misplaced and raise questions about the durability of future periods of hyperglobalization.

Deglobalization?

Among historians, the prevailing interpretation is that the economic and political dislocations of the First World War and its aftermath marked the end of the first modern era of globalization and the onset of a period of deglobalization that lasted until the 1970s. Niall Ferguson of Harvard University has analyzed the unanticipated collapse of this first age of modern globalization. He attributes it to imperial overstretch, unstable alliances, and revolutionary terrorism among other factors. During and after the First World War flows of investments and trade fell sharply. Postwar instability in Europe and the rise of Bolshevism in Russia produced a climate unfavorable for private trade and investments. Growing interwar competition for oil and other critical raw materials introduced new types of uncertainty. Also, governments imposed border controls to regulate migration. For the first time governments began to require that travelers carry valid passports and obtain visas.¹²

The breakdown of globalism was not simply a consequence of the strains of the First World War. Princeton University historian Harold James shows that a backlash against trade, capital flows, and international migration, as well as policy failures, contributed to the breakdown during the Great Depression.¹³

An alternative interpretation challenges the deglobalization thesis. It emphasizes that in important respects globalization continued throughout the interwar period. This explanation, offered by historians Alfred Eckes of Ohio University and Thomas Zeiler of the University of Colorado, emphasizes that significant contingencies coincided with much-discussed discontinuities in economics, finance, and politics. For example, new technological innovations in transportation and communications continued to erase physical barriers of time and distance, even as nations erected political obstacles to trade, finance, and migrants. The First World War had stimulated military aviation, and afterward former military pilots began to carry airmail and provide passenger service. Charles Lindbergh, a young American aviator, captured the public imagination when he piloted a single-engine plane 3,400 miles from Long Island to Paris in thirty-three and one-half hours. In the aftermath of the First World War, several major airlines were born — including American, British Overseas, Delta, Pan American, and United. By the late 1930s, Pan American's famous clipper ships, which landed on water, were flying from San Francisco to Hong Kong, and from New York to London and Paris. Also critical to the globalization process during this period were improvements in radio and wireless. These permitted ship-to-shore communications and, under sometimes difficult atmospheric conditions, radio-telephone between North America and western Europe.

During the interwar period the spread of American consumerism and popular culture around the world also reflected the continuing vitality of globalization. Automaker Henry Ford discovered a global demand for the famous Model-T, and soon the Ford Motor Company opened assembly facilities in Germany, Russia, Japan, and other foreign locations. With the strong backing of the US government, Hollywood films dominated foreign markets, generating as much as 35 percent of total film revenue from overseas sales. Leaping over cultural barriers and market segmentation, Hollywood created a global image of life in the fast lane, one with glittering cities, vast spaces, and extravagant consumption. Foreign cinema stars like Charlie Chaplin (Great Britain)

and Mary Pickford (Canada) moved to Hollywood in order to gain greater visibility. It was said that in the 1920s the sun never set on the British Empire, or on American films.

Paradoxically, it is possible to view the Great Depression and the Second World War as marking the nadir of deglobalization, or as a period of adversity in which visionary leaders made significant preparations for a new age of globalization. Certainly, the economic calamity and the worldwide war between the Axis and United Nations powers did disrupt private flows of trade, money, travelers, and information, and it did strengthen the hands of statist regulators. But this era was also one of continuing accomplishments. Developments in technology and diplomacy would again lay the foundation during this period for a new era of globalization. Eager to gain the upper hand in the Second World War with sophisticated weapons, the major powers invested heavily in science and technology. Radar, microwave, improvements in aircraft design, the jet engine, atomic energy, and computers all had military uses and peacetime commercial applications. Planes intended for long-range bombing missions and carrying troops to distant destinations provided the basis for dramatic postwar improvements in civilian aviation and passenger travel. The B-29 Superfortress, designed for long-range bombing raids on Japan, became the luxurious 377 Stratocruiser that Pan Am used on its Atlantic routes. The four-engine Boeing 707 passenger jet, launched in 1954, had roots in military work to develop a jet tanker and in wind tunnel experiments with jet engines during the Second World War.

While technological progress was vital, individuals and ideas also played an important role in keeping alive the international ideal. Convinced that American isolationism, nationalism, and protectionism after the First World War bore some responsibility for the breakdown of peace in the interwar period, an internationalist elite of US leaders pursued policy initiatives that would establish an institutional infrastructure for a peaceful world. They envisioned the United States leading a relatively open and economically connected world. Beginning with Secretary of State Cordell Hull's initiative in 1934 to reduce high

tariff barriers through reciprocal negotiations, the executive branch strongly promoted trade liberalization. Out of the prewar reciprocal trade agreements program came the State Department's postwar planning effort to establish a multilateral International Trade Organization (ITO). As conceived by its designers, the ITO would be both a comprehensive set of rules and an organization with a bureaucracy to oversee trade negotiations and to administer the rules. Initial plans proposed an independent bureaucracy and responsibilities for a wide range of trade-related subjects, from tariffs and competition policy to employment, investments, and development for poor nations.

As it turned out, the conception was too ambitious. The US Congress did not share the Roosevelt and Truman administrations' enthusiasm for such grand designs. And so, what emerged was a more limited contractual arrangement, the General Agreement on Tariffs and Trade (GATT). Pending establishment of the ITO, the GATT would be a temporary vehicle for multilateral trade negotiations among market-oriented countries, and it would offer a limited set of rules based on the principles of non-discrimination and national treatment when goods cross borders. As a consequence of these principles, every country participating in GATT negotiations was eligible to benefit from the concessions of every other signatory, and thus gained what tariff specialists call unconditional most-favored-nation status.

On January 1, 1948, nine countries, then accounting for 80 percent of world trade, put the GATT agreement into effect. They were Australia, Belgium, Canada, Cuba, France, Luxembourg, the Netherlands, the United Kingdom, and the United States. In subsequent negotiations, GATT succeeded in reducing industrial tariff barriers to minimal levels by the late 1960s.

Important as it was to opening markets for trade in goods, the GATT proved unsuccessful in many other areas. It did not succeed in removing agricultural trade barriers, in establishing a workable dispute resolution mechanism, or in removing a host of non-tariff barriers that segmented national markets. Moreover, GATT's perceived successes involved dangerous asymmetries. The principal tariff concessions came from the

advanced countries of North America and western Europe, enabling latecomers, including war-devastated Japan, to gain access to lucrative markets without offering reciprocal access to their own home markets. Despite these anomalies and asymmetries, GATT would prove an important vehicle for deregulating and opening the global economy to market forces. It also would sustain the idea for a more comprehensive and permanent organization to anchor the global trade economy.

On monetary and financial matters, there was other progress during the Second World War to build a foundation for international cooperation. Under the leadership of the US and British treasurers, technical experts fashioned plans for an International Monetary Fund and an International Bank for Reconstruction and Development (IBRD, later called the World Bank). Delegates from forty-four countries approved these designs at the July 1944 money conference in Bretton Woods, New Hampshire. Architects of the IMF proposed an international organization that would work to establish the conditions for stable rates of exchange and currency convertibility so as to facilitate the revival of international trade. Interestingly, the principal authors, economists John Maynard Keynes of Great Britain and Harry Dexter White of the United States, did not envisage capital-account convertibility. Given the magnitude of private losses during the Great Depression and the risks of investments in a war-devastated world, they did not foresee the resumption of private capital flows for direct and portfolio investments. For that the designers of the Bretton Woods system proposed a parallel institution, the IBRD, to serve as a lending agency, essentially guaranteeing private capital and investing that in reconstruction and development projects.

As it turned out, the Bretton Woods institutions were unsuited to the difficult circumstances of postwar recovery and currency stability. To address urgent conditions, governments in western Europe and Japan turned back the clock and imposed restrictions on trade and currency transfers so as to regulate currency values and conserve foreign currency earnings. Indeed, until the 1980s much of world trade and finance was managed by governments, not by market forces,

and governments, not private investors, provided long-term capital for development. The emergence of Cold War tensions between the Atlantic nations, on the one hand, and the Soviet Union and China, on the other, further complicated efforts to restore the conditions for open markets and opportunities for private investors.

For a brief time after the successful recovery of western Europe and Japan in the 1960s, the Bretton Woods agencies functioned as their founders envisaged. Trade revived, currencies remained relatively stable, and national and international government institutions provided the largest share of development capital. However, by the early 1970s the Bretton Woods system had become an anachronism. The United States, the linchpin in the system, was unable to honor its obligation to convert foreign dollar holdings to gold under those arrangements, and major currencies began to float. The financial world quickly moved beyond the Bretton Woods ideal of fixed but adjustable exchange rates, with the Fund providing assistance to maintain those parities. With major currencies like dollars, pounds, francs, and marks floating in the marketplace, the Fund no longer had a significant role to play. The IMF reinvented itself. While remaining a forum for international monetary cooperation, it focused on institution-building in developing countries. The IMF trained monetary officials and provided temporary assistance to developing countries facing payments problems so that they could avoid currency instability or restrictions on payments that might impair economic growth. The death of the Bretton Woods system of fixed but adjustable currency parities, and its replacement with a system of floating rates, had another significance. It permitted monetary authorities to deregulate capital markets and to rely instead on exchange fluctuations for adjusting imbalances.

In summary, the forty-year period from the Great Depression to the 1970s was a period of divergent patterns. Technological innovations continued, and governments made considerable progress in constructing an infrastructure of institutions and rules for a more integrated world. However, an economic calamity and Great Power conflicts (the Second World War and a series of Cold War conflicts) dictated that governments

regulate trade, private capital, and immigration. As a result, levels of trade and private finance as shares of GDP remained below pre-First World War levels.

Globalization Revitalized

Conditions favorable for a general revival of economic globalization returned in the 1970s. Developments in technology as well as initial government actions to open and deregulate markets created extraordinary new opportunities for business. Nonetheless, at the time few media observers grasped the significance of these trends. A series of high-profile political and economic events focused attention on the Vietnam War, renewed conflict between Israel and its Arab neighbors, the OPEC oil embargo, currency disruptions leading to the end of the Bretton Woods system, and rising inflationary pressures.

Among the most significant long-term developments were revolutionary innovations in transportation and communications. They continued to catalyze the globalization process and to transform the world of separate nations into what a Canadian academic Marshall McLuhan called a "global village." With the appearance of long-range passenger jets in the late 1950s, the number of business and leisure travelers rose rapidly. One of the most important events in the history of aviation involved the wide-bodied Boeing 747, which made its appearance in 1970. As a passenger jet it could carry as many as 500 passengers; as a freighter it could accommodate two containers side by side, 100 tons altogether. The 747 offered lower operating costs – 45 percent less than the Boeing 707-120 introduced in 1957 – and it would soon allow business to move high-valued merchandise between any two points in the world in 24 hours or less.

Other cost reductions came with the modernization of shipping ports. For decades long-shoremen who could handle 10 to 15 tons per hour had loaded and unloaded ships. During the 1960s ports began to shift to standard-size containers and soon productivity had risen to 600 to 700 tons per hour. This meant faster ship turnaround, better coordination, and lower transportation costs.

Coincidentally, improvements in communications also supported the networking of people and the integration of nations. Until the late 1950s, business had relied on cable and radio-telephones for overseas communications. The first transoceanic telephone cables, connecting Europe and North America, became available in 1957. The cables brought improved business communications, but large areas of the world remained inaccessible. Satellite communications, which became generally available in the 1970s, would end this isolation and facilitate a dramatic improvement in information sharing. With the launching of Intelsat IV in 1971, 4,000 to 6,000 voice channels became available, further facilitating information sharing. With the age of cheap and rapid air transportation and the shift to containers, business soon developed the capability to run extensive overseas empires, sourcing supplies globally and serving world markets. Computerization, another product of Cold War defense research, also enabled corporations to exchange large quantities of information with overseas suppliers, assembly facilities, and customers. Later in the 1990s cell phones and the Internet enhanced business-to-business communications. With each iteration in technology, it became easier for businesses to expand overseas, either to serve customers in fast-growing foreign markets or to access more easily less expensive labor and supplies.

Not surprisingly, the 1970s saw a revolution in business thinking about international business and overseas expansion. Prior to that decade most of the *Fortune* 500 largest firms tended to focus on the US market for growth and profits. They left overseas sales and production to autonomous operations. But with new technologies and tools to run global operations, large corporations began to invest and expand overseas. Faced with economic stagnation in the US and western Europe during the 1970s, big business lobbied for deregulation of markets in order to facilitate overseas expansion. Abroad, they hoped to achieve higher growth while lowering production costs with access to cheaper labor.

Incidentally, improvements in communication technology transfer, and jump-start economic growth. Malaysia offers one such example. There the government offered foreign manufacturers generous benefits to assemble products for export in foreign trade zones using low-cost labor. Indeed, Prime Minister Tun Razak even traveled to the United States and actively sought out foreign investors. He told a group in New York: "I hope to convince you all that Malaysia could be the answer to your problems of spiraling wages and increasing costs of production."¹⁸

Labor-intensive American industries responded to these lures – particularly makers of semiconductors, consumer electronics, and computer parts – and invested in tax-exempt, export-processing zones in East Asia. By 1980, Peter Drucker, the most widely read management guru, was exhorting business leaders to pursue such production-sharing arrangements with "almost-developed countries" (ADCs) such as Brazil, Mexico, Taiwan, and South Korea.

Direct investment in foreign plants surged, quadrupling between 1970 and 1980, and nearly doing the same in each of the next decades. Three-quarters of the investment flowed to developed countries, but by the mid-1990s emerging markets – particularly in Asia – were receiving about 40 percent. While American firms led the race to overseas markets, particularly to Europe, big European and Japanese corporations were not oblivious to new opportunities. European capital began to flood the American market during the mid-1970s, as French tiremaker Michelin and German automaker Volkswagen set up plants in North America. By 1980 Europe had recovered its historic position as the world's leading investor, and its accumulated stock of foreign direct investment exceeded that of the United States. Japanese firms would join the race to globalize their operations by the mid-1980s with significant greenfield investments in US assembly facilities, such as the automotive industry.

During the 1990s, as Cold War hostilities faded and the capitalist model seemed triumphant, transnationals accelerated foreign activities. More than 60,000 transnational corporations scoured the global economy searching for business opportunities. In 2000, these transnationals employed 46 million workers abroad and had

foreign sales of \$15.7 billion – more than double world exports. Not surprisingly, foreign direct investment soared as business contemplated expanded overseas operations. UNCTAD data show that flows of foreign direct investment rose at a rate of 40 percent annually during the last half of the 1990s, far faster than gross domestic product (1.3 percent) and world exports (3.4 percent). The United States, western Europe, and Japan accounted for 82 percent of FDI outflows and 71 percent of inflows in 2000, a peak year.

Economic ideas and government-sponsored policy changes played an important role in the rejuvenation of economic globalization. In *The Commanding Heights*, Pulitzer Prize-winning historian Daniel Yergin and Joseph Stanislaw recount the battle between government regulators and market forces that defined much of the twentieth century. They note that as the intensity of Cold War competition declined in the 1970s, business leaders reasserted the importance of market priorities and the deregulation of national markets. With the devaluation of the dollar in 1973, the US removed restrictions on capital movements and outward flows of investment capital increased substantially. Deregulation and market opening became bipartisan when President Jimmy Carter, a Democrat, proposed airline deregulation. Prime Minister Margaret Thatcher in Britain and President Ronald Reagan in the US were the political leaders most in tune with the new pro-market thinking. Their governments enacted policies to deregulate financial markets and to push trade liberalization and privatization during the 1980s.

Trade liberalization and overseas market expansion had been goals of American policy since the days of Cordell Hull and the New Deal. One of the most important developments in the post-Second World War period occurred in 1967 with completion of the Kennedy Round of GATT multilateral trade negotiations. Over five years, as it was implemented, this agreement produced cuts of 36 to 39 percent on industrial goods, effectively opening the world's largest market – the American market – to global competition. The average US duty on dutiable goods dropped below 10 percent. For most manufactured products, tariffs were no longer a significant barrier to

the American market. Indeed, Secretary of Commerce Alexander Trowbridge warned the business community that the “American domestic market – the greatest and most lucrative market in the world – is no longer the private preserve of the American businessman.”¹⁵

Successive presidential administrations – Democrat and Republican – sustained the momentum for trade liberalization in the GATT. The Ford and Carter administrations successfully pursued the Tokyo Round during the 1970s. The Reagan administration launched the ambitious Uruguay Round of GATT negotiations in 1986, and negotiated bilateral free trade agreements with Israel and Canada. These pacts sought to expand trade, but, unlike earlier agreements which focused on tariff issues, the new ones addressed controversial matters of domestic policy – including non-tariff barriers, market opening for trade in services, liberal investment policies, dispute resolution, government procurement, and the like. In essence, new competitive circumstances and pressure from business prompted governments to push onward with initiatives to harmonize regulatory regimes and establish the international infrastructure for the globalization of business.

Renewed attention to bilateral and regional initiatives reflected the frustration of business leaders with the tortoise-like progress of multilateral trade initiatives. The Uruguay Round, which led to the creation of the WTO, took eight years of negotiations. As more nations entered the international trading system, the priorities of developing nations had an increasing impact which slowed the negotiations. While the GATT was often described as a rich man's club, dominated by the Europeans and North Americans with the acquiescence of the Japanese, a large bloc of developing nations sought to seize control of the WTO and define its agenda. Brazil and India, long spokesmen for developing-world causes, maneuvered to organize and represent the concerns of poor countries. While demanding improved access in rich markets for agricultural and manufactured exports, they sought to protect their own infant service industries and to obtain the benefits of technology transfer. Many of them took a lax approach to protecting the transnational intellectual property rights in software, movies

and recordings, and pharmaceuticals. As a result, the multilateral negotiations deadlocked. Still eager to reduce risk and uncertainty to their operations in emerging areas, the transnational lobbied political leaders in high-income countries for bilateral and regional initiatives. Often labeled “free trade agreements,” these pacts established rules for all types of international transactions and promised impartial dispute settlement.

Deregulation and globalization of financial markets also presented problems for the Bretton Woods monetary institutions. As private capital flows revived in the 1980s, the Bank and the IMF began to proselytize developing countries to adopt market-opening financial policies, including capital-account convertibility. That is, the IMF urged emerging-market countries to remove controls on short-term and portfolio investments so that borrowers could benefit from improved access to international capital markets. And, with fewer controls, foreign investors could move capital easily about the world in search of the highest returns. Proponents said this approach would better enable developing countries to obtain the capital and technology needed to sustain high levels of economic growth. The Bretton Woods twins thus embraced the so-called “Washington–Wall Street consensus,” and became institutional facilitators for market-led globalization featuring open capital markets and free convertibility.

That the IMF was giving some developing countries inappropriate advice became apparent during the 1997 Asian financial crisis. Speculative capital flows destabilized the smaller Asian currencies – the Thai baht, the Malaysian ringgit, the Korean won, and the Indonesian rupiah among others – with tsunami-like fury as the financial contagion spread. Asian countries that had ignored the IMF's advice to liberalize payments – notably Malaysia, China, and India – survived the financial catastrophe with minimal damage. But countries such as Indonesia, Korea, and Thailand, ones that had implemented the IMF's controversial recommendations, had to devalue their national currencies and succumb to harsh IMF structural adjustment plans. Critics said these shifted the burden of adjustment to little people while bailing out rich investors.

In one controversial episode, the IMF's managing director, Michel Camdessus, towered over Indonesian President Suharto in January 1998 as he fixed his name to an austerity agreement. It effectively transferred important aspects of sovereignty to the Fund's international bureaucrats who forced Indonesia to abolish subsidies for food and fuel (used by the poor). Riots resulted.

The East Asian financial crisis of 1997–8 seemed to demonstrate the inadequacy of the Fund's advice and the competency of international institutions. Despite IMF claims that free trade in capital was associated with high economic growth, subsequent analysis concluded that such advice was inappropriate for developing economies with weak banking institutions and regulatory mechanisms. Columbia University economist Jagdish Bhagwati, a vigorous proponent of free trade, blamed the IMF for succumbing to the Washington–Wall Street consensus – that free capital movements necessarily stimulated growth. And Joseph Stiglitz, formerly the World Bank's chief economist, concurred that the IMF and other institutions put “the interests of Wall Street and the financial community ahead of the poorer nations.”¹⁶

Globalization Backlash?

The developing-world financial crisis of 1997–8, as well as controversies surrounding trade liberalization and the WTO, awakened public interest in globalization and its consequences. At the end of the 1990s, there were mounting protests against developing-world sweatshops that supplied multinational corporations such as Nike and Wal-Mart, and against international institutions like the WTO and the Bretton Woods institutions. Thousands marched in much-publicized and sometimes violent protest rallies, wherever heads of government and corporate leaders assembled. In high-income countries, public opinion polls registered rising concerns about job losses, overseas outsourcing, and income inequality. And there were growing doubts about the competence of international institutions and governments to respond to financial and economic contractions. Had the proponents of globalization overreached?¹⁷

The large protests in Seattle in December 1999, at annual meetings of the Bretton Woods institutions, and at annual meetings of the World Economic Forum in Davos, Switzerland, where top business and government leaders gathered, seemed to signal trouble for corporate-led globalization. But while ordinary people around the world shared many of the protesters' concerns about lost sovereignty, job losses, and threats to their ways of life, reputable public opinion polls claimed that the world's public generally did not sympathize with the demonstrators or blame corporations. A Pew survey of 38,000 people in forty-four countries, released in May 2003, concluded that for the global public, "globalization is now a routine fact of their everyday lives." On the one hand, majorities in each of the nations surveyed said that "growing business and trade ties are at least *some* *what* good for their country and themselves." But, on the other hand, the survey found signs of disquiet. In every region a range of worsening financial and social problems in their lives – a lack of good paying jobs, deteriorating working conditions, and the growing gap between rich and poor.¹⁸ While anti-globalization activists had not succeeded in convincing "the public that globalization is the root cause of their economic struggles," the Pew survey found that large majorities in forty-two of forty-four countries believed that "their traditional way of life is getting lost and most people feel that their way of life has to be protected against foreign influence."¹⁸

Nonetheless, at the dawn of the twenty-first century, transnational business had much to cheer. Standard economic indicators – such as trade, finance, and Internet usage – suggested that globalization was gaining momentum and winning popular acceptance. Benefiting from the synergistic applications of new technologies and market-opening policies, transnational business continued to establish global supply and marketing chains and to take advantage of the new technologies of communications and transportation. They marketed the same leading brands around the world – Coca-Cola, McDonald's, BMW, Mercedes Benz, Nike, Shell, Sony – as middle-income consumers developed similar tastes. As it

opened one supercenter after another in China, Wal-Mart, the world's largest private employer, set out to prove that it could even make money selling Chinese-made goods to the Chinese middle class, and thus broaden consumer choice. Public opinion polls showed that people around the world generally approved of expanding trade and new technologies – particularly the Internet and cell phones.

Nor was globalization seemingly the great threat to traditional cultures that some critics asserted. Economist Tyler Cowen offered an effective response to the cultural homogenization thesis, arguing instead that globalization had strengthened traditional cultures and expanded the menus of choice for consumers around the world. Consumers who subscribed to satellite radio found that they could listen to more than 150 different digital entertainment channels, with such diverse offerings as world music and international news programs not available in local markets. Satellite television, such as the Dish network, offered programming in eighteen languages or areas, enabling consumers to receive 24 hours of programming in Armenian, Farsi, Tagalog, Urdu, and many other languages.¹⁹

Nor was globalization the exclusive preserve of the rich countries, like Great Britain and the United States. UNCTAD's annual surveys of international investments found that developing countries themselves were exporting investment capital – notably Brazil, China, India, Malaysia, South Africa, and South Korea. In 2004, about one-tenth of total FDI originated in developing countries. Of the world's hundred largest corporations, a list headed by General Electric and Vodafone, four came from emerging markets. They were using direct investments to establish global brands – such as Hyundai, Samsung, Embracer, and Hater. Thus, despite the loud protests of activists, representatives of the business community and governments remained buoyant. For them the globalization process seemed inevitable and irreversible.

Backlash?

But was further globalization really inevitable and irreversible? Historians have suggested that today's

corporate and government cheerleaders may be as blind to a Doomsday scenario as their grandfathers were to the collapse of globalization in the First World War and the Great Depression. For Niall Ferguson and Harold James, there are eerie parallels. They both note a variety of signs that the present phase of economic globalization might prove no more durable and stable than the earlier one.

Among the economic perils mentioned prominently are a world financial crisis. This might result from a breakdown in China's fragile monetary system, or an emerging world financial crisis similar to the Asian collapse of 1997. Or the overburdened US dollar might melt down. For years many specialists, including this writer, have expressed alarm over America's chronic current account deficit and its reliance on foreign borrowing to sustain its excessive consumer spending. From 1990 to 2005, the aggregate deficit was \$4.1 trillion. In late 2005, America's annual deficit approached 6.5 percent of GDP, and net liabilities amounted to 25 percent of GDP, levels that had triggered financial crises in smaller countries. A sharp depreciation of the dollar and sharply higher interest rates in the United States could disrupt Asian economies dependent on export sales and reliant on American fixed-income investments for their foreign exchange earnings. In such dire circumstances, national governments might reimpose controls on capital flows and erect trade barriers, as governments did in the Great Depression.

Ferguson also identifies a series of political threats, with parallels to the First World War period. These include imperial overstretch, growing out of America's worldwide commitments, and the war in Iraq. Or Great Power rivalries could lead to the collapse of globalization. A war between China and the United States over Taiwan might bring the world's largest producer of manufacturers and the world's leading consumer into a catastrophic conflict, much like Germany and Britain in the First World War.

Then there is terrorism and weapons of mass destruction. Ferguson notes that in 1914 rogue regimes supported terrorism, and he sees parallels between Osama bin Laden and Lenin. The spread of Islamic fundamentalism might also destabilize

countries as the spread of communism did after the First World War. The contemporary world, he concludes, seems "no better prepared for the worst-case scenario than were the beneficiaries of the last age of globalization, 90 years ago."

In September 2001, adopting David-versus-Goliath tactics, terrorists demonstrated the capacity to use low-tech weapons and unconventional delivery systems to attack the soft underbelly of capitalism, the global supply chain. The attacks on New York and Washington, as well as later bombings in London and Madrid, exposed the vulnerabilities of mass transportation systems to terrorists. And with millions of containers crossing borders annually, experts worried about the capacity of future tech-savvy terrorists to smuggle weapons of mass destruction that might cause hundreds of thousands of casualties. While attention focused on such threats, there was recognition that in an interconnected world, terrorists and criminals might also indulge in cyberterrorism aimed at corporate security or personal financial and health records. Another disturbing terrorist scenario involved possible attacks on the global food supply chain, perhaps involving tainted fruit or meat with harmful pathogens.

Concern about the transmission of a pandemic also has parallels to the First World War period. During the First World War the global spread of Spanish flu caused more deaths than battlefield casualties – over 20 million altogether. Transmission of a modern epidemic, such as SARS or the Asian avian flu, could cripple international transportation networks, overwhelm public health authorities, and lead to millions of deaths. Necessarily, the open global economy would be a casualty.

There are other dangers. Monetary historian Harold James raises questions about the competence of international organizations such as the IMF, the World Bank, and the WTO to respond to economic crises and to head off financial contagion.

Finally, there is public opinion. If ordinary people should conclude that globalization threatens existing jobs, or distributes its benefits disproportionately to the affluent, or jeopardizes traditional political, cultural, or religious values, public officials might succumb to political pressures for restrictions on trade, investments, and

migration. However, in the absence of a catastrophic economic breakdown, such as the Great Depression, it seems unlikely that protesters will succeed in remodeling the open global economy.

In comparison with 1914, people around the world are much better connected than ever before. Economic statistics provide some measures of those connections, but they do not capture the full extent of individual networking, via the Internet, cell phone, and satellite communications. Information now flows easily between any two points on the globe, via the new technologies. Ordinary people stay in touch with friends and relatives abroad. In such circumstances, it would seem difficult, but not impossible, for democratic governments to mobilize support for war or unilateral restrictions.

While it is possible to imagine another breakdown of the global economy as a consequence of war, terrorism, and disease, it seems likely that future technological innovations – especially in communications and transportation – will continue to bridge the remaining barriers of time, distance, and lack of information. In particular, the arrival of a supersonic passenger plane, successor to the Anglo-French Concorde, capable of moving large quantities of people cheaply and rapidly from continent to continent, would abet the globalization process. Such innovations are difficult to forecast, but the history of the last two centuries is replete with examples where technological innovations created unanticipated opportunities and brought people and nations closer together.

As the globalization process advances, leadership of that process may shift, as it did in the early twentieth century. Before the First World War, Great Britain is widely thought to have managed the system, using its economic and military power to sustain a relatively open international economy in which people, goods, and money flowed easily. After the Second World War the United States prepared the way for another age of openness and economic integration. In the distant future – perhaps by 2050 – China and India, the two largest countries in terms of population, might emerge as leaders, placing a uniquely Asian stamp on the globalization process and its institutions. It is also possible that a united and prosperous

Europe could share in that leadership, along with an increasingly integrated North America.

NOTES

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Pat Choate, *Hat Property: The Stealing of Ideas in an Age of Globalization* (New York: Alfred A. Knopf, 2005). Stimulating discussion of intellectual property issues and technology transfers.

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CHAPTER THIRTY-TWO

Terrorism: September 11, 2001
and its Consequences

MICHAEL BAUER

On September 11, 2001, nineteen terrorists hijacked four American passenger airplanes. Two of the planes were crashed into the Twin Towers of the World Trade Center in New York, the third hit the Pentagon in Washington, and the fourth fell down on an open field in Pennsylvania. In this devastating attack on the world's sole remaining superpower, over 3,000 people were killed. Moreover, within a few hours the vulnerability of the United States was revealed. Despite American military, political, and economic might, it seemed that terrorism – a strategy of asymmetric warfare – could deal the US a blow that would not only

shatter the sense of security of the US people, but also send shockwaves around the globe. The peaceful and secure world that had been hoped for when the Cold War ended turned out to be an illusion. Simultaneously, the dream that “globalization” would produce prosperity and harmony was questioned; globalization, it seemed, was not only about economics and finance, but also about security: what was true for criminally motivated forms of organized violence proved to be true for political violence as well. By 2001, terrorism had become a global phenomenon, adapted to the possibilities that twenty-first-century logistics and communications offered. Hence, two questions lie at the heart of this chapter: first, what is particularly new about the “new” terrorism; secondly, what are the international political reactions to the terrorist menace? In order to answer these questions, this essay will

Approaching Terrorism

consider the controversies surrounding the definition of “terrorism,” will focus particular attention on the characteristics of al-Qaeda, and then deal with the impact the attacks of September 11, 2001 had on the organization of the international security architecture. Did 9/11 – as the event is called – indeed “change everything,” as is often claimed?

On the international political and judicial level, no generally accepted definition of “terrorism” has been established. Although a number of proposals have been brought forward by states and international bodies, none has achieved sustained and widespread acceptance.¹ Even the attacks of September 11, 2001 did not change this. Suggestions made by a high-ranking panel of the United Nations (UN) and by the European Union (EU) also failed to win recognition.² The main obstacle to the establishment of a consensus on what constitutes a terrorist offense is that “terrorism” is a pejorative term.³ The labeling of a group or organization as “terrorist” implies a moral judgment not only about the legitimacy of the group’s actions, but also about its motives. Especially during the Cold War and within the context of the conflict in the Middle East, the popular phrase “one man’s terrorist is another man’s freedom fighter” suggests the difficulty in reaching agreement on a definition of the term itself.

Nevertheless, certain groups continue to be classified as “terrorist” in spite of the absence of an agreement on a definition of “terrorism.”

Given this difficulty, it seems sensible to begin by distinguishing terrorism from other types of organized violence. Is terrorism a purely “civilian” phenomenon or can it refer to the activities of governments as well? Even though totalitarian and autocratic regimes can be said to have terrorized their people, it might be sensible to avoid the use of “terrorism” to describe their activities. Sanctions against breaches of human rights by governments have been established by international treaties such as the Geneva conventions. In addition, especially since the Second World War and the Nuremberg Trials, categories such as *genocide*, *crimes against humanity*, and *war crimes* have been developed.⁴ Although it is arguable that states have often played a role in supporting terrorist groups as a means of covert warfare, the influence they have actually exercised over such groups seems to have been fairly limited. Thus, such groups ought to be regarded as independent organizations.

Terrorists should also be distinguished from other forms of organized violence such as guerrilla groups and organized crime.⁵ Terrorists and guerrillas often adopt similar methods, using assassination, bombing, kidnapping, and so on in pursuit of political aims grounded in ideological, religious, or nationalist-ethnic convictions. There are important differences, however: guerrillas often operate in large units that present themselves publicly in paramilitary outfits; they usually target military facilities; and they try to achieve control over territory. Terrorist groups do not operate in the same way and they attack civilians, politicians, and military targets alike.

While terrorists and guerrillas also share a focus on the psychological impact of their destructive acts, this psychological dimension is much more important to terrorists, who seek to grab the attention of the biggest possible audience. On the one hand, publicity is needed to generate fear among the targeted groups; on the other, as terrorists usually claim to be acting on behalf of someone else – an ethnic group, a religious community, or a social class – they need to be recognized by their alleged followers. Fundamental in

this regard is the concept of “propaganda by deed,” which claims that violence has a dialectical effect, demonstrating to potential followers through what means they can achieve their aims.⁶ This concept represents a basic component of every terrorist campaign; al-Qaeda employs it vigorously. Moreover, terrorist operations usually are designed as provocative acts that tempt the attacked state to retaliate on a scale that is deemed unjustified – at least from the point of view of the potential followers. This alleged overreaction is intended to create solidarity with the terrorists and diminish the legitimacy of the attacked state.

Terrorists also resemble organized crime groups in some respects. Depending on their size, the groups are organized in small units that form a network of specialized and independent cells. Generally, they operate under civilian cover. The major difference between organized crime and terrorism, of course, lies in the motivation: for organized crime material gain is an end in itself, while terrorists – although they might employ classical criminal methods – usually pursue money and other resources as a means to wider political ends. Terrorists seldom need massive resources for their operations: the costs for the preparations of the 9/11 attacks seem to have been around \$500,000 (US).

There are also important aspects that shape the self-perception of terrorists. They do not perceive themselves as criminals – in fact, quite the opposite: they regard themselves as working to create a better world. Thus, at the heart of their self-conception lies the justification of the use of violence as a means to a noble end. From this self-perception it follows that terrorists do not see themselves as terrorists but as freedom fighters, soldiers, insurgents, or jihadists.

Thus, terrorism is a distinct form of sub-state violence and it is not surprising that there have been differences on how to define it. Bruce Hoffman, for instance, defines terrorism as a: deliberate creation of fear through violence or the threat of violence in the pursuit of political change. . . . Terrorism is specifically designed to have far reaching psychological effects beyond the immediate victim(s) or object of the terrorist attack.

... Through the publicity generated by their violence terrorists seek to obtain leverage, influence and power they otherwise lack to effect political change on either a local or an international scale.⁷

Walter Laqueur quotes Nietzsche's dictum that "only those things which have no history can be defined." Whatever the difficulties involved in defining terrorism, it has a long history and a broad spectrum of characteristics. "Today there are more varieties than existed thirty years ago, and many of them are so different from those of the past and from each other that the term 'terrorism' no longer fits some of them."⁸ Let us look, then, at the historical development of terrorism.

Terrorist Groups and Strategies – Old and New

The term "terror" was first used in the aftermath of the French Revolution. The downfall of the monarchy was accompanied by a period of instability. To reestablish public order and to ensure the success of the revolution, Maximilien Robespierre and his followers created what was called the *régime de la terreur*. Judicial and executive powers were concentrated in the hands of a tribunal that was empowered to try alleged agitators or supporters of the monarchy and execute the sentences – more often than not through the guillotine.

During the nineteenth century terrorism was used increasingly as a label to describe those who aimed at disturbing or overthrowing public order. Important theorists of this period were Karl Heinzen, Johann Most (both Germans who lived in the United States), and Michael Bakunin (a Russian).⁹ All three wrote books on terrorist strategy and tactics which laid the groundwork for today's terrorist handbooks. Apart from the social revolutionary context, terrorism was used by separatist or nationalist movements in Ireland and in the Austrian-Hungarian and Ottoman empires. Probably the best-known terrorist assault of this period was the assassination of the Austrian archduke, Franz Ferdinand, in Sarajevo in 1914 by Serbian nationalists, which initiated the chain of events that ended in the outbreak of the First World War. In the aftermath of both that war and the Second World War, terrorist strategies

These kinds of groups differed from nationalist or political-ideological groupings not only in their motives but also in their tactics. The operations of the former more often than not aimed primarily at gaining public attention, not physical destruction per se; indeed, in accordance with their curious logic, some of these groups narrowly defined what they considered to be "legitimate" targets. Hence Brian Michael Jenkins's assertion that "terrorists want a lot of people watching and . . . listening and not a lot of people dead."¹¹ Such limitations, however, seem to have evaporated in the case of religious or transcendental groups.¹² The willingness to cause high numbers of casualties among innocent people has grown considerably, as demonstrated by various terrorist attacks since the early 1990s.¹³ Yet the groups inspired by fundamentalist Islam in particular differ from the secular ones in another important respect: they use suicide bombers to conduct their operations. The only non-Islamic group that has employed this tactic are the "Tamil Tigers" of Sri Lanka. On the one hand, suicide bombers increase the lethality of an attack as otherwise such operations as 9/11 would be impossible. On the other hand, their disregard for their own lives shows the unscrupulousness and decisiveness of the terrorists, thereby increasing the psychological impact of the attacks.

Osama bin Laden's network, al-Qaeda, may be distinguished from other terrorist groups, including the religiously motivated ones, because it was forged into a truly transnational enterprise which thereby posed qualitatively new threats and challenges for security policy.¹⁴ Osama bin Laden and Abdullah Azzam, bin Laden's intellectual mentor, founded al-Qaeda ("the base") in the late 1980s to support the insurgency campaign of the mujahidin against the Soviet occupation of Afghanistan. The network's ideology was, from the very beginning, based on Wahabism – the fundamentalist version of Sunni Islam to which its two leaders adhered. Al-Qaeda's primary function at that time was to provide logistic support and training facilities in Pakistan for foreigners (mainly of Arab origin) who were willing to fight Soviet troops in Afghanistan. Especially Ayman Muhammad Rabi' al-Zawahiri, a leading figure of several Egyptian terrorist groups, was the one who, after

and tactics were employed in the anti-colonial upheavals in Asia and Africa. Some of these movements were legitimized when their countries gained their independence.

Following the Israeli victory in the Arab-Israeli War in 1967, militant Palestinian groups started a terrorist campaign against Israel. Especially important was the Palestine Liberation Organization (PLO). Similar to guerrilla groups in Asia and Africa, the PLO received strong support from the people on whose behalf it claimed to be fighting – the Palestinians – and it became, over time, a powerful political entity in the Middle East. Moreover, the Palestinian groups belonging to the PLO were the first ones to internationalize their activities by conducting hijackings, bombings, and other attacks outside the Middle East.¹⁰ Before that the operational focus of terrorist groups had always been confined to their own lands.

Less successful than the PLO were left-wing terrorist groups such as the German "Red Army Faction" (or Faction) that were active throughout the 1970s and 1980s in Europe. Their operations as well as their political aims were clearly rejected by the public, including those whom they were claiming to "free," i.e., the working class. At the same time, Spain and the UK witnessed a renewed increase in the terrorist activities of nationalist groups. The Irish Republican Army (IRA) tried to force British withdrawal from Northern Ireland by attacking British facilities all over Europe. In the late 1970s the Basque Fatherland and Freedom movement (Euzkadi Ta Askatasuna, or ETA) took up its fight within Spain for an independent Basque state.

In the 1980s and 1990s, however, a new form of terrorism entered the stage. Sects holding apocalyptic worldviews such as the Aum Shinrikyo in Japan, as well as a number of right-wing amateur terrorists in the US, aimed to bring about the end of the world – or whatever their abstruse aims were – by conducting acts of terror. A somewhat less apocalyptic and more political approach was the pursuit of their aims by religiously motivated groups such as the Jemah-islamiyah in Southeast Asia, Hamas, Palestine Islamic Jihad, and Hezbollah in the Middle East, and, with a more or less global radius, al-Qaeda.

the death of Azzam, convinced bin Laden to transform al-Qaeda from a regional guerrilla organization into a transnational terrorist network. A particularly salient feature in this regard is the all-encompassing political agenda that al-Qaeda developed by the 1990s, after the apparent victory in the jihad against the Soviet occupation. After the Gulf War of 1991, bin Laden declared that his aims were to force the withdrawal of American troops from the Arabian peninsula and to oust the governments of Saudi Arabia and any other Muslim country that – in his view – cooperated too closely with the US and thereby betrayed Islam. He called, moreover, for the reestablishment of the Caliphate, i.e., a kind of Islamic empire that would unite the entire Muslim community (the so-called *umma*), as well as the destruction of Israel and the United States. Against this backdrop, al-Qaeda portrays itself as the defender of Islam against the onslaught of the "Zionists," "Crusaders," and infidels within the ranks of the Muslim world itself.

The breadth and global reach of al-Qaeda's network is in clear contrast to that of secular terrorist groups as well as to other religious ones. Indeed, it allows al-Qaeda to gain both the financial and ideological support of radical Muslims all over the world, as they can identify with one or another aspect of the group's ideology or aims. Moreover, the group uses areas of conflict such as Bosnia, Chechnya, Kashmir, Palestine, Iraq, and other hotspots to convince young Muslims of the need to engage in violent jihad, thus recruiting new members in the regions and in western countries alike. Likewise, since the 1990s, al-Qaeda provides Islamic guerrilla and terrorist groups all over the world with expertise and financial support. Important in both support and recruitment activities is the decentralized structure of the network: after the withdrawal of Soviet forces from Afghanistan, many foreign mujahidin who had been in contact with al-Qaeda returned to their home countries. Fearing that they might become a destabilizing factor in domestic politics, some of these countries refused to permit the reentry of these war veterans. Significant numbers of mujahidin therefore continued their journeys to Europe, the US, or Southeast Asia where many of them served to multiply the numbers of radical

Islamists and act as the organizational linchpin. As a matter of fact, it seems to have been the deliberate practice of bin Laden to maintain envoys or even operate regional bureaux in many Arabic countries, in South and Southeast Asia, Europe, and parts of Africa. Many al-Qaeda members that were recruited and trained during the 1990s had extensive contact with veterans of the war in Afghanistan. Even though there are considerable differences in the estimates of al-Qaeda's recruitment activities, it can be taken as given that several thousand potential terrorists received training throughout the 1990s. The most important places for the education of terrorists were the camps al-Qaeda set up in Afghanistan once the Taliban took control after the Soviets withdrew. In fact, Afghanistan became the operational base for al-Qaeda, and in 1996 bin Laden moved his headquarters there. The Taliban movement that had originated in the religious schools of the refugee camps along the Pakistan-Afghan border during the 1980s and al-Qaeda fitted well together. Like al-Qaeda, the Taliban adhered to Wahabism and believed a violent jihad to be a religious duty. Moreover, the regime urgently needed support to stabilize its position in Afghanistan and therefore welcomed bin Laden and his vast financial resources. Indeed, one might argue that, while states are alleged to have supported terrorist groups such as Hezbollah and the Red Army Faction, al-Qaeda was the first terrorist organization to sponsor a state.

However, al-Qaeda was not only active as a recruiting and training organization, it also conducted terrorist attacks that displayed as much ruthlessness as organizational sophistication. In 1993 Ramsi Younsif, allegedly trained and supported by al-Qaeda, conducted a first attack on the World Trade Center in New York; the next year he planned operation Oplan Bojinka, which was prevented by security services only by chance. Among other things, this operation had envisaged the assassination of the pope and the president of the United States during their visits to the Philippines in early 1995, as well as the bombing of eleven US passenger airplanes at the same time. In 1998 terrorists bombed simultaneously the US embassies in Kenya and Tanzania, killing 224 persons. While al-Qaeda never took official

responsibility for these attacks, the overwhelming evidence pointed to bin Laden and his network. Thus, President Clinton ordered cruise-missile attacks on a Sudanese factory as well as on al-Qaeda training camps in Afghanistan in retaliation.¹⁵ The damage these attacks did to al-Qaeda's operational base in Afghanistan was negligible, and when it emerged that the factory in Sudan had been producing harmless medicine rather than the chemical weapons claimed by the US government, the whole reprisal turned out to be a disaster for the reputation of the US. The next two major operations of al-Qaeda failed: an attempt to blow up the Los Angeles airport as part of the so-called "millennium attacks" in 2000 was prevented when the plotter was taken into custody by US customs authorities in December 1999, and an attack on the American vessel *USS Sullivam* during its stay in the harbor of Aden failed as the boat intended to hit the destroyer sunk because it was overloaded with explosives. Al-Qaeda's next operation took place in October 2000 when a small boat loaded with explosives and controlled by at least two members of the network collided with a destroyer of the US navy, the *USS Cole*, in Aden harbor. The explosion killed seventeen US seamen and injured thirty-nine. The US identified Qaed Salim Sinan al-Harithi as the mastermind behind this attack, and succeeded in killing him in November 2002 when a missile was fired at his vehicle from a US predator-drone during a reconnaissance mission over Yemeni territory.¹⁶

As can be seen from this short and selective history of al-Qaeda operations before the attacks of September 11, 2001, the group had displayed both the willingness and the ability to cause immense damage and destruction. Unsurprisingly, Osama bin Laden was not content with using only conventional weapons. Asked in an interview with *Time* magazine in December 1998 about the allegation that he tried to acquire weapons of mass destruction (WMD), bin Laden declared:

Acquiring weapons for the defense of Muslims is a religious duty. If I have indeed acquired these weapons, then I thank God for enabling me to do so. And if I seek to acquire these weapons, I am

carrying out a duty. It would be a sin for Muslims not to try to possess the weapons that would prevent the infidels from inflicting harm on Muslims.¹⁷

Evidence that had been collected after the US invasion of Afghanistan in late 2001 revealed that al-Qaeda had indeed tried to produce biological and chemical weapons. However, after closer examination it became clear that the group had not been very successful: they lacked both the equipment and the expertise to produce such substances. The same seems to be true with respect to their attempts to acquire nuclear materials, where it turned out that press reports of their achievements had either been exaggerated or false.¹⁸

September 11, 2001

While al-Qaeda was developing into a global terrorist network during the 1990s, awareness of the group's profile and capabilities was still confined to experts in terrorism and security services. In these circles an extensive debate had evolved on the characteristics of the "new" terrorists as well as on the techniques to counter them. It was generally acknowledged that, given the extreme asymmetry of international power relations, terrorism and other kinds of clandestine warfare were the most likely threats to international security. Publicly, however, terrorism was seldom a topic of concern.

September 11, 2001 changed everything. On that day the most devastating terrorist attack in history was broadcast "live" (or shortly afterward) around the world, generating shock and fear. Given the operational capabilities an attack of that scale required, as well as the viciousness and hate in the minds of the perpetrators, nobody knew what would happen next. Therefore, when President George W. Bush addressed the nation later that evening, he appealed to the emotional firmness of the Americans: "Thousands of lives were suddenly ended by evil. These acts shattered steel, but they cannot dent the steel of American resolve."¹⁹ Governments all over the world evinced sympathy and solidarity with the American people and condemned the attacks as abhorrent and barbarous, breaching all standards of humanity and

civilization. Soon the security services identified Osama bin Laden and his al-Qaeda organization as the main suspects behind the attacks.

First Steps in the War on Terrorism

It was hardly surprising that the events of September 11, 2001 called into question the prevailing attitude to the treatment of terrorism. Hence, on that same day, a process of interpreting the meaning of the attack began. The first question was whether 9/11 constituted an act of *war* that thereby invoked the right of self-defense or whether it was a *criminal act* that did not permit such extreme measures. While terrorism was historically regarded as a form of organized crime, al-Qaeda and 9/11 were viewed differently.²⁰ Given the enormous destruction, it took the US administration only hours to declare that 9/11 was an act of war. In his Address to the Nation on the evening of September 11, President Bush declared that "America and our friends and allies join with all those who want peace and security in the world, and we stand together to win the war against terrorism."²¹ The US Congress followed suit and approved the administration's reading of 9/11 as an armed attack invoking right to self-defense. Moreover, Congress gave the president *carte blanche* when it authorized him to "use all necessary and appropriate force . . . in order to prevent any future acts of international terrorism against the US."²² The interpretation of 9/11 as an act of war was confirmed shortly thereafter by the UN via Security Council Resolution 1368 of September 12, in which the Council condemned the attacks as a threat to international peace and security that brought into play "the natural right of self-defense," thus invoking Article 51 of the Charter. While the UN had repeatedly declared terrorism a threat to international peace, the application of the right of self-defense in relation to a terrorist incident was unprecedented. The principle of self-defense had previously been interpreted to apply only to an armed attack by one state on another. Non-state actors were dealt with individually.²³ The EU took a similar stance when it declared an American "iposte" to be justified on the basis of Resolution 1368.²⁴ Similarly, the North Atlantic Treaty Organization (NATO)

adopted the UN's position: on September 12, it declared that if it could be established that the attack was planned outside the US, it would, for the first time in its fifty-two-year history, invoke Article 5 of the NATO Treaty, thus regarding 9/11 as an armed attack not only on the US but also on all NATO members.²⁵

However, despite these declarations of support, when the US started its attack on the Taliban regime in Afghanistan – named Operation Enduring Freedom – on October 7, 2001, it did so without an explicit UN mandate (except the empowerment to self-defense according to Article 51 of the UN Charter). Nor was Enduring Freedom a NATO operation. The war in Afghanistan was primarily an American endeavor. Allies such as the UK, Germany, Japan, and France were informed in advance and did contribute some troops and other forms of support, but these were mainly symbolic and the major work was done by the US and its Afghan ally, the “Northern Alliance,” a conglomerate of ethnic tribes and warlords that opposed the Taliban regime during the Afghan Civil War. After some weeks of resistance, the regime broke down and troops of the Northern Alliance moved into Kabul on November 17.

This success of the US-led intervention meant a huge blow for al-Qaeda. Hundreds of terrorists were killed or arrested, among them several high-ranking members of the organization. Those who managed to flee presumably took cover somewhere in the region – either in the border area between Pakistan and Afghanistan where bin Laden and al-Zawahiri are supposed to be hiding, or in Pakistan's metropolitan areas where the mastermind of the 9/11 attacks, Khalid Sheikh Mohammed, and other important figures of al-Qaeda were taken into custody. Moreover, the organization's infrastructure in Afghanistan is lost and the operational control of al-Qaeda over the activities of its supporters is supposed to have diminished.

After the ousting of the Taliban, the US government sought international support for its peace-building activities in Afghanistan. In December 2001, a conference on reconstruction and stabilization was held in Germany, as a result of which the UN Security Council established the International Security Assistance Force (ISAF)

whose mandate applied to all of Afghanistan and which was to support the local peace-building efforts. Since August 2003, ISAF was led by NATO, but its mandate was limited to reconstruction, whereas Enduring Freedom, the military campaign against al-Qaeda and Taliban forces in the south of Afghanistan, was an American undertaking.

NATO did, however, play a role in the campaign against terrorism before ISAF was formed. On October 26, 2001, it had begun its naval operation, Active Endeavor, to monitor shipping routes in the eastern Mediterranean. The mission's scope was gradually expanded to cover the whole of the Mediterranean, including the Strait of Gibraltar. Furthermore, as part of Enduring Freedom, planes and ships from Germany, Spain, the UK, and other NATO states patrolled the Horn of Africa, interrupting possible transit routes of al-Qaeda, detecting suspicious shipments, and ensuring the safety of civilian vessels.

Yet, Afghanistan was not the only focus of the American war on terrorism. During the preparations for Enduring Freedom the US stationed troops and set up air bases in Uzbekistan, Tajikistan, and Kyrgyzstan. US troops were also deployed in the Philippines where, from October 2001 onward, US military advisers were stationed. In 2002 and 2003, the Philippine army conducted counterterrorism maneuvers together with US troops in the southern part of the country, apparently pursuing local guerrillas and terrorists with links to al-Qaeda.²⁶ Moreover, in addition to their official campaigns in Afghanistan and the Philippines, the US also engaged in more or less clandestine operations hunting al-Qaeda members or other suspected terrorists all over the world.²⁷

Another aspect of the new approach in dealing with terrorism concerned the handling of individuals who belonged (or were suspected of belonging) to al-Qaeda or were associated with the group. Facing terrorists who were willing to give up their lives and who were able to cause such tremendous damage even to the world's greatest military power, traditional concepts of law enforcement or, for that matter, *jus in bello* itself seemed to need some revision.²⁸ Thus, a number of governments introduced new domestic laws

dealing with terrorism: in the US, for instance, the so-called “Patriot Act” was passed in Congress on October 25, 2001, which considerably increased the rights of the domestic security agencies. Germany, Britain, France, and other countries followed with a tightening of their regulations on domestic security. The US administration also sought ways to deal with those individuals it had arrested during the campaign in Afghanistan. From early 2002 onward, parts of the US naval base in Guantánamo Bay on Cuba were used as detention camps for these prisoners, based on President Bush's military order of November 13, 2001: “Detention, Treatment, and Trial of Certain Non-Citizens in the War Against Terrorism.”²⁹ The US administration refused to give the detainees the status of “prisoners of war,” instead labeling them “unlawful combatants” or “enemy combatants” and refusing to allow them access to legal assistance. This usage of vague legal terms and an offshore naval base to hold the suspected terrorists in custody in order to avoid the application of legal procedures that would have been required had they been held on US soil led to widespread criticism both domestically and internationally.³⁰ In two rulings, one in 2004, the other in 2006, however, the US Supreme Court decided that even in Guantánamo fundamental principles of US and international law were to be applied and that the sentencing of suspected terrorists by military tribunals was illegal. Hence, detainees were to be given the opportunity to challenge the allegations against them before American courts and the legal basis of the Guantánamo camps was put into question. In response to these developments, US intelligence services seem to have moved some of these prisoners to other countries: in November 2005, a *Washington Post* report accused the CIA of having established what was called “black sites,” i.e., unofficial prisons, in Thailand, Afghanistan, and a number of eastern European countries.³¹ Moreover, it seemed that the CIA was secretly abducting suspected terrorists in countries all over the world and transporting them by plane to these prisons. European countries had, apparently, silently ignored these practices.³² Asked about allegations of torture in these camps and his position with regard to legislation banning torture,

President Bush felt obliged to assert that while the US administration was “aggressively” protecting American citizens, it did not engage in torture.³³ At the same time, however, Vice-President Cheney was attempting to convince Congress to exempt US intelligence officials from a general ban on torture. Unsurprisingly, the president's assertions lacked credibility.³⁴

A Doctrine of Preventive Warfare

With the unstable situation in Afghanistan, and with the growing criticism of practices at Guantánamo Bay, the US administration in early 2002 began to outline the next steps in its “war on terror.” The US possessed, as the National Security Strategy (NSS) would state it some months later, “unprecedented and unequalled strength and influence.”³⁵ President Bush was willing to use this power where and when needed and, if necessary, without allies. An overview of the missions ahead was given in the president's State of the Union address in January 2002, in which he asserted that North Korea, Iran, and Iraq constituted an “axis of evil” that threatened peace and international stability: “By seeking weapons of mass destruction, these regimes pose a grave and growing danger. They could provide these arms to terrorists, giving them the means to match their hatred. They could attack our allies or attempt to blackmail the United States. In any of these cases, the price of indifference would be catastrophic.”³⁶ Furthermore, he vowed that in the future, “I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer.” A few months later, in a speech at West Point in June 2002, he underlined his perception of the threats he foresaw: “The gravest danger to freedom lies at the perilous crossroads of radicalism and technology. When the spread of chemical and biological and nuclear weapons, along with ballistic missiles technology – when that occurs, even weak states and small groups could attain a catastrophic power to strike great nations.”³⁷

What the president's words meant for US policy was explained in September 2002 in the National Security Strategy of the United States. The NSS concluded that “traditional concepts of

deterrence will not work against a terrorist enemy whose avowed tactics are wanton destruction. . . . ; whose so-called soldiers seek martyrdom in death and whose most potent protection is statelessness. The overlap between states that sponsor terror and those that pursue WMD compels us to action."³⁸ If the principle of deterrence, a cornerstone of the security strategy of both the US and NATO throughout the Cold War, no longer applied, the only way to ensure national security was through preemptive action.³⁹ As the UN Charter forbids all applications of force, except those authorized by the Security Council or those taken in the realm of self-defense against aggression, this new interpretation of the principle of preemption was widely regarded as inconsistent with international law. What indeed was envisioned by the NSS was not a preemptive strike against an enemy that was about to attack (an operation that would have been within the pale of international law), but a preventive war irrespective of the imminence of a threat. Not only would a terrorist attack, i.e., the use of force by non-state actors, be interpreted as an armed attack that would invoke the principle of self-defense, the possibility of a development somewhere in the world *becoming* a serious threat to national security would be enough to allow the use of force.

While the US favored multilateral action, Secretary of Defense Donald Rumsfeld famously explained before meeting his NATO colleagues in December 2001 that "the mission will define the coalition. The coalition will not define the mission."⁴⁰ Rumsfeld's statement touched on two points: As the capability gap between European NATO members and the US had been an issue since the war in Kosovo in 1999, Rumsfeld underscored what had, arguably, been the position of the US administration before 9/11: it did not see much use in an alliance that was physically incapable of facing today's security tasks. It seems that the European members of NATO accepted this criticism when it formulated some far-reaching plans to improve its capabilities at a summit meeting in Prague in November 2002. More fundamental, however, was the second aspect of Rumsfeld's statement. The defense secretary made clear that the role of the US as global leader included the right to use force — regardless of

what the rest of the international community thought.

Operation Iraqi Freedom

The US, which perceived itself as the preeminent power in the international system, but which also believed that it faced unprecedented threats, turned to Iraq as its next security challenge. From early 2002 until the start of Operation Iraqi Freedom, i.e., the invasion of Iraq in March 2003, the US and its allies (the "coalition of the willing") presented a number of justifications for their attack on Iraq. The argument most forcefully put forward was Iraq's repeated attempts to acquire weapons of mass destruction throughout the 1990s. While the mandate for UN inspections in Iraq was renewed by the UN Security Council in 1999, it was not until the US put considerable pressure on Saddam Hussein that he permitted the UN teams to begin the inspections. The fact that the inspectors found no indication of Iraqi WMD programs was countered by the US with its own intelligence reports, which concluded that Iraq did indeed have such programs which the regime had successfully hidden from the inspectors.⁴¹ But it was not just the WMD problem that mattered. President Bush and British Prime Minister Tony Blair put forward a number of other arguments in favor of a "regime change" in Iraq: Saddam Hussein had been killing his own people and attacking Iraq's neighbors, using chemical weapons against the Kurdish minority in Iraq and against Iran in the 1980s. Hence, Iraq had become a destabilizing factor for the whole Middle East. The US administration in particular argued that it regarded regime change in Iraq as part of a broader initiative to spread democracy and respect for human rights in the Middle East; the disregard for these principles that was shown by numerous regimes in the Arab world was, the US argued, the root cause of terrorism.⁴²

The US policy on Iraq met strong political opposition. France, Russia, and Germany rejected the US plans and refused to consent to a UN mandate for the US invasion. Instead they, along with numerous other countries, pleaded to give more time to the weapons inspectors. At the same time, high-ranking members of former US

administrations or of the British Foreign Office criticized their governments for moving so quickly on the basis of weak intelligence and without either sufficient international support or a long-term plan for the whole region after the invasion.

Thus, when American and British troops invaded Iraq on March 20, 2003, they did so without a clear UN mandate and with very limited international support — either political or material. Nonetheless, in the beginning, Operation Iraqi Freedom seemed to have produced a quick victory and demonstrated that the doctrine of preventive war could be implemented successfully. The great superiority of the British-American coalition forces enabled them to defeat the Iraqi army after a few weeks. As early as May 2003, President Bush declared the "major combat operations" to be over.⁴³ However, it soon became apparent that the US had grossly underestimated the immediate problems of establishing security and stability in Iraq, as well as the long-term challenges of reconstructing the economy and producing a viable new political order. Since the end of major combat operations Iraq has witnessed an intensive insurgency campaign and has been a hotspot for terrorist activities. Guerrilla and terrorist attacks have claimed thousands of victims among Iraqi civilians, security forces, and foreign troops. By late 2005, more than 2,400 soldiers of the US-led coalition had been killed and over 16,000 wounded. It also became apparent that Iraq had neither been in possession of WMD nor was trying to produce such substances. President Bush's reelection in 2004 indicated that at least the American people forgave the US administration its exaggeration of the Iraqi threat. The international reputation of the US was, however, severely damaged. Facing persistent protests by their respective electorates and repeated terrorist attacks, the "coalition of the willing" dwindled.

By January 2006, nine of the thirty-eight countries that had participated in the invasion had withdrawn altogether while others reduced the number of troops they had committed. US military capacity had, apparently, also reached its limit. Despite great efforts, the insurgency campaign in Iraq seemed to continue unrestrained. As Andrew Bacevich pointedly noted: "Thirty years after its defeat in Vietnam, it turns out that

the United States still does not know how to counter a determined guerrilla force."⁴⁴

At the same time, however, the tensions between France and Germany on the one side and the US and Britain on the other began to ease, so that the international political support for the newly formed Iraqi government as well as international help for the reconstruction of the country grew. The UN Security Council agreed on a variety of resolutions supporting the political rebuilding of the country and a stronger UN involvement in Iraq.⁴⁵ Additionally, NATO established a mission assisting the new Iraqi government to train military and police personnel in 2004.

These international developments notwithstanding, terrorism was on the rise in the aftermath of the invasion in Iraq. During Operation Iraqi Freedom affiliates of al-Qaeda started to threaten and attack countries that were supporting the US in Iraq and Afghanistan. In Madrid, a terrorist assault on public transport killed 191 people and injured over 1,500 on March 11, 2003. As a reaction, the Socialist Party that won the elections that took place only a few days later withdrew the Spanish troops from Iraq. On July 7, 2005, a terrorist attack on public transport in London claimed fifty-six dead and several hundred injured. However, despite the attack and considerable domestic pressure to withdraw, Prime Minister Blair kept the UK engaged in Iraq. A group calling itself Abu Haf's al-Maari Brigade, which was unknown before the attack in Madrid, claimed responsibility for both attacks. While its relationship with bin Laden's network is unclear, the group was obviously inspired by al-Qaeda's ideology and strategy.

Generally speaking, recruitment has become easier for Islamic fundamentalists in the aftermath of the US invasion, which they portray as another attempt by the "Crusaders" to take over Muslim territory. The apparent inability of the coalition troops to overcome resistance is proclaimed to be a successful jihad, comparable to the campaign against the Soviet occupation of Afghanistan during the 1980s. Moreover, had the non-existence of WMD programs in Iraq not already discredited US policy, the scandals in the military prison of Abu-Ghraib proved to be

disastrous for the reputation of the US. Pictures of US guards abusing naked Iraqi prisoners of war by forcing their victims to remain in humiliating positions caused public shock and revulsion all over the world. Especially in Muslim countries, these pictures were taken as proof of the contempt and disrespect the West showed toward Islam.

Conclusion: Terrorism and International Relations since 9/11

The bombings in London and Madrid and the terrorist attacks in Bali, Morocco, Djerba, Karachi, Istanbul, and elsewhere signified that Islamic terrorism had not been defeated by al-Qaeda's expulsion from Afghanistan. Instead, al-Qaeda was changing its face, transforming itself from a purely terrorist network into a propaganda machine that employed a distinctive form of psychological warfare. Using the concept of "propaganda by deed," al-Qaeda is conducting a global propaganda campaign that aims at spreading its ideology and inspiring potential copycats all over the world. To achieve its ends, the group employs a very sophisticated communications strategy providing images, speeches, and short movie sequences to international broadcasting networks like al-Jazeera and other television networks that are widely accessible in Muslim countries as well as in Europe and the US. In addition, more drastic messages and images, made for recruitment purposes, are proliferated through the Internet. The intention behind this campaign is to stage a global clash between Islam on the one side and the US and its allies on the other, presenting Osama bin Laden and al-Qaeda as the defenders of Islam. Against this backdrop, the group seeks to radicalize Muslims all over the world and encourage them to emulate al-Qaeda. Meanwhile, this process of "franchising" terrorism seems to have been uncoupled from the person of Osama bin Laden and has developed a momentum of its own: the operations of the al-Masri Brigades underscore this trend.

Thus, many of the newly formed terrorist groups copy al-Qaeda's strategy and tactics while, apparently, operating independently of it. Given the inconspicuousness of these groups, it has become extremely difficult for intelligence serv-

ices and law enforcement agencies to track them. Even more worrying is that western governments apparently still lack a concept to counter al-Qaeda's propaganda campaign.

If the war on terrorism has brought about some changes for the characteristics of al-Qaeda, what are its ramifications for international relations? First, since 9/11 the international strategic landscape has experienced some modifications. America is no longer concerned about a single power dominating Eurasia. Moreover, countries that, before 9/11, were either of no importance to the Americans or the Europeans or were disregarded because of their unacceptable behavior suddenly moved to the center of attention. Stronger ties were established with countries such as Malaysia, Indonesia, Pakistan, Tajikistan, Uzbekistan, and Kyrgyzstan. Second, 9/11 has had a clear impact on international law as far as terrorism and the *jus ad bellum* is concerned. The support of the Taliban regime for bin Laden legitimized the US intervention in Afghanistan. In future, regimes that support al-Qaeda or other similarly dangerous groups are likely to be condemned by the international community – the UN Security Council, NATO, EU, and so on – and a military attack on them may be deemed legitimate. On the other hand, as became apparent in the international controversy over the legitimacy of the invasion of Iraq, the *jus ad bellum* has not been expanded in terms of preemptive or – to be precise – preventive warfare. That is not to say that an attack on a country producing WMD would never receive UN (or at least EU or NATO) blessing; the case, however, would have to be well made to gain international legitimacy.

Strategic and legal concerns notwithstanding, the question remains whether the US had, by the beginning of the twenty-first century, established itself as the hegemonic international power. Clearly, US foreign policy changed drastically after September 11 and exhibited hegemonic or – as some would rather say – imperial ambitions.⁴⁶ For the first time the United States implemented a doctrine of preventive war, ignoring the concerns of its allies and contradicting international law. Instead, President Bush and many Americans believed that US primacy was the defining feature of the world. Thus, when the president was

accused of not taking advice from allies in his war on terrorism, he argued that "at some point we may be the only ones left. That's okay with me. We are America."⁴⁷

It is questionable, however, how sustainable this ambition is. The neoconservative faction of foreign policy experts sounds confident that it is. Robert Kagan, for instance, concludes that "the collapse of the Soviet empire led to a fundamental reordering of the international system, and to the current situation in which American global hegemony is the leading factor that shapes the present and, almost certainly, the future."⁴⁸ Charles Krauthammer agrees, declaring that "the unipolar moment has become the unipolar era."⁴⁹

At the other end of the political spectrum, Immanuel Wallerstein portrays the US as a power in decline. He argues that, while American military power remains unparalleled, the economic, political, and ideological strength of the US is shrinking. He concludes that today, the US is "a lone superpower that lacks true power, a world leader nobody follows and few respect, and a nation drifting dangerously amidst a global chaos it cannot control. . . . The real question is not whether US hegemony is waning but whether the United States can devise a way to descend gracefully, with minimum damage to the world, and to itself."⁵⁰

The truth might lie somewhere between these two positions. When the US attacked Iraq it was widely regarded as the test case of both the doctrine of preventive war and the hegemonic ambitions of the US. US power, it turned out, failed these tests. Thus, if the National Security Strategy is pursued unilaterally, the US will soon come to the limits of its resources, both military and financial, and it will surely be confronted with an increasing number of political opponents. Such an undertaking is, however, very unlikely. Given the enormous problems in dealing with the situation in Iraq as well as the still fragile state of Afghanistan, another American unilateral intervention – in Iran, for instance – seems implausible. Instead, Europe and the US are, apparently, coordinating their policies once again – as is evident in the case of Iran. In the negotiations over Teheran's nuclear program the EU, especially Germany, France, and the UK, has taken the lead, backed by the US

administration. In the face of the strong rhetoric employed by the current Iranian President Mahmud Ahmadi-Nejad, Europeans and Americans have made determined efforts to include China as well as Russia in their coalition. On the other hand, however, the dispute with Iran highlights the unique position the US occupies in the early twenty-first century. Without US backing, European diplomacy vis-à-vis Teheran certainly would lack leverage. Moreover, in the Middle East, on the Korean peninsula, and in political trouble areas elsewhere, it is always the US that is turned to in seeking a solution. Although an international order without US leadership is unthinkable, the US is not a hegemonic power. Thus, the establishment of an enduring international order requires widespread international cooperation, or at least the cooperation of Europe and the US. Therefore, the hegemonic ambition of the Bush administration displayed in the National Security Strategy is likely to prove the least lasting consequence of the terrorist attack of September 11, 2001.

NOTES

- 1 For an account of the G-8 summit dealing with the topic during the 1990s, see Douglas Kash, "An International Legislative Approach to 21st-Century Terrorism," in *The Future of Terrorism: Violence in the New Millennium*, ed. Harvey Kushner (Thousand Oaks, CA: Sage, 1998), pp. 163–72.
- 2 United Nations, *A More Secure World: Our Shared Responsibility. Report of the Secretary-General Panel on Threats, Challenges, and Change* (New York: United Nations, 2004), p. 52; Council of the European Union, Council Framework Decision of June 13, 2002 on combating terrorism (2002/475/JHA) Art. 1; the fact that until December 2005 not all EU member states had ratified this article is noteworthy.
- 3 Bruce Hoffman, *Inside Terrorism* (New York: Columbia University Press, 1998), p. 31; Christopher Daase, "Terrorismus und Krieg. Zukunftsszenarien politischer Gewalt nach dem 11. September 2001," in *Krieg – Instrument der Politik?*, ed. Rüdiger Voigt (Baden-Baden: Nomos, 2002), p. 367.
- 4 Hoffman, however, suggests differentiating between "terror" and "terrorism," the former

- relating to governmental practices and the latter being reserved for non-state actors. See Hoffman, *Inside Terrorism*, pp. 24–5. Sensible as this distinction might seem, it is not adhered to in practice, as can be seen in the synonymous use of the terms in the aftermath of 9/11.
- 5 Hoffman, *Inside Terrorism*, pp. 41–4; for a more comprehensive account, see Herfried Münkler, *Gewalt und Ordnung. Das Bild des Krieges im politischen Denken* (Frankfurt am Main: Fischer, 1992), pp. 142–75.
- 6 Hoffman, *Inside Terrorism*, pp. 17–18.
- 7 *Ibid.*, pp. 43–4.
- 8 Walter Laqueur, *The New Terrorism: Fanatics Armed with the Arms of Mass Destruction* (Oxford: Oxford University Press, 1999), p. 6.
- 9 *Ibid.*, pp. 13–15.
- 10 Hoffman, *Inside Terrorism*, pp. 69–75.
- 11 Brian Michael Jenkins, quoted in *ibid.*, p. 198.
- 12 Bruce Hoffman, "Terrorism Trends and Prospects," in *Constructing the New Terrorism*, ed. Ian Lesser et al. (Santa Monica, CA: Rand Project Air Force, 1999), pp. 15–20.
- 13 A comprehensive and regularly updated overview on that subject is accessible through the database "terrorism knowledge base" compiled by the US-based *National Memorial Institute for the Prevention of Terrorism*, www.tkb.org.
- 14 Probably the best accounts of al-Qaeda can be found in Rohan Gunaratna, *Inside Al Qaeda: Global Network of Terror* (New York: Berkeley Books, 2003) and Peter Bergen, *Holy Wars, Inc.: Inside the Secret World of Osama Bin Laden* (New York: Free Press, 2001). The following paragraphs rely on these books.
- 15 Sudan was targeted because the Islamic regime in Khartoum had established friendly relations with bin Laden during the 1990s. Moreover, from 1992 when bin Laden was expelled from Saudi Arabia until his return to Afghanistan in 1996, Khartoum had been the home of bin Laden.
- 16 Seymour M. Hersh, "Manhunt: The Bush Administration's New Strategy in the War Against Terrorism," *The New Yorker*, December 16, 2002.
- 17 A transcript of the interview can be found at www.pbs.org/wgbh/pages/frontline/shows/binladen/who/editors.html. Accessed February 20, 2006.
- 18 Michael Bauer, *Terrorismus – Bedrohungsstrategien und Abwehrstrategien* (Munich: Hans-Seidel Foundation, 2002), pp. 9–24.
- 19 Statement by the president in his Address to the Nation, Washington, September 11, 2001.
- 20 As already mentioned, George W. Bush's predecessor, William J. Clinton, had interpreted the bombings of the US embassies in Kenya and Tanzania in 1998 as acts of war and thought it appropriate to use military means to retaliate.
- 21 Statement by the president in his Address to the Nation, Washington, September 11, 2001.
- 22 US Congress H.J. Res. 64 Joint Resolution, September 14, 2001.
- 23 Magne Frostad, *Jus in bello after September 11, 2001* (Baden-Baden: Nomos, 2005), pp. 81–6.
- 24 Extraordinary Council Meeting, Brussels, September 21, 2001.
- 25 Statement by the North Atlantic Council Press Release 2001 (124), September 12, 2001; the actual confirmation of the invocation of Article 5 followed on October 2, 2001.
- 26 A detailed account of al-Qaeda's network in Southeast Asia can be found in Zachary Abuza, "Tentacles of Terror: Al-Qaeda's Southeast Asian Network," *Contemporary Southeast Asia* 24 (2002): 427–65.
- 27 See, for instance, the before-mentioned operation in Yemen: Hersh, "Manhunt."
- 28 A detailed account of the developments regarding international law, especially *jus ad bellum* and *jus in bello*, can be found in Prostad, *Jus in bello*.
- 29 "President Issues Military Order: Detention, Treatment, and Trial of Certain Non-Citizens in the War Against Terrorism," Washington, November 13, 2001.
- 30 The Council of Europe, for instance, concluded that the "circumstances surrounding detentions by the United States at Guantanamo Bay show unlawfulness and inconsistency with the rule of law." Parliamentary Assembly of the Council of Europe, *Lawfulness of Detentions by the United States in Guantanamo Bay* (Resolution 1433), Strasbourg, April, 25, 2005.
- 31 Diana Priest, "CIA Holds Terror Suspects in Secret Prisons," *Washington Post*, November 2, 2005.
- 32 See, for instance, the report by Dick Marty on that subject: "Alleged Secret Detentions in Council of Europe Member States," Report to the Parliamentary Assembly of the Council of Europe, Strasbourg, January 22, 2006.
- 33 "President Bush Meets with President Torrijos of Panama," November 7, 2005, transcript of the press conference, www.whitehouse.gov/news/releases/2005/11/20051107.html.
- 34 "Torture: How to Lose Friends and Alienate People," *The Economist*, November 12, 2005.

- 35 "The National Security Strategy of the United States of America," Washington, September 2002, p. 1, www.whitehouse.gov/nsc/nss.pdf.
- 36 "President Delivers State of the Union Address," Washington, January 29, 2002.
- 37 "President Bush Delivers Graduation Speech at West Point," June 1, 2002.
- 38 National Security Strategy of the United States, p. 15.
- 39 *Ibid.*
- 40 Cited by Jim Garamone, "NATO Must Address Asymmetric Threats," December 18, 2001, www.defenselink.mil/news/Dec2001/n12182001_200112181.html.
- 41 Most famous in this regard was Secretary of State Colin Powell's address to the UN Security Council on February 3, 2003; transcript accessible at www.whitehouse.gov/news/releases/2003/02/20030205-1.html.
- 42 See, for instance, Secretary of State Condoleezza Rice's statement on the occasion of Princeton University's Celebration of the 75th Anniversary of the Woodrow Wilson School of Public and International Affairs, Princeton University, September 30, 2005; transcript accessible at www.state.gov/secretary/rm/2005/54176.html.
- 43 "President Bush Announces Major Combat Operations in Iraq Have Ended," May 1, 2003; transcript accessible at www.whitehouse.gov/news/releases/2003/05/20030501-15.html.
- 44 Andrew J. Bacewicz, "Requiem for the Bush Doctrine," *Current History* 104 (2005): 413.
- 45 E.g., UN-SC Resolution 1483, May 22, 2003; UN-SC Resolution 1500, August 14, 2003; UN-SC Resolution 1511, October 16, 2003.
- 46 Michael Mann, for example, speaks of an *Incoherent Empire* (London and New York: Verso, 2003).
- 47 Quoted in Bob Woodward, *Bush at War* (New York: Simon & Schuster, 2002), p. 81.
- 48 Robert Kagan, "One Year After: A Grand Strategy for the West," *Survival* 44 (2002–3): 135.
- 49 Charles Krauthammer, "The Unipolar Moment Revisited," *The National Interest* 70 (2003): 17.
- 50 Immanuel Wallerstein, "The Eagle Has Crashed," *Foreign Policy* 131 (2002): 60–8; pp. 63, 68.

GUIDE TO FURTHER READING

Andrew Bacewicz, "Requiem for the Bush Doctrine," *Current History* 104 (2005). Questions the sustainability of the idea of preventive military engagement after the US experience in Iraq.

Peter Bergen, *Holy Wars, Inc.: Inside the Secret World of Osama Bin Laden* (New York: Free Press, 2001). Provides a comprehensive overview of the development of al-Qaeda.

Philip Gordon, "NATO after September 11," *Survival* 43/4 (2001–2). Discusses the prospects of NATO as an international security institution in the post-9/11 era.

John Gray, *Al Qaeda and What It Means to Be Modern* (London: Faber & Faber, 2003). Offers a sociological approach relating al-Qaeda's strategy and organizational design to the principles of modernity.

Rohan Gunaratna, *Inside Al Qaeda: Global Network of Terror* (New York: Berkeley Books, 2003). Although partly contended, probably the most detailed account of al-Qaeda.

Bruce Hoffman, *Inside Terrorism* (New York: Columbia University Press, 1998). Provides a comprehensive introduction to the study of terrorism – highly recommended.

Jolyon Howorth, "France, Britain and the Euro-Atlantic Crisis," *Survival* 45/4 (2003–4). Discusses the dispute between Paris and London over the war in Iraq and its impact on European integration and the transatlantic partnership.

Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996). A provocative and widely criticized book on cultural difference as a source of conflict.

Mark Jurgensmeyer, *Terror in the Mind of God* (Berkeley, CA: University of California Press, 2000). Gives an overview on the global rise of terrorism misusing religion as justification.

Robert Kagan, "Power and Weakness," *Policy Review* 113 (2002). Points out the neoconservative perspective on the transatlantic relationship in the early twenty-first century.

Charles Krauthammer, "The Unipolar Moment Revisited," *The National Interest* 70 (2003). Explains the neoconservative concept of unipolarity after September 11.

Harvey Kushner, ed., *The Future of Terrorism: Violence in the New Millennium* (Thousand Oaks, CA: Sage, 1998). Contains an interesting collection of essays on Christian and Islamic terrorism, possible future developments, and countermeasures.

Walter Laqueur, *The New Terrorism: Fanaticism Armed with the Arms of Mass Destruction* (Oxford: Oxford University Press, 1999). Offers a well-informed overview on terrorism.

Ian Lesser et al., eds., *Constructing the New Terrorism* (Santa Monica, CA: Rand Project Air Force, 1999).

Focuses on the characteristics of terrorism in the 1990s.

Michael Mann, *Incoherent Empire* (London and New York: Verso, 2003). Argues that American foreign policy rests too much on military force and lacks ideological appeal as well as an economic base.

Herfried Münkler, *The New Wars* (London: Policy Press, 2004). Deals with the changing nature of warfare in the post-Cold War era. An interesting

contribution not just on terrorism but also on civil wars and humanitarian interventions.

Jessica Stern, *The Ultimate Terrorists* (Cambridge, MA: Harvard University Press, 1999). Offers a broader discussion on terrorism and weapons of mass destruction.

Stephen Walt, "Beyond Bin Laden: Reshaping US Foreign Policy," *International Security* 26 (2001-2). On the transformation of the US foreign policy agenda after 9/11.

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