

GLOBAL INSIGHTS

---

# Runaway Globalization Without Governance

---



*Nayan Chanda*

Globalization has been with us since the dawn of history, but the notion of trying to govern the interconnections that it has produced is a more recent phenomenon. Governance has thus developed slowly, lagging far behind the trade, travel, and interaction wrought by globalization. Although the gap between globalization and governance has caused problems and resulted in conflict, it was less serious a problem than it is now. As the world has become intimately integrated, the failure of globalization's major players, especially the United States, to develop global rules risks turning globalization in a harmful direction.

In a *longue durée* historical perspective, globalization has been growing ever since homo sapiens settled into sedentary cultures in river valleys. Connections that began as short forays for trading, exploration, evangelism, and imperial expansion have accelerated over the millennia. As I argue in my book *Bound Together*, traders, preachers, adventurers, and warriors have continually connected dispersed human communities and civilizations, gradually creating the interconnected society we now label *globalized*.

The rules and regulations governing these communities have evolved over the millennia of interaction. But the rules always lagged behind the growing connections across continents. Traders from different lands developed rules of transaction as trade expanded. Rulers and warriors introduced taxes to earn revenue from commercial transactions and forbade certain products to protect their own. To protect the exclusivity of their valuable trading goods, countries often barred the export of certain seeds or eggs. Those rules and regulations spread as empires expanded and covered ever widening territories. Preachers and adventurers (including immigrants) walked the earth and were subjected to local rules and traditions as diverse as the lands they encountered. In some places, preachers were welcomed, but in others they were put to death. Travelers and immigrants too faced varying receptions on different shores. Warriors made their own rules as they trampled on other territories, killing and subjugating those who resisted. Although rules of behavior in war between countries have existed in some fashion for a long time, it was not until the nineteenth century that the

first body of written rules appeared. However, that did not help diminish the butchery of the two world wars.

In the thousands of years that humans have been leaving home to connect with fellow humans in distant lands, the basic impetus has not changed, though the means of transaction have. So too have the consequences of large-scale exchanges. The major factor motivating traders, preachers, adventurers, and warriors to traverse rivers, mountains, deserts, and oceans was the desire for a more secure, fulfilling, and enriching life. The same motivations are driving those actors' modern counterparts, now much vaster in number. Individual traders have been joined by 63,000 multinationals trying to procure goods and services globally and merchandise them worldwide. Preachers have been joined by missionaries of all sorts, including human rights and environmental activists. Though the empires of yore withered away, tens of thousands of soldiers are stationed away from their homes fighting terrorists, stemming civil wars, and protecting their nations' ideology. The ranks of adventurers have been swelled by hundreds of millions of tourists and hundreds of thousands of refugees and emigrants who seek new homes or new adventures. A powerful new actor, the consumer, has joined the traders of old in their drive to find better-quality goods at cheaper prices. The accelerated activities of all these actors have expanded trade and travel to an unprecedented level, creating environmental and health problems. They have encouraged migration, empowered terrorists, incentivized criminals, and increased the risks of nuclear proliferation. All these global problems require the attention of a global community.

Governance involves regulating people over a finite space. It began with warriors taking charge of a territory, establishing control over people and resources, collecting taxes, and recruiting citizens into the army. Sargon, king of ancient Mesopotamia, whose empire extended from the Mediterranean to the Persian Gulf, proclaimed himself ruler of the world. Alexander of Macedon extended his imperial control for a brief period from the Mediterranean to the Indus River in India. The nature and extent of their governance was limited by the resources available—manpower as well as transportation and communication. In 533, The Roman emperor Justinian promulgated his *Digest*, which listed items that were subject to duty upon entry into Alexandria. Ever since, the imposition of tariffs (derived from the Arabic word for *information, inventory*) by different rulers, and opposition to them by interested parties, have been a regular feature of policy discourse. The first attempt to create a global structure was not made until after the massive expansion of trade in the twentieth century. Even then, it took nearly fifty years for the General Agreement on Tariffs and Trade (GATT) to wrap up the first global trading agreement and set up the World Trade Organization (WTO) to deal with the burgeoning trade.

However, the issues that preoccupy traders today have remained essentially the same over hundreds of years. To maintain its monopoly over the silk trade, Chinese emperors prohibited the export of silkworm eggs and mulberry leaves. The sultan of Yemen similarly barred the export of coffee seeds. However, time and again in history, determined copycats and pirates have defeated attempts at protecting such products and processes. The nineteenth-century British ban on the export of textile technology was defeated by Samuel Slater's novel idea of stealing technology by memorizing its intricacies. Fear of such theft led to poor attendance at the International Exhibition of Inventions in Vienna in 1873 and ultimately to the birth of the Paris Convention for the Protection of Industrial Property in 1883. As technology and information-based products and services have become increasingly valuable, intellectual property rights and patents have taken center stage in international trade negotiations. The effort continues in the WTO tussle over the implementation of the controversial agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), negotiated in the 1986–1994 Uruguay Round.

Empires played a key role in the rise of governance as they extended rules and regulations over an expanding territory—a course that would eventually encompass a larger and larger number of countries. The Roman Empire, with its legal system, elaborate network of roads, and military infrastructure, expanded governance just as did the Mauryan Empire in India and the Han Empire in China. The scope of governance grew to a new height under the Mongol Empire, which spread from the South China Sea to the Black Sea. Deep Mongol interest in trading meant that the Silk Road across Central Asia emerged as the well-guarded conveyer belt of goods, people, and ideas. The road, with its Mongol sentry posts and inns, its postal system, and its rudimentary passport and credit card (*paiza*) system, provided unprecedented governance for land-based trade and transportation. For all the brutality the Sky God-worshipping Mongols inflicted during their conquest, their secularism enabled the peaceful coexistence of different religions within the Mongol domain.

However, the expanded trade that the Mongols enabled also produced one of the most serious challenges to governance. In the fourteenth century, the bubonic plague spread through Europe via trading caravans, claiming about a third of Europe's population. The response to this global menace was panic and local fury. In 1348, Venice undertook the prophylactic measure of requiring ships to wait forty days (*quaranta giorni*) before docking. Many other principalities followed this approach, and quarantine emerged as one of the first international public health policies.

The post-Westphalian rise of states with demarcated borders created conditions hospitable to coordinated policies to prevent the spread of communicable diseases. The first International Sanitary Conference, held in Paris

in 1851, did not produce any agreements, but efforts continued with dozens of international sanitation conferences, leading ultimately to the creation of the World Health Organization (WHO) in 1948. As the SARS pandemic of 2003 demonstrated, the WHO has emerged as one of the most successful institutions of global governance.

The horse-riding Mongols' success in governing trade over a vast area was difficult to emulate at the beginning of the era of seaborne trade. Throughout most of history, until the fourteenth century, trading ships were at the mercy of pirates. Though rulers, eager to collect taxes from traders, offered protection near their ports, traders were left to fend for themselves on the high seas. In the fourteenth century, traders in the littoral of the Baltic developed the Hanseatic League, whose members sent armed vessels to escort merchant ships on their voyages.

As for regulating conduct among traders, religion often determined the rules of the game. Trade was regularly conducted among co-religionists governed by the fear of the same God. The Jewish diaspora, spread throughout the Mediterranean, the Middle East, and Central Europe, often provided regulatory backbone for trade networks. Even when trading partners belonged to different faiths, the fear of God as well as the risk of developing a negative reputation acted as deterrents to dishonesty. However, the diverse religious persuasions of European and Middle Eastern powers emerged as major obstacles to long-distance trade. Although Italian city-states arranged their own trade deals with the Ottoman Empire, the rise of Islam forced European powers to seek a more direct way of trading with Asia, leading to voyages of discovery.

Only the dominance of Europe's Christian powers and their colonial expansion in Asia and Africa created the conditions conducive to a common approach. Europe's trading nations developed navies to protect their shipping and eventually claimed control over large bodies of water vital for their trade supremacy. This led the ruler of Makassar to protest against the Dutch in 1615: "God has made the earth and sea, has divided the earth among mankind and given the sea in common. It is a thing unheard of that anyone should be forbidden to sail the seas."<sup>1</sup> It was not until the early seventeenth century, when Dutch jurist Hugo Grotius developed the argument that oceans were international space or, in modern parlance, "global commons," that concepts evolved for collectively preventing conflict over access.

The growth of transportation and communications technology, which progressively shrank distance, not only allowed wider use of the oceans and expanded trade, but also made it necessary to develop international coordination. The rudimentary postal service introduced by the Mongols matured with the introduction of regular shipping. But even then, there was no commonly accepted rule. At the invitation of the United States postmaster general, a conference was held in Paris in 1863 in a bid to agree on some general principles

for postal communication. The effort bore fruit a decade later when twenty-two nations signed the Treaty of Bern, establishing the Universal Postal Union. However, even before the postal agreement was signed, some twenty countries assembled in Paris (1865) to establish the International Telegraph Union, which would later be incorporated into the UN structure as the oldest global institution.

Regulation always lagged behind technology. The use of railways and the telegraph created new problems for managing time and space. Passengers waited for hours for their trains because they were unsure of the time. Cables arriving in the dead of night remained unanswered. In 1882, in one of the first attempts at governance covering the entire planet, the United States launched an initiative to reach international agreement on, as the secretary of state wrote, “a common zero of longitude and standard of time-reckoning throughout the globe.” To the chagrin of France, which argued for acceptance of Paris as the world’s meridian point, Greenwich was accepted as the 0 longitude, and Greenwich Mean Time (GMT) was adopted as the center of the twenty-four time zones.

These examples of global governance, vital though they were for the conduct of international trade, transportation, and communications, represented the low-hanging fruit of global cooperation. They were often technical in nature, offering practical solutions to problems that had to be resolved at a global level. Their acceptance did not require the surrender of sovereignty or the compromising of any nation’s vital economic or security interests. Even when sensitive political choices were made—like when forty-eight members of the United Nations adopted the Universal Declaration of Human Rights in 1948—it was essentially cost free, as there was (and remains) no enforcement mechanism. Adherents to the declaration have grown because, yet again and again, cases of massive violence against civilians show that warriors remain largely unregulated. As the Rwandan and Bosnian genocides, and the continuing genocide in Darfur, show, states’ fears of relinquishing sovereignty complicate efforts at global governance.

The issues of sovereignty and national security have emerged as the biggest challenges to a globalized world badly in need of global rules. The fact that the world has been increasingly connected without much governance until very recently did not seem to matter much when the world was smaller and transactions were slow and limited. Not anymore. With the world rendered virtually borderless because of high-speed transfers of goods, capital, and pathogens, and environmental consequences enveloping us all, the lack of global governance has emerged as the single most daunting challenge to globalization.

Perhaps nothing requires more urgent attention than the spread of nuclear weapons and the risk that they might fall into terrorist hands. Although the avowed aim of the Nuclear Non-Proliferation Treaty was the abolition of

nuclear weapons, the trend has been in the opposite direction. The ranks of the original five nuclear powers have been expanded to include four others: Israel, Pakistan, India, and North Korea. Several other countries are waiting in the wings to acquire the ultimate weapons if the situation so requires. Even though senior US strategists, including Henry Kissinger and George Shultz, have expressed concern about the dangerous drift toward proliferation and have called for steps toward abolition, Washington has moved in the opposite direction, withdrawing from the Anti-Ballistic Missile Treaty and talking about developing new weapons and possible testing.

The third serious challenge facing the international community has emerged as the direct consequence of the world's growing interconnectedness. In the past sixty years, massive population growth has led to intensified farming, large-scale industrialization, and galloping growth in trade, all of which have contributed to a worsening environment and confronted the world with the threat of climate change. Ironically, as the world has shrunk and major threats increasingly challenge global security and well-being, the international ability and willingness to confront them collectively has declined. While the Kyoto Protocol was concluded as a first step to stanch global warming, its mission has remained unfulfilled. After having signed the protocol, the United States balked at ratifying it, calling it unnecessary and expensive. Even in 2007, after conceding that climate change is a problem, Washington refused to accept a quantitative curb on greenhouse gas emissions.

In both issues of nonproliferation and climate change, the refusal of the United States to join with the rest of the world effectively preempts any effective global agreement. After all, the United States sits on the biggest stockpile of nuclear weapons and emits the most greenhouse gases. As a country that has been born of globalization and has been, since the twentieth century, the most powerful force in integrating the world, including promoting global rules and the establishment of the United Nations, the United States now seems to have turned its back on international rule making.

Its refusal to take part in global governance is perhaps understandable. As the most powerful nation, the United States stands to lose more than others in any pooling of sovereignty. Ironically, at the end of World War II, the United States was in an unchallenged position in which it could have imposed its will on the world, but under the wise leadership of Presidents Roosevelt and Truman, it opted instead to try to create a cooperative world. The United States still wants to reap the benefit of a globally integrated world but is increasingly less keen to take any responsibility for global governance. Shaken by terrorist attacks and troubled by some of globalization's unfavorable consequences, the United States is reembracing its exceptionalist credo and seems ready to relinquish its multilateralist past. But without its

leadership and cooperation in meeting the growing challenges, the world that globalization has created is at considerable risk. 🌐

### Notes

Nayan Chanda is director of publications at the Yale Center for the Study of Globalization and editor of *YaleGlobal Online*. His most recent book is *Bound Together: How Traders, Preachers, Adventurers and Warriors Shaped Globalization* (2007).

1. Quoted in G. J. Resink, *Indonesia's History Between the Myths: Essays in Legal History and Historical Theory* (The Hague: W. van Hoeve Publishers Ltd., 1968), p. 45; from F. W. Stapel, *Het Bongaais verdrag: De vestiging der Nederlanders op Makassar* (The Bongaya Treaty: The Establishment of the Dutch in Makassar), PhD diss., University of Leiden, 1922, p. 14 and note 2.