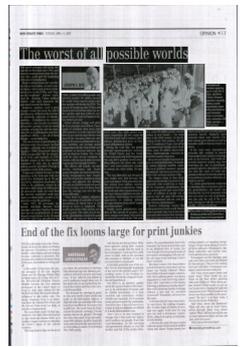


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The worst of all possible worlds



Unemployed workers queuing up at a job fair in Xian, northern China's Shaanxi province recently. Unless world economies stave off protectionism and stimulate their economies, such scenarios will likely worsen. — AFP picture

THE world economy will shrink this year for the first time since 1945, and some economists worry that the current crisis could spell the beginning of the end of globalisation.

Hard economic times are correlated with protectionism, as each country blames others and protects its domestic jobs. In the 1930s, such "beggar-thy-neighbour" policies worsened the situation. Unless political leaders resist such responses, the past could become the future.

Ironically, however, such a grim prospect would not mean the end of globalisation, defined as the increase in worldwide networks of interdependence. Globalisation has several dimensions, and, though economists all too often portray it and the world economy as being one and the same, other forms of globalisation also have significant effects — not all of them benign — on our daily lives.

The oldest form of globalisation is environmental. For example, the first smallpox epidemic was recorded in Egypt in 1350BC. It reached China in 49AD, Europe after 700, the Americas in 1520, and Australia in 1789. Bubonic plague, or the Black Death, originated in Asia, but its spread killed a quarter to a third of Europe's population in the 14th century.

Europeans carried diseases to the Americas in the 15th and 16th centuries that destroyed up to 95 per cent of the indigenous population. In 1918, a flu pandemic caused by a bird virus killed some 40 million people around the world, far more than the recently concluded world war. Some scientists today predict a repeat of an avian flu pandemic.

Since 1973, 30 previously unknown infectious diseases have emerged, and other familiar diseases have spread geographically in new, drug-resistant forms. In the 20 years after HIV/AIDS was identified in the

1980s, it killed 20 million people and infected another 40 million around the world. Some experts project that that number will double by 2010. The spread of foreign species of flora and fauna to new areas has wiped out native species, and may result in economic losses of several hundred billion dollars per year.

Global climate change will affect the lives of people everywhere. Thousands of scientists from more than 100 countries recently reported that there is new and strong evidence that most of the warming observed over the last 50 years is attributable to human activities, and average global temperatures in the 21st century are projected to increase between two and six degrees Celsius. The result could be more severe variations in climate, with too much water in some regions and not enough in others.

The effects will include stronger storms, hurricanes and floods, longer droughts and more landslides. Rising temperatures have lengthened the freeze-free season in many regions, and glaciers are melting. The rate at which the sea level rose in the last century was 10 times faster than the average rate over the last three millennia.

Then there is military globalisation, consisting of networks of interdependence in which force, or the threat of force, is employed. The world wars of the 20th century are a case in point. The prior era of economic globalisation reached its peak in 1914, and was set back by the

world wars. But, while global economic integration did not regain its 1914 level until half a century later, military globalisation grew as economic globalisation shrank.

During the Cold War, the global strategic interdependence between the United States and the Soviet Union was acute and well recognised. Not only did it produce world-straddling alliances, but either side could have used intercontinental missiles to destroy the other within 30 minutes.

This was distinctive not because it was totally new, but because the scale and speed of the potential conflict arising from military interdependence were so enormous. Today, al-Qaeda and other transnational actors have formed global networks of operatives, challenging conventional approaches to national defence through what has been called "asymmetrical warfare".

Finally, social globalisation consists in the spread of peoples, cultures, images and ideas. Migration is a concrete example. In the 19th cen-

tury, some 80 million people crossed oceans to new homes — far more than in the 20th century. At the beginning of the 21st century, 32 million US residents (11 per cent of the population) were foreign-born. In addition, some 30 million visitors (students, businesspeople, tourists) entered the country each year.

Ideas are an equally important aspect of social globalisation. Technology makes physical mobility easier, but local political reactions against immigrants had been growing even before the current economic crisis.

The danger today is that shortsighted protectionist reactions to the economic crisis could help to choke off the economic globalisation that has spread growth and raised hundreds of millions of people out of poverty over the past half-century. But protectionism will not curb the other forms of globalisation.

Modern technology means that pathogens travel more easily than in earlier periods. Easy travel plus hard economic times means that immigration rates may accelerate to the point

where social friction exceeds general economic benefit. Similarly, hard economic times may worsen relations among governments as well as domestic conflicts that can lead to violence.

At the same time, transnational terrorists will continue to benefit from modern information technology such as the Internet. And while depressed economic activity may slow somewhat the rate of greenhouse-gas build-up in the atmosphere, it will also slow the types of costly programmes that governments must enact to address emissions that have already occurred.

So, unless governments cooperate to stimulate their economies and resist protectionism, the world may find that the current economic crisis does not mean the end of globalisation, but only the end of the good kind, leaving us with the worst of all worlds. — Project Syndicate

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