

Global Issues

POLITICS, ECONOMICS AND CULTURE

FIFTH EDITION



RICHARD J. PAYNE

Global Issues

Politics, Economics, and Culture

Fifth Edition

Richard J. Payne

Illinois State University

PEARSON

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Printer/Binder: *Courier kendallville*
Cover Printer: *Phoenix color*

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Library of Congress Cataloging-in-Publication Data

Names: Payne, Richard J., 1949-

Title: Global issues : politics, economics, and culture / Richard J. Payne,
Illinois State University.

Description: Fifth edition. | Boston : Pearson, 2016. | Includes
bibliographical references and index.

Identifiers: LCCN 2015037527 | ISBN 9780134202051 (alk. paper) | ISBN 0134202058 (alk. paper)

Subjects: LCSH: Globalization—Textbooks. | World politics—Textbooks.

Classification: LCC JZ1318 .P39 2015 | DDC 303.48/2—dc23 LC record available at <http://lcn.loc.gov/2015037527>

10 9 8 7 6 5 4 3 2 1

PEARSON

ISBN-10: 0-13-420205-8
ISBN-13: 978-0-13-420205-1

To Elaine Cook Graybill and Alyson Sue McMillen

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Preface

The global financial crisis weakened the momentum toward greater globalization. Most countries continue to want the benefits of globalization while simultaneously enacting policies to diminish the costs of globalization. This has led to the emergence of a new form of globalization, **gated globalization**, which is characterized by more state intervention in the flow of money and goods, increased regionalization of trade, and a deeper emphasis on narrow national interests than on global cooperation. At the same time, the globalization of problems continues to erode the ability of individual governments to effectively address their citizens' concerns, which, in turn, weakens bonds between individuals and states. This trend is reinforced by global migration and the declining significance of citizenship. Furthermore, global inequality is reducing support for globalization. These developments are underscored by growing nationalism and religious and ethnic identity, especially in Western Europe, the Middle East, Africa, eastern Ukraine, and Russia.

Global inequality is now a leading global issue. The richest 0.5 percent of the world's population owns roughly one-third of the wealth. The globalized high-tech economy, which gives an unprecedented financial advantage to highly educated and technologically innovative people, widened the gap between the global elite and the middle class. It also undermined the strong belief in the American dream of upward mobility. The failure of many governments to effectively address inequality and high youth unemployment has triggered massive protests globally, a development aided by widespread access to communications technologies, especially social media.

Edward Snowden's decision to leak massive amounts of information from the National Security Agency about America's spying on its citizens, citizens of other countries, governments and their leaders, and international organizations presented unprecedented consequences for U.S. national security and foreign policy and the relationship between American government and Americans. Their trust in their government has been undermined. Close American allies such as Germany and Brazil expressed strong opposition to the monitoring of their leaders' personal phone calls. Responding to negative global reaction, leading technology firms such as Microsoft and Google stated that the American government in its quest for absolute security had endangered individual privacy.

Social media and **big data** have emerged as potent forces that are diminishing the significance of national borders and profoundly influencing global politics,

economics, and culture. Social media provide a global forum for mass participation, the exchange of ideas, the instant dissemination of information, and individuals to organize globally. Social media enhance the power of the global middle class, thereby promoting democracy and challenging the power of traditional institutions and ideas. Global communications technologies also facilitate the growth and severity of cybercrimes and underscore the need for greater global cybersecurity for governments, nonstate actors, and individuals.

Global food safety is an extremely important issue. Global companies process and market food grown in many different countries. It is difficult for consumers to determine where food comes from. The emergence of China as a major food exporter is heightening concerns about food safety. Apart from the impact of excessive levels of pollution on crops, China has a notorious reputation for deliberately contaminating and adulterating food. Middle-class consumers globally are concerned about genetically modified crops and are attempting to have foods containing them labeled. Eliminating drug-resistant bacteria and limiting the use of antibiotics on farms and curbing their use in medicine are priorities of the U.S. government. Companies such as McDonald's, Costco, and Wholesale Corp. are reducing the use of meat from animals that are raised on antibiotics.

The brutal gang rape and murder of an Indian college student shocked the global community and underscored the prevalence of **sexual violence** against women. It also served as a catalyst for mobilizing global support to reduce sexual crimes. These efforts are reinforced by global concerns about female genital mutilation and the growing awareness in America of sexual assaults on college and university campuses and in the military. The proliferation of **cybercrimes** demonstrates our vulnerability to destructive forces largely beyond the individual's control. The general global consensus that current approaches to the **global drug problem** are counterproductive and harmful is lessening global support for them. There is increasing support for decriminalizing and legalizing marijuana. Several states in America decriminalized or legalized the sale and use of marijuana, and Uruguay became the first country to legalize the production, sale, and consumption of marijuana.

Concerns about **global warming** are reinforced by the frequency of destructive storms such as Hurricane Sandy in New York and Typhoon Haiyan in the Philippines; droughts, forest fires, hotter weather, and floods

globally; melting ice in the Arctic and Antarctica; and rising sea levels, especially in the Pacific Ocean. Coral reefs around the world, from the Great Barrier Reef of Australia to Caribbean reefs, are dying, due partly to rising sea temperatures linked to global warming. However, global preoccupation with economic problems reduces efforts to deal with the effects of climate change. On the other hand, technological breakthroughs such as fracking in the gas industry have dramatically increased gas supplies in the United States. Lower costs are influencing power plants to switch from coal to gas, thereby reducing carbon emissions that contribute to global warming.

Democratic transitions in most countries in the Middle East and North Africa degenerated into violence, instability, and deteriorating economic conditions. These fueled a massive refugee crisis in Syria. Myanmar's peaceful transition to democracy, directed by the military government, is a major development in Southeast Asia and globally. Similarly, Tunisia and Nigeria's peaceful transfer of power strengthened democratic transitions in those countries. The normalization of relations between the United States and Cuba also offers hope for democracy in Cuba.

Massive flows of refugees not seen since World War II are creating a major global issue. This problem is aided by human trafficking. Italy and Malta are experiencing unprecedented economic, political, and social pressures from migrants from the Middle East and Africa, most of whom are fleeing conflicts in Syria and Libya that emanate from failed transitions to democracy. Many are also economic migrants from stable democracies such as Senegal and Ghana trying to find better lives in Europe, especially in Germany and Sweden. A humanitarian crisis has been caused by the overcrowding of vessels leaving Libya to cross the Mediterranean. Large numbers of migrants drowned. This wave of migration has created serious challenges for the European Union.

The escalation and effectiveness of **drone** strikes by the United States have weakened organized terrorist groups such as al-Qaeda. But **terrorism** remains a potent global threat. Wars in Syria and Iraq have ignited sectarian violence and spawned the emergence of the Islamic State of Iraq and Syria (ISIS), which is now the major global terrorist threat. The failure of the democratic transition in Libya and widespread lawlessness there facilitated an increased flow of arms to militant Islamic groups in Africa, making it a new front of terrorism. There are also rising threats from lone wolf terrorists, demonstrated by attacks in Boston, London, Sydney, Ottawa, and Paris.

Religious violence is increasing. The wars in Iraq and Afghanistan deepened sectarian hostilities among Muslims. Sunnis and Shiites who lived relatively

peacefully together prior to the American invasion and occupation of Iraq are now engaged in unprecedented bloodshed. More radical majority Sunni Muslims in Pakistan routinely attack the minority Shiites. The dominant Han Chinese violently suppress the minority Muslim Uighurs in Western China. Muslims attack Christians in northern Nigeria, and Christians attack Muslims in the Central African Republic. Buddhists persecute Muslims in Myanmar, and Hindus use violence against Muslims in India.

Noncommunicable diseases (NCDs) are a leading global issue. NCDs cause roughly 80 percent of deaths in low- and middle-income countries and two thirds of deaths globally. These diseases include obesity, heart disease, cancer, diabetes, Alzheimer's disease, and hypertension. Global aging, poverty, smoking, drug abuse, harmful use of alcohol, sedentary lifestyles, a growing global middle class, and cultural globalization contribute to the growth of NCDs. The globalization of fast food and sugary drinks contributes to the global obesity epidemic which, in turn, causes other diseases. A growing concern is the increasing resistance of superbugs to antibiotics used to treat diseases. The Ebola epidemic in Guinea, Liberia, and Sierra Leone refocused attention on the global security threats of infectious diseases and the need for robust global responses to eliminate them.

The **global financial crisis** weakened Europe's economy and contributed to an erosion of public confidence in political leaders to solve economic and social problems. Even as further European integration is essential to strengthen the European Union (EU) and the euro zone, regions of several countries are advocating for independence. Richer northern European countries resist spending more money on weaker southern countries such as Greece, Spain, and Portugal. Public support for the European Union has declined, and many governments favor limiting the free movement of people, which is a fundamental principle of the European Union.

States, the foundation of international relations, emerged relatively recently from fundamental technological, religious, economic, political, and cultural changes. The forces of globalization are now profoundly altering international relations, weakening the virtual monopoly of power enjoyed by states, strengthening nonstate actors and intergovernmental organizations, and eroding all forms of hierarchical organizations. Revolutions in technology, especially in communications, directly challenge traditional approaches to international politics.

Globalization intertwines the fates of states, intergovernmental organizations, nonstate actors, and individuals to an unprecedented degree. Wars, which have been a primary concern for states and traditionally the focus of

international relations, also have changed. Globalization has made traditional warfare less likely and unconventional wars more prevalent. America's longest war is not with another state but is instead against nonstate actors, especially al-Qaeda and the Taliban. The proliferation of drones and the use of cyberweapons present serious challenges to global security. These developments have the potential to engender a new arms race and increase international conflicts.

My decision to write this textbook was strongly influenced by the need for a comprehensive, accessible, and student-oriented introductory textbook for undergraduates that focuses specifically on global issues. This text concentrates on global issues that students around the world are passionate about because they are directly related to the forces of globalization that are integral components of their lives. The issues discussed in this book are both primary global concerns and those in which students have shown great interest. This book's pedagogical features are based on classroom experiences that demonstrate how to help students understand complex concepts, develop critical-thinking skills, and engage in problem solving.

New to This Edition

All chapters have been substantially revised and updated to reflect current developments. Each chapter concludes with a detailed case study on a current global issue. New and updated topics include child labor, sweatshops, female genital mutilation, Cuba, Iran's nuclear agreement, lone wolf terrorism, ISIS, cybersecurity, Nigeria's election, sexual assaults on campus and in the military, noncommunicable diseases, and Ebola. Included are updated tables and case studies on democratic transitions in the Middle East and North Africa, global food safety, the war in Afghanistan, government corruption in India, food security and the global food crisis, the obesity epidemic, the impact of the global financial crisis on Ireland, and the earthquake and tsunami in Japan.

Additional features of each new chapter include the following:

- Chapter 1, "Challenges of Globalization": Gated globalization; the European Union; multinational corporations and tax avoidance; the impact of social media on global affairs; challenges facing the Catholic Church
- Chapter 2, "The Struggle for Primacy in a Global Society": Challenges facing China; domestic challenges to America's global power, including growing inequality
- Chapter 3, "Human Rights": The global response to the treatment of civilians in the Syrian civil war; human rights of women, people with disabilities, and homosexuals
- Chapter 4, "Promoting Democracy": Transitions to democracy in Cuba, Myanmar, the Middle East, and North Africa; the power of social media to inspire young people to protest for change; women's growing participation in democracy
- Chapter 5, "Global Terrorism": Counterterrorism, including the use of drones; lone wolf terrorism; domestic terrorist groups such as Boko Haram; religious terrorism; Africa as a new front in global terrorism; terrorism in Pakistan
- Chapter 6, "Weapons Proliferation": Proliferation of nuclear weapons; drones and cyberweapons; chemical and biological weapons
- Chapter 7, "The Global Financial Crisis": Continuing fallout from the crisis and the global response; global high youth unemployment; global power shifts, including BRICS; effects of austerity policies
- Chapter 8, "Global Trade": Global trade and currencies; insourcing; safety at global factories; trade blocs; genetically modified food
- Chapter 9, "Global Inequality and Poverty": Growing economic inequality as a dominant global issue and a fuel for terrorism; inequality as a weakening force of American power; globalization as a cause of inequality; food security; economic development and poverty reduction
- Chapter 10, "Environmental Issues": Indigenous peoples and the environment; new efforts to prevent deforestation; ocean pollution; global warming and climate change; water scarcity
- Chapter 11, "Population and Migration": Population issues in developing and developed countries; new wave of migrants from the Middle East and North Africa; effects of immigration on Western Europe; Australia's approach to asylum-seeking people in boats; global aging
- Chapter 12, "Global Crime": The globalization of crime, including drugs, sexual crimes, smuggling of migrants, contemporary slavery, and human trafficking; cybercrime; government corruption
- Chapter 13, "Global Health Challenges": The sharp rise in noncommunicable diseases (NCDs) and the global response; fighting malaria; global responses to HIV/AIDS; the Ebola epidemic; Alzheimer's disease; the global epidemic of obesity
- Chapter 14, "Cultural Clashes and Conflict Resolution": Clashes among nations; ethnic conflict; rising anti-Semitism in Europe; religious violence, including ISIS; attempts to resolve conflict; war in Afghanistan

Features

Global Issues: Politics, Economics, and Culture is based on ten philosophical components that are interwoven into each chapter and throughout this book to provide students with:

1. A clearer understanding of how the powerful forces of economic, financial, cultural, political, environmental, and military globalization are affecting governments, nonstate actors, and individuals
2. A deeper awareness of the growing inability of governments, nonstate actors, and individuals to neatly compartmentalize problems within countries outside broader global developments
3. An appreciation for the complexities of global problems and their interdependence
4. A broader sense of the global issues and problems in developing countries
5. A historical background to many global issues that enables students to see continuity and change in human experiences
6. A deeper awareness of how globalization is profoundly challenging the state-centric emphasis that dominates international relations and world politics
7. A foundation for more advanced courses on globalization and global affairs
8. An understanding of basic concepts and theories and an ability to evaluate and apply them to real-life events and problems
9. An ability to think critically, develop independent judgment, and sharpen intellectual curiosity and imagination
10. A recognition of the power of individuals, including students, to have a positive impact on global problems

The text is composed of fourteen chapters, each focusing on a specific topic and related subtopics. The global issues covered in this book are widely regarded to be of critical importance by both the global community and instructors. In addition to providing instructors with the flexibility to stimulate student participation, the range of issues allows sufficient time during a semester to cover each chapter and to incorporate various pedagogical approaches. Instructors will have enough time to review for exams, administer at least three exams, and allow students to present research papers and other projects. This book can be easily supplemented with subscriptions to publications such as the *New York Times*, the *Washington Post*, the *Wall Street Journal*, the *Economist*, or *Foreign Affairs*, enabling students to obtain more current examples of the global issues discussed in these pages.

As a comprehensive introduction to global issues for students from different academic disciplines, *Global*

Issues is written in a style that makes information very accessible. A more conversational writing style engages students, encourages them to relate what they read to global developments and their own lives, facilitates the development of analytical skills, and makes it easier for them to engage in discussions. Above all, it attempts to present a clear, straightforward discussion of interesting and important global issues without obscuring their complexity.

- **Chapter introductions** The introduction provides a brief overview of the main points in the chapter, tells students what is covered, and provides examples of controversial issues included in the chapter to stimulate students' interest in the material.
- **Current examples** Consistent with the decision to adopt an accessible writing style, I have included many brief and current examples of global issues throughout the book. These examples make global issues more immediately relevant for students and encourage them to develop a concrete understanding of specific problems.
- **Historical background** Each chapter provides practical historical background information to give students an understanding of the issue's broader context.
- **Cross-referenced issues** Chapters are cross-referenced to help students see the interrelatedness and interdependence of global issues. For example, by reading Chapter 10, "Environmental Issues," students will explore the impact of economic globalization on the environment and culture as well as the relationships among environmental issues, global and domestic inequality, economic development, migration, cultural conflicts, and the spread of infectious diseases.
- **Maps and photographs** Maps help put issues in context and enable students to better grasp essential points discussed in the text. Carefully selected photographs portray specific developments and capture students' attention.
- **Tables** Tables throughout the book help students understand important points discussed in the text.
- **Boldfaced key terms and definitions** These are designed to draw students' attention to definitions, concepts, key terms, and main points. Stressing their importance reinforces the point that they are the building blocks of the chapter.
- **End-of-chapter summaries** These provide a brief review of the chapter. They focus students' attention on major points and help them improve their comprehension and retention of the information.

- **End-of-chapter questions** These questions are designed to improve students' retention of information, stimulate discussions in study groups, and help students prepare for exams.
- **Index** This listing allows students to quickly find key terms, concepts, names, and subjects discussed throughout the text. Many students find the index especially helpful when reviewing for exams.

Available Instructor Resources

A Test Bank comprising of additional questions in multiple choice, true/false, and open-ended—short and essay response—formats are available for instructors. These can be downloaded at <http://www.pearsonhighered.com/irc>. Login required.

Acknowledgments

I am deeply indebted to many students who made significant contributions to this collaborative and interdisciplinary project. Feedback from students in my Global Issues courses over the years has been invaluable and has contributed to making the book accessible to other students. I am also indebted to many research assistants, especially Yu Bo, Lara Saba, Brian Zednick, Janet Schultz, Natalie Mullen, Anthony DiMaggio, Nadejda Negroustoueva, Lindsay Barber, Meaghan Gass, Jake Owen, and Vanda Rajcan.

I am grateful to many colleagues who read the manuscript, made useful suggestions, and shared their insights. I would like to thank Michele Ganschow, Jamal Nassar, and Cherie Valentine of the Department of Politics and Government at Illinois State University; Laura Berk of the Department of Psychology at Illinois State University;

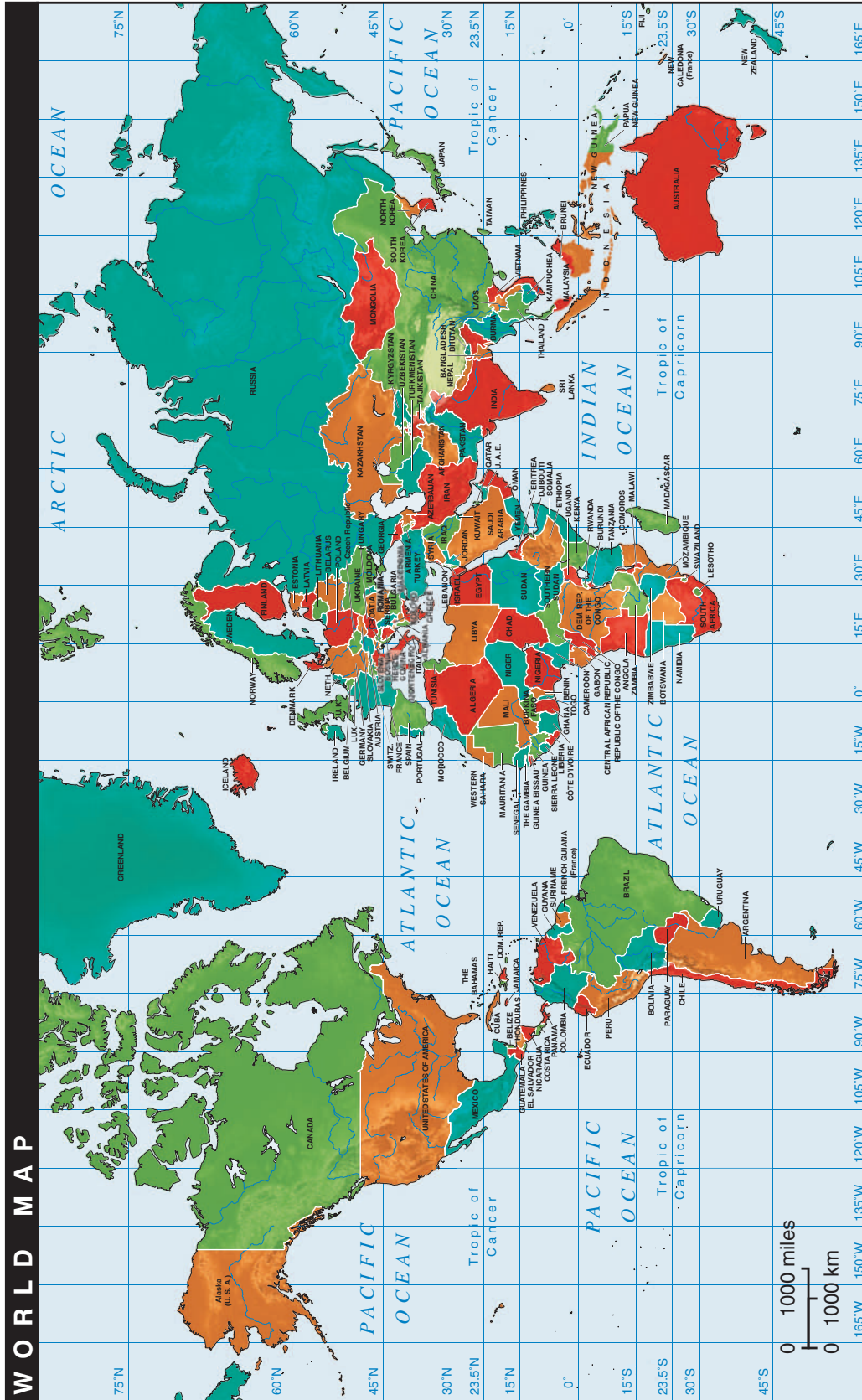
Kelly Keogh of Normal Community High School; Carole J. Cosimano of the Illinois Humanities Council; Michael Edward Allison of the University of Scranton; Mikhail Alexseev of San Diego State University; Lindsey Back of Morehead State University; Eric Budd of Fitchburg State College; Brad T. Clark and M. Dawn King of Colorado State University; Mark E. Denham and Richard F. Weisfelder of the University of Toledo; Erich Frankland of Casper College; Mark Haas of Duquesne University; Barbara Hufker of Webster University; Sabrina Jordan of Bethune-Cookman University; Robert King of Georgia Perimeter College; Mark Martinez of California State University at Bakersfield; Daniel McIntosh of Slippery Rock University; Anjana Mishra of Florida International University; Luis Antonio Payan of the University of Texas at El Paso; George Quester of the University of Maryland; Timothy Russell of the University of Memphis; Houman Sadri of the University of Central Florida; Tom Schrand of Philadelphia University; Mark Schroeder of the University of Kentucky; Boyka Stefanova of University of Texas–Austin; Bill Sutton of Southern Maine Community College; Marjorie K. Nanian of Schoolcraft College; and Thomas J. Volgy of the University of Arizona.

I would also like to thank Michele Ganschow and Kay Stultz of Illinois State University for their invaluable assistance. In addition I want to thank Vikram Mukhija at Pearson, as well as the other staff of Pearson and Lumina Datamatics, Inc. who lent their great expertise to this edition. Above all, I am especially indebted to Jason C.F. Payne for helping me with the chapter on the global financial crisis, and to Elaine Cook Graybill for her support and insights during the writing of this book and for her ongoing research assistance and editorial oversight.

Richard J. Payne

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Maps









Chapter 1

Global Issues: Challenges of Globalization



A GROWING WORLDWIDE CONNECTEDNESS IN THE AGE OF GLOBALIZATION HAS GIVEN CITIZENS MORE OF A VOICE TO EXPRESS THEIR DISSATISFACTION. In Brazil, Protestors calling for a wide range of reforms marched toward the soccer stadium where a match would be played between Brazil and Uruguay.



Learning Objectives

- 1.1** Identify important terms in international relations
- 1.2** Report the need to adopt an interdisciplinary approach in understanding the impact of new world events
- 1.3** Examine the formation of the modern states with respect to the thirty years' war in 1618
- 1.4** Recall the challenges to the four types of sovereignty
- 1.5** Report that the European Union was created by redefining the sovereignty of its nations for lasting peace and security
- 1.6** Recall the influence exerted by the Catholic church, transnational companies, and other NGOs in dictating world events
- 1.7** Examine how globalization has brought about greater interdependence between states
- 1.8** Record the major causes of globalization
- 1.9** Review the most important forms of globalization
- 1.10** Recount the five waves of globalization
- 1.11** Recognize reasons as to why France and the US resist globalization
- 1.12** Examine the three dominant views of the extent to which globalization exists

Revolutions in technology, finance, transportation, and communications and different ways of thinking that characterize interdependence and globalization have eroded the power and significance of nation-states and profoundly altered international relations. Countries share power with nonstate actors that have proliferated as states have failed to deal effectively with major global problems.

Many governments have subcontracted several traditional responsibilities to private companies and have created public-private partnerships in some areas. This is exemplified by the hundreds of special economic zones in China, Dubai, and elsewhere. Contracting out traditional functions of government, combined with the centralization of massive amounts of data, facilitated Edward Snowden's ability to leak what seems to be an almost unlimited amount of information on America's spying activities.

The connections between states and citizens, a cornerstone of international relations, have been weakened partly by global communications and migration. Social media enable people around the world to challenge governments and to participate in global governance. The prevalence of mass protests globally demonstrates growing frustration with governments' inability to meet the demands of the people, especially the global middle class.

The growth of multiple national identities, citizenships, and passports challenges traditional international relations. States that played dominant roles in international affairs must now deal with their declining power as global power is more diffused with the rise of China, India, Brazil, and other emerging market countries. States are increasingly focused on cybersecurity as individuals, non-state organizations, and other governments threaten them by attacking their computer networks.

The rapid march toward increasing globalization has been slowed by the global financial crisis. What is emerging is **gated globalization**. Countries have become more protectionist and selective about their trading partners and how much access they give to global finance. This gated globalization is demonstrated by the European Union (EU) countries' growing reluctance to support deeper economic and political integration.

The slowing growth of globalization underscores the crucial role of finance and the policies of the United States in global trade and economic expansion. It highlights the interdependence of global financial markets and the pivotal role of the U.S. Federal Reserve System as the most powerful global central bank.

Globalization—especially economic, financial, cultural, and environmental globalization—has spawned debates around the world. These debates illustrate both

the significant resistance to and the widespread acceptance of globalization. Although some aspects of globalization are embraced as positive, others are rejected as destructive to cultures, the environment, and political and economic institutions, especially in poorer countries.

This chapter examines the economic, political, and cultural aspects of globalization. Like all the chapters in this book, it demonstrates how politics, economics, and culture are intricately linked in an increasingly complex global society. It also examines the causes of globalization, various forms of globalization, periods of globalization, and debates about globalization. Given the significance of religion in global affairs, the chapter concludes with a detailed case study on challenges facing the Catholic Church.

1.1: From International Relations to Global Issues

1.1 Identify important terms in international relations

International relations is concerned with the interaction of states. The modern state emerged in Western Europe in 1648, following the **Peace of Westphalia**, which ended thirty years of war among various groups of princes and between political leaders and the Catholic Church. International relations, international politics, and world politics, which are all closely related, focus on states as the main actors. States are often referred to as nations, and most students of international relations use the terms *states* and *nations* interchangeably. They also use the term *nation-state*. The terms *state* and *nation* are related, but they are not exactly the same. A **state** is essentially a political unit composed of people, a well-defined territory, and a set of governing institutions. It is regarded as **sovereign**. This means that it is recognized by other states as having the exclusive right to make its own domestic and foreign policies. In other words, it is an independent actor in world politics. The United States is composed of diverse populations and is based on primarily an **ideology**. All states have ideologies, or systems of values, beliefs, and ideas. A **nation** is generally defined as a group of people who have strong emotional, cultural, linguistic, religious, and historical ties. The two concepts have become linked in everyday usage, and many scholars and practitioners of international relations use the term *nation-state* to capture this linkage.¹ International relations focuses on several main questions.

Those questions have to do with how the context of a government influences what it does, how a state achieves its interests in the international arena, and how a state explains its choices.² At the heart of these questions is the concept of power. Power is defined as the ability to get others to do things they would not ordinarily do or to

behave in ways they would prefer to avoid. Central to an understanding of international relations is the view that the interactions among countries are characterized by a struggle for power.³ This emphasis on states as the dominant, almost exclusive, actors in world politics is referred to as the **state-centric model**.

All fields of study are concerned with theories. The general purpose of a **theory** is to describe, explain, and predict how humans behave or how things work in the real world under certain circumstances. A theory is generally defined as an orderly, logical, integrated set of ideas or statements about human behavior or things in our environment. All theories provide conceptual frameworks and simplify complex realities.

1.2: Pluralism and Interdependence

1.2 Report the need to adopt an interdisciplinary approach in understanding the impact of new world events

A theory marking the transition from traditional international relations to global issues is that of pluralism and interdependence. Although this approach views states as the most important actors in world politics, it takes **nonstate actors** (i.e., organizations that are not formally associated with governments) into consideration. Its main concern is with how human activities are intertwined and interconnected across national boundaries. New and far-reaching forces of globalization are having such profound effects on the world that how we approach international relations must also be significantly transformed. James N. Rosenau and Mary Durfee have concluded that “daily occurrences of complex and uncertain developments in every region of the world are so pervasive as to cast doubt on the viability of the long-established ways in which international affairs have been conducted and analyzed.”⁴ The rapid proliferation of states as well as nonstate actors, revolutions in technology and communications, the growing sophistication and global views of many ordinary citizens, and the changing nature of conflicts are all contributing to the complex environments in which we live.⁵ State failure and the inability of governments to effectively address a wide range of global issues reinforce this transformation of international relations.

The violence and threat of violence that accompanied the emergence of modern states led to the pervasive emphasis on military power as the highest priority of states. The fear of losing territory or being eliminated was very real. It is estimated that 95 percent of the state-units in Europe at the beginning of the sixteenth century have been

destroyed or combined to make other countries. The devastating effectiveness of military force and the development of nuclear weapons that threaten the extinction of most of the world make countries extremely reluctant to use military force.

In addition to terrorism, there are other nontraditional threats to national security. Economic competition, the 2008 global financial crisis, population growth and migration, organized crime, drug trafficking, environmental problems, poverty, inequality, the globalization of diseases, piracy, and ethnic conflicts are among the threats to security. Recognition of these threats is strengthening the concept of human security in an increasingly global society. **Human security** is viewed as being linked to challenges that human beings face every day, most of which are not primarily related to military power. The concept of human security focuses on seven categories of threats. They are

- Economic security (an assured basic income)
- Food security (access to an adequate supply of food)
- Health security (access to basic health care)
- Environmental security (access to clean water, clean air, etc.)
- Personal security (safety from physical violence and threats)
- Community security (safety from ethnic cleansing and genocide)
- Political security (protection of basic human rights and freedoms)

The growing complexity of our world is generally viewed as giving rise to a new period in international relations, or postinternational politics. This transition is characterized by greater attention to interdependence and globalization, and a stronger emphasis on global politics in particular and global issues in general. **Global politics** refers to political issues and activities by states and non-state actors that extend across national boundaries and that have implications for most of the world. But the concept of global politics inadequately portrays how economic, cultural, environmental, and demographic factors, among others, are creating a global society with **global norms** (i.e., a set of basic values that are increasingly common to human societies). This book focuses on **global issues**. Stressing global issues indicates a recognition of how globalization intertwines many aspects of human activities and how essential it is to adopt an interdisciplinary approach in order to understand our world and its impact on our daily lives.

Generational change is profoundly influencing global issues. Young people have grown up in a world characterized by globalization. Their perceptions and access to communications technologies challenge many traditional concepts and practices in relation to states.

1.3: The Growth of the Modern State

1.3 Examine the formation of the modern states with respect to the thirty years' war in 1618

The state emerged over several centuries through struggles for power among institutions, groups, and individuals with military, economic, cultural, religious, and political interests. As we will see, the power of ideas played a pivotal role in the process. The spread of **humanism**—with its emphasis on the study of ancient Greek and Hebrew texts, which concentrated on the Bible—strengthened individualism and critical thinking. Humanism was accompanied by the **Renaissance**, which evolved in Italy in the fourteenth century and marked the transition from the Middle Ages to modern times. Like humanism, the Renaissance concentrated on the individual, self-consciousness, creativity, exploration, and science. The combination of ideas, technological developments, ambition, the quest for freedom, and the constant struggle for power radically altered accepted practices, institutions, and patterns of authority. Because the Catholic Church was the dominant institution in Western Europe following the decline and fall of the Roman Empire, it was inevitably the target of those advocating change. Challenges to the Catholic Church were strengthened by the development of technology, namely, the printing press. **Johann Gutenberg** (1397–1468) invented the printing press around 1436.

As the Church's influence eroded, queens, princes, and kings in Europe attempted to enhance their own power by promoting national consciousness and territorial independence. They were assisted in their efforts to consolidate their secular authority within their territories by the Protestant Reformation. This does not mean that European royalty emerged with an antireligious character. In fact, a clear separation of church and state within European countries is still a subject of debate today. This religious transformation was gradual. The most outspoken critic of the Catholic Church was **Martin Luther** (1483–1546), a professor of theology at the University of Wittenberg who had been motivated to act by the campaign for selling indulgences (i.e., pardons of temporal or secular punishment due to sin) in Germany. European monarchs also formed alliances with merchants to weaken the Catholic Church and the Holy Roman Empire. Small political units made it extremely difficult to engage in profitable trade and other economic transactions beyond their limited boundaries. Larger, unified political systems were beneficial to businesses because of uniform regulations and fewer taxing jurisdictions, and the enhanced ability of larger areas to enforce the laws. These economic interests coincided with

the various monarchs' desire to collect more taxes in order to acquire military technology and build larger armies.

Traveling through Europe, one notices that many towns are dominated by old castles. These castles symbolized not only military strength but also the political and economic independence of local barons. Refinement of cannons and the availability of gunpowder enabled Europe's kings and queens to effectively challenge barons and others and to consolidate their power over increasingly larger areas. Between 1400 and 1600, large numbers of the smaller political entities lost their independence. An excellent example of how Europe's monarchs strengthened internal control as they tried to weaken the power of the Catholic Church is provided by England's King Henry VIII in 1534. Named Defender of the Faith in 1521 for his strong support of the Catholic Church, the king clashed with Rome when he decided to divorce his first wife, Catherine of Aragon, on the grounds that she could not produce a son. Instead of retreating after being excommunicated by the pope, King Henry VIII persuaded England's Parliament to make him Protector and Only Supreme Head of the Church and Clergy of England, thereby creating the Anglican Church. The king ignited the spark of English nationalism and increased his own economic, political, and religious power.

Religious, cultural, political, economic, and technological developments ultimately led to the outbreak of the Thirty Years' War in 1618. The German Protestant princes, who also fought each other, were allied with France, Sweden, Denmark, and England against the Holy Roman Empire, represented by the Hapsburgs of Spain and the Catholic princes. The Hapsburgs, also concerned about maintaining their own power, often clashed with each other. The Thirty Years' War had devastating consequences for Germany. Two thirds of the population perished, and five sixths of the villages in the empire were destroyed. Those who survived experienced great hardship.

1.4: Sovereignty

1.4 Recall the challenges to the four types of sovereignty

Pressures for change that spread across Europe were accompanied by the formulation of new philosophies. The interaction of the power of ideas and change is demonstrated by **Jean Bodin** (1530–1596) and his major contribution to the modern idea of sovereignty. Bodin was a French social and political philosopher and lawyer. During the last half of the sixteenth century, France was experiencing severe disorder, caused primarily by conflicts between Roman Catholics and the **Huguenots**

(i.e., French Protestants who were followers of John Calvin). Bodin believed that order could be restored through a combination of greater religious tolerance and the establishment of a fully sovereign monarch. In his *Six Books on the Commonwealth* (or state), Bodin stressed that the state, represented by the king, was sovereign.

Universal Catholic laws that governed Europe were replaced by **international law**. Leaders and scholars realized that states also needed a system of rules and norms to govern their interaction and to establish order and predictability. This view was articulated by **Hugo Grotius** (1583–1645). Grotius was a Dutch lawyer, author, and strong advocate of natural law, and he is regarded as the father of international law. Grotius stressed that sovereign states were governed by natural law because they were composed of human beings who were ruled by nature and because it was in the interest of sovereign states to support an international legal system. A second component of the new international system was diplomacy. Diplomats, their possessions, and their embassies were regarded as extensions of sovereign states and accorded extraordinary legal protections. A third component of the system for maintaining international order was the balance of power, which attempted to prevent a state or group of states from becoming strong enough to dominate Europe. Finally, the new international system would rely on common cultural values and family connections to avoid disorder.⁶

There has always been a gap between the ideal of sovereignty and the actual realization of sovereignty. There are four types of sovereignty:

1. *International legal sovereignty*, which focuses on the recognition of a state's independence by other states and respect for its territorial boundaries.
2. *Westphalian sovereignty*, which focuses on the exclusion of other states from the affairs of the government that exists within a given territory.
3. *Internal or domestic sovereignty*, which refers to the rights of the government or formal organization of political authority within a state to exercise a monopoly of power over social, economic, political, and other activities within its borders.
4. *Interdependence sovereignty*, which reflects the realities of globalization. It is concerned with the ability of governments to control or regulate the flow of people, money, trade, environmental hazards, information, and ideas across national boundaries.⁷

1.4.1: The Decline of Sovereignty

Information and technological revolutions, the ease of international travel, and migration are contributing to

the erosion of states' control over their populations as well as citizens' declining identification with and loyalty to states, which are two key components of sovereignty. Migration, as discussed in Chapter 11, is profoundly changing perceptions of belonging to a country. Many migrants build communities in countries where they settle that replicate the places they left. They are constantly in touch with their home countries, travel to them, and invest in them, and some eventually return to live in them. Global communications have rendered borders essentially meaningless. Instead of relinquishing their original citizenship, many migrants add new ones, making dual citizenship and multiple passports increasingly common. Citizenship can also be obtained in several countries by individuals making investments in those countries.

Although not currently a significant challenge to sovereignty, the emergence and growing acceptance of **bitcoin** as an alternative to national currencies has the potential to weaken governments' monopolies over the control of currencies. Bitcoin is a type of digital cash that is purchased with traditional money on unregulated online exchanges outside the United States. It is widely perceived as being of interest primarily to wealthy speculators and individuals and organizations involved in global crime. However, advocates of bitcoin view it as having the potential to lower payment processing costs and offering more secure transactions than traditional credit cards.

Even more transformative than the Internet is the emergence of **big data**. *Big data* is a term used to describe massive amounts of data that are too large for traditional data-processing tools. Big data can be analyzed for patterns or correlations that would not ordinarily be detected. It comes from videos, posts on Twitter, clickstreams, and other unstructured sources generated by millions of individuals as they conduct business and interact with each other. Although big data is principally utilized by businesses and large private organizations, it is influencing how governments function and further distributing power among states and nonstate actors.⁸

Social media are widely perceived by governments as a direct challenge to state sovereignty. It is difficult for governments to control information. Social media enable individuals to disseminate news, discuss controversial issues, and criticize government policies in real time. By cooperating with traditional media, social media expose abusive government behavior to people around the world. Governments have had an advantage over citizens due to their discipline, organization, and secrecy. Social media allow people to quickly organize and engage in collective actions. Massive protests globally underscore the shifting balance of power between states and individuals as well as the erosion of traditional sovereignty.

1.5: The European Union: Redefining Sovereignty

1.5 Report that the European Union was created by redefining the sovereignty of its nations for lasting peace and security

European states are voluntarily relinquishing some of their sovereignty to achieve political and economic objectives. European leaders redrew the map of Europe by extending the fifteen-member European Union (EU) eastward to include thirteen additional countries, most of them former Communist bloc countries. This unprecedented European expansion created a new Europe that has a population of 496 million and the world's largest economy. The **euro** is the common currency of 19 countries in the EU. The global financial crisis contributed to high unemployment rates in Europe and threatened the survival of the euro. Public support for the EU declined sharply. Strong independence movements emerged in regions such as Scotland, Flanders, and Catalonia, and Britain advocated renegotiating the terms of Britain's membership in the EU. Scotland's referendum for independence from Britain, which brought out nearly 85 percent of the electorate, resulted in a vote by 55 percent of the ballots to remain tied to Britain. If Scotland had become independent, it would have negotiated its own relationship with the EU.⁹ Russia's seizure of Crimea from Ukraine created serious challenges for the EU in Eastern Europe. Many countries questioned the EU's ability or willingness to protect their sovereignty. It also demonstrated complexities arising from economic interdependence between EU member states and Russia, particularly in relation to sanctions imposed on Russia by the United States and Europe. Russia's seizure of Crimea also reinforced growing perceptions of declining American power, which is discussed in Chapter 2. Many Europeans began to believe that excessive sovereignty and nationalism were leading causes of wars that engulfed the Continent and destroyed the most basic aspects of security and independence. This was especially the case in World War II. Statesmen such as **Jean Monnet** and **Robert Schuman** of France and **Paul Henri Spaak** of Belgium were visionaries who believed that a united Europe, in which traditional sovereignty would be redefined, was essential to preserving peace and security and preventing another European holocaust. The basic idea was that controlling coal and steel (materials essential for war) would ultimately result in the reconciliation of Europe. France and Germany, the two principal antagonists, would combine their coal and steel production. In 1957, France, Germany, Italy, Belgium, the Netherlands, and Luxembourg signed a treaty that led to the creation of the Coal and Steel Community, the first major European institution. The Europeans signed the **Treaty of Rome** in 1957, which established both the European Economic Community and

the European Atomic Energy Community (EURATOM). Since then, in many areas of political and economic life, power has been gradually transferred from the state level to the European Union and its various institutions. For example, the **European Court of Justice** has powers that are similar to those of the U.S. Supreme Court.

1.6: The Rise of Nonstate Actors

1.6 Recall the influence exerted by the Catholic church, transnational companies, and other NGOs in dictating world events

Nonstate actors, or **nongovernmental organizations (NGOs)**, are not formally associated with states or the authority structures of states, although they often cooperate with the government to achieve their goals. Transnational NGOs operate across national boundaries and have achieved significant influence in world affairs. Their wide range of activities have led many observers to conclude that their emergence is almost as important as the rise of the nation-state.

There are several types of NGOs. These include

Economic organizations, such as transnational corporations

Advocacy organizations, such as Greenpeace and Amnesty International

Service organizations, such as the International Red Cross and Doctors Without Borders

Transnational terrorist organizations that seek to undermine governments

Transnational criminal organizations that focus on profiting from illegal activities

With the exception of terrorist and criminal NGOs, nonstate actors have played *four main roles* that are generally accepted by states and international governmental institutions:

1. *Setting agendas*: NGOs often force national policymakers to include certain issues on their agendas.
2. *Negotiating outcomes*: NGOs work with governments and business groups to solve global problems.
3. *Conferring legitimacy*: Organizations such as the World Bank and transnational corporations derive legitimacy from the support or approval of various NGOs.
4. *Making solutions work*: Many governments and intergovernmental organizations rely on NGOs to implement their decisions in areas such as humanitarian relief and economic development. Two of the oldest and most significant nonstate actors are the Catholic Church and transnational corporations.

1.6.1: The Catholic Church

On the streets outside the Palazzo Montecitorio, where the lower house of Italy's parliament meets, crowds gathered to participate in a historic event on November 14, 2002. Pope John Paul II was scheduled to address eight hundred lawmakers and national leaders, including Prime Minister Silvio Berlusconi. Given the fact that Italy is predominantly Catholic, you are probably wondering why such an address would be significant. The pope's speech marked the first time a head of the Catholic Church had ever made an appearance in the Italian parliament. Much of Italy, unlike the rest of Europe, continued to be ruled by popes until the middle of the nineteenth century. In 1871, Italy was largely free of the papal authorities' control, and popes were deprived of almost all their land. A compromise between the Vatican and the Italian government was reached in 1929, when the **Lateran Treaty**, negotiated with **Benito Mussolini**, the Italian dictator and leader of the Fascist movement, was signed. The Italian government recognized Vatican City as fully sovereign and independent, and the Vatican recognized the Italian government.

The Vatican has voiced strong opinions on social, economic, political, and military issues, especially under the leadership of Pope John Paul II. For many years, the Catholic Church strongly opposed Communism and reached out to Catholics in Poland and other Communist bloc countries in an effort to undermine Communist rule. Pope John Paul II, a native of Poland, played a major role in the fall of Communism in Eastern Europe. But the pope also criticized the West for its extreme materialism and individualism, as well as for its tolerance of poverty and inequality in developing countries. The Catholic Church condemned the proliferation of nuclear weapons in the United States, Russia, and other countries and opposed America's military action against Iraq. But as the case study at the end of this chapter shows, the Catholic Church is facing its own challenges.

1.6.2: Transnational Corporations

A multinational corporation (MNC) is generally defined as a national company that has many foreign subsidiaries. These subsidiaries are basically self-contained, making what they sell in a particular country, buying their supplies from that country, and employing that country's citizens. Transnational corporations are structurally different from MNCs. A transnational corporation is organized as a global entity. Although selling, servicing, public relations, and legal matters are local, planning, research, finance, pricing, marketing, and management are conducted with the world market in mind. Companies were instrumental in the conquest and settlement of North America, India, southern Africa, and elsewhere. The **British East India Company** was, in effect, the government of British-controlled areas of India for a long time. The **Dutch West India Company** was granted a charter that allowed it

to make agreements and alliances with leaders of conquered areas, to construct fortifications, to appoint and discharge governors, to raise armies, to provide administrative services, and to maintain order.

Many global companies such as airlines and automotive industries collaborate across national boundaries, thereby complicating the ability of individual governments to effectively regulate them. Economic problems and growing concerns about inequality in the wake of the financial crisis have heightened public awareness of tax avoidance by global companies. For example, Apple and Starbucks sparked public outrage in Europe when they adopted legal strategies that allowed them to shelter their income from taxation. Global companies take advantage of tax havens in the Caribbean, parts of the United States (Delaware), Europe, Asia, and the Pacific. Governmental tax collection policies have not changed sufficiently to effectively prevent global corporations from sheltering their profits from taxes.¹⁰

1.7: Interdependence and Globalization

1.7 Examine how globalization has brought about greater interdependence between states

Interdependence in world affairs, as it does in private life, involves mutual dependence and cooperation. This means that what happens in one place usually has consequences elsewhere. A war in Iraq, for example, drives up the price of gas at your neighborhood gas station. Countries rely on each other for raw materials, security, trade, and environmental protection. Their fates are intertwined, and they share a sense of mutual vulnerability, although some states are clearly more vulnerable than others in some areas. At the heart of the concept of interdependence is reciprocity.

Globalization refers to shrinking distances among the continents, a wider geographic sense of vulnerability, and a worldwide interconnectedness of important aspects of human life, including religion, migration, war, finance, trade, diseases, drugs, and music. Globalization implies a significant and obvious blurring of distinctions between the internal and external affairs of countries and the weakening of differences among countries. Although globalization is generally regarded as the Americanization of the world, America itself was, and continues to be, profoundly shaped by the forces of globalization.

1.8: Causes of Globalization

1.8 Record the major causes of globalization

The causes of globalization are inseparable from the human desires to explore, to gain greater physical and economic

security, to be creative and curious, and to move from one place to another. The movement of large numbers of people from one part of the world to another over a relatively short time was facilitated by improvements in transportation. Canal building, the development of navigational equipment (such as the compass), the ability to construct stable oceangoing vessels, and the development and improvement of railways helped speed up migration. Improved transportation also made it easier to conduct trade over long distances and to colonize new areas.

Advances in military and medical technologies have also driven globalization. The ability to mount a cannon on a ship gave a country a decisive advantage over its opponents and also allowed the countries possessing them to expand commerce and to acquire territories. Perhaps nothing reminds us more about our interdependence than nuclear weapons and other weapons of mass destruction. Our security is still greatly determined by the ability of nuclear powers to preserve the strategic balance and to prevent the use of nuclear weapons. Our sensitivity to how military weapons link our fates was heightened during the **Cold War** (i.e., the competition between the United States and the Soviet Union that occurred after World War II). We have entered into an age of uncertainty heralded by the use of both conventional and unconventional weapons by terrorist organizations.

As Table 1.1 indicates, commerce and finance provided the foundation for many of these advances. A major cause of globalization is **financial market expansion**. The availability of finance encouraged more economic interactions, innovation, entrepreneurship, and the development of

Table 1.1 Periods of Monetary Expansion and Globalization

Period	New Technologies and Commercial Applications
1807–1844	Extensive canal building, railway boom, steam power used in manufacturing, improved machine tool design, invention of McCormick's reaper, commercial gaslighting, and development of the telegraph
1851–1873	Advances in mining, railways and shipping, and rapid growth of corporations
1881–1914	Increased productivity in Europe and the United States, improvements in steel production and heavy chemical manufacturing, first power station, spread of electricity, development of the internal combustion engine, and developments in canning and refrigeration
1922–1930	Commercialization of automobiles and aircraft, spread of artificial fibers and plastics, invention of new electrical appliances, and growing telephone ownership
1960–1973	Development and application of transistor technology, advances in commercial flying and shipping, and the spread of telecommunications and software
1985–present	Rapid growth in computer memory and information processing, advances in biotechnology and medical technologies, and commercial use of the Internet

Based on Michael Pettis, "Will Globalization Go Bankrupt?" *Foreign Policy* 126 (2001), 56–57.

new technologies. As Chapter 7 demonstrates, the global financial crisis affects nearly all aspects of globalization. New technologies have made it easier to conduct trade, migrate, conquer territories, and resist diseases. These new technologies have now spread around the world, speeding up innovation and strengthening competition.

Global communications have been facilitated by the spread of the English language around the world during



DEMOGRAPHIC CHANGES MARKED POLITICAL TRANSFORMATION WHEN PRESIDENT HOSNI MUBARAK WAS BROUGHT DOWN IN EGYPT. An anti-Mubarak protestor held a sign praising Facebook for helping organize the protest in Tahrir Square, Cairo, Egypt.

an earlier period of globalization. America's dominant technological, economic, military, and cultural position in the world helps reinforce the centrality of English in all aspects of global life. Roughly half of the world's population has access to some combination of cell phones and the Internet, enabling people to communicate within and across national borders. The communications revolution is regarded as the major cause of globalization because it directly affects economic, financial, military, cultural, environmental, and criminal globalization.

1.9: Forms of Globalization

1.9 Review the most important forms of globalization

Among the most important forms of globalization are (1) economic and trade globalization, (2) financial globalization, (3) political globalization, (4) military globalization, (5) cultural globalization, (6) environmental globalization, and (7) criminal globalization. Although we will discuss each of these forms separately, they cannot be neatly separated from each other in the real world.

1.9.1: Economic Globalization

Economic globalization may be defined as the intercontinental exchange of products, services, and labor. This form of globalization has a long history and has intensified with the emergence of new technologies and their diffusion to major parts of the world. MNCs have been instrumental in the globalization of both production and distribution networks. Consumers worldwide use similar products made by the same corporations. Economies around the world develop greater capability to produce and export goods as they obtain capital, technology, and access to distribution networks. As trade increases, competition intensifies, leading to lower prices and the elimination of companies that cannot effectively compete in the global market.

Economic globalization also includes the movement of people and the exchange of ideas. The most innovative companies encourage the formation of global teams that operate across national borders. Multinationals usually have training camps that help create a common corporate culture. Engineers from India, Japan, Germany, Australia, and elsewhere who work for Hewlett-Packard, for example, work with their American counterparts in Los Gatos, California. Economic globalization has also stimulated the development of global cities such as New York, London, Tokyo, Shanghai, Hong Kong, Milan, Sidney, Zurich, and Chicago. Companies put their headquarters in major cities to take advantage of the services of lawyers, accountants, consultants, and advertising firms.

1.9.2: Financial Globalization

Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001, sent shock waves through financial markets worldwide, painfully demonstrating direct linkages among American, European, Asian, and Latin American economies. The financial world reacted in a synchronized manner, with each market that opened the day following the attacks falling precipitously in the first few minutes. A flood of sell orders inundated Tokyo Stock Exchange, delaying the opening and pushing the benchmark Nikkei index down 6 percent. All of the major stock markets declined dramatically in the week after the terrorist attacks.

Financial problems spread across the world almost instantaneously, reflecting how revolutions in telecommunications and computers have linked financial institutions. The financial crisis reflected this reality. Similarly, the earthquake and tsunami that caused widespread destruction in Japan in 2011 caused the Nikkei (the Japanese stock market) to fall by 12 percent. The G-7 (the seven leading industrialized countries) intervened to prevent the yen, the Japanese currency, from rising too much against other currencies.¹¹ Monetary policies of the U.S. Federal Reserve System profoundly affect the global economy. By making more money available at very low interest rates, the Federal Reserve has helped stimulate modest economic growth globally.

Four basic developments drive financial globalization, leading to the expansion and deepening of global finance. The first is the *consolidation of financial institutions* in most countries. Local banks were, until about two decades ago, largely locally owned and operated. The second development is the *globalization of operations*, which is evident everywhere as banking conglomerates extend their reach by forming strategic alliances with similar institutions in different countries. The third development is the emergence of *new technologies* that are familiar to all of us. Money moves across national boundaries at the touch of a button. The fourth development is the *universalization of banking*. Growing competition in financial markets, the increasing irrelevance of national borders, and the increasingly complex relationships among businesses have contributed to a blurring of bank and nonbank financial services.

Other forms of globalization have strengthened financial globalization. When the British Empire stretched across much of the world, the British pound became the strongest and most desirable currency. As British power receded, America rose to international prominence, and the U.S. dollar became the leading global currency. In 1944, the United States, Britain, and other countries held a conference at Bretton Woods, New Hampshire, to determine the international financial order. The conference established the **Bretton Woods System**, which required the currencies of other countries to have an exchange rate fixed to the dollar, with the dollar fixed in terms of gold at \$35 an