

Thomas Friedman

The Lovers and the Lonely Tree

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The Backlash

Ray Boyd: "What's wrong, Mommy?"

Dorothy Boyd: "First class, that's what's wrong. It used to be a better meal. Now it's a better life."

—from the movie *Jerry Maguire*

The annual Davos World Economic Forum is as good a barometer of global affairs as you can find. Every February the world's great globalizers gather together in the Swiss mountain retreat to celebrate and debate globalization. The meeting is attended by top industrialists, political figures, economists, technologists, scientists and social scientists from every corner of the world. Each year, one or two individuals stand out as the trendsetters. One year it was China's economic czar Zhu Rongji; one year it was Yasser Arafat, Yitzhak Rabin and Shimon Peres; another year it was the Russian reformers; another year the battered Asian economic leaders. In 1995 the star of the Davos World Economic Forum was George Soros, the billionaire financier. I know because I was invited to attend a press conference, at which representatives of all the world's major media organizations gathered around a conference table and interviewed Soros as if he were the president of a superpower. And he seemed to think he was. Reporters from Reuters, Bloomberg, AP-Dow Jones, *The New York Times*, *The Washington Post*, *The Times* of London and the *Financial Times* grilled Soros on his views about Mexico, Russia, Japan and global economic trends, and then ran out of the room to file his remarks by telephone. His opinions were carried on the front pages of the *International Herald Tribune* and many other newspapers the next day.

Watching this scene, I felt that I was witnessing an important transition. Soros personified the Electronic Herd. He was a lead bull. Maybe the lead bull. And this was just around the time when many people were

beginning to realize that this Electronic Herd was replacing the Soviet Union as the other superpower in our two-superpower world. Only a few years earlier Soros had administered a stunning economics lesson to British Prime Minister John Major. Major thought the British pound was properly valued. Soros did not, and in September 1992 Soros led the herd in a campaign to force the British pound down to its "right" level. Major scoffed at Soros, then sneered at him, then resisted him, then raised a white flag and devalued the pound by 12 percent. Soros walked away with a profit of \$1 billion from a couple of months' work. Goodbye, Soviet Union. Hello, Electronic Herd.

Interestingly enough, a year after first seeing Soros hold court with his own news conference in Davos, I went back to Davos, eager to see who would be the star in 1996. I was standing at a computer terminal in the main hall retrieving my E-mail messages when I noticed George Soros walk by. But what struck me was that this year no one was paying any attention to him at all. In fact, he seemed to be all alone. What a difference a year makes. I don't think he could have hired a news conference that year. Why? Who was the star of Davos 1996? None other than Gennadi A. Zyuganov, the head of the Russian Communist Party!

The Davos Forum is the ultimate capitalist convention. How could this dinosaur from the Jurassic era of the Cold War—Gennadi Zyuganov—have been the man of the hour? Because the business and political elites gathered in Davos that year were understanding, many for the first time, that this powerful phenomenon called globalization was also producing an equally powerful backlash in some circles. At that time it looked like Zyuganov was actually going to defeat Boris Yeltsin for the Russian presidency, and therefore the backlash forces were actually going to take power in a major country. So all the executives at Davos wanted to talk to Zyuganov—the "beast of the backlash"—and find out what he was going to do with private property, the Russian budget and ruble-dollar convertibility. I interviewed Zyuganov at the time, and it was clear to me that *he didn't have a clue* what he was going to do. He seemed to be spending most of his time hiding from the Western business elites. Like other ideological backslashers against globalization, Zyuganov had more attitude than workable programs, more ideas about how to distribute income than about how to generate it.

Since then, though, the backlash against globalization has become

more apparent and widespread. Let there be no doubt, globalization has fostered a flowering of both wealth and technological innovation the likes of which the world has never before seen. But this sort of rapid change, as the previous chapters indicate, has challenged traditional business practices, social structures, cultural mores and environments and, as a result, has generated a substantial backlash—with one of its loudest and most visible manifestations coming at the World Trade Organization summit in Seattle in late 1999. This is not surprising. Markets generate both capital and chaos; the more powerful markets become as a result of globalization, the more widespread and diverse their disruptions.

Beyond this general sense of disruption and dislocation, the opponents of globalization resent it because they feel that as their countries have plugged into the globalization system, they have been forced into a Golden Straitjacket that is one-size-fits-all. Some don't like the strait-jacket because they feel economically pinched by it. Some worry that they don't have the knowledge, skills or resources to enlarge the strait-jacket and ever really get the gold out of it. Some don't like it because they resent the widening income gaps that the straitjacket produces or the way it squeezes jobs from higher-wage countries to lower-wage ones. Some don't like it because it opens them to all sorts of global cultural forces and influences that leave their kids feeling alienated from their own traditional olive trees. Some don't like it because it seems to put a higher priority on laws to promote free trade than it does on laws to protect turtles and dolphins, water and trees. Some don't like it because they feel they have no say in its design. And some don't like it because they feel that getting their countries up to the standards of DOScapital 6.0 is just too hard.

In other words, the backlash against globalization is a broad phenomenon that is fed by many different specific emotions and anxieties. This backlash expresses itself in different forms, through different characters in different countries. This chapter is about those different emotions, forms and characters, and how they have come together to create a whirlwind that—for the moment—is only buffeting the globalization system but one day might become strong enough to destabilize it if we don't take the serious backslashers seriously.

As I mentioned earlier, in the summer of 1998 I took a tour of Brazil with Conservation International, which had built an ecopark in the Atlantic Rain Forest in cooperation with people from the nearby town of Una, in an effort to help them create a tourist industry that might be able to spawn enough jobs for them to quit logging. Conservation International invited Dejour Birschner, the forty-eight-year-old mayor of Una, to show me around and to explain how all this was affecting his town. The mayor was a Paul Bunyan type, whose father and grandfather had been loggers, but now the environmentalists had basically put him out of business. As we walked through the rain forest, Mayor Birschner patted every other tree. He knew each tree species in the rain forest by its Brazilian name. I took an immediate liking to this Brazilian lumberjack. There was something very solid about him. After our walk, we sat on a picnic table on the edge of the Atlantic Rain Forest and talked about the challenges facing the mayor. The mayor explained to me that intellectually he understood that logging was not sustainable anymore. But as much as he knew this, he also knew that his little town was not prepared for life without logging. We talked for about thirty minutes, and when I was done interviewing the mayor, I thanked him and started to pack up my IBM ThinkPad laptop, when he said to me, "Now I want to ask you something."

"Please," I answered, "ask anything you like."

The mayor then looked me in the eye and said, "Do we have any future?"

His question hit me like a fist in the stomach. It almost brought tears to my eyes, looking across the table at this proud, sturdy man, a mayor no less, asking me if he and his villagers had any future. I knew exactly what he was asking in his question: "My villagers can't live off the forest anymore and we're not equipped to live off computers. My father and grandfather made a living off logs and my grandchildren might make a living off the Internet. But what are all the rest of us in between supposed to do?"

I cobbled together an answer, trying to explain in simple terms that he and his people did have a future, but they needed to start making a transition from an agro-economy to a more knowledge-based economy, beginning by better educating the town's children. The mayor listened, nodded his head, thanked me very politely and then got up to go to his car. As he was leaving, I pulled the interpreter aside and asked him if he could ask

the mayor, when they got to the mayor's car, what he thought of my answer.

A few minutes later, the interpreter returned. He reported back that the mayor just wanted to remind me of something he had alluded to in our interview: When he gets to the office every morning he has two hundred people waiting for him, asking for jobs, housing and food—not to mention out-of-work loggers threatening his life. If he can't provide them with jobs, housing and food, they will eat the rain forest—whether that's sustainable or not.

"He just wanted you to understand that," the interpreter said.

Mayor Birschner represents a whole generation of people around the world today who feel threatened by globalization because they fear that they just don't have the skill sets or the energy to make it into the Fast World. I call them them "the turtles." Why? Because high-tech entrepreneurs in Silicon Valley always like to compare their supercompetitive business to the story about the lion and the gazelle in the jungle. Every night the lion goes to sleep in the jungle knowing that in the morning, when the sun comes up, if it can't outrun the slowest gazelle, it will go hungry. Every night the gazelle goes to sleep in the jungle knowing that in the morning, when the sun comes up, if it can't outrun the fastest lion, it's going to be somebody's breakfast. But the one thing that the lion and the gazelle both know when they go to sleep is that in the morning, when the sun comes up, they had better start running.

And so it is with globalization.

Unfortunately, not everyone is equipped to run fast. There are a lot of turtles out there, desperately trying to avoid becoming roadkill. The turtles are all those people who got sucked into the Fast World when the walls came down, and for one reason or another now feel economically threatened or spurned by it. It is not because they all don't have jobs. It is because the jobs they have are being rapidly transformed, downsized, streamlined or made obsolete by globalization. And because this global competition is also forcing their governments to downsize and streamline at the same time, it means many of these turtles have no safety net to fall into.

In the Broadway musical *Ragtime*, there is a scene in which Henry Ford explains the genius of his assembly line. I always remember the

verses because they capture so well the world that was once safe for turtles—but is no more. The Broadway version of Henry Ford sings:

See my people? Well, here's my theory
Of what this country is moving toward:
Every worker a cog in motion.
Well, that's the notion of Henry Ford.
One man tightens and one man ratchets
And one man reaches to pull one cord.
Car keeps movin' in one direction.
A genuflection to Henry Ford!
(Speed up the belt, speed up the belt, Sam!)
Mass production will sweep the nation,
A simple notion the world's reward.
Even people who ain't too clever
Can learn to tighten a nut forever,
Attach one pedal or pull one lever . . .

Today, alas, people who ain't too clever can't learn to make microchips forever. Good jobs require many skills. I once did a story about how the U.S. Agency for International Development (AID), which usually works to provide job training and economic assistance to developing countries in Africa, was trying to use some of its techniques to help revitalize the inner-city slums of Baltimore. Or as the headline in the *Baltimore Sun* put it: "Baltimore To Try Third-World Remedies." One reason Baltimore had summoned AID was that its own turtles simply couldn't make it in the Fast World. One city official explained the problem succinctly: In the 1960s, she said, the biggest employer in Baltimore was Bethlehem Steel Corp. You could get a job at the steel plant with a high school education or less, make a decent living, buy a house, raise your kids and send them to college. It meant the American dream was open to turtles from even the most disadvantaged neighborhoods. Today the biggest employer in Baltimore is Johns Hopkins Medical Center. Unless you want to be a janitor, you can't even get a job interview at Johns Hopkins without a college degree. Turtles need not apply. And you certainly can't apply for a job there if you are one of the 150,000 Baltimore resi-

dents—out of 730,000—who are functionally illiterate. (Baltimore officials kept wondering why the urban poor were not taking fuller advantage of the well-funded social programs in the city, when they discovered that most of them couldn't read the signs. This was one reason they summoned AID: it had developed a whole series of cartoon characters and other visual devices to bypass illiteracy in Africa. "You want to know what the real irony is?" Dr. Peter Beilenson, Baltimore's Commissioner of Health, said to me when I came to interview him. "The company that develops these communications programs for AID is from Baltimore. Its office is about three blocks from here.")

As globalization progresses, replacing many manual repetitive jobs with machines and requiring more skills to do the jobs that are left, the number of good jobs available to turtles becomes fewer and fewer. A *Washington Post* story from June 1998, about the General Motors strike in Flint, Michigan, told the reader everything about the plight of turtles today. It read: "In the past 20 years, GM has cut employment in Flint to 35,000 workers from 76,000, and it says 11,000 more jobs could be eliminated over the next few years . . . Among its total U.S. workforce, GM has trimmed 297,000 hourly jobs over the past 20 years, cutting the overall number of jobs to 223,000 . . . Some of the jobs were moved to Canada and Mexico, where plants were either more efficient or less costly, *but the bulk of the people were simply replaced by machines* [italics mine]."

The same article quoted George Peterson, president of AutoPacific Inc., a California-based auto industry research and consulting firm, who said that in non-UAW plants in the United States—such as the Marysville, Ohio, factory of Honda Motor Co.'s U.S. subsidiary—workers have multiple skills and are capable of performing multiple tasks. This kind of versatility, he said, helps Honda cut production costs. "It's still possible to have a full-time job in this industry, *if you are willing to do more than one job* [my italics]," Peterson said, referring to the UAW's concerns over job security.

So not only do you need more skills than ever if you want to get a job in manufacturing today, but you need multiple skills to keep your job from going to a robot. This makes it very hard on the turtles.

Analysts have been wondering for a while now whether the turtles who are left behind by globalization, or most brutalized or offended by it, will develop an alternative ideology to liberal, free-market capitalism. As noted earlier, in the first era of globalization, when the world first experienced the creative destruction of global capitalism, the backlash eventually produced a whole new set of ideologies—communism, socialism, fascism—that promised to take the sting out of capitalism, particularly for the average working person. Now that these ideologies have been discredited, I doubt we will see a new coherent, universal ideological reaction to globalization—because I don't believe there is an ideology or program that can remove all of the brutality and destructiveness of capitalism and still produce steadily rising standards of living.

Another reason the backlash against globalization is unlikely to develop a coherent alternative ideology is because the backlash itself involves so many disparate groups—as evidenced by the coalition of protectionist labor unions, environmentalists, anti-sweatshop protestors, save-the-turtles activists, save-the-dolphins activists, anti-genetically altered food activists and even a group called “Alien Hand Signals,” who came together in December 1999 to protest globalization at the Seattle WTO summit. These disparate groups are bound by a common sense that a world so dominated by global corporations, and their concerns, can't help but be a profoundly unfair world, and one that is as hostile to the real interests of human beings as it is to turtles. But when it comes to actually identifying what the real interests of human beings are and how they should be protected, these groups are as different as their costumes. The auto workers, steelworkers and longshoremen, who were in Seattle to demand more protectionism, doubtlessly couldn't care much whether America allows imports of tuna caught in nets that also snare turtles. Indeed, I wouldn't want to be the turtle that gets in the way of one of those longshoremen offloading a boat in Seattle harbor. This makes the power of the backlash hard to predict, because while all the groups can agree that globalization is hurtful to them, they have no shared agenda, ideology or strategy for making it less so for all.

That's why I suspect that the human turtles, and many of those who simply hate the changes that globalization visits on cultures, environment or communities, are not going to bother with an alternative ideology. Their backlash will take a variety of different spasmodic forms. The

steelworkers will lobby Washington to put up walls against foreign steel. Others, such as the radical environmentalists who want to save the rain forest, will simply lash out at globalization and all its manifestations, without offering a sustainable economic alternative. Their only message will be: STOP.

As for the poorest human turtles in the developing world, those really left behind by globalization, they will express their backlash by simply eating the rain forest—each in their own way—without trying to explain it or justify it or wrap it in an ideological bow. In Indonesia, they will eat the Chinese merchants by ransacking their stores. In Russia, they will sell weapons to Iran or turn to crime. In Brazil, they will log the rest of the rain forest or join the peasant movement in the Brazilian countryside called “Sem Teto” (Without Roofs), who simply steal what they need. There are an estimated 3.5 million of them in Brazil—agricultural people without land, living in some 250 encampments around the country. Sometimes they live by the roads and just close the roads until they are paid or evicted, sometimes they invade supermarkets, rob banks or steal trucks. They have no flag, no manifesto. They have only their own unmet needs and aspirations. That's why what we have been seeing in many countries, instead of popular mass opposition to globalization, is wave after wave of crime—people just grabbing what they need, weaving their own social safety nets and not worrying about the theory or ideology.

But while this backlash may be a bit incoherent and only loosely connected, it is very real. It comes from the depth of people's souls and pocketbooks and therefore, if it achieves a critical mass, can influence politics in any country. Societies ignore it at their own peril.

In almost every country that has put on the Golden Straitjacket you have at least one populist party or major candidate who is campaigning all the time now against globalization. They offer various protectionist, populist solutions that they claim will produce the same standards of living, without having to either run so fast, trade so far or open the borders so wide. They all claim that by just putting up a few new walls here and there everything will be fine. They appeal to all the people who prefer their pasts to their future. In Russia, for instance, the communist members of the Duma continue to lead a backlash against globalization by telling the working classes and pensioners that in the days of the Soviet Union they may have had lousy jobs and been forced to wait in bread-

lines, but they always knew there would be a job and always knew there would be some bread they could afford at the head of the line. The strength of these populist, antiglobalization candidates depends to a large degree on the weakness of the economy in the country that they are in. Usually, the weaker the economy, the wider the following these simplistic solutions will attract.

But these antiglobalization populists don't only thrive in bad times. In 1998, a majority of the U.S. Congress refused to give the President authority to expand NAFTA to Chile—little Chile—on the argument that this would lead to a loss of American jobs. This wrongheaded view carried the day at a time when the American stock market was at a record high, American unemployment was at a record low and virtually every study showed that NAFTA had been a win-win-win arrangement for the United States, Canada and Mexico. Think of how stupid this was: The U.S. Congress appropriated \$18 billion to replenish the International Monetary Fund, so that it could do more bailouts of countries struggling with globalization, but the Congress would not accept expansion of the NAFTA free trade zone to Chile. What is the logic of that? It could only be: "We support aid, not trade."

It makes no sense, but the reason these arguments can resonate in good times as well as bad is that moments of rapid change like this breed enormous insecurity as well as enormous prosperity. They can breed in people a powerful sense that their lives are now controlled by forces they cannot see or touch. The globalization system is still too new for too many people, and involves too much change for too many people, for them to have confidence that even the good job they have will always be there. And this creates a lot of room for backlash demagogues with simplistic solutions. It also creates a powerful feeling in some people that we need to slow this world down, put back some walls or some sand in the gears—not so I can get off, but so I can stay on.

And don't kid yourself, the backlash is not just an outburst from the almost downtrodden. Like all revolutions, globalization involves a shift in power from one group to another. In most countries it involves a power shift from the state and its bureaucrats to the private sector and entrepreneurs. As this happens, all those who derived their status from

positions in the bureaucracy, or from their ties to it, or from their place in a highly regulated and protected economic system, can become losers—if they can't make the transition to the Fast World. This includes industrialists and cronies who were anointed with import or export monopolies by their government, business owners who were protected by the government through high import tariffs on the products they made, big labor unions who got used to each year winning fewer work hours with more pay in constantly protected markets, workers in state-owned factories who got paid whether the factory made a profit or not, the unemployed in welfare states who enjoyed relatively generous benefits and health care no matter what, and all those who depended on the largesse of the state to protect them from the global market and free them from its most demanding aspects.

This explains why, in some countries, the strongest backlash against globalization comes not just from the poorest segments of the population and the turtles, but rather from the "used-to-bes" in the middle and lower-middle classes, who found a great deal of security in the protected communist, socialist and welfare systems. As they have seen the walls of protection around them coming down, as they have seen the rigged games in which they flourished folded up and the safety nets under them shrink, many have become mighty unhappy. And unlike the turtles, these downwardly mobile groups have the political clout to organize against globalization. The AFL-CIO labor union federation has become probably the most powerful political force against globalization in the United States. Labor unions covertly funded a lot of the advertising on behalf of the demonstrations in Seattle to encourage grass-roots opposition to free trade.

One of my first tastes of this middle-class backlash against globalization came by accident when I was in Beijing talking to Wang Jisi, who heads the North America desk at the Chinese Academy of Social Sciences. We drifted from talking about America to talking about his own life in a China that was rapidly moving toward the free market, which many Chinese both welcome and fear. "The market mechanism is coming to China, but the question is how to impose it," said Wang. "I depend on my work unit for my housing. If all the housing goes to a free-market system, I might lose my housing. I am not a conservative, but when it comes to practical issues like this, people can become conservatives if they are just thrown onto the market after being accustomed to being

taken care of. My driver complained to me the other day that when he was younger he contributed all his energy and everything he had to Maoism and to 'Socialist Construction.' But now he is forty-five or fifty and suddenly he is asked to go into the market. 'Is it fair,' he is asking of the government, 'that I devoted myself to whatever you asked of me for decades and now suddenly you forget me, you push me into the market when I get older? It is not fair. I have done nothing wrong. I have always followed your instructions, dear government, but now your instructions are to forget about the government.' [This driver] enjoys working here with us. He does not want to become a taxi driver and lose all his benefits. He does not want to go into the market."

You don't have to have been a communist worker bee to feel this way. Peter Schwartz, chairman of the Global Business Network, a consulting firm, once told me about a conversation he had before being interviewed in London for an economics program on the BBC: "The British reporter for the show, while escorting me to the interview, was asking me about some of my core ideas. I alluded to the idea that Britain was a good example of the takeoff of the entrepreneurial economy—particularly compared to the rest of Europe—and that the best indicator of the difference was the difference in unemployment in the U.K. and continental Europe. At that point he said to me: 'Isn't that terrible? Unemployment benefits are now so low in Britain it isn't worth staying on the dole anymore and people have to go to work.'"

Schwartz then added: "There are people who see this transformation [to globalization] as a big loss, not a gain. They are losing not just a benefit but something they perceived as a right—the notion that modern industrial societies are so wealthy that it is the right of people to receive generous unemployment insurance."

If you want to see this war between the protected and the globalizers at its sharpest today, go to the Arab world. In 1996, Egypt was scheduled to host the Middle East Economic Summit, which was to bring together Western, Asian, Arab and Israeli business executives. The Egyptian bureaucracy fought bitterly against holding the summit. In part, this was politically inspired by those in Egypt who did not feel Israel had done enough vis-à-vis the Palestinians to really merit normalization. But in part it was because the Egyptian bureaucrats, who had dominated the Egyptian economy ever since Nasser nationalized all the big commercial

institutions in the 1960s, intuitively understood that this summit could be the first step in their losing power to the private sector, which was already being given the chance to purchase various state-owned enterprises and could eventually get its hands on the state-controlled media. The Islamic opposition newspaper *al-Shaab* denounced the economic summit as "the Conference of Shame." For the first time, though, the Egyptian private sector got itself organized into power lobbies—the American-Egypt Chamber of Commerce, the President's Council of Egyptian business leaders and the Egypt Businessmen's Association—and tugged President Mubarak the other way, saying that hosting a summit with hundreds of investors from around the world was essential to produce jobs for an Egyptian workforce growing by 400,000 new entrants each year. President Mubarak went back and forth, finally siding with the private sector and agreeing to host the summit, and bluntly declaring in his opening speech: "This year Egypt joined the global economy. It will live by its rules." But the Egyptian bureaucracy, which does not want to cede any power to the private sector, is still fighting that move, and every time there is a downturn in the global economy, such as the Asian collapse in 1998, the Egyptian bureaucrats go to Mubarak and say, "See, we told you so. We need to slow down, put up some new walls, otherwise what happened to Brazil will happen to us."

For a long time, I thought that this Egyptian reluctance to really plug into the globalization system was rooted simply in the ignorance of bureaucrats, and a total lack of vision from the top. But then I had an eye-opening experience. I did an author's tour of Egypt in early 2000, meeting with students at Cairo University, journalists at Egyptian newspapers and business leaders in Cairo and Alexandria to talk about the Arabic edition of this book.

Two images stood out from this trip. The first was riding the train from Cairo to Alexandria in a car full of middle- and upper-class Egyptians. So many of them had cell phones that kept ringing with different piercing melodies during the two-hour trip that at one point I felt like getting up, taking out a baton and conducting a cell-phone symphony. I was so rattled from ringing phones, I couldn't wait to get off the train. Yet, while all these phones were chirping inside the train, outside we were passing along the Nile, where barefoot Egyptian villagers were tilling their fields with the same tools and water buffalo that their ancestors used

in Pharaoh's day. I couldn't imagine a wider technology gap within one country. Inside the train it was A.D. 2000, outside it was 2000 B.C.

The other image was visiting Yousef Boutrous-Ghali, Egypt's M.I.T.-trained minister of economy. When I arrived at his building the elevator operator, an Egyptian peasant, was waiting for me at the elevator, which he operated with a key. Before he turned it on, though, to take me up to the minister's office, he whispered the Koranic verse "In the name of God, the Merciful, the Compassionate." To a Westerner, it is unnerving to hear your elevator operator utter a prayer before he closes the door, but for him this was a cultural habit, rooted deep in his tradition. Again, the contrast: Mr. Boutrous-Ghali is the most creative, high-tech driver of globalization in Egypt, but his elevator man says a prayer before taking you up to his office.

These scenes captured for me the real tension at the heart of Egypt: while its small, cell-phone-armed, globalizing elites were definitely pushing to get online and onto the global economic train, most others feared they would be left behind or lose their identity trying to catch it. Indeed I was struck, after a week of discussing both the costs and benefits of globalization, how most Egyptians, including many intellectuals, could see only the costs. The more I explained globalization, the more they expressed unease about it. It eventually struck me that I was encountering what anthropologists call "systematic misunderstanding." Systematic misunderstanding arises when your framework and the other person's framework are so fundamentally different that it cannot be corrected by providing more information.

The Egyptians' unease about globalization is rooted partly in a justifiable fear that they still lack the technological base to compete. But it's also rooted in something cultural—and not just the professor at Cairo University asked me: "Does globalization mean we all have to become Americans?" The unease goes deeper, and you won't understand the backlash against globalization in traditional societies unless you understand it. Many Americans can easily identify with modernization, technology and the Internet because one of the most important things these do is increase individual choices. At their best, they empower and emancipate the individual. But for traditional societies, such as Egypt's, the collective, the group, is much more important than the individual, and empowering the individual is equated with dividing the society. So

"globalizing" for them not only means being forced to eat more Big Macs, it means changing the relationship of the individual to his state and community in a way that they feel is socially disintegrating.

"Does globalization mean we just leave the poor to fend for themselves?" one educated Egyptian woman asked me. "How do we privatize when we have no safety nets?" asked a professor. When the government here says it is "privatizing" an industry, the instinctive reaction of Egyptians is that something is being "stolen" from the state, said a senior Egyptian official.

After enough such conversations I realized that most Egyptians—understandably—were approaching globalization out of a combination of despair and necessity, not out of any sense of opportunity. Globalization meant adapting to a threat coming from the outside, not increasing their own freedoms. I also realized that their previous ideologies—Arab nationalism, socialism, fascism or communism—while they may have made no economic sense, had a certain inspirational power. But globalism totally lacks this. When you tell a traditional society it has to streamline, downsize and get with the Internet, it is a challenge that is devoid of any redemptive or inspirational force. And that is why, for all of globalization's obvious power to elevate living standards, it is going to be a tough, tough sell to all those millions who still say a prayer before they ride the elevator.

This tug-of-war is now going on all over the Arab world today, from Morocco to Kuwait. As one senior Arab finance official described this globalization struggle in his country: "Sometimes I feel like I am part of the Freemasons or some secret society, because I am looking at the world so differently from many of the people around me. There is a huge chasm between the language and vocabulary I have and them. It is not that I have failed to convince them. I often can't even communicate with them, they are so far away from this global outlook. So for me, when I am pushing a policy issue related to globalization, the question always becomes how many people can I rally to this new concept and can I create a critical mass to effect a transition? If you can get enough of your people in the right places, you can push the system along. But it's hard. On so many days I feel like I have people coming to me and saying, 'We really need to repaint the room.' And I'm saying, 'No, we really need to rebuild the whole building on a new foundation.' So their whole dialogue

with you is about what color paint to use, and all you can see in your head is the whole new architecture that needs to be done and the new foundations that need to be laid. We can worry about the color of paint later! Brazil, Mexico, Argentina, they now have that critical mass of people and officials who can see this world. But most developing countries are not there yet, which is why their transition is still so uncertain."

In Morocco, the government is privatizing simply by selling many state-owned enterprises to the same small economic clique tied to the royal palace that once dominated the state monopolies. This is why 3 percent of Morocco's population controls 85 percent of the country's wealth. Morocco's universities, which uniquely combine the worst of the socialist and French education systems, each year turn out so many graduates who cannot find jobs, and have no entrepreneurial or technical skills suited for today's information economy, that Morocco now has a "Union of Unemployed University Graduates."

As more countries have plugged into the globalization system and the Fast World, still another new backlash group has started to form—the wounded gazelles. This group comprises people who feel they have tried globalization, who have gotten hammered by the system, and who, instead of getting up, dusting themselves off and doing whatever it takes to get back into the Fast World are now trying artificially to shut it out or get the rules of the whole system changed. The poster boy for this group is Malaysia's Prime Minister Mahathir. Hell hath no wrath like a globalizer burned. On October 25, 1997, in the midst of the Asian economic meltdown, Mahathir told the Edinburgh Commonwealth Summit that the global economy—which had poured billions of dollars of investments into Malaysia, without which its spectacular growth would never have been possible—had become "anarchic."

"This is an unfair world," Mahathir fumed. "Many of us have struggled hard and even shed blood in order to be independent. When borders are down and the world becomes a single entity, independence can become meaningless."

Not surprisingly, in 1998 Mahathir was the first Asian globalizer to impose capital controls in an effort to halt the wild speculative swings in his own currency and stock market. When Singapore's Minister for

Information, George Yeo, described Mahathir's move at the time, he said, "Malaysia has retreated to a lagoon and is trying to anchor its boats, but the strategy is not without risk."

Indeed it is not. If you think you can retreat permanently into an artificially constructed third space, and enjoy all the rising living standards of the Fast World without any of the pressures, you are really fooling yourself and your people. Nevertheless, Mahathir's retreat, which proved to be only temporary, was received with a certain amount of sympathy in the developing world—although it was not copied by anyone. As we enter this second decade of globalization, there is an increasing awareness among those countries that have resisted the Golden Straitjacket and the Fast World that they cannot go on resisting. And they know that a strategy of retreat will not produce growth over the long run. For several years I would meet Emad El-Din Adeeb, editor of the Egyptian journal *Al Alam Al Youm*, at different World Bank meetings and other settings, and for several years he would express to me strong reservations about Egypt joining this globalization system. When I saw him in 1999, at the Davos Forum, he said to me, "O.K., I understand we need to get prepared for this globalization and that is partly our responsibility. There is a train that is leaving and we should have known this and done our homework. But now you should slow the train down a bit and give us a chance to jump on."

I didn't have the heart to tell him that I had just come from a press lunch with Bill Gates. All the reporters there kept asking him, "Mr. Gates, these Internet stocks, they're a bubble, right? Surely, they're a bubble. They must be a bubble?" Finally, an exasperated Gates said to the reporters: Look, of course they're a bubble, but you're all missing the point. This bubble is going to attract so much new capital to this Internet industry that it is going to drive innovation "faster and faster." So there I was: in the morning listening to Bill Gates telling me that the Fast World was about to get even faster and in the afternoon listening to Adeeb tell me he wanted to hop on but could someone just slow it down a bit.

I wish we could slow this globalization train down, I told Adeeb, but there's no one at the controls.

I was once having coffee at the Internet cafe in Amman, Jordan, which is called Books@Cafe and is just down the street from the incredibly

well-preserved ruins of one of the great Roman amphitheaters in the Middle East. I visited there in September 1997, and the owner, Madian al-Jazerah, stopped by my table to introduce himself. He insisted that I have a piece of banana cream pie on the house. Why banana cream pie? I asked. Well, he explained, it was made by the wife of the Israeli deputy ambassador in Amman.

"Let me get this straight," I said, "the banana cream pie at the Internet cafe in Amman is made by the wife of the Israeli deputy ambassador! That's great. I love it."

Well, it wasn't so great for everyone, he explained. When the Islamic fundamentalists in Amman found out that the banana cream pie at the Internet cafe in Amman was made by the wife of an Israeli diplomat, they called for a boycott of the Internet cafe until it removed the pie from the menu. "And they called for the boycott on the local Internet," the owner said. (Obviously, the boycott failed and the pie is still on the menu!)

The anti-Israeli-made banana cream pie fundamentalists represent still another backlash against globalization. It is the backlash of all those millions of people who detest the way globalization homogenizes people, puts Israeli-made banana cream pie in the face of a Jordanian Muslim, brings strangers into your home with strange ways, erases the distinctiveness of cultures and mercilessly uproots the olive trees that locate and anchor you in the world. Many people obviously are ready either to abandon a lot of their local culture in favor of an Americanized-globalized consumer culture or to juggle the two together in their lives, clothes, eating habits and outlook. And people's capacity for juggling these sorts of things should never be underestimated. If people weren't such good jugglers, McDonald's and Disney would not enjoy such worldwide popularity. But some people are not into juggling. In fact, they are ready to go to war to protect their local culture from the global. Their war cry is: "I don't want to be global. I want to be local." For globalizers, hierarchy is about those who are most connected. For fundamentalists, hierarchy is about those who are most disconnected—from anything but their one source of truth.

Where this cultural backlash becomes the most politically destabilizing is when it gets married to one of the other backlashes—when groups that are economically aggrieved by globalization merge with those who

are culturally aggrieved. This phenomenon is most apparent in the Middle East, where fundamentalists of many stripes have become highly adept at weaving the cultural, political and economic backlashes against globalization into one flag and one broad political movement that seeks to take power and pull down a veil against the world. The first flag of the Algerian opposition was an empty sack used to hold couscous, the popular North African grain, which symbolized the frustration of Algerian workers, and particularly young people, at not having any work. Slowly, though, those carrying that empty couscous sack made common cause with Islamic fundamentalists opposed to the Westernizing, secularizing ways of the Algerian regime, and together they produced a powerful backlash, under the green Islamic fundamentalist flag, against those in Algeria who wanted to link the country to the globalization system.

Benjamin Netanyahu's election to Prime Minister of Israel in 1996 was partly a political backlash against the problems of the Oslo peace accords, but it was also a cultural backlash against the globalization and integration implicit in Israel's peacemaking with the Arabs. Israeli religious scholar Moshe Halbertal once remarked to me that Shimon Peres's vision that his grandchildren and Yasser Arafat's grandchildren "would all make microchips together" was something fundamentally threatening to many religious Jews in Israel. They feared that if the ghetto walls fell around Israel and Israel assimilated into the Middle East—the same way American Jews assimilated into America—it would not be good for Judaism. They worried at some level that "Peace Now" and "Jewish Now" could not really coexist—particularly when peace seemed to mean more globalization, more integration, more Blockbuster Video, more smut-ridden cable stations and Pizza Huts. Hence the signs that appeared in ultra-Orthodox neighborhoods on the eve of Netanyahu's 1996 election: "Vote for Bibi. He's good for the Jews." In Israel too, though, the cultural backlash against globalization has merged with the economic and political one. In the wake of the peace agreement with Jordan, Israeli textile manufacturers began doing the logical thing, which was moving their low-skilled textile jobs from Israeli development towns, such as Kiryat Gat, across the river to Jordan, where wages are a fraction of what they are in Israel. Suddenly, Israeli textile workers, who are not ready for the Intel factory that is also being built in Israel, find their jobs going to Jordan—a place where their jobs could never have moved without peace

and globalization. The workers in Kiryat Gat worry that "Peace Now" and "Jobs Now" won't go together, and, since many of them are Oriental Jews, they react by throwing their political support to Shas, the ultra-Orthodox Sephardi party, which is opposed to globalization on religious-cultural grounds and is mostly interested in "Messiah Now." So Messiah Now, Jewish Now and Jobs Now all get merged together into one protest movement that is hostile to globalization.

To be sure, there is nothing wrong with trying to anchor your society on a foundation of religious and traditional values. These are important olive trees that anchor a society. Not everyone advocating such values is somehow engaged in violent fundamentalism. But when this fundamentalism is driven not by real spirituality but by a backlash against globalization it often lapses into sectarianism, violence and exclusivity. And the more noninclusive you become, the less networked you are, the more you will fall behind, and the more you fall behind, the more you will want to retreat and reject the outside world with more exclusivity.

But you don't have to be a Muslim or Jewish fundamentalist to want to join the backlash against globalization because of how it can make you feel like a stranger in your own backyard. This is a universal phenomenon. I was touring Asia when the Australians held their 1996 national election and was struck by how much of their campaign revolved around biscuits and bathing suits. Yes, the issue in Australia was this: John Howard, who was then head of Australia's Conservative Party, claimed that Paul Keating's ruling Labour Party, in its zeal to have Australia integrate with the global economy and become more open to foreign investment, had created a situation in which Australia's most cherished companies were being bought up by global corporations based abroad and owned by foreigners. Howard charged that Australians were losing their national icons, indeed their very sovereignty and identity, to the global marketplace, even though they were improving their economy. In particular, he pointed to the fact that Arnott's Biscuits, which every Australian schoolchild grew up with, had been sold to a U.S. company (Campbell's Soup, no less!), which would probably start tampering with its recipe for Iced Vo-vos—Australia's most famous cookie, made of marshmallows and coconut. The same was true, Howard said, of Australia's famous Speedo bathing suits, which, he complained, had been sold to a U.S. firm. What happened to Iced Vo-vos and Speedo bathing

suits actually became a hot topic of one of the election debates. And these olive-tree-hugging arguments helped Howard defeat the Lexus-loving Keating in a landslide.

A year later I was riding through the farmland of Indiana in the spring of 1997 on my way to Purdue University, being driven by a very thoughtful Purdue history professor, John Larson. As we got near Lafayette, I saw a huge factory looming on the horizon. "What is that?" I asked. "It's the Subaru factory," Professor Larson explained as we got closer. Then he added that this Subaru factory was Indiana's "first experience as a Third World country."

"How so?" I asked.

"For the generation, like mine, that grew up in the 1950s, it was America that was doing all the outreaching," said Larson. "We did all the globalizing. But when the Japanese car people were looking for a site for the Subaru factory, they came in here the way Americans go into India, asking all these questions: 'Can we have what we want? Do we trust you people? Do you have a stable workforce? What is the education level here? Will we get tax breaks?' The community leaders here were eager for the investment, but some people asked: 'Who are these Japanese to ask about our schools?'"

Once the Subaru people decided to put their factory in Lafayette, someone suggested that they rename the highway that ran in front of the factory something like "Subaru Highway," in honor of this company that was coming in and bringing all these jobs. "But then the local VFW heard about it and they raised a huge fuss," explained Larson. "They said you can't rename that highway. Don't you know what its name stands for?" The highway was already called Bataan Highway—named in honor of the peninsula in the Philippines where thousands of Americans died on a death march after being captured by the Japanese in April 1942.

"The Subaru people were very sensitive and said that by all means we shouldn't rename the Bataan Highway 'Subaru Highway,'" said Professor Larson. "Since then, people have gotten quite used to the Japanese and they have been well accepted. Japanese managers rotate in and out of here with their families. Their kids go to the local schools—except on Saturday when the Japanese kids also go to their own schools to keep up with their language and because they don't think our math training is rigorous enough."