The Impact of Terrorism on Globalization and Vice-Versa

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I. Introduction

In his letter confirming my participation, Dean Attanasio stated, "This conference, entitled 'Terrorism's Burdens on Globalization,' posits that terrorism poses a systemic threat to globalization." I agree with this postulate, but would suggest that terrorism—especially the "catastrophic terrorism" that occurred on September 11, 2001—may so "concentrate the mind wonderfully" that we will finally give the problem of terrorism the kind of attention it deserves as well as explore in greater depth the benefits and costs of globalization.

The title of this article sets forth its basic theme: terrorism and globalization are locked in a symbiotic relationship. Globalization has contributed greatly to the increased threat that terrorism now poses, and part of this threat is the negative impact that terrorism may have on globalization. On the other hand, globalization, if developed along sensible, policy serving lines, may lead the way to more effective steps towards combating terrorism.

This article first discusses globalization and the impact it has had on the threat of terrorism, especially as demonstrated by the events of September 11. It turns next to the response of the United States and the rest of the world community to these events and the impact (both negative and positive) it has had on globalization. Lastly, the article considers the role that a sensible process of globalization might play in combating the threat of terrorism.

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1. Letter from John B. Attanasio, Dean and William Hawley Atwell Professor of Constitutional Law, Southern Methodist University Dedman School of Law, to John F. Murphy, Professor of Law, Villanova University (Dec. 21, 2001) (on file with author).

2. This paraphrases, of course, the famous quote from Samuel Johnson, "Depend upon it, Sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully." RESPECTFULLY QUOTED: A DICTIONARY OF QUOTATIONS REQUESTED FROM THE CONGRESSIONAL RESEARCH SERVICE 74 (Suzy Platt ed., 1989).

3. For allegations that prior to September 11, the threat of terrorism was not receiving the kind of attention it deserved, see Dick Morris, Correction, While Clinton Fiddled, WALL ST. J., Feb. 5, 2002, at A18.
II. Globalization's Contribution to the Threat of Terrorism

As an initial matter, it should be noted that both “globalization” and “terrorism” pose definitional difficulties. Although there are many definitions of terrorism, there is no worldwide agreement on an official definition. For present purposes, the definitions employed by the U.S. Government for statistical and analytical purposes should suffice:

(1) the term ‘international terrorism’ means terrorism involving citizens or the territory of more than 1 country;
(2) the term ‘terrorism’ means premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents; and
(3) the term ‘terrorist group’ means any group practicing, or which has significant subgroups which practice, international terrorism.

For its part, globalization has been the subject of considerable and growing literature that reflects a great variety of approaches to the topic. Dean Attanasio has suggested, “At bottom, globalization involves the free movement of people, goods, information, and capital.” One might add to this list, at minimum, new, virulent and lethal strains of bacteria and viruses; environmental pollution; and political, economic, social, and cultural ideas.

According to Joseph S. Nye, Jr., globalization is “the growth of worldwide networks of interdependence.” Nye notes that globalization is “virtually as old as human history,” but suggests that today’s version is new in that “the networks are thicker and more complex, involving people from more regions and social classes.” Moreover, as British sociologist Anthony Giddens has observed, “[G]lobalisation is not just the dominance of the West over the rest; it affects the United States as it does other countries.” The most salient example of terrorism “affecting” the United States is, of course, the attacks of September 11.

In his perceptive study, Nye notes that the end of the Cold War resulted in “military deglobalization—that is, distant disputes between the superpowers became less relevant to the balance of power.” But, he suggests, over the last several decades, there has been a substantial increase in “social globalization,” i.e., the spread of peoples, cultures, images, and ideas, and this has resulted in “new dimensions of military globalism: humanitarian intervention and terrorism.” Humanitarian concerns, interacting with global communications, led to pressure for military interventions in places such as Somalia, Bosnia, and Kosovo. And fundamentalist reactions to modern culture interacted with technology to create new options for terrorism and for asymmetrical warfare.

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7. Letter from John B. Attanasio to John F. Murphy, supra note 1.
9. Id.
10. Giddens, supra note 6, at 22.
11. Nye, supra note 8, at 86.
12. Id. at 86-87.
13. Id.
14. Id.
Perhaps the most salient example of social globalization resulting in terrorist military globalization is the worldwide expansion of the al Qaeda network, said to operate in more than sixty countries. These “worldwide networks of interdependence” included “an amalgam of private enterprises, corporate shells and charities that are structured like a financial archipelago with connections hidden beneath the surface.” At a time when state sponsorship for terrorism was in decline, Mr. bin Laden undertook a privatization of terror, creating a far more diffuse network than any faced in the past. And this diffuse network has been useful to al Qaeda in many ways besides the financing of its activities. In particular, it has created a large population of people who, although themselves not willing to engage in terrorist acts, have considerable sympathy with bin Laden’s fundamentalist rhetoric and are willing to lend him and his colleagues various kinds of support, including, for example, the provision of safe houses for al Qaeda operatives, ideological assistance in the form of supportive broadcasts or newspaper articles, forgery of key travel documents such as passports and visas, provisions of transportation, and various forms of tacit support, in the form of failure to warn of an attack or of refusal to cooperate with intelligence and police officers.

Al Qaeda’s network has also been supported and strengthened by the failure of many Arab-Muslim states to deal effectively with the conditions within their own countries that gave rise to Islamic fundamentalism. Thomas L. Friedman, the New York Times foreign affairs columnist, has written widely and well on this problem. According to Friedman:

Many Arab-Muslim states today share the same rigid political structure. Think of it as two islands: one island is occupied by the secular autocratic regimes and the business class around them. On the other island are the mullahs, imams and religious authorities who dominate Islamic practice and education, which is still based largely on traditional Koranic interpretations that are not embracing of modernity, pluralism or the equality of women. The governing bargain is that the regimes get to stay in power forever and the mullahs get a monopoly on religious practice and education forever.

Bin Laden’s challenge was an attempt by the extreme Islamists to break out of their island and seize control of the secular state island. The states responded by crushing or expelling the Islamists, but without ever trying to reform the Islamic schools—called madrasas—or the political conditions that keep producing angry Islamist waves. So the deadly circle that produced bin Ladenism—poverty, dictatorship and religious anti-modernism, each reinforcing the other—just gets perpetuated.

The spread of technology through globalization, many have noted, has greatly empowered less powerful actors, such as al Qaeda and a variety of other terrorist groups. Although the al Qaeda hijackers used the long-standing technology of civil aviation to carry out their attacks on September 11, there is increasing concern that terrorists in the future will carry out so-called “catastrophic terrorism” through the use of weapons of mass destruction—nuclear, chemical or biological. This threat is compounded by the risk that nuclear, chemical and biological weapons may spread throughout the world, aided by globalization.

17. Id.
19. See U.S. COMM’N ON NATIONAL SECURITY/ 21ST CENTURY, ROADMAP FOR NATIONAL SECURITY: IMPER-
III. The Impact of September 11 on Globalization

Others at this conference are addressing the impact of September 11 on the economic dimensions of globalization—trade, finance, and investments. There is no doubt, of course, that September 11 has had a highly negative impact. It is worth noting, however, that the process of economic decline began long before September 11. Indeed, 2000 may have been, in economic terms, globalization’s best year.20 For example, the value of world merchandise exports exploded by more than 12 percent in 2000, and trade in services expanded by 6.1 percent.21 Both were more than triple the previous year’s growth rate.22 For its part, foreign direct investment increased spectacularly in 2000, growing from $1.08 trillion in 1999 to $1.27 trillion in 2000, compared with only $203 billion in 1990, due, in substantial part, to extensive merger and acquisitions activity by multinational firms.23 This strong global economic activity and various events associated with the millennium also precipitated the most expansive growth in global tourism in at least a decade, and the number of Internet hosts (computers that allow users to communicate with one another along the Internet) grew by 44 percent in 2000.24 “In short, levels of global integration reached new highs in 2000, capping a decade of dramatic expansion in global economic flows and political engagement as well as the increased mobility of people, information, and ideas.”25

However, in the spring of 2000, the tech bubble burst, precipitating a free fall in stock markets worldwide. The United States, Japan, and Europe confronted simultaneous economic slumps for the first time since the 1970s’ oil shock days. Argentina faced the prospect of defaulting on its debts, and Turkey experienced its worst economic crisis in decades, with the value of its currency falling 50 percent.26 At this point in time we are still attempting to calculate the economic impact of September 11 and to assess its short- and long-term impact on globalization. As many have noted, the history of the early twentieth century clearly demonstrates that globalization is reversible. In 1914, it was derailed by war and in the 1930s it suffered a coup de gras by misguided economic policy that exacerbated the worldwide depression. As The Economist has recently noted, “This time, global integration might stall if the risk and cost of doing business abroad rises (perhaps as a consequence of heightened fears about security), or if governments once more turn their backs on open trade and capital flows.”27

There is clearly evidence that the costs of doing business abroad are increasing. For example, commercial insurance premiums for American firms are estimated to rise from $148 billion in 2000 to between $210 billion and $240 billion in 2002.28 According to the

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21. Id. at 42.
22. Id.
23. Id.
24. Id. at 42–43.
25. Id. at 43.
26. Id. at 38.
28. Id.
World Bank, airfreight costs have risen about 15 percent since September 11.29 But, as The Economist points out, most of the goods involved in international trade are sent by sea, and have so far been little affected.30 Reportedly, a recent study has concluded that there has been no discernible increase in shipping costs for American imports since September 11.31 Although this could change if new security measures, such as electronic seals on all containers, are adopted, to date the war on terrorism appears to have had a relatively small impact on the shipment of goods.32

Moreover, so far, neither governments nor private companies have turned their back on open trade and capital flows. To the contrary, since September 11, policy makers have generally been moving toward freer trade. In Doha, Qatar, 142 nations agreed in November 2001, to begin a new round of trade talks to lower trade barriers—an agreement that came about at least in part because of concern over the impact of September 11 on trade flows—and the U.S. House of Representatives voted on December 6, 2001, to grant President George W. Bush “fast track” or “trade promotion authority” to negotiate trade deals that lawmakers can approve or disapprove but can’t amend.33 One of the arguments that prevailed in the House was that trade promotion authority was necessary as a measure in the war against terrorism.34

For their part, U.S. multinational companies have reportedly become more committed to international expansion after September 11 than they were before.35 Similarly, a recent survey by the United Nations reportedly found that 70 percent of businesses surveyed expected investment and employment in their foreign operations to rise over the next three years.36

As for capital flows—bank loans, bonds and cross-border investment in shares—it appears at first glance that September 11 may have had a more significant impact on them than on trade and foreign direct investment. In an analysis published at the end of January 2002, the Institute for International Finance, a group that represents financial institutions, reportedly found that the twenty-nine biggest emerging economies had a net outflow of more than $30 billion in financial flows in 2001.37 This comes, however, at the end of a period in which emerging markets have endured a number of crises, including the “Asian contagion” of 1997, the Russian debt default of 1998, and most recently the severe problems in Argentina and Turkey.38 Over the past four years, emerging markets have received a mere $19 billion in capital flow, compared to the $655 billion they received between 1994 and 1997.39

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29. Id.
30. Id.
31. Id. (referring to a study by Craig Van Grasstek, a Washington-based trade expert).
35. Hilsenrath, supra note 34 (according to a PricewaterhouseCoopers survey of 171 business executives at large U.S. multinationals in November 2001). Of those surveyed in November, 27% planned some form of geographic expansion during the year ahead, compared to 19% before the attacks. Id.
36. Is it at Risk?, supra note 27, at 66.
37. Id.
38. Id.
39. Id.
On the other hand, as *The Economist* has pointed out, "the contagion that worsened previous emerging-market crises, particularly after Russia's default in 1998, has not reappeared." Moreover, *The Economist* continues,

perhaps, the market for emerging-market bonds has matured: hit by a series of crises, investors have become reluctant to pour their money into any old emerging economy, and are getting better at distinguishing between good and bad risks. The result is a smaller market, which is far from 'global': only a handful of countries now have access to international financial flows. But it is also a safer one.

*The Economist*'s comment should remind us, as we have already noted, that globalization is a mixed blessing. September 11 has, at a minimum, concentrated our minds wonderfully on the spread of terrorist networks and has led to a variety of measures to deal with this problem. To the extent that these measures are successful, they greatly increase the chances that the good kinds of globalization will resume: trade, foreign direct investment, capital flows, etc.

We need to make greater efforts, however, to distinguish between the beneficial and the harmful dimensions of globalization. Some harmful dimensions are easy to identify: the spread of terrorist networks, disease, and environmental pollution; but what about free trade, capital movements and foreign direct investment? Here the debate currently rages, as the "battle in Seattle" and other protests demonstrate. Debates arise over issues such as the so-called "digital divide," inequality between and within nations, and the effect of trade on the environment and on workers' wages. A discussion of these and related issues is beyond the scope of this essay, but it is worth noting that they are now definitely on the world's agenda, as illustrated by the recently concluded World Economic Forum, held this year in New York City rather than in Davos, Switzerland.

Moreover, even if one is convinced of the benefits of free trade and globalization, it is useful to keep a comment on a different subject by Mahatma Gandhi in mind. When asked what he thought of Western Civilization, Gandhi replied that he "thought it would be a good idea." Similarly, it would be a good idea if more countries, especially from the developing world, were able to enjoy the benefits of free trade and globalization. *The Economist* has aptly summarized the problem:

Measured either in terms of trade or direct investment, integration has been highly uneven. A few developing countries have managed to increase their trade a lot. They are the same countries that have attracted the lion's share of foreign direct investment. And they have also seen the benefits of openness. A recent study by the World Bank showed that 24 countries, home to 3 billion people, and including China, Argentina, Brazil, India and the Philippines, have substantially increased their trade-to-GDP ratios over the past 20 years. These are the low-income "globalisers." On average, their growth rates have improved as well. GDP per head in these economies grew by an average of 5% a year during the 1990s (compared with 2% in rich countries) and their poverty rates declined.

However, another 2 billion people live in countries that have become less rather than more globalised. In these countries—including Pakistan and much of Africa—trade has diminished in relation to national income, economic growth has been stagnant, and poverty has risen. Ac-

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40. *Id.*
41. *Id.*

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cording to the World Bank, income per head in these "non-globalising" countries fell, on average, by 1% a year during the 1990s.

In short, globalisation is not, and never was, global. Much of the world, home to one-third of its people and including large tracks of Africa and many Muslim countries, has simply failed to participate. The shocks of 2001 now risk worsening this long-standing marginalisation. The global recession hit the prices of commodities from oil to cocoa—and it is commodities that still dominate the non-globalising countries' exports. Many of these countries also rely heavily on tourism—an industry hit especially hard since September 11th. Moreover, any rise in transport costs may harm such countries most.42

In a similar fashion, many of the developing countries have been excluded from the benefits of "free trade," and have instead been subject to the restrictions of "fair trade." More than 70 percent of the exports of the poorest developing countries consist of farm goods and textiles,43 yet these are the products that have been subject to the most severe import restrictions by the developed countries. The poorest developing countries have also had to contend with the heavy subsidies that both the European Union and the United States provide their farmers. The launch of the new trade round in Doha promised relief from the protectionist measures of the developed countries for the developing countries, but there are already signs that the European Union and the United States are unwilling to take the steps necessary to defeat the vested interests that demand trade restrictions against textiles and agricultural products. The Doha round also called for the poor countries to lower barriers against each other's goods.44 Average tariffs for manufactured goods are four times higher for trade between poor countries than for exports to the rich countries.45 The World Bank has calculated that broad progress toward freer trade could increase poor countries' GDP by an extra $1.5 trillion by 2015 and lift an extra 320 million people out of poverty.46 Sadly, it appears that some poor countries are having second thoughts about the commitments they made at Doha.47

IV. The Role Globalization Can Play in Combating Terrorism

In response to September 11, instant coalitions or "worldwide networks of interdependence" sprang into being to combat the threat of terrorism. On September 12, 2001, the U.N. Security Council adopted a resolution48 that, inter alia, recognizes

the inherent right of individual or collective self-defence in accordance with the Charter,

1. Unequivocally condemns in the strongest terms the horrifying terrorist attacks which took place on 11 September 2001 . . . and regards such acts . . . as a threat to international peace and security;
2. Expresses its deepest sympathy and condolences to the victims and their families and to the people and Government of the United States of America;

42. Is it at Risk?, supra note 27, at 66.
43. Id. at 68.
44. Id.
45. Id.
46. Id.
47. Id.
3. **Calls** on all States to work together urgently to bring to justice the perpetrators, organizers and sponsors of these terrorist attacks and stresses that those responsible for aiding, supporting or harbouring the perpetrators, organizers and sponsors of these acts will be held accountable.

Perhaps the most noteworthy aspect of this resolution is its explicit recognition of the right of individual and collective self-defense, which lent a substantial measure of support to the armed campaign being waged by the United States and other members of the coalition forces. On the same day, for the first time in its history, NATO invoked article 5 of the NATO Treaty, which states, "an armed attack against one or more of the Allies in Europe or North America shall be considered an attack against them all." There was also unprecedented cooperation between intelligence agencies and law enforcement officials around the world, often through INTERPOL, the international police agency based in France.

On September 28, 2001, the Security Council, acting under Chapter VII of the Charter, adopted Resolution 1373, which, by any measure, constitutes a landmark step by the Council. In this extraordinary resolution, the Council sets forth a plethora of steps that Member States are required to take to combat terrorism. For example, the Council "[d]ecides that all States shall . . . [p]revent and suppress the financing of terrorist acts" and then sets forth explicit steps that states are to take to this end. The Council also decides that all States shall take a large number of other steps to combat terrorism. Among the most noteworthy of these, States are to deny safe haven to terrorists, to afford one another the greatest measure of assistance in criminal investigations relating to the financing or support of terrorist acts (including assistance in obtaining evidence necessary for such proceedings) and to prevent the movement of terrorists by effective border controls and controls on the issuance of identity papers and travel documents.

Using terms of exhortation rather than command, in Resolution 1373, the Council "[c]alls upon all States" to take a number of actions in cooperation with other states to combat terrorism, including, among others, "intensifying and accelerating the exchange of operational information," becoming parties to the relevant antiterrorism conventions, including the International Convention for the Suppression of Financing of Terrorism, and ensuring, "in conformity with international law," that refugee status is not abused by terrorists, and that "claims of political motivation are not recognized as grounds for refusing requests for the extradition of alleged terrorists."54

Perhaps the most significant step the Council has taken in Resolution 1373 is to establish a committee to monitor implementation of the resolution and to call upon all states to report to the committee, no later than ninety days after the date of adoption of the resolution, on the steps they have taken to implement the resolution. The Council further "[e]xpresses its determination to take all necessary steps in order to ensure the full imple-

49. Id.
53. Id. ¶ 1(a).
54. Id. ¶ 3.
mentation of this resolution, in accordance with its responsibilities under the Charter."

Failure to establish monitoring devices to ensure that antiterrorist measures adopted by the United Nations are effective in practice has been a major deficiency of past U.N. efforts.56 There have also been substantial worldwide efforts to prompt States to ratify two antiterrorism conventions of wide-ranging significance adopted by the U.N. General Assembly in the late 1990s: the International Convention for the Suppression of Terrorist Bombing,57 and the International Convention on the Suppression of Terrorist Financing.58 At the regional level, the Council of Europe has recently adopted a European Convention on Cyber-Crime,59 which, although not strictly speaking an antiterrorist convention, covers a variety of crimes that terrorists might commit and contains a number of innovative provisions dealing with issues of mutual assistance between parties—a subject greatly in need of attention.60 Efforts continue in the United Nations to conclude a convention on nuclear terrorism and a comprehensive convention on international terrorism. Whether these efforts will or should succeed is a subject of considerable debate.61

It is clear that Nye’s “worldwide networks of interdependence” have grown and become considerably thicker and more complex since September 11.62 They also have raised a host of issues regarding the best ways to combat terrorism, whether the subject be international treaties, immigration and refugee policy, human rights, the United Nations, courts and tribunals to try terrorists, the financing of terrorism, the use of force, or the prospect of civil liability suits against terrorists, terrorist organizations and state sponsors of terrorism—to name a few. A new subject, at least for the United States, is homeland security. By contrast, European countries have been wrestling with the issues of homeland security for a substantial period of time.63 Although the focus here is largely on domestic measures to protect against terrorist attacks, exchange of information among countries is to what seems...
to work and what does not will be of great help in enhancing the prospects for success in these national endeavors.

A discussion of the various approaches currently being employed in the war on terrorism is beyond the scope of this essay. Perhaps it is appropriate, however, to devote a measure of attention to the "causes" of terrorism. To be sure, in the past, discussion of the causes of terrorism, especially in the U.N. context, has often been part of a ploy to avoid taking any meaningful action toward combating terrorism. But, as previously noted, there is substantial evidence that a major cause of the September 11th attacks was the failure of many Arab-Muslim States to deal effectively with the conditions within their own countries that gave rise to Islamic fundamentalism. As a result,

The response to bin Laden cannot be left to soldiers and police alone. He has embroiled the United States in an intra-Muslim ideological battle, a struggle for hearts and minds in which Al Qaeda had already scored a number of victories—as the reluctance of America's Middle Eastern allies to offer public support for the campaign against it demonstrated.

Al Qaeda has also scored a number of victories in this struggle for hearts and minds because of strong U.S. support for Israel, which even Islamic reformers passionately resent. If the United States is to do better in this struggle for hearts and minds than it has in the past (witness Vietnam), it will have to make effective use of what Nye has termed "soft power." According to Nye, "[a] country may obtain the outcomes it wants in world politics because other countries want to follow it, admiring its values, emulating its example, aspiring to its level of prosperity and openness." For purposes of the effort to combat terrorism, one might substitute "people" for "countries" in Nye's statement. Nye further suggests: "Soft power is not merely the same as influence, though it is one source of influence . . . Soft power is also more than persuasion or the ability to move people by argument. It is the ability to entice and attract. And attraction often leads to acquiescence or imitation." To enhance its soft power, Nye calls for the United States to invest much more in such instruments of soft power as information and cultural exchange programs.

The United States and other Member States of the world community will also have to invest much more creative effort in resolving the conflict between Israeli and Palestinian nationalism, which at this writing is increasing dramatically in intensity. Although improved prospects for an Israeli-Palestinian peaceful settlement might, in the short run, increase the risk of terrorism by those devoted to the destruction of Israel, or by those calling for an expansion of Israeli territory, in the long run it would undermine the tacit support that terrorist groups like al Qaeda receive because of resentment against the United States and Israel.

U.N. Secretary-General Kofi Annan has recently suggested that the over one billion people currently living in abject poverty, i.e., "without enough food to eat, without safe water to drink, without primary schooling or health care for their children—in short, without

64. See Friedman, supra note 18.
67. Nye, supra note 8, at 8-12.
68. Id. at 8.
69. Id. at 9.
70. Id. at 68.
the most basic requirements of human dignity" give rise to "forces of envy, despair and terror." He does not believe, however, that these people are victims of globalization. On the contrary, in his view, "Their problem is not that they are included in the global market, but, in most cases, that they are excluded from it."

Annan calls for private companies to take the lead in bringing the benefits of globalization to the downtrodden masses and in convincing the governments of rich countries to open their markets to the products of the poor ones and to end farm export subsidies that make it impossible for farmers in poor countries to compete. He also requests these companies to support debt relief, increased official assistance to developing countries, and a greater voice for poor countries in economic decision-making. While acknowledging that poor countries "need to get their own houses in order so that they can mobilize domestic resources and attract and benefit from private foreign investment," he suggests that "many of them need financial and technical help—to build up their infrastructure and capacities—before they can take advantage of market opportunities" and concludes that, if political and business leaders demonstrate that "they intend to make sure globalization offers the poor a real chance to escape from poverty. They can strike a truly decisive blow against the forces of envy, despair and terror by sending out a clear message of solidarity, respect and—above all—hope."

Michael Moore, the Director General of the World Trade Organization, has suggested that if the newly launched global trade negotiations succeed in halving trade barriers in agriculture and textiles alone, developing countries would gain more than $200 billion a year in additional income by 2015. He suggests, however, that issues first discussed by the WTO in 1996 at Singapore hold out greater prospects for job creation and growth than market access does. These issues include trade and investment, trade and competition, transparency in government procurement, and trade facilitation. Although these issues are now on the WTO agenda largely at the urging of the developed countries, Moore suggests that they have a strong development dimension that should be of considerable interest to the developing countries. He notes that foreign direct investment flows do not currently favor the developing countries and argues that the establishment of "clear, transparent and predictable global rules for investment" would attract more investment to the developing world. In his view, however, this is only likely to happen if the developed countries level the playing field in WTO negotiations by providing greater technical assistance and capacity building to the developing countries. Such assistance should help developing countries "to capture more investment capital, tackle corruption and inefficiency more effectively and ensure a more equitable marketplace for their entrepreneurs and customers."

Jared Diamond, the Pulitzer Prize winning author, has quoted Winston Churchill's theme for the last volume of his history of World War II—"How the great democracies
triumphed, and so were able to resume the follies which had so nearly cost them their life”—as having "uncanny relevance" for the United States and its coalition of allies after the quick route of the Taliban and al Qaeda from Afghanistan. In his view, “Our focus now should be on what we can do to avoid lapsing into victors’ follies. And that means combating the forces of poverty and hopelessness on which international terrorism feeds, in Afghanistan and elsewhere.”

He proposes three strategies: “providing basic health care, supporting family planning and addressing such widespread environmental problems as deforestation—that, even in crude economic terms, would cost the United States far less than another Sept. 11.” Diamond suggests that this approach would, more than ever represent enlightened self-interest help because of the enhanced power of terrorist groups due to globalization. He notes that twelve years ago the countries with the most fragile environments, the most urgent public health problems, and the most severe overpopulation included Afghanistan, Burundi, Haiti, Iraq, Nepal, Rwanda, Somalia, Yugoslavia, and Zimbabwe. All of these countries have suffered or are suffering from various forms of violence, including terrorism, in recent years. By contrast, Diamond points out, countries with well-maintained environments and modest populations, such as Belize, Bhutan, and Norway pose no danger to themselves or their neighbors.

Calls for greater amounts of foreign aid are always a hard sell, especially in the United States. U.S. foreign aid has shrunk to 0.1 percent of its GDP, which is roughly one-third of European levels. It is a little noticed fact, however, that after September 11, “the bargaining power of developing countries rose in ways that are just beginning to be understood.” The entrance of China to the World Trade Organization has further enhanced their bargaining power, where it is likely “to buttress the dirigiste views of Brazil and India.” Accordingly, in the upcoming global trade talks, the developing countries are likely to use their enhanced bargaining power to make demands on the developed countries that could have a profound impact on globalization.

As we have already seen, these demands will surely focus on the opening of developed countries’ markets to the exports of agricultural products, textiles, and steel from the developing countries. Increased exports would trigger capital formation, especially in the poorest countries. But, as Alice Amsden has suggested, the developing countries may demand, “a breather on issues linked to intellectual property rights and to foreign investors’ rights.” In her view, such a breather is necessary to give the developing countries an opportunity to work closely with business to strengthen domestic industry. To this end, it may be necessary to discourage foreign industries from entering certain industries, so that national companies can get a head start. Similarly, state-owned banks may need to lend money at subsidized rates to help local firms acquire the technologies and capital equipment
they need. Amsden points out that the richest of the developing countries, such as Korea and Taiwan, employed such policies on their way toward economic development.91 She further suggests that the developing countries need time and protection from multinational corporations of the developed world to promote domestic businesses that can compete on a worldwide basis.92 Amsden contends:

The major agent of globalization has been the multinational company. Multinationals account for most foreign direct investment and a rising share of foreign trade—maybe as much as two-thirds in the case of manufacturing. Virtually all the world’s leading multinational companies are from a dozen or so Northern countries; in part, this explains the North-South divide. If Northern negotiators to the WTO can finesse the sectoral demands of their own multinationals, big drug companies, farmers, steel workers and textile mills, and if the South’s demands for developmental policies succeed in creating world-class locally owned companies, the upshot will be globalism with a kinder, gentler face. If they can’t, existing multinationals will remake the whole world in their own image, with inflammatory effects. It is in the interests of peace and prosperity to give the entrepreneurial upstarts a fighting chance.93

Amsden’s views are iconoclastic and controversial. At a minimum, however, her contention that a “cult of poverty”—which includes the anti-sweatshop movement and the World Bank—dominates developed-country thinking, and thus undermines out-of-the-box development initiatives, deserves a serious hearing.94 One may safely predict, moreover, that in this post-September 11th world, globalization will undergo numerous changes and that the symbiotic relationship between terrorism and globalization, for both good and ill, will continue.

V. A Few Concluding Thoughts

At this writing the Taliban has been defeated and al Qaeda driven out of Afghanistan, but it is clear that the “war on terrorism” is far from over and has entered a more difficult phase. Al Qaeda is reportedly regrouping for renewed attacks, Arab resentment against the United States appears to be growing, and there are reports that Gulf Arabs may be more inclined than ever to give money to militant causes.95 It is also unclear to what extent the coalition countries would be willing to support U.S. action—military or otherwise—against the so-called “axis of evil”: Iraq, Iran, and North Korea. In a real sense, then, the issue is whether the “worldwide networks of interdependence” will continue to support efforts to combat terrorism or instead prove to be to the advantage of al Qaeda or other terrorist groups. It would be ironic indeed if the terrorist threat slowed or reversed the positive aspects of globalization while leaving the negative dimensions intact.

If al Qaeda or other terrorist groups manage to regroup and succeed in committing more acts of “catastrophic terrorism”—in this case killing, say, 100,000 persons rather than the between 3,000 to 4,000 killed on September 11—then the issue will not be the effect on globalization. Rather, the issue will be the threat to the basic values of free democratic societies posed by the ensuing response. It should be remembered that the Soviet Union, with its totalitarian regime, never had a problem with international terrorism.

91. Id. at 10.
92. Id. at 13.
94. Amsden, supra note 88, at 8–11.
95. See the series of articles on al Qaeda: Terrorism After Afghanistan in the Financial Times, which can be read in their entirety at http://www. ft.com/alqaeda.