

# What's Wrong with “Globalization”!?



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*Say not, the struggle naught availeth,  
The labour and the wounds are vain,  
The enemy fails not, nor faileth,  
And as things have been they remain ...*

*For while the tired waves, vainly breaking,  
Seem here no painful inch to gain,  
Far back, through creeks and inlets making,  
Comes silent, flooding in, the main.*

Arthur Hugh Clough (1862)



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# Foreword

Professor Thomas Fischer has written a worthy successor to his two previous books, *The Europeanization of America* and *Allies or Adversaries?* Whereas the earlier books were concerned principally with Europe and its relations with the United States, this book is about the entire world emerging around us and our relationship to it. *What's Wrong with "Globalization"!*? is a rhetorical questioning of contemporary attitudes, many highly skeptical, towards globalization. The book is a masterful review of the many elements of globalization, of trade in goods and services, of investment, capital markets and reserve currencies, of the position of China, Russia, Japan, the EU, and really every country and region in the world, and the world's principal international organizations. There is a feast of knowledge to be enjoyed.

But there is more here, much more. To the title question, Fischer answers with a broad and fair review of what is wrong, and also what is right, with globalization. As I write, a Wall Street "crisis" is upon us, and the institutions of our government and others are seeking to grapple with it. Professor Fischer has of course touched on the relevant financial issues. And, rightly in my view, sees the march of economic globalization as having enhanced human standards of living and the quality of life for countless individuals in a way unimaginable in the past. And there is no reason, whatever the challenges, that the same cannot spread to everyone. Thom Fischer has a justified faith in the unlimited promise of free trade and open institutions and markets, if properly governed and regulated. But he also appreciates the political dimensions and difficulties.

This is a book recommended to the thoughtful reader, curious for knowledge and a chance to think deeply about possibly the most important, if often misunderstood and sometimes distorted and abused, phenomenon in the world today.

Don Wallace, Jr.  
Professor of Law, Georgetown University Law Center  
Chairman, International Law Institute  
Washington, D.C.



# Foreword

Globalization, as we are reminded in the final paragraph of this wide-ranging and perceptive study, “has the potential to grow diverse economies in an equitable manner... What is lacking is vision, political will and leadership.” The problem was highlighted in July 2008 by the collapse of lengthy negotiations (on the Doha round) aimed at securing a global agreement on trade.

Professor Fischer has an established reputation as a writer on global or international trade, and in what is his latest analysis of the many problems and issues involved he succeeds in identifying the challenges faced by the United States, by the European Union, by the emerging economies of Brazil, Russia, India and China, and by many other countries and organisations. Globalization is not confined to questions of trade, of course, and in chapter after chapter Thom Fischer examines a variety of issues. We even learn (from chapter 8) that multinationals “that engage in outsourcing and offshoring” have been attacked as “Benedict Arnold” corporations, a term which may require some explanation for non-US citizens!\*

From the start of his work Professor Fischer favours a positive approach to globalization, but he is fully aware of its numerous negative factors. He examines areas such as regulation, intellectual property, the protection of the environment, the maldistribution of resources, the “sub-prime loan mess,” standards of accountancy, problems of health and disease, private philanthropy, the production of energy, over-population, graft and corruption, and the importance of the Rule of Law. He recognises the importance of the World Trade Organisation to global trade and supports many initiatives from numerous other bodies and from individuals.

This is an important study, presented in a clear, often conversational style. Professor Fischer has succeeded in bringing us up to date on so many aspects

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\* Initially a hero at Ticonderoga and Crown Point in the American Revolution against the British, Benedict Arnold (1741-1801) later turned traitor and offered to assist the British side. John Garraty and Mark Carnes, eds., *AMERICAN NATIONAL BIOGRAPHY* (Oxford, 1999) Volume 1, pp. 629-631.

of globalization, and his itemization of those aspects is valuable in dispelling over-optimistic expectations while at the same time underlining the need to move ahead. He deals with globalization in a scholarly and clear-minded work which deserves to be widely read and widely consulted.

Professor Sir David Williams, QC  
Fellow of Emmanuel College  
Emeritus Vice-Chancellor of the University of Cambridge  
Cambridge, England

# Preface

This is the third in what was never intended to be a trilogy of books. The first, *The Europeanization of America*,<sup>1</sup> undertook to assess the political, economic, and military impact of the rapidly-maturing European Community on America; as a result of the Single European Act and its 1992 Program.

The second book, *Allies or Adversaries?*,<sup>2</sup> asked why the United States and European Union, as the world's two economic superpowers, with around forty percent of global domestic product between them, did not collaborate more in setting the standards of global trade. The third chapter of that book, "An Economic Map of the World", handicapped the role of the major world economies at that time in the global sweepstakes. It predicted the decline of Japan, the rise of China and Southeast Asia, and the emergence of Latin America. This last book builds upon that theme by assessing more generically the hallmarks of globalization, and their virtues and vices.

I was upset that so much of the existing literature viewed the globalization process uncritically, as if it were inevitable and chiefly positive.<sup>3</sup> Or, condemned it as altogether bad.<sup>4</sup> I felt that the globalization process had many vices, but also many virtues, and that the vices could be modulated so that the net effect could be positive for developed and developing nations alike.

I am no Pangloss. Getting the most out of globalization requires energy and application; too often absent in today's sound-bite world. However, a sound global community cannot be built on ignorance and emotion. It takes reasoned, rational thinking. I hope this book contributes to that.





# Acknowledgments

A book of this sort, so long in gestation, owes a debt to many people. I cannot mention them all, but they know who they are, and I thank them.

Of those I mention, I begin with my original mentor, Professor Kurt Lipstein of Clare College, Cambridge University, who first schooled me in the subject. Sadly, Kurt passed away in 2006, aged 98, but will always be remembered by me and many others as a true gentleman and scholar. My wife, Brenda, has suffered my projects bravely, although we both regret their intrusion on our time together.

Among others who have most encouraged and informed my work are: Professor Sir David Williams, QC, Vice-Chancellor Emeritus of Cambridge University, Alan Dashwood, formerly Director of Legal Services for the European Council and past Director of Cambridge's Centre for European Legal Studies; Catherine Barnard, its present director; Takis Tridimas of Queen Mary College, London; Professor Sir Francis Jacobs, QC, formerly Advocate General to the European Court of Justice, Luxembourg, and presently at King's College, London; the late David Lord Renton and Baroness Elles, both of Lincoln's Inn and the House of Lords, London, and Lord Peter Goldsmith, QC, formerly of Fountain Court, Temple, and UK Attorney General, now with Debevoise & Plimpton, London.

Further afield, were Professor Francis Snyder of the European University Institute, Florence, the London School of Economics and the University of Aix-en-Provence; Werner Ebke of the University of Heidelberg, Germany; Gordon Walker, Canterbury University, Christchurch, New Zealand, and Aneurian Hughes former European Commission Ambassador to Australia and New Zealand, Canberra.

All of their input, and that of many others, has passed through a prism of my own making. So I alone am responsible for its accuracy and interpretation.

I have also been blessed by the assistance of stalwart research associates, Michelle McKiernan, Ingrid Gude, and James Thurman at New England, Tracy Sarich, Rachel Landsee, Bob Zierman, Mark Rose, Jason Salvo, Greg Hitzel, Karen Skretkowicz, and Brendon Taga at Seattle; outstanding librarians, Barry Stearns at New England, Guy Holborn at Lincoln's Inn, Jules Winterton at the Insti-

tute for Advanced Legal Studies, University of London, David Wills at the Squire Law Library, Cambridge, and Bob Menanteaux at Seattle. Finally, I am indebted to my hard-working secretaries, Elisa (Xiao Ying) Wu, Season Holloway, Erin Espedal, and Nanette Bradshaw.

# Acronyms

ABAC	APEC Business Advisory Council
ACP	African, Caribbean and Pacific Countries (mostly less-developed, former colonies of EU member states)
APC	Advance Purchase Commitment (of drugs for poor countries)
APEC	Asian Pacific Economic Cooperation forum
ASEAN	Association of South East Asian Nations
AU	African Union (57 African countries allegedly pledged to better governance and economic growth)
BRICs	Brazil, Russia, India, and China (rapidly-developing, large-market economies)
BSE/CJD	“Mad-Cow” Disease; animal and human forms
CAFTA	Central America Free Trade Association
DDA	Doha Development Agenda
DSU	Dispute Settlement Understanding (under the GATT treaty)
ECB	European Central Bank (manages the Euro)
EIB	European Investment Bank
EU	European Union
FDI	Foreign Direct Investment
FTAs	Free Trade Agreements
FTAA	Free Trade Association of the Americas (proposed)
G7	Group of Seven Industrial Nations (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
G8	The G7, plus Russia
G20	Twenty or so emerging economies acting as a negotiating counter balance to the G7; chiefly China, India and Brazil
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMOs	Genetically Modified Organisms
HIV/AIDS	Auto-Immune System Disorders
ILO	International Labor Organization

IMF	International Monetary Fund
IP	Intellectual Property
IPO	Initial Public Offering (of stocks or bonds)
LDCs	Less (or Least)-Developed Countries
M&A	Mergers and Acquisitions
MAI	Multilateral Agreement on Investment
MTAs	Multilateral Trade Agreements
NAFTA	North American Free Trade Agreement
NAMA	Non-Agricultural Market Access (of GATT)
NATO	North Atlantic Treaty Organization
NGOs	Non-Governmental Organizations
NTBs	Non-Tariff Barriers (to trade)
ODA	Overseas Development Assistance or Aid
OECD	Organization for Economic Co-operation and Development
PLA	(China's) Peoples Liberation Army
R&D	Research and Development (of new products/services)
S&D	Special and Differential Treatment (for less-developed countries, under the Doha Development Agenda of GATT)
SED	Strategic Economic Dialogue (between U.S. and China)
SMEs	Small and Medium-Sized Enterprises
SOE	State-Owned Enterprise
TABD	Transatlantic Business Dialogue
TRIPs	Trade-Related Intellectual Property Agreement (of GATT)
UN	United Nations
U.S.	United States of America
WTO	World Trade Organization