Globalization, Inequality, and Political Development: Modeling the Future

Lloyd Gruber
Department of International Development
The London School of Economics

Abstract
Is globalization conducive to long-run economic growth and development? Almost certainly yes. But as for trade’s impact on long-run political growth and development, here the state of our knowledge lags far behind. This chapter attempts to redress the imbalance. Rather than focus on globalization’s longer-run economic externalities, I highlight the political consequences of openness—e.g., the damaging effects it can have on a country’s domestic redistribution mechanisms and institutions. One possibility is that these negative effects are a function of increased trade-related societal inequality, as much of the globalization literature (with its emphasis on national Gini coefficients) implicitly assumes. In contrast, I suggest that increased trade-induced spatial inequality is at least as important: the more open a society’s economy, the more likely are that society’s haves to be isolated geographically from the have-nots. After laying out this argument, the chapter offers a preliminary assessment of globalization’s long-term demographic effects and finds that, indeed, trade does seem to be encouraging economic segregation. I close by considering—and dismissing—possible objections to the chapter’s emphasis on spatial segregation, e.g., that globalization reduces economic barriers to secession and, in this way, diffuses geographic tensions and the polarized politics that might otherwise accompany them.
Introduction

The “globalization debate” within today’s political economy and development literatures is often cast as an irreconcilable dispute. On one side are the optimists who see global markets working to all societies' long-term economic advantage. On the other side are pessimists who fear that international integration could end up discouraging long-term economic growth in countries forced to compete too soon or in resource-intensive sectors affording few spillovers to the rest of their economies. As important as it is, however, the question of how globalization affects long-run economic performance is not the only relevant consideration: what about globalization’s impact on long-run political performance? This latter question has not received the attention it deserves.

It’s true that political scientists now have a sophisticated understanding of how international trade affects domestic political cleavages. Thanks to the pioneering work of Ronald Rogowski and Jeffry Frieden, we can say with a high degree of confidence that the holders of internationally mobile assets benefit from globalization and the holders of internationally fixed assets get hurt (Frieden and Rogowski 1996; see also Gourevitch 1978; Rogowski 1989; Hiscox 2002; Scheve and Slaughter 2006). But this doesn’t tell us whether countries that lower their barriers to international exchange should expect more or less political conflict over time. The answer to that question would depend on the relative power of trade’s winners and losers and the intensity—and irreconcilability—of their disagreements.

And yet, from a policy standpoint, the relationship between globalization and political performance is crucial. What is at issue here is nothing less than the future of democracy. Self-government and civic virtue are things we care about for their own sake, of course. But democracy also has indirect effects, including—although it remains controversial—the stimulation of higher and more stable rates of economic growth (see Przeworski et al. 2000 and Easterly 2002, among many others; but see Ross 2006). And then, too, there is the link between democracy and peace (Russett 1994; Mansfield and Snyder 2002; Lipson 2005). If globalization leads to the collapse of once-stable democratic institutions, the long-run consequences could be dire indeed.

Motivated by the recognition of how much is at stake as well as how quickly things are proceeding, this chapter inquires into globalization’s long-term domestic political consequences. Though the chapter includes a brief empirical section, most of the discussion will be at a fairly abstract, conceptual level. While there is no substitute for empirical testing, the data on globalization and, especially, political performance are extraordinarily messy. Also problematic is the future-oriented nature of the question being asked. Even if globalization is wreaking domestic political havoc today—and, again, the numbers do not speak for themselves—this could merely be a case of the storm coming before the calm, the short-term pain leading to long-run gain. How would we know?

Normally we would consult the received theoretical wisdom. The problem here is the one just noted: like the empirical literature, the theoretical literature on globalization and domestic political conflict is underdeveloped, offering nothing that could be described as a conventional wisdom on the issue. There may be some merit, then, in simply figuring out which of the various arguments bearing on the question stand up to close theoretical scrutiny.

To be clear, the goal here is not simply to elaborate various theoretical arguments. I also want to make a case for a particular theoretical argument concerning the relationship between globalization and spatial inequality. Globalization induces political polarization, this theory goes, by facilitating the spatial segregation of globalization beneficiaries and globalization losers. Though it
has only recently begun to make its way into the globalization literature, this line of analysis deserves our closest attention.

The remainder of the chapter is organized into five sections, followed by a brief conclusion. Sections 1 and 2 explore the theoretical underpinnings of the view that trade and openness promote long-term political consensus rather than conflict. The intervening variable here is growth: the short-term politics of globalization may be turbulent, reflecting integration’s short-term economic dislocations; but because globalization generates long-run growth, the political storms associated with its early years will eventually give way to a more temperate political calm. Inasmuch as the economic literature equates openness with growth, however, it does so conditionally, subject to a society’s acquisition and maintenance of a particular set of political arrangements. Which raises an interesting question: what if globalization inhibits the functioning of these arrangements, the institutional foundations of long-run, globalization-induced prosperity? Even if globalization does contribute to a society’s aggregate prosperity at time 1 (after the economic dislocations of time 0 have worked their way out of the system), the societal inequities it creates along the way could endure and, by fueling domestic political conflict, end up sharply diminishing the society’s prosperity at time 2. The theoretical arguments surveyed in the second section of the chapter flesh out the underlying logic.

As I discuss in Section 3, however, that logic is not altogether coherent. For when it comes to inequality-induced political conflict, it is not aggregate or society-wide inequality that should matter so much as spatial inequality: the geographic segregation of differently-endowed societal actors. After laying out this argument, I offer—in Section 4—a preliminary assessment of globalization’s long-term demographic effects. And in Section 5 I anticipate a possible objection to the chapter’s emphasis on spatial segregation: by reducing economic barriers to secession, globalization might be thought to diffuse, rather than sharpen, geographic tensions and the polarized politics that accompany them. This line of analysis is shown to be politically naïve. For all the talk about globalization’s “disintegrationist” tendencies, the obstacles to forming a new nation are impossibly high for most would-be secessionists—and so they are likely to remain for the foreseeable future.

1. Globalization and Political Conflict: The Storm Before the Calm?

While globalization’s long-run effects on economic growth and development have been much discussed and debated, globalization’s long-run impact on political growth and development has received relatively little systematic attention. Still, if one wanted to make the case that

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1 My conclusions here are necessarily tentative, as disentangling trade’s independent causal role is no simple task. The empirical literature in this area has made greatest strides in the United States, but mostly in demonstrating that economic segregation has been rising over time and that this “sorting” phenomenon has in some way been contributing to political polarization (see, e.g., Wilson 1997; Dreier et al. 2004; Bartels 2008; and Bishop 2008). The specific impact that international economic forces may be having on all of this thus emerges from Section 4 as an area ripe for further study.

2 I should stress at the outset that my emphasis throughout this chapter will be on the long-run consequences of openness rather than the political forces that have led us to this point, though the latter are a source of continuing controversy among IPE scholars (including this one). Nor, in taking the longer view, will I be analyzing the ebbs and flows in globalization’s political support over the past few decades, except to note that the flows have far exceeded the ebbs. Although anti-globalization protests are not uncommon, the short-term prospects for open markets would seem remarkably—almost astonishingly—secure. I will return to this point in the chapter’s concluding section.
globalization will eventually have a calming effect on politics, it would not be difficult. International economic integration generates prosperity—so the argument would go—and over the long run prosperity lifts all boats. People employed in protected industries may well suffer in the interim, but ultimately these economic losers will enjoy a higher standard of living. And having been enriched, they will grow more satisfied and complacent, hence less politically demanding. Globalization is conducive to domestic reconciliation, in this view; it is an effective, albeit slow-acting, tranquilizer.

Variants of this argument pervade the political science literature. In international relations, students of liberal-peace theory (see, e.g., Oneal and Russett 1997) envision a gradual drying up of territorial conflict, as global interdependence breeds prosperity and prosperity in turn breeds contentment with the geopolitical status quo. Besides, international conflict is costly; war is bad for business (Liberman 1998; Brooks 2007). The comparative-politics versions have a similar flavor, only the conflicts at issue here—the political tensions for which prosperity acts as a palliative—are domestic ones. Think of Lipset’s modernization theory of democracy, for instance, or Przeworski and Limongi’s more refined “exogenous” model (Przeworski and Limongi 1997; see also Przeworski et al. 2000). While prosperity does not cause democracy in the Przeworski-Limongi model (as it does in the Lipset model), it does at least stabilize democratic institutions in countries that have managed, for whatever reason, to acquire them. How does it do this? Przeworski and Limongi’s answer is the familiar one: prosperity breeds contentment and, in so doing, reduces the political stakes.

One implication of all of these arguments is that “go-it-alone power,” the status-quo-shifting capability enjoyed by globalization’s prime movers in the United States and Western Europe, is actually a force for good: everyone’s good, not just the wealthy or the powerful. For if countries globalize—even if it is only because their political leaders fear being left behind (Gruber 2000)—the long-term result will be an easing of political conflict. This globalization story thus has a happy ending. The question is whether we should believe it.

One possible objection is straightforward: what if globalization does not generate long-term growth after all? Of particular concern in the international economics literature is what might be termed the Romer Problem (see Romer 1986; also Young 1991; Grossman and Helpman 1991; Krugman and Venables 1995; and Feenstra 1996). If trade liberalization leads developing countries to specialize in the “low-tech” sectors in which they hold an initial comparative advantage, the growth effect of openness could well turn out to be negative. Trade would have the effect of moving resources out of these societies’ most technologically innovative industries—the very industries on which their economies’ long-run growth depends.3

The path-dependence that concerned Romer was an economic problem. But in some societies the biggest obstacles to long-run, globalization-induced prosperity may not be economic at all. Their biggest problem may be the absence of appropriate, prosperity-sustaining political arrangements. Without these arrangements—what Rodrik (1997 and 1999) terms “conflict management” institutions—trade flows, and especially capital flows, have a way of generating enormous economic volatility, suppressing long-term investment and, ultimately, growth. Rather

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3 This perverse dynamic is frequently invoked by critics of the Doha Round of WTO trade talks; see esp. Wade 2006. While the concern here is with developing economies becoming trapped in low-spillover industries, the idea that having a comparative advantage in resource-intensive activities can impede a country’s economic progress also has a monetary dimension. The discovery of North Sea oil in the 1970s is the paradigmatic case. For recent work on the “resource curse” and its growth implications, see Ross 2003 and DiJohn 2009.
than a recipe for long-term prosperity, globalization, in the absence of democratic (or at least quasi-
democratic) political structures, may be a recipe for long-term economic stagnation.4

This assessment may not be as gloomy as it appears, however. Many countries do possess
these structures and so, by implication, would benefit from globalization. As for the others, perhaps
the requisite political institutions could be imposed from outside (cf. Przeworski and Limongi 1997).
Even if they cannot impose their will by force, there is nothing to stop the US, the EU, Japan from
using other, more subtle forms of power—including go-it-alone power—to encourage the spread of
democratic values (or at least the building of democratic institutions) in countries that do not already
have them.5 So maybe globalization really will, in the end, have a calming political influence.
Assuming a solution can be found for the Romer Problem, international trade and investment will
eventually make all countries richer, and the political storms that have swept across the developing
world in recent years will pass.

2. Globalization, Growth, and Inequality

But even if future developments should lead to a world in which all societies possess the
institutional foundations for globalization-induced growth, those foundations may not be stable.
The political institutions in question may perform well at first, even perhaps (as in the case of the
United States) for centuries, only to ossify and deteriorate as a new, more fully globalized world
takes shape. Indeed, globalization may itself be their biggest enemy.

Why might globalization pose a threat to the stability of growth-sustaining political
institutions? One reason—familiar to Marxists and non-Marxists alike—is that it worsens domestic
economic inequalities.6 Most of the economists, political scientists, and sociologists who make this
argument take it as self-evident that economic inequalities are politically destabilizing, and hence bad
for growth, in the societies experiencing them. Attention centers instead on the question of how,
and how much, globalization contributes to the problem.7

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4 One could make a case that developing countries need these structures even more than higher-income
countries, since the former are typically less diversified and thus more prone to macroeconomic shocks and
disruptions emanating from the global economy. On the relationship between openness and economic volatility,
see the contrasting perspectives of Rodrik (1997) and Quinn and Woolley (2001), on the one hand, and Garrett
(1995) and Iversen and Cusack (2000), on the other. For a range of perspectives on the links between democracy,
political instability, and growth, see, in addition to the works already cited, Alesina et al. 1996; Barro 1997; Edwards

5 Indeed, they already are. See my discussion in Section 5.

6 It is also possible that globalization will exacerbate international inequality, though that is not my focus
here. The distribution of wealth and resources across states or regions is not something national policymakers can
alter in any event, except perhaps at the margins—and even then, recent experience suggests, only after a great deal
of collective action problem-solving (see Sachs 2005 for a more hopeful take).

7 To be clear, no one would argue that trade openness is the one and only cause of domestic inequality.
Exactly how much causal weight should be assigned to the lowering of barriers to global trade and investment has
emerged as a question of intense scholarly debate, as other factors are clearly also important. Two of these other
variables are the weakening of labor unions and technological changes biased in favor of high-skilled workers—
though of course each of these developments may itself be caused, to some extent, by globalization-induced
competitive pressures (see, e.g., Freeman 1995; Trefler and Zhu 2005).
The arguments in this literature can usually be boiled down to two steps. The first involves explaining how it is that globalization creates domestic economic divisions. Of course, all economies—even those that are not open to international trade and investment—reward certain individuals more than others. The claim here is not just that globalization creates winners and losers, but that the gap between their respective economic fortunes is now much greater (or will be soon) than the gap that divided the winners and losers of the old, pre-globalization economy.\(^8\)

Next comes the political part of the argument: what are the political implications of this new, and presumably bigger, economic disparity? If we assume that one’s political preferences are essentially a byproduct of one’s relative economic position, the answer is straightforward: the domestic economic inequalities induced by globalization will become fodder for political disagreements more protracted and intense than those we are accustomed to seeing. If true, this is obviously cause for concern. But is it true? The task of finding out is more complicated than comparing Gini coefficients (Deininger and Squire 1998; Keefer and Knack 2001).

First, it is possible that the gap between globalization’s economic winners and losers is less important than globalization-induced cultural divisions. A cultural divide does appear to be opening up (or widening) in many societies, and it is not unreasonable to think that globalization is at least partly responsible. Why assume that the political disagreements engendered by international economic integration are attributable only to integration’s economic effects? The most serious disagreements may well concern its social, possibly even its ethical or moral, consequences.\(^9\)

Second, the theoretical basis for concentrating on relative disparities, whether economic or non-economic, is actually rather tenuous and, in any event, requires more systematic attention than it has received thus far in the literature. If everyone is benefiting in absolute terms, perhaps those relative disparities would not matter very much even if they were growing. The fact that globalization enlarges the gap between the winners and the losers—assuming it is true\(^{10}\)—may be less politically consequential than the fact that some of the relative losers are also absolutely worse off. If globalization creates political disagreements, this argument suggests, it is because it creates absolute losers.

As research progresses, we are likely to get a better sense not just of whose interests are hurt by globalization, but also whether those individuals are increasing in number and the winner-vs.-loser preference gap growing. Even that won’t be end of the story, however. For when it comes to conflict, those findings may not even be relevant.

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\(^8\) This distinction is important. Frieden and Rogowski may be right that holders of immobile assets are disadvantaged by globalization, i.e., that they are the losers. But the losses sustained by today’s losers may be no greater than those sustained by their pre-globalization counterparts, either relatively (compared with the gains enjoyed by the winners) or in absolute terms (compared with some absolute economic baseline such as the poverty index). On balance, then, it is hard to say whether the total fuel available for political conflict is increasing or decreasing as we move toward a global economy.

\(^9\) For the claim that globalization fuels ethnic conflict, see Chua (2002). The ethical dimensions of globalization are discussed in Singer (2004), though the philosophical literature on economic inequality—whatever its source—and social justice is obviously much broader; see, e.g., Nussbaum and Sen 1993; Sen 2009; Cohen 2008.

\(^{10}\) There is some question as to whether the Gini coefficients so pervasive in the literature are a good indicator of the kinds of winner-loser gaps that are at issue. What really matters is not inequality so much as polarization, the degree of clustering in a society’s population. For an illuminating theoretical discussion, see Esteban and Ray (1994). Keefer and Knack (2001) question whether the distinction matters empirically.
3. Inequality and Political Conflict: It's Spatial Inequality That Matters

While the political economy and development literatures have tended to emphasize the number of relative (or absolute) losers and the intensity of the disagreements that divide them, there are other possible pathways from globalization to political turmoil—other inegalitarian dynamics which, though relatively neglected to this point, may be even more important.

Let’s suppose for the sake of argument that the forces of globalization do in fact produce the polarizing effects described above, driving a wedge between the political preferences of different members of society. Preferences over what? It would be a mistake to assume that these globalization-induced political disagreements must always be about free trade and protectionism. Sometimes that may be case: the citizens who profit from globalization (materially or otherwise) are likely to want more of it; the domestic actors who do not benefit will want less. In principle, however, the losers could decide that continuing down the globalization path, though it undermines their own economic or cultural interests, is the most prudent course of action. Why? Because the alternative—retreating from international markets while the rest of the world (or a large proportion of it) remains integrated—could end up inflicting even more harm. Ultimately, in other words, the losing group’s preference for the “backlash” option would come down to strategic considerations.

But while the losers may not actively object to the winners’ policy stance on the globalization issue per se, they would object—or so one can safely assume—to their preferences on a whole range of domestic redistributive policies. Although heated political disagreements would remain, these globalization-induced conflicts would center less around the question of whether to integrate into world markets than how to integrate, e.g., how aggressively to respond to integration’s various economic and social dislocations. What the losers would demand is not protection but equity.

One might think that these domestic disagreements, as they became more heated and intense, would wreak havoc on the domestic policymaking process, destabilizing national politics and undermining domestic cohesion more generally. Happily, though, this conclusion does not always follow.

Figure 1 at the top of the next page depicts the distributional preferences of a hypothetical developing society both before and, more importantly, after its policymakers have dismantled the country’s barriers to international trade. In the “before” case, the citizens of the society are in broad agreement on the need for government intervention, though some inhabitants (those toward the left of the political spectrum) would prefer a somewhat larger welfare state while others (those toward the right) would prefer a somewhat smaller one. As globalization proceeds, however, the society polarizes into two camps, one favoring quite a bit more distribution than was once the norm, the other favoring a substantial amount less. The story, then, is one of increasing preference divergence, increasing differences of political opinion. So how does the story end?

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11 To keep things simple, I am deliberately sidestepping another line of theory here—one that starts not from inequality’s impact on the preferences of different citizens or voters but from its impact on the haves’ and have-nots’ relative political resources and influence (see, e.g., Benabou 2000; Krugman 2003; and Bartels 2008).

12 These equity demands could be addressed both domestically and internationally, in the latter case through the reform and reconfiguration of such institutions as the WTO, the World Bank, and the G-8, now G-20. In illustrating my arguments, however, I focus exclusively on the domestic arena, where the primary battles have concerned the expansion or contraction of the welfare state.

13 Why would globalization generate greater polarization? The Stolper-Samuelson extension of the Heckscher-Ohlin trade model famously predicts that earnings inequality will decline along with trade liberalization,
“Badly” might seem to be the logical answer—as the society polarized, its politics would become more conflictual. If the status-quo policy remained in place, it would be because the system was gridlocked, not because that policy was supported (as it had been in the pre-globalization case) by a broad-based societal coalition. And government policy might not stay the same; if ever one side were to gain the upper hand, national policy would immediately lurch toward that side’s preferred position and away—indeed, far away—from the policies favored by its domestic opponents.

That polarization would produce these effects is not obvious, however. Take a look at Figure 2, a region-by-region breakdown of our hypothetical globalizing society. For the sake of simplicity I will assume for now that the society is a democracy, that it has just four electorally-salient districts, and that each is a more or less perfect microcosm of the larger society: each district experienced the same globalization shock, and each polarized in more or less the same way.

Now suppose you are the political representative of one of these districts and you are trying to get yourself reelected to the national legislature. The fact that your constituents are growing more divided does not mean that you must now abandon your support for the government’s pre-globalization policy. If Downsian logic operates, you would continue along as before, embracing a centrist redistributive position and, in so doing, assuring yourself the votes necessary for reelection (cf. Downs 1957). And because your three colleagues in the legislature would each run—and win—on that same position, national politics would remain as harmonious as it had always been, globalization’s polarizing effects notwithstanding.

To be sure, Figure 2 has each region polarizing symmetrically; the citizens who favor a bigger welfare state are perfectly counterbalanced, in each of the four districts, by the citizens who prefer a smaller welfare state. Yet the lack of association between societal polarization, on the one hand, and political conflict, on the other, does not require that the two sides be evenly balanced. Consider Figure 3, which has the globalization losers who favor expanding the welfare state greatly outnumbering the anti-compensation globalization winners (cf. Frank and Cook 1995). In this

at least in developing countries where unskilled labor is the abundant factor. That said, the Stolper-Samuelson theorem has not done a particularly effective job of explaining the earnings dynamic empirically as, contrary to its predictions, earning divergences have been growing in a number of the developing world’s most open economies (see, e.g., Goldberg and Pavcnik 2007 and IMF 2007).
scenario, globalization would cause all four of our Downsian politicians to move to the left, abandoning the status-quo policy in favor of (somewhat) greater redistribution toward the poor. In contrast with the previous scenario, this time societal polarization would have real political consequences: it would create a new policy.\footnote{This conclusion builds upon the more general model of distributive politics introduced by Meltzer and Richard (1981). For applications, see Alesina and Rodrik (1994), Boix (2003), Acemoglu and Robinson (2005), and Larcinese (2007), among many others.}

What it would not create is political conflict. After all, the four members of the legislature would continue to share each other’s views on the redistribution issue; it’s just that now these views would be less centrist. The result: no gridlock, no extreme deviations in policy—in short, no political turmoil.

The larger lesson here is one that often gets overlooked in the political economy and development literatures: globalization may lead to inequality, but inequality need not engender political strife. Quite the contrary, each of the politicians in my examples would have a strong electoral stake in defusing the redistribution issue, perhaps by shifting the political debate toward some entirely new, preferably less divisive set of issues.\footnote{Which could explain why only some social divisions become “full-blown cleavages embodied in party systems” (Lipset and Rokkan 1967: 14). See also Przeworski and Sprague 1986.} Yet even if that were not possible—even if redistributive concerns continued to divide their societies at both the district and national levels—that doesn’t mean the country’s politicians would have to be divided.\footnote{Although not my focus here, the “bowling alone” literature on civic virtue, democratic deliberation, and social capital (see esp. Putnam 2000) may be vulnerable to a similar critique. It would certainly be nice if...}
Sometimes, on the other hand, things could work out in precisely the opposite fashion, with the severity of political divisions and polarities far exceeding the underlying societal bases for them. How is that possible? The key lies in appreciating the previously-neglected spatial nature of (some) inequalities. It is when the winners and losers live apart from each other—and, specifically, when they live in different political districts—that the inequality problem really becomes problematic.

To see why, let’s return to the hypothetical society of the first three figures, only now we will relax the assumption that the society’s globalization-induced preferences are identical across all four of its electorally significant regions (see Figure 4). The situation depicted in the new figure is similar to the situation in the earlier figures; here too, trade liberalization has caused the society’s preferences to polarize. The difference is that, in this case, the winners and losers are spatially removed from each other, leading to a wide disparity in region-level preferences. The two left-side regions are populated by the losers, their globalization-induced suffering moving their policy preferences toward the left; the winners, meanwhile, happen to be clustered in the two right-side regions, and their welfare-state preferences have been moving toward the right.

considerations about the social good dominated private concerns whenever the citizens of a democracy went to the polls or otherwise participated in public life; the virtues of civic-mindedness have been extolled by everyone from de Tocqueville and Mill to Gutmann (1998) and Sandel (1996). The question, however, is whether democracies require civic-mindedness. The argument here is that they do not. Democracy-sustaining political compromises can occur in the absence of public-spirited citizens, I would suggest, so long as the politicians they elect have a self-interested, electorally motivated stake in moving to the political center. Social capital is sufficient for democracy, in this view, but it is not necessary.
Politically, these spatial differences could create real turmoil at the national level. Regions 1 and 3 would elect politicians who favored expanding in the welfare state; regions 2 and 4 would choose politicians who favored scaling it back. In principle, of course, the two left-wing politicians could always work out a compromise with their two right-wing counterparts. Doing so would not be easy, however, and for good electoral reasons. Put yourself in the shoes of region 1’s political representative. Were you to agree to a compromise at, say, the point SQ, not only would you have to cope with your constituents accusing you of selling out but—more importantly—you would make yourself vulnerable to a (successful) electoral challenge. To drive you from office, a challenger would simply need to enter the race on a platform of SQ-minus-a-hairsbreadth. By promising ever so slightly more redistribution toward the poor, your opponent would capture the vast bulk of your erstwhile supporters and win in a landslide. While the example is stylized, the point is pretty basic: political harmony would require compromise (as it would not in the like-minded legislatures of Figures 2 and 3) and compromise is often difficult.

What if globalization were to create more regions of one preference-profile than of the other? Might the resulting imbalance, by giving one side a clear majority, render such compromises unnecessary? Perhaps—but the fact that one side would enjoy political dominance wouldn’t necessarily spell the end of political conflict. It might well have the opposite effect. How? By prompting the other side to leave the game entirely.

In Figure 5, that other side is the “right-wing” minority—the constellation of forces opposed to any expansion of the welfare state beyond its status-quo level. Disillusioned with democracy, the inhabitants of Regions 2 and Region 4 could decide to form a state of their own. Secession is not the only way of leaving the game, however; nor, for reasons I elaborate in Section 5, is it usually very realistic. And, in any event, another alternative exists. Recognizing the futility of leaving the state, Figure 5’s spatially concentrated minority might decide to take it over, wrestling outright control of a
decision-making apparatus that, because it was democratic, had been working against their interests. To be sure, the kinds of political conflicts that would arise in Figure 5 societies—conflicts wherein one side seeks a fundamental overhaul of government—are not the same as the political confrontations I described in the context of Figure 4. They are, if anything, even more extreme.

Figure 5
A Spatially Polarized Polity with “Left” Regions Outnumbering “Right” Regions

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17 Which of these options (if either) the minority chooses would depend on its opportunities and constraints. And these in turn would be conditioned, in part, by geographic considerations. See Section 5 for a discussion of these issues as they relate to the exit option, i.e., secession. As for the second option—staging an anti-democratic revolution—the very possibility might seem farfetched: one of the central tenets of the comparative literature is that democracies, once established, are stable so long as they remain reasonably prosperous (see esp. Przeworski et al. 2000). But while prosperity may be helpful in smoothing over distributional conflicts, that does not mean it is sufficient to keep democratic regimes from backsliding into dictatorship. The empirical evidence amassed by Przeworski and his co-authors suggests that in countries with GDP per capita of $6,000 or more, democracy is robust. Yet because the theoretical underpinnings of this finding are tenuous (as Przeworski himself concedes; see also Cleary 2007), one can legitimately question whether it will stand the test of time—particularly if that time is characterized by rising inequality.
4. The Link Back to Globalization: Does Integration Cause Segregation?

Missing from my discussion thus far has been any analysis of how globalization might produce the kinds of enduring spatial inequalities that my theoretical argument suggests are a necessary condition for heightened and protracted political conflict. Whether there currently exists an empirical relationship between globalization and spatial segregation is hard to say. The most sophisticated econometric work in this area to date—that of UCSD labor economist Gordon Hanson—looks at the relationship between economic openness and internal, region-to-region wage differentials in Mexico and finds that, indeed, the two are related (Krugman and Hanson 1993; Hanson 1997, 2005; see also Sánchez-Reaza and Rodríguez-Pose 2002; Duranton and Overman 2005).

If anything, Hanson’s findings understate globalization’s wedge-driving capacity, since two regions populated by very different types of individuals—one having a preponderance of high-tech workers, let’s say; the other populated predominantly by low-skilled workers—could nonetheless have very similar wage levels. It is possible that globalization’s economic beneficiaries (the high-tech workers in this example) would be willing to sacrifice high wages in return for “exogenous amenities” (Rosen 1979) like good weather—think of Palo Alto—or perhaps just for the right to live amongst themselves and not have to interact with their less-skilled fellow citizens. If this were the case, the analysis of regional wage or income differentials could obscure wide disparities in the economic orientations and political preferences of a country’s various regions.

These empirical issues require closer investigation. For present purposes, however, I am more interested in establishing the theoretical link between globalization and spatial divergence. To the extent that such a link exists, why does it exist? What is the conceptual logic that leads us to believe it is not merely an artifact of the data or a temporary blip but, rather, an enduring and in some sense natural relationship?

The place to start is with the literature on economic geography (see esp. Krugman 1991). Here, then, is a simple theoretical story, one I take to be consistent with this literature yet that represents, at least in its last step, something of a departure as well.

In the beginning, this story goes, markets were too small to support large-scale industrial production—because the barriers to exchange were too high—and people lived scattered about, mostly on farms or in small towns. As technology advanced, however, and the costs of doing business declined, markets grew in size to encompass entire nations. And with the growth of (domestic) markets came the rise of cities, concentrations of people and economic activity in a handful of “core” geographic locations. Why urbanization should accompany marketization isn’t obvious, and there are, in the economic geography literature, at least three different explanations: the internal-economies explanation, which stresses the importance of forward and backward linkages (Ades and Glaeser 1995; Fujita et al. 1999), the external-economies explanation, which emphasizes the knowledge spillovers that can occur between firms situated in the same location (Henderson 1988), and the political-favoritism explanation, which views urban-biased allocations of resources as the rationale for urban concentration (see, again, Ades and Glaeser 1995; cf. Bates 1981).

These three explanations are not necessarily in competition. Quite the contrary, they are mutually reinforcing. Thus it may be that the relatively low price of production inputs and proximity to customers are what initially lead businesses and workers to concentrate in cities, just as the internal-economies theory would imply, but that once economic activity has agglomerated, information about new ideas and techniques spreads more rapidly from firm to firm (the external-economies argument) and politicians become more willing, if not desperate, to satisfy urban
demands (the political-favoritism argument). Whatever the specific chain of events, the point is that the extension of markets is good for the nation as a whole—it fuels national prosperity—but it is especially good for those living in the nation’s urban core. In fact, economic growth in the country’s periphery might well decline, exacerbating any previously existing trend toward urban agglomeration.

Exacerbating is not the right word, however, for cities are the country’s engine of growth in this model. And, if the argument of this chapter is correct, they are engines of political compromise and stability as well: the agglomerating tendencies I have just been discussing would leave each country’s most and least productive citizens clustered together in the same geographic spaces (cities, regions, et cetera). The result, owing to this spatial intermingling, would be a moderation, if never a complete cession, of domestic political conflict.

Enter globalization. Over the years, a combination of technological innovations (e.g., air travel) and political innovations (e.g., the inauguration of the GATT and, later, the WTO) began to eradicate what were once, at least during the interwar years, insuperable barriers to international economic exchange. One consequence of this development—the creation of a truly international market—has been a gradual weakening of agglomeration pressures and attractions. As Fujita et al. (1999: 330) explain, “A plant that receives most of its intermediate inputs from abroad and sells most of its output to foreign markets has little incentive to locate in the domestic core, and the diseconomies of agglomeration outweigh the remaining linkage advantages of a core location.” As for the external-economy attractions of city living (and, more importantly, producing), these advantages dissipate as well, since firms no longer need to be located in the same city, or even in the same country, in order to reap the rewards of one another’s innovations. So what happens?

Liberated from the cities and regions where the logic of agglomeration had compelled them to set up shop, innovative industries relocate (though, in practice, the “relocated” companies may be new ones). Where do they go? Since they can locate virtually anywhere, they naturally migrate toward the part(s) of the country with the nicest site-specific resources and amenities—again, think of Palo Alto or, in regional terms, the New South. During this transition, the countries in question would experience faster growth in their cores than in their peripheries, just as before. Only now, these cores would consist of enclaves—regions, cities, suburbs, etc.—inhabited primarily (if never exclusively) by the winners. Why wouldn’t the globalization losers flock to those same areas, leaving them as integrated as before? Explicit government prohibitions against internal migration, such as the Chinese government’s longstanding policy of restricting the flow of migrants from the hinterlands to the cities, may play some role here, though purely economic forces could also operate in ways inimical to the free flow of people. I noted earlier that the winners might be willing to take an income hit for the luxury of residing in an exclusive, amenity-abundant community. Even with this sacrifice, however, the beneficiaries of globalization would be in decidedly better financial shape than their globalization-suffering fellow citizens. And because their pockets would be deeper, one can also assume they would be willing to expend greater resources on housing costs, bidding up the price of real estate beyond what the less well-endowed losers, trapped in their own exclusive (but less amenity-rich) communities, could afford to pay.

All of which is to suggest that globalization’s effect on domestic interdependence may be the opposite of its famously-positive impact on international interdependence—and this, potentially, is a big problem. In addition to driving a wedge between the preferences of those whom it benefits and

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18 The term globalization here refers to any development that reduces the costs of transacting across national borders. On the history of globalization, see Bordo et al. 1999 and O’Rourke and Williamson 1999.
those who get hurt, globalization could also cause the two groups to become more isolated spatially. And that geographic isolation would in turn have the effect of magnifying, as well as unifying, each block’s political voice.\textsuperscript{19}

True, the decline of domestic interdependence has many different causes, and it is not as if dispersion pressures would altogether evaporate if countries were to de-globalize and return to the days when markets were primarily domestic. Inasmuch as we have recently been seeing a decline in domestic interdependence, some part of that decline is surely a product of “exogenous” dispersion forces having little to do with globalization: the rise of the service sector, for instance, or the worsening of urban pollution. Still, one could argue that these exogenous forces have largely run their course, their marginal impact rapidly diminishing, whereas the forces of globalization are only now beginning to pick up steam. If correct, we should expect the political problems associated with declining domestic interdependence to get worse over time, not better. So much for the end of history (Fukuyama 1989).

Recognizing that correlation is not causation and that more careful empirical work is urgently needed, I think it’s fair to say that integration into a world markets has already been accompanied in many societies by deepening geographic cleavages, ethnic and economic alike. My own list of “trouble spots” would start with today’s increasingly integrationist China. A period of regional income convergence during the late 1970s and early 1980s was followed in China by a period of increasing regional asymmetry, with the coastal areas, particularly the region around Hong Kong, enjoying spectacular rates of growth while the interior of the country suffered the effects of a geographic poverty trap (Ravallion and Jalan 1999; see also Raiser 1998 and Jian et al. 1996). As early as the 1990s, the coastal regions were “exhibit[ing] a decreasing willingness to pay tax to the center in order to equalize the patterns of growth” (Segal 1994: 15).

Not that China is the only Asian country experiencing increased regional tensions. Consider Indonesia. In the late 1950s, Indonesia’s national authorities successfully, albeit repressively, countered a secessionist threat from the country’s resource-rich outer islands of Sumatra and Sulawesi. While the pressures for outright secession have waned, but serious regional fissures remain, with the impoverished East Timorese on one end of the spectrum and the relatively prosperous residents of Atjeh on the other. Or take India, where a political-geographic divide separates the high-tech states of the southern peninsula—Tamil Nadu, Kerala, Andhra Pradesh, and Karnataka—from the rest of the country. And though the scale may be smaller, the situation in Vietnam is much the same: an impoverished north; a vastly more prosperous south.

In Europe, meanwhile, the list would have to include Italy, the United Kingdom, and especially Belgium (though their openings are hardly recent) as well as Spain, Ireland, and virtually the whole of Central and Eastern Europe. Of course, there is also Africa: it would be hard to name a country in Sub-Saharan Africa that is not riven by political-geographic cleavages (see esp. Herbst

\textsuperscript{19} While I have been focusing here on the question of whether it depresses domestic economic interdependence, globalization could also diminish the spatial integration of different non-economic groups. How? By weakening the agglomeration forces that sustain cosmopolitan, multiethnic cities. The extent to which globalization does, in this way, promote ethnic or cultural clustering is another question crying out for further research, with Chua’s provocative \textit{World on Fire} (2002) serving as a useful point of departure.
And moving over to the Americas, there is the North-South divide in Mexico, the East-West divide in Canada, and the Red-State-Blue-State divide in the “purple” United States.\textsuperscript{20}

The point of grouping these diverse countries together is to suggest that some larger cross-national force must be at work. That said, the idiosyncrasies of each case are important. Even if the lower chamber of the US legislature is becoming a “House divided,” the situation in other globalizing countries could look very different. Not only might their degrees of spatial inequality differ (in either direction) but their electoral systems could—and, in most countries, do—differ as well.

Although I have not emphasized it in my previous discussion, this last point is crucial: holding other things constant, different electoral systems will lead to different degrees of political conflict. Thus proportional representation (PR) systems, to varying degrees, diminish the importance of geography. In the limit, when entire nations comprise a single electoral district (as in Israel or the Netherlands), there is only one electorate, and the spatial distribution of voters of different types is less likely to be reflected in the country’s party system. In systems with smaller districts, by contrast, the way the nation is partitioned by electoral boundaries is a critical step in the preference-to-policy mapping function. The upper limit for importance of electoral boundaries is the single-member plurality systems used in elections to the US House of Representatives as well as the British, Canadian and Indian Houses of Commons.\textsuperscript{21} The bottom line is that spatial inequality’s conflict-causing potential is mediated, to some extent, by electoral rules (cf. Lipset and Rokkan 1967). Or rather, my theory predicts that it should be; if this turns out not to be the case, then the theory is deficient.

Which is precisely why empirical analysis of these issues must ultimately be extended beyond the United States, ideally to encompass the entire world: the more electoral variation, the better. Given the methodological difficulties noted earlier (not to mention the more mundane data-gathering hurdles), demonstrating the empirical plausibility of this chapter’s theoretical claims for the US case may be all that one can reasonably expect at this stage of the game. But the game, it seems to me, has really only just begun. My hope is that this brief empirical exercise will serve as the foundation for a “progressive” research program (cf. Vasquez 1997), a theoretical and empirical edifice whose exact size and shape will emerge in the years ahead as political scientists begin focusing in on the spatial dimensions of the larger globalization story.

5. Domestic Conflict vs. Outright Disintegration

In some ways, the single-member districts of the United States make it an easy case for my theory. In other respects, however, it is a hard case—most obviously because of the immense size of the US economy’s internal market. If globalization-induced polarization is happening in the United States, a country that has been relatively little affected by the globalization phenomenon, one

\textsuperscript{20} This last entry is admittedly controversial, though recent empirical strongly suggests that the American electorate is sorting into clusters with widely divergent policy preferences based on class, income, and occupational-sectoral differences (see esp. Bishop 2008), and that these divergences have been contributing to partisan polarization at all three levels, the district, the state, and the nation as a whole (e.g., Ansolabehere et al. 2006; McCarty et al. 2006; Bartels 2008; Gelman 2008). This more recent empirical work bears out the earlier predictions of Arthur Schlesinger’s \textit{The Disuniting of America} (1992). See also Reich 1991; Wilson 1997; and especially Jargowsky 1996, 1997.

\textsuperscript{21} I am grateful to Brian Gaines for useful discussions on this point.
can reasonably conclude it is happening elsewhere as well. The US case is revealing in another way, too. As divided as its internal politics may be, the United States is not about to break up into two separate nations. And therein, I think, lies an important point. Put simply—lyrically?—breaking up is hard to do.

But perhaps it’s getting easier. In suggesting that the winners and losers are stuck with each other in the domestic-politics version of a failed marriage, perhaps I am being excessively pessimistic. Although globalization’s long-term spatial effects may well be divisive, one of globalization’s other effects is alleged to be its easing of barriers to political secession (Gourevitch 1979; Alesina and Spolaore 1997; Bolton and Roland 1997; Alesina et al. 2000; Hiscox 2003). From this, one might conclude that the kinds of worrisome political tensions I have been describing could be averted relatively easily, with each side volunteering to break off and form a new state of its own. The prediction? A proliferation of new, more optimally-sized national units.

One could imagine that these smaller political jurisdictions would have a harder time exploiting economies of scale in the provision of public goods. But as Alesina and other have argued, this disadvantage may not be very large, whereas the political advantages of smallness—reduced preference heterogeneity, more responsive government, and the like—could turn out to be huge (Alesina et al. 2004). And while the secession option may not have been economically attractive in a world of high international trade barriers, subnational groups would now have the option of integrating directly into the international economy. Maintaining access to one’s home market is no longer as important as it used to be, and losing that access is no longer as costly.

All that said, the notion that globalization facilitates the peaceful breakup of a society’s various subgroups requires some heroic assumptions. For one, it requires that these groups live in territorially distinct regions of a society, as opposed to being scattered throughout. The degree to which the opponents of a country’s government are spatially intermingled with government supporters could have a profound effect on whether the opposition camp decides to secede. For now, however, let’s just consider the extreme case in which the government’s opposition comes from one geographically-contiguous part of the country, and its supporters all live together in another. Would either faction be tempted to break away?  

The answer in most cases would still be no. Inasmuch as globalization increased the attractiveness of the secession option, it is doubtful that it would do so by enough to tip the scales for the society’s poorer citizens. Although there are exceptions, it is usually the richer parts of a country that pose the greatest secessionist threat. And for good reason—the poor faction, were it to create a new state, would lose its privileged economic access to the markets of the country it had left behind. And not only that: it would also give up its prior claim, assuming it had held a political majority, to the wealth and resources of the new country’s more prosperous (but now politically sovereign) inhabitants.

The poor, then, might not want to secede. Quite the contrary, they would have a big financial stake in seeing “their” state remain intact. How? By reducing the attractions of secession for wealthier citizens who would normally find it desirable.

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22 Although this scenario lies at one end of a spectrum of possibilities, it often makes sense—for theory-building purposes—to begin with the simplest case. Good examples here, all touching on similar questions, are Casella and Weingast (1995), Alesina and Spolaore (1997), Bolton and Roland (1997), and Hiscox (2003).  

23 A possible exception would be if the poor region were characterized by higher levels of income inequality than was the case for the state as a whole. In that event, a poor-group secession would allow the new
Appealing to outsiders could be one means to that end. The intervention of outside actors, and of the United States in particular, could greatly influence the incentives and disincentives of the secession option. If US policymakers decided it was in their interests for other societies to remain unified, they could take steps to ensure that the disincentives dominated. Most importantly, the United States could establish a policy of trading only with existing (i.e., unified) polities.²⁴

Why would US policymakers want to use their economic leverage in this way? One might think they would support the formation of new breakaway states, and so, far from shutting them out of US markets, would offer them preferential access. Leaving aside the fact that the United States itself was once a breakaway state, the best argument for agreeing to do business with outwardly-oriented, autonomy-seeking minorities is that it would greatly bolster the economic performance of their new state, should it ever be permitted to gain their independence. Confident that their new nation would be economically viable, the minority factions would have less need—hence less inclination—to assume direct control over their home societies, the majority of whose citizens support politicians with preferences very different from their own (recall Figure 5). This is a happy scenario. But there is, as always, another side to the story.

Consider the majority’s point of view. By opening its markets to the globalization-friendly minority, the United States would be encouraging that minority to secede. Were this to happen, a democratic state would be denied its primary source of funding for redistributive programs, as well as its major source of productive investment. And so the citizens of that state would be unlikely to look favorably toward the United States. But, again, the United States has the power to prevent all of this from happening. And its leaders would probably use it—even, one suspects, without being asked.²⁵

Not that outside intervention would always be required, of course. The “rump” majority government might be able to prevent its secession-minded opponents from breaking away even without the assistance of the United States or other external actors—most obviously, by using its own forces to defeat the secessionists militarily. Is it unrealistic to assume that the state’s majority government would be willing to go to war to put down its minority rebellion and preserve the state to tax its richest inhabitants at a steeper rate than had been in effect prior to the secession. This theoretical possibility is explored by Bolton and Roland (1997), though whether it fits any real-world cases is an open question; see van Houten 2003, for instance.

²⁴ One implication is that the United States, by wielding the full range of policy tools at its disposal, can wield great influence over the internal political structures of other countries. In this way, the logic here runs directly counter to today’s conventional wisdom. Short of long-term occupation, goes the more familiar line of argument, the US simply no longer has the means to shape the domestic political institutions of other countries. While we may not like seeing once-stable societies break into warring factions, there is little we can do about it unless we are prepared to use force. And because threats only work when they are credible, even force itself is problematic: if the citizens of newly established democratic states find it impossible to reconcile their differences, the United States will not be able to make them. Nor is it a small task—even for hegemonic powers—to restore democracy to states that have lost it or, indeed, never had it; witness Cuba, Haiti, and now, some would argue, Iraq and Afghanistan.

²⁵ Although my focus here has been on US policy, I want to emphasize that the basic thrust of my argument would apply to the European Union as well. Lest one doubt that EU accession rules can affect the internal structure of non-EU states, see Carol Skalnik Leff’s (1997) fascinating study of Czechoslovakia’s Velvet Divorce in 1992. Had the members of the EU made it clear that breakaway states would not be welcome in their newly inaugurated Internal Market, Leff’s account suggests that the citizens of the Czech Republic would never have been willing to secede from their poorer (hence less EU-ready) Slovakian neighbors.
union? Possibly, but the notion that secessionists would be willing to go to war against their country’s government-funded military is, if anything, even less realistic—and so, as a practical matter, very few regional conflicts ever reach that stage.

Staying with this line of argument, it might be objected that members of the majority, by muzzling the wealthier minority’s secessionist ambitions, would be undermining their own economic prospects. If the human-capital-endowed segments of a country’s population are unhappy, they could refuse to invest and innovate and, in this way, reduce the size of the economic surplus available to their oppressors. It is certainly true that holders of capital enjoy a privileged position in democratic societies; as long as capitalists can exit (i.e., disinvest), democratic governments concerned about economic outcomes must cater to their demands. And as globalization proceeds, capitalists gain a whole new array of exit options, raising their political clout by even more (see, e.g., Alesina and Spolaore 1997; Rodrik 1997).

But the extent of globalization and, by implication, capital’s ability to exit are policy variables: governments can close them off without altogether undermining their societies’ prospects for economic growth. The key point is that innovators will innovate and capitalists invest so long as they expect positive returns and, importantly, these returns are the largest available. And that being the case, one would expect the beleaguered majority to go out of its way to close off these alternatives—including the alternative of physically migrating to other, higher-returns societies. There is no reason to think this strategy would always work, of course. Or that, because it worked for a while (think of the Soviet Union during the early decades of the cold war), it would work forever (think of the Soviet Union today). My point is simply that the citizens threatened by a secessionist movement would not have to take their predicament lying down. They could call out the troops (or threaten to) and plug up their “brain drains” without necessarily shooting down their economies in the process.

In sum, for all the talk about globalization’s disintegrationist tendencies, the barriers to secession—even for relatively prosperous regionally-concentrated subnational groups—are likely to remain extremely high. If certain spatially concentrated groups within a developing democracy are at loggerheads, secession might seem to offer a natural, conflict-mitigating way out. Indeed, the exit option might seem particularly appealing now that globalization has reduced the economic costs of secession for aggrieved subnational groups; in a fully globalized world, these groups could delink from their national economies without any sacrifice in terms of reduced market access. Even if we leave aside the fact that successful secessions have historically been few in number, however, there are a host of problems—conceptually, not just empirically—with this argument. As noted above, secession’s attractions to the rich tend to be much greater than to the poor; by removing themselves from the national political struggle, the poor would be denying themselves any claim to the wealth and resources of their former fellow citizens. And though the secessionists’ loss of access to the national market might not be as costly as it would have been in pre-globalization days, it’s hard to imagine that their access to international markets would be better than the privileged access they had.

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26 The term “privileged position” comes from Lindblom (1977), though the same theme also runs through the writings of Marx and—more recently—Przeworski and Wallerstein (1988), Garrett (1998), Rogowski (1998), and Boix (2003).

27 Although the difficulty of restricting cross-border flows of goods and capital is a recurrent theme in the IPE literature, the most important constraint that governments may run up against in their efforts to manage globalization may well be the least studied: the difficulty of restricting cross-border flows of people, particularly those well-endowed with human capital.
once enjoyed in the national marketplace. While there is more to be said on all of this, my purpose in this section has simply been to suggest why enduring domestic political conflict, rather than outright secession, is the more likely prognosis for globalization’s future. Or to put the same point in a different domestic context, not all failed marriages end in divorce.

6. Out of This World: A New Agenda for Globalization Research

With the global financial system in disarray and unemployment rates in double-digits across much of the world, one might have expected today’s international political economy to be undergoing the sort of path-altering “cataclysmic” shock described in Stephen Krasner’s landmark study of global free trade and protectionism during the 19th and 20th centuries (Krasner 1976, esp. pp. 341-343). But it has not worked out that way. Despite some fraying around the edges—a Buy-American clause slipped into a president’s financial stimulus package here, a Buy-French clause slipped into another president’s bundle of reforms there—globalization’s pivotal US-EU coalition has held firm in its commitment to free trade in goods, services, and (to a lesser extent) capital. As for the countries of the developing world, most have only recently hitched themselves to the globalization bandwagon, and their leaders are not about to let go. Surveying the current political scene, one would be hard-pressed to find any country, save perhaps Bolivia or Chavez’s oil-rich Venezuela, where political parties championing protectionism could be described as having a secure hold on domestic public authority.

In some ways, however, the absence of political debate about the costs and benefits of changing course—of slowing, if not reversing, the free-trade bandwagon—is less surprising than the extent to which these long-run costs and benefits have also been neglected by social scientists. In political science, although the subfield of International Political Economy specializes in the analysis of international commercial and monetary relations, most of the subfield’s cutting-edge work continues to focus on the political, hence shorter-term, motivations for international cooperation, of which globalization is the cooperative case par excellence. Less emphasized are the long-run welfare consequences of all this cooperation, the effects that globalization and the proliferation of new institutional arrangements undergirding it are likely to have on societal actors and their living standards in a future too distant to be politically relevant today. This neglect may be understandable or even, from the standpoint of parsimony, desirable. But whatever its motivation, the effect has been to bias political science research away from these longer-term welfare effects.

And yet for students of international politics, the big research questions for the future are questions about the future. They’re about how national politicians will respond to the redistributive demands of their countries’ globalization losers should trade’s economic toll continue to rise and reduce (or be perceived to reduce) the living standards of their families. And they are questions about how that response will, in turn, influence the prospects for economic growth, democratization, and geopolitical stability in the years ahead. Both are open questions requiring creative new research.

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28 The political forces motivating globalization’s “enactors” to choose one institutional form over another has emerged in recent years as another major subject of debate in mainstream IPE research (see, e.g., Koremenos et al. 2001; Kahler and Lake 2003; Barnett and Finnemore 2004; Hawkins et al. 2006). These same themes—and the same emphasis, if not over-emphasis, on short-term considerations—has also characterized much of my own previous work, inquiring as it does into the politics and not just the longer-run economics of international cooperation (see Gruber 2000, 2001, 2005).
I say “open” because none of the domestic political scenarios I have been laying out in this chapter has been taken to its logical conclusion. So that should be the first task: using theory to plug the gap in our current thinking about how globalization, democratization, and political secession interact. By no means is it preordained that a democracy with an anti-integrationist majority will, as it globalizes, fragment along economic lines. To the contrary, the conditionality of the relationship between economic openness and self-sustaining democracy has been a major theme running throughout my analysis: whether a compromise between the globaphobic majority and its outward-looking opponents occurs—and, if so, what form that compromise takes—is likely to depend on a host of factors, I have argued, among the most important of which are the policy responses of the US and EU.

The second task is empirical. More econometric work, ideally combined with detailed case analysis, will, of course, also be needed. While political scientists already have a fairly good set of indicators for democracy, the work of assembling the necessary battery of internal demographic statistics remains—not an easy job, to be sure, but eminently doable. And given the stakes involved, the sooner it is done, the better. For if policymakers are to manage globalization effectively, they will need hard answers to the longer-run, future-oriented questions addressed in this chapter. But it is not just their salience for policymakers that makes this new line of inquiry so exciting. As I hope my discussion here has demonstrated, thinking through globalization’s long-term logic can also be expected to provide insight into political geography questions of enduring social-scientific controversy, questions which, using a range of tools from rational choice theory to micro-historical analysis, are both answerable and important.
References


