A World of Passions: How to Think About Globalization Now

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Recent events have been unkind to a doctrine that defined global economics and politics during the 1990s. That doctrine, often termed "neo-liberalism" or "the Washington Consensus," was defined by the belief that free markets and international economic integration would lead the world toward prosperity, liberal democracy, and peace. The failure of neo-liberal development policies in countries such as Indonesia and Argentina, and the new prominence of elite and popular nationalism and fundamentalism whose most vivid expression is terrorism, have together shown the insufficiency of the neo-liberal program. In Part I of this essay, I present the major features of neo-liberalism, as a program and as a view of development, and argue that it embodied a distinctly optimistic and rationalist theory of modernity. After sketching the events that led to the decline of neo-

1. It is best to address this large concept at the outset. To be sure, many of the phenomena I describe, particularly those not dependent on technological innovations, have arisen at other times and in other places. The present trajectory of global modernity, however, derives directly from these North Atlantic origins. I mean to express no view on the question why global modernity began here rather than elsewhere. By modernity, I mean the social, cultural, political, and economic circumstances that arose in Europe and North America in the eighteenth and nineteenth centuries, and have since become the dominant trajectories in societies around the world. In social life, modernity means geographic and social mobility, the decline of traditional hierarchy, and increased importance for individual choices. Social modernity might include, for instance, an end to arranged marriages in favor of freely chosen matches, deciding among careers rather than inheriting the family trade, and forming community by mutual affinity rather than geography or bloodline. The great descriptions of these transformations are Alexis de Tocqueville’s account of “equality of conditions,” by which he means all of these phenomena, in Democracy in America, and Karl Marx’s apocalyptic portrayal of the growth of commerce and individualism in the Communist Manifesto. Alexis De Tocqueville, Democracy in America 50–56, 506–09, 535–38 (J.P. Mayer ed., George Lawrence trans., Harper & Row 1966) (1850); Karl Marx, Manifesto of the Communist Party (1888), reprinted in The Marx-Engels Reader 469 (Robert C. Tucker ed., 2d ed. 1978). In economics, modernity refers to scale, complexity, and the individual contractual relations that correspond to the rise of individualism in social relations. Two economic images—the play of large and impersonal market forces and the conclusions of individually negotiated
liberalism in Part II, I proceed in Part III to describe a “New Consensus” among certain forward-looking economists and policy makers, which is less tendentious in its programmatic recommendations and much more open to the role of politics and public institutions in development. In Part IV, I argue that the New Consensus needs to be augmented by a view of the economic, social, and political discontents of modernization, and propose for that purpose the tradition of the passions, a line of social thought exemplified by Adam Smith, Alexis de Tocqueville, and Edmund Burke. This tradition portrays modernity as unstable, particularly in periods of transition, with great and interwoven potential for both peaceful liberty contracts—exemplify competing structural aspects of modernity: on the one hand toward a greater individuation of experience and decisions, and on the other toward the creation of vast collective entities in which individual choice becomes increasingly insignificant in determining the direction of the whole. See, e.g., id. For a foundational discussion of the role of free choice in modern economic relations, see, for example, Adam Smith, An Inquiry Into the Nature and Causes of the Wealth of Nations 687–88 (R.H. Campbell & A.S. Skinner eds., Liberty Fund Press 1981) (1776).

In politics, modernity tends toward an emphasis on the equal status of each citizen, and the idea that political decisions should emerge from rational collective deliberation rather than from mere inheritance or passions. See, e.g., The Federalist No. 1 (Alexander Hamilton). In a contradictory tendency, however, modernity is characterized by mass politics, practiced through national and global communication, and addressed to as many as a billion citizens or subjects at once. Here as well, then, modernity refers to a decline of authority and inherited certainty, and uncertainty as to whether the replacement will be free and rational choice or vast and impersonal forces—in this case the vicissitudes of popular politics. See, e.g., Arjun Appadurai, Modernity at Large: Cultural Dimensions of Globalization 158 (1996). For the classic discussion of the uneasy fit between these two aspects of modernity, see Max Weber, Politics as a Vocation (1919), reprinted in From Max Weber: Essays in Sociology 77 (H.H. Gerth & C. Wright Mills, eds. & trans., 1946).

In culture, modernity’s concerns run parallel to the structure of economic and political life. On the one hand, modernity is characterized by intense concern with individuals, as exemplified by the rise of such literary genres as the novel and the memoir, with their emphasis on the personal voice and the inner life of emotions; clinical practices such as psychoanalysis, with its claim to probe to the core of the analysis; and admiration for uniqueness and authenticity. See Charles Taylor, The Culture of Modernity, in Sources of the Self: The Making of the Modern Identity 285 (1989). On the other hand, modernity is associated with a new obsession with forms of collective identity as candidates to replace the old certainties: accordingly, nationalism, with its subsuming of individual identity into the body of the nation, is an exemplary product of modernity. So is fundamentalism, which claims to repudiate modernity but in fact represents a struggle to reclaim lost certainties, with its source in religious text rather than the cultural history that nationalism favors. See, e.g., Appadurai, supra; Ernest Gellner, Nations and Nationalism 39 (1983). Unsurprisingly, then, modernity carries the seeds both of liberal democracy and of today’s most violent forms of social and political disturbance, nationalism, and fundamentalism. This paper’s concern is with the so-styled globalization debate as a chapter in the struggle of modernity’s prospects, and the question whether the latest chapter will tend toward a liberal or an illiberal future.
and new forms of violence. In Part V, I survey the major, superficially contradictory features of globalization—the rise of a potentially liberal middle class and of pervasive political extremism—through this lens, arguing that they represent the competing tendencies of modernity, which the theory of the passions helps to illuminate. I conclude in Part VI with some strictures for policy that arise from this account.

I. WHAT WAS NEO-LIBERALISM?

A. The Neo-Liberal Program

In its most straightforward form, neo-liberalism, or "the Washington Consensus," was a list of policy measures held to produce economic stability and growth. These policies became standard recommendations for developing countries in the 1990s, and were often mandated as conditions of loans and grants from the International Monetary Fund (IMF) and the World Bank. John Williamson, the political economist who coined the term, identified the elements of the Washington Consensus as: maintaining fiscal discipline, with a rule of thumb that budget deficits should not rise above 2 percent of gross domestic product (GDP); cutting marginal tax rates while broadening the population of taxpayers; progressively liberalizing finance until interest rates are set by market forces; keeping exchange rates low to favor export industries; liberalizing trade by lowering tariffs on imports and exports; abolishing barriers to foreign direct investment; privatizing state-owned enterprises; reducing regulatory restraints on business; and establishing a clear regime of property rights. These prescriptions were widely echoed, perhaps most famously by New York Times columnist and globalization pundit Thomas Friedman, who listed them as the components of "the Golden Straitjacket," a formula for wealth that came at the price of surrendering free choice in setting national economic policies. Friedman's image cap-

tured the mood of the time by summing up two convictions about the policies of the Washington Consensus: they worked, and there was no alternative.⁵

B. The Presuppositions of Neo-Liberalism

Beneath the mechanical program of neo-liberalism lay a set of presuppositions about political and social life: not ideas about the metaphysics of human nature, perfectability, or original sin, but pragmatic views about what one could and could not hope to accomplish with a given set of means. Perhaps foremost among these was the belief that political life could be subordinated to economic logic, replacing irrational and sectarian motives with rational and universal considerations. The theorists of the Washington Consensus recognized politics as their enemy, the vehicle for such anti-reformist sentiments as fear of change and attachment to existing comfort and privilege. Williamson even proposed inducing economic crisis to break the stranglehold of politics, suggesting that:

> If it indeed proves difficult to identify cases of the sort of extensive policy reform needed to make the transition to an open, competitive, market economy that were not a response to a fundamental crisis, then one will have to speculate whether it could conceivably make sense to think of deliberately provoking a crisis so as to remove the political logjam to reform.⁶

In such a view, politics is interesting chiefly as an obstacle to the implementation of economic logic.

As the theory became more self-assured toward the end of the 1990s, popular commentators such as Friedman announced that the dominance by economics of politics was not just desirable, but self-enforcing:

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⁶ *Williamson*, supra note 3, at 20.
Governments . . . that deviate too far from the core rules will see their investors stampede away, interest rates rise and stock market valuations fall. . . . [If you think that you can resist these changes without paying an increasingly steep price, without building an increasingly high wall and without falling behind increasingly fast, then you are deluding yourself.]

Because of market pressure from investors, market rationality would squeeze political decision-makers into the Golden Straitjacket, with or without their consent.

Second, the advocates of neo-liberalism argued that their policies would have a pacifying effect on human belligerence. Friedman, again, made the point most accessibly by coining the phrase "Golden Arches Theory of Conflict Prevention," a thesis based on the observation that, before the United States intervened in Kosovo in 1999, no two countries with McDonald's franchises had ever gone to war.

There were, in fact, two versions of this argument, both of which went back to the thought of the Baron de Montesquieu. One version concerns the interests of nations, and argues that the intertwining of interests that follows trade makes war between trading partners irrational. As Montesquieu put it, "The natural effect of commerce is to lead to peace. Two nations that trade with each other become reciprocally dependent; if one has an interest in buying, the other has an interest in selling, and all unions are founded on mutual needs." This argument found favor intermittently forever after, including a period of great popularity in the period leading up to World War I, when some political economists concluded that economic interdependence had made war an anachronism. Sir Thomas Barclay wrote in his article on "Peace" in the 1910 Encyclopaedia Britannica that "war is coming, among progressive peoples, to be regarded merely as an accidental disturbance of that harmony and concord among mankind which nations require for the fostering of their domestic welfare."

7. Friedman, supra note 4, at 106–09.
8. For a sober consideration of these proposals before they achieved intellectual faddishness, see John Dunn, The Economic Limits to Modern Politics, in The Economic Limits to Modern Politics 15 (John Dunn ed., 1990).
9. Friedman, supra note 4, at 248–49.
The other version of the argument concerns not the irrationality of war, but the disinclination to war, not calculations of interests but the play of the passions. As Montesquieu famously put it, “Commerce cures destructive prejudices, and it is an almost general rule that everywhere there are gentle mores, there is commerce and that everywhere there is commerce, there are gentle mores.” It was Montesquieu’s thesis that contact with other cultures through trade softened chauvinism and so eroded the propensity to war. Later adherents to this view have added that commerce also redirects ambition from the search for honor and glory, which leads readily to war, to business and the search for wealth, which incline their practitioners to peace. People would rather buy McDonald’s, or own a McDonald’s franchise, than wage war: that was the conviction of neo-liberalism.

The third pillar of neo-liberal belief was that, if economic liberalization and integration would foster peace among nations, they would also promote democratic government and the rule of law within countries. The most adamant advocates of this idea were politicians who sought to reconcile liberalized trade with undemocratic regimes, on the one hand, with the promotion of democratic values on the other. In neo-liberal doctrine, those two pursuits became synonymous. The theory held that trade produced a middle class, which, on the model of the European revolutions of the nineteenth century, would reject authoritarianism and demand liberal democracy. George W. Bush announced that trade with China would “help an entrepreneurial class and a freedom-loving class grow” and develop. Republican representative Tom DeLay echoed the president’s assertion, arguing that a Chinese “middle class will eventually demand broad acceptance of democratic values.” At the first stage of neo-liberal reform, then, economic logic would overwhelm the perverse motives of politics. At the

13. See, e.g., Tocqueville, supra note 1, at 226. Here Tocqueville emphasizes the contrast between a democratic, modern, commercial society and an aristocratic, pre-modern one. He recommends the former type of society to the reader “if you think it profitable to turn man’s intellectual and moral activity toward the necessities of physical life and use them to produce well-being, . . . if your object is not to create heroic virtues but rather tranquil habits, . . . if in your view the main object of government is not to achieve the greatest strength or glory for the nation as a whole, but to provide for every individual therein the utmost well-being . . .”
15. Id.
next stage, however, economic reform would affirmatively reshape politics, giving it the liberal stamp of bourgeois orderliness, tolerance, and competence.

One might gather these neo-liberal views under the rubric, "the harmony of liberal ends." This is the conviction that the features of liberal modernity, as it has developed in the North Atlantic countries—market economics, liberal democracy or at least the rule of law, the loosening of cultural traditions, tolerance within societies, and peaceable coexistence among them—reinforce and even produce each other. On a strong version of the neo-liberal view, free-market reforms are not just economic instruments, but the first drop of an alchemist's potion that turns the whole of social life to the gold of liberal modernity. Indeed, applied to largely agrarian and family-based societies such as China and India, neo-liberalism constituted a theory of modernization, the movement from traditional, place-based lives of inherited roles and obligations to mobile existences where luck and skill matter more than descent in fixing one's place in the world, and choice more than inheritance in determining beliefs and identity. On the neo-liberal view, modernization is best achieved through the catalyst of the market, which sets off a self-sustaining expansion of liberal values and practices.

II. SEVERAL CHALLENGES TO NEO-LIBERALISM

Two major difficulties have beset the neo-liberal program in recent years. The first is a series of conjoined economic and political crises in countries previously considered successful instances of neo-liberal reform. The second is the new prominence of terrorism and various forms of nationalist and fundamentalist politics with which it is associated, which presented a stark reminder that liberal modernity has enemies fiercer than venal economic planners. The most dramatic economic and political crises have befallen Indonesia, in 1997 and 1998, and

16. The most sophisticated and responsible expression of this idea comes from a thinker who is richer and more complicated than most neo-liberals, the Nobel laureate in economics, Amartya Sen. Sen argues that individual freedom, political democracy, and economic prosperity are indissociably linked, and that as an increase in one tends to enhance the others, a reduction in any one jeopardizes the others. It is worth noting that, although Sen's own commitment is to a liberal view of culture as concerned with enhancing individual liberty and satisfaction, he is attentive to the real ethical difficulty raised by the incompatibility of certain traditional forms of life with the conditions of modernity that markets and other forms of social liberalization introduce. Amartya Sen, Development As Freedom 13–34 (1999).
Argentina, in 2001 and 2002. These have become a kind of tribunal by evening news for neo-liberal triumphalism. In the remainder of this section, I concentrate on these crises. I address the challenge of political extremism in Part V.

A. The Indonesian Collapse and the Argentine Crisis

Indonesia had been a model of rapid economic growth for several decades, although its heterodox policies, which included substantial government involvement in expanding export industries, did not altogether comport with the neo-liberal program.\(^{17}\) In the 1990s, however, the country joined its East Asian neighbors, including Thailand, Malaysia, and Korea, in adopting one of the central planks of the neo-liberal platform, capital-market liberalization. By eliminating controls on the flow of capital across national borders, these countries entered into what was supposed to be the primary enforcement mechanism of the Golden Straitjacket, the discipline of rational investors who would withdraw their money from economies not governed by sound principles of economic efficiency.\(^{18}\) As the theory predicted, money flowed rapidly into the entire region, as investors sought to take advantage of high rates of return in an expanding regional economy. In 1996, a net private flow of $93 billion entered five regional economies: South Korea, Indonesia, Malaysia, Thailand, and the Philippines.\(^{19}\)

In mid-1997, however, under pressure from currency speculators who believed it overvalued, Thailand devalued its currency, the baht.\(^{20}\) That move reduced the exchange value of baht-denominated investments and raised anxiety about the soundness of both the national and the regional economies. In the absence of barriers to rapid capital movement, the net influx of private capital reversed itself. In 1997, a net $12.1 billion left the region's economies as investors withdrew their funds and anxious lenders called in debts from the region.\(^{21}\) That represented a swing of $105 billion. As the countries' combined pre-crisis GDP

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17. See, e.g., STIGLITZ, supra note 2, at 91–94.
18. Thomas Friedman asserts the primacy of this enforcement mechanism in "The Electronic Herd," a term referring to global investors. FRIEDMAN, supra note 4, at 93–119.
21. See Radelet & Sachs, supra note 19, at 111–12 tbl.4.2.
was approximately $935 billion, the change in private capital flows amounted to 11 percent of regional GDP.\textsuperscript{22} As currencies across the region fell in value, and businesses lost capital not only for new investments, but also for ongoing expenses, economic crisis set in: Indonesia's official unemployment rate increased tenfold between 1997 and 1998, its poverty rate doubled, and GDP fell by 13.1 percent.\textsuperscript{23}

A debate arose immediately over the sources of the crisis. One cluster of opinion gathered around the "crony capitalism" thesis, whose adherents argued that a perverse combination of an under-regulated domestic financial industry and corrupt government involvement in investment decisions had resulted in an inefficient misallocation of resources that rendered the entire regional economy a house of cards.\textsuperscript{24} There was ample anecdotal evidence for the hypothesis: the Indonesian government, to concentrate on our primary example, had raised the cost of major, foreign-funded projects with complicated kickbacks to enterprises owned by family members of close associates of President Suharto, and had created such irrational transaction costs as a mandatory stopover by Jakarta-bound cargo planes at a private airport owned by relatives of Suharto deputy B.J. Habibie.\textsuperscript{25}

Soon prominent economists, who would become architects of the "New Consensus," produced an alternative view. Although political corruption had introduced some inefficient elements into Indonesia's economy, they argued, the rapidity and depth of the crisis were explicable only by recognizing that it was not merely a rational response to flawed macroeconomic policies, but a financial panic in which:

short-term debts exceed short-term assets, no single private market creditor is large enough to supply all of the credits necessary to

\begin{footnotes}
\item[22] See \textit{id.} at 111.
\item[23] See Stiglitz, \textit{supra} note 2, at 97.
\end{footnotes}
pay off the existing short-term debts, and there is no lender of last resort. In this case, it becomes rational for each creditor to withdraw its credits if the other creditors are also fleeing from the bargainer, even though each creditor would also be prepared to lend if the other creditors were to do the same.²⁶

Steven Radelet and Jeffrey Sachs argued that the crisis had two critical features of a financial panic, as against a crisis induced by flawed policies: it had not been anticipated by either market participants or independent observers, who had continued to give a strong rating to the region's economies and, as noted above, to invest heavily in them;²⁷ and it came despite such evidence of sound "fundamentals" as high savings rates and low budget deficits.²⁸ In other words, the crisis was a panic-riot born of investors' animal spirits. Its occurrence constituted a dual failure on the part of the neo-liberal program. First, the elimination of capital controls created the legal conditions in which a panic was possible, because investors could make and withdraw short-term investments without restriction. Second, a panic demonstrated the empirical fallibility of the theory that the market decisions of many thousands of investors would impose sound policies on national governments: a panic could instead wreck a national economy regardless of its basic soundness.

The next stage of events in the East Asian Crisis reflected a different kind of mistake. Up to this point, promoters of the Washington Consensus had insisted on economic liberalization with insufficient attention to its hazards. Now the ground shifted somewhat. International financial policymakers reacted to the crisis as if it were simply another instance of their cardinal problem: runaway inflation produced by a lack of fiscal discipline. If the first mistake was to assume that the preferred theory held the key to all problems, the second was to proceed as if all problems were instances of one bellwether problem: undisciplined government spending. The Argentine crisis also emerged from excessive enthusiasm for chaining governments' discretion to unrelenting economic constraints. Although perhaps right in its dim assessment of governments' judgment, this

²⁶. Radelet and Sachs, supra note 19, at 108.
²⁷. Id. at 118–23 (noting the favorable view of the regional economies taken as late as 1997, such as Standard and Poor's, Moody's, and the IMF, as well as private investors).
²⁸. Indonesia, for instance, had a modest budget surplus in every year of the 1990s preceding the crisis, except 1992, when its deficit was 0.4 percent of GDP, and "domestic savings and investment rates were very high throughout the region." Id. at 123–24.
program, like the Indonesian intervention, was far too sanguine about the benefits of its preferred economic fixes. As a condition of loans that saved the regional economies from outright insolvency, the International Monetary Fund (IMF) imposed a set of reforms that comported with the Washington Consensus' emphasis on fiscal restraint, but showed little sensitivity to the actual circumstances of the East Asian economies. To enforce fiscal discipline, the IMF shut down sixteen commercial banks in Indonesia (and fifty-eight out of ninety-one in Thailand), raised interest rates across the region, and enforced tight restrictions on government spending. The ambition was to control profligate expenditure and attract foreign investment (to take advantage of high interest rates) that would enable the East Asian countries to maintain payment on their foreign debt.

However, as evidenced by fiscal surplus, profligate spending was not the problem; the problem, following the flight of capital, was that no money was available in the economy, and the IMF's contractionary policies exacerbated that lack and deepened the crisis. The IMF's policies made sense on the theory that irresponsible government must be the problem, and that reigning it in would attract investment—the neo-liberal theory of market discipline of political irrationality; it did not make sense in the actual situation, in which panicked and under-regulated investors drained the region of capital and then kept their money away because contractionary policies meant there was little domestic economic activity in which foreigners could invest—and because in the aftermath of panic they remained chary of investment in the region.

The other bellwether crisis was Argentina's default on its national debt on December 23, 2001. Unlike the heterodox countries of East Asia, Argentina in the 1990s became the exemplary wearer of the Golden Straitjacket. After decades of political mismanagement of the economy, which dated back to populist leader Juan Peron's effort to apply political control to every area of investment, Argentina had decided in effect to surrender political control over the heart of its economic policy. Finance Minister Juan Cavallo, the architect of the Argentine plan, was a kind of Ulysses, lashing himself and his country firmly to the

29. See id. at 141.
30. See Radelet and Sachs, supra note 19, at 141–49; STIGLITZ, supra note 2, at 104–13.
mast to resist the temptations of political sirens. Cavallo’s central move was to tie the Argentine peso, one-to-one, to the American dollar, robbing the government of the power to increase or decrease the value of the currency through monetary policy. The value of the peso was set by the overwhelmingly larger fact of the dollar’s value. That done, Argentina’s government committed itself to implementing the other recommendations of the Washington Consensus: privatization, trade liberalization, and reform of the tax and banking systems, all designed to facilitate trade and investment.

The difficulty began when the dollar-pegged peso made Argentina’s exports uncompetitively expensive on the world market. A growing trade deficit had to be made up by loans from foreign investors, which raised public debt to $155 billion at the time of the default. As the country’s debt increased, and its economy stagnated in a weak export market, foreign lenders demanded a growing risk premium for continuing to underwrite Argentina’s trade deficit. The rising interest rates of foreign loans set in motion a vicious spiral toward national bankruptcy.

As Dani Rodrik has pointed out, the Argentine government’s commitment to servicing the national debt remained in place until it became infeasible.

The political leadership’s commitment to service the external debt was not in doubt. Indeed [the country’s leaders] were willing to abrogate their contracts with virtually all domestic constituencies —public employees, pensioners, provincial governments, bank depositors—so as not to skip one cent of their obligations to foreign creditors. Yet in the end, investors still wound up thinking that Argentina was a worse credit risk than Nigeria.

The decisive factor, in the end, was popular discontent in Argentina. Determined to maintain debt service and impress financial markets with his fiscal

32. See id. ("[T]he government was left with few tools to respond to outside events... [T]he beauty of the scheme [was that] it would compel politicians to stay honest."); Dani Rodrik, Trade Rout, The New Republic, Jan. 14, 2002, at 13, 14.
34. See A Decline Without Parallel, supra note 31.
35. See id. at 26–28.
36. Id. at 28.
37. Rodrik, supra note 32, at 15.
austerity, Cavallo followed broad reductions in public spending with cuts of as much as 13 percent in government salaries and pensions.\textsuperscript{38} In a country where unemployment already stood at 20 percent,\textsuperscript{39} Argentines greeted the contractionary policies with riots and looting in the Christmas season, inducing a political crisis that swept several successive governments from power in a matter of weeks.\textsuperscript{40}

\textit{B. The Implications of the Crises}

The two economic crises did not refute the theory that some version of neo-liberal policies would, in laboratory conditions, prove the best route to robust economic growth. Rather, they established, not for the first time in history, the limited value of laboratory conditions in formulating policy. In so doing, they contradicted certain of the deeper presuppositions of the neo-liberal program. First, they showed the difficulty, even the impossibility, of subordinating politics to economic logic. The Argentine collapse and default marked the failure of an explicit and ambitious attempt to do so. The Indonesian (and broader East Asian) investor panic provided a reminder that even when economics directs politics, as with the capital liberalization that was expected to impose sound domestic policies, the consequences it enforces may not conduce to economic efficiency but, instead, prove economically ruinous. Moreover, the exacerbating effect of the IMF's post-crisis contractionary policies demonstrated that programmatic application of economic theory can be highly counterproductive where it is not sensitive to the political economy of the recipient country. In sum, economics often must defer to politics, economic imperatives can be as inefficient in their effects as political ones, and even the direct application of economic theory does not provide a context-independent blueprint for sound governance.

Second, the crisis called into serious question the claim that market reforms would advance the liberal spirit and rule of law—a central claim in the neo-liberal

\textsuperscript{38} \textit{Id.}
\textsuperscript{39} \textit{Id.}
version of the harmony of liberal ends.\textsuperscript{41} Far from bringing about a liberal spirit and movement toward democracy and rule of law, reform-driven economic crises induced spasms of political passion that compounded the countries' difficulties. Argentine democracy brought down Argentine economic reform, putting the imperatives of liberal-democratic politics and neo-liberal economics in direct contradiction to each other. Economic crisis spurred Indonesia's political crisis, which brought down the long-serving President Suharto and introduced substantial and rapid democratization;\textsuperscript{42} democratic reform, however, resulted in a series of secessionist movements in East Timor, Aceh, and Papua, which destabilized national politics and increased investor mistrust.\textsuperscript{43} It also produced ill-considered reforms that divided power between the national government and various regional governments and made coordination of further economic reform difficult to impossible.\textsuperscript{44} Economic destabilization did indeed produce democratic ferment, but the results were far from the stable, middle-class society that neo-liberal optimists hoped free markets would help to produce. The upshot was that economic reform was sometimes at odds with the broader political features of liberal modernity, and with the development of effective political institutions, making intensely

\textsuperscript{41} It is worth noting that this asserted harmony was unstable from the beginning, as the very ambition of subordinating politics to economic logic indicates a mistrust of democratic institutions. Perhaps it is for this reason that the thesis of the harmony of liberal ends is usually applied to countries in the early stages of transition to markets and modernity, rather than to more politically and economically modern societies, where politics is robust enough to inspire mistrust.


dubious the claim that neo-liberal economics could be the alchemist's formula for producing liberal modernity.

The other events that helped to end neo-liberal self-confidence were the attacks on New York City and the Pentagon on September 11, 2001. In Part V, below, I devote some attention to the implications of religious and nationalist extremism—what I call "the new chauvinisms"—for thought about globalization, and particularly for the neo-liberal consensus. For the moment, I will simply indicate the conclusion of that argument: that a vivid reminder of these pervasive movements showed that there was no reason for confidence in the putative harmony of liberal ends. On the contrary, social transformation and the rise of a middle class now appeared compatible with, even conducive to, the growing strength of the new chauvinisms.

III. THE NEW CONSENSUS

After these blows to neo-liberal self-confidence, a New Consensus has emerged among liberal advocates and analysts of globalization. While its adherents do not deny the harmony of liberal ends, they do reject the neo-liberal formula that makes market reform the necessary and sometimes sufficient condition of achieving liberal modernity. Two of the exemplary spokespersons for this position are esteemed economists: Joseph Stiglitz, Nobel laureate and former chief economist of the World Bank, and Jeffrey Sachs, a longtime Harvard economist now at Columbia, and a former adviser to the IMF. As with the previous neo-liberal consensus, the elite media have begun to reflect the New Consensus.

A. What Is the New Consensus?

The defining difference between neo-liberalism and the New Consensus concerns the relationship between economics and politics. Where neo-liberalism
concentrated on overcoming politics, the New Consensus rests on an acknowledgment that there is no escaping politics. This is meant in both a descriptive sense—that politics shapes even what are nominally apolitical programs, and that denying this obscures the facts and impairs tactical judgment—and prescriptively, meaning that the New Consensus recognizes political institutions as essential to the legitimacy of economic reforms.

In the first, descriptive sense, the New Consensus partly rejects the neo-liberal self-image of the apolitical "technopol" guided by the common good.47 Instead, its adherents denounce much of the economic integration of the past decade as skewed toward the interests of the already wealthy countries, to the disadvantage of the poor. Stiglitz, for instance, has criticized the United States government for opportunism and cronyism in using the IMF to support Boris Yeltsin’s candidacy for the presidency of Russia in 1998.48 More substantially, he argues that the IMF has systematically directed its policy mandates toward protecting international investors from wealthy countries, rather than protecting poorer countries from economic and social crisis. One of the most important vehicles of neo-liberal policy is in fact "pursuing the interests of the financial community."49 Other critics have pointed out that, thanks to the disproportionate power of the wealthy nations in the World Trade Organization, and the power of the agricultural lobbies in those countries, trade agreements have maintained subsidies and tariff protection for agriculture in those countries while opening foreign markets to the rich countries' subsidized foodstuffs.50 The same political logic has extended the patent rights of rich-country pharmaceutical companies to poor regions, prohibiting generic substitutes for essential but unaffordable drugs.51 In summary, while neo-liberals advertised their program as the global extension of a market unblemished by the corruptions of politics, it proved to be

47. See Williamson, supra note 3.
48. See Stiglitz, supra note 2, at 166–79.
49. Id. at 206.
50. Rosenberg, supra note 46, at 33 (pointing out that while countries such as China, Mexico, and Haiti have slashed or eliminated protections for domestic agriculture, American farmers continue to receive 20 percent of their income from government subsidies, and European farmers 35 percent).
51. See, e.g., Jeffrey D. Sachs, AIDS, Drugs, and Africa, Fin. Times, Feb. 13, 2001, at 25; Rosenberg, supra note 46, (quoting pro-liberalization development economist Jagdish Bhagwati: "This is not a trade issue. It's a royalty-collection issue. It's pharmaceuticals and software throwing their weight around.").
as rich with opportunities for regulatory capture and rent-seeking as any domestic regime.\(^5^2\)

A parallel criticism applies to the effect of neo-liberal reforms within client countries. Just as politics inevitably enters into the putatively pure economic rationality of the IMF, so also do political institutions matter, for better or worse, in implementing reforms. The significance of reforms is not a matter of their theoretical formulation, but of the institutional setting in which they are implemented. In this vein, Stiglitz attacks IMF policy makers for imagining that, once reformers establish private property rights, efficient markets will arise as if by nature. Instead, he argues, political institutions are necessary to provide regulation against fraud, self-dealing, and other forms of corruption; judicial enforcement of contracts; and a measure of democratic accountability to a "market" that may otherwise come to resemble the field of competing robber barons who now dominate Russia.\(^5^3\) Markets, in other words, are achievements of institutional design as much as they are the natural consequence of interactions among property holders.\(^5^4\)

So far, the New Consensus amounts to a criticism of the implementation of neo-liberalism, albeit a fundamental one. Adherents of the New Consensus, though, embrace politics not just as instrumentally necessary, but also as being inherently a source of legitimacy or illegitimacy for policy decisions. Central to the criticism that both Sachs and Stiglitz have directed at the IMF is its quasi-imperial role in dictating domestic policy to governments that have little or no effective choice in the matter.\(^5^5\) As Stiglitz puts it, "All too often the Fund's

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52. This observation raises the question whether, if it were possible to secure liberalization against capture and clientelism by rich-world interests, the Washington Consensus might have proceeded more nearly as its advocates predicted. Certainly that would be relatively desirable: in the instances surveyed, programmatic liberalization salted with interest-group politics has probably done more harm than a purer version would have. The contention of this article is that the neo-liberal ambition to escape from politics was self-defeating; but that should be taken as a caution against naivete, not a categorical condemnation of attempts to manage politics and avert the harmful effects of clientelism.


54. In this view, the adherents of the new consensus have much in common with the rule-of-law school in development studies. For a helpful discussion of this school and a productive criticism of its tendency to overlook such passion-laden issues as ethnicity, see Amy L. Chua, *Markets, Democracy, and Ethnicity: Toward a New Paradigm for Law and Development*, 108 Yale L.J. 1, 11–21 (1998).

55. See, e.g., Sachs, supra note 20; Stiglitz, supra note 2, at 29–49.
approach to developing countries has had the feel of a colonial ruler." In the eyes of the critics, this is a major reason that political crisis overwhelmed economic reform in the bellwether crises of Argentina and Indonesia, and why reform has languished in corruption in other countries: when policies are understood locally as something imposed and undergone, rather than undertaken by local initiative, their support is thin and they are more likely to produce violent spasms of rejection.

The enhanced status of democracy in the New Consensus is in part a consequence of lesser confidence in formulaic and universal solutions: where there is no unitary formula for successful development, and politics is acknowledged as a necessary condition of success, a space emerges in which democracy can claim increased priority. Indeed, Stiglitz bases his endorsement of democracy both on the idea that a "social contract" between governors and the governed requires it and on the argument that in conditions of uncertainty, admitting a wider field of participants into policy deliberations may bring new information or fresh insight.

Accompanying the fresh acceptance of politics in the New Consensus is a criticism of neo-liberalism as an ideology rather than an application of pre-political principles. Stiglitz writes of the IMF's liberalization policies, "Economic science was too often replaced by ideology . . . that gave clear directions, if not always guidance that worked, and an ideology that was broadly consonant with the interests of the financial community," and he presents much of the failure of neo-liberalism as rooted in the conviction that the dictates of economic

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56. Stiglitz, supra note 2, at 40.
57. See, e.g., id. at 58 (noting that without a sound political process, privatization produces a more extreme form of corruption than regulatory rent-seeking).
58. See, e.g., id. at 46 (noting that while the IMF's enforced policies "did not engender development," they did engender resentment).
59. See infra text accompanying note 60.
60. See Stiglitz, supra note 2, at 225–29. These passages indicate an equivocation in Stiglitz's use of the term "democracy," which he uses sometimes to mean electoral accountability, sometimes national self-determination with or without accountability to the domestic electorate, and sometimes broad consultation within a field of elites. Because he tends to run together the virtues of the respective forms while ignoring their potentially contradictory aspects, Stiglitz often appears to want the best of all worlds. For a fuller discussion of this difficulty in the New Consensus's call for democracy, see Jedediah Purdy, The Values of the Market, 16 Ethics & Int'l Aff. 143 (2002) (reviewing George Soros, George Soros on Globalization (2002) and Joseph E. Stiglitz, Globalization and Its Discontents (2002)).
61. See Stiglitz, supra note 2, at 230.
theory would necessarily produce optimal results in the real world. In the same spirit, Sachs has declared that

> If economics is to be useful to the billions of people in the developing world . . . it will have to become more like clinical medicine and less like theology . . . so that economies are no longer toyed with as objects of theoretical speculation or blessed with I.M.F. [sic] incantations.

Although the IMF was the instant target of these criticisms, the spokespersons of the New Consensus treated its failings as functions of its allegiance to a form of free-market fundamentalism, in which sound policy measures, anytime, anywhere, could be deduced from the principles of economic theory.

The other signal feature of the New Consensus, which has affinities with the refusal to accept that unconstrained markets reliably produce optimal outcomes, is a commitment to institutions designed to reduce inequality between rich and poor nations. A dominant theme among its exponents is that political institutions must provide the goods to which markets would not independently direct resources—either because they are public goods, as in the case of environmental protection and infrastructure, or because those who need them lack purchasing power, or "effective demand," as in the case of education for the poor, or vaccines for malaria and other endemic diseases of the world's poorest countries. They have also called for schemes to liberalize immigration policy on a

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62. See, e.g., id. at 31–32, 84–85, 196–97. See also, Rosenberg, supra note 46, at 30, ("[the IMF] has become a champion of market supremacy in all situations, echoing the voice of Wall Street and the United States Treasury Department").


controlled basis to put capital directly in the hands of private individuals in developing countries.\textsuperscript{65} A guiding conviction of the New Consensus is that equity cannot be relied upon to take care of itself, but must be pursued by public intervention in the global distribution of resources.

\textbf{B. The Limits of the New Consensus}

In sum, the New Consensus is pragmatic, counter-ideological, and committed to politics and public economic intervention as necessarily imperfect tools in a world that does not permit perfect policies. In these qualities, it takes proper account of the first set of events that have upset the neo-liberal consensus: neo-liberalism's implication in economic crises, and the recurrent explosion of political discontent with neo-liberal policies. It does not, however, carry the conceptual resources to make sense of the other decisive challenge to neo-liberalism: the prominence, especially among the new middle classes, of chauvinistic and anti-Western political doctrines. This is so because the New Consensus retains the neo-liberal belief in the harmony of liberal ends, simply setting aside the special elevation of market economics in favor of a differently sequenced introduction of economic with political reforms. The New Consensus is an improvement on neo-liberalism, a better set of tools for securing the fruits of liberal modernity: it does not offer much response to the possibility that the same processes that bring those fruits also produce the impulse to a distinctly illiberal modernity.

This is so, I suggest, because the exponents of the New Consensus have not pressed far enough into their own tradition. They are, in contradistinction to practitioners of pure theory, political economists: they place economic life within the context of political institutions and political culture, with which they consider it intrinsically interwoven. They are, by temperament and conviction, attentive to context.\textsuperscript{66} Such political economy, though, is in its essence an

\textsuperscript{65} Harvard economist Dani Rodrik has proposed one such scheme, in which wealthy countries would open segments of their labor markets to short-term immigrants, who would then be required to return home with their earnings. See Rosenberg, \textit{supra} note 46, at 50.

\textsuperscript{66} Stiglitz, for instance, is a scholar of the real-world facts, such as imperfect information, that confound market theory. This scholarship leads directly to an empirical interest in how, for instance, perverse institutions in Russia made free-market theory inapplicable there. See, e.g., Benjamin Friedman, \textit{Globalization: Stiglitz's Case}, N.Y. REV. OF BOOKS, Aug. 15, 2002 (reviewing
acknowledgement of the constraints on the means of the efficient allocation of resources. It does not account for action that, by the calculus of the self-interested utility maximization, which in proper conditions is meant to lead to such efficient allocation, would appear irrational, or at least arational. But the new chauvinisms involve just such activity. To understand the terms of the contest between liberal and illiberal futures in globalization, one needs to be able to hold in view both the class of motives that one might describe as economically rational and those that demand some other description. It is a desideratum of any theory of globalization that it provide some account of how the coming of markets, growing individualism and mobility, enhanced communication, and popular politics contain the potential for both liberal and illiberal results. In the next part of this essay, I propose one tradition that has this potential. This is the tradition of the passions.

IV. THE METHOD OF THE PASSIONS

A. Weber and the Meaning of Method

It will be worthwhile here to define what sort I have in mind in invoking "a tradition." Isaiah Berlin has suggested that in the study of human affairs, the appropriate standard of explanation is "the 'because' neither of induction nor of deduction, but the 'because' of understanding . . . of recognition of a given piece of behavior as being part and parcel of a pattern of activity which we can follow."67 The reason is that, not just in history but in all studies of the broad sweep of human affairs, too many uncertainties, too many divergent possibilities, too many contradictory impulses and mutually unassimilable ambitions are at work to be reduced into any unitary formula of predictive power.68 What one can hope to do, instead, is to see clearly the dominant patterns of an historical moment, the

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foremost possibilities and the motives that drive them. This is a feat of perception and synthesis, of emphasis and omission.\footnote{See id. at 25, 36–38.}

This is not a counsel of irrationalism, subjectivism, or intuitionism. Rather, I have in mind the analysis of social-scientific method that Max Weber propounded, whose elements are as follows. First, "[t]he number and type of causes which have influenced any given event are always infinite and there is nothing in the things themselves to set some of them apart as alone meriting attention."\footnote{Max Weber, "Objectivity" in Social Science and Social Policy, in \textit{The Methodology Of The Social Sciences} 49, 78 (Edward A. Shils & Henry A. Finch eds. & trans., 1949).} The study of social life is therefore always a matter of interpretation. Whoever practices such social interpretation requires models of thought, patterns of emphasis, not as algorithms but as promptings, cautions, and ways of selecting among the many possible interactions of the human world's specificity. These Weber famously called "ideal types," descriptions that, by their representativeness and specificity, captured the most salient features of phenomena and allowed the social interpreter to observe the coincidence and variance between the ideal type and concrete phenomena.\footnote{Id. at 96–107. Weber's discussion of the use of ideal types makes clear that they are not second-best substitutes for general laws, but rather efforts to train one's attention more precisely on the particular.} Ideal types are ultimately specifications of the intellectual and ethical motives of the inquirers; they describe what we consider interesting, worthy of attention, urgent. The study of human affairs is motivated by convictions about what matters in human life; it is an inquiry into the circumstances of significant events.\footnote{As Weber puts it, [t]he knowledge of social laws is not knowledge of social reality but is rather one of the various aids used by our mind for attaining this end... knowledge of cultural events is inconceivable except on a basis of the \textit{significance} which the concrete constellations of reality have for us in \textit{individual} concrete situations. In \textit{which} sense and in \textit{which} situations this is the case is not revealed to us by any law; it is decided according to the \textit{value-ideas} in the light of which we view 'culture' in each individual case. 'Culture' is a finite segment of the meaningless infinity of the world process, a segment on which human beings confer meaning and significance. Id. at 80–81 (emphasis added). Weber makes clear that his critique applies not only to "soft" studies of culture, but equally to the most rigorous and formalized inquiries, such as economics.}

\footnote{Id. at 80–81 (emphasis added). Weber makes clear that his critique applies not only to "soft" studies of culture, but equally to the most rigorous and formalized inquiries, such as economics.}
are not dictated by the nature of the non-human world, they are objective in two senses: first, they reflect the values and concerns of the cultures in which the inquirers live and work; and, second, having selected phenomena and decided what she wants to understand about them, the inquirer does not then draw conclusions willy-nilly as whim or preference dictates, but is ultimately bounded by facts and canons of consistent reasoning. \(^7\) That one investigated Stalin's Soviet Union from an interest in freedom, for instance, should not be enough to enable one to believe, after serious and sustained inquiry, that Soviet society in fact increased freedom. \(^4\) The method of self-conscious interpretation is an acknowledgment of the epistemic limits of social inquiry, not a surrender to those limits or, still less, a reveling in subjectivism.

**B. The Method of the Passions**

The guide I am proposing here is a loosely knit-together body of social thought, associated with the end of the eighteenth century and the early part of the nineteenth. It is chiefly British, and particularly associated with such Scottish Enlightenment figures as Adam Smith and David Hume, but the Frenchman Alexis de Tocqueville also falls within it. This tradition is characterized by its central analytic concepts: A set of motivations, the passions, which in their broad aspects are invariant across time and culture, but whose proportions and inflec-

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73. As Weber puts it, "[t]he goal of ideal-typical concept-construction is always to make clearly explicit not the class or average character but rather the unique individual character of cultural phenomena."\(^\text{Id.}\) at 101. This is a matter of attention to the particular phenomenon, in its deviations from as well as its adherence to the ideal type.  
74. Weber explains the danger of allowing ideal types to become an imagined template of reality, rather than a specification of one's motivating concerns:  
Nothing . . . is more dangerous than the confusion of theory and history stemming from naturalistic prejudices. This confusion expresses itself firstly in the belief that the 'true' content and the essence of historical reality is portrayed in such theoretical constructs or, secondly, in the use of these constructs as a procrustean bed into which history is to be forced or thirdly, in the hypostatization of such 'ideas' as real 'forces' and as a 'true' reality which operates behind the passage of events and which works itself out in history."\(^\text{Id.}\) at 94.
tions shift with changes in social and political life. The passions may be organized into several clusters, which receive varying emphases from their several students. There are, first, social passions, which organize common life among individuals. Foremost among the social passions are sympathy, the desire to harmonize one's feelings with those of others, and the concomitant tendency to share in others' experiences of happiness or discontent; admiration, the attraction to and esteem of the beautiful, gracious, and powerful; and, closely related, emulation or honor, the appetite for the esteem of others, which leads one to try to join the ranks of the admired. The obverse of the social passions is resentment, the feeling of being persistently wronged or wrongly valued by one's social order. There are also anti-social passions, chiefly tyranny or the love of domination, which expresses itself as pleasure in outright power to command and inflict oneself on others. There are also asocial passions, which do not find their chief stimulus or satisfaction in interpersonal life, but may nonetheless express themselves socially: foremost among these are intellectual and aesthetic passions, of which curiosity is the most measured, awe before sublime visions the most in-temperate, and zealotry, the passion for strong belief, somewhere in the middle range.

The thinkers who defined the tradition of the passions shared the governing concerns of the students of globalization. They sought to understand how sweeping, qualitative changes in economic and social life reworked some areas of human relations and character while others remained the same. They worked to distinguish between the variant and invariant features of human motivation, in order to draw the appropriate lines between particularity and generality. Moreover, their consistent concern in the realm of values that Weber identified as the ultimate determinant of social inquiry was the same that has motivated students of globalization: the prospects of political liberty, personal security, and individual dignity—in sum, of freedom in a changing world. They looked at much of what we now examine, and for consonant reasons.

75. These are Smith's most important concerns. See discussion infra Part IV.C. They are also central to Tocqueville's account of the social psychology of democracy. See discussion infra Part IV.D.

76. Although Smith addresses these motives, their most vivid and extended treatment comes in Burke. See discussion infra Part IV.E.

77. Burke's examination of these motives is also exemplary. See discussion infra IV.E. Tocqueville's discussion of the persistent religious impulse in democracies addresses these passions also. See discussion infra Part IV.D.
How to Think about Globalization Now

One other virtue distinguishes these thinkers. They share the gift of thinking close to the grain of human experience, in a manner that sorts and illuminates the most ordinary and pervasive motives and makes clear their persistent importance. When this sort of thought succeeds,

the explanation not only involves, but also reveals, basic categories of universal import, which, once they are forced upon consciousness, we recognize as underlying all our experience; yet so closely interwoven are they with all that we are and feel, and therefore so totally taken for granted, that to touch them at all is to communicate a shock to the entire system; the shock is one of recognition . . . when something deep-set and fundamental that has lain unquestioned and in darkness is suddenly illuminated or prised out of its frame for closer inspection.78

Attention to the vast importance of the everyday is the hallmark of students of the passions.

These qualities of thought led the theorists of the passions, especially Tocqueville and Burke, to the view that modernity houses two essentially opposed tendencies, neither of which can be forever overcome, and which are especially volatile during the transition to modernity. One is a broadly liberal direction, characterized by mobility, personal liberty and security, a measure of political democracy, and tolerance. The other is an illiberal direction in which the social and psychological discontents of modernity spur individuals toward extreme ideas—often in compensation for the frustration and banality of everyday life. The increasingly plastic popular politics of modern societies then becomes a vehicle for these ideas, giving reign to the sometimes vicious passions that underlie them and producing new forms of violence and intolerance. In Weber's sense of an ideal type, this picture of the passions is the model I develop and apply to globalism in the rest of this essay.

C. The Qualitative Economy

For the theorists of the passions, an economy must be understood as a qualitative phenomenon—that is, as one arrangement rather than another of the

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78. Berlin, supra note 67, at 48.
social passions. Adam Smith's view of the rising, eighteenth-century market economy remains the most powerful instance of this idea. Smith's endorsement of the market rested, as is generally recognized, on the efficient resource allocation produced by the independent pursuit of individual self-interest within an appropriate frame of law, the famous "invisible hand." Of equal concern to Smith, though, was the change that the market economy worked in relations of admiration and emulation, which he thought to be more fundamental motives than material self-interest. In a traditional order dominated by nobles, Smith argued, admiration flowed to those who held their status by inheritance and social training. In consequence, emulation, the ambition to raise one's status, motivated the ambitious individual to become a courtier, a sycophant to another whose own position owed nothing to virtue and everything to privilege. The ambitious were thus doubly degraded: first because they subordinated themselves to those to whom they paid court, and second because the objects of their

79. Although I conduct the discussion in the remainder of this section by way of "one thinker per idea," the attitudes I am describing are broadly consonant among students of the passions.
80. SMITH, supra note 1, at 456.
81. "[I]t is chiefly from this regard to the sentiments of mankind that we pursue riches and avoid poverty." ADAM SMITH, THE THEORY OF MORAL SENTIMENTS 70 (Prometheus Books 2000) (1759). Elsewhere in the same volume Smith gives a more elaborate account of his view of social psychology:

Nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable, and pain in their unfavourable regard. She rendered their approbation most flattering and most agreeable to him for its own sake; and their disapprobation most mortifying and most offensive.

Id. at 170.
82. "The man of rank and distinction," Smith writes, "is observed by all the world." He continues, "Every body is eager to look at him, and to conceive, at least by sympathy, that joy and exultation with which his circumstances naturally inspire him." SMITH, supra note 1, at 72. Ironically, the source of such a person's charisma is social distinction itself, the designation of the high-ranking individual as fit to be seen: "[t]o be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation." Id. at 71.

83. The motive of emulation, like the charisma of the high-ranking, is founded less on material self-interest than on the psychological power of status itself: "Our obsequiousness to our superiors more frequently arises from our admiration for the advantages of their situation, than from any private expectations of benefit from their good-will." Id. at 73.
emulation were themselves decadent and dissolute nobles. The non-market society of nobility and relatively stable social status formed a vicious circle of the social passions, in which degradation produced degradation by way of the quest for elevation.

Market society ordered the social passions differently. Smith was quite sure, to begin with, that market activity reflected the same social passions of admiration and emulation as the courtier's life. Smith identified the basic motive of economic life not as the acquisition of wealth as such, but rather as esteem in the eyes of one's fellows, in whom wealth would stir admiration. The key difference from courtly society was that, while elevation among the fixed ranks of nobles meant sycophancy in thrall to decadence, elevation in markets rewarded usefulness and sobriety, the virtues of the craftsperson or small merchant. That status tended to attach to virtue rather than vice was Smith's foremost reason for endorsing market relations. The second was that the essential market activity—negotiation over price or the other terms of a contract—eroded fixed social hierarchies by requiring each party to deal with the other as an equal inasmuch as both had the same power of contract, including the power to decline to contract. This was a dramatic contrast to the fixed obligations of feudal relations, and to the arbitrary power of a categorical social superior over his inferior. As Smith put it, the social superiors would have to "condescend to bargain and treat with those whom they look upon as their inferiors," rather than indulge "the love of tyrannizing and domination."

84. Smith makes abundantly clear the distaste he feels at such social relations. "In the courts of princes" and "the drawing-rooms of the great," he writes, "success and preferment depend... upon the fanciful and foolish favour of ignorant, presumptuous, and proud superiors; flattery and falsehood too often prevail over merit and abilities." Id. at 87. Social superiors display "fashionable dress; the language of their conversation, the fashionable style; their air and deportment, the fashionable behaviour. Even their vices and follies are fashionable." Id. at 88. Faced with such displays, courtiers "are proud to imitate and resemble them in the very qualities which disd the virtues which dishonour and degrade them... They desire to be praised for what they themselves do not think praiseworthy, and are ashamed of unfashionable virtues." Id.

85. See infra discussion accompanying note 81.

86. The success of merchants, in business and social life generally (since they have no inborn rank) "almost always depends upon the favour and good opinion of their neighbours and equals; and without a tolerably regular conduct, these can very seldom be obtained." Smith, supra note 1, at 86. Accordingly, such people could not exert the social gravitation to tyrannize and pervert their fellows, as nobles could do in their courts.

The qualitative distinctness of market society, then, was that it produced a new kind of dignity, derived from “real and solid professional abilities, joined to prudent, just, firm, and temperate conduct.” It affected the kinds of relationships people entered into in the eternal play of admiration and emulation, and the kind of character they cultivated as a result. The ordering of the passions that Smith describes and endorses represents an improvement over the rigid subordination that prevails in certain complex, non-market societies, while its representative personality has a more palatable basis of dignity than the immutably prominent noble or the degraded dependent. In this respect, the passional character of market society is preferable to many non-market arrangements.

D. Modernity’s Discontents

Appreciating the importance of this fact requires recognizing another aspect of modernity: it disrupts settled ways of life, casts doubt on old principles and meanings, and imposes thoroughgoing uncertainty on social, religious, and even interpersonal life. To this “disenchantment” there corresponds an inner life of

88. Smith, supra note 1, at 86.
89. This is the process that Max Weber famously described as “disenchantment,” the loss of both traditional certainties and the conviction that the universe is designed to satisfy human needs and purposes. As he put it, “The fate of our times is characterized by rationalization and intellectualization and, above all, by the ‘disenchantment of the world.’ Precisely the ultimate and most sublime values have retreated from public life either into the transcendental realm of mystic life or into the brotherliness of direct and personal human relations.” Weber, Science as a Vocation, in From Max Weber: Essays in Sociology, supra note 1, at 155. Weber elsewhere describes in the bleakest terms the condition of the inhabitants of a disenchanted world: “[s]pecialists without spirit, sensualists without heart.” Max Weber, The Protestant Ethic and The Spirit of Capitalism 182 (Talcott Parsons trans., Charles Scibner’s Sons 1958) (1930). While Weber ascribed these changes chiefly to the working out of concepts of rationality contained in Western culture, Karl Marx provided an account based on social structures and the imperatives of capitalist expansion, declaring:

The bourgeoisie... has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his ‘natural superiors,’ and has left remaining no other nexus between man and man than naked self-interest... It has drowned the most heavenly ecstacies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation... All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts in air, all that is holy is profaned.

Marx, supra note 1, at 477.
restlessness, which has two sources: one material, the other spiritual. First, where nominally equal opportunity is the norm of social life, there arises the expectation that everyone should be “a success,” and that being merely ordinary must therefore indicate failure. Life becomes an endless footrace that, by its rules, will produce many losers who believe they might well have won. As Alexis de Tocqueville put it in his study of the egalitarian, commercial American temperament,

when all prerogatives of birth and fortune are abolished, when all professions are open to all and a man’s own energies may bring him to the top of any of them, an ambitious man may think it easy to launch on a great career and feel that he is called to no common destiny. But that is a delusion which experience quickly corrects. The same equality which allows each man to entertain vast hopes makes each man by himself weak . . . . They have abolished the troublesome privileges of some of their fellows, but they come up against the competition of all. The barrier has changed shape rather than place.90

Pervasive discontent is the unsurprising result. In an egalitarian and commercial society, “hopes and desires are much more often disappointed, minds are more anxious and on edge, and trouble is felt more keenly.”91

In Tocqueville’s view, which is to this extent the argument of this paper, modernity brings another feature that destabilizes its own order: while it serves the need for prosperity and comfort (although imperfectly), it also denies certain satisfactions, the appetite for which runs deep in human personality. The appetite for contemplating and participating in the infinite, the perfect, and the eternal strikes Tocqueville as ineliminable. As he puts it, the “foundations” of “[t]hese sublime instincts” are “embedded in nature; they exist despite a man’s efforts . . . . The soul has needs which must be satisfied. Whatever pains are taken to distract it from itself, it soon grows bored, restless, and anxious amid the pleasures of the senses.”92 Moreover, because ordinary modern life brings little experience of such things, when they do arise they do so with a vengeance:

90. Tocqueville, supra note 1, at 537.
91. Id. at 538.
92. Id. at 535.
"Once they have broken through [the limits of conventional, pragmatic concerns], their minds do not know where to settle down, and they often rush without stopping far beyond the bounds of common sense." One might think of this as a description of the inner life of what Weber called a disenchanted world; because the search for pragmatic, worldly success brings its own, intrinsic frustrations, and because even success in that world leaves other enduring passions unfulfilled, there is an instability intrinsic in modernity, a tendency to seek compensatory satisfactions in promises of the pure, the eternal, and the infinite. The modern temperament oscillates between the disposition of the passions that Smith describes, and its repudiation in favor of a re-enchanting quest for transcendent values and experiences.

E. The Instability of Popular Politics

Only one piece is missing from this picture of the intrinsic instability of modernity: the recognition that popular politics is a potent vehicle for the destabilizing passions. This insight arose early, in the critique of the French Revolution by Edmund Burke, among the most acute and the most pessimistic students of the passions. I turn to Burke because, like Smith and Tocqueville, he trained his attention on the dynamics of rising modernity—much the same dynamics that constitute globalization. Burke saw in the popular rising and mob violence of revolutionary Paris a politics founded on the obliteration of social hierarchy in the name of egalitarianism, and the erasure of convention in favor of the momentary will of the mobilized people. In Burke’s diagnosis of politics, as in Smith’s of economics and Tocqueville’s of social life, this new dispensation represented a changed arrangement of the passions. He saw traditional, elite politics as the fruit of two attitudes: confidence in one’s entitlement vis-à-vis one’s

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93. Id.

94. Tocqueville’s description of the soul’s appetite for perfection echoes James Madison’s reference to “zealotry” in *Federalist* No. 10. Madison, who refers throughout that essay to the passions, is here describing the danger democracies face from the ineliminable penchant for strong belief. Madison seems to sense the same phenomenon that Edmund Burke identified as the essential source of instability in democratic politics. *The Federalist* No. 10 (James Madison). *See generally* Daniel Walker Howe, *The Language of Faculty Psychology in The Federalist Papers*, *in Conceptual Change and The Constitution* 107 (Terence Ball & J.G.A. Pocock eds., 1988) (discussing Madison’s psychological views).
contemporaries, and supreme obligation toward one's ancestors, understood in an idealized sense as the exemplars of the values of one's political community. The dominant passion in this situation is the sense of honor: aspiring to and holding a public status that is contingent on upholding standards of appropriate behavior. Honor might be paraphrased as esteem that is governed by intrinsic standards, both in one's self-conception and in the attitudes of others. It may be a birthright, but it is maintained only by one's adherence to its requirements, and so is both privilege and duty.

Burke sees the populace and its hastily thrown-up leaders as lacking this quality of character. Their rise to power brings

the consequences of supreme authority placed in the hands of men not taught habitually to respect themselves; who had no previous fortune in character at stake; who could not be expected to bear with moderation, or to conduct with discretion, a power which they themselves, more than any others, must be surprised to find in their hands.

The "fortune in character" is the sense of honor, the treasure that can be preserved in use or lost in misuse. The danger of these disordered characters, not passionately calibrated for politics, is that they create opportunities for vicious passions that always lie beneath the surface of common life, and are kept in check only by the social passions. As Burke puts it,

history consists, for the greater part, of the miseries brought upon the world by pride, ambition, avarice, revenge, lust, sedition, hypocrisy, ungoverned zeal, and all the train of disorderly appetites which shake the public with the same . . . . These vices are the causes of those storms. Religion, morals, laws, prerogatives, privileges, liberties, rights of men, are the pretexts.

95. Burke describes this political spirit: "Always acting as if in the presence of canonized forefathers, the spirit of freedom, leading in itself to misrule and excess, is tempered with an awful gravity. This idea of a liberal descent inspires us with a sense of habitual native dignity . . . . By this means our liberty becomes a noble freedom." EDMUND BURKE, REFLECTIONS ON THE REVOLUTION IN FRANCE 121 (Conor Cruise O'Brien ed., Penguin Classics 1986) (1790).

96. Id. at 130.

97. Id. at 247–48.
Pride and ambition are honor gone awry, uprooted from tradition and reverence, seeking esteem and power for their own sake. Ungoverned zeal is the excitement of ideas unanchored in practice, promising clarity or consistency beyond the reality of a complex social world. Sedition and hypocrisy are the devices of pride and ambition, the tools of those who treat social life as an instrumental plaything. As for lust, it is the exemplar of a disordered appetite, desire that does not anchor fidelity or respond to loveliness, but caught in formless, indefinite search for gratification.9

Popular politics becomes a vehicle for the vicious passions by appealing to three specific motivations. The first two are closely interconnected: “ungoverned zeal,” or on Burke’s account, the appetite for pure convictions held without compromise, which dignify one in one’s own imagination; and the lust for spectacle, for a dramatic break with all previous circumstances and a fantastic inauguration of a new era. Burke describes the two in the same language: as the breaking asunder of boundaries—the same image Tocqueville offers for spiritual enthusiasm—and a resulting efflorescence of excitement mingled with opacity. As he evokes zealotry:

Confounded by the complication of distempered passions, their reason is disturbed; their views become vast and perplexed; to others inexplicable; to themselves uncertain. They find, on all sides, bounds to their unprincipled ambition in any fixed order of

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98. Burke is sometimes considered to be the exemplary “mere reactionary.” See Leo Strauss, Natural Right and History 294–323 (1965) (discussing Burke’s status as a mere reactionary). Against this view, I observe that his account of disordered political power seems to have developed in his attacks on the imperial rule of the British East India Company in South Asia, and only to have found its full articulation in his later critique of the French Revolution. Burke described the young imperial governors as acting on “a perilous independence, with too inordinate expectations, and with boundless power.... The world is let loose upon them with all its temptations, and they are let loose upon the world, with all the powers that despotism can give.” 6 Burke, Speech on Opening of Impeachment, in The Writings and Speeches of Edmund Burke 264, 288 (P.J. Marshall ed., 1991). The education that these young men lack is the experience of subordinate participation in a chain of tradition, authority, and responsibility: “discipline, restraint, order and subordination, which are education.” Id. at 289. The connection between revolutionary tyranny and imperialism is essential in Burke’s thought. They are the two terrible consequences of the uprooting of power from convention that is characteristic of modernity. Burke was for most of his life a liberal Whig and an advocate of reform. He was a staunch opponent of the slave trade and a defender of the American revolutionaries, whose demands he saw as legitimate expressions of political liberty.
things. But in the fog and haze of confusion all is enlarged, and appears without any limit.  

To this intellectual temperament corresponds an appetite for commensurate disruption of political life itself, a violence that matches zealotry's breaking of bounds. "Plots, massacres, assassinations, seem to some people a trivial price for obtaining a revolution . . . . There must be a great change of scene; there must be a magnificent stage effect; there must be a grand spectacle to rouze the imagination . . . ." Zealotry begets the need for spectacle, and spectacle finds its consummation in violation. I almost hesitate to mention, here, the sight of the World Trade Center in flames, the perfect achievement of political fanaticism.

The third motivation to political extremism and violence is resentment, the passion of those who are denied what they have come to expect or to believe they deserve. "[T]he sufferings of monarchs," Burke writes, "make a delicious repast to some sort of palates." One can say more about this: that, in keeping with Tocqueville's diagnosis, pride and ambition carry the seeds of their own frustration, which leads to restlessness and a taste for compensatory satisfactions, including revenge against the powerful and successful. There is, however, a still more basic reality to the motive of resentment: the appetite to see the powerful and lovely hurt and humbled is a fact of human nature. It finds many opportunities in the strains of fanaticism that beset democratic politics.

Burke did not believe that these vicious passions were unique to rising democracy and modernity. On the contrary, the purpose of his inquiry was to understand the specific form that eternal hazards would take in a new era, with new opportunities and vehicles. As he put it,

Wise men will apply their remedies . . . to the causes of evil which are permanent, not to the occasional organs by which they act, and the transitory modes in which they appear . . . . Seldom have two
ages the same fashion in their pretexts and the same modes of mischief. Wickedness is a little more inventive.\(^{103}\)

These sentences, although colored by Burke’s special degree of pessimism, might make a methodological statement for all the students of the passions: the first task of social inquiry is to identify the invariant features of human motivation; the second, in interpreting any particular social setting, is to understand the form it gives those motives, and the dynamic it puts in play among them.\(^{104}\) In any change much is taken, but much abides, and much that is taken returns in new forms. Only by grasping both the continuity and the discontinuity of change can one understand the dangers and hazards peculiar to one’s own time.

V. GLOBALIZATION AND THE PASSIONS

On the view of the passions, then—taken as a method in Weber’s sense—globalization’s paradoxes are a reflection of the double face of modernity. Mobility, individualism, and skepticism toward tradition put in motion two dynamics, one of which sustains and enhances the tendency toward liberty, while the other undermines that tendency by producing intense and sometimes violent countermovements in culture and politics. Both tendencies represent arrangements of the passions that are, in broad strokes, intelligible and likely responses to the circumstances of modernity.

A. The Liberal Spirit and the Economic Passions

Can we recognize aspects of contemporary globalization in this picture? I believe so. Let us begin with Smith’s relatively optimistic picture of a social order in which individuals of talent and discipline rather than inherited rank occupy

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103. *Id.* at 248.
104. It should be clear that I am referring not to a comprehensive and final account of ‘human nature,’ but to a working conception of the passions, informed by experience and history, and pragmatically revisable in light of new information and events. What is ‘invariant’ in human motivation is a perennially open question in a species that remakes itself both socially and technologically; but to make practical decisions we must have a working answer to the question, and I propose that the theory of the passions combines specificity and flexibility in a way that makes it helpful in the role.
the foremost place, and bring with them values of regularity and meritocracy. To take one emblematic instance, contemporary India's most admired businessman, and one of its leading celebrities (excluding Bollywood stars) is N.R. Naryana Murthy, the founder and head of the software company Infosys. In an economy where economic success has generally depended on political connections and companies have been treated as family properties Murthy has expressly conditioned his company's public credibility on meritocratic and rule-of-law standards. The company's founders were required to pay taxes, and prohibited from using corporate resources for personal needs. He has made a point of announcing that his children will not find employment at Infosys unless they apply through the regular process, in which case they will receive no special treatment. He calls for taxes on profits from software exports, his main source of wealth, which are presently untaxed. He receives an annual salary of $36,000 and has already dispensed tens of millions of dollars in charity, arguing that, "If we want to sell capitalism to the people, we have to practice a lifestyle that does not seem unattainable. We want more and more people to become entrepreneurs. If the tea stall owner in a small village can say, 'Hey, these guys can do it; so can I,' and get his business into the next orbit, then our job is done."

I would not overlook that Murthy's modesty has been the object of considerable media attention, that he must be aware that such attention is to his financial advantage, nor that there can be something gizemack at best and distasteful at worst about holding forth deliberately on one's own virtues. What is worth noting, though, is that Murthy is deliberately offering the market as an economy of aspiration, emulation, and esteem, offering himself as an example of the qualities that ought to be admired in the new order: discipline, frugality, regard for

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law, and meritocratic egalitarianism. Those are the qualities of character that Smith expected to see esteemed in a market society. Like Smith, Murthy offers them as a touchstone of the market's legitimacy: that it should be open to all and produce admirable personalities. And, like Smith, he sees the personality of the frugal and principled entrepreneur as a repudiation of feudal social relations, the "feudal hell" in which he believes much of India remains trapped.  

This sketch of Murthy represents the inner life, the passional side, of a structural change that was the neo-liberals' best case for optimism that all liberal ends would in fact prove harmonious. It is indeed true that market relations, mobility, and individual initiative break down traditional hierarchies, not only of caste but, perhaps even more dramatically, of gender—a linchpin of historical practices of inequality. The complexity of market relations does make state monitoring of private activity in the economy difficult or impossible, and the need for predictability creates a class with an interest in resisting gross and arbitrary abuses of government power in favor of a relatively regularized legal regime. It may even be that certain members of the middle class that market-led growth produces are more socially and culturally self-confident than other members of changing societies, and so less susceptible to compensatory forms of extremism. One must bear in mind this full set of social transformations in evaluating the increasing prominence of markets in social life.

B. Modernity's Discontent and the New Chauvinisms

What, then, of Tocqueville's picture of the unease and restlessness of modernity, and Burke's argument that popular politics becomes a vehicle for resultant extremism and disorder? In the aftermath of the attacks, observers of all stripes

111. Interview with N.R. Naryana Murthy, Chairman and Chief Executive Officer, Infosys Technologies Ltd., in Bangalore, India (Nov. 8, 2001).
112. See Sen, supra note 16, at 189–203, for a discussion of "women's agency and social change" examining the far-reaching social, cultural, political, and economic consequences of women breaking out of their traditional roles.
114. See, e.g., Das, supra note 106, at 279–90. Das praises the presently ascendant Indian middle class as "free from the inhibitions that shackled the older bourgeoisie. It doesn't seek endorsement from the West: what works is good. It is nonideological, pragmatic, result-oriented. It is here to stay." Id. at 285.
paid fresh attention to violent, culturally based discontent in economically integrating and liberalizing countries. At first, certain defenders of neo-liberalism tried to cast violent fundamentalism and nationalism as symptoms of inadequate economic liberalization. Concentrating on the regimes of the Middle East, particularly Saudi Arabia, Thomas Friedman argued that oil wealth had enabled corrupt regimes to survive without economic or political liberalizing, which sowed the discontent that produced radical ideologies and terrorism.  

In this view, violent anti-American sentiment was pure atavism, a violent extrusion of the past into the heart of the present.  

The difficulty for this position, though, is how basically modern is the anti-Western politics of the contemporary world. Contemporary nationalism and fundamentalism are, to begin with, strikingly modern in their demographics: the same middle class which neo-liberals saw as the bearers of liberal modernity has turned out to produce the strongest devotees of the new chauvinisms. Those are also, of course, the same people whom Tocqueville diagnosed as the bearers of modernity’s discontent. Scholars find that the leaders of militant Islamic groups in Egypt are mostly young university graduates, many from elite universities or from “the intellectually most demanding fields of . . . specialization, such as medicine and engineering.” Their rank-and-file are “urban, middle-class people,” many from the traditional middle class of merchants and small proprietors, but even more from “the best-educated and most intelligent young


116. This view found comfort in a line of argument that, in the previous decade, had represented the major analytic alternative to neo-liberal optimism: what one might call atavistic alarmism. This is the view put forward in Samuel Huntington, The Clash of Civilizations and the Remaking of World Order 125-54 (1996) (arguing that today’s countries and peoples are the cultural inheritors of distinct worldviews and social practices, which structure their allegiances and hostilities today). A related argument appears in Bernard Lewis, What Went Wrong? (2002), in which Lewis argues that the historical defeat and humiliation of Islamic Arab nations has burdened them with a suspicion of their own inferiority that makes them resentful and aggressive toward the wealthier and more powerful West. Gordon Chang makes exactly the same argument about Chinese nationalism in Gordon R. Chang, The Coming Collapse of China (2001). While the Huntington view regards peoples as prisoners of their cultural inheritances, Lewis and Chang treat them as prisoners of their political past. In either case, contemporary politics appears as the rehearsal of old and compulsory dramas. For a more popular account of this view, see Maureen Dowd, That Yankee Magic, N.Y. Times, Nov. 4, 2001, § 4, at 13 (“We’re sophisticated; they’re crude. We’re millenial; they’re medieval.”).

people, . . . including doctors, lawyers, scientists, teachers, civil servants.” The other major base of support is not any deeply traditional population, but that other emblematic demographic of modernization, originally rural people newly removed to urban slums, with all the disruptions of that change. In India, the nationalist Bharatiya Janata Party draws a much larger share of its candidates and a larger share of its electorate than any other major party from the socially, economically, and educationally advantaged upper castes. Independent of caste background, one of the defining changes in Indian politics in recent years is “the growing constituency for Hindu nationalist politics among . . . urban middle classes and upwardly mobile groups in northern and western India.” In China, the newly prosperous classes and the intelligentsia make up the audience for nationalist cultural production, and the rioters who stormed the American embassy in Beijing in 1999 after an inadvertent American bombing of the Chinese embassy in Belgrade were believed to be chiefly students from Beijing’s elite universities.

The dissatisfaction that drives these movements is as deeply implicated in modernity as the movements themselves. Scholars and commentators point out at least five distinctive dynamics of discontent. One operates on the collective level: a belief that the nation, confronted with the challenge of becoming as great a force in modernity as it is believed to have been in the past, has failed, and that this failure must be redeemed by a radicalization of collective identity.

118. Id. (internal quotations omitted).
119. Id.
123. Interview with United States consular personnel in Shanghai, China (December 9, 2001).
124. See, e.g., Fouad Ajami, The Dream Palace of the Arabs 233 (1998) (“Egypt has thrashed about in every direction, flirted with ideologies of all kinds—liberal ways, Marxism, fascist movements, Islamic utopias—but the urge for national progress, and the grief at being so near and yet so far, have defined the Egyptian experience in the modern world.”); Barmé, supra note 122 (discussing the promised revival of Chinese greatness through authoritarian government and cultural mobilization); Koenraad Elst, Decolonizing the Hindu Mind 591–95 (2001) (explaining the need to cleanse Hindu civilization of its colonial legacy); and Eva Hellman, Dynamic Hinduism: Towards a New Hindu Nation, in Questioning the Secular State: The Worldwide Resurgence
other is the individual frustration of direct comparison between one's material (and perhaps political) condition and the situation of citizens in wealthy nations. A third is resentment against the newly wealthy in one's own country, whose claim to status is partly a claim to have connected successfully with a globalized, Western-inflected world whose fruits are denied others in the same society. A fourth is divided identity among the elites themselves, a sense of unresolved loyalty to two incompatible worlds, and a resulting temptation to

of Religion in Politics 245 (David Westerlund ed., 1995) ("The actual Hindu society is represented as being torn asunder by caste conflicts, regional separatism, and sectarian strife . . . 'Foreign'-isms (capitalism, communism, materialism), missionary endeavours from Christians and Muslims . . . are mentioned as examples of external threat to the Hindu samajj.").

125. See, e.g., Appadurai, supra note 1, at 3:

Electronic media give a new twist to the environment within which the modern and the global often appear as flip sides of the same coin. Always carrying the sense of distance between viewer and event, these media nevertheless compel the transformation of everyday discourse . . . . They allow scripts for possible lives to be imblicated with the glamour of film stars and fantastic film plots.

Appadurai is mainly concerned with the empowering effect of these globally transmitted "scripts for possible lives," but as Tocqueville perceived in Americans, the perception of a new possibility creates the possibility of resentment and frustration when the possibility fails, again and again, to become reality.

126. See, e.g., Ajami, supra note 124, at 237–38 (quoting Sonallah Ibrahim, Sharaf (1997)).

If my memory does not betray me, you and your likes are quick to respond to every new opportunity . . . . [A]t precisely the right moment there you were at the head of the new foreign companies, agents for the giant corporations of the West, dealmakers in the big bargains, making sure you had guaranteed yourselves splendor and plenty in a country where half of its people live below the poverty line, and nearly half a million people inhabit the graveyards of the dead.

Id. Dipankar Gupta, Mistaken Modernity: India Between Worlds 11 (2000):

[Westoxicated people] use their privileges of birth, and their superior access to wealth and power, to flaunt their social distance over the rest. The places the westoxicated inhabit and the lifestyles they exhibit are alien to what the majority are familiar with. The revulsion at the popular level is really an aesthetic one, exaggerated by economic deprivation. It is a peculiar combination of repulsion and envy, an ideal incendiary cocktail for mass hysteria.
resolve the tension into an uncompromised unity.\textsuperscript{127} A fifth, moving once again between the individual psyche and social structure, is an incapacity to tolerate the plurality of cultures, religions, and forms of life that one encounters in a modernizing society, in which traditional divisions, whether into neighborhood, region, or caste, have broken down.\textsuperscript{128}

The distinctly modern discontents that drive the new chauvinisms tend to confirm the view of the theorists of the passions: new forms of liberty and equality, prominently including mobility in a commercial society, bring with them destabilizing forms of dissatisfaction. There is no choosing between the virtues and the vices of modernity, of which globalization is the vector; political identity can only affect the proportion between the two tendencies, and the relative impact of each.

\textbf{C. The Instability of Popular Politics in the New Chauvinisms}

Today's chauvinist politics is not at all a mere reassertion of traditional values or social forms. Rather, it is deeply implicated in the technology and techniques of mass politics: the Ayatollah Khomeni, leader of Iran's 1979 Islamicist revolution, spread his ideology through audio tapes passed from hand to hand in Teheran and among members of the Persian diaspora.\textsuperscript{129} Today e-mail links members of Islamicist youth groups from Morocco to Indonesia.\textsuperscript{130} Hindu chauvinism, the strong and growing nationalist ideology of contemporary India, is

\begin{quote}
Our inner lives are a parody. We have one foot in India, the other in the West, and we belong to neither. We speak a hodgepodge of English and our regional language, the combination varying with the status of the listener. . . . We are alienated from the mass of our people. We mouth platitudes about Indian culture without having read the classics in Sanskrit. Instead, we read \textit{Time} magazine to 'keep up.' We are touchy about India and look to the West for inspiration and recognition.
\end{quote}

\textsuperscript{127} See, e.g., Das, supra note 106, at 283:

\textsuperscript{128} Sunil Khilnani, a skilled political commentator, observes of the modern state:

The ambition to rid oneself of the state, to escape it by retreat to the village or to wish its elimination, is a forlorn ambition. Equally misdirected is the desire to blend the state with the identity of all or some over whom it rules: to make it the state of a singular religion, culture or \textit{ethnos}—the torrid, empty dream of partition.


\textsuperscript{130} Interview with Yayat, Member of the Islamicist Justice Party, in Bogor, Indon. (Dec. 2, 2001).
transmitted through a number of Internet sites.\textsuperscript{131} When the author visited Beijing in December of 2001, the most popular song in China was widely described as “ultra-nationalist hip-hop,” hardly an exemplary bit of atavism.\textsuperscript{132}

The stories and the styles of identity that define the new chauvinisms are not reassertions of old local truisms or prejudices, but contemporary fabrications, usually of hybrid origin.\textsuperscript{133} It is no aberration that one of the more violent and vivid faces of Chinese nationalism is a student not of Confucius, but of the nineteenth-century German Friedrich Nietzsche.\textsuperscript{134} Scholars of the Middle East have laid bare how, oblivious or hostile to an old and complicated religious and ethnic pluralism, “nationalism remade that world in a hurry and renamed things.”\textsuperscript{135} In Indonesia and Malaysia, Islamicist ideology conceals and actively destroys a long syncretic tradition of Hindu, animist, Christian, and Islamic

\begin{thebibliography}{999}
\item \textsuperscript{131} See, e.g., Home page of the Bharatiya Janata Party, \textit{at} http://www.bjp.org (last modified Oct. 15, 2003); Homepage of HinduUnity, \textit{at} http://www.hinduunity.org (featuring such links as “Beware Hindu Girls!!” “Hindu Genocide (pics),” and “STOPISLAM”).
\item \textsuperscript{132} Personal interviews with various pedestrians in Beijing, China (Dec. 15, 2001). One need not rely on the author for this information, however. See Barmé, \textit{supra} note 122, at 228 (discussing nationalism in Chinese rock 'n' roll); \textit{id.} at 209–10 (discussing the representation of anti-American Chinese nationalism in film); \textit{id.} at 228–30 (discussing the Nietzschean “new heroicism” and “totalitarian style” advocated by the Chinese literary-nationalist avant-garde after the failure of the Tiananmen Square protests of 1989).
\item \textsuperscript{133} See, e.g., \textit{MARTIN E. MARTY \& SCOTT APPELBY, FUNDAMENTALISMS OBSERVED, at} ix–x (1994) (“[F]undamentalists are selective. They may well consider that they are adopting the whole of the pure past, but their energies go into employing those features which will best reinforce their identity, keep their movement together, build defenses around its boundaries, and keep others at a distance.”). Critics of the new chauvinisms are often at pains to point out that the past experience of their countries display much more tolerance and diversity than the putative revivalists claim. See, e.g., \textit{SEN, supra} note 16, at 235–40 (discussing Hindu and Islamic traditions of tolerance and plurality); \textit{AJAMI, supra} note 124, at 243 (“Egypt [is] a crossroads civilization, with Europe beginning at Alexandria, Asia at Cairo, Africa at Aswan. It is against this cultural eclecticism, this old, saving ambiguity that the Islamists hurl themselves and their simple doctrine.”).
\item \textsuperscript{134} See Barmé, \textit{supra} note 122, at 229. In the same vein, readers may be interested to know that the wildly successful Taiping rebellion of 1851–1864, which promised a restoration of godliness to corrupt and foreign-dominated Chinese society, was directly inspired by Christian missionaries, who had convinced the Taiping leader, Hong Xiuxuan, to identify himself as the son of God and the younger brother of Jesus Christ. \textit{See JOHN KING FAIRBANK \& MERLE GOLDMAN, CHINA: A NEW HISTORY 206–12} (2001).
\item \textsuperscript{135} \textit{AJAMI, supra} note 124, at 13. Ajami emphasizes that Islamicist ideology is but one stage or element of a broader struggle to remake Arab society, of a piece with nationalism. \textit{id.} at 233.
\end{thebibliography}
Indian nationalism, similarly, involves the artificial creation of a pan-Hindu cultural and political identity, replacing a deeply plural tradition of religious practice that varied among regions, castes, and language groups. Moreover, as in the Middle East, the style of Hindu nationalism is adopted from the British and European nationalism of India’s colonial rulers, and is quite alien to Indian tradition in its emphasis on cultural unity as the key to political potency.

This is characteristic of popular politics as Burke envisioned its instability: it becomes a vehicle for intense feelings, extreme ideas, and vivid spectacles that promise to fulfill desires that are otherwise imperfectly satisfied: for strong conviction, for membership in a potent and dignified community, for revenge against one’s humiliators, or the lineage of a noble history—to name a few. As Burke would have put it, the devices and rhetoric of contemporary politics become the vehicles of timeless, all-too-human vices: “pride, ambition, avarice, revenge, lust, sedition, hypocrisy, ungoverned zeal...” Whoever wishes for democracy, or even for popular politics in the looser sense of a self-conscious and politically attuned populace, must take this instability along with democracy’s attractive qualities. This dual potential of modern politics is not optional.

136. See V.S. Naipaul, Among the Believers 261, 297–305 (Vintage Books 1982) (1981). Although he is an essayist rather than a systematic scholar, the Nobel laureate Naipaul is a lifelong student of the replacement of inherited histories by fabrication.

137. See, e.g., Gupta, supra note 126, at 175–76.

138. See Ashis Nandy, The Illegitimacy of Nationalism: Rabindranath Tagore and the Politics of Self 89–90 (1994). Readers may also be interested to compare the style of Indian nationalists with that of liberal-nationalist apologists for the British Empire. Particularly intriguing here is James Mill’s lamentation of the failure of “effeminate” Hindu culture to develop a unified and self-assertive national identity. James Mill, The History of British India 151, 157–58, 247 (William Thomas ed., U. Chicago Press 1975) (1820) (Hindus are “slavish,” “dastardly,” and “effeminate”; their conception of the universe is characterized by “disorder, caprice, passion, contest, portents, prodigies, violence, and deformity”; and their myths “seem rather the playsome whimsies of monkeys in human shape, than the serious asservations of a being who dignifies himself with the name of rational”). For both the senior Mill and his son, the philosopher John Stuart Mill, the possibility of Indian independence depended on that civilization’s completing a tutelage in manliness and nationalism under British rule. See id. at 574–84; John Stuart Mill, Considerations on Representative Government 415–17 (1883), reprinted in Utilitarianism, On Liberty: Considerations on Representative Government (Geraint Williams ed., 1993).
Far from atavistic impediments to modernity, or even assertions of a revitalized past against the present, the new chauvinisms are candidates for the future, actively contesting the present, while merely wearing the garb of the past. They are, in fact, products of the same developments that once stoked neo-liberal optimism: growing individualism, increasing prosperity, global communications, and the rise of a middle class. In a way that is not altogether stylized, the global arrival of modernity may be said to carry two possible forms of social life: a liberal one, tending toward individual rights within a democratic frame and tolerance of plurality; \(^{139}\) and, whether in religious, ethnic, or ethno-religious form, an illiberal one. The illiberal alternatives have in common an emphasis on collective identity scaled to the level of mass society, whether pan-Muslim Islamicism or pan-Hindu nationalism; \(^{140}\) a disregard for individual rights, which they view as subordinate to authentic expressions of common identity, which may be

\(^{139}\) This is a rather minimal definition of liberalism, without much institutional specification. This is deliberate. A program of liberalism informed by the theory of the passions would not insist upon the general efficacy of a given set of institutions or constitutional clauses to secure liberty, but would instead look to the tendencies toward democratic accountability, individual liberty and security, and tolerance in any particular political culture. Such an attitude involves the hope that other countries will become liberal in a relatively robust sense, but also that those that do not become liberal will achieve or maintain the status of what John Rawls calls "a decent society." A non-liberal decent society must recognize basic human rights, including rights to subsistence, security, personal property, and formal equality before the law, as well as freedoms from slavery and some measure of liberty of conscience. It must contain institutional mechanisms for representing the interests of all of its populations to the government. A decent society's government must take the views of citizens seriously when formulating policy. These conditions are compatible with, for instance, a society's declining the full complement of individual rights that characterizes North American and European liberalism, and eschewing direct electoral democracy. For an account of Rawls's portrait of a decent society and its place within his work, see Leif Wenar, The Unity of Rawls's Work 8–9 (unpublished manuscript, on file with author). As I have noted elsewhere, I am skeptical that a non-liberal but decent society could long persist today, given the explosive growth in the demand for individual liberty. Where Rawls seems to imagine a decent society as a stable alternative to a liberal society, I think there is at least some reason to think of it as an interim stage in a hoped-for sequence of reforms. This is, of course, a matter of speculation. See Jedediah Purdy, Being America 318 (2003).

\(^{140}\) See, e.g., Muhamad M. Al-Hudaibi, The Principles of Politics in Islam at vi–viii (2000) (platform statement of the Muslim Brotherhood, the first and largest political Islamist movement, describing Islam as a comprehensive form of life in which Islamic law governs all areas of activity); Elst, supra note 124, at 147 (reproducing the platform of the Rashtriya Swayamsevak Sangh, the Hindu nationalist party responsible for the assassination of Mohandas Gandhi and now active
encapsulated in ethnic custom or religious law;\textsuperscript{141} and a concentration on a real or partly imagined body of historical injuries to the community, which contemporary politics is understood as a vehicle to avenge.\textsuperscript{142}

This is not a rejection of modernity, but a version of it, one that provides a view of oneself and one's place in the world, a story about the tradition to which one belongs, and above all a narrative in which to place (and seek vindication of) one's frustrations, humiliations, disappointments, and resentments.\textsuperscript{143} There could hardly be a more tempting tonic for the experience of chronic displacement and imperfect achievement that characterizes urban middle-class and lower-middle class in countries rapidly replacing traditional forms of life with the uncertainties of urban, market-driven modernity.\textsuperscript{144} If this is an equally plausible alternative—and, after all, even if one took the rather one-dimensional

\begin{itemize}
\item \textsuperscript{141} See Elst, supra note 124, at 147; see also, e.g., Barmé, supra note 122, at 228–30 (quoting the popular nationalist Yuan Hongbing: “Only with totalitarianism will it be possible to fuse the weak, ignorant, and selfish individuals of the race into a powerful whole.”).
\item \textsuperscript{142} See, e.g., Al-Hudaibi, supra note 140, at 10–11 (discussing “The Foreign Christian Invasion of the Islamic Countries” and the corruption of Islamic culture that followed); Elst, supra note 124, at 10–12 (arguing that the Hindu revivalist movement rightly understands itself as “the cultural chapter of India’s decolonization,” which is necessary to counteract “a colonial psychology [of] an inferiority complex and an attitude of self-reproach”); and Barmé, supra note 122, at 219–21 (observing that “[f]or many people, there is a sense that China has somehow fallen from grace” into a humiliated condition unworthy of its great civilizational legacy).
\item \textsuperscript{143} For a theoretical account of the origins of nationalism that concentrates on the structural conditions that make old forms of identity untenable and mandate new, homogeneous ones, see Gellner, supra note 1, at 39–52. For a picture of this psychologically compensatory role of nationalism pitched to the experience of one nation, see Ajami, supra note 124, at 221–27 (“At the heart of Egyptian life there lies a terrible sense of disappointment. The pride of modern Egypt has been far greater than its accomplishments.”)
\item \textsuperscript{144} Naipaul sums up his intimate and sometimes wrenching examination of lives full of large displacements and small humiliations by writing about Indonesia and the appeal of Islamic fundamentalism: “we have . . . a pastoral people who have lost their history; who have been involved in prodigious, often tragic, events, but are without the means — the education, the language, and above all the freedom — to reflect on them.” V.S. Naipaul, Beyond Belief: Islamic Excursions Among the Converted Peoples 71 (1998). It is in such circumstances, Naipaul speculates, in an
view that modernization elsewhere must adhere to the patterns of the North Atlantic, one would have to concede that the two great middle-class ideologies have been liberalism and fascism—then there was never a secure foundation for neo-liberal optimism, and the New Consensus has a turbulent world to face if it is to present anything like a complete picture of globalization.

**Conclusion**

If the argument of this essay is correct, then there can be no single formula to guide a liberal nation's policy toward globalization, or deal with its challenges. Programs of economic liberalization and integration may indeed enhance wealth and efficiency, but may also induce conjoined economic and political crises, with sometimes illiberal results.\(^{145}\) Similarly, the embrace of politics and democratic values that characterizes the New Consensus may in fact help societies to absorb economic change and build up tolerance and personal liberty; but democratic institutions and popular politics more broadly are also vehicles for resentment and extremism.\(^{146}\) Increased mobility and affluence in a society can create a liberal or an illiberal middle class, and aspiring or resentful lower classes.\(^{147}\) Even the prominence of America's mostly successful liberalism, capitalism, and democracy, can work to liberal or illiberal effect: like the cygnons of Smith's theory, the United States may inspire imitators; or like Burke's kings, we may simply excite the desire to see us suffer, and to watch history undo us.\(^{148}\)

exploration of the inner life that corresponds to Gellner's structural analysis that "the great conversions, of nations or cultures, as in Indonesia, occur when people have no idea of themselves and have no means of understanding or retrieving their past." Id. at 64. Although one may find Naipaul's phrasing condescending, the content is that those whose identity does not suffice to make sense of their circumstances will be susceptible to new ideas of themselves, even ones that involve violent and violently simplifying changes.

145. See, for example, the discussion of the Argentine and Indonesian crises, supra Part II.A.

146. See, for example, discussions of N.R. Naryana Murthy and the Indian middle class, supra Part V.A, and of the political character of the new chauvinisms, supra Part V.C.

147. See, for example, the discussion of the middle-class profile of the new chauvinisms, supra Part V.B.

148. Some evidence for this proposal comes in the Pew Global Attitudes Project, which in the months after September 11, 2001, conducted a survey of elites around the world concerning the attitudes of people in their countries. Seventy percent of respondents outside the United States reported that many or most of their people "believe it is good for the United States to feel vulnerable," including 76% in Asia and 73% in Islamic countries. Fifty-two percent, including
In light of this potential, policy makers should first of all distinguish means from ends. Markets and economic reforms are instruments, not purposes; more heretically, the same is true of elections. It should count as no slur on democracy to say that it its institutions and processes are susceptible to the hazards explored in this article. Appreciating the ways in which this is true should not diminish the commitment to democracy, but educate it. The appropriate end is the promotion of a liberal and democratic future in competition with illiberal and undemocratic competitors: that is, social and political conditions characterized by tolerance, personal liberty and security, and respect for law. Confusion of means with ends brought down the neo-liberal program by inducing its adherents...
How to Think about Globalization Now

ents to behave as programmatic ideologues, as if promotion of one package of policies were identical with promotion of liberal values.\textsuperscript{151} It could as easily bring down the New Consensus, with its commitment to formal political democracy and its deference to national governments' claims to exception from international norms or principles of prudent policy.\textsuperscript{152} Although judgment in these matters must be contextual, it is all but certain that confusing instruments with purposes will lead to wrong decisions.

An appreciation of the passions also leads to a revised calculus for judging the efficacy of the wealthy nations' power—particularly the power of the United States. On the one hand, that the policy programs of the IMF and other American-dominated institutions\textsuperscript{153} have indeterminate results abroad and are subject to the vicissitudes of local politics must reduce the estimation of power where anyone has supposed its effect to be more direct and fixed. On the other hand, however, the power of the United States to move the passions of others, whether to emulation or to resentment, is even greater than is sometimes imagined.\textsuperscript{154} Those passions, in turn, move politics in liberal and illiberal directions.\textsuperscript{155} Every exercise of American power should be judged, among other criteria, by the proportion of emulation and resentment that it seems likely to stir. There cannot be a prohibition on giving offense, of course; but once offense and charisma are recognized as strategic factors in the politics of globalization, it is irresponsible to treat them as mere incidents to the use of power, rather than integral parts of its evaluation.

With all this in mind, the United States ought not to assume that friendliness to this country and friendliness to liberal values are identical. In this we might take a lesson from our own experience: early expositors of American identity decried subordination to European cultural and political precedents,

\begin{enumerate}
\item \textit{See supra} Parts II.A, III.A.
\item I have in mind here, for instance, Joseph Stiglitz's endorsement of China's economic reforms. \textit{See Stiglitz, supra} note 2, at 180–88. In my judgment, Stiglitz's admiration for the independent tack China has taken may have led him to underestimate its economy's structural weaknesses. For a non-neo-liberal view without Stiglitz's admiration for Chinese policy, see Jeffrey D. Sachs and Wing Thye Woo, \textit{Understanding China's Economic Performance}, 4 J. Pol'y Reform 1 (2000). \textit{See also} Chang, \textit{supra} note 116.
\item For an account of the American domination of the IMF, see Stiglitz, \textit{supra} note 2, at 195–214.
\item \textit{See} discussion of attraction and resentment toward the United States, \textit{supra} note 148 and accompanying text.
\item \textit{See} discussion of discontent, resentment, and the new chauvinisms, \textit{supra} Part V.B.
\end{enumerate}
while achieving a culture that carried forward liberal European ideas in politics and European literary and artistic standards in other areas.\textsuperscript{156} Resentment and the appetite for self-assertion may be strong enough to inspire a symbolic but emotionally potent rejection of "America" by the same people who are pursuing recognizably American—which is to say liberal—principles.\textsuperscript{157} If liberal values succeed because other nations adopt them so aggressively as to forget their provenance, that will be the best victory we could wish.

The perspective of the passions provides a way to understand why no formula exists for a liberal future and terms in which to try to sort out liberal from illiberal prospects without a formula. Adopting it—not alone, but as a complementary position among others—would be a step toward acting rationally in an imperfectly rational world.\textsuperscript{158} None of this should be taken as a counsel of unreason or even of political pessimism of the sort associated with thoroughgoing skeptics such as Michael Oakeshott\textsuperscript{159} and Friedrich A. Hayek.\textsuperscript{160}

The ultimate challenge of modernity is to make good on the promise of its commitment to freedom: the free choices of individuals and the free and demo-

156. See, e.g., \textit{Ralph Waldo Emerson}, \textit{The American Scholar}, in \textit{The Essential Writings of Ralph Waldo Emerson} 43, 43 (Brooks Atkinson ed., 2000) ("Our day of dependence, our long apprenticeship to the learning of other lands draws to a close."); \textit{Ralph Wald Emerson, English Traits}, in \textit{The Essential Writings of Ralph Waldo Emerson}, supra, 469, 533, 610 ("England is the lawgiver, the patron, the instructor, the ally.") ("London is the epitome of our times, and the Rome of to-day.").

157. See, e.g., \textit{America Admired}, supra note 148 (According to the Pew Survey, while 52 percent of non-American "opinion leaders" identify resentment of American power as a reason for disliking the United States among their people, 63 percent cite the appeal of "democratic ideas" as a reason for admiring the United States.). There is also an argument that collective self-assertion, even with illiberal elements, may be productive in enabling previously subject populations to establish sufficient self-confidence to maintain liberal institutions. See, e.g., \textit{Elst}, supra note 123, at 594–604. \textit{See also} Isaiah Berlin, \textit{The Bent Twig: On the Rise of Nationalism}, in \textit{The Crooked Timber of Humanity: Chapters in the History of Ideas} 238, 261 (Henry Hardy ed., 1991). Berlin refers to "those hitherto suppressed peoples or minorities—those ethnic groups which feel humiliated or oppressed, to whom nationalism represents the straightening of bent backs, the recovery of a freedom they may never have had (it is all a matter of ideas in men's heads), revenge for their insulted humanity .... [Nationalism] must be recognized for what it is—a world-wide response to a profound and natural need on the part of newly liberated slaves ...."

158. For a general discussion of the dangers of "rationalism," the tendency to act as if the world were rational and one's own thought encompassed all of reason, see Michael Oakeshott, \textit{Rationalism in Politics and Other Essays} 5–42 (1991).

159. See id.

160. See generally Friedrich A. Hayek, \textit{The Road to Serfdom} (1944).
ocratic decisions of peoples, both made possible by liberal and democratic institutions. This is not a negative aim, oriented to what it seeks to avert, but an affirmative one of indeterminate destination. It seems to me nearly impossible to survey the countries of North America, Western Europe, or Northeast Asia, to name a few, without being staggered by the advance in well-being and liberty that the last two centuries have brought those places. It also seems implausible and irresponsible, upon reflection on the violence and oppression those places and others have known in the same period, to believe that any people can regard with complacency the worst potentials of social life. If the polestar is individual and collective freedom, any navigator must nonetheless acknowledge the obdurate and inevitable hazards along the way. An eye to those hazards should not lead us to give up improvement, but instruct us in how to pursue it. If it is true that people make history, but under circumstances not of our choosing, the passions are among the unchosen circumstances we cannot long avoid acknowledging.
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