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The Geography of Economic Development

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THE GEOGRAPHY OF ECONOMIC DEVELOPMENT

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IN THE WANING DAYS OF THE SOVIET EMPIRE, WHEN THE LINKAGES between flagging economic power and the changing state of national security in the Soviet Union were becoming obvious, one story really hit home. It was the story of a gentleman waiting in one of the interminable bread queues in Moscow. Late in the Mikhail Gorbachev era, of course, the lines were getting longer, as the economic chaos in the Soviet Union worsened. Finally the bedraggled Muscovite reached the counter, where the clerk told him, “I’m sorry, we’ve run out of bread.” The poor man exploded. The clerk said, “Now wait a minute, mister. If it weren’t for Gorbachev, you would have been shot for saying something like that.” The Muscovite went home and lamented to his wife, “Dear, it’s much worse than I thought. They’ve run out of bullets, too.”

There was a lot of grim humor in those days, and it has not been much less grim in the last few years. The Russian transformation has been bumpy, to say the least. More accurately, that transformation has been unsuccessful in recent years. This is a topic that I obviously ponder often, having served for two years, 1992 and 1993, as a senior economic advisor to the Russian government. I reflect on what might have been done differently, what we might have advised differently, whether there was another course of action that would have led to a more stable and prosperous society—something that I believe to be in not only Russia’s interest but that of the United States as well.

But before getting to particular times and places, it would be useful to take up a very broad theme—nothing less than global economic dynamics—as a way to understand somewhat the nature of the world economy right now: the ways different regions fit into a fast-changing picture, the real economic struggles that engage most of the world.

Without question, the buzzword of our era is globalization. Some say this term is now so hackneyed as to be without content. In fact, it is a real phenomenon, one that is important for us to understand. But it is also important that different parts of the world fit into this fast, globalizing system in thoroughly different ways and have equally different economic prospects. One part of our analysis, then, is the shape of the world system as it is evolving; there is also the important question of *why* different parts of the world, different geographies or ecologies, face such different futures in it. Let us start, therefore, with some basic ideas about globalization, and then turn to the differences, which I think is the more interesting subject.

Globalization

Globalization is a dynamic process of the economic integration of virtually the entire world. At least four aspects of this increased economic integration are worth bearing in mind. What most of us think of as the first part of globalization is increased international trade. There is no doubt that the role of international trade within any individual economy, and therefore for the world as a whole, has been increasing in importance relative to other kinds of economic activity. A typical measure that economists use is an economy's ratio of exports or imports to total output—that is, gross domestic product, GDP. If we look at the ratio of either exports or imports to GDP for virtually any economy in the world, we find that it has been rising; in a number of economies it has been rising particularly rapidly in the last fifteen years. On a day-to-day basis, economies today feel the effect of the international system much more heavily than they did forty years ago. Firms increasingly are directly engaged overseas as exporters or importers, and producers are exposed to competition of imports from the rest of the world.

In general, economic theory has taught—and the idea is very much confirmed by the evidence—that this growth in international trade is a source of increased productivity for all participants. Trade, as economists have been emphasizing ever since Adam Smith in 1776, is not a zero-sum game, where one side wins and the other side loses; rather, it is an opportunity for increased diversity of products, increased specialization, transmission of information and technology, and the like, and therefore a positive-sum game. The most obvious aspect of globalization, then, is simply the increased interpenetration of markets through the trade of goods and services.

A second point, one that is absolutely pivotal, is the increased interpenetration of markets by capital flows. Headlines in the last three years about globalization have been much more about capital flows than about trade. We have witnessed a recurring, sharp, and important kind of economic crisis, that is, crises undergone by countries in the process of globalization—a type of crisis closely linked to the international financial system. We saw them in East Asia beginning in 1997, in Thailand in July, then in Indonesia and Korea. The chaos that continues in Indonesia is rooted not only in geopolitics and local politics but also in the economic collapse that struck the nation at the end of 1997—a collapse clearly rooted in international financial flows. Huge amounts of money poured into Indonesia in the mid 1980s; then, just as suddenly, huge amounts of money flowed out in the fall of 1997. That rapid withdrawal of capital brought down the economy and with it the Suharto regime (which had its own weaknesses, to be sure) and led to cascading political and social change of incredible dynamism and risk.

The third aspect of globalization is the globalization of economic production. Economics textbooks, at least older ones, speak of, say, American products and Japanese products, and give the impression that countries simply trade their products with each other. But international trade today involves more and more not merely the exchange of one nation's products for another's but the exchange of products representing work done in ten, twenty, or even thirty countries. This process has become so complex that we can no longer say that this particular car is Japanese or this computer is American; the components are invariably from half a dozen or more countries—two dozen or more in a typical automobile or computer.

What has happened is that an increasing proportion of international production is carried out by major multinational firms. These firms typically locate their headquarters in the world's wealthiest regions—the United States, the European Union, Japan, in a few cases Korea or Southeast Asia—but their production sites are all over the world. Production itself is a rich logistical process that involves bringing components from one place, shipping them to another, dividing up what economists and business consultants call the "value chain" (itself a process of ever-increasing complexity) and then farming out the individual parts of the production process to areas of comparative advantage. In one region one handles logistical functions; in another region one takes advantage of low wages, in yet another of particular natural resources; and so forth. What this means is that a country's geographic relationship to major markets is crucial to how it is integrated—or why it is not integrated—into an increasingly globalized production structure. The determination of who wins and who loses, or at least who falls farther behind, is very much determined by geography. The importance of *location* for economic success has been enhanced by the globalization of production processes.

A fourth and quite fascinating dimension of globalization is the increasing institutional harmonization of economic policies, legislation, and structure. Not only are countries becoming integrated into a web of production, a network of capital flows, and an international market for goods and services, but they engage in these activities increasingly in a common structure of national and international institutions. By far the most dramatic example of this is the collapse of communism as a rival economic system, followed by the adoption, though as yet incomplete, by most postcommunist countries of imported, or derivative, legal and institutional structures that are compatible with those of the major markets. There are, for example, 135 countries in the World Trade Organization, created in 1995 to harmonize global trading rules and procedures. Underpinning the World Trade Organization is a corpus of international law setting forth in excruciating detail how international trade is to proceed: what kinds of regulations are fair game, which ones are not, even how sanitary standards can be applied. For example, when can a nation impose trade barriers if it thinks another is violating environmental norms? How should intellectual property standards be enforced? Patent law is now being "harmonized" internationally for the first time. Similarly, countries now regulate the convertibility of their currencies according to standards they accept as members of the International Monetary Fund, a body even more universal than the World Trade Organization.

All this has the effect of making international law without an international government—a highly difficult, challenging, and so far only partially successful venture. There are those in the United States who feel that it is ceding too much sovereignty by allowing international standards to determine what it does. There are others, closer to my own outlook, who feel that such standards are what prevents the rule of the jungle in international economic affairs and that the nation should be striving for such shared agreements. But whatever one's normative stance, the positive, or diagnostic, view of the world scene is that institutional harmonization—of how markets are organized, how banks are regulated, how food standards are imposed, even how intellectual property rights are organized—is now proceeding faster and is extending over more of the globe, by far, than at any other time in world history. Here we see more than 130 countries announcing that they want to live by a common set of economic codes and standards and to organize their own internal politics and policies according to them.

That encapsulates what globalization is about. It is a very deep process, involving not simply trade but finance, production, and even the rules of national economies and how they relate to each other. What is driving it, and why so dramatically? Several forces are at play, and they are both pervasive and persistent. This phenomenon is not going to disappear because of some local derangement. The trend is not irreversible, but to knock it off course will take more than a protectionist's winning an election, or an economic crisis in Colombia, Thailand, or Brazil.

Why Now?

At bottom, what is pushing globalization is that most of the world, particularly the developing countries, tried just about everything else first. They have now arrived, by elimination, at the realization that they must join the world economy. This has not been a linear process, in which countries recognized the advantages of participating in the international marketplace and decided to sign up. It has been distinctly nonlinear. During the last 150 to two hundred years, governments went in very different directions.

For most of world history, the vast majority of countries were poor. There was not much variation in economic performance or wealth until around 1800. At that point, one small part of the world took off—the Western European and the North Atlantic nations. There a dynamic process of industrialization built on new forms of harnessing power, particularly steam and coal, and new mechanized technologies. These states—primarily Britain and the United States, for quite a while—so accelerated their economic development that the military imbalances in their favor with respect to the rest of the world became even more marked than they had been for the preceding century or two. That translated, of course, into a very rapid carving-up of the world into the imperial property of, mainly, the European powers.

Why then did not worldwide institutional harmonization come easily? One reason is an interlude of about a century in which Western industrialization produced a profoundly skewed balance of power. Europe now owned a very large part of the world: Africa was completely gobbled up in the 1870s and 1880s, India by 1857, much of Southeast Asia in the 1850s and 1860s, Indochina about that same time, North Africa in the 1830s, and so on.

This state of affairs was thought in 1910 to be the permanent shape of the world (warning us, by the way, that however deep and persistent a state of affairs globalization may be, we should not simply extrapolate). In 1911, a book, *The Great Illusion*, by Norman Angell, was published in Britain and became famous. Its thrust was that the world economic system was in place: it was owned by Europe, and Europe was the industrial center. While industry would slowly diffuse to the rest of the world, the system was stable. War, Angell argued, had become so costly and devastating as to be unthinkable. As might be imagined, Angell's book was a terrific best-seller in 1912 and 1913, but it quickly fell off the best-seller list in 1914. What had seemed an unshakable, permanent international system disappeared.

Mr. Angell tried again in 1934, when he wrote another book. This one had quite a realistic hypothesis. In it Angell said, in effect, "I told you so back in 1911. And I was right. War was devastating for our civilization. Human beings sometimes have to learn through experience. Now you've seen it. We are done with this." He proclaimed, again, the end of war in Europe. This book also was soon remaindered, unfortunately. But by 1945, with Europe devastated and war-torn, the end of the imperial era was in sight. Europe had so weakened itself that its imperial holdings of the world soon broke away, in a series of anticolonial wars—India in 1947, Indonesia in 1948, Egypt in 1952, and so on.

What is interesting is that what became known as the "developing world" did not, as it became independent, simply jump to the global system. To understand why not, let us put ourselves in the position of Jawaharlal Nehru, Gamal Abdel Nasser, or Sukarno at the moment of independence. If one has been struggling for decades against British domination in India, and if the first British colonizing power in India had not been even the Raj but the East India Company, a private multinational firm, the idea that the way to sovereignty and development is to open the doors to foreign multinationals might not seem convincing. All over the developing world, a simple logic prevailed: "Look, we are weak, they are strong. They used to own us; we have just got rid of them. We have to develop and industrialize quickly so that we can rebalance power in the world. But we cannot risk inviting them in to do that. What we need is a development strategy that will protect us while we gain our strength."

There were two variants of this strategy—soft and hard. The hard variant, of course, was Bolshevism, as spread first within Russia after the chaos of World War I, then by the Red Army after World War II, and later by imitators in other parts of the world, including the Maoist revolutionaries in China. The softer variant of this strategy was pursued not by one-party socialist-Leninist states but by regimes that chose not to monopolize the means of production but instead to spur industrialization by planting and protecting the seeds of industry—an approach that came to be known as "state-led industrialization."

A third of the world lived under "hard" socialism through the mid-1980s; another 40 percent or so lived under some kind of state-led industrialization. Both failed spectacularly. They failed for reasons that Adam Smith identified in 1776: closing doors means losing access to world knowledge. They lost the ability to tap into world technologies that they would otherwise have acquired through open trade and foreign investment. At the most fundamental level, this is the biggest problem with any kind of closed regime; the world moves on without you. Conceivably the United States, given its incredible dynamism and inventiveness, could go it alone—but probably not. Certainly for any other country in the world, the vast majority of the technologies needed for development must come from outside. However dynamic a nation is, it can develop only a small fraction of the technologies, manufacturing processes, and capital goods that it needs. International trade and foreign direct investment are absolutely fundamental to any successful development strategy.

Most of the regimes that tried state, and state-led, socialism went bankrupt. Bankruptcy is an interesting process and a systemic one. It could be seen in the nineteenth century when Europe threatened the sovereignty and survival of competitors, like the Ottoman Empire. Those empires usually ended up going bankrupt rather than being defeated militarily. They went bankrupt because when countries fall behind they tend to borrow in order to purchase foreign technology, military equipment, and even mercenary armies, in an effort to rectify the balance. The Ottomans borrowed heavily in the 1850s and 1860s trying to modernize; in the 1870s they went broke. Most of the state-led industrializers and most of the socialist countries (not all—China is a particular exception) did the same and went bankrupt—not morally, economically, or technologically but literally. The Soviet Union ran out of dollars in 1991. Gorbachev, for example, had borrowed about forty billion dollars from West German banks and Western governments between 1986 and 1990, and by 1991 that flow of funds was drying up. The result was hyperinflation, intensification of shortages, weakness and desperation of the regime, perhaps the tempting of the 1991 coup plotters, and the quick downward spiral.

Why did Solidarity emerge as a powerful political force in Poland in 1980?—because Poland had gone bankrupt in 1978. Being somewhat closer to the West, Poland had started borrowing earlier than the Soviet Union, when Edward Gierek instituted reforms in the early 1970s. The financial squeeze came later in the decade, and Polish living standards plummeted. People took to the streets. An electrician, Lech Walesa, jumped the fence at Gdansk's Lenin Shipyards, and Solidarity was born. Financial crisis was the precursor of political revolution.

Some seventy governments went bankrupt in the 1980s and early 1990s. A famous banker, Walter Wriston, the chairman of Citibank, once proclaimed that countries never go bankrupt; it was, accordingly, part of Citibank's strategy to lend to countries—in the years before it almost went bankrupt itself. In one sense, what Wriston said is correct: countries do live on. But it is absolutely a fact that governments can go bankrupt, can find themselves without the funds to pay their bills. This is not a rarity; it happens frequently. It results in part from the great imbalances of economic power that cause countries, especially poor and poorly organized ones, to borrow desperately to offset weaknesses, thereby digging themselves deeper.

This historical excursion answers the question posed earlier: why did globalization start so late, and then so dramatically? After a series of events that started in about 1840, dozens of governments went bankrupt, fairly simultaneously, in the 1980s. They reached a dead end, looked for success stories to emulate, and found one—the incredible economic, financial, and military power of the United States. The American model and its influence quickly assumed such dominance that the reform process itself has become known as the Washington Consensus. Countries have abandoned the failed strategy of closure and are joining the international system.

The Technological Revolution and Globalization

The other deep force at work, aside from globalization, is the technological revolution, which steadily raises the dividends of being part of the international system. Not only is staying out costly, but getting in yields higher and higher returns. The underlying information, communications, logistics, and transport technologies are making it possible for more countries to globalize, and in deeper ways.

Who are the real winners now? They are a handful of developing countries, primarily of Southeast Asia and Northeast Asia, that did not opt for state socialism or state-led development—South Korea, Hong Kong, Singapore, and Malaysia. They went a different way. The way they went, of course, brought them under the U.S. security umbrella; in response, they integrated their economies into the U.S. production system.

Singapore is a classic example. Even in the British Empire, it was a free port. After its independence in 1965, it maintained itself as essentially a free port, strongly linked to American production. Singapore's strategy was to hook into U.S. industry, mainly in electronics but also to some extent in textiles and apparel, importing components and exporting assembled, integrated products for the American market. Advances in information technology and transport allowed Singapore, although it is halfway around the world, to do this in a cost-effective manner. Singapore has built state-of-the-art port facilities, which turn around containerships in just six hours. Its firms are electronically linked to U.S.-based multinationals. Orders and design specifications are received through computer-aided design and manufacturing systems; firms know exactly what template to use or which motherboard to install. Computerized data transmission has enabled Singapore's firms to become deeply enmeshed in the U.S. production process.

These technological developments, especially the widespread use of containerization (computerization and the Internet came much later), made the East Asian boom possible. Without containerization it would not have been possible for East Asia to incorporate itself into the U.S. economy as deeply as it did. Containerization drastically reduced the costs of merchandise shipments, particularly for capital goods, thereby greatly facilitating the globalization of production.

On one side, then, there were failed, old systems. On the other side there was the underlying dynamism of the technologies of global networking in the fields of information, computerization, communication, and transport. The push and pull of globalization has been so compelling that by the late 1980s, it is fair to say, almost no part of the world, and almost no world leader, dared to stay on the sidelines. That is the main reason why we have seen such a dramatic move toward institutional harmonization in the last ten years. These forces are so deep that nothing of less than worldwide impact—not a recession in the United States, or financial crisis in a country or two—is likely to divert them. Events that could undo this process would be of the kind that undid the pre-1914 system and that occurred between 1914 and 1945—a combination of war and profound economic crisis resulting in deep rupture on a global scale. Globalization is not set and assured, but it is moving in a very deep channel, where it is felt strategically by almost all leaders. The presidents and prime ministers of developing countries, even those in the midst of crises, are not asking how to escape globalization or how to protect their countries by closing their economies. They are asking how it can be made to work for them.

The Geography of Globalization

In some places globalization is working, and in others it is not. What are some of the structural underpinnings of success or failure in this world system? What do they suggest about U.S. economic strategy and about tactics the United States can use to help incorporate countries into the world system, for its interests as well as their own? Are there policies that will make this process more equitable?

Let us start with the crucial fact that globalization is taking place in a world of astounding inequality—the greatest inequality in world history. We can say that with confidence, without having explored every era since civilization began some ten thousand years ago, because, as noted earlier, through 1800 everybody was poor. Not until the last two hundred years did vast inequalities of income develop, because only in the last two hundred years did industrialization and science-based economic growth emerge.

When it did, a huge increase in the gap between rich and poor arose. In 1820, according to estimates by the leading economic historian of long-term growth, the richest part of the world was Western Europe, with a per capita income of around $1,200. The poorest part of the world was Sub-Saharan Africa, with an income of about four hundred dollars per capita. (These numbers are adjusted to be somewhat comparable to our sense of dollars today in terms of purchasing power.) The ratio was about three to one. Over the course of the next 180 years, Western European income grew twentyfold; in the United States as well, income, in very rough terms, also increased twentyfold. In Sub-Saharan Africa, per capita income grew only threefold; shockingly, that region has only now arrived at something like the income level of Britain in 1820. The gap between richest and poorest has grown to around twenty, or even twenty-five, to one, now; if we take only the very richest countries and the very poorest, the differential is forty, fifty, or sixty to one.

If these income gaps were entirely random, a graphic representation of per capita income in the world would show a random distribution of the rich countries and poorer ones. But in fact there are geographical gradients in the distribution of world income. First of all, there is the basic gradient that virtually all of the rich countries of the world are outside of the tropics, and virtually all of the poor countries are in them. Temperate-zone countries are either rich, socialist and therefore poor now, or deeply landlocked—and maybe also socialist, and therefore deeply in trouble. Except for Singapore and Hong Kong, virtually all of the tropic zone remains poor today. Tropical countries are not necessarily desperately or uniformly poor, but they are poor. Climate, then, accounts for a quite significant proportion of the cross-national and cross-regional disparities of world income.

Another geographical gradient that is quite important is proximity to markets. That has been true ever since Adam Smith wrote. The "name of the game" in international trade, as it has been in world power, often has been naval access. Coastal countries routinely do better than interior, landlocked parts of the world. Even today, despite air, rail, the Internet, and everything else, the largest proportion of international trade still travels by sea. For a landlocked country the cost of moving a container to a port is ferociously high. That is true because it must not only go over land, which is expensive, but cross political borders, which is often even more expensive. Studies conducted by Harvard's Center for International Development have consistently shown that proximity, especially political proximity, to the sea is very important. Which are the poorest countries of the world? They are the tropical, landlocked countries: Chad, Mali, Niger, Central African Republic, Rwanda, Burundi, and Bolivia.

There are, then, two major barriers to international development—a climatic barrier and a geographical, or physical transport, barrier. These are real problems, with real implications for the success or failure of globalization. First, the countries that tend to be successful are those that are near major markets; a country that is proximate to major markets *and* has a coastline is in especially good shape, once it opens up. Let us think about what that means in some specific cases.

For a number of reasons, Mexico and Central America, North Africa, and Eastern Europe fell far behind their developed neighbors, before globalization began. Some were colonized by their neighbors; others absented themselves from the world economy. Some faced physical, geographical, or resource barriers, and some had bad luck. Today, in the age of globalization, new underlying forces are flowing in favor of some of these nations.

Mexico is an example. Certainly, it has experienced serious problems with financial flows—the banking crisis of 1994 comes to mind. Also, its political system is only now in the process of reform, after a long period of one-party rule. But to the north, across the Rio Grande, is the United

States, with a per capita income of some thirty thousand dollars; Mexico has a per capita income of three thousand dollars. The result is a powerful force bringing technology and investment to Mexico; that is exactly what is happening. Mexico's economic prospects are quite good; the underlying geography supports its development.

North Africa has been culturally and, for a long time, economically and politically cut off from its northern neighbors across the Mediterranean. Rome and Carthage fought each other more than two thousand years ago; the ChristianIslamic divide prevented the establishment of normal relations for about seven hundred years. But Tunisia, for example, is only about a hundred kilometers away from Italian territory. With Italian per capita income at twenty thousand dollars and Tunisia's at two thousand, there will be a very powerful economic flow between the two countries. Italian firms will take advantage of the income differential by investing in Tunisia; Fiat, for instance, will make automotive components in Tunis and then reexport them to Italy. Indeed, Tunisia is growing quite well right now, as is its neighbor, Morocco. Greek Cyprus, which unlike its Turkish counterpart has not been subjected to a Western European embargo, is booming right now. That is the result of geographic proximity.

Among the transition economies, the most successful are those located along the border of Western Europe. History and culture play roles, but geographic proximity, facilitating trade and investment, is an important factor. The Baltic States are becoming workshops for Scandinavia. Scandinavian and German firms are investing in Estonia to produce components for reexport, thereby raising Estonia's living standards. Poland's boom can be ascribed to geographic proximity. The Czech Republic, Slovakia, Croatia, and Slovenia are experiencing the same phenomenon of proximity. Go inland a thousand kilometers to Moldova, however, or two thousand kilometers into the heartland of Russia, or five thousand kilometers into Central Asia, and one finds none of that economic pull. Why, after all, would an Italian textile company outsource stitching to Turkmenistan?

The other developmental barrier is climate. Why is climate so important in this day and age? It is because poor countries still face problems that wealthier countries left behind long ago. The tropics pose tremendous difficulties for basic food production. Growing rice or maize in a lowland tropical environment is generally very tough; farmers are plagued by pests, veterinary disease, weak soils, rapid soil erosion, and other environmental barriers. Another profound challenge, particularly in Africa, is health. Diseases like malaria still impose huge economic, social, and health burdens on the tropical world.

A large part of the tropics has been trapped in a vicious circle. The tropics were poorer in the last century than the temperate zones, because of a variety of deep problems. The larger markets in the rich temperate zones supported more research and technological development. Advances pushed income even higher in those zones but could not be readily diffused to the tropics; ecological conditions were too different. Whether in areas of medicine, public health, food productivity, construction, or energy use, the gap widened. Tropical countries experienced a massive brain drain. People with critical skills packed up and went to work in Cambridge, Silicon Valley, or elsewhere, further widening the gap between underlying national and regional capabilities.

Countries that are both tropical and far from markets face the most profound problems. It is in tropical, geographically disadvantaged countries and regions that we see some of the biggest humanitarian challenges and social disasters. It is no accident that genocide took place in Rwanda. Obviously, we must avoid crude geographic determinism, but Rwanda's location poses near-insurmountable problems for economic development. It is plagued by intense crowding, environmental stress, and vast struggles among groups over resources for survival; further, it is without the port that could turn its capital, Kigali, into an export processing zone and otherwise contribute to economic development.

These ecological and geographical factors are very important and deserve greater attention from analysts and policy makers alike. Countries that are favorably located generally tend to make it, unless their politics are so deeply skewed as to pose a fundamental barrier—and there are such cases. We have not yet begun to address the implications of the profound problems that tropical countries and landlocked regions represent for international economic institutions, foreign assistance programs, and the way we think about development.

This is obviously a mixed assessment. For significant parts of the world, there is reason for considerable optimism. Despite all the wonders of globalization, however, serious risks remain for others. Not all of the world will be fruitfully touched by the processes of globalization.

For even the "proximate" countries—the ones blessed by geographic location, with the wind at their backs—the process of escaping from the damage of the past, from weak institutions, from economic atrophy, and from financial bankruptcy remains a heavy burden. They must meet the challenges both of catching up and of successful transformation. Not all manage, and when governments go bankrupt, societies cannot function. One of the legacies of the last fifty years is bankrupt governments all over the world. We sometimes use that fact tactically, as a lever by which friendly governments can be kept in place, or by which regimes can be controlled and manipulated. That approach is a mistake. At the edge of bankruptcy, even the consolidation of political power sufficient to maintain internal order is in jeopardy. American foreign-policy makers trying to work with "difficult" countries find that things explode in their faces. Things seem to be going fine, just before a quite dramatic collapse of authority and civil power. At the roots of these collapses often lie economic problems, problems severe enough to pull down governments and therefore open the way to anarchy.

What this means is that in our approach to globalization, we need a sensitivity to geography, to climate, to the history of how we got where we are, and to the financial and political struggles of countries. If we adopt this broader view, we can more effectively ensure that much more of the world will partake of the unbelievable bounty that modern science and technology provide. ■

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