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cally. Technologically speaking, it is different in that the previous era of global-
ization was built around falling transportation costs. Thanks to the invention
of the railroad, the steamship and the automobile, people could get to a lot
more places faster and cheaper and they could trade with a lot more places
faster and cheaper. But as *The Economist* has noted, today's era of globalization
is built around falling telecommunications costs—thanks to microchips, satel-
lites, fiber optics and the Internet. These new information technologies are
able to weave the world together even tighter. These technologies mean that
developing countries don't just have to trade their raw materials to the West
and get finished products in return; they mean that developing countries can
become big-time producers as well. These technologies also allow companies
to locate different parts of their production, research and marketing in different
countries, but still tie them together through computers and teleconferencing
as though they were in one place. Also, thanks to the combination of comput-
ers and cheap telecommunications, people can now offer and trade services
globally—from medical advice to software writing to data processing—
services that could never really be traded before. And why not? A three-
minute call (in 1996 dollars) between New York and London cost \$300 in
1930. Today it is almost free through the Internet.

These technologies are making it possible not only for traditional nation-
states and corporations to reach farther, faster, cheaper, and deeper around the
world than ever before, but also for individuals to do so. I was reminded of this
point close to home, when in the summer of 1998 my then 79-year-old
mother, Margaret Friedman, who lives in Minneapolis, called me sounding
very upset. "What's wrong, Mom?" I asked, "Well," she said, "I've been playing
bridge on the Internet with three Frenchmen and they keep speaking French
to each other and I can't understand them." When I chuckled at the thought
of my card-shark mom playing bridge with three Frenchmen on the Net, she
took a little umbrage. "Don't laugh," she said, "I was playing bridge with some-
one in Siberia the other day."

To all those who say that this era of globalization is no different from the
previous one, I would simply ask: Was your great-grandmother playing bridge
with Frenchmen on the Internet in 1900? I don't think so.

But, as I said, this new era of globalization is also different politically from
that of the 1900s. That earlier era was dominated by British power, the British
pound and the British navy. Today's era is dominated by American power,
American culture, the American dollar and the American navy. American
power after World War II deliberately set out to forge an open international
trading system to stimulate employment and counterbalance Soviet commu-
nism. It was America that drove the creation of the International Monetary
Fund, the General Agreement on Tariffs and Trade (GATT) and a host of
other institutions for opening markets and fostering trade around the world.
And it was the American fleet that kept the sea lanes open for these open mar-
kets to easily connect. So when the Information Revolution flowered in the
late 1980s—and made it possible for so many more people to act globally,
communicate globally, travel globally and sell globally—it flowered into a

global power structure that encouraged and enhanced all these trends and made it very costly for any country that tried to buck them.

In short, there are some things about this new era of globalization that we've seen before (but which are much more intense now), some things that we've never seen before and some things that are so new we don't even understand them yet. For all these reasons, I would sum up the differences between the two eras of globalization this way: If the first era of globalization shrank the world from a size "large" to a size "medium," this era of globalization is shrinking the world from a size "medium" to a size "small."

This book is an effort to explain how this new era of globalization became the dominant international system at the end of the twentieth century—replacing the Cold War system—and to examine how it now shapes virtually everyone's domestic politics, commerce, environment and international relations. In that sense, it is meant as a contribution to the body of literature that has been attempting to define the post-Cold War world. Among the most widely read of this genre are four books: Paul M. Kennedy's *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, Francis Fukuyama's *The End of History and the Last Man*, the various essays and books of Robert D. Kaplan, and Samuel P. Huntington's *The Clash of Civilizations and the Remaking of World Order*.

While all of these works contained important truths, I think none of them really captured the post-Cold War world in any holistic way. Kaplan's reporting was vivid and honest, but he took the grimmest corners of the globe and overgeneralized from them to the fate of the rest of the world. Huntington saw cultural conflicts around the world and wildly expanded that into an enduring, sharply defined clash of civilizations, even proclaiming that the next world war, if there is one, "will be a war between civilizations." I believe both Kaplan and Huntington vastly underestimated how the power of states, the lure of global markets, the diffusion of technology, the rise of networks and the spread of global norms could trump their black-and-white (mostly black) projections.

Both Kennedy and Huntington tried to divine the future too much from the past and the past alone. Kennedy traced (quite brilliantly) the decline of the Spanish, French and British empires, but he concluded by suggesting that the American empire would be the next to fall because of its own imperial overreaching. His implicit message was that the end of the Cold War not only meant the end of the Soviet Union but would also herald the decline of the United States. I believe Kennedy did not appreciate enough that the relative decline of the United States in the 1980s, when he was writing, was part of America's preparing itself for and adjusting to the new globalization system—a process that much of the rest of the world is going through only now. Kennedy did not anticipate that under the pressure of globalization America would slash its defense budget, shrink its government and shift more and more powers to the free market in ways that would prolong its status as a Great Power, not diminish it.

Huntington's view was that, with the Cold War over, we won't have the Soviets to kick around anymore, so we will naturally go back to kicking the Hindus and Muslims around and them kicking us. He implicitly ruled out

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the rise of some new international system that could shape events differently. For Huntington, only tribalism could follow the Cold War, not anything new.

Fukuyama's pathbreaking book contained the most accurate insight about what was new—the triumph of liberalism and free-market capitalism as the most effective way to organize a society—but his title (*The End of History*) implied a finality to this triumph (much more than the book itself does) that does not jibe with the world as I find it.

In a way, each of these works became prominent because they tried to capture in a single catchy thought, "The One Big Thing," the central moving part, the essential motor, that would drive international affairs in the post-Cold War world—either the clash of civilizations, chaos, the decline of empires or the triumph of liberalism.

My argument is different. I believe that if you want to understand the post-Cold War world, you have to start by understanding that a new international system has succeeded it—globalization. That is "The One Big Thing" people should focus on. Globalization is not the only thing influencing events in the world today, but to the extent that there is a North Star and a world-wide shaping force, it is this system. What is new is the system; what is old is power politics, chaos, clashing civilizations and liberalism. And what is the drama of the post-Cold War world is the interaction between this new system and all these old passions and aspirations. It is a complex drama, with the final act still not written.

That is why under the globalization system you will find both clashes of civilization and the homogenization of civilizations, both environmental disasters and amazing environmental rescues, both the triumph of liberal, free-market capitalism and a backlash against it, both the durability of nation-states and the rise of enormously powerful nonstate actors. What I have tried to write is a guidebook for how to follow that drama and how to think about managing it.