

Globalization

A Short History of the Modern World

William R. Nester



GLOBALIZATION

Also by William R. Nester

Globalization, War, and Peace in the Twenty-First Century (Palgrave Macmillan, 2010)

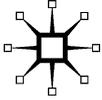
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INTRODUCTION

Globalization, Perils, and Prospects

Globalization . . . enables us to reach into the world as never before and it enables the world to reach into each of us as never before.

Thomas Friedman

The farther back you look, the farther ahead you are likely to see.

Winston Churchill

Politics happens when there is conflict among individuals or groups. Power is the means those in politics use to assert their interests. Politics and power thus are inseparable and as old as humanity. Throughout history, people have expressed politics and power in a variety of ways.

International politics began with the emergence of the first organized states thousands of years ago. Global politics is more recent—it appeared about five centuries ago when imperial European states began to mesh the world’s far corners together through conquest and trade. Today we live on a planet characterized by globalization or the ever more complex economic, cultural, legal, social, psychological, technological, environmental, and, thus, political interdependence.¹

Until recently globalization’s development was slow. Although countries increasingly traded, allied, and negotiated with each other, the divisions among them far outweighed

the ties, and nations often settled their conflicts with war or the threat of war. However, since 1945, despite or more likely because of the “Cold War,” globalization has developed rapidly and profoundly. Today all humans are formally tied to all others through their country’s membership in the United Nations and numerous other international organizations, along with the personal benefits of international trade, telecommunications, travel, and the Internet. Yet globalization has a dark side—it destroys as well as creates jobs, wealth, and lives, while every human lives under the shadow of potential nuclear and ecological extinction.

Globalization means that any major international event can affect us, in varying ways, and likewise every major national issue is, in varying ways, an international issue. When the World Trade Organization (WTO) talks break down, when the Organization for Petroleum Exporting Countries (OPEC) changes its production quotas, when tropical forests are destroyed, when greenhouse gas clog the atmosphere, when the Tokyo stock market plunges, when terrorists strike, we, in tiny and usually unobservable ways, are affected. Likewise, when Washington is tangled in gridlock, when pollution drifts across to Canada, when the Defense Department builds new weapons systems, when the economy expands or contracts, when the dollar’s value soars or plummets, when the national debt doubles or triples in eight years, when the United States goes to war, Americans affect the world. The differences between international and domestic problems are increasingly blurred.

Ever more sophisticated computers linked in an ever denser network are a major force driving globalization. Governments, corporations, intelligence agencies, terrorist groups, and anyone else plugged in have unprecedented power to communicate, share information, spy, resolve problems, or create new crises. With a few taps on a keyboard, gigabytes of information or carefully concealed viruses can be whisked around the planet. People respond to that potential power in different

ways. Some revel in their ability to shop, chat, or download data by Internet. Others fear the dangers to personal or national security inflicted by meltdowns inflicted by Y2K type glitches or deliberate cyberterrorism.

Globalization, however, much more commonly melts down people's jobs than their hard-drives. Not just information is more mobile. Every day about \$2 trillion of financial transactions, an amount one-seventh the value of all the goods and services that America's economy produced in all of 2009, surges among countries! Those tidal waves of money—nearly all of which are virtual rather than physical transactions—can sink or boost entire national economies and wipe out or create armies of workers. Every day in thousands of corporate boardrooms around the globe, executives issue commands that collectively transplant or extinguish millions of jobs. While hiring and firing is as old as business, globalization has accelerated its pace and scale to warp speed. Open information and open markets allow corporations to scour the world for the cheapest labor as well as products. Why, for instance, should Microsoft pay a software designer \$150,000 a year in the United States when the same work can be done for \$20,000 a year in India?

As interdependence thickens, the array of international conflicts at once multiples and becomes less violent. Not only are most states at peace all of the time, but only a tiny fraction of the relations among the world's 192 sovereign states contain even the hint of violence. The diminishing threat or reality of war between states, however, does not mean that international relations have transcended politics. Indeed politics have proliferated. While globalization's enveloping webs of relations benefit countless people in countless ways, it simultaneously harms countless others and breeds ever more political conflicts and assertions of power. Although nearly all those who feel harmed by globalization deal with that problem peacefully, some resort to violence to assert their interests.

The horrific attacks on the World Trade Center and Pentagon on September 11, 2001 at once expressed the most

radical reaction in the swelling backlash against globalization and personified globalization's potentially vilest side. Al Qaeda, the perpetrator of those atrocities, was not a nation-state, the core actor in global politics, nor did Al Qaeda's leader, Osama bin Laden, head a government. The war against Al Qaeda pits an international alliance of countries led by the United States against a transnational group with secret cells in numerous countries around the world. While that type of war is not new, its scale is unprecedented. Al Qaeda is waging the first global terrorist war that so far has spanned over 70 countries. We can understand that conflict only by exploring both international and transnational relations in the context of globalization.

Though terrorism and wars make the headlines, they obscure the diminishing role of violence in global politics. Yet that phenomena is recent and may be fleeting. Certainly war and globalization marched in lockstep over the past five centuries since the birth of the modern world, culminating with the two world wars of the twentieth century in which perhaps as many as 16 million people died in the first and 70 million in the second.

Yet even if war diminishes to the vanishing point, humanity's future will still be bleak. Globalization's most horrendous consequence has been to create and feed a vicious cycle of worsening environmental catastrophes. The population explosion, global warming, ozone layer depletion, deforestation, desertification, and the decimation of countless species are all interrelated and are imperiling the wealth and lives of ever more people around the world. Civilization remains imbedded in nature no matter how much such modern inventions as central heating and air conditioning may delude many to believe otherwise. When people destroy the natural world that sustains them, they ultimately destroy themselves.

Then again, perhaps the optimists will be proven correct in their cheery belief that technology and unregulated markets

will overcome all problems of war, poverty, scarcity, and environmental destruction. *Globalization: A Short History of the Modern World* is guided by Winston Churchill's axiom that we cannot begin to see the future until we understand what preceded it.²

PART I

From the Dawn of Civilization to
Versailles

Modernity and Its Discontents

Globalization is the inevitable outgrowth of the modern world.¹ Modernization began in Europe over 500 years ago, born of and an umbrella term for a series of interrelated and endless intellectual, political, economic, technological, religious, social, and psychological revolutions. These revolutions originated in small corners of Europe, spread over the continent and eventually, via imperialism, the world. Today, either superficially or pervasively, all the countries in the world and most of its individuals are modern to varying degrees. Recently the term globalization has become popular for explaining these changes.

Modernization, however, is a relative rather than absolute concept. The standards by which we judge an individual's or nation's depth and breadth of modernization are continually changing. What was considered modern yesterday is often dismissed as obsolete today.

Indeed modernization's essence entails revolutionary changes in values, technology, and organization that transform every aspect of a society and the individuals who inhabit it. Ideally those changes are for the better, although that might not be apparent to those experiencing its effects. The countries that have modernized most successfully have experienced those changes slowly over centuries rather than over generations; paradoxically, the revolution of modernization is best achieved through evolution. Yet there is no one modernization pattern; every country must find its own path.

Tragedy as well as progress characterizes modernization's history. New technologies, organizations, and ideologies allowed imperialistic states more power to conquer others and wars to become more destructive. Twice during the twentieth century world wars shattered that progress. From the smoking ruins and rotting corpses arose political, economic, technological, and ideological forces that have drastically reshaped global politics for the rest of the twentieth century and into our twenty-first century.

Modernization is first of all a state of mind—only modern minds can create modern worlds. Modernity thus began with the intellectual revolution of the Renaissance that in turn eventually spawned a range of other revolutions—political, economic, industrial, technological, sociological, psychological, cultural, and environmental. Modernity is explicit in mass institutions—corporations, schools, bureaucracies, transportation, media, communications, laboratories, and metropolises. But without a modern outlook the vast complex bundle of modern techniques and institutions is unworkable.

Although the modern mind has evolved from the Renaissance through today, its essence is a belief that human reason rather than a transcendent god is the master of humanity's fate, and that individuals should freely pursue their material, emotional, and spiritual needs. Modern societies are politically, economically, and socially mobile, and modernity empowers individuals to transform themselves, to satisfy their craving to do, know, and become. More recently, modernity allows individuals to simply be. Changing oneself and the world are interrelated, one cannot exist without the other. Modern individuals change, in usually minute ways, the world and thus themselves through both thoughts and actions, and can remake themselves in their own images or those of others. An individual's power, position, and opportunities in a modern society thus depends less on ancestry and more on personal abilities and ambitions. Freedom, however, is not absolute. Choices are ultimately limited, and modern individuals must take responsibility for

the choices they make and do not make. Authentic choices are made rationally, skeptically, scientifically. The U.S. Army challenge to recruits “to be all that you can be” could be the motto for the modern age.

Modernity’s essence is rapid change. “All is flux, nothing stays still,” Heraclitus said of reality, and that especially characterizes the world over the past five centuries. Modernity is an endless, accelerating process of creative destruction in which traditions, institutions, communities, property, and even people are retained only as long as they can be justified, usually in monetary terms. The obsolete, the functionless are discarded and replaced with something more appropriate, more modern. Modernization never ends. Modernization’s only constant is change.

There is some continuity amidst the flux. Although every one is to varying depths and ways all modernizing, even in the most advanced societies, traces of tradition are embedded in virtually all individuals, and thus all are torn, to greatly varying extents, between modern and traditional urges.

Countless dissidents have resisted modernity whose mad pace and bewildering array of choices can be profoundly distressing and disorienting. That alienation became apparent to thinkers as early as the nineteenth century. The transcendentalist Henry David Thoreau observed that “most men lead lives Of quiet desperation.”² Karl Marx and Max Weber provided more in-depth analyses of modernity, with Marx decrying the alienation of man from his community, work, and self, and Weber asserting that modernity imprisons humanity within complexes of omnipotent and unyielding bureaucracies he called “iron cages.”³ In the early twentieth century, Sigmund Freud and his followers argued that civilization itself springs not from noble dreams but from the sublimation of humanity’s most base hungers.⁴ Franz Kafka provided the same bleak vision more poetically in his short stories and the novels *The Castle* and *The Trial*.⁵ In his most famous poem T.S. Eliot declared: “We are the hollow men,” while Herbert Marcuse

maintained that we are “one dimensional men.”⁶ Michel Foucault wholeheartedly agreed and explored how humanity is trapped in “total institutions.”⁷ Alvin Toffler described Man’s alienation as “future shock.”⁸ Thus do the critics assert that modernity actually imprisons rather than liberates and impedes rather than empowers people to develop themselves.

Ironically, few individuals are more modern than modernity’s critics. Modern minds question everything, examine everything under a microscope, and in so doing strip most things of their aura, their remoteness, and in the case of religions, their claims solely to represent truth and salvation. “God is dead,” Friedrich Nietzsche triumphantly declared.⁹ Or as Marx put it, the “constant revolutionizing of production, uninterrupted disturbance of all social relations, everlasting uncertainty and agitation, distinguish the bourgeois epoch from earlier times. 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 into air, all that is holy is profaned, and men at last are free to face . . . the real conditions of their lives and their relations with their fellow men.”¹⁰

Modern literature is filled with metaphors for modernization’s perils and paradoxes. For example, Mary Shelley’s *Frankenstein* and Walt Disney’s Mickey Mouse cartoon *The Sorcerer’s Apprentice* explore the consequences of technologies originally created for humanity’s sake that eventually mastered and imperiled humanity. As Marx put it, “Modern bourgeois society, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer who is no longer able to control the powers of the underworld that he has called up by his spells.”¹¹ Johann Wolfgang Goethe’s *Faust* is the quintessential modern man. Faust sells his soul to Mephistopheles for the power to modernize the world, but in so doing destroys as much as he creates.

How do individuals achieve meaning or salvation in a godless universe? While some individuals search for truth amidst

a world of constant chaos and upheaval, most in advanced industrial societies simply hunker down deep in the routine of office and television. From the Romantic movement of the late eighteenth and early nineteenth centuries to the New Age movement of recent decades, many others have sought refuge from modernity's excesses in the spiritual serenity of temples, wilderness, or creativity. The duties that accompany freedom, particularly the imperative to strip away one's illusions and see the world as it really is, are overwhelming to many. Confronted with this negation of their basic beliefs, many find salvation in totalitarian political or religious movements. The fascism of Japan, Germany, and Italy during the 1930s, the communist fervor that gripped hundreds of millions throughout the twentieth century, and the swelling Islamic fundamentalism of recent decades were all built upon a popular rejection of the turmoil, uncertainty, opportunities, and dilemmas of modern life. Adherents immersed themselves in a sea of humanity led by charismatic leaders like Hitler, Castro, or the Ayatollah, and totemic symbols like the swastika, sickle and hammer, or crescent.

Half a millennium ago, humanity unlocked the jinni of modernity from their bottle. They have proliferated ever since at an ever accelerating rate, the good and evil alike. They will never be fully mastered let alone stuffed back inside. Yet that does not stop the hopeful or fearful from trying to do one or the other.

The Rise and Fall of Civilizations

Though modernity is relatively new, international relations are as old as civilization. Humans have existed for several hundred thousand years, but until the last 7,000 years they wandered the earth in small groups hunting, gathering edible plants, and attempting to survive threats from other humans, beasts, and vile weather.¹

After mastering tools, weapons, and fire, the first major step toward civilization was the domestication of animals for food, clothing, transport, and companionship.² Next came the domestication of plants as groups settled in river valleys and began sowing and reaping crops. Over centuries some of these settlements developed into complex civilizations that included most or all of the following components: herding and farming; complex, hierarchical political, social, economic, military, and religious institutions, each with a division of labor; the use of metals, the wheel, and writing; clearly defined territories; and trade with other peoples. The first “civilization” emerged in Mesopotamia around 5,000 BC, and for the next 6,500 years or so, great civilizations there and elsewhere rose, extended their rule, then collapsed for a variety of interrelated political, technological, economic, military, and ecological reasons.³

During the fifteenth century, beyond Christian Europe, advanced and powerful civilizations sprawled across vast stretches of the globe: Ming China, Aztec Mexico, Inca Peru, Benin Africa, Mogul India, Ashikaga Japan, and Ottoman Asia Minor. In Southeast Asia alone, there was a patchwork

of smaller civilizations like the Khmer, Thai, Vietnamese, Burmese, and Javanese. All of these non-European civilizations were ruled by centralized bureaucracies and had achieved enormous advances in technology, the arts, philosophy, and wealth. However, despite their dazzling accomplishments, none of the non-European civilizations developed the related psychological, philosophical, and technological prerequisites for modernity and global conquest. Elsewhere humans were mostly organized in small hunter gather groups or primitive agrarian communities.⁴

China had the most potential to modernize.⁵ The vast Chinese empire had a centralized government presided over by the emperor of the Ming dynasty, was run by a highly cultivated elite known as the scholar-gentry, and was guided by the political philosophy of Confucianism; created magnificent works of literature, music, architecture, painting, and sculpture; traded extensively throughout East, Southeast, and Central Asia; and was the first to invent paper money, gunpowder, porcelain, and printing. Militarily, the Chinese had over 1 million men under arms and a 1,350 ship navy. Between 1405 and 1433, Admiral Cheng Ho led seven naval, trade, and exploration expeditions that reached as far as the Persian Gulf and East Africa. The Chinese could have “encountered” Europe rather than the Europeans Chinese.

Yet the Ming dynasty retreated from the brink of becoming a global power. Not only the naval expeditions were discontinued but also the emperor forbade any further construction of ocean-going ships. Geopolitics partly explains this withdrawal. Ming China shifted from an offensive to defensive stance in response to a failed attempt to defeat Annam Vietnam, and the aggression of Mongols and Manchurians along China’s vulnerable northern frontier and Japanese pirates along the coast. Philosophical and political reasons reinforced the geopolitical imperative to withdraw. Confucianism celebrated the scholar-bureaucrats who ran China and denigrated merchants and soldiers alike. The Court feared that its military

and merchant classes were gaining too much wealth and power from their naval expeditions, while those very expeditions may have drained China's wealth with no real return at a time of northern and eastern military threats. Not only did the Ming retreat from the world but they also failed even to maintain China's canals, ports, and industries. In 1644, the Manchurians invaded China, destroyed the Ming dynasty, and ruled that vast realm until 1911.

Ironically, the western European states set sail for distant seas when Europe was threatened with an invasion from the East. Seven centuries after Arab armies waving the banner of Islam had conquered all lands from the Pyrenees mountains in northern Spain to the Indus River in western India, new Muslim armies, led by several Turkish and Persian nations, overran all of the Middle East and Southeast Europe, and much of South and Central Asia.

Of these imperial nations, the Ottoman Turks directly threatened Europe, and seemingly possessed enormous potential for becoming a global power.⁶ The Ottomans captured Constantinople in 1453, carved out an empire in the Balkans and eastern Mediterranean, and would seriously threaten Europe for the next 300 years, twice marching to the gates of Vienna itself in 1529 and 1683. Like the previous Arab empire, the Ottoman empire had well-run cities, a vigorous intellectual class, excelled in advanced science and such technologies as cannon and musket production, and possessed an organized bureaucracy, well trained, tough, and loyal armies, and vast fleets of fast maneuverable galleys. The capital, Constantinople, had a population of half a million, far larger than any European city, and the empire included 14 million people.

What limited the Ottomans' expansion and prevented their modernization? Imperial overstretch and a succession of incompetent rulers eventually brought the Ottoman's expansion to a halt and long decline. The Ottomans fell ever further behind western Europe's political, economic, technological,

and military developments. Essentially, the Ottoman Empire failed to generate the wealth and innovations necessary to fulfill its ambitions and commitments. Islam, like Confucianism, tended to inhibit individual initiative. Similar problems plagued Muslim empires elsewhere, particularly the Mogul empire stretching across northern India and Pakistan. Of the great civilizations patching the world during the fifteenth century, all but Europe's failed to develop into modern civilizations and project their power worldwide.

From Feudal to Modern Europe

We cannot understand the evolution of modernity in Europe without exploring what preceded it. For over five centuries, the Roman Empire had united the Mediterranean basin and most of Europe with a common government, law, and market. Long before the last western Roman emperor was deposed in 476, the empire itself had collapsed under the weight of political corruption and inefficiency, economic decline, and waves of foreign invaders. A united market from England to Syria and Gibraltar to the Danube disappeared with the Roman Empire.¹

What followed was a millennium of European history from around 450 to 1450 called the Middle Ages.² The loss of Roman law, administration, and arms meant that everyone had to fend for themselves. Pestilence and the sword decimated urban populations. The survivors fled into the countryside; the greatest cities dwindled into towns and most towns reverted to villages or nature. Although slavery largely disappeared with Rome's fall, few peasants owned their own land; nearly all relied on the local strongman and his warriors, who protected them often in return for half their production.

Therefore, Europe was fragmented politically into hundreds of small fiefdoms, a political system known as "feudalism." The local strongmen became lords, their warriors knights, and their peasants serfs. Few lords stayed completely independent. Most allied with other lords under the distant authority of the greatest lord of all, the king. There were no nations. The

identity of most peasants centered on their village. The contemporary languages we know as French, German, Italian, or Spanish did not exist and their antecedents were so fractured into dialects that often people from neighboring valleys or even villages had trouble understanding each other. Latin was the common language for priests, scholars, merchants, and diplomats.

Feudal Europe came to be composed of five interdependent classes—priests, nobles, serfs, artisans, and merchants. There was virtually no movement between classes. With primogeniture, a noble's eldest son inherited the property, forcing other sons to look for employment elsewhere. The vast majority of people—from 80 to 90 percent—were serfs who tilled the land of nobles. The clergy was the most open class, with peasants as well as nobles often entering monasteries.

The least populous were the merchants and artisans. Each profession—mason, metalworker, shipwright, weaver, and so on—had its own exclusive guild for protection and promotion. A guild was a monopoly that determined the producers, production, and price of a particular good, as well as the civic duties of the members. Prices were fixed and the primary goal was order rather than profit.

Throughout the Middle Ages, most kings were weak and controlled little more than the lands a day or so horseback ride from their castles. Lords were legally required to render their kings no more than thirty days of military service a year and a cut of the production seized from their serfs, although in emergencies they could give more. By the fifteenth century, however, the kings of England, France, Portugal, Spain, and Austria had amassed considerable power over their lords. Elsewhere in central and eastern Europe, kings remained weak or nonexistent and local lords were largely independent.

The foundation of European civilization was Christianity, split between its Catholic majority across western and central Europe and its Orthodox minority across much of southeastern Europe and Russia. Western and central Europe's political

as well as spiritual leader was the Catholic pope who ruled from Rome. Only the pope possessed “sovereignty” that, according to the great Medieval theologian Thomas Aquinas, was the ultimate power to determine the fate all those under one’s sway. As God’s earthly emissary, the pope’s sovereignty extended over all Catholics and peoples ruled by Catholics. All Catholic lords ultimately bowed to Rome. The power to excommunicate and thus deny the sacraments allowed popes to keep recalcitrant kings and lords in line. Faced with being condemned to an eternity in hell, more than one medieval king found himself crawling literally on his hands and knees to the pope to beg forgiveness.

Rome’s powers influenced the economy as well. The Catholic Church inhibited trade by imposing the notion of a just price, which meant selling something only for its production cost. Thomas Aquinas called it “wholly sinful to practice fraud for the purpose of selling a thing for more than its just price.”³ The Church also condemned lending money for interest (usury) as a mortal sin. Usurers were excommunicated and sometimes even tried as heretics. Jews thus became the medieval world’s chief moneylenders, although some Christian institutions like the Knights Templars also lent money at interest to kings and lords. With most people forbidden to enjoy a profit motive, trade expanded slowly.

What, then, enabled Europe to break free of religious, economic, political, and social feudalism?

Ironically, the Church’s attempts to free the Holy Land from the “infidel” Muslims unleashed forces that eventually cracked open the medieval world and allowed the seeds of modernity to be planted in its crevices.⁴ For almost 200 years (1095–1291), Rome periodically issued papal bulls or orders calling on all knights to gather in crusades to retake the Holy Land and Iberian Peninsula, today’s Spain and Portugal. Militarily the crusaders failed in the Middle East; although the Holy Land was captured and held for several decades, the Arabs eventually expelled the Europeans. The crusaders, however,

did eventually succeed by 1492 in driving the Muslims from Iberia.

Most importantly the crusades proved to be a vital boost to Europe's development. Each crusade or campaign took enormous resources to organize, launch, and sustain, and stimulated enormous strides in production, trade, and finance. The crusades also exposed the medieval world to the philosophical, technological, artistic, and sybaritic world of the Arab and Byzantine empires. The primary beneficiaries were Venice, Genoa, and other northern Italian city-states that prospered enormously as the middlemen between the eastern Mediterranean and northern Europe.

Despite the crusades' stimulus, trade revived slowly. Although each lord's realm or fief was self-sufficient in food and clothing, most had to obtain armor, tools, and weapons elsewhere. But with little money in circulation, most trade was conducted through the barter of one fief's surplus production for that of another and occurred in local villages or annual country fairs. Each fief imposed its own taxes on merchants, creating virtually insurmountable trade barriers. For instance, some sixty toll stations clogged trade on the Rhine River alone.

Yet, with time, each kingdom and all of Europe were slowly knit together into an expanding network of trade routes and small cities. Europe's diverse climate and natural resources allowed the creation of a range of products. Numerous navigable rivers and proximity to the sea further enhanced trade. The exchange of bulk items like grain, lumber, wool, and wine made regions interdependent and ever more people prosperous. The invention of double entry bookkeeping in 1494 was in many ways as revolutionary a development as Columbus' discovery of America two years earlier. Trade was increasingly conducted with money and even credit rather than barter. More people became free to rise or fall in the world largely according to their own ambitions and skills. The guilds were unable to control the expansion of trade, and the prices of ever

more goods were shaped by supply and demand. A society of law and contract began to replace a society of status. Huge banking houses emerged to finance kings and merchants alike. The Fuggers of Augsburg and Medicis of Florence had financial empires with bank branches across Europe. Genoese bankers financed both the Middle East and Atlantic trades. The Hanseatic League was a trading alliance of city-states bordering the North and Baltic seas.

Medieval kings and the merchants, artisans, and bankers, collectively known as the bourgeois class, shared a common interest. The kings needed the bourgeois for money and goods while the bourgeois needed the king for protection and patronage. The wealthier the king and his nobles, the greater the patronage, which encouraged the creation of more production and wealth. Increasingly dependent on merchants for loans and luxury goods, kings and princes competed fiercely with each other to promote trade. In return for usually a fifth of the profits, monarchs licensed huge trading companies to explore and exploit foreign lands and negotiate with foreign powers.

Closely related to the expansion of trade was the expansion of cities. Modernity is an urban phenomenon. The growth in the size and number of cities during the Middle Ages was an extremely slow process. Cambridge, England, for instance, expanded at the rate of one house a year between 1086 and 1279, while altogether about a thousand towns or only one a year emerged during the Middle Ages.⁵ As towns grew in population, status, and economic vitality, they gradually obtained more freedom from the local lord, and some began minting their own money and writing their own laws. As cities grew in population and wealth, they demanded more goods and services, which led, in turn, to more population and wealth. Urban and rural peoples were increasingly linked economically, socially, and politically, with the cities leading in the developments.

Despite the revival of trade and cities, Europe remained largely agrarian. Nine of ten people were peasants who toiled

endlessly in the fields and lived from day to day on the little that was not confiscated by their lords. Production was hand-crafted rather than mass produced. Most people continued to be paid in kind rather than wages for their labor.

Ultimately, modernity began to materialize in the minds of a few men. During the late Middle Ages, universities emerged in one city after another to replace the monasteries as the centers of learning. At the universities one could study not just the Bible but ancient Greek, Roman, Arab, and Byzantine texts as well, many of which were filled with startling new and often heretical ideas. Europe's intellectual revolution, however, did not truly begin until printing with movable metal type arranged in a rack for each page emerged in the 1440s, replacing the beautiful but snail-paced and expensive copying of manuscripts by scribes with pens and paints. That initiated an explosion in the amount and types of books, literacy, and knowledge. According to one account,

by 1500 there were over 110 places on the subcontinent, from Toledo to Stockholm, with at least one printing press and some with three or four. Within the relatively short period of half a century—from 1454 to 1501 . . . there were, by one estimate, 20 million books printed, in at least 40,000 separate editions.⁶

For the first time in human history, learning and knowledge was no longer confined to a privileged few but available to anyone able to read.

The dynamic interplay between these intellectual, commercial, and political revolutions led to what became known as the “Renaissance” or rebirth of reason over faith as the guide for understanding the world.⁷ That stimulated new ideas in philosophy, the arts, and technology. The Renaissance emerged from two clusters of city-states. Starting in the late fourteenth century, the Italian states of Florence, Venice, Genoa, Milan, Siena, Urbino, Mantua, Bologna, and Padua, to name some of the more prominent, became powerful centers of trade,

philosophy, and the arts. This northern Italian Renaissance was further stimulated in 1453 when the fall of Constantinople to the Turks unleashed a flood of merchants, nobles, and intellectuals fleeing to those city-states. During the fifteenth century, similar forces blossomed in the northern European cities of Amsterdam, Antwerp, Bruges, and Deft.

Modernity's central pillar rests on the shift from a God-centered universe in which individuals devoted themselves to fulfilling their class role as the prelude to, hopefully, eternal bliss, into a human-centered universe in which individuals were largely free to fulfill their creative and economic potential. Man, or most importantly his rational mind, became the measure of all things. An *uomo universale* (universal man) was skilled in all of the fine arts, philosophy, etiquette, languages, history, science, and music. There was not just a toleration but a celebration of new ideas and ways of seeing the world.

Artists increasingly explored secular as well as religious themes. Portraits of smug, well-fed, and clothed financiers and merchants replaced Christ on the Cross and the Madonna and child as dominant artistic themes. And the religious themes of artists like Michelangelo, Leonardo Da Vinci, or Botticelli, to name a few, were explored through distinct styles and perspectives that captured the true human form and character, thus rendering the anonymous medieval paintings wooden and shallow in comparison. The shift from a god-centered to human-centered world was symbolized by the gradual replacement of Latin by local languages for discourse and literature. Dante's *Divine Comedy* and Machiavelli's *The Prince* were written in Italian rather than Latin. The Age of Reason emerged alongside, competed with, and eventually overwhelmed the Age of Faith.

Global Imperialism's First Wave

Imperialism, or the conquest of one set of people by another, is as old as humankind. Yet even the greatest past conquerors never dreamed of subduing the entire world. Then, how did Europe succeed in spreading its power and influence around the globe?¹

There were two waves of European imperialism, the Age of Sail (1450–1850) and the Age of Steam (1850–1950). Each of those imperialist waves was stimulated by a dynamic mix of technological, political, economic, and intellectual changes. During the first phase, the same forces that began to transform Europe from feudalism to modernity also stimulated a global quest among Europeans for wealth, power, and discovery. The immediate catalyst for European imperialism was the Ottoman conquest of the Middle East that disrupted the flow of Southeast Asian spices to Europe. During the 1450s, the first Portuguese caravels sailed south along the African coast trying to find a direct route to the fabled Spice Islands on the far side of the earth.

European disunity was actually a source of power. The continent's division into half a dozen large centralized kingdoms and hundreds of smaller realms, and the incessant warfare and rivalry among them, was perhaps the ultimate reason for Europe's eventual domination of the world. The rivalry bred innovations in technology, tactics, weapons, ship designs, and the creation of wealth. Kings understood the relationship between wealth and power. With money, they could build

up armies and navies with which to seize more wealth. They followed a strategy of “mercantilism” in which they tried to maximize exports and minimize imports, thus increasing the amount of available money. Trade was seen as a zero-sum war in which one state’s gains were losses for all others.

Europeans could never have sailed to the world’s far ends without new navigational devices like the compass and sextant, and new ship and rigging designs. The need to navigate tempestuous waters like the North Sea, Bay of Biscay, and even Atlantic Ocean for hardy fishermen bound for the Newfoundland fishing banks, required tough, well-built ocean-going ships that could carry large loads. The invention of new metal alloys allowed for the development of lighter weight yet powerful cannon and muskets. These revolutionary technological advances launched an arms race among the European states that gave them virtually uncontested sea power against non-European states. In contrast, the slender oared Ottoman and Venetian galleys may have been swifter and more maneuverable, but were fragile on the open ocean and held limited cannon, freight, and supplies. The western European three-masted ships evolved into floating, ocean-going gun platforms that could blast any Ottoman galley, Arab dhow, or Chinese junk to splinters, and if necessary sail for months without replenishing supplies.

The perennial insecurity that bred strength among European states contrasted with the security of other great civilization that bred complacency. Without the constant threat of war, the Chinese, Ottoman, Mughal, and other great empires had no compelling reason to innovate technologically, organizationally, or economically. Thus, despite enormous advantages in manpower, the other great civilizations were inevitably beaten by superior European military technologies and tactics.

Europe’s first wave of imperialism also depended on the trade revival and emergence of huge merchant and banking corporations that financed most of the voyages of discovery and conquest. Private corporations were given royal charters

that entitled them to conquer and colonize foreign lands in the king's name in return for a cut, usually one-fifth, of the profits. The conquistadors were more entrepreneurs than royal servants and were driven by visions of gold, spices, silver, and slaves. After the colonies were established, other commodities such as sugar, indigo, rice, tobacco, timber, furs, hides, and cotton became the most important products.

That imperialism was almost invariably a disaster for the conquered people. For instance, an estimated 25 million people inhabited Mexico before the Spanish conquest in 1521; within a century disease and exploitation had cut down the population to less than 2 million. There were similar devastating losses of native populations and cultures elsewhere in the Western Hemisphere.

Germans along with guns and steel were three decisive elements in the European ability to defeat and rule peoples far more numerous than themselves.² But values and organization were as important as and inseparable from those technological advantages. The dynamic interrelated political, economic, social, psychological, ideological, and technical forces of modernity confer upon its wielders enormous and almost invariably decisive advantages over traditional peoples.

A Distant Mirror?: The Rise and Fall of the Spanish Empire

Imperial overstretch occurs when one's imperial ambitions exceed one's abilities. Spain provides an excellent example, although one of many throughout history.³ Within a century after the first voyage of Columbus in 1492, Spain had conquered nearly all of the Western Hemisphere and each year a massive fleet carried back to Seville shiploads of gold, silver, and other riches from the New World. Yet, by the mid-seventeenth century, Spain had reached the brink of financial collapse and was surpassed as a great power by the British, French, and Dutch.

What accounts for Spain's steady decline after rising to become the world's greatest power? Spain's empire ranged not just over

much of the Western Hemisphere, but across much of Europe as a result of victorious wars and favorable marriages for Spain's ruling dynasty. Yet empires are expensive to conquer and exploit, and provoke hatred among both the conquered and those who fear suffering the same fate. In 1568, the Dutch became the first people to revolt against Spanish rule. It took eighty years before Madrid definitively recognized Dutch independence. Along the way, other countries like Britain and France fought with the Dutch against the Spanish. In doing so those great powers shattered Spanish hegemony in Europe and grabbed vast territories in the New World.

But the origins of Spanish decline actually predate the Dutch revolt by over seven decades. Three vital events occurred in 1492. The voyage of Columbus and expulsion of the Moors from Spain certainly marked Spain's rise into a great power. Yet that same year King Ferdinand expelled the Jews, who had contributed enormous wealth to Spain through their financial and commercial ventures, including loans to underwrite the voyage of Columbus and other explorers. Exiling the Jews destroyed a crucial element of Spain's economic vitality.

Then the Spanish failed to reinvest the great wealth it extracted from their American empire into productive enterprises within the realm that would create new wealth after the American mines played out. Lacking and not interested in nurturing skilled artisans and entrepreneurs that could establish viable industries, Spain imported virtually all its finished goods, and thus suffered perennial and severe trade deficits. What little production that took place in Spain was further inhibited by internal customs barriers that drove up prices and quelled initiative. Agriculture remained backward, and Spain increasingly had to import grain. Although vast sheep herds did yield enormous amounts of wool, much of that was exported rather mass manufactured into textiles. Instead it was foreign entrepreneurs, especially in Britain and Holland, which transformed that wool into clothing and sold it back to the Spanish. Madrid even allowed its once vast merchant fleet to rot away. By 1640, three-quarters of Spain's trade was carried in Dutch and other foreign ships.

Spain's national debt soared. American silver and gold underwrote only one-quarter of the Spanish government's expenses; the rest was extracted in ever more onerous taxes, mostly on the peasants and others who could least afford them, and borrowed from foreign creditors in London, Amsterdam, Antwerp, and elsewhere.

Spain's bureaucracy was inefficient, corrupt, and incapable of understanding, let alone addressing, the myriad of severe, interrelated

national problems. Through the Inquisition, the Catholic Church arrested and often tortured and executed any free thinkers. Although Charles V and Phillip II were able rulers, most of their successors were inept and narrow-minded.

Does any of this sound familiar?

How did the Europeans justify their conquest of other peoples and lands? Essentially, Europeans considered the non-Christian world *terra nullius*, which meant that it belonged to no one and thus could be taken by anyone. Whether it was the king of a dynasty hundreds of years old or the headman of a wandering band of hunter-gatherers, non-European leaders could gain legitimacy in European eyes only if they were formally recognized by Europeans as the rightful rulers. In this way, Europeans completely remade the world in their own image. It was this outlook that allowed the pope to issue a bull in 1494 that divided the entire world beyond Europe between Spain and Portugal!

Within 100 years of the first Portuguese expeditions, the globe was clearly being integrated into one vast trade system. In 1522, the remnants of the Magellan expedition sailed back to Cadiz after circumnavigating the globe. By the mid-1550s the Spanish and Portuguese had conquered virtually all of Central and South America, while the British, French, and Dutch had launched their own exploration and trade expeditions across the Atlantic and around Africa.

North America's eastern third was gradually conquered in the seventeenth and eighteenth centuries, starting in 1607 and 1608, with the first permanent English and French settlements at Jamestown and Quebec, respectively. War as well as trade entangled those colonies as the rival empires battled for lands, souls, and other riches.⁴

Much of the Atlantic basin's trade sailed in a triangular pattern. Europeans packed their vessels with trade goods and set sail for West Africa where they emptied their hulls

and filled them with slaves. They then sailed westward to ports in North or South America or the Caribbean where they exchanged slaves for the most valuable local commodity, say, sugar in the Caribbean or tobacco in British America's southern colonies, and then headed back to Europe. Africans were brought to the Americas as slaves when diseases wiped out the Indians. For two and a half centuries, from the early sixteenth century to the late nineteenth century, perhaps as many as 11 million Africans were bought to the Americas, packed and chained in the foul hulls of ships; perhaps one of five died en route and was hurled into the sea. The fate of the Africans improved little once they were herded ashore. The Caribbean sugar plantations were especially voracious with life expectancies for field hands averaging about five years.⁵

The influx of silver and gold from the mines of Peru and Mexico vastly stimulated Europe's economic development and shifted the power balance, but ironically, it was the northern Europeans rather than the Iberians who gained the most. Rather than investing their wealth into productive enterprises that would create yet more wealth, the Spanish and Portuguese simply bought luxury items produced elsewhere in Europe. Between 1520 and 1650, prices rose 200–400 percent throughout Europe as coins newly minted from American silver and gold flooded local markets and eventually found their way into the coffers of French, Dutch, and English merchants and manufacturers. Europe was enriched by more than silver and gold. New crops like maize, potatoes, and tomatoes diversified European diets while the incessant international rivalries stimulated rapid scientific and technological advances in all fields.

Beyond the Western Hemisphere, at first each European power set up a system of trading posts like stepping stones around the coasts of Africa and Asia. Those enclaves were leased from local rulers. But European ambitions expanded

with their power. Starting in the seventeenth century, the European powers began to spread inland and conquer entire large islands or swaths of territory, like the Portuguese in Taiwan, the Spanish in the Philippines, the Dutch in Java and later in Capetown, or the English and French across ever more of the Indian subcontinent.⁶

The Nation-State

Meanwhile, the intellectual revolution that sparked the Renaissance reached a new stage called the “Reformation” (1517–1648).¹ Few acts in history were as revolutionary as when Martin Luther nailed his *95 Theses* to the door of a Wittenberg church in 1517, condemning a corrupt papacy that sold offices and indulgences, and practiced usury. Luther’s act tapped into a deep well of resentment against the Church’s corruption and hypocrisy and, in so doing, launched the Reformation. Other religious revolutionaries emerged to found the different sects of what became known as Protestantism, named for their adherent’s “protests” against Catholicism. The Protestants’ central message was that individuals could reach God directly by their own faith rather than through “good works” sold to them by a venal church or the priest’s transformation of the host.

One of the most prominent Protestants, John Calvin (1509–1564), preached a harsh doctrine in which most people were predestined for hell. Slender as the chance was, a few “elect” might be saved by single-mindedly focusing their lives on fulfilling their calling or profession. Calvinists exalted rather than condemned the merchant or moneylender. Profit, interest, and wealth were created for God’s glory as well as one’s earthly comfort. Did that “Calvinist work ethic” play a major role in Europe’s development? Calvinism’s theological justification for making money reflected attitudes that had been developing within Europe’s cities and trade routes over hundreds of preceding years. Thus Calvinism did not create a

new value system so much as it legitimized and expanded an existing one.

The protestant revolution could not have survived had not a number of powerful kings and princes endorsed it. In 1534, Henry VIII became the first monarch to declare his independence from Rome; others soon followed. For the next 120 years until 1648, Europe was torn apart by religious warfare with a largely Catholic southern Europe attempting to conquer a largely protestant northern Europe. These religious wars were aimed at either converting or killing the enemy's population, and culminated with the Thirty Years War (1618–1648), in which Catholic and Protestant lords and kings devastated most of central Europe in their struggle for supremacy. The religious wars finally ended with the 1648 Peace of Westphalia.²

The tenets of that peace treaty were revolutionary. As early as 1586, the French legal philosopher Jean Bodin, in his *Six Books on the State*, rejected the notion of papal sovereignty and instead argued that every king was sovereign, although his powers were restricted by his kingdom's laws. Bodin's principle formed the Peace of Westphalia's basis. Henceforth, every prince could decide for himself his realm's religion, each state would be considered independent from and equal to all others, and no state had the right to interfere in the internal affairs of others. Westphalia thus marked the end of papal and beginning of state sovereignty.

The period from 1648 to 1789 was known as the age of absolute monarchs, epitomized by Louis XIV's remark *l'état, c'est moi* (I am the state).³ During the sixteenth and seventeenth centuries, the balance of power between kings and lords shifted decisively toward the former. The king's power flowed from several sources. Kings and bankers formed alliances in which the kings would grant protection and privileges to financiers in return for huge loans that augmented the royal tax receipts. That financial power allowed kings to build professional armies and bureaucracies with which to subjugate the lords and protect the state. Despite this vast accumulation

of power, the king's rule was never truly absolute; there were always some administrative and cultural constraints on royal power.

Technology aided the transition from medieval feudalism to absolute monarchy. Gunpowder enabled the king's army to batter down the thin castle walls of rebellious lords and unify the realm. The nature of warfare changed markedly after 1648 as the waging and goals of warfare became more limited. Untrained, undisciplined feudal levies were abandoned, and armies were composed of highly professional regiments. Bayoneted muskets replaced pikes as the dominant infantry weapon. Campaigns and battles were fought with chessboard-like strategies in which casualties were relatively limited and most of the population was untouched.⁴

The nobility became increasingly superfluous in a world of professional armies and bureaucracies. They produced nothing and leached off society rather than protected it as they had during the Middle Ages. The income from their fiefs was steadily eroded by the inflation that swept Europe after the colonization of the Americas. French King Louis XIV constructed elaborate court rituals and ranks just to give the nobles something to do and keep them quiescent and obedient. His court became the model for other large European monarchies like Prussia, Austria, Russia, and Spain, and scores of smaller ones in central Europe and Italy.

Meanwhile, the money-making bourgeois class surpassed the nobility in numbers, income, and, increasingly, status. By the seventeenth century, Europe's economy ran predominantly on cash or credit, and most urban dwellers labored for wages rather than in kind or tenancy. The interrelated processes of increased trade, urbanization, and monetarization in Britain, and to a lesser extent elsewhere, were boosted by the enclosure movement in which lords restricted pastures that had previously been common land for all. By the late eighteenth century nearly half of Britain had been enclosed. Unable to graze their flocks, ever more peasants migrated to the towns to find

new livelihoods. That population movement eroded the feudal society and economy of countryside and town alike. Not only did the lords find fewer peasants under their sway, but the guilds could not control the influx of emigrants to the cities as newcomers refused to join. The result was a rationalization of agriculture, increased competition among craft producers, greater social mobility, and a growing bourgeois class, developments that would set the stage for the industrial revolution.

Liberalism and Nationalism

The age of absolute monarchy was short-lived. Europe's intellectual revolution, which had passed through its Renaissance and Reformation phases, now entered the "Enlightenment" (1648–1789) era that, among other things, marked the transcendence of northern Europe, particularly France, Britain, and Holland, as Europe's dynamic intellectual core.¹ Britain's Thomas Hobbes, David Hume, John Locke, and Isaac Newton; France's Blaise Pascal, Rene Descartes, Jean-Jacques Rousseau, and François Marie Arouet Voltaire; Holland's Baruch Spinoza; Germany's Gottfried von Leibniz, Johann Wolfgang Goeth, and Immanuel Kant, and America's Benjamin Franklin, Thomas Jefferson, Alexander Hamilton, and James Madison, to name a few of scores of luminaries, created a vast range of seminal works in science and political philosophy. While the major issues of the Renaissance were intellectual and artistic freedom, and for the Reformation religious freedom, the Enlightenment's central focus was political freedom. Although a few philosophers like Thomas Hobbes reinforced the notion of absolute monarchy, most championed the concept of popular sovereignty that eventually became known as liberal democracy with representative government and individual rights its core values.

That concept of popular sovereignty fueled revolutions in Britain (1642–1689), the United States (1775–1791), and France (1789–1804), and was eloquently and succinctly expressed

by the words of America's "Declaration of Independence" in 1776:

We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights, and among these are the rights of life, liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government . . .

Of all the world's liberal revolutions, America's has been the most profound and enduring.² The first English colonists had brought with them notions of political rights and representation. Economic and political liberties reinforced each other. As ever more people became ever more prosperous and literate, they aspired to and demanded ever greater rights and representation. By the time fighting between American militia and British regulars erupted at Lexington and Concord on April 19, 1775, those ideals were embedded in the governments of each of the thirteen colonies, and, more importantly, in the hearts and minds of most of the people.

Marching hand-in-hand with liberalism was "nationalism."³ Here too no country better epitomized modern mass nationalism than the United States. During the century and a half from the founding of the first colony at Jamestown in 1607 to the Declaration of Independence in 1776, ever more of the progeny of transplanted English, Scots, Irish, Dutch, Germans, and other peoples were transformed into Americans with their own distinct institutions, culture, history, and aspirations. American identity was forged from such mingled forces as the relative political and economic autonomy of the inhabitants, the frontier wars against the French and Indians, and finally the attempts of the British to cut back colonial liberties.

Liberalism and nationalism were the American Revolution's twin pillars, with each bolstering the other. Yet, however powerful those forces were, that revolution was not inevitable. Decisive military and diplomatic victories along with enormous luck enabled the Americans to win independence and develop a liberal democracy when and how they did. Although George Washington lost more battles than he won, his unshakeable integrity, stoicism, and fierce refusal to give up kept the patriot cause alive even when all seemed lost. Meanwhile, a diplomatic team in Paris led by Benjamin Franklin secured first secret French aid and then, after an American army captured a British army at Saratoga in 1777, an open alliance. It was a joint American and French army commanded by Washington that forced another British army to surrender at Yorktown in 1781. Even then two more years of tough negotiations passed before the British finally accepted American independence with the Treaty of Paris in 1783.

If independence took eight years of sacrifices to win, the efforts by liberal Americans to realize the ideals upon which their nation was founded has persisted for nearly two and a half centuries. Finally, the most crucial stage to enjoying independence took place from May to September 1787, when as many as fifty-five delegates gathered at Philadelphia and crafted the Constitution. Thereafter, although political liberty was initially limited only to white males, through often violent struggles, most tragically a civil war in which over 600,000 people died, those rights and new ones were extended to black males, women, and other minorities. American liberalism articulated by the Declaration of Independence, Constitution, Federalist Papers, Gettysburg Address, and other key documents has inspired similar liberal revolutions around the world.

The liberal and nationalist struggles in France were far bloodier and more prolonged than those of the United States.⁴ The quarter century from the storming of the Bastille in July 1789, which marked the beginning of the

violent stage of the French Revolution, to Napoleon's final defeat at Waterloo in June 1815, dramatically changed both national and international politics. From the French Revolution emerged the idea of a radical "left" striving to overthrow the status quo and a conservative "right" trying to preserve it. Anticipating Russia's communists by over a century, the French leaders attempted to export revolution and overthrow monarchs across Europe. Maximilien Robespierre and the other revolutionary leaders also created Europe's most elaborate police state until that time, using "terror" and mass executions as a means of destroying their opponents. With its *levee en masse*, Paris mobilized all citizens against a series of counterrevolutionary coalitions that usually included Austria, Prussia, Russia, and Britain. Wars were once again fought over ideas as well as territory, wealth, and power. In 1794, Robespierre and twenty-one other leaders were deposed and executed by a conservative coalition that ruled France for the rest of the decade until Napoleon took over in a military coup in 1799.

Napoleon Bonaparte at once personified many of modernity's most progressive and troubling forces.⁵ As a general, he was brilliant in combining fast marches and concentrations of troops at critical enemy positions to win decisive victories. As a statesman, he modernized France's administrative, legal, education, transportation, and communication system. He reorganized each country he conquered with a French-style constitution, government, and laws. He envisioned a Europe united economically and politically with "careers open to all talents."

But his ambitions eventually exceeded even his protean abilities, and he ended up destroying all he had sought to create. In December 1804, he definitively repudiated the already threadbare democratic elements of the French revolution when he crowned himself emperor. Although he repeatedly defeated the continental great powers like Austria, Prussia, and Russia, the British defiantly held out in their island realm

protected by their superior navy. In 1806, to at once bring the British to their knees and forge a common European economy, he launched his Continental System, whereby all trade between Europe and Britain was forbidden. To enforce that system, he invaded Portugal in 1807, toppled the Spanish monarchy in 1808—which provoked a vicious war that persisted until 1814—and invaded Russia in 1812 during which he lost nearly all of the over half a million troops under his command. A coalition of the great powers defeated him in central Germany in 1813, and in eastern France in 1814, and forced him to abdicate. He was exiled to the small island of Elba, off Italy’s west coast. In March 1815, he sailed back to France, marched on Paris, and bloodlessly retook power after the restored monarchy under Louis XVIII to fleet back into its own exile. But Napoleon’s second tenure as the French emperor would last little more than 100 days. On June 18, he and his army was decisively defeated at the battle of Waterloo by two allied armies, one a mixture of British, Dutch, and German troops commanded by Arthur Wellesley, the duke of Wellington, and the other Prussia, led by Marshall Gerhard von Blucher.

Meanwhile the coalition of European powers that would twice defeat and exile Napoleon, had been meeting at the Congress of Vienna from fall 1814 through June 1815 in an attempt to bring back Europe to its pre-1789 status quo. After Waterloo, they once again brought back Louis XVIII to the throne of France and exiled Napoleon, this time to the remote island of St. Helena in the southern Atlantic Ocean where he died in 1821. In 1817, Austria, Prussia, and Russia formed the “Holy Alliance,” a year later joined by France, to put down any revolutions that challenged the divine right of kings. From 1815 through 1848, attempts at revolution flared across Europe and were invariably crushed by one or more of the great powers.⁶

Yet the revolutionary ideals of “liberty, equality, and fraternity,” along with nationalism, lived on, eventually swept

the world, and remain perhaps the most powerful force in global politics. This process “began in Europe itself, as the advanced ways of western Europe descended, irresistibly and at a fast clip down the cultural slope into central, southern, southeastern, and eastern Europe, into the fringe lands of the continent, as it also spilled overseas into the non-European world.”⁷ French armies were the most important catalyst in Europe for those forces. Everywhere Napoleon’s troops had marched across the continent, from Lisbon at one end to Moscow at the other, they had inadvertently sowed the seeds of liberty and nationalism as the emperor imposed French-style constitutions, laws, administration, and militaries on the states he vanquished. In the early nineteenth century, precocious Germans, Italians, Poles, Hungarians, Serbs, and Greeks were among the first to conceive their respective nations, although the cultural boundaries were often hazy. After long struggles, Greece achieved independence from the Turks in 1829, Italy and Germany were respectively unified in 1861 and 1871, and Serbia became independent in 1878, but the nationalist aspirations of the Poles, Hungarians, Czechs, and many others would remain suppressed until 1919.⁸

Elsewhere, liberalism and nationalism were conveyed from America, Britain, France, and Holland by example as well as conquest. Political exiles in London, Amsterdam, New York, or Paris carried back to their subjugated lands the ideals of the American Declaration of Independence and French Declaration of the Rights of Man. Intellectuals throughout Latin America rallied around the liberal and nationalist ideals expressed by the American and French revolutions. In 1804, Haiti became the second country in the Western Hemisphere to win its independence. By 1824, nearly all of Latin America had been liberated and initially divided into around half a dozen nation-states. Although most of these states started out with liberal constitutions often modeled after America’s, the

new regimes usually collapsed and were replaced by authoritarian governments. Yet, while liberalism withered, nationalism strengthened. In all, from 1775 through 1825 alone, ninety-five colonial relationships were severed, mostly in Europe and the Western Hemisphere.⁹

The Industrial Revolution

In the late eighteenth century, the notion of popular economic sovereignty arose to reinforce that of popular political sovereignty. Throughout the early modern era, governments followed mercantilist policies in which they sought to maximize exports and minimize imports to garner as much wealth in their own realm as possible. Trade was seen as a zero-sum rivalry in which one nation's gain was the others' loss. Although it is Louis XIV's finance minister, Jean-Baptiste Colbert, who most systematically formulated and implemented those policies, his predecessors, most notably Henry IV's minister, Maximilien Bethune, the duke of Sully, had adopted similar measures earlier.

Adam Smith (1723–90) developed a philosophy of economics diametrically opposed to mercantilism.¹ In some respects, the publication of Smith's *Wealth of Nations* in Britain in 1776 was as revolutionary as the Declaration of Independence that year on the other side of the Atlantic. Smith called for economic liberalism in which everyone could produce and consume what they wanted, and celebrated the laws of supply and demand, the division of labor, and mass production. If each individual produced what he or she did best and traded that production or wages for everything else, everyone would be better off. Prosperity springs from everyone being free to fulfill their respective self-interests.

Other thinkers expanded on Smith's concept. In 1817, David Ricardo in his *Principles of Political Economy and Taxation*

argued that every nation like every individual had certain natural or “comparative advantages” in production. Ricardo illustrated this concept by comparing Britain and Portugal, in which Britain had a natural advantage in raising sheep and Portugal in producing grapes. Wool can be developed into textiles and grapes into wine. Although Britain could try to grow grapes and Portugal raise sheep, the costs would be high. It thus makes much more sense for Britain and Portugal to produce what each naturally did best and freely trade it for everything else.

In the mid-nineteenth century, Britain championed the concept of free trade and began negotiating market opening agreements with other countries. Trade, however, was never completely free. Although the leading European states negotiated a significant series of trade deals that reduced barriers partly during the late nineteenth century, significant barriers remained and most imperial states prevented others from trading with their colonies.

These new concepts of economic liberty coincided with what has been perhaps the most important revolution of all—the “industrial revolution.”² The industrial revolution marked the shift from small-scale, handmade craft production to large-scale assembly-line factory production fueled by inanimate energy sources like coal. That in turn transformed “an essentially commercial and agricultural society into one in which industrial manufacture became the dominant mode of organizing economic life . . . After 1850, the factory was not only the key economic institution of England, it was also the institution which shaped its politics, its social problems, and the character of its daily life, just as decisively as the manor or guild had done a few centuries earlier.”³

Why did Britain lead the industrial revolution?⁴ In Britain an agrarian revolution preceded the industrial revolution. The “enclosure movement” rationalized livestock production by squeezing out the small producers and allowing the landowners large-scale production. Then, inspired by the theories of

Jethro Tull and Lord Townsend, landowners applied such scientific methods as crop rotation, fertilizers, and improved seeds to agriculture. That increased farm production that fed the swelling population manning the shops and factories in the cities.

The industrial revolution was also preceded by related trade and financial revolutions, and here again Britain led the way. Mass industrial production could never have emerged without an existing network of national and international trade and a banking system that at once underwrote and was enriched by it. British war and merchant ships dominated the global trade system. No country was better organized than Britain with its centralized, efficient government and well-developed transportation and communications system. It also held significant amounts of coal and iron ore, which, when forged into iron and steel, was used to lay railroads, construct bridges, build ships, and manufacture military weapons. In all, the British had an entrepreneurial culture in which innovation, risk-taking, and profit were highly valued.

Also, an intellectual revolution preceded the industrial revolution. No other Europeans had a more positive attitude toward linking science, inventions, and business than the British. Journals like the *Gentlemen's Magazine* and groups like the Royal Society and Society for the Encouragement of the Arts and Manufacture—whose members were a dynamic mix of England's leading thinkers, merchants, and inventors—aided industrialization through the constant promotion and exchange of ideas and business. The government developed the patent system to promote and protect inventors.

Thus Britain had all the prerequisites for successful industrialization: an enterprising, inventive, entrepreneurial class; a mobile population; an expanding middle class; an ever more literate population; ample resources; a relatively efficient administration; a well-developed transportation and communications infrastructure; naval and trade supremacy; and a sophisticated financial and mercantile system.

In this very favorable setting, a number of entrepreneurs and tinkerers invented machines that led to industrialization. In 1769, Richard Arkwright invented the spinning jenny that revolutionized textile production; throughout the late eighteenth century, James Watt invented a series of increasingly efficient steam engines; Benjamin Huntsman more efficient methods of steel production; Josiah Wedgwood mass production techniques for china; John Wilkinson new methods for creating iron; and James Maudslay the automatic screw machine. With the factory system, goods were manufactured quickly, cheaply, and uniformly from interchangeable parts that gave the manufacturer an enormous advantage in production and thus price over artisans who made everything by hand.

The increase in production was extraordinary. Between 1701 and 1781, raw cotton imports increased from 1 million to 5 million pounds then skyrocketed to 60 million pounds by 1802! Pig iron increased from 68,000 tons in 1788 to 1,347,000 tons in 1839! By 1830, with only 10 percent of Europe's population and 2 percent of the world's population Britain accounted for two-thirds of European industrial output, and 9.5 percent of global output, including 53 percent of the world's iron, 50 percent of its coal and lignite, and 50 percent of cotton consumption. The second industrializing nation, France, was at least two generations behind Britain. Yet, between 1815 and 1845, France's pig iron production grew fivefold, its coal production sevenfold, and imported goods tenfold! Britain remained the largest industrial power for most of the nineteenth century, with its share of global manufacturing rising from 1.9 percent in 1750 to 18.5 percent in 1900, while France's rose from 4.0 percent to 6.8 percent, Germany's from 2.9 percent to 13.2 percent, Japan's from 3.8 percent to 2.4 percent, and the United States from 0.1 percent to 23.6 percent.⁵

Karl Marx vividly captured industrialization's vast changes and impact: "The bourgeoisie, in its reign of barely a hundred

years, has created more massive and more colossal productive power than have all previous generations put together. Subjection of nature's forces to man and machinery, the application of chemistry to agriculture and industry, steam navigation, railways, electric telegraphs, the clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground—what earlier century had even an intimation that such productive power slept in the womb of social labor.”⁶

In the late nineteenth century, the United States surpassed Britain to become the world's dominant industrial power. America's Civil War revolutionized industry as Washington's demand for mass production of steel, ships, weapons, uniforms, railroads, and canned foods, to name a few, transformed relatively small industries into vast industrial complexes. Thus were wealth and economic dynamism created amidst four years of destruction of Civil War.

As in Britain, America's mass industrialization was led by entrepreneurs who combined revolutionary production techniques with ruthless business tactics, like Andrew Carnegie in steel, Cornelius Vanderbilt in railroads, John D. Rockefeller in oil, Gustavus Swift in meat packing, Cyrus McCormick in farm machinery, J.P. Morgan in banking, and Henry Ford in automobiles. America's millionaires numbered a mere 100 in 1880 but swelled to 40,000 by 1916. American industry was transformed from a hundreds of small factories, each employing dozens of workers, into vast industrial complexes, each employing thousands. By the late nineteenth century, the “captains of industry” had become virtual industrial dictators with monopoly power over their respective sectors. Enormous political as well as economic power was concentrated in the hands of a few.⁷

How did that concentration occur? The winner of price wars would buy out the opposition, acquiring more economic power with which to undercut the remaining competitors. Meanwhile, he would pour money into the pockets of elected

and appointed officials to design policies that benefited his business empire. When there was a relative balance of power between two or more huge corporations in the same industry, they usually agreed to form an oligopoly and maintain high price levels. Mergers were organized into vast “trusts” in which the corporation and its stocks were controlled by a board of directors. For example, J.P. Morgan’s banking empire included 341 directorships in 112 corporations whose total wealth was three times greater than the value of New England’s total wealth! Although Washington attempted to rein in these monopolies by passing the 1890 Sherman and 1914 Clayton antitrust acts, they largely failed to check, let alone reverse, corporate concentration and power. For instance, the government used the Sherman Antitrust Act to break up the Standard Oil Trust in 1911, but between 1909 and 1928 ignored the largest 200 corporations as they increased their gross assets 40 percent more rapidly than all other corporations to the point where they owned 85 percent of all corporate wealth.⁸

The result diametrically opposed Adam Smith’s free competition ideal. Instead, “a society in which production is governed by blind market forces is being replaced by one in which production is carried on under the ultimate control of a handful of individuals.”⁹ President Woodrow Wilson clearly addressed the problem: “If monopoly persists, monopoly will always sit at the helm of government. I do not expect to see monopoly restrain itself. If there are men in this country big enough to own the government of the United States, they are going to own it.”¹⁰

In all, the agrarian and industrial revolutions had both positive and negative effects on the world. On the one hand, they allowed production to rise faster than population, raising the living standards of most people, while better hygiene, diet, medicine, and safety allowed people to enjoy longer and more productive lives. Today’s high living standards and quality of life in the advanced democratic countries would not have been possible without these revolutionary economic changes. Many

other countries around the globe are currently struggling to climb through the different industrial revolution stages. On the other hand, the horrors of the early industrialization age seemed to outweigh the benefits. The new manufacturing techniques and products created as much poverty as wealth by bankrupting obsolete industries and often underpaying the workers of new industries. And while industrialization brought tremendous riches to the factory, mine, and shop owners, it imposed mass misery on the armies of men, women, and children who worked as much as 16 hours a day, 6 days a week for subsistence wages. The machines claimed countless limbs and lives of the operators. Even Adam Smith had mixed feelings about the industrialists with their “mean rapacity, the monopolizing spirit. . . they neither are, nor ought to be, the rulers of mankind.”¹¹

Industrialization resulted in the alienation of many from their workplaces, communities, and even their own selves. Under industrialization, virtually no one is the sole craftsman producing an entire product through idea, design, manufacture, and sale; almost everyone makes just one tiny part of the final product. People themselves become machine-like, repeating the same simple task hundreds or thousands of times daily alongside hundreds and sometimes thousands of workers performing similar functions. Therefore, the final product to which they have contributed becomes an abstraction, a source of imprisonment rather than pride. Smith deplored the effects of mass production in which the individual repeating the same motions “becomes as stupid and ignorant as it is possible for a human being to become.”¹² And a worker could suffer an even worse fate. Countless people who operated those whirling, deafening machines for as much as 14 hours a day often suffered gruesome injuries or even death.

Finally, the agrarian, industrial, technological, and medical revolutions resulted in a population explosion, as the birth rate exceeded the death rate. In the century from 1750 to 1850, Europe’s population rose from 140 million to 266 million,

and Asia's from 400 million to 700 million. Most of those people were born into or migrated to ever more squalid, foul, and crowded cities.

Industrialization's horrors caused many to seek economic reform. For example, Charles Dickens was appalled by industrialization's human toll, and revealed its horrors in many of his novels. Others sought outright revolution. As early as 1813, mobs of unemployed craftsmen or Luddites marched into factories and destroyed the machines that had taken their jobs. In 1848, Karl Marx issued his "Communist Manifesto" that called for revolution: "Workers of the world unite! You have nothing to lose but your chains!" Inspired by Marx and other radicals, socialist parties organized an international revolutionary movement to overthrow governments across Europe and beyond. The pressure for reform rather than revolution was more common and came mostly from the workers themselves who organized into unions that lobbied both the factory owners and the government for better pay and conditions. Public opinion slowly shifted in favor of state regulations on business and a safety net for the aged, sick, and infirm.

Faced with that public pressure shadowed by the specter of revolution, one government after another began enacting reforms. Britain was the first to do so. Starting in 1802, London enacted a series of labor laws for women, men, and children that gradually eased the work hours and conditions in factories and mines. Other industrial countries experienced the same cycle of industrialization, political backlash, and reform. At first, the unions were outlawed and their leaders jailed. But after decades of struggle, unions were legalized in the democratic industrial countries, which then spawned political parties based largely on union membership and money. Gradually, most workers rose from a subsistence existence to relatively comfortable lives while labor unions and socialist parties became accepted players in the political system.

The most extensive reforms occurred in Germany. Chancellor Otto von Bismarck introduced the world's first state pension in

1889, and soon followed that with laws granting health insurance, limited work hours and safety standards in factories, and relief for poor. Politics rather than morality motivated those reforms. Germany's socialist movement was growing ever more powerful. Bismarck realized that he could splinter and weaken that movement by granting some of its demands, thus marginalizing the radicals. Faced with similar threats, other leaders elsewhere adopted the same strategy for the same reasons later.

By the beginning of the twentieth century, most west European countries had enacted an array of laws, regulations, and institutions that alleviated the worst excesses of the industrial revolution. Those would eventually evolve into the cradle-to-grave welfare systems that characterize most European states today.

Global Imperialism's Second Wave

Like the first wave, the second wave of global imperialism was stimulated by a mix of political rivalries, ideological excuses, economic demands, and technological advances.¹ Economic reasons were perhaps the most important—the need for cheap and secure sources of food, raw materials, and minerals, captive markets, and the imperative to offset the expanding power of one's competitors. Nationalist rivalries and the prestige of empire were also important. Prime Minister Benjamin Disraeli captured the zeitgeist when he asked publicly in 1872:

whether you will be content to be a comfortable England, modeled and molded upon Continental principles . . . , or whether you will be a great country—an imperial country—a country where your sons, when they rise, rise to paramount positions, and obtain not merely the respect of their countrymen, but command the respect of the world.²

Britain was hardly alone in its quest for global power. New powers like Germany, the United States, Japan, Italy, and Belgium joined the ranks of older imperialists like Britain, France, and Russia. Not all states with the potential to conquer did so. Spain, Holland, and Portugal clung to old conquests rather than attempted new ones. Some states like Sweden and Austria spurned any overseas expansion.

Europe's imperial powers sublimated their ancient animosities and ambitions on the continent by conquering distant

lands around the globe. Yet in doing so, Europe's conflicts were globalized and a final reckoning simply postponed.

The continent's power imbalance shifted in 1870 when Prussia defeated France, seized the provinces of Alsace and Lorraine, and united Germany under its leadership. But having achieved his aims in Europe, Chancellor Otto von Bismarck wanted peace in Europe while Germany pursued an empire overseas. Thus did the great powers cooperate in dividing much of humanity between them. At the Congress of Berlin in 1885, Britain, France, Germany, Portugal, Italy, and Belgium simply drew carefully negotiated lines across a map of West Africa and the Congo, thus carving it into separate empires. Likewise in China, the great powers divvied up "spheres of influence" extending from swaths of the coastline deep into the interior for their exclusive exploitation. During this second imperial wave, most of Africa and Asia came under foreign rule. In 1800, Europeans controlled 35 percent of the earth's land surface. During Western imperialism's second wave the Europeans doubled their control to 67 percent of the world in 1878 and 84 percent by 1914!³

Many related reasons account for the success of European, American, and Japanese imperialism. The industrial revolution gave Britain in particular, and the other great powers as well, a decisive edge over the rest of the world. In 1750, the world's great civilizations may well have had roughly similar levels of industrialization. Britain's industrial revolution gave its manufacturers an enormous comparative advantage that, when combined with imperialism masquerading as free trade, wiped out vigorous industries in India, Turkey, China, Egypt, and elsewhere, impoverishing millions. The British East India Company's export of cotton fabrics to India alone rose from 1 million yards in 1814 to 995 million in 1870. Europe's share of global manufacturing rose steadily from a mere 23.2 percent in 1750 to 62.0 percent in 1900 while the rest of the world's share plunged from 73.0 percent to 11.0 percent.⁴

Advances in military technology and tactics gave Europeans an invincible lead over other peoples. Modern warfare blossomed to its full horrors during the American Civil War. Technology supplied railroads, the telegraph, rifles, long range cannons, iron-clad steamships, and mass production, allowing armies and navies unprecedented mobility and firepower. Thus could and did handfuls of well-trained and equipped troops or gunboats humble vast non-Western civilizations. With only six gunboats in 1854, America's Commodore Matthew Perry forced Japan with 30 million people to open itself to the global trade system. At the battle of Omdurman in 1898, British troops killed over 11,000 Sudanese dervishes and lost only 48 of their own men.

Meanwhile major advances in transportation, communication, medicine, nutrition, mass production, national and international credit, and sanitation enabled governments to supply and maintain armies in jungle, desert, or mountains around the world. The conquest of Africa, for instance, would have been impossible without medicines that safeguarded soldiers and officials from the ravages of tropical diseases. The pen and sword were equally vital to the war effort. War was waged as much by armies of bureaucrats setting production quotas and moving supplies as it was by the soldiers in the field. Increasingly, war was fought not just against the uniformed enemy army, but against the entire enemy population.

These industrial, technological, and organizational advances allowed the Western powers and later Japan not only to conquer but also rule other peoples at a relatively small cost. By the late nineteenth century, Britain governed a vast global empire on a shoestring budget. From 1815 to 1880, Britain expended only 2–3 percent of its GNP on defense. The British army actually decreased from 255,000 in 1816 to 248,000 in 1880.⁵ Although London's imperial expenditures were relatively cheap, Britain did experience continual balance of payments problems as its foreign investments exceeded its profits.

Japan and the United States were the two newest great powers. Japan embarked upon an ambitious imperial drive less than a generation after being forced by American gunboats to open to the world economy. In 1868, a coup overthrew the decadent Tokugawa regime that had ruled Japan since 1600. The new regime launched a comprehensive attempt to create modern political, economic, industrial, educational, military, and social institutions. Japan's leadership understood that the Western imperial powers respected only strength and began a step-by-step conquest of northeast Asia. Japan took over the Ryukyu Islands in 1872, sent gunboats to Pusan in 1876 to force the Korean King to open his realm to Japanese trade, acquired Taiwan and the Pescadore Islands after a successful war with China (1894–1895), and Korea after winning a war with Russia (1904–1905).

Although the United States expanded across the continent through a series of successful wars against and negotiations with the Indian tribes, Spain, Mexico, and Britain, it did not become an overseas power until it defeated Spain in 1898 and acquired the Philippines, Puerto Rico, and a few other Pacific and Caribbean islands, and a protectorate over Cuba. At the same time Washington also annexed the Hawaiian Islands, which were previously an independent kingdom. America's conquest of the Philippines was especially tragic and brutal; the Americans reneged on their original promise to aid the Filipino struggle against their colonial master Spain, and fought a bloody three-year war to conquer the Philippines.

Imperialists justified their conquest of others by claiming a mission to civilize and Christianize the rest of the world, a crusade that became known as “the White Man's Burden.” The poet Rudyard Kipling coined that phrase in an 1899 polemic that urged the United States to become an imperialist country. Thinkers like Britain's Herbert Spencer and Karl Pearson, and America's Josiah Strong championed imperialism as a natural struggle among nations in which the fittest survive and subjugate the others by right of their natural

superiority. According to “Social Darwinism,” as the biologist Pearson put it in 1901, “History shows . . . one way, and only one way in which the high state of civilization has been produced, namely, the struggle of race with race, and the survival of the physically and mentally fitter race.”⁶ Even Marx was ambiguous about Western imperialism, recognizing that it brought revolutionary advances as well as destruction in its wake: “England has to fulfill a double mission in India, one destructive, the other regenerative—the annihilation of the Asiatic society, and the laying of the material foundations of Western society in Asia.”⁷

What impact did colonization have on its subjects?⁸ Colonization unleashed the same modernization processes among the oppressed peoples that had earlier occurred in Europe, but much more rapidly. Money replaced barter for exchange, and labor was paid with wages rather than kind. Communal land was privatized into the hands of the few while the many became tenants, and most people survived on a hand-to-mouth basis. Agriculture was organized into huge plantations producing cash crops like cotton, rubber, or coconuts for the global economy. New cities arose as trade or administrative centers, while even the most remote regions were linked with telegraph, railroads, steamships, and later airplanes and telephones. Modern medicine allowed people to lead longer, healthier lives thus causing rapid population growth; the trouble was that the number of people rose faster than the number of jobs, thus making many people worse off. Mass school systems allowed for an increasingly high literacy rate, and, with it, an awareness of the world and one’s place within it. Individuals began to transfer their identities and loyalties from their village to their nation. The Western liberal democratic concepts of freedom, equality, and representation mingled with Marxist notions of class struggle and national liberation in ever more minds within the indigenous populations.⁹ All of these changes inflicted enormous costs in lost lives and traditional ways of life, and continue to reverberate

politically and economically today and for the foreseeable future.

By 1914, nearly all of humanity had either achieved liberation from or remained directly ruled by Western imperialism, and even the world's most remote regions bore some imprint of Western culture. All the easy conquests were gone. In August 1914, Europe's great powers turned against each other and fought a four-year war that destroyed virtually everything—the empires, ideologies, and economic order—that they had so carefully constructed since 1815.

Why did they do it?¹⁰ Although the imperial nations had largely cooperated in divvying up much of the world among themselves, tensions lingered that several times almost led to war. The imperial race was both stimulated by and fostered an arms race. Germany in particular invested enormous financial and human resources to build a fleet that could rival Britain's. By the early twentieth century, Europe's great powers had divided into two rigid alliance systems reinforced by a web of secret agreements concerning the division of spoils. Germany, Austro-Hungary, and Italy formed the Triple Alliance in 1882 that was balanced by the Dual Alliance of France and Russia in 1894. Britain continued to play its role as “balancer” and remained aloof from any entangling alliance until it signed a defense treaty with Japan in 1902, ententes with France in 1904 and Russia in 1907, and a naval agreement with France in 1912. The two alliances went to the brink of war over Morocco (1901, 1911, 1912) and the Balkans (1908–1909, and 1912–1913).

These alliances were on a hair-trigger. As the American civil and Franco-Prussian wars had shown, wars were won by speed, maneuver, and the unleashing of overwhelming forces at the enemy's critical points. The general staff of each European army had devised elaborate railway schedules to mobilize and send their soldiers to the front. Differences in their respective territories and railway systems meant that the mobilization time varied considerably among the powers. Germany's

mobilization would take only two weeks while Russia's would lumber along over six weeks. Thus time, mass, and speed were the keys to victory. One nation's mobilization was as good as a war declaration.

The European powder keg was fused; all it needed was a spark to ignite it. The assassination of Austria's crown prince, Arch-Duke Franz Ferdinand, by Serbian terrorists in Sarajevo, Bosnia on June 28, 1914, provoked a six-week crisis that led to the outbreak of war the first week of August. Austria used the assassination as an excuse to issue an ultimatum for a long list of concessions from Serbia, Russia's ally, and then attack when those demands were not met. Austria had long feared that Serbian nationalism could serve as a model for national groups within its own polyglot empire. The result, however, was that Russia then declared war on Austria, Germany's ally, and Germany then declared war on Russia and its ally France. Berlin felt compelled to move first to avoid fighting a two-front war against France and Russia. But the German invasion of Belgium in August 1914 to flank French forces massed along the Rhine prompted Britain to enter the war. Without British troops at Mons and the Somme River, the French army would have been overwhelmed as it was during the Franco-Prussian War of 1870, and Germany would have become Europe's uncontested hegemon. Instead the French mustered their reserves and rushed them to the Marne River to blunt the German juggernaut.

The anticipated quick war of maneuver and mass attacks that had characterized most conflicts for 400 years, however, gave way under the concentrated fire of massed machine guns and artillery to trench warfare in which gains were measured in yards at the expense of hundreds of thousands of the dead.¹¹ Eventually on the Western Front a 400 mile swath of parallel mazes of trenches stretched from Switzerland to the English Channel. Although trench warfare was also pervasive on the Eastern Front, there were sporadic breakthroughs and realignments of defenses. New technologies like the submarine,

airplane, and tank were introduced and tested in World War I, which would revolutionize the nature of warfare a generation later in World War II.

Other powers entered the bloodbath and thus stretched the war to far-flung regions around world including the Middle East, East Africa, East Asia, and the Atlantic Ocean. Turkey joined the Central Powers in November 1914, Japan and Italy the Allies in 1915, Bulgaria the Central Powers, and China and Siam the Allies in 1917. But the stalemate was not broken until the United States joined the Allies in 1917. The weight of over 1 million American troops tipped the balance on the Western front. On November 11, 1918, the guns finally fell silent.

PART II

From Versailles to Copenhagen

Peace, Prosperity, and Collapse

World War I and its settlement caused tidal waves of changes to sweep the world—changes whose effects we are still experiencing.¹ The war left 16 million dead, 21 million wounded, and a Europe that was physically and psychologically devastated. It immediately destroyed four empires—the Austro-Hungarian, German, Russian, and the Turkish-Ottoman—and eventually all others as the colonial powers were unable to crush the growing nationalism in their possessions.

World War I marked the end of Europe's domination of the world, although that did not become apparent until later. The United States had become the world's largest economic power in the late nineteenth century, and its entry into World War I brought victory to the Allies. Yet, despite a promising beginning, the war did not mark the start of American hegemony. On January 8, 1918, President Wilson announced his "Fourteen Points" that were the ideals for which the United States was fighting, including, most importantly, the creation of a "League of Nations," which would attempt to settle disputes peacefully, "self-determination" for all peoples, the end of secret negotiations and treaties, freedom of the seas, free trade, and arms reduction. Although the "Treaty of Versailles," signed on June 28, 1919, rejected Wilson's notion of self-determination for all peoples, it did include the League of Nations. The Senate, however, rejected the treaty mostly because it entangled the United States in the League

of Nations. So America retreated into political if not economic isolation.²

To the victors went the spoils. The Versailles peace settlement conferred upon Britain and France the former Ottoman provinces in the Middle East as “mandates” to be prepared for eventual self-rule. Elsewhere, the German possessions in Africa were mandated to Britain and South Africa, and those in the Pacific to Japan. The French won control over the German industrial Saarland until Germany paid its reparations. The fallen East European empires were carved up and remolded into nine new states: Austria, Hungary, Poland, Czechoslovakia, Yugoslavia, Finland, Estonia, Latvia, and Lithuania.

Although declared the “war to end all wars,” like many preceding peace settlements, the Versailles Treaty sowed the seeds of future conflicts. New totalitarian and expansionist ideologies like communism and fascism emerged, which led to a range of new rivalries, wars, and changes, though this would not be evident for another generation. At first, the members did appear to have abandoned old power balance norms and embraced internationalism as the guiding principle of international relations. The League of Nations did settle about a dozen minor international problems during the decade after it was established in 1920. The Washington Treaty of 1922 and London Treaty of 1930 led to great power agreements capping the naval arms race, while the 1928 Kellogg-Briand Pact outlawed wars of aggression.

The world economy grew rapidly during the 1920s. Few countries grew faster than the United States that had been the world’s leading economic power since the late nineteenth century, and whose expansion stimulated the global boom. World War I had enormously accelerated America’s economic development as American firms sold to both sides of the conflict and captured foreign markets from the hard-pressed European firms. But that wartime stimulus only spurred a growth that had persisted for decades.³

America did not completely abandon its international duties when the Senate rejected membership in the League of Nations. Washington did take over London's role as global banker. National interest rather than altruism explains that policy. American and global prosperity were ever more interdependent. Money made the economic world go round. In 1919, only the United States had the financial reserves capable of fueling the global economy. That year America's economic bulk surpassed that of all Europe, and New York replaced London as the world's financial capital. The United States lent Germany the money to hand over to France and Britain as reparations, and France and Britain, in turn, repaid the money they had borrowed from American bankers to finance their war efforts. That arrangement kept all four great powers, and thus the world, afloat financially.

After leading the industrial revolution, why had Europe fallen behind the United States? Europe remained divided into a half dozen large nation-states and a dozen or more smaller ones, each competing fiercely with the others. With the populations of Europe's largest countries—Germany, France, Britain, Italy, and Austria—each one-third to one-tenth that of the United States, the industries of these states lacked the markets within which to achieve large-scale production and profits. Traditionally, the Europeans attempted to alleviate their own limited markets by capturing others through colonialism and trade. But colonialism not only failed to create large enough markets, but also imposed enormous financial costs on the imperial state as well. Rather than risk losing their industries to international competition, each state allowed their industries to organize into huge cartels that maintained high prices and low production. Thus each European state was trapped in a vicious development cycle in which low growth cramped consumer spending, which further lowered growth.

The 1920s economic boom was fueled partly by New York's soaring stock market. Between 1920 and 1929, the market

expanded 4,000 percent in value and with over 10 million new investors, while industrial production itself grew only 45 percent. Canny investors grew increasingly nervous as the gap widened between stock prices and corporate earnings. That speculative bubble burst on “Black Tuesday,” October 29, 1929, when investors dumped over 16 million shares and the market plummeted, losing \$30 billion in value over the next two weeks.

The stock market collapse dragged down an economy that was already in recession. The Great Depression wiped out all the gains America had made during World War I and the 1920s. America’s GNP was cut in half, its industrial output by two-thirds, and its trade by three-quarters. Production plummeted from \$104 billion in 1929 to \$56 billion in 1933, with 25 percent of the working population unemployed. The United States’ share of global manufacturing plunged from 43.3 percent in 1929 to 28.7 percent in 1938!⁴

Why did the New York stock market and global economy crash?⁵ The stock market sky-rocketed from speculation and a “get rich quick” psychology to the point where it no longer reflected corporate production and profits. There were no government restraints on the speculative bubble. Stocks and bonds of dubious value were traded to enormous heights and often on credit. The stock market rise hid severe problems in America’s economy, with the farm sector in particular lagging far behind. Four out of ten farmers were tenants by 1929, and the average farmer made only 30 percent of the average urban household income. Perhaps the major reason for the farm depression was low productivity brought about by exhausting the soil with obsolete plowing techniques. So the farm economy was already depressed when the stock market collapsed.

When America’s economy collapsed, it dragged down nearly all other countries with it. The reason why was simple. The United States had the world’s most productive and affluent

economy, while the economies of most countries around the world were interdependent. Widespread foreign bankruptcies occurred when American bankers recalled their loan. Americans bought fewer foreign goods as their incomes dwindled. Although other countries struck first by erecting huge trade barriers and sparking a global trade war, Washington exacerbated these problems with its Smoot-Hawley legislation in 1930 mandating tariff hikes of 40 percent. Other countries boosted their tariff barriers and engaged in competitive currency devaluations to expand exports and repel imports. The result was a global depression with world trade and production cut to half its peak, and the armies of unemployed and impoverished people making demands on governments that they could not fulfill. The result in many countries was worsening political instability and extremism that would eventually lead to World War II

The Great Depression proved once again that unregulated markets sooner or later self-destruct by encouraging speculative financial and real estate bubbles, industrial monopolies and oligopolies, and/or protectionism. If the “free market” policies of President Herbert Hoover and his fellow Republicans caused the Great Depression, the “regulatory market” policies of President Franklin Roosevelt and his fellow Democrats alleviated its worst excesses and began the long road to full recovery.⁶ In his first 100 days after entering the White House in March 1933, Roosevelt pushed through Congress fourteen laws that collectively pumped money into the economy, created jobs, relieved the hungry and homeless, and stimulated production and consumption. In subsequent years, the Roosevelt White House introduced social security for retired and disabled people and conservation measures to reverse America’s devastated soils, forests, and watershed. Finally, he got Congress to enact banking regulations that would stabilize America’s financial system for a half century until the 1980s when free market zealots oblivious to the lessons of history

destroyed that and other regulations in what became known as the “Reagan revolution.”

Roosevelt’s “New Deal” policies saved not only the American economic dream, but quite likely the American political dream as well. Other nationalities would not be as fortunate.

The Rise of Communism and Fascism

The most disturbing development of the interwar era was the emergence of totalitarian communist and fascist governments.¹ Italian dictator Benito Mussolini coined the word “totalitarian” to express the state’s role of personifying the “immanent spirit of the nation,” but the word has come to mean the state’s total control of politics, economics, and society. In this sense, totalitarianism has been more nearly a “communist” than “fascist” phenomenon. Fascist Italy, Germany, and Japan all allowed some economic and social freedoms, and perhaps only in Japan was political rule “total” in the sense that there was no opposition and virtually all Japanese were prepared to sacrifice themselves for their emperor.

Totalitarianism is modernity’s stepchild, fueled by the mass reaction to the economic and political failures of many democratic regimes, and made technically possible on a national scale through modern mass communications and transportation that allow mass mobilization, surveillance, and repression.² Mussolini’s minister of justice, Alfredo Rocco, could have been describing communism or fascism when he called for the necessity

of sacrifice, even up to the total immolation of individuals, in behalf of society . . . For Fascism, society is the end, individuals the means, and its whole life consists in using individuals as instruments for its social ends.³

Adherents of totalitarian creeds believed they possessed a transcendent truth whose pursuit and fulfillment justified any action. Communism and fascism are secular religions whose disciples must blindly follow and sacrifice everything to its dictates. Lenin, Stalin, Hitler, Mussolini, and Hirohito became messiahs who would liberate the masses from the evils of contrary beliefs and practices, and lift them above all other nations.

Undoubtedly, the most important result of World War I was the Russian Revolution.⁴ Vladimir Lenin, the Bolshevik Party (later renamed the Communist Party) leader, differed with Karl Marx in several key areas. While Marx thought revolution would break out in the most advanced industrial states, Lenin argued that the late industrializing states like Russia were the ripest for revolution because reform had not yet softened industrialization's worst excesses. While Marx organized mass socialist movements, Lenin advocated an elite "dictatorship of the proletariat" dedicated to revolution that would seize power and then mobilize the masses.

In 1917, Russia certainly teetered at the brink of revolution. Over the previous two decades, the Russian imperial government had been thoroughly discredited. First, in 1905 Moscow lost the Russo-Japanese War and massacred hundreds of protesters before the imperial palace in St. Petersburg. Then it refused to enact anything more than cosmetic political or economic reforms, which failed completely to address the rising pressure for a constitutional monarchy and popular representation, the alleviation of wretched factory and field work conditions, and the spreading of wealth from the small rich class to the masses of poor. Finally, Tsar Nicholas II sent millions of Russians to their deaths and suffered repeated defeats during World War I. On February 28, 1917, the Tsar finally abdicated and allowed the creation of a popularly elected national assembly. But Alexander Kerensky's liberal government soon lost legitimacy as well. He upheld Russia's pledge

to its allies to remain in the vastly unpopular war while he refused to redistribute land.

Contrary to popular image, the Bolsheviks took power via a carefully planned and executed coup d'état rather than resorting to mass protests like those that toppled East Europe's communist dictatorships in 1989 and 1990. When Bolshevik "Red Army" units seized key administrative posts in St. Petersburg and Moscow on October 24, 1917, they encountered little opposition. With the cry of "bread and peace," the Bolsheviks gained support and consolidated power by distributing food and land, thus satisfying the basic needs of most peasants and workers, and by promising to hold elections and sign a peace treaty with the Germans. But the Bolsheviks received only 9 million of 36 million votes cast during the election of November 25, so on January 19, 1918, the Red Army dissolved the National Assembly, arrested the representatives, and formed a dictatorship. The result was civil war. In order to gain popular support and concentrate on defeating their opponents, the Bolsheviks signed the Brest-Litovsk Treaty with Germany on March 3, 1918, in which they surrendered the Western part of the Russian empire. But it took three more years of brutal civil war before the communists were able to defeat the counterrevolutionary forces that were aided by British, French, American, and Japanese troops and supplies.

Like most revolutionaries, the Bolsheviks were brilliant conspirators but administrative neophytes. Leninism, like Marxism, critiqued the old society and devised a means of overthrowing it, yet failed to provide a blueprint for the new society. When once asked the revolution's guiding principles, Lenin replied "soviets (popular councils) plus electricity." In 1921, after the civil war had been largely won, the next crucial task was reconstruction. To that end, Lenin announced his New Economic Policy (NEP) in which the state nationalized the major industries but allowed smaller scale private enterprise to flourish.⁵

Whether the Soviet Union might have eventually become a mixed economic system presided over by the Communist Party will never be known. Lenin died in 1924. Over the next four years Joseph Stalin succeeded in eliminating his rival communist leaders and emerging as the Soviet Union's totalitarian dictator. How did Stalin do it?⁶ After becoming the party's general secretary in 1922, he used his position to fill the party's ranks with his own followers. Then, by using his majority in the party congresses, he adroitly played off the more moderate "right wing" communists against the radical "left wing" led by Leon Trotsky. By 1927, Stalin succeeded in eliminating both groups of opponents and asserting total power over the Soviet Union. In 1928, he embarked on a massive collectivization campaign to nationalize all private businesses, farms, and property, and controlled all economic activity through five year plans. To achieve total power, Stalin had an estimated 20 million people murdered either directly through execution or indirectly through starvation or being worked to death. Theodore Von Laue captures Stalin's total power thus: "he was the state; his security was state security; his will constituted sovereignty; his power created the distinction between right and wrong; his personality set the style for the heroic Soviet experiment that was to complete Lenin's vision."⁷ Most communist parties that have seized power since the Russian Revolution have carefully emulated Stalin's "democratic centralist" model.

While Stalin was methodically destroying his opponents and creating a totalitarian political, economic, and social system, an extreme form of nationalism and authoritarianism was emerging in Italy, Japan, and Germany. These three national socialist or fascist states varied significantly in the government's ability to mobilize the nation's human and material forces, with Japanese fascism clearly exerting the most powerful grip over the population, followed by Germany, and then Italy. All three governments promoted an ideology that proclaimed their nation superior to

all others, and the devotion of all individuals to the state. Fascism exalted the nation, state, and war; the state was the instrument that expressed national culture and waged war. Individuals achieved their identity and meaning, and fulfilled national ideals and ambitions by serving the state and basking in its glories. Conquest and empire were the state's most sublime achievements.

Benito Mussolini originally was a radical socialist who became an ardent nationalist during World War I.⁸ He founded his own party in March 1919 based on demands for social justice and national vigor, and for the next three years the Fascist Party developed a national following. In November 1922, Mussolini threatened to march on Rome with his small army of Blackshirts. Rather than arrest Mussolini, the king, army generals, and leading power brokers agreed to make him the prime minister. Once in power Mussolini suspended many civil liberties and forged a government-business alliance that succeeded in rapidly expanding Italy's industrial power and middle class. Mussolini's "totalitarianism" was actually an authoritarian state that developed the economy and maintained political stability.

Adolf Hitler, like Mussolini, fought in World War I and after the war, he founded his own party, the National Socialist (Nazi) Party that also combined ideas of socialism and nationalism.⁹ The Nazi Party's popularity rose slowly over the next decade from its founding in 1922. But in January 1933, the Nazis won 44 percent of the Reichstag's (parliament's) seats, the largest share for any party. Chancellor Paul von Hindenburg named Hitler the prime minister of a coalition government. The Nazi-led coalition then passed an Enabling Act that granted Hitler dictatorial powers. Like Mussolini, Hitler retained his popularity through his boundless charisma, appeals to nationalist sentiments, and ability to develop the economy successfully. Unlike Italian or Japanese fascism, however, Hitler's fascism scapegoated "undesirable" minorities, especially Jews, as the cause of all Germany's problems,

herded them into huge concentration camps, and eventually murdered over 6 million of them.

Japanese fascism grew not from one individual but from many, and its imperialism during the 1930s was simply the second stage of an expansion that began in the 1870s and continued through World War I.¹⁰ Prime Minister Tanaka expressed his nation's grand strategy for expansion clearly in 1927:

The way to gain actual rights in Manchuria and Mongolia is to use this region as a base and under the pretense of trade and commerce penetrate the rest of China. Armed by the rights already secured we shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago, Asia Minor, Central Asia, and even Europe.¹¹

Like Italy and Germany, during the 1920s Japan had a liberal democracy that was badly discredited by corruption, inefficiency, and an indifference to mass poverty and other social problems. Small ultranationalist groups began assassinating Japan's political and economic elite, and advocating the system's overthrow and replacement with an autocratic state led symbolically by the emperor and run by the extremists. During the 1930s, the government gradually co-opted many of the ultranationalist ideas. Then, in 1940, Tokyo dissolved all political parties, unions, and all other organizations and merged them into the Imperial Rule Assistance Association (IRAA) whose power to mobilize the Japanese population into sacrificing themselves for the state far exceeded that of the fascist governments of Germany and Italy and even Stalin's Soviet Union.

Communist totalitarianism differed from fascist totalitarianism in two important ways. First, communist power was far more "total." Under the concept of "democratic centralism," the communist party controlled not just all political relationships, but all economic, social, religious, and cultural ones as

well; fascist totalitarianism tolerated no political opposition but did allow some limited economic, social, religious, and cultural freedoms. Second, communism is theoretically a universalistic ideology that applies to all humanity; fascism is a nationalistic creed.

The Anticolonial Struggle

World War I, Wilson's plea for self-determination, and the global depression greatly encouraged existing anti-imperial movements and inspired the emergence of new ones. As early as 1885, Western-educated Indian nationalists founded the Indian National Congress to lobby Britain for home rule and later independence.¹ The first Pan-African Conference was held in 1900.² In 1914, responding to World War I's outbreak, a Pan-African Congress leader wrote with incredible foresight that

We can only watch and pray. Unarmed, undisciplined, disunited we cannot strike a blow, we can only wait the event. But whatever that may be, all the combatants, the conquerors and conquered alike, will be exhausted by the struggle, and will require years for their recovery, and during that time much may be done. Watch and wait! It may be that the non-European races will profit by the European disaster.³

W.E.B. Dubois offered a bleaker vision in 1915:

The colored peoples will not always submit to foreign domination... These nations and races, composing as they do the vast majority of humanity, are going to endure this treatment as long as they must and not a moment longer. Then they are going to fight and the War of the Color Line will outdo in savagery any war this world has yet seen. For colored folk have much to remember and they will never forget.⁴

The most important independence agents were the imperial countries themselves. President Wilson's call for

self-determination for all nations inspired nationalist leaders in the colonies. France and Britain had used colonial manpower and taxes to help fight World War I, and the hundreds of thousands of Africans, Chinese, Vietnamese, and Indians, who served behind the lines in Europe, took home liberal and socialist ideas. During the interwar years, previously small conspiratorial independence groups in Asia and Africa became mass movements. Two imperial powers responded positively to the more organized of these movements: Britain granted colonial assemblies to India in 1917 and West Africa in 1919, while in 1935, America's Tydings-McDuffey Act promised the Philippines' independence in 1945. Elsewhere, however, the colonists brutally suppressed those movements and arrested the leaders.

The most successful anti-imperial struggle of the interwar era was in China.⁵ The Western powers and Japan had carved spheres of influence from China's coastal regions during the late nineteenth century. In 1905, Sun Yatsen founded the Nationalist Party (Kuomintang [KMT]) based on the "Three Principles" of national independence, democracy, and socialism. In 1911, the KMT and other forces rebelled openly against the Manchurian Ching dynasty, which abdicated the following year. But a rival to Sun, Yuan Shikai, became president of the new republic. Neither Yuan at Beijing nor Sun's KMT at Canton was powerful enough to reunite China, which broke up into autonomous states led by warlords after the Ching dynasty fell. In 1915 Tokyo took advantage of that anarchy in China and the distant war among the Western powers by imposing its infamous "21 Demands" that made Japan the premier imperial power in China. China's chaos and weakness worsened in 1916 when Yuan died. Chinese resentment at Japanese imperialism grew, culminating with the 1919 "May Fourth Movement" of mass Chinese protests against Tokyo's imperialism and boycotts of Japanese goods.

China's internal divisions were complicated further by the founding of the Chinese Communist Party (CCP) in 1921,

which formed a shaky alliance with the KMT in 1924. The Soviets supplied advisors and aid to both parties and helped forge a united front between them against the warlords during the mid-1920s. When Sun Yatsen died in 1925, Chiang Kai-shek succeeded him. Fearing the steadily growing CCP, Chiang launched a sneak attack against the communists in 1927 and wiped out the cadres in most of the cities. The remnants fled into the countryside, rallied, and continued to fight against the KMT. In 1934, Chiang began a new offensive against the communist stronghold in Jiangxi and eventually drove the communists on an 8,000-mile retreat. The communist remnants of the “long march” took refuge around Yenan in the vast arid lands of northern China. It was here that Mao Zedong took undisputed leadership of the CCP and imposed a new revolutionary philosophy based on peasant rather than proletariat power.⁶ With the Japanese invasion of China in 1937, the KMT and CCP once again formed a united front. Although foreign powers were finally freed from China in 1945, the KMT and CCP would fight bitterly for another four years before the communist victory.

Global War and the Postwar Liberal System

World War II was the result of Japanese, Italian, and German imperialism, along with the failure of the League of Nations and the United States to stifle that imperialism.¹ The League of Nations, which was formed with so much hope that collective security would keep the peace, failed utterly to live up to its mission. The League's two major powers, Britain and France, along with the nonmember United States refused to provide the leadership that might have nipped fascist imperialism in the bud before it grew too strong. All three great powers were hobbled by the political and economic isolationism of their electorates during the 1930s.

Japan led the way to World War II by conquering the Manchurian region of northeastern China in 1931. The League of Nations dispatched the Lytton Commission to investigate and, acting on the findings, condemned Japan's aggression in 1933. The League, however, failed to threaten Japan with economic or military sanctions. Tokyo responded by withdrawing from the League and continued to penetrate north China economically and politically. The League of Nations did condemn Italy in 1935 for its attack on Ethiopia, but failed to halt the German army's march into the demilitarized Rhineland in 1936, even though that act blatantly violated the Versailles Treaty. In 1937, the Japanese launched a total war against China and overran most of its northern and eastern regions. The League turned a blind eye to Japan's

attack. Likewise, the League acquiesced in Germany's merger with Austria in 1938, even though that defiantly violated the Versailles Treaty. In 1938, Britain and France actually bowed to Germany's demand that it take over Czechoslovakia's western region known as the Sudetenland. Upon returning to London, Prime Minister Neville Chamberlain announced that the appeasement policy had secured "peace in our time." That time would prove to be very short.

Only when Germany and the Soviet Union conquered Poland in September 1939 did France and Britain act decisively; they declared war against Germany, but turned a blind eye to Soviet aggression in the hope that they might eventually ally with Moscow against Berlin. A German blitzkrieg in May 1940 conquered The Netherlands, Belgium, and France. The Japanese took advantage of the puppet Vichy government the Germans imposed on France to demand and receive permission to occupy northern Indochina in 1940 and southern Indochina in 1941.

The war became global after December 7, 1941, when the Japanese attacked American forces in Hawaii and the Philippines, and in the following weeks British forces throughout Southeast Asia.² The following day, President Roosevelt received overwhelming approval of a declaration of war for Japan's "day of infamy"; a few days later Hitler gave the United States another enemy when he declared war on the United States.

As in World War I, the mobilization of America's vast economic and military power proved decisive in winning World War II. The United States was impregnable with 150 million productive, patriotic people secure in their continental sized territory protected by vast ocean moats east and west, and weak, friendly neighbors north and south.

Soon Washington launched counteroffensives in the southwest Pacific and North Africa. The June 1942 battle of Midway was the turning point in the Pacific, as the American navy sank four aircraft carriers and lost only one. Twin offensives

would systematically push back Japan's oceanic empire, with General Douglas MacArthur leading one across the southwest Pacific and Admiral Chester Nimitz the other across the central Pacific. By November 1944, American forces had advanced close enough to Japan that the air force could begin bombing Japanese cities. Elsewhere American aid and advisor to China's dictator, Chiang Kai Shek, helped tie down Japanese forces on that front. The British meanwhile launched a prolonged campaign from eastern India against Japanese forces in Burma.

American forces landed in Morocco and Algeria in November 1942, then pushed east to join British forces in Tunisia eventually bagging a quarter of a million German and Italian troops. The next allied steps were the invasion of Sicily in July 1943 and Italy in September 1943, which prompted the overthrow of Benito Mussolini, the German invasion of Italy, and a civil war between anti- and profascist forces. The turning point on the Western Front was the invasion of Normandy on June 6, 1944. At first the Germans contained the allied forces in that region. But on July 25, General George Patton's Third Army broke through, raced around the Germans, and headed eastward. Within a month, however, that allied offensive literally ran out of gas and the Germans were able to rally along what became known as the Siegfried line. In mid-December 1944, the Germans launched an offensive designed to split the allies in two and drive toward the port of Antwerp on the English Channel. The allies rallied, eliminated the bulge, and then crossed the Rhine and raced across western Germany and parts of Austria and Czechoslovakia.

Meanwhile, ever since the Germans invaded the Soviet Union on June 22, 1942, Moscow had been engaged in an ever more devastating and desperate struggle to survive. The ruthless ability of Joseph Stalin's dictatorship to mobilize tens of millions of soldiers and workers, backed by massive American military and economic aid, and German strategic mistakes eventually enabled the Soviets to establish a defensive line and later begin to drive westward. The turning point

came at Stalingrad, where the Soviets either killed or captured several hundred thousand Germans during a battle that raged for two months starting in November 1942. Over the next two and a half years the Soviet military machine steadily ground its way across the western Soviet Union, Eastern Europe, and finally into Germany itself. American and Soviet troops shook hands and traded shots of vodka on the Elbe River in late April 1945. Hitler committed suicide in his bunker on April 30.

The war in Europe finally ended on May 8, when a provisional German government unconditionally surrendered to representatives of the allies. The war against Japan continued for several months before abruptly ending. The United States dropped an atomic bomb on Hiroshima on August 6 and another on Nagasaki on August 9; the Soviets began an attack against Japanese forces in China and Korea on August 9. The Japanese government announced on August 14 that it would give up and formally signed the surrender document on the *USS Missouri*, the flagship of a massive American fleet anchored in Tokyo Bay on September 2, 1945. World War II was the most destructive war in history, with perhaps as many as 70 million people dead and hundreds of millions more wounded.

During World War II, the United States asserted leadership over both the military effort against the Axis countries and attempts to create a liberal global political economy. It could afford to do so. American wealth and power grew enormously during World War II. From 1939 to 1945, America's GNP increased from \$88.6 billion to \$135 billion, while its gold reserves of \$20 billion were two-thirds and its industrial output was half the world total.

Like Woodrow Wilson before him, President Franklin Roosevelt had a vision for winning a lasting peace after winning a world war.³ But Roosevelt's was as pragmatic as Wilson's was idealistic, and he had the political skills to enact much of it before he died on April 12, 1945. Roosevelt recognized that in an ever more interdependent world, prosperity and peace

were inseparable, and that American wealth and power was crucial to establishing and maintaining both. Writing amidst the trade and military wars of the 1930s, Secretary of State Cordell Hull articulated that view:

unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war...if we could get a freer flow of trade—freer in the sense of fewer discriminations and obstructions—so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have a reasonable chance of lasting peace.⁴

During the war, Roosevelt sought to establish a set of international organizations that would form the economic and political skeleton for postwar peace and prosperity.⁵ A crucial step came in 1944, when representatives from forty-four countries met at Bretton Woods, New Hampshire, and there established the International Bank for Reconstruction and Development (IRBD), better known as the World Bank, and the International Monetary Fund (IMF).

The World Bank would extend long-term, low interest loans to needy countries, first to reconstruct the war-shattered countries, and then fund projects that further developed that country's economy. The IMF was created to manage a "fixed currency" system in which each currency would be pegged to the dollar, which in turn would be tied to gold at a value of \$35 an ounce. Governments could adjust their currency rates no more than 1 percent, plus or minus, the parity, or fixed rate. Countries that earned dollars from trade could, if they wished, redeem them with gold. This fixed gold system would eliminate the problem of competitive currency devaluations. The IMF worked like a bank that countries joined by depositing money and gaining interest. Then, when a member suffered severe trade deficits it could borrow up to 125 percent of its deposit. That loan ideally would be invested in

infrastructure and industries that promoted greater competitiveness and exports, thus eventually eliminating the trade deficit.

Creating a third institution was discussed at the Bretton Woods conference but was not realized until 1947, when the General Agreement on Trade and Tariffs (GATT) was set up by representatives of twenty-three countries. The GATT would be a forum in which members would negotiate the reduction of trade barriers, especially tariffs. Any trade advantage one country gave to another had to automatically be extended to all GATT members, a deal known as “most favored nation” (MFN) status. All three international organizations were rooted in liberal concepts of free trade. Multilateralism was deemed faster, fairer, and more efficient than the older bilateral method of cutting trade deals.

Reinforcing those economic institutions would be the United Nations, designed to replace the deficient League of Nations.⁶ In San Francisco on June 26, 1945, diplomats from fifty-one nations signed the UN Charter that called for all nations to work toward achieving peace, human rights, gender equality, national self-determination, political liberty, and economic development. The United Nations’ most important role would be to keep the peace through “collective security” or the duty for all members to unite against any aggressors. Ideally, that would deter a state or alliance from imperialism; if not, the sheer weight of the UN members would crush the aggression.

Roosevelt’s idea of the “Four Policemen” would act alongside those international organizations. He recognized that the United Nations and other organizations might at times deadlock in dealing with critical problems. The Four Policemen, which included the United States, Britain, the Soviet Union, and China, the major allies in World War II, would be responsible for managing international relations in their respective “spheres of influence.” The United States would be dominant in the Western Hemisphere, the Soviet Union in its own

empire and Eastern Europe, China in east Asia, and Britain in its vast empire that stretched around the world. As for the European countries, it was assumed that they would quickly revive and begin managing their own affairs.

Yet, despite these new international organizations, the global economy did not revive. Western Europe and Japan were stalled in a vicious development cycle. The war had devastated those countries economically, politically, and psychologically, and their economies remained stagnant. They depended on the United States for vital imports of energy, food, machinery, medicine, vehicles, and hundreds of other products to revive their economies, but had no money to pay for them. The result was a “dollar gap.” Thus the world economy stagnated and by 1947 many feared it would slide into another depression, with its accompanying political chaos and perhaps even renewed aggression. And, as if that were not worrisome enough, yet another totalitarian threat arose to overshadow the world.

The Cold War from 1947 to 1968

In 1947, the United States found itself in yet another world war, this one, however, a “Cold War” against the Soviet Union in which each side used every means short of direct warfare to undermine and ideally destroy the other. The Cold War would last forty-four years. During that time, the Americans and Soviets spent trillions of dollars in a conventional and nuclear arms race, fought or instigated wars in Vietnam, Afghanistan, and scores of other Third World countries in which millions perished, and in the Berlin, Cuban missile, and other crises marched to the brink of World War III that would have most likely resulted in a nuclear holocaust that killed hundreds of millions of peoples in both countries and beyond. Then, suddenly and dramatically, the Cold War ended in 1991 as the Soviet empire and communism imploded. The nearly five decades of Cold War profoundly shaped the world in which we live today and for all time to come.

What were the reasons for the Cold War? How was it waged? Why did it end when and as it did? What were its costs? And perhaps, most importantly, what is its legacy?

Ever since the Cold War erupted, scholars have debated the reasons. Many have argued that the Soviet Union was clearly at fault.¹ After all, it was the Soviets who toppled one government after another throughout East Europe and imposed communist dictatorships in their place. Others have insisted that it was actually the United States that provoked the conflict.² According to that view a Cold War between the Soviet Union

and the West had existed ever since the Bolshevik Revolution when British, French, American, and Japanese troops intervened in the civil war on the side of the counterrevolutionaries. Although the Western powers set aside their animosities against the Soviet Union during World War II, in the late 1940s, the United States resorted to anticommunism as an excuse to mobilize the American public behind the measures needed to revive the global economy.

Most scholars, however, conclude that the Cold War was inevitable and no one country was to blame.³ With the Germans and Japanese devastated by defeat, and the British and French by victory, the United States and Soviet Union were the only genuine great powers to emerge from the ruins of World War II. That would have been grounds enough for conflict. Historically, great powers have always competed and frequently warred over vital and even superfluous issues. But this great power rivalry was exacerbated by the diametrically opposed ideologies that each power espoused—liberal democracy and free markets for the United States; one-party rule, state control of all property and production, and global revolution for the Soviet Union. Finally, compounding that, both the Kremlin and White House locked themselves psychologically into viewing the other's actions in the worst possible way, and then took countermeasures that seemed aggressive to the other side. Great power rivalries, conflicting ideologies, and misperceptions were all essential to converting the World War II allies into Cold War enemies.

The disagreements were over how to fight the war and construct the postwar peace. Joseph Stalin, the Soviet dictator, demanded that the Americans and British invade German occupied Europe as early as 1942; that invasion, known as D-Day, did not take place until June 6, 1944. The Soviets feared that the Americans and British were letting the Germans and Soviets destroy each other, so that they could march in and dominate Europe. Actually the reasons for the delay resulted from genuine disagreements over strategy between President

Franklin Roosevelt and Prime Minister Winston Churchill. Although Roosevelt favored an earlier invasion of France, he yielded to Churchill's strategy of attacking Germany indirectly first by retaking North Africa, the Sicily, and finally Italy. Only then would the Americans and British invade France.

That strategy actually played into Stalin's hands. By delaying their invasion of France, Roosevelt and Churchill had no choice but to accept the Soviet takeover of Eastern Europe as Russian troops fought their way west across that region into Germany itself. East Europe's fate was sealed by two conferences during 1945. At the February "Yalta Conference," Roosevelt, Churchill, and Stalin formally agreed to a Declaration of Liberated Europe that promised free elections and trade, while informally agreeing that the Eastern European governments be "friendly" toward Moscow. They also agreed to divide Germany and Berlin into three temporary occupation spheres that would be reunited later following a peace treaty. After prolonged protests by provisional French President Charles de Gaulle, Washington and London agreed to allocate part of their spheres to create a French sphere. At the July "Potsdam Conference," Truman (who had as vice president became president when Roosevelt died on April 12), Stalin, and Churchill agreed that each power could take reparations from their respective spheres and, in addition, the Soviets could have 25 percent of the reparations from the three western zones.

However, as the Soviets began undermining noncommunist political parties and groups and imposing communist party rule throughout Eastern Europe, the Truman White House protested. The Soviets rigged elections in Poland, Romania, and Bulgaria to bring communist parties to power, and would overthrow democratic governments with military coup d'états in Hungary in 1947 and Czechoslovakia in 1948. Having been devastated by the German invasion, the Soviets began the systematic looting of Germany and the rest of East Europe, shipping back entire industries. Meanwhile, communist parties

in West Europe, particularly in France and Italy, gained ever more votes and seats in local and national elections.

Washington's worries about Europe's fate soon expanded to East Asia. At the Yalta Conference, Roosevelt had elicited Stalin's promise to fight against Japan within three months of Germany's defeat. At the time, having the Soviets as an ally in Asia seemed essential to winning the war against Japan whose armies fought to virtually the last man for tiny coral islands in the Pacific and whose government was mobilizing every old man, woman, and child in the Japanese islands themselves for suicidal human wave attacks on the American invaders. An invasion of Japan was expected to cost at least half a million American dead atop tens of millions of dead Japanese. The successful explosion of an atomic bomb at Trinity, New Mexico in July 1945 completely changed the power calculus. Japan now could be defeated without an invasion—Soviet troops were no longer needed.⁴

But the promised Soviet attack would come anyway. On August 6, the United States dropped an atomic bomb on Hiroshima. On August 8, the Soviets invaded and in the following days quickly overran Manchuria and Korea. On August 9, an atomic bomb destroyed Nagasaki. Then, on August 14, Tokyo announced it would surrender. In just a week, Moscow had enormously expanded its influence throughout Northeast Asia.

Washington feared that Moscow's influence would soon engulf China as well, where a civil war between a corrupt, oppressive Nationalist Party or Kuomintang (KMT) regime under Chiang Kai-shek and the Chinese Communist Party (CCP) under Mao Zedong had raged since 1927, and continued throughout the war against Japan from 1937 to 1945. When Japan surrendered, the communist forces controlled a swath of northern China, and their influence thereafter expanded daily. First Roosevelt and then Truman pressured Stalin to support Chiang's regime as the fourth "policeman" in return for Soviet-Chinese joint control over the railroads and

economic infrastructure of Manchuria and northern China, and that understanding was legalized by a Treaty of Friendship and Alliance signed between Chiang and Stalin. As Walter LaFeber put it, “Stalin preferred a chaotic, divided China that would not threaten Russia rather than a united China under either Chiang or Mao.”⁵ But, despite the deal with Chiang and the desire to keep China divided, after overrunning northeastern China, the Soviets transferred captured Japanese arms and equipment to the communists. Meanwhile, in an attempt to suppress the worsening chaos and violence, Truman landed 100,000 American troops in China and allowed Japanese troops to keep their arms. In addition, he sent special envoy George Marshall to help negotiate peace between the KMT and CCP. Yet despite Washington’s efforts, the communists steadily gained popular support and territory.

The Middle East was another disputed region. In 1941, Britain and the Soviet Union occupied Iran to prevent, among other things, the Shah from allying with Germany. The United States joined the occupation in 1942. Later that year the three powers signed an agreement pledging to withdraw their forces once the war had ended. By March 1946, the British and American troops had largely left. Soviet troops, however, not only stayed in violation of the occupation agreement but also incited a revolt by the Azerbaijani people in northwestern Iran. The Truman administration severely protested the Soviet actions. In March, Moscow agreed to leave after signing a treaty with Tehran, which created a Soviet-Iranian oil company that would pump and ship oil to the Soviet Union. After the Soviet troops withdrew, the Iranian parliament rejected the treaty.

The eastern Mediterranean Sea became another contested region. During the war, Churchill and Roosevelt had agreed to allow Soviet control of the Dardanelles Straits linking the Black and Mediterranean seas. After the war, Moscow demanded that Ankara agree to joint control of the straits. Washington then reversed its policy, flatly rejecting any Soviet

control over the Dardanelles, and sent a U.S. fleet to the eastern Mediterranean to emphasize its position. By autumn 1946, Moscow backed off. Meanwhile, a civil war raged in Greece between communists and noncommunists. The British supported the noncommunists, but had to solicit American help in the struggle. In 1946 alone, Washington sent \$260 million in aid to Greece. Although Soviet contact with the Greek communists was minimal, the White House increasingly saw the communist threat to takeover Greece as part of a global conspiracy directed by Moscow.

Faced with that array of challenges, President Truman essentially declared Cold War in a speech before Congress on March 12, 1947. Henceforth the United States would aid “free countries which are resisting attempted subjugation by armed minorities,” a policy that became known as the “Truman Doctrine.” To that end, he asked Congress for \$400 million in military and economic aid to support friendly governments in Greece, Turkey, and elsewhere threatened by communism. American commitments expanded. On June 5, 1947, Secretary of State George Marshall announced that Washington would have to extend enormous aid to help reconstruct Europe’s economy in order for the American and global economies to revive, a program that became known as the “Marshall Plan.” Between 1947 and 1952, the United States gave Europe \$13 billion (\$90 billion in today’s dollars) and Japan \$2.2 billion in economic aid, which was essential for their economic revival. Although Congress did not approve the Marshall Plan until March 1948, in July 1947 it passed the “National Security Act,” which created the National Security Council (NSC), the Central Intelligence Agency (CIA), the Joint Chiefs of Staff (JCS), and the Defense Department to plan and execute America’s anticommunist and anti-Soviet policies.⁶

America’s Cold War strategy was called the “containment policy.”⁷ Its architect was George Kennan, an American diplomat in Moscow during the war years. In early 1946, he sent to Washington a policy paper, known as the “Long Telegram,”

in which he analyzed the Soviet threat. According to Kennan, Soviet expansion in East Europe was simply an extension of the traditional Russian drive to secure a buffer zone of natural frontiers and compliant states. As for West Europe, the Soviet threat was primarily ideological and political, not military. The fear was not that Soviet tanks were going to burst across the West German border, but that Soviet backed communist parties in Western Europe and elsewhere would take advantage of the pervasive postwar poverty, chaos, and uncertainty, and through both subversion and elections seize those governments. The result would be an enormous expansion of Soviet power and influence.

How could communism's spread be stopped? Communism flourishes in societies in which a small wealthy class exploits poverty-stricken masses. If mass poverty were eliminated, communism's appeal would shrivel. Liberal democracy, in contrast, is best nurtured in a middle-class society. Thus Kennan urged Washington to extend massive economic and political aid to the world's most important industrial countries and regions. If the United States helped West Europe and Japan reconstruct their economies, revive their prosperity, and expand their middle class, communism's popularity would disappear and with it the indirect Soviet threat.

Kennan warned that Washington should not try to pour money into every country ripe for revolution. Many countries lacked geoeconomic or geopolitical importance, or their revolutions were primarily nationalist struggles against colonialism. The United States would simply throw away its money if it tried to counter the tide of history in such countries. Those communist movements, even if successful, posed no threat to American security since over the long term those regimes could survive only through integration with the global economy.

Finally, Kennan argued that the Soviet and communist threat would prove to be a fleeting phenomenon in world history. Within several generations, the Soviet Union itself would crumble as do all empires, but sooner than most

because of communism's inability to foster mass prosperity or any meaningful life for those doomed to exist under its brutal, exploitive rule.

Kennan elaborated this analysis and coined the word "containment" in his anonymous "Mr. X" article in the Spring 1947 issue of *Foreign Affairs*. He advocated a "selective containment" policy targeted on those regions of the world—West Europe, Japan, and the oil-rich Middle East—which were of vital geoeconomic and thus geopolitical importance to the United States. He advised ending American involvement in China and other poor countries where some kind of revolution was inevitable and where the United States had no real interests. Containment would be selective in its method as well as location. Economic aid that helped transform the strategic regions and countries from mass poverty to mass prosperity was central to Kennan's vision. In mid-1947 Kennan was made head of the State Department's policy planning staff.

The Soviets certainly behaved as they were depicted by the Americans. In 1947, Moscow announced the creation of the Communist Information Bureau (Cominform) through which it would ferment and coordinate worldwide communist revolutions. As early as July 1947, Moscow began integrating the Soviet and East European economies, and in January 1949 formalized these ties by creating the Council for Mutual Economic Assistance (COMECON), the Soviet equivalent of the Marshall Plan. On June 24, 1948, Moscow blocked the overland routes to the Allied sectors in Berlin in hopes that the West would eventually surrender their sectors. Four days later, the United States began the "Berlin airlift" that lasted 324 days and daily delivered 13,000 tons of supplies to the beleaguered city. In May 1949, Moscow began lifting its blockade.

With a monopoly of atomic power, the Truman administration could always deter a Soviet attack on West Europe by threatening to bomb Soviet cities. To bolster that deterrent, Washington encouraged the 1948 Brussels Pact in which

Britain, France, Belgium, the Netherlands, and Luxembourg agreed that an attack on one would be considered an attack on all. In April 1949, the United States, Canada, Norway, Denmark, and Portugal joined that alliance, which was renamed the North Atlantic Treaty Organization (NATO), with the same “one for all and all for one” commitment. Congress quickly ratified the treaty and passed the Mutual Defense Assistance Act that initially supplied its allies with \$1.5 billion in military aid.

NATO’s creation departed from Kennan’s “selective containment” strategy of bottling up communism largely through economic and political means. Then in 1949 and 1950, several dramatic events occurred that forced Washington to completely transform its containment policy. On August 24, 1949, Moscow exploded its first atomic bomb. On October 1, 1949, the Chinese communists announced their victory in the civil war, while KMT troops and followers retreated to the Chinese island of Taiwan for a last stand. On January 13, 1950, the Soviet delegation to the United Nations walked out after the Security Council refused its demand to eject the KMT and let the CCP take China’s seat. On January 14, 1950, the Chinese invaded the American consulate in Beijing. Then in February, news leaked out that the previous month Moscow and Beijing had signed a treaty of friendship that Washington interpreted as an alliance. Elsewhere Ho Chi Minh’s communist forces battled French colonial forces in Vietnam, and communist guerrillas plagued governments throughout parts of East and Southeast Asia, and Latin America. Even Japan had a growing communist party. The global power balance seemed to be shifting decisively in Moscow’s favor.

In response to these changes, Paul Nitze, who headed the National Security Council’s policy planning staff, formulated a new version of the containment policy known as NSC-68 and presented it to Truman in April 1950. Nitze’s “global containment” strategy was built upon the premise that Moscow had a grand plan for world conquest and that communist ideology

rather than geopolitical interests determined its foreign policy. Thus, if Washington did not hold the anticommunist line everywhere, it would be challenged and eventually overrun everywhere. A loss of one country to communism would lead to a “domino effect” as neighboring countries succumbed. Emboldened by these victories, the Soviet Union would become increasingly aggressive.⁸

How then could Washington counter that Soviet threat? Any government anywhere besieged by a communist movement must be protected. No country was too small or distant. Military rather than economic power was the key to containing the Soviet Union and its worldwide system of revolutionary communist movements.

Although Kennan and other selective containment advocates protested Nitze’s vision as grossly exaggerated and ultimately self-defeating, global containment’s advocates seemed vindicated on June 24, 1950 when communist North Korea attacked South Korea.⁹ The origins of that war go back to a deal cut during World War II between Washington and Moscow over how to occupy the Japanese colony of Korea. The country would be temporarily split in half at the 38th parallel, with Americans occupying the south and Soviets the north. Each not only did so but placed a dictator on its half, Kim Il Sung at the capital of Pyongyang in North Korea, and Syngman Rhee at Seoul in South Korea.

The Truman White House interpreted the attack as orchestrated by Moscow. The fear was that if the United States did not intervene, the Soviets and their communist allies would be emboldened to strike elsewhere. So Truman ordered American forces in Japan under the command of General Douglas MacArthur to support the South Koreans, and he was able to get a UN Security Council resolution authorizing the United States to an alliance to repel the North Korean attack. An American-led counteroffensive routed the communist and drove deep into North Korea. The Chinese then sent a massive army to rescue their communist ally. The result was

a three-year stalemate that cost 38,000 American, 1 million Korean, and 900,000 Chinese lives. An armistice was signed in July 1953, which established a demilitarized zone dividing the two Koreas.

With the Korean War's outbreak in 1950, America's containment policy would be global for the next two decades. The domino theory's logic dictated that every noncommunist country, no matter how geographically remote, politically oppressive, or economically insignificant, must be defended against any communist insurgency, no matter how nationalistic and popular. Otherwise the fall of one domino would bring down the rest. As President Johnson put it, "if we don't stop the communists in Vietnam, they'll march into Hawaii today, and San Francisco tomorrow."¹⁰

Meanwhile, Washington remained oblivious to signs that the notion of a communist monolith controlled by Moscow was a chimera. The Moscow-Beijing axis crumbled steadily throughout the 1950s. A shared communist ideology poorly veiled the great power rivalry between the two countries that had lasted several hundred years. After Stalin died in 1953, Mao proclaimed himself the leader of world communism and insisted that a Chinese-style peasant based revolution rather than a Soviet-style industrial worker based revolution was the appropriate model for the Third World. Beijing also rejected Moscow's peaceful coexistence approach toward the West and instead demanded a more confrontational policy. In 1958, Mao spurned the Soviet development model and launched his "Great Leap Forward," in which he tried to distribute wealth and industry as widely as possible. The result was mass famine in which perhaps 20 million people starved to death. The Soviets responded by withdrawing their technicians and aid.¹¹

Although it would be another thirteen years before Washington would take advantage of the Sino-Soviet rift by playing each side off against the other, the Americans did adapt some policies to other geopolitical realities. Washington's massive retaliation policy essentially gave the United States

the options of either surrender or full-scale nuclear war in response to a Soviet attack on Western Europe. In August 1957, Moscow fired the world's first intercontinental ballistic missile (ICBM) and in October beat Washington into space by launching its Sputnik satellite into orbit. Although the Americans soon launched its own ICBMs and satellites, their massive retaliation strategy made no sense as the Soviet nuclear arsenal grew and was capable of hitting the United States. The result was a nuclear standoff known as "mutually assured destruction" (MAD). As the use of nuclear weapons became unthinkable, they lost real military utility.¹²

A crisis broke out in November 1958 when Khrushchev demanded that the Western powers withdraw their military forces from Berlin, make it a "free city," and negotiate with East Germany. Washington rejected those demands. The second Berlin crisis continued until August 13, 1961, when the Soviets built a wall around the Western sectors. The "Berlin Wall" became the Cold War's most vivid symbol.

With the power balance settled in Europe between its increasingly prosperous Western and harshly suppressed Eastern halves, the superpowers turned their struggle toward gaining the hearts, minds, and pockets of governments throughout the often abysmally poor countries of Latin America, Africa, and Asia, collectively labeled the Third World. Most of those countries had recently achieved independence with the breakup of the old colonial empires. Few of the newly independent states were prepared for independence. One reason was that virtually all of these states were not nations but multinationals. Each colony's borders had been drawn to satisfy the imperial state's political and economic needs, an important part of which was to discourage national unity. Thus each colony became a crazy quilt of national fragments, many of which were linguistic, religious, cultural, or historic rivals. The Americans and Soviets took full advantage of those weaknesses, while Third World leaders did what they could to play off Washington and Moscow off against each other.

Outright defiance of either superpower, however, could be dangerous anywhere; during the 1950s alone the Eisenhower White House backed coups against anti-American regimes in Iran in 1953 and Guatemala in 1954 while the Soviets crushed uprisings in East Germany and Poland in 1953 and in Poland and Hungary in 1956. In 1965, Washington sent troops into the Dominican Republic to prevent an anti-American government from taking power. In 1968, the Soviets crushed a reform government that had taken power in Czechoslovakia.

In all, about 130 countries achieved independence from the 1940s to the 1980s. None of those new states was more controversial than Israel.¹³ On May 14, 1948, Israel was reestablished after having been eliminated in 70 a.d. after a failed revolt against the Roman Empire. During the nineteen intervening centuries, Jews experienced in their diaspora or dispersal discrimination and marginalization from most other governments, religions, and people under whose sway they lived. That history of persecution culminated with Nazi Germany's holocaust in which 6 million Jews and others died in the death camps. The Zionist movement had arisen in the late nineteenth century to encourage Jews to return to the ancient land of Israel, then called Palestine and controlled by the Ottoman Empire. After World War I, Britain took over Palestine and held it until Israel's independence. Violence between Palestinians and Zionists had grown more frequent and bloodier as ever more Jews immigrated to the region. With President Truman's encouragement, the United Nations endorsed a plan for the division of Palestine into two sovereign states, one for Arabs and the other for Jews.

Although the Jews eagerly embraced sovereignty, the League of Arab States refused to grant a similar status for the Palestinians. Instead Israeli independence was bathed in blood as Egyptian, Jordanian, Syrian, Lebanese, and Iraqi forces invaded. The Israelis were eventually able to rout each Arab army and negotiate a truce with its government. But the Arabs not only refused to recognize Israel's right to exist but also

vowed to destroy it. Although thousands of Arabs and Israelis had been killed or wounded in the war, no people suffered more than the Palestinians of whom 700,000 fled to squalid refugee camps other countries.

Although Israel had been initially attacked in 1948, it joined Britain and France and instigated a war in 1956. The previous year Egyptian President Gamal Nasser had nationalized the Suez Canal and rhetorically mobilized the Arab world against Israel. The Israelis, British, and French concocted a plan whereby Israel would attack Egypt and capture the Suez Canal, whereupon British and French forces would intervene and establish control over the Suez Canal as “peacekeepers.” The allies launched their plan in October but unexpected resistance developed, not from the Egyptian army that was swiftly routed, but from both the United States and Soviet Union that threatened to impose sanctions. That forced the Israelis, British, and French into a humiliating political retreat and boosted Nasser’s popularity in the Arab world, who celebrated him as a hero for standing up to Western imperialism.

That adulation eventually went to Nasser’s head. In May 1967, he and other Arab leaders not only magnified their anti-Israeli rhetoric but boosted their armies on the frontier. Nasser then ordered the UN peacekeeping force to withdraw from the Egyptian-Israeli frontier and imposed a naval blockade at the Straits of Tiran leading to the Israeli port of Eilat. The Israelis responded with a preemptive attack that in six days routed the Arab armies and overran the Sinai Peninsula, West Bank of the Jordan River, and Golan Heights; another 700,000 Palestinians fled to surrounding countries. The UN Security Council sponsored a cease-fire and peacekeeping forces, but a war seemed to be imminent as the Arab states vowed vengeance and Israel’s destruction.

At first Washington and Moscow tried to avoid entanglement with the Arab-Israeli conflict. The turning point came when in 1955 Egyptian President Nasser turned to the Soviets after the Americans rejected his request for financial and technical

aid to build the Aswan Dam across the Nile River. The Soviets began giving ever more economic and military aid not just to Egypt but to other Arab countries. Although troubled by those Soviet inroads into the Middle East, Washington did not try to counter that by throwing its support to Tel Aviv; the most important reason for that restraint was to avoid alienating oil-rich Arab and other Muslim states.

In the 1950s, the only significant communist advance was the revolution led by Fidel Castro in Cuba.¹⁴ Shortly after taking power in January 1959, Castro nationalized American and other foreign investments. Washington responded by getting the Organization of American States (OAS) to expel Cuba and impose a trade embargo on Cuba. Castro then openly declared himself a communist. The Soviet began giving Cuba massive aid and buying its products that were shunned by the West. President Dwight Eisenhower approved a CIA plan to train a small army of Cuban exiles to invade and, ideally, topple the Castro regime.

Shortly after taking the presidential oath in January 1961, John Kennedy learned of and approved that plan. The result, however, was a disaster. Buoyed by its easy victories toppling anti-American governments in Iran and Honduras, the CIA assumed that routing the communists from Cuba would be just as simple. In April 1961, 1,500 Cuban exile troops were landed at the Bay of Pigs on Cuba's south coast. Castro's government had been aware of that pending invasion for months, thanks to spies who permeated the exile group's ranks. The communist massed their troops and crushed the invaders. But any celebration by the communists of their victory was fleeting. The regime faced a CIA operation code-named Operation Mongoose that included sabotage against Cuban economic and military assets and attempts to assassinate Fidel Castro.

Kennedy had won the 1960 presidential election in part by claiming there was a "missile gap" with the Soviets that he was determined to overcome. In fact, America's nuclear arsenal was ten times greater than the Soviet's. The Kennedy

administration, however, abandoned the massive retaliation deterrent strategy in favor of “flexible response” in which there would be a gradual, controlled escalation of warfare from the conventional level through the nuclear levels of tactical, regional, and intercontinental if Soviet forces prevailed at lower levels.

That new strategy was almost tested in the October 1962 Cuban missile crisis when the White House discovered that the Soviets were secretly installing intermediate-range ballistic missiles on the island.¹⁵ While the Kennedy administration viewed that as an act of aggression, Moscow and Havana believed that their action was defensive. Castro naturally feared that the White House’s next step, after its humiliating Bay of Pigs debacle followed by Operation Mongoose, would be a massive American invasion that destroyed his regime. So Castro asked Soviet Premier Nikita Khrushchev to install intermediate and short-range nuclear weapons in Cuba. Khrushchev agreed; Soviet missiles in Cuba would at once deter an American attack and double the number of nuclear missiles capable of striking the United States.

After debating options with his key advisors, Kennedy ordered a naval blockade of Cuba to prevent any more missiles from reaching Cuba. They euphemistically called that act a “quarantine” because a “blockade” is an act of war according to international law. Meanwhile the Soviets accelerated their efforts to prepare their missiles already in Cuba to fire. The crisis worsened to the point where each side prepared for war. Mercifully a deal was struck between the White House and Kremlin, whereby the Soviets would withdraw their missiles in return for an American pledge not to invade Cuba and the withdrawal of obsolete American missiles from Turkey. Thus was the world spared a nuclear holocaust.

Global containment’s “logic” led America inevitably into an unwinnable war in the region of Southeast Asia known as Indochina, whose countries Vietnam, Cambodia, and Laos were all threatened by communist revolutions.¹⁶ Washington’s

anticommunist efforts began there shortly after World War II when Ho Chi Minh and his communist movement declared independence from France. The United States backed with military aid France's attempts to crush the independence movement. The communists defeated the French decisively twice in 1954, once at the battle of Dien Bien Phu where 30,000 French troops surrendered, and then at the diplomatic table in Geneva where Vietnam received independence and temporary division at the 17th parallel between a northern half under Ho and southern half under President Ngo Dinh Diem. Although Washington extended vast economic and military aid to Diem in his struggle against the communist Viet Cong insurgency, the communists continued to gain ground. Upon taking office, President Kennedy increased the number of American military advisors from 500 to 16,000 by 1963. Even that failed to smother the swelling communist insurgency.

The choice was clear—the United States could either cut its losses and withdraw or massively increase its commitment and try to prevail. When Lyndon Johnson became president after Kennedy's assassination, he received conflicting advice. The CIA argued that the United States could never win a war for hearts and minds in South Vietnam; Diem's regime was hopelessly inept, corrupt, brutal, and hated while the communist movement was extremely well organized, ruthless, and popular. Regardless, the country itself was neither strategically nor economically essential to America's global interests. In contrast, the Pentagon insisted that if the mission shifted from advice to combat, the American military would crush the revolution with overwhelming ground and air power.

Johnson chose to follow the Pentagon's proposal. The excuse for that policy shift came in August 1964 following a brief exchange of gunfire between North Vietnamese gunboats and American ships operating in North Vietnam's Gulf of Tonkin. Johnson demanded and received a Congressional resolution empowering him to take "all necessary measures to repel any armed attacks against the forces of the United States and to

prevent further aggression.” In approving Johnson’s “Gulf of Tonkin Resolution” along with each subsequent annual military budget, Congress gave Johnson and later president Nixon essentially a blank check for fighting in Indochina.

Johnson increased the number of American troops in South Vietnam to 550,000 by 1968, and launched a massive bombing campaign across Indochina that would eventually drop two and a half times more tonnage of explosions than the United States did in all of World War II! But despite this huge military escalation, the American forces were incapable of decisively defeating the communists, who would win the war for the hearts and minds of most Vietnamese while intimidating nearly all the rest.

America’s vast military efforts succeeded in achieving only a battlefield stalemate while a growing majority of the American population favored the war’s end. The communists suffered a terrible military defeat but great political victory in their Tet offensive in early January 1968. The American public saw on television communist attacks not only across South Vietnam, but even against the American embassy in Saigon. Many Americans reasoned that if the American army could not protect the American embassy, how could it defeat the communists elsewhere? The Vietnam War seemed unwinnable.

By the late 1960s, American power was dangerously overextended around the world. The United States was bleeding its wealth, technology, industries, and manhood into distant places like Vietnam for which no one could identify any concrete American interests. Washington protected the “free world” (which included scores of highly authoritarian and repressive states) with a matrix of alliances, military bases, and billions in annual military and economic aid to anticommunist governments and movements. America’s commitments were vast:

the United States had more than 1,000,000 soldiers in 30 countries, was a member of four regional defense alliances and

an active participant in a fifth, had mutual defense treaties with 42 nations, was a member of 53 international organizations, and was furnishing military or economic aid to nearly 100 nations across the face of the globe.¹⁷

As if Vietnam were not challenging enough, all of international relations were becoming ever more complex. During the 1960s, the once tightly structured “bipolar” world centered around Soviet and American blocs broke up into a much more fluid “multipolar” ideological, military, and economic world. The nonaligned movement that emerged in the mid-1950s followed by the breakdown in Sino-Soviet relations during the late 1950s, and France’s withdrawal from NATO in 1966, were significant steps toward a multipolar world.

Meanwhile, the global economic balance of power shift steadily against the United States. Global economic power had decentralized from American hegemony during the 1940s and 1950s to a balance of economic power among the United States, Japan, and the Europe Community during the 1960s. The Vietnam War was a major reason for that shift in power as it drained ever more vitality from American wealth and power. Tens of billions of dollars were sent overseas rather than invested at home. Johnson’s refusal to raise taxes to pay for both domestic welfare programs and the Vietnam War swelled both inflation and the national debt, which further eroded America’s ability to compete. Another severe problem was the dollar’s increased overvaluation throughout the 1960s, thus exacerbating America’s growing payments deficits and steadily dwindling trade surplus. The dollar became overvalued as European and Japanese growth and productivity exceeded that of the United States. The fixed exchange rates were not adjusted to reflect America’s steadily diminishing economic power, thus making it ever tougher for American producers to compete abroad or at home. In all, the United States was gripped by worsening economic problems,

an unwinnable war, and a discredited global containment strategy. In the 1968 presidential election campaign, a majority of Americans voted for a candidate who appeared to represent the best choice for the revival of American power and wealth.

The Cold War from 1969 to 1991

Richard Nixon won the 1968 election and entered the White House in January 1969 determined to realign American power to promote genuine American and global interests.¹ In July 1969 at Guam, he announced a return to selective containment. Henceforth the United States would not directly fight communist insurgencies, but would only aid those embattled governments willing and able to protect themselves, a policy that became known as the “Nixon Doctrine.” In Indochina that policy was called “Vietnamization” and involved the slow withdrawal of American troops, the transfer of ever more fighting to South Vietnamese forces, and negotiations with the North Vietnamese for a peace treaty. In February 1973, after years of grueling haggling, Washington, Saigon, Hanoi, and the South Vietnamese communists signed a peace treaty designed to preserve the existing status quo. That deal would not last long, but at the time was hailed as “peace with honor.”

Another way to revive American power and interests was for the White House to play off the Soviets and Chinese against each other by pursuing “*détente*” or a relaxation of tensions with both. With Soviet Premier Leonid Brezhnev, Nixon signed in 1971 the Strategic Arms Limitation Treaty (SALT I) that limited each side’s ICBM missiles and launchers, and the Anti-Ballistic Missile (ABM) Treaty that eventually allowed each side only one antiballistic missiles site, along with several trade agreements. Nixon’s most dramatic policy was to establish

relations with communist China. In July 1971, National Security Advisor Henry Kissinger secretly flew to Beijing for talks with China's leader Mao Zedong and his second Chou Enlai. Then in February 1972, Nixon himself arrived in China to meet with those leaders. In doing so, Nixon drove deeper the wedge between the Soviets and Chinese, as each sought closer relations with the United States to counter the other. As Kissinger put it, "the hostility between China and the Soviet Union served our purposes best if we maintained closer relations with each side than they did with each other."²

Vietnamization and détente were essential for letting the White House grapple with yet another dimension of America's relative decline. The burdens of containing communism and maintaining the global economy were becoming ever more intolerable for the United States. In 1971, the United States suffered its first trade deficit since 1893, running up \$2 billion in merchandise and \$10.6 billion in payments deficits. America's gold reserves shrank to \$10 billion and foreign holdings of dollars rose to over \$100 billion.

President Nixon dealt with those two interrelated problem by announcing on August 15, 1971, his "New Economic Policy," which proved as important a shift from past policy as was his détente with the Soviet Union and China. He imposed a temporary 10 percent surcharge on existing import tariffs and revoked the dollar's convertibility into gold, thus essentially scraping the fixed exchange rate system that had been the world economy's central girder since 1944. In December 1971, the leading industrial nations signed the "Smithsonian Agreement" in which the dollar was devalued 10 percent against the existing price of gold, other currencies would be revalued against the dollar, and currencies could now float within a 2.5 percent margin of the fixed rate. Although the United States continued to encourage greater European unity and Japanese growth, Nixon urged them to take responsibility for a larger share of the common burden of defending and managing the global political economy.

This new system unraveled quickly. In June 1972, Britain and Ireland broke from the fixed rate system and allowed their currencies to float on international markets. Other countries followed suit. America's trade and payments deficits worsened and were unaffected by another 10 percent dollar devaluation in February 1973. By March 1973, the fixed rate system was abandoned and a "free-floating system" adopted in which currency values were set by market forces rather than government intervention.

A crisis erupted in October 1973 that grossly compounded these currency and payments problems plaguing the global economy and American hegemony.³ The Organization of Petroleum Exporting Countries (OPEC) was founded in 1960 with two major goals—to work together to help each member assert ownership and higher prices over the oil in its country. Twelve years after its founding, OPEC had a dozen members that collectively controlled about two-thirds of world oil reserves. Although OPEC included Indonesia, Nigeria, Venezuela, and other countries far from the Middle East, half of its members were Arab states that formed a group known as the Organization of Arab Petroleum Exporting Countries (OAPEC). OAPEC wanted to wield its oil power in the Arab conflict with Israel. It was separate but related policies by OPEC and OAPEC that provoked a global economic crisis that would persist for more than a decade.

Egypt and Syria attacked Israel during the Jewish Yom Kippur holiday in early October. Both offensives succeeded in surprising Israeli forces and retaking some ground lost in the 1967 War; Egypt troop crossed the Suez Canal and threatened to cut off the Israelis in the Sinai Peninsula, while Syrian troops recaptured part of the Golan Heights. President Nixon rushed massive amounts of military equipment and shared intelligence with Tel Aviv, and got other Western countries to support the Israelis. That triggered OAPEC's decision to cut off all oil shipments to the United States, the Netherlands, Portugal, and Japan. OPEC, meeting at its headquarters in

Vienna, then agreed to sharply cut back the production quotas assigned each member.

That caused global oil prices to quadruple from \$2.75 a barrel to \$12 a barrel over the next several months. The global economy plunged into a severe recession followed by low growth and high inflation, known as “stagflation,” for another decade. In 1974, OPEC’s current account surplus rose to \$70 billion, up from \$1 billion the previous year and representing a major shift in the global distribution of power.

The United States and other leading industrial nations dealt with these new challenges through several means. In the short term, Nixon sent Secretary of State Henry Kissinger in “shuttle diplomacy” among Tel Aviv, Cairo, and Damascus to arrange a cease fire, and to Riyadh, Saudi Arabia to convince King Faisal, whose country was the price leader for both OPEC and OAPEC, to end its boycott and raise production quotas. OAPEC eventually resumed shipments to the countries it boycotted, and OPEC released more oil onto global markets. Prices stabilized but at a level unimaginable before October 1973.

Starting in 1975, the leaders of the world’s most powerful industrial nations, the “Group of 7”—the United States, Japan, Britain, France, Germany, Italy, and Canada—began meeting annually to coordinate broad macroeconomic policies and confront any specific crises. The Group of 7 and other industrial countries enacted policies to create oil reserves to tap should oil prices soar again, to encourage businesses and households to invest in energy conservation and diversification, and to give incentives for Western oil companies to find and develop oil fields in non-OPEC countries. But those efforts would take years before they would affect global energy markets.

In the shadow of OPEC’s quadrupling of oil prices came, in 1975, three events that most experts predicted as all but inevitable. In April, the North Vietnamese broke the 1973 truce and launched a massive offensive that conquered South

Vietnam. The two Vietnams were reunited under a communist dictatorship with its capital at Hanoi. That same year communist revolutions took over neighboring Cambodia and Laos. The domino effect appeared to have succeeded in Indochina but did not spill over to topple other countries in Southeast Asia, which were able to quell their own nascent communist insurgencies.

Nonetheless, détente with the Soviets and Chinese continued. In 1975, Washington, Moscow, and thirty-three other countries signed the Helsinki Accord that accepted the existing European boundaries as permanent and required signatories to respect human rights. The reduced Cold War tensions let Washington deal with other festering international issues. In 1977, President Jimmy Carter signed a treaty with Panama in which the United States agreed to give up its ninety-nine year to the Panama Canal as scheduled by the year 2000. In 1978, Carter helped negotiate the Camp David peace accords between Israel and Egypt. In 1979, Carter and Soviet Premier Brezhnev signed SALT II, which imposed new limits on ICBMs. That same year, Washington and Beijing formally established full diplomatic relations and exchanged ambassadors. Yet, despite these diplomatic triumphs, the United States faced growing geopolitical and geoeconomic challenges.

Detente did not inhibit Moscow from aiding Marxist governments or guerrilla fighters in Ethiopia, Angola, Somalia, Sudan, and Mozambique. As if those threats were not worrisome enough, the United States faced a second communist revolution in its own geopolitical backyard. In July 1979, the communist Sandinista movement overthrew the Somoza dictatorship of Nicaragua, and the new regime allied with communist Cuba in threatening a “revolution without borders” that would replace other Central American governments with communist governments.

That same year a new fiercely anti-Western and anti-American ideological enemy joined the global stage. In February 1979, Rezi Pahlavi, the Shah of Iran, was toppled by a fundamentalist

Islamic revolution led by Ayatollah Ruhollah Khomeini.⁴ In November 1979, Iranians invaded the American embassy in Teheran and held the 52 officials prisoner for the next 444 days. Carter first tried to negotiate and then to rescue the hostage, but both efforts failed dismally.

The Soviets hammered the final nail in the coffin of *détente* with their invasion of Afghanistan in December 1979. The Carter White House responded by initiating a second version of the global containment policy. They cut agricultural and technology exports to the Soviet Union, boycotted the Olympic games in Moscow, and withdrew SALT II from ratification procedures in the Senate. Carter also announced that the Persian Gulf was a region of vital American interests and the United States would go to war if it were invaded by an outside power, a policy known as the “Carter Doctrine.” Finally, the Carter administration began secretly aiding the Afghans or Holy Warriors (Mujahideen) fighting the Soviet invaders.

Then, in 1980, Iraq and Iran, the countries with the world’s third and second largest oil reserves, went to war. That war pitted the secular socialist Arab dictatorship of Saddam Hussein against the Islamist Persian dictatorship of Ruhollah Khomeini. Although the war’s ostensible cause was conflicting claims over Shatt-al-Arab waterway, the deeper reason was rivalry between the Sunni and Shiite versions of Islam. Saddam was a Sunni who ruled a Muslim country in which four of five people were Shiites. In contrast, four of five Iranians were Shiites. Saddam feared that the Iranians would stir a revolution against his rule by the Shiites he brutally suppressed. The war would last 8 years, kill nearly 700,000 Iraqis and Iranians, maim millions of others, and damage oil production in both countries.

As a result of the Iranian revolution, Soviet invasion of Afghanistan, tighter OPEC production quotas, war between Iraq and Iran, and frenzied speculation, oil prices nearly doubled from around \$18 to \$34 from early 1979 to late 1980. In

all, the global balance of power seemed to be tipping against America and liberal global system.

With his sunny personality, Hollywood image, and flag-waving message, Ronald Reagan beat Jimmy Carter in the 1980 presidential race.⁵ Reagan and his fellow conservatives vowed to revive American power, which they equated with military muscle. To that end they nearly doubled the Pentagon's budget over the next eight years and, to demonstrate resolve, invaded the tiny island of Grenada in the Caribbean and overthrew its Marxist government. They also steadily supplied more military aid to the Afghan resistance and began aiding anticommunist guerrilla forces in Nicaragua, Angola, Ethiopia, and Kampuchea.

The policymakers who led the second version of global containment faced a far more complex world and greater array of challenges than their predecessors. Now the Western world faced not one but two ideological enemies. With the 1979 Iranian revolution, Islamism emerged alongside communism as a worsening threat to the Western world. Meanwhile, the United States and its allies had ever less economic power to confront either threat.

The ambitions of the Reagan White House's global containment policies are perhaps best illustrated by what became known as the Irancontra scandal. Reagan and his advisors tried to deal with three separate foreign policy challenges with one very complex policy. The first problem was Iran's Islamist revolution. Another was worsening Islamist terrorism in Lebanon, led by the Shiite political movement Hezbollah, which was planted there by Iran. Hezbollah murdered hundreds of people with bombs and kidnapped scores for ransom; Americans were among the victims of both murder and kidnapping. Finally, there was Nicaragua's Sandinista revolution that was instigating communist movements elsewhere across Central America.

The linchpin for the Irancontra policy was the war between Iraq and Iran. Starting in December 1983, the Reagan

administration openly embraced Saddam's regime with military and economic aid, and then the following year secretly approached the Iranians with a similar offer. The Iranians were eager to buy antitank and antiaircraft missiles from the United States in return for which they agreed to free American hostages held by Hezbollah in Lebanon. The Reagan administration then gave the profit made by the sales to the Contras that the United States had organized to fight the Sandinistas in Nicaragua.

That elaborate policy appeared simultaneously to advance three American interests. But it proved to be no panacea. Hezbollah no sooner released some hostages when it kidnapped others and raised the ransom price. In ransoming hostages, Reagan violated his own repeated promise to the American people that he would never do so. Finally, aiding the Contras violated American law. When the scandal was revealed in 1985, Congress could have impeached Reagan for committing an array of "high crime and misdemeanors." But the Democrats that controlled Congress feared impeaching such a popular politician. However, fourteen of Reagan's underlings did get indicted.

By far the most dangerous Reagan administration policy was toward nuclear weapons and war. Conservatives within and beyond the White House boasted that the United States could fight and win a nuclear war. In March 1983, Reagan committed the United States to the Strategic Defense Initiative (SDI), soon dubbed Star Wars, which was envisioned to include three layers of antiballistic missiles in space and one on the ground that would destroy incoming Soviet ICBMs.⁶

Critics dismissed Star Wars as a system that could never work against a threat that would never exit. The technological, financial, and political obstacles to realizing Reagan's vision were insurmountable. Even if SDI was deployed, the Soviets could overwhelm it by building and launching thousands more ICBMs, each armed with a dozen warheads and hundreds of decoys. Or they could simply station space mines along side

each SDI satellite and detonate them to destroy the system. But the Soviets would have never attacked the United States in the first place; deterrence and Mutually Assured Destruction (MAD) kept the “cold peace” between the United States and Soviet Union.

SDI, however, nearly provoked the nuclear war that MAD prevented. The Kremlin genuinely feared that the Reagan administration was planning a first strike against the Soviet Union. If Star Wars did work, it would shield the United States from a retaliatory strike after it devastated the Soviet Union’s ICBMs in their silos and submarines packed with SLBMs at sea. In 1983, the Soviets debated whether to preempt what they believed was an inevitable nuclear attack by the Reagan White House. Had that happened, hundreds of millions of people would have died immediately, hundreds of million more would have suffered horrendous lingering deaths, and the modern world would have imploded. Mercifully cooler heads prevailed.

Reagan’s economic policies were just as controversial. In all they grossly weakened rather than strengthened the United States.⁷ How did that happen? The Reagan administration had hoped that by following a “supply side” “trickle-down” policy of massive tax cuts, 10 percent of which went to the richest 10 percent of the population, the economy would grow and the government would later recoup earlier revenue losses as larger business and household incomes generated more taxes. But the Reagan White House also increased the federal budget, largely by nearly doubling defense spending and corporate welfare programs. The annual budget deficit rose from an average \$50 billion during the Carter administration to an average \$200 billion during the Reagan years. In 1980, the federal debt was \$970 billion; in 1988, it was \$2.9 trillion!

Meanwhile, the Federal Reserve raised interest rates to cut inflation and encourage both domestic and foreign investors to lend money to Washington to help pay for the soaring debt. Foreigners invested hundreds of billions of dollars in the

United States, buying government bonds, playing financial markets, taking over American companies or property, and starting new subsidiaries. When they invested in the United States, the foreigners exchanged their currency for dollars; the dollar's value soared with the foreign demand for dollars.

The Reagan administration exacerbated those crises with another. With his vow to promote prosperity by unleashing the "magic of the marketplace," Reagan dismantled regulations for the savings and loan industry. The result was predicted by those familiar with history. Without restrictions the savings and loan industry engaged in a speculative frenzy that eventually burst. It then cost American taxpayers \$150 billion in corporate welfare to rescue that "too big to fail" industry from the greed-drive follies of its executives supported by the ideologically correct policies of the president and his fellow conservatives.

During its first five years, the Reagan administration was indifferent to the worsening crisis, arguing that the "magic of the marketplace" would take care of everything. Treasury Secretary Don Regan actually talked up the dollar's value, claiming that "a strong dollar represents a strong America." But America's relative economic decline was so severe that eventually the White House had to set aside its ideological obsessions. In 1985, Reagan reshuffled some of his advisors, making free market purist Don Regan his chief of staff and economic realist Jim Baker his treasury secretary.

Baker's priority was to devalue the overpriced dollar that was devastating America's economy. In September 1985, he met with the treasury ministers of Japan, Germany, France, and Britain at the Plaza Hotel in New York. The result was the "Plaza accord" by which the "Group of 5" jointly intervened in currency markets by selling dollars and buying yen, marks, francs, and pounds. The policy worked. The dollar plummeted in value against those other currencies, most dramatically against the yen that rose in value from about 265 to the dollar in 1985 to 125 to the dollar in 1987. Satisfied with

the devaluation, the Group of 7 met in February 1987 at the Louvre in Paris and announced that the dollar had fallen far enough.

That realignment alleviated but did not cure the deep problems within America's economy and, by extension, the global economy. Indeed over the short term, America's trade and payments deficits continued to mount because of the "J-curve effect" in which the deficit increases as the cost of imported goods already ordered rises. In October 1987, rumors that Japanese investors were going to stop buying U.S. treasury bonds sent the New York Stock Market into a free fall in which it lost 15 percent of its value. In December 1987, the Group of 7 met and agreed on further measures to stabilize exchange rates and stock markets.

In all, "Reaganomics" locked America into a vicious economic cycle of soaring national debt, trade and payments deficits, interest rates, crime, joblessness, and homelessness. The economy grew at rates lower than preceding decades while average income for most Americans fell. The global economic power balance shifted dramatically. In 1985, the United States was transformed from being the world's greatest creditor country into the worst debtor nation, as the amount of foreign money invested in the United States exceeded that of American money flowing overseas by \$112 billion. By 1987, America's global trade deficit peaked at \$171 billion and its deficit with Japan at \$59 billion. That same year, Japan enjoyed a trade surplus of \$96.5 billion and Germany one of \$70 billion. Japan took over America's role as the global creditor nation, amassing \$241 billion in net foreign assets. Japan had surpassed the United States as the world's leading banking, manufacturing, and technological power.

The only bright spot in that dismal economic landscape was the dramatic drop in oil prices and temporary break in OPEC's stranglehold over the market. The energy conservation and diversification policies enacted by the democratic industrial countries in the mid-1970s proved to be an enormous success.

Meanwhile the skyrocketing prices encouraged oil companies to develop fields in regions like the North Sea and North Slope of Alaska, which otherwise would have been unprofitable. Finally, OPEC members began to cheat on their quotas to garner more revenue. The result was an oil glut by the mid-1980s that brought prices down to around \$20 a barrel, which in “real prices” (adjusted for inflation) were actually cheaper than before 1973.

While American power was in relative decline, the Soviet Union was heading toward collapse. Shortly after taking power in March 1985, Mikhail Gorbachev initiated a second period of detente that culminated with the Intermediate-Range Nuclear Forces Agreement (INF) by which each side openly withdrew their nuclear weapons from Europe and demolished them. But surpassing all other events was Gorbachev’s policies that were designed to revitalize the Soviet Union but destroyed it instead.

The Cold War’s end was abrupt and mostly unexpected. For seventy-four years (1917–1991), the Soviet Union’s communist system endured. For at least forty-four years (1947–1991), the United States and the Soviet Union were locked in Cold War. Then from 1989 through 1991, the two Germanys were reunited, Eastern Europe was liberated, the Soviet Union broke up, and communist dictatorships were overthrown almost everywhere. What explains those revolutionary events?⁸

There are two long-term reasons and two short-term reasons. George Kennan had been right all along. The combination of the American-led containment policies and communism’s fatal flaws made that inevitable. The only question was when. Soviet Premier Mikhail Gorbachev and Russian President Boris Yeltsin were the short-term catalysts.

The most important long-term reason was communism’s inability to achieve anything other than a totalitarian system that repressed, exploited, and often murdered or imprisoned the people by a tiny well-organized elite who enjoyed what little wealth and privilege the system produced. At worst, as

in the Soviet Union, China, North Korea, and Kampuchea, communism resulted in genocide. State ownership and planning of the entire economy failed, often tragically, to achieve sustained economic development. The ruthless efforts the communists made to industrialize contributed little to development or wealth. Central planning was incapable of creating dynamic, profitable industries, infrastructure, or agriculture.

What happened instead in every communist country was a tremendous and tragic misallocation or waste of human, natural, technology, and financial resources. Soviet economic statistics and claims that, say it was the world's largest steel producer, were fabricated. What goods the Soviets did produce were shoddy at best and could not compete in the global marketplace. Russia actually produced less grain than before the revolution. No Soviet industries were internationally competitive with foreign industries. By emphasizing the distribution rather than the creation of income and wealth, the communists merely succeeded in making more people poor. Although the communist systems did succeed in improving literacy and health care, these gains could not offset the system's massive economic failings and political oppression. Meanwhile the democratic industrial nations soared further ahead economically.

Communism's collapse was accelerated by America's selective containment policy of economic aid for West Europe and Japan, and reviving the global economy in the late 1940s. Had Soviet-backed communist parties taken power in the industrial powerhouses of West Europe and Japan, communism's demise would have been delayed indefinitely as those geoeconomically strategic regions became showcases for communism rather than liberal democracy.

As for short-term reasons, Mikhail Gorbachev's policies inadvertently fueled the democratic revolutions that swept East Europe and eventually the Soviet Union itself. He understood that communism had not only failed to achieve prosperity or equality, but the Soviet bloc was falling ever further behind the

Western world. By the late 1980s, the Soviet Union could no longer afford to maintain its East European empire and its vast military or operate a centrally planned economy. Gorbachev chose to give up the empire and downsize the military in a desperate attempt to concentrate all resources to reform and revive the Soviet economy. In February 1986, Gorbachev denounced the “Brezhnev Doctrine” that justified a Soviet invasion of any communist country threatened by a democratic revolution. Instead Gorbachev called for radical reforms in the Soviet Union, which would be achieved by “glasnost” or open information and discussion, “perestroika” or institutional reforms, and democracy. Political prisoners were released; Jews and others could freely emigrate; labor unions were given the right to bargain and strike; religious followers could freely worship; and the media were allowed to investigate and publish freely. In March 1989, Gorbachev allowed competitive elections for the national People’s Congress, and many reform communists won seats from hard-line communists. In March 1990, he announced that the communist party would no longer monopolize political power. In 1990, Russia held democratic elections for the first time in 1,000 years of history. The reformists won a majority of seats in the Russian parliament and elected Boris Yeltsin to become Russia’s first president. Soviet Premier Gorbachev and Russian President Yeltsin became ever fiercer political rivals.

Although Gorbachev intended to reform the Soviet Union and Communist Party, the political changes that he enacted proved so revolutionary that they eventually destroyed both. Ironically, the domino effect of revolution that American policymakers feared so much throughout the Cold War occurred only in Eastern Europe. The democratic revolutions that swept East Europe in 1989 and 1990 were largely the result of peaceful mass demonstrations that convinced the communists to allow free elections. Only Romania experienced a violent revolution in which the communist dictator Nicolae Ceausescu and other members of his government

were executed. Elections brought democratic parties to power in Poland, East Germany, Hungary, and Czechoslovakia, and reformist communist governments to power in Romania and Bulgaria. Gorbachev's policy of allowing each East European country, and eventually each of the fifteen Soviet republics, to choose its own system, even if it meant the end of communism, was popularly known as the "my way doctrine" after the Frank Sinatra song.

Symbolically, the most powerful revolution in East Europe occurred on November 9, 1989, when the East German government announced that it would demolish the Berlin Wall, which was erected in 1961 to prevent those who desired freedom to flee from communist Eastern Europe to democratic Western Europe. With sledgehammers and bottles of champagne joyous East and West Germans swarmed atop the wall and demolished the wall themselves.

The only significant resistance to the wave of democratic revolutions was in the Soviet Union itself. On August 19, 1991, the day before Gorbachev would have signed a treaty allowing the Soviet republics to become independent, hard-line communists tried to overthrow him. For three days between August 19 and August 21, the conspirators held Gorbachev hostage at his Crimean home and attempted to besiege Russian President Yeltsin with his supporters inside the Russian parliament. Over 50,000 Russians rallied and put their lives between the parliament and the Soviet tanks and troops loyal to the communists. As ever more Russian troops defected to Yeltsin, the coup leaders gave up and released Gorbachev who returned to Moscow. The coup leaders were arrested and tried for treason.

The failed coup accelerated the destruction of communism and the Soviet empire. During the coup, Latvia and Ukraine declared their independence, while statues of Lenin were toppled in Estonia and Lithuania. On August 24, Gorbachev resigned as head of the Communist Party and recommended that its Central Committee be disbanded. On August 29, Yeltsin

and Gorbachev appeared before the Russia parliament. Over Gorbachev's protests, Yeltsin dramatically issued a decree abolishing the Communist Party across Russia. On September 2, the Soviet Congress of People's Deputies approved a plan to reduce the Kremlin's authority and allow a looser federation of the Soviet republics. On September 6, the Soviet Union recognized the independence of Latvia, Lithuania, and Estonia. On October 18, Gorbachev and presidents of eight other Soviet republics agreed to join an economic union; Ukraine joined on November 4. On December 4, 1991, Russia, Ukraine, and Belarus declared the Soviet Union dead.

How did then President George H.W. Bush react to these stunning and monumental historical events? Ironically, the Bush administration actually supported the Soviet and communist status quo. Not only did Bush pointedly refuse to back Yeltsin, in September 1991 he flew to Kiev to stand beside Gorbachev and publicly urge the Ukrainians not to break away from the Soviet Union. Fortunately, Yeltsin was made of sterner stuff; it was his courageous and unwavering leadership that shoveled communism and the Soviet empire onto the trash-heap of history. Nonetheless, ever since conservatives in the United States have claimed that the Reagan and Bush administrations won the Cold War.

George Kennan, the architect of the "selective" containment strategy, dismisses those conservative claims as "ridiculous," and points out that "nobody—no country, no party, no person, `won' the Cold War. It was a long and costly political rivalry fueled on both sides by unreal and exaggerated estimates of the intentions and strengths of the other side."⁹

Kennan, of course, had predicted in the late 1940s that the collapse of the Soviet empire and communism was inevitable for two reasons. First was the historic tendency of all empires eventually to crumble as their ambitions exceeded their abilities, a phenomenon known as "imperial overstretch." But that inevitability for the Soviet empire would occur sooner rather than later given communism's inability to satisfy even the

most basic needs of the people it so brutally suppressed and exploited.

Although conservatives celebrate Reagan's military buildup as the catalyst for that collapse, in reality that policy actually played into the hands of Kremlin hardliners. After Gorbachev took power in 1985, Soviet conservatives pointed to the vast expansion of the Pentagon's budget and argued that reforms were dangerous and should not be attempted. Ever since Gorbachev has complained that the Reagan buildup and bellicose rhetoric prevented him from implementing reforms sooner and more comprehensively.

The Soviets did not try to catch up with the Reagan buildup. Two insurmountable forces would have prevented the Soviets from doing so even had they wanted to do so. The Soviet economy was straight-jacketed by elaborate five year plans in which every dimension was carefully mapped out. In such a system, rapid shifts are impossible. And that system was nearing bankruptcy and so a military buildup could not be funded. As a result, Moscow's increase in its own military budget during the 1980s was miniscule by comparison and mostly geared toward fighting a losing war in Afghanistan.

Regardless, the Soviet economy and empire would have crumbled sooner or later. Marshal Nikolai Ogarkov admitted in 1983 that the West had essentially won the Cold War long before: "We will never be able to catch up...in modern arms until we have an economic revolution. And the question is whether we can have an economic revolution without having a political revolution."¹⁰

Reagan's policies epitomized the self-destructive flaws of the "global" version of the containment policy. The fears of the Soviet hardliners were delusional. Reagan's vast military buildup threatened only the United States, which was locked into an expensive arms race against itself. By tripling the national debt, converting the United States from the world's great creditor to worst debtor nation, and contributing to the worst trade and payments deficits in the nation's history, the

Reagan administration undermined American rather than Soviet power. Kennan writes:

The extreme militarization of American discussion and policy, as promoted by hardline circles...consistently strengthened comparable hardliners in the Soviet Union. The more American political leaders were seen in Moscow as committed to an ultimate military rather than political resolution of Soviet-American tension, the greater was the tendency in Moscow to tighten the controls by both the party and police, and the greater the breaking effect on all liberalizing tendencies in the regime. Thus the general effect of Cold War extremism was to delay rather than hasten the great change that overtook the Soviet Union at the ends of the 1980s.¹¹

It was the “selective” version of containment that accelerated the inevitable collapse of the Soviet Union and communism. Kennan understood that the Soviets posed a political rather than military threat. By rebuilding Europe and Japan through massive aid, and sponsoring the revival of global trade through the IMF, World Bank, and GATT, Washington transformed the most essential building blocks of the global economy from mass destruction, poverty, and despair, and thus breeding grounds for communism, into prosperity and liberal democracies.

In that sense the United States and its allies won the Cold War by the early 1950s. However, it would take three more decades before that victory became decisive with the collapse of the Soviet empire and communism.

The Post–Cold War World

President George H. R. Bush, during his 1991 State of the Union address, noted that international relations were fundamentally changing into a “new world order” in which “diverse nations are drawn together in common cause to achieve the universal aspirations of mankind: peace and security, freedom and the rule of law.”¹ That sunny outlook was inspired by the Cold War’s end whose most vivid symbol was revelers drinking champagne and swinging sledgehammers atop the Berlin Wall on November 9, 1989. That optimistic vision was shattered just a dozen years later on September 11, 2001, when terrorists attacked the World Trade Center and Pentagon.

Nonetheless, few questioned that the global distribution of power was rapidly changing. After the implosion of the Soviet Union and communism, Chalmers Johnson, a political analyst, famously remarked: “The Cold War is over. Japan won.” What he meant was that all the vital resources the superpowers had poured into nearly five decades of struggle had led the Soviet Union to self-destruct and the United States to gravely weaken itself. America’s geoeconomic rivals, the Japanese and Europeans, had caught up to and even surpassed the United States by many key measures of power and wealth. While the United States had clearly grown in absolute terms between 1945 and 1991, it declined in relative terms, and suffered grievously from chronic worsening national debt, budget and trade deficits, growth, savings, research and development spending, education scores, and crime rates.²

America's plight was a classic case of what the historian Paul Kennedy called "imperial overstretch." Great powers decline when their ambitions exceed their abilities. The United States had figuratively and literally bankrupted itself by expending too much of its power and wealth in the global phases of its containment policies. The Center for Defense Information estimates that the Cold War's total cost for the United States in 1996 dollars was \$13.1 trillion, with an average annual defense budget of \$298.5 billion. As for the cost of destroyed lives and property around the globe, that has yet to be assessed.

That decline partly explains the first geopolitical challenge the United States faced in the dawning post-Cold War world. On August 2, 1990, Saddam Hussein, Iraq's dictator, ordered his army to invade neighboring Kuwait.³ He did so primarily to take over Kuwait's oil fields, which when combined with Iraq's would account for 15 percent of global reserves. But he would not have done so had he not believed he could get away with it. For months leading up to the invasion, President Bush and his administration had issued weak and ambiguous statements in response to Saddam's threats to conquer Kuwait.

Then, for three days after the invasion, Bush and his advisors debated on what to do. Finally, on August 5, the president stepped before the cameras and reporters in the White House Rose Garden and declared: "This will not stand." Two key figures had shifted the debate's outcome from appeasing to confronting Iraqi aggression. National Security Advisor Brent Scowcroft and British Prime Minister Margaret Thatcher successfully argued that letting Iraq conquer Kuwait would certainly lead oil prices to skyrocket and might encourage Saddam to order the invasion of Saudi Arabia.

From then until mid-January 1991, the Bush White House conducted a brilliant diplomatic campaign. It secured UN Security Council resolutions that imposed sanctions on Iraq and empowered the United States to lead a coalition against Iraq if Saddam did not withdraw his army from Kuwait by January 15, 1991. It then built a coalition of half a million

troops, of which half were American and the others were from thirty-seven other countries, including a division each from Egypt and Syria. The deadline passed with Saddam defiant. A five-week bombing campaign followed by a 100-hour ground war pulverized Iraq's army and routed the remnants from Kuwait. Twenty-four-hour news broadcasts by CNN and the BBC beamed around the world images of overwhelming American military power such as the pinpoint accuracy of its state-of-the-art cruise missiles and stealth bombers, and the crushing firepower and rapid movement of its armored divisions and mechanized infantry. The war was followed by a peace during which the sanctions on Iraq were maintained and United Nations inspection teams dismantled Iraq's chemical, biological, and nuclear weapons programs.

The result was a triple containment policy—the United States and the United Nations contained Iraq, and Saddam Hussein very brutally contained Islamic fundamentalism within Iraq and neighboring Iran, which was ruled by a revolutionary Islamist regime. What the White House sought was a stable power balance in the Middle East among large states like Iraq, Iran, Saudi Arabia, Israel, and Syria, which the United States could ideally play off each against the others.

Bush's popularity at home soared with the American-led victor in the Persian Gulf War. Compared to its other wars, the United States paid a relatively light price for its victory—150 lives and \$5 billion. Among Bush's diplomatic coups was to talk the allies into picking up most of the \$50 billion tab.

That dazzling victory only briefly obscured harsh realities in the distribution of global power. While the United States enjoyed unchallenged military might, its relative economic decline worsened. George H.W. Bush lost the 1992 election largely because he was unable to understand let alone enact policies that might arrest and ideally reverse that decline.

President Bill Clinton proved to be a master at reviving American power and wealth.⁴ His policies of cutting spending, increasing revenues, stimulating industries and technologies,

and forcing open foreign markets created a virtuous economic cycle as America's growth, industries, exports, technologies, productivity, and personal income soared, while inflation, unemployment, and crime plummeted. His administration negotiated over 200 agreements with foreign countries that opened their markets wider to American goods and services. The most important market-opening success was the creation of the North American Free Trade Association (NAFTA), a common market that today includes nearly 450 million consumers and producers in the United States, Mexico, and Canada.

Clinton understood that economic development and environmental protection compliment rather than conflict with each other, and that American security and prosperity was increasingly threatened by the worsening vicious cycle of the population explosion, global warming, ozone layer depletion, deforestation, desertification, and the decimation of species. Yet he was much less successful dealing with those problems. His insistence that NAFTA include strict environmental as well as labor standards was written in the treaty. Congress, however, rejected his proposed tax on carbon emissions, which would have sharply pared greenhouse gases. In 1997, he dispatched Vice President Al Gore to an environmental conference at Kyoto, Japan, where after hard-bargaining thirty-eight industrial countries signed the Kyoto Protocol that required them to sharply cut back their greenhouse gas emissions by 2012. Although Clinton did not submit that protocol to the senate for ratification to avoid a conservative-led effort to kill it, most other signatories did ratify and implement that treaty.

Clinton's greatest achievement was to eliminate budget deficits and halt the growth of the national debt. He did so by streamlining government and raising taxes on the rich. By 1998, the skyrocketing budget deficits of the Reagan and Bush years had been converted into surpluses. That allowed the Federal Reserve to lower interest rates to encourage investments by businesses and households. The economy during the

Clinton years expanded at nearly 3 percent a year and from 21 percent of the global economy in 1993 to 24 percent in 2001, while in 1996 the average income for Americans rose for the first time since 1973.

America's economic revival stimulated the global economy, which grew steadily at about 2–3 percentage points while international trade annually rose even faster from 5 to 7 percent. About three-quarters of all trade and investment flowed among the democratic industrial countries rather than between them and the less developed countries. That expansion was twice threatened when first Mexico in 1993 and, much more seriously, Thailand, South Korea, and Indonesia in 1997, and Russia and Brazil in 1998 threatened to default on repaying their huge debts to foreign creditors. Clinton led international efforts to resolve those crises and restore confidence to global financial markets. The formula was for the global banking community to offer lower interest rates, longer payment schedules, and limited write-offs to debtors in return for their cutting bloated government spending and opening markets to foreign goods and services.

President Clinton also initiated an array of humanitarian and peace initiatives for troubled regions. Those initiatives had mixed results. He inherited an American-led peacekeeping mission to restore order and prevent mass starvation in Somalia, which had collapsed into anarchy and clan warfare. But public support for that effort plummeted after a bloody firefight between American troops and Somali militants in October 1993, and the mission was withdrawn in 1994. Clinton sent American troops into Haiti to restore order as violence worsened and a coup overthrew its elected leader. The United States and some of its NATO allies warred against Serbia in 1995 and 1999 to stop its ethnic cleansing in Bosnia-Herzegovina and Kosovo, respectively. He initiated a series of peace talks between a succession of Israeli prime ministers and Yasser Arafat, the Palestinian Liberation Organization (PLO) chair, but was unable to bridge the diplomatic chasm

and bring peace. Clinton admits that his greatest failure was not to intervene when reports of genocide in Rwanda emerged in 1994.

Nor did Clinton's economic policies prove to be a panacea for all of America's deep-rooted economic problems. The nation's trade and payments deficits remained high, though it was lower as a percentage of GNP than during the Reagan era. Clinton failed to get the Republican-controlled Congress to reapprove the president's "fast track" powers that bring trade treaties to a direct vote in both the Senate and House without being amended by special interest groups in the committees. Despite Clinton's efforts, few other industrial and developing nations were willing to open their markets as wide as America's.

The worsening tensions over globalization erupted during a World Trade Organization (WTO) meeting at Seattle attended by thousands of delegates from its 134 members in 1999. The conference became a disaster when the delegates deadlocked over measures that would have reduced trade and investment barriers while raising environmental and labor standards as antiglobalization riots raged outside.

The protests at the Seattle WTO conference represented new transnational forces in global politics. What happened was a "swarm" of 500 nongovernmental organizations (NGOs) with 30,000 members lobbying an international government organization (IGO), the WTO. Globalization increasingly both shapes and is shaped by IGOs and NGOs. The world's ever thickening economic, social, cultural, technological, environmental, and thus political ties provide IGOs and NGOs alike with an ever more potent role in shaping global politics. The interrelated Internet and global news revolutions have especially empowered NGOs. With the Internet, e-mail, Web sites, and CNN, NGOs can gather information, members, and allies, mobilize swarms to lobby governments, IGOs, corporations, and each other, and create news stories beamed instantly by CNN and other twenty-four-hour broadcasters

to television viewers around the world. And all this can occur with a few taps on globally linked keyboards!

The protestors asserted that the costs of trade under the current WTO rules may exceed the benefits. Labor groups opposed the outsourcing or transfer of their jobs to poorer countries with lower wages, standards, and benefits. Environmentalists argued that more trade means more production, which in turn leads to more pollution that hurts everyone by worsening the array of interrelated environmental global crises. Poorer countries tend not to limit the pollution spewing from their factories, fields, automobiles, and homes. The protestors, however, were not against all trade. They actually supported a stronger WTO that would require its members to impose strict regulations to protect labor and the environment.

But the protests were not just in the streets or online. The WTO itself was split among various factions that opposed one another's proposals. Countries like Japan, whose firms are accused of dumping goods below cost in the United States and elsewhere to bankrupt their rivals, tried to get Washington to dismantle its antidumping laws. The United States, Australia, Canada, and Argentina sought to eliminate agricultural trade barriers in Japan and Europe. China, India, Egypt, and Brazil led a Third World coalition of countries opposed to American efforts that they enact labor and environmental regulations.

Thus did the WTO Seattle conference symbolize those new transnational forces that complement and compete with more traditional forces of international relations. While nation-states remain, for now, the core of international relations, globalization complicates the ways they promote their interests in exciting and at times exasperating new ways. Globalization provides new opportunities and inflicts new problems on nation-states, regions, groups, and individuals all around the world. Yet, despite all the conflicts that emerged, that fleeting post-Cold War decade would prove to be far more dynamic and prosperous than the one that followed.

The Post–September 11 World

Under the Clinton administration, the United States fulfilled its global hegemonic duty of at once promoting international and American prosperity. “Clintonomics” was mostly a stunning success. Had those fiscally conservative policies been maintained, America’s entire national debt would have been eliminated within a decade into the twenty-first century. Without the federal government competing with the private sector to borrow money, interest rates would have plummeted naturally to historic lows and the economy would have expanded at historic highs. Inspired by America’s revived dynamism, the global economy would have surged, bringing ever more wealth, health, and opportunities to ever more people. Washington would have had ample funds to address the global warming crisis and other environmental, financial, or humanitarian disasters.

Alas, America’s economic renaissance was short-lived. After taking the presidential oath in January 2001, George W. Bush revived Reagan’s policies of massive tax cuts for the rich and massive government spending.¹ The national debt and trade deficits once again soared while American and global economic growth slowed. During Bush’s eight years in power the national debt doubled from \$5.6 trillion to \$11.5 trillion, and the trade deficit from \$429 billion to \$865 billion. With savings at home actually negative, the United States had to borrow ever more money from foreigners. By 2010, foreign creditors held about 60 percent of America’s publicly traded debt, of

which to the Chinese controlled 24 percent, the Japanese 22 percent, and oil exporters 6 percent. The greater the proportion of the national debt in foreign hands, the greater the foreign influence over any American policies.

In all, “Bushonomics” locked America into a vicious economic cycle of ever worsening growth, investments, revenue receipts, budget deficits, national debt, trade deficits, and unemployment. The Bush team’s policies culminated with the worst economic collapse since the Great Depression. For most of the same reasons eighty years earlier, America’s soaring stock and real estate market bubbles popped in 2008 and dragged down the rest of the economy in the United States and around the world. Tens of millions of Americans and other people elsewhere lost their jobs, insurance, and even homes.

“Trickle down” economics was only part of the Bush administration’s policies. President Bush espoused “neoconservatism,” an attitude whereby the United States would use any means to dominate the world militarily.² Defense spending soared from \$333 billion in 2001 to \$706 billion for the basic budget and another \$150 billion in the supplemental budget for fighting the Iraq and Afghanistan wars in 2009. Neoconservatism also rejects multilateralism for a strident unilateralism. To that end, Bush rejected treaties over global warming, the international criminal court, antiballistic missile defense, discrimination against women, and a comprehensive nuclear test ban, to name the more prominent.

The terrorist attacks of September 11, 2001, gave the Bush White House the excuse to realize their neoconservative vision. The president’s popularity soared as the public rallied around the flag after those horrendous atrocities. Bush warned all the countries that either they join the United States in his “war on terror” or else be treated like enemies. American forces struck back at the transnational terrorist group “Al Qaeda,” which had launched the attacks, and routed them and their host, the “Taliban,” from Afghanistan, and with scores of allies around

the world broke up Al Qaeda cells and captured or killed thousands of operatives.³

The Bush administration was not content with having severely damaged if not destroyed Al Qaeda. The president identified two related threats to the United States and world civilization. One was an “axis of evil” of rogue states like Iraq, Iran, and North Korea, which were trying to develop weapons of mass destruction and sponsor terrorism. The other was radical Islamic fundamentalism, which the Bush team claimed was equal to the former threats posed by communism and fascism.

The neoconservative priority was to destroy Saddam Hussein’s regime in Iraq.⁴ To justify that policy they falsely claimed that Iraq collaborated with Al Qaeda and posed an imminent threat to attack the United States with weapons of mass destruction. Those were the initial justifications for the American invasion of Iraq on March 19, 2003. The Americans and their handful of allies swiftly demolished the regime of Saddam Hussein, but, as experts opposed to the war had predicted, inspectors found neither weapons of mass destruction nor ties with Al Qaeda. Bush then justified his invasion by promising to create a democracy in Iraq that would inspire similar revolutions across the Middle East and the Islamic world.

Critics pointed out that America’s war in Iraq created a self-fulfilling prophecy by provoking terrorism and Islamism that did not previously exist. Iraq dissolved into a worsening insurgency against the American occupation and a civil war among the clan, tribal, ethnic, and religious groups. What united most of those groups was an ever more fervent Islamism, exactly what Bush asserted his invasion would crush. Neighboring Iran appears to be the real winner in Iraq, with its growing influence over the 60 percent of the population that shares Islam’s Shiite version. Even worse, that war diverted enormous financial and political resources from the most critical challenges facing America and the rest of the world, namely the

related vital need to develop the global economy and protect the global environment. Although a “surge” of American forces in 2007 reduced violence in Iraq, Al Qaeda and the Taliban grew ever stronger not only in Afghanistan but also in neighboring Pakistan, where they had sheltered since the American attack in 2001.

Meanwhile, as the Bush administration asserted its controversial trickle-down policies and Iraq War, two economic superpowers—the European Union and China—emerged to compete head-to-head with the United States and Japan, the first and second largest national economies.

China’s Communist Party was largely unaffected by the tremendous forces that destroyed the Soviet empire and European communism.⁵ The most important reason for this was that Beijing pursued the opposite policies from those of Moscow. The Chinese maintained repressive political control while, from 1978, gradually liberalizing the economy. Over the past three decades, central planning and state ownership of the means of production has steadily diminished while entrepreneurship, markets, and private property have flourished. Beijing modeled its policies after those of Tokyo. Like Japan, China’s neomercantilist strategy targets an ever more sophisticated and broader array of manufacturing, financial, and high technology industries for development, while maximizing exports and minimizing imports. That strategy has been enormously successful. From 1978 through the present, China’s economy has annually grown from 8 to 9 percent, run ever larger trade surpluses, amassed the world’s largest foreign currency reserves, and is transforming the population from mass poverty to mass prosperity. In 2009, China surpassed Japan to become the world’s second largest national economy.

The European Union reached unprecedented heights of political integration and economic power during the first decade of the twenty-first century.⁶ Today there are twenty-seven members of the European Union with a combined population of half a billion. In 2009, the members ratified a

constitution that transferred ever more sovereignty to the capital at Brussels, including a president who would serve for two and a half terms. Sixteen of the members with a population of 327 million have adopted the euro since its establishment in 2001, and the euro has become so powerful that its value fluctuates from 30 to 50 percent stronger than the dollar. The European Union's economy has expanded steadily and proved far more resilient than the United States in weathering the recession of 2008 and 2009.

When Barack Obama took the oath as the president of the United States on January 20, 2009, he faced enormous geopolitical and geoeconomic challenges. Geopolitically his most serious issues were somehow to win wars in Iraq, Afghanistan, and, increasingly, Pakistan, and convince North Korea and Iran to give up their nuclear programs. The geoeconomic crises were even more daunting. He had to immediately reverse the worst depression in eighty years plaguing the United States and rest of the world, while convincing Americans and people in other industrial countries to sharply cut back the pollution that fueled an array of related environmental catastrophes, with global warming the worst.

Obama launched several initiatives to rescue the global economy from imminent collapse. He got the Group of 20, which includes the world's nineteen largest national economies plus the European Union, to boost their government spending to reignite the global economy. He got a majority in Congress to pass a \$787 billion bill, which included infrastructure spending and tax cuts. By the end of 2009, the global economy was indeed growing again although unemployment remained high in most countries, including the United States.

But humanity faced a far more insidious and worsening problem—global warming and the array of other environmental crises that feed it like the population explosion, ozone depletion, desertification, deforestation, and species extinction (biocide). To deal with global warming, representatives of 192 countries met at Copenhagen in December 2010. Tragically,

the conference ended in stalemate as countries like China, which surpassed the United States as the worst greenhouse gas emitter in 2007, India, Indonesia, and other poor countries refused to agree to sharp cuts in emissions. Although Obama committed the United States to sharp cuts in emissions, Congress failed to enact any significant laws that would realize that goal. Although the European Union had implemented programs that would steadily reduce emissions over time, its example failed to inspire others.

By the end of the first decade of the twenty-first century, globalization unfolded at an ever faster pace, with change as the only certainty. American power was essential to creating and developing the global system after World War II. But the wealth and power that Washington expended to accomplish that made the United States the victim of its success. First, it enabled the Europeans and Japanese to rise phoenix-like from the ashes of World War II into economic superpowers, and compete ever more fiercely with the United States. Recently, China and India have taken advantage of globalization to transform themselves from mass poverty into economic and military giants. *Time Magazine* publisher Henry Luce dubbed the twentieth century the “American Century.” Will the twenty-first century be known as the “Asian Century”? Regardless of what country or group of countries dominates the global system, will all their power combined be enough to mitigate let alone end globalization’s most grievous and threatening dimensions?

The Faustian Dilemma

International relations are more than a “Hobbesian” “war of all against all,” and the world is more than a tower of Babel with everyone speaking and acting at cross-purposes. A global system not only exists but dominates. Governments, corporations, international organizations, and individuals act within the parameters of the global system’s rules and ever shifting power distribution. Most states behave and clash within relatively orderly channels that are shaped formally with thousands of international organizations, regimes, and laws, and informally through international customs and morality. Nearly all states obey the global system’s rules most of the time, and some, of course, much more consistently than others.

The strands of that global system in which states act are constantly being knit into an ever more elaborate web of economic, military, nuclear, legal, organizational, social, psychological, communication, ethical, cultural, environmental, and thus political ties. Globalization has dramatically changed the traditional ways by which international power is created and asserted.

Globalization first began over five centuries ago when Europe’s great powers began to weave the world’s far corners into one vast global system. For centuries that integration and interdependence of countries and peoples proceeded slowly and at times, through world wars and depressions, appeared to recede altogether. But recently, globalization has reached a critical mass in which revolutionary changes have erupted.

There has been a sharp reordering of international priorities, strategies, and values as all states and peoples are drawn ever more tightly into the worldwide Web.

Globalization's mad, relentless, devouring pace is transforming international relations. Traditionally, the struggle over the creation and distribution of wealth and power was inseparable from issues of war and peace. That is no longer true. Geoeconomic conflicts over the predatory economic strategies of governments and corporations, along with ever worsening global environmental catastrophes, have become the most urgent items on the international agenda. Wars and rumors of wars may still grab the headlines, but it is the insidious ever more powerful economic forces that define the world and each individual's place in it.

Global politics is split into a geopolitical world dominated by American hegemony and a multipolar geoeconomic world fought over by the superpowers the United States, European Union, Japan, and China, with second-tier powers like India, Brazil, Russia, South Korea, South Africa, and Mexico rising fast in wealth and power.

National security remains the goal of every government. However, how national security is defined and thus promoted has greatly changed. In a globalized world, national and international interests are ever more indistinguishable. The world is converging politically and economically. Meanwhile, ever more states are being transformed from authoritarianism into liberal or, more commonly, illiberal versions of democracy, while gradually privatizing and opening their economies. As a result, cooperation increasingly characterizes how states handle ever more geopolitical and geoeconomic conflicts alike.

Nonetheless, states still jockey to amass and assert power, and the distribution of power is constantly changing. How will the imbalance of power shift in the coming decades? The United States, European Union, China, and Japan will undoubtedly remain economic superpowers, while the pecking order among them will shift. Over the long term, India may

join their ranks, while Brazil, Russia, South Korea, Mexico, and South Africa compete as ever more dynamic second-tier economic powers. Should current economic growth rates hold steady, China will surpass the United States in sheer economic bulk within a generation, although it will take generations for the Chinese to catch up with the Americans in mass affluence. That balance of power and the array of critical problems facing humanity will force the economic superpowers to work together. Already the Group of 20, which includes the nineteen largest national economies and the European Union, is playing an ever more important role in managing the global economy.

Those economic successes tend to obscure harsh and worsening realities about the global distribution of wealth and power. About 20 percent of the world's population generates or owns about 80 percent of the world's wealth and power. Four of five people on earth are poor, with one living on less than one dollar a day and two others on less than two dollars a day. That gap between the rich and the poor will only widen in the coming decades. From 2000 to 2050, the number of people crammed on earth will increase by a third to at least 9.5 billion people. Arable land and drinkable water will diminish just as steadily leaving ever more of humanity plagued by hunger, poverty, and violence.

In the twenty-first century, the United States remains the world's sole military superpower. But how long will that hegemony last? Historically military powers have risen and fallen in relation to one another. As other economic superpowers amass ever more wealth, will they divert ever more of it into military power and eventually challenge America for global supremacy? Or will the United States break that pattern of history because its lead and will to maintain that lead is so vast that no other country will ever catch up or bother to try?

Of course, no one can predict what the future governments of those economic superpowers will do. Yet it is possible that the United States will continue to engage in an arms

race solely with itself. China, the European Union, Japan, Russia, and other potential military challengers appear to recognize how economically self-destructive it is to divert large amounts of vital national resources into an ever larger military without any significant threats that might justify such spending.

As for the crucial problems demanding solutions from the superpowers, there is an ever-lengthening list. Global politics is ever more about dealing with common geoeconomic challenges such as how to promote the international creation and distribution of wealth, financial stability, environmental protection and restoration, energy conservation and diversification, and human rights and liberties, while diminishing poverty and disease. Squeezed among that agenda are such interrelated geopolitical problems as transnational terrorism, rogue states, and the proliferation of weapons of mass destruction.

Those problems are exacerbated as nation-states are pulled in two directions—globalization and nationalism. While most states are being drawn ever closer either formally like the European Union or through interdependence, many are falling apart. Within a century, nation-states will be more numerous and less capable of acting on their own. Thickening interdependence renders sovereignty ever more a legal concept drained of power.

Globalization is not painless; it has its own consequences. Jobs are lost as well as created. Venerated traditions erode, disappear, or transform. Those hooked in the web fear computer viruses and invasions of privacy. Ever more people and prosperity are destroying the environment. While enjoying unprecedented affluence and comfort, many people living in modern industrial countries at times feel overwhelmed and imprisoned by vast economic, political, and social institutions and forces beyond their control. At times it is not clear whether development exists for the sake of humanity, or humanity for the sake of development.¹

Johann Wolfgang Goethe's vision of the *Faust* story best illustrates this modern dilemma. Living on the cusp of the industrial revolution, Faust is a Renaissance Man, a doctor, philosopher, scientist, and professor. But as the story opens, he is locked in his room and experiencing a midlife crisis. Something profound seems missing from his life. Empty at the core, he contemplates suicide. Church-bells, which remind him of his lost happy childhood, save him as he recognizes that something magical exists beyond the sterile world of his study. Marshal Berman summarizes Faust's transformation: "In his first phase, he lived alone and dreamed. In his second period, he intertwined his life with the life of another person, and learned to love. Now, in his last incarnation, he connects his personal drives with the economic, political, and social forces that drive the world; he learns to build and to destroy. He expands the horizon of his being from private to public life, from intimacy to activism, from communion to organization. He pits all his powers against nature and society; he strives to change not only his own life but everyone else's as well. Now he finds a way to act effectively against the feudal and patriarchal world: to construct a radically new social environment that will empty the old world out or break it down."² To accomplish his dreams, he teams up with Mephistopheles and his supernatural powers. Their talents complement each other—Faust the visionary and organizer, Mephistopheles the cynical, selfish, heartless implementer.

The same spirit to destroy and create has driven all the great developers, whether their projects have been successful or not. Stalin and Mao dreamed of achieving a Communist utopia. To achieve their visions, they had tens of millions of people murdered, imprisoned, or worked and starved to death. But state ownership and management of production and lives proved to be an abject failure. Roosevelt's Manhattan project to create an atomic bomb, Kennedy's Apollo project to put a man on the moon, and Reagan's Strategic Defense Initiative to create

an antinuclear shield over the United States were all animated by their respective visions to transform the world.

Modernization's relentless pace accelerated during the twentieth century and into the twenty-first century. In the previous five centuries, the global economy had expanded through the stimulus of European imperialism, trade, and industrialization. Then during the twentieth century, a range of new ideological, technological, military, political, economic, and social forces arose that threatened to tear the global political economy apart or drastically alter its power structure. If the nineteenth century (1815–1914) was the “age of optimism,” the twentieth century (1914–1991) was an “age of anxiety” if not downright pessimism as one world war was followed, after a decade of relative prosperity, by global depression and an even more devastating world war, and then by a Cold War and nuclear arms race that threatened to destroy all humankind. Most people enjoyed a brief decade-long respite from that pessimism until September 11 again raised existential anxieties.

Yet enormous positive achievements flowed from the late twentieth century: an expanding interdependent global economy in which an increasing portion of humankind lived prosperous stable lives; the breakup of the Western and Soviet empires resulting in the emergence of over 140 new countries; the toppling of one authoritarian regime after another around the world to be replaced by liberal democracies; and the development of new technologies and medicines that prolong and enhance our lives.

Regardless, the world's inhabitants must find better ways of dealing with ever worsening environmental crises, along with such perennial problems as war, terrorism, economic conflict, disease, exploitation, and poverty, to name some of the more prominent. Yet global politics occur in a system that is still largely characterized by “few restraints on the behavior of individual actors; mutual suspicion and competition; the need to provide for one's own security; self-interest as a guide to policy; the duty to protect one's citizens; the pain

associated with miscalculation; the reluctance to depend on others; and difficulties pertaining to the judgment of what is morally proper in an international context.”³ Henry Kissinger captured the essence of these problems when he declared that we “are stranded between old conceptions of political conduct and a wholly new conception, between the inadequacy of the nation-state and the emerging imperative of global community.”⁴ The twenty-first century we have entered could be an age of unprecedented international cooperation and peaceful management of most problems. Or it could be the opposite.

Over the past five centuries, globalization has evolved in ways that even the most far sighted thinkers of the Renaissance could never have imagined. Yet were, say, Leonardo da Vinci, brought back to life today, after his initial shock at the profound technological, economic, political, psychological, sociological, and cultural revolutions that have transformed the earth, he would identify a few constants. Certainly human nature itself—that seething mix of greed and compassion, curiosity and ignorance, violence and altruism—was just as perplexing as ever. And with that human nature comes the eternal conflicts as individuals and groups assert their interests. That is the essence of politics. What has changed has been the scale and the settings—politics is now global and driven by both international and transnational forces that are daunting enough to understand let alone master.

Despite the deepening interdependence among all peoples, can we ever truly know each other? Cultures, just like individuals, are unique and endless complexes of values, perceptions, and behavior that we can never truly understand. Theodore Von Laue argues that there are “no cultural universals providing a common language for transcultural understanding; like poetry, cultures are not translatable. We have no choice but to interpret the others by our own lights.”⁵ And therein lies most of the trouble.

NOTES

INTRODUCTION: GLOBALIZATION, PERILS, AND PROSPECTS

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