

# the U.S. at a time of global conflict: challenges we face beyond war

saskia sassen

When it comes to sources of instability in today's world, most attention has gone to the wars in Iraq and Afghanistan. But I want to argue that there are deep structures that feed conflict and instability beyond the self-evident contributions of war. Here I discuss two of these deep structures: the growing hyper-indebtedness of an increasing number of countries in the global south and the accumulation of contradictions in global immigration. Both of these make clear the growing interdependence between the global south and north and how there is no complete escape from disastrous conditions no matter how far away; and, further, that we in the global north are not innocent bystanders to those disastrous conditions—we often contribute to them.

Part of the challenge is to recognize the interconnectedness of forms of violence not recognized as being connected or, for that matter, as being forms of violence. For instance, the debt trap in the global south is far more significant than many in the global north recognize. The focus tends to be on the size of these debts, and these are indeed a small fraction of the overall global capital market, estimated in 2003 at about 200 trillion dollars (the value of traded derivatives, the leading financial instrument in the global capital market).

There are at least two utilitarian reasons why rich countries should worry. One is that since these debts do not simply concern a firm, but a country's government, they have the ability to produce significant disruptions of basic systems in global south countries already on fragile ground. Eventually these disruptions will entrap rich countries: (1) directly via the explosion in illegal trafficking in people, in drugs, in arms; (2) indirectly via the reemergence of diseases we had thought were under control, a result of the further devastation of our increasingly fragile ecosystem. Secondly, the debt trap is entangling more and more countries and now has reached middle-income countries, those with the best hopes for genuine development.

Socioeconomic devastation is increasingly a breeding ground for extreme responses, including illegal trafficking in

people and successful recruitment of young people for terrorist activity, both random and organized. For example, consider the militarized gangs that emerged in the aftermath of the Bosnian conflict: These young men had no jobs and no hope, so the most exciting option was continuing warfare, facilitated by a vast supply of arms. In the global south, the growth of poverty and inequality and the disablement of governments by indebtedness, which left them less able to put resources into development, are all part of the broader landscape within which rage and hopelessness thrive. If history is any indication, only a minuscule number will resort to terrorism, even as rage and hopelessness may engulf billions. Yet the growth of debt and unemployment, the decline of traditional economic sectors, and the growth of incapacitated governments are all feeding multiple forms of extreme reactions, including, for example, an exploding illegal trade in people, largely directed to the rich countries.

**Even full cancellation of the debt would not necessarily put these countries onto a sustainable development path.**

There are now about 50 countries recognized as hyper-indebted and unable to redress the situation. It is no longer a matter of loan repayment but a fundamental structural condition that will require innovations in order to get these countries going. One consequence is that the debt cycle for poor countries has changed, and debt relief is not enough to address the situation. One of the few ways out, perhaps the only one, is for the governments of the rich countries to take a far more active and innovative role.

It is always difficult to accept the failure of an effort that mobilized enormous institutional and financial resources. The IMF and World Bank adjustment programs in the 1980s and 1990s did not get most of these countries out of debt and on the path to development. We now know that what has been done thus far about government debt in the global south will not solve the problem. Even full cancellation of their debt

**Second United States offer of tsunami relief aid: \$350 million**

**Cost of the war in Iraq, two days: \$396 million**

would not necessarily put these countries onto a sustainable development path. Even had the “Jubilee 2000” campaign to cancel all existing debt of poor countries succeeded, it would not necessarily have solved the basic structural trap. There is enough evidence now to suggest that a new structural condition has evolved from the combined effect of massive transformations in the global capital market and the so-called economic “liberalization” related to globalization. Middle-income countries are also susceptible—as demonstrated by the financial crises of 1997 (South Korea, Thailand) and 1998 (Russia), and Argentina’s 2001 default on approximately \$141 billion, the largest sovereign default in history.

The bundle of new policies imposed on states to accommodate new conditions associated with globalization includes the opening up of economies to foreign firms, the elimination of multiple state subsidies, and financial deregulation. It is now clear that in most of the countries involved, whether Mexico and South Korea or the United States and the United Kingdom, these conditions have created enormous costs for certain sectors of the economy and of the population. In the poor countries these costs have been overwhelming. They are today trapped in a syndrome of growing debt, with the “obligation” to use state revenue for debt servicing rather than development. The actual structure of these debts, their servicing, and how they fit into debtor countries’ economies, suggests that most of these countries will not be able to pay their debts in full under current conditions. According to some estimates, from 1982 to 1998 indebted countries paid four times their original debts, and at the same time their debt stocks went up by four times. Debt service ratios to GNP in many poor countries exceed sustainable limits. Many of these countries pay over half their government revenues toward debt service, or 20 to 25 percent of their export earnings. Africa’s debt service payments reached \$5 billion in 1998, which means that for every dollar in aid, African countries paid \$1.40 in debt service. Most of the debt is to private lenders.

Immigration is at the intersection of a number of key dynamics that have gained strength over the last decade and, in some cases, after 9/11. Among the most prominent are the conditions likely to function as inducements for emigration and trafficking in people, much of it directed to the global north. A second set of conditions is the population decline forecast for much of the global north. A third is the increasingly restrictive regulation of immigration in the global north, to which we must now add new restrictions after 9/11. A fourth is the shift in the trade-off between the protection of civil liberties and control over immigrant populations, which after 9/11 shifted toward the latter.

What I want to extricate from this bundle of issues is the existence of some serious tensions among these different conditions. The expected “demographic deficit” in the global north and illegal trafficking for the sex industry illustrate some of these tensions.

Even as the rich countries try harder to keep would-be immigrants and refugees out, they face a growing population decline and rapidly aging populations. According to a major study by the Austrian Institute of Demography, at the end of the current century and under current fertility and immigration patterns, the population of Western Europe will have shrunk by 75 million, and almost 50 percent of the population will be more than 60 years old—a first in its history. The estimate for the United States is 34 million fewer people; already today, population growth is disproportionately fed by immigration and by immigrant fertility. Europe, perhaps more than the United States with its relatively larger intake of immigrants, faces some difficult decisions. Where will rich countries get the new workers needed to support the growing elderly population and to do jobs considered unattractive by the native-born, particularly in a context of rising educational attainment? The number of these jobs is not declining, even if the incidence of some of them is; one sector that is likely to add jobs is home and institutional care for the growing numbers of old people. The export of older people and of economic activities is one option now being considered. But there is a limit to how many old people and low-wage jobs an economy can export and a society can tolerate. Immigration is expected to be part of the solution.

Trafficking in workers for both licit and illegal work (for instance, unauthorized sex work) illuminates a number of intersections between the problems described in the first part of this essay and some of the tensions in the immigration regime discussed above. Trafficking in migrants is a profitable business. According to a UN report, criminal organizations in the 1990s generated an estimated \$3.5 billion per year in profits from trafficking in migrants (excluding most of the women trafficked for the sex industry). The entry of organized crime is a recent development in migrant trafficking; in the past it was mostly petty criminals who engaged in such trafficking. The Central Intelligence Agency reports that organized crime groups are creating intercontinental strategic alliances through networks of co-ethnics throughout several countries; this facilitates transport, local contact and distribution, provision of false documents, and so on. The United Nations estimates that 4 million

**Per capita tsunami relief aid,  
United States: \$1.18**

**Per capita tsunami relief aid,  
Germany: \$7.52**

**Per capita tsunami relief aid,  
Australia: \$39.74**

women were trafficked for the sex industry in 1998, producing a profit of \$7 billion for criminal groups.

Some of the features of immigration policy and enforcement may well make women who are victims of trafficking even more vulnerable and give them little recourse under the law. If they are undocumented, which they are likely to be, they are not treated as victims of abuse but as violators of the law insofar as they have violated entry, residence, and work laws. Further, tighter border control raises the profitability of trafficking.

The growing debt of governments in the global south and the accumulation of contradictions in the immigration regime call for specific and distinct governance mechanisms, even though they are connected in some ways. Each captures a broad range of intersections between governments,

supranational institutions, and markets. Examining them is a way of dissecting the nature of the challenge and identifying specific governance deficits. Both will require innovations in our conceptions of governance. Both show us that as the world becomes more interconnected, we will need more multilateralism and internationalism. But these will have to consist of multiple and often highly specialized cross-border governance regimes. Simply relying on overarching institutions will not do.

---

*Saskia Sassen, the Ralph Lewis Professor of Sociology at the University of Chicago and Centennial Visiting Professor at the London School of Economics, is the author of Denationalization: Territory, Authority and Rights in a Global Digital Age.*

---

## american hegemony looks different from eastern europe

(or, twenty reasons why we support the U.S.)

*piotr sztopka*

There is a part of the world where America is still admired and American hegemony is considered both needed and legitimate. This is Eastern Europe. Of course, like many others we would prefer to see a different style of American leadership, a more principled and tamed hegemony that: (1) is fair and equal in its treatment of human rights abuses and rogue countries and less arbitrary in its military interventions; (2) uses more “soft power,” persuasion, incentives, example, and diplomacy rather than outright military force; (3) respects international law and follows other countries in ratifying some widely accepted and much needed treaties; and (4) is more multilateral, recognizing the role of the UN as well as global civil society. But we Eastern Europeans do not elect American presidents and cannot be held responsible for concrete policies of this or that administration. As committed democrats we must assume that the American people know what they are doing at the time of elections, and we have to respect their choices. We are carefully observing the more general, historical phenomenon of America’s unmatched strength in a new unipolar world that emerged after the collapse of communism. Claiming some credit for the demise of one pole—the Soviet Union—we are happy with the geopolitical effect: American hegemony.

Why is the current wave of anti-Americanism not affecting Eastern Europe? I will attempt a sort of hermeneutical exercise, trying to unravel the secrets of the East European mind. I will consider mainly the experiences and feelings of my own country, Poland, suggesting that perhaps our impressions may be applicable to other countries in the region.

One set of reasons for our fondness for the United States has to do with history. First, for many centuries Poland has been looking enviously to the West, and America came to be seen as the quintessential embodiment of the West. Second, since the end of the 19th century America has been the land of opportunity for many Polish emigrants, more than four million people, who have kept ties with the old country, supported families back home, and invested and retired in Poland. In this way, they have provided a strong “demonstration effect” of American prosperity and opportunity for everybody. Third, America was the central link in the anti-Nazi coalition, victorious against Germany, which Poland had perceived for many decades as the main expansionist threat in Eastern Europe. Fourth, during communist rule, America provided an opening to the world via the Voice of America and Radio Free Europe—both were rare, trusted sources of information and hope. Fifth,

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.