CARNEGIE COUNCIL
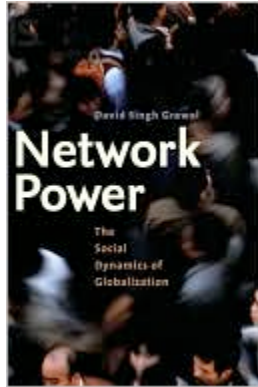*The Voice for Ethics in International Affairs*

Network Power: The Social Dynamics of Globalization
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Introduction

CHRISTIAN BARRY: It's an honor to be back at the Council and an honor to introduce this book, *Network Power: The Social Dynamics of Globalization*. I actually first saw this book in manuscript form, probably about seven or eight years ago, when the still extremely young author—rather embarrassingly young, from my point of view, since he was still in law school—we had just met and talked. I mentioned that I was interested in the manuscript and then received it, not thinking that I would look at it. But somehow I printed it and started reading it. As, more and more, I got into it, I started to realize this was something extremely important and interesting, and I got very excited.

My next thought was, "How can we get this guy to publish in the journal?" We managed to do that.

There were a couple of other things we worked on over the years. There was this wonderful validation when this wonderful book came out and there was a lot of buzz about it in the mainstream press. Just like the last election, it reconfirmed my faith in my fellow men.

I think this is an extremely important book. It takes up questions that have been at the center of the moral debate about globalization. That debate has focused primarily on two types of disputes.

One is whether this process, this increased flow of goods, people, and ideas within a multilateral framework, is the result of choice, of free choice, of different participating agents, including nations and the national governments, or whether it's, rather, something which is being coercively imposed upon some by others.

The second is whether or not people are being made better off by this type of process or worse off.

I think this book is important because, in some sense, it points out areas in which people have misunderstood the complexity of the issues in globalization. In particular, it explains how this process both is being driven by the free choices of different agents and yet also involves a kind of coercive power, which can be experienced as such by people who are benefiting much less from it than others.

Another thing that I think it brings out is that it may be true in many cases that some agents are voluntarily participating in a process of globalization, and thereby showing that, in a sense, they think that they will do better by this, and yet they can still feel legitimately that they are not gaining a fair share of the benefits being provided by this process.

I'm not going to introduce some of the central conceptual ideas of David's book, because he can do it

much better than I can. But a couple of the very simple and clear concepts that he organizes the discussion around strike me as very clear and helpful. One is the idea of a network, which is a group of people who are interested in coordinating with one another. The second is the idea of a standard—that is, certain types of terms on which members of this network can communicate. A standard can be a language, it can be a system of rules governing trade, and so on.

One of the things that he focuses on in the book is the importance of these standards, whether it is choosing a language or a currency or a system of rules, and how this can liberate and facilitate interaction among people throughout the world. But at the same time, they can be experienced as something entrapping and thwarting, since this standard will in some sense foreclose other possibilities which others may have preferred.

I know David is going to talk you through some of the details of the argument. But I really can't recommend a book more highly than I do this one.

David has a very interesting background. He was an undergraduate in economics. He then took a law degree at Yale University. Instead of going on to a lucrative career in law or economics, he decided he really didn't know enough about political theory, so now he is finishing up his PhD in the Government Department at Harvard University—on a dissertation that has nothing to do with this, by the way, which has to do with very interesting questions connected to interpersonal comparisons of well-being.

It's with great pleasure that I introduce David.

Remarks

DAVID SINGH GREWAL: Thank you very much. It's a real pleasure to be here. It's wonderful also to be introduced by Christian Barry, who was the first editor or person of importance in the sort of academic world to take my ideas seriously—and I mean that in all honesty—at a time when I was a stray law student and a stray graduate student with big ideas and nothing else. It's hard, often, to get listened to. Not only Christian, but everyone at Carnegie has been a consistent supporter of mine.

The first articles I published were in *Ethics & International Affairs*, which was then under Christian's editorship. I have since had the pleasure of working on pieces in *Policy Innovations*, which is Carnegie's online magazine, with Devin Stewart. I highly recommend that. It has very interesting and provocative commentary pieces that come out with regularity.

It has been a pleasure today to meet Joanne Myers, who helped arrange my visit, and, of course, Joel Rosenthal, whom I had been in contact with but never met.

So it's a real pleasure to be here.

I think, more generally, Carnegie's voice is needed now more than ever. The idea of what role ethics should play in an international world that seems not only more complicated than ever, but on the verge of collapse in new and unexpected ways, is really central. Whether it's dealing with the aftermath of particular financial crises or international terrorism, and what the ethical response should be to these circumstances, I can't think of a better and more needed voice than Carnegie's in this.

So it's a real pleasure to be here. Thank you.

As Christian mentioned, I have recently published a book on the social dynamics of globalization. That's the subtitle. We all know about globalization, but what are the social dynamics that I focus on? Let me begin by giving some examples from some things that don't seem to do very much, at least at first blush, with globalization.

Suppose that you were expecting to meet somebody in the city and you didn't find any way to coordinate with them. You had lost your cell phone, you had lost your BlackBerry, and you hadn't set up an arrangement. What would you do? You might suppose that being in the middle of millions of people, you would never meet up with them.

Does anybody have an idea how they would meet their lost friend in New York City?

The argument here comes from a Nobel Prize–winning economist named Thomas Schelling, who conducted what he called an unscientific survey of respondents. He asked them this question (this was in the day before cell phones, so I think the question had more relevance than it may today): If you were supposed to meet somebody in Manhattan and you got lost from them, what would you do?

He found that an overwhelming majority of the people he asked said, "I'd go to the information booth in the center of Grand Central Station's main terminal."

When further asked, "At what time would you do so," an absolute majority of the respondents said, "Twelve o'clock noon."

This is an example of what Schelling calls "the logic of tacit coordination." What it basically shows is that even in the absence of express prior agreement—say, a determined date and place to meet—we still can find a way to coordinate our activities together, and we do so by a series of second-guessing or third-guessing, whatever you want to call it. It's sometimes called in philosophy "higher-order expectations." I guess what you'll do, but that entails your guessing what I'm going to guess that you'll do, which entails, of course, your guessing what I'm guessing that you'll guess what I'll do, and so on and so forth.

By actually having common expectations—married couples know about this, and they are very good at dealing with it—these higher-order expectations can actually generate social conventions that have enormous durability.

Let's think a bit more carefully about Grand Central Station. What makes it such a compelling rendezvous point? Obviously, it's centrally located, but nothing in the city is that far away. It's beautiful, at least since the restoration. But nothing really makes it a unique rendezvous point, except the established practice that it is.

This example may be beginning to wear, depending on whether or not it has relevance in the cell phone age. But I think the point should be clear.

So I began to think about this example in the context not of meeting up with a lost friend, but of understanding globalization. What I try to do in my book is to think about how tacit coordination might be behind a lot of the social processes that we now call globalization. Let me give a different example.

Suppose you are invited to an international business conference, and it wasn't specified where it was and you didn't know what language would be spoken there. What language would you assume would be spoken there? English, precisely.

Suppose that you were meeting an international team of scientific researchers. Again, you don't have any information about the backgrounds, other than that they come from diverse nationalities. What language would you suppose they would speak? English, exactly.

Suppose you are asked to send a proposal to somebody overseas and you don't know which word-processing program he or she uses. Which one would you use for your first try, hoping for easy compatibility? Microsoft Word.

By the way, you're not the first audience I've tried this with. I've also tried it with a meeting of the alumni of the India Institute of Technology out of Mumbai. These are Indian-trained physicists, engineers, and so on, scattered across the entire world—the exact same responses.

I think there is a reason for this. In all these cases I think what is going on is that an international network is coming together using a certain standard, like the English language or like Microsoft Word, and they are using the standard to be able to connect.

The fundamental thing that underlies these new global networks and that keeps them together is nothing

more and nothing less than just this shared standard—a common way of doing something, a convention that allows us to cooperate, whether we are talking about languages or measurement systems or technical protocols or technology platforms. But what's fascinating about standards, though, is that the more widely used one of them is—that is, the more people who depend on that one to coordinate their activities—the more valuable it will be for everybody else to use that same one.

Take English as an obvious example. It's not the new global lingua franca because it's such a wonderful language, love it though we may. It's simply the fact that so many people currently speak it that makes it valuable for others to want to learn it to speak to those people, and expecting to speak to even more in the future. It has become, like the clock tower in Grand Central Station, a point of coordination among billions of people asking not where they are going to meet up with people, but how they are going to meet up with people.

Globalization presents not a problem of physical coordination—where am I supposed to meet my lost friend?—but a problem of social coordination. How am I going to meet up with lots of other people with whom I might want to engage in different kinds of activities, even if I don't know them yet? How will I position myself to be able to do that? Which standards do I need to adopt to do that?

Everybody remembers the *New York Times* columnist Thomas Friedman's argument that "the world is flat." The argument I want to put forward today is that the world isn't flat, exactly; it's networked.

"What's the difference?" you are going to ask.

In a flat world, it wouldn't matter which standards we used to connect up with each other. The idea of a level playing field takes for granted that there are already rules of the game that are established. But that's not so in globalization. We are in the process now of sorting out what the rules of the game will be for the billions of people who want to connect up with others in a new globalizing world.

In a networked world, the question of which standards people use to coordinate their activities is enormously important, and it raises complicated issues. For example, the use of shared standards does enable us to participate in a new global economy and to do and experience lots of fantastic things. But on the other hand, to enjoy those benefits, you usually don't have any choice but to connect up using a certain, specific set of standards—to accept, that is, the dominant standards of the day, whether it's to speak the English language or to use Microsoft Word or, if you already speak English, to learn to speak it better.

A single person or a small group of individuals rarely has much power over the choice of which standard to use, at least once a particular convention has been established. To return to the Grand Central Station example, it's not like anybody could decide individually to deviate from the common expectation that the clock in the middle of Grand Central Station is the place to meet. It's not like if I said, "I went to the southwest corner of Central Park. Why weren't you waiting for me there?" You can't do that as an individual or even as a large group of individuals. Once the convention is established, it has a certain kind of staying power.

This takes me to the key issue of the new form of power that I argue is at work in today's globalization, what I call "network power." The idea of network power consists in the joining of two ideas.

The first is that coordinating standards, like languages or measurement systems or technical protocols, are more valuable when more people use them. This is the idea that economists sometimes describe as "network effects" or "positive externalities" or "economies of scale." These are all different ways of technically describing this feature of a convention being more valuable when more people use it.

The second idea in the idea of network power is that this dynamic can lead to the progressive elimination of the alternatives over which, otherwise, free choice might be exercised. Or, to be brief about it, there are many different possible rules of the game, but once one set of rules gets established, it can lock in as the convention of choice for some aspect of globalization and be very hard to change.

So network power emerges with the new forms of social coordination that are made possible by global standards, and they are building off the compression of space and imagination that the technical advances that enable globalization have brought about. That social coordination via network power is really the highest form of globalization. But to be able to go global in the technical sense—to take a plane flight to another country or to be able to teleconference internationally—that's just the beginning of globalization. The heart of globalization comes after technology has brought us together. It's once we have already been hooked together by technical advances that the real game of globalization begins, which is the process of coordinating our social activities via new global standards. As one of these shared standards gains prominence, it can edge out the others. Obviously, the choice of which standard we use to coordinate the global world is enormously politically and socially consequential.

On this view, we should understand globalization as the rise of new transnational networks united by shared coordinating standards, such as languages, technical protocols, measurement systems, legal regimes, and so on. These standards can spread when they are adopted for what I call extrinsic reasons—that is to say, for the sake of the other people in the network—rather than for intrinsic reasons, which is to say for the inherent properties or qualities of that standard.

Think about English again. People are adopting it not for any intrinsic qualities, but for the extrinsic qualities.

While today's networked world of globalization is indeed an open world, in the sense that the standards that we use to connect with each other are open for people to adopt, it isn't, simply for that reason, a fair or just world. A networked world is not the same thing as a flat world. It's only possible to connect and collaborate with other people in a network if you choose to do things the same way they are already doing them. So while living in a globalizing world means that we can all access many more interesting things than we could if our commitments were exclusively local, we only get to access these things by using certain rules of the game that aren't easily changed, that don't always include everyone, and that aren't necessarily equally easy for everyone to learn to adopt.

I began to think about globalization and network power as a way of understanding a puzzle in the debate over globalization. This relates to the first dispute that Christian mentioned in his introduction, which is this argument about whether globalization results from free choice or structural coercion. I think the right answer, if we give a proper account of the dynamics underlying globalization, is that it results from both.

But there are two broad views that you hear a lot, both in the popular literature and in the academic literature.

The first is that globalization represents an increase in human freedom, new opportunities for individuals to connect and collaborate outside the purview of the national regulatory regimes to which they were once subject. It brings new opportunities to roam the world with ideas and ambition and money and to do things in new ways.

The second view is that globalization is constraining; it's hegemonic; it's sometimes called imperial, representing a new kind of empire.

The first view is a view associated with Thomas Friedman, say, to take a figure we have all read. The second view might be someone like Naomi Klein, who has recently written several books on problems with neoliberal globalization.

What's interesting to me here is not that some people like globalization and others are complaining about it. That would be easy enough to understand if they were winners and losers, and the winners are happy about it and the losers are unhappy about it. What's complicated about these two different views is that they are describing the very same actions. The very same action—for example, of someone abroad learning English or of a nation joining the World Trade Organization—is described, depending on whom you ask, as either evidence of freedom or evidence of unfreedom. So it's not simply the case that there are winners and losers to globalization and different winners and losers are describing their conditions

variously. We would expect that. It's that we don't even have a very good account of the very same action, whether it should be seen as free or unfree.

So what I wanted to do in the book was to give an account of how we can conceive agency and structure together in a way that makes sense of both of these views. Rather than setting them against each other, I think they are actually compatible.

It feels to people that there is power at work in globalization, but globalization is driven by consent. It's not that anyone is forcing people to become globalized, at least not in the way we usually understand force. There is no one clearly in command.

So how should we understand this? I use a distinction that is familiar from mid-century histories of empire—the British Empire and so on—between formal and informal empire. The idea of formal empire is pretty intuitively familiar. It's when one society openly dominates another. There is usually somebody in command and there is a clear structure of authority. We can understand why that is a situation of empire. The more complicated situation is the situation of what has been called informal empire, where there is not a clear command—there's no way, say, of commanding a country to join the WTO—but there may be forms of unequal dependency, whether of economic or military alliance, that actually mean that the options of one country are severely reduced as compared to another.

The model of power that is attached to each idea of empire is clear. It's just that in the second case it hasn't been articulated well. In the formal empire, we have a model of power as the power of command. But what's the model of power that corresponds to this idea of informal empire? There hasn't been a very good analysis of it. One of the things I try to do in the book is spell out what that might be like.

I propose that network power is a kind of power that is compatible with individual consent. Indeed, it's driven by our choices to participate in conventions. The more that we participate in certain conventions, the more power those conventions then in turn have over others. We all consent to the rise of a dominant network, but we may not have had any say over which one got established in the first place.

I think this can explain the otherwise puzzling combination of voluntary, and even eager, acceptance of globalization that we see abroad combined with the resentment of it, which is otherwise very hard to understand.

The concept of network power shows how it's possible to conceive a power inhering in social activity even without a commanding authority and when each individual consents to actions that they themselves choose to undertake, thus acting apparently freely. This can broaden our idea of power without excluding our idea of agency.

In a nutshell, many small individual actions can conduce over time to circumstances that inhibit the choice-making capacities of others by limiting the range of options over which people can choose. So once one language is the global lingua franca, another language won't be it. The use of shared standards, of course, does allow participation in a new global economy and opens up new opportunities, but to enjoy these benefits, it often means locking into a dominant standard.

Why does this matter? Generally, network power creates a problem concerning the distribution of power, which can become a political problem, even though it may emerge in spheres that haven't been thought of as political. So whoever has control of a dominant standard has a great deal of power over our social life generally, whether they intended to have that or not, and indeed whether the choices to put them in that position were freely made. This isn't just true internationally. It can be true domestically. Think about Microsoft here. Once Microsoft became the standard of choice for all of us, even at a national level, the people who control that standard have a huge amount of power over our daily activities, but we never voted them into that place, for example.

More specifically, I think, there are two classes of concerns that we might want to think about when considering network power and those cases in which it might be abusive. The first is distributive-justice concerns, by which I mean simply, who's winning, who's losing, and should it be that way? The second

would be concerns about preservation of identity or cultural pluralism. Let's say there is the rise of a standard. We want there to be a universal standard in some domain. We want to have a shared, say, global second language. It might still be the case that some people who can't really afford to learn a second language are bearing disproportionately the cost of doing so. That might be a distributive-justice question.

A second concern would be where the rise of a dominant standard impacts on valued local identities, cultural identities, or cultural diversity.

We can talk more about that in the questions and answers. But I think those are two areas in which we want to really think about whether or not the rise of a dominant standard is or isn't a good thing, using those frameworks.

So what do we do about network power where we judge an instance of it abusive? I think there is a necessary role for organized politics in contesting network power. Network power is really a form of private power or social power, and against it, I think, we only have the organized power of a public authority. The reason why this is so is that network power works by the person-by-person or unit-by-unit accretion of decisions over time. If we are faced with two standards, one of which is dominant, the other of which is not dominant, we might have an individual-by-individual defection to a dominant standard, and over time that might make the other option unviable. But if we collectively thought about it in advance and decided whether we wanted to all shift to the dominant standard—suppose we decided we didn't—we might then have an ability to do something about it that we wouldn't later.

To take a case here of language and language loss, the revival or resuscitation of once-dead languages, such as Hebrew, required political commitment by a group of people. It wasn't that we would individually decide, person by person, that we are going to start speaking Hebrew again. It required a political moment, where collectively people said, "We're going to start learning Hebrew." It's true of any kind of national language project, either shoring up or resuscitating a language. It often requires political power to do it, whereas the alternative —which is to say, losing a language—often happens where political power doesn't exert itself, and you have this person-by-person defection under the influence of network power.

This sets up, however, a problem, I think—and this is the last thing I want to touch on, before turning it over to questions and answers—it sets up a problem about considering where politics can be efficacious against network power. At the national level—that is to say, within a particular national sovereign regime—we can use regulation against network power. Take Microsoft. It wasn't necessarily the case that Microsoft was going to avoid being broken up. We have legal systems and regulations by which we can actually deal with forms of network power domestically.

Network power becomes more problematic when we think internationally, and especially so when we think transnationally. I want to distinguish international, which is the domain of agreements between countries, from the transnational, which is the domain of unregulated global civil society.

At the international level, a different kind of international politics that has more of a commitment to transparency and to participation I think can overcome many of the problems of lock-in and many of the abuses of network power. We can talk about that, maybe, later, in a comparison of the World Trade Organization and the Multilateral Agreement on Investment, which, some of you may remember, was an attempt to get a world standard for investment. The one is doing all right and the other collapsed. I think there are political reasons at the international level for understanding that.

But where network power becomes very hard to regulate indeed is at the transnational level, where there is no political agent or even group of political agents in charge, where languages and cultural norms spread very quickly across national boundaries. Here, I think, we might want to think about Keynes's relevance. John Maynard Keynes has been in the news—I think every day for the last few months I've seen a reference to Keynes by somebody, not only in the journals of opinion, but even in the newspapers and magazines. Keynes is on everyone's lips suddenly, once again—and there are good reasons for it.

But I think one of the interesting things here is that Keynes is on everybody's lips because of his macroeconomic policies and because of the thought about how big and to what extent the bailout and the government intervention should be for the current crisis. But Keynes himself had a view on globalization. Right now we are talking about Keynes in the context of the domestic macroeconomy, and we haven't yet ventured to think about what Keynes would have thought about our international financial system, at least not nearly so far, I think, as we will eventually be forced into thinking.

Here there is an essay of Keynes from 1933 called "National Self-Sufficiency," which is an excellent piece, which I heartily recommend. I don't know if we can get it up on a Web site or something. I'll put it on my Web site, if you want to track down this essay.

What Keynes basically says here is, "Like all good Englishmen of the prewar generation"—prewar meaning World War I at that point—"I was brought up to believe in the principles of free trade and that anything against free trade could be nothing more than an actuarial mistake, an accounting error. It was almost immoral in the grossness of the inefficiencies it would introduce."

He says later, "But I've come to see that because free trade, and especially free capital flow, entangles us in complicated ways with the destinies and decisions of other countries, free trade, actually, even if it's economically advantageous, can be disadvantageous to the cause of international peace."

He says that it was through hard experience—hard experience—that England learned this lesson: Goods, he said, should be homespun as much as possible, and above all, finance should be national, because if you let your debts and your assets fall out of the hands of a single political community and separate them across different political communities, how do you reckon those accounts? There's only one way. It's either through complex international negotiation or it's warfare. Whereas within a single country, you can use laws and you can do all the stuff that national sovereigns are good at doing.

So Keynes has drawn from his experience when he says that we need to be very careful about the extent of our economic globalization. Against his early concerns there, he suggested what I'm calling "de-transnationalization." You can see the gold standard here. The gold standard was a transnational standard of value. Countries hadn't necessarily chosen the gold standard. It had come about as the monetary standard of value because of network power. But it was not working, for a whole host of reasons that we can get into if we want to.

He did a two-step move. He pulled back from the transnational standard of value to a national currency, but then, so as not to lose the benefits of international coordination, he linked these national currencies together in an international system of transparent and diplomatically managed international financial flows.

That Keynesian system, which we had for a significant period in the postwar period, fell apart in the mid-1970s, and the unregulated system—that is to say, the reemergence of transnational finance—is the mess that we're in currently. We're dealing with, again, a fallout that would have, I think, felt eerily familiar to Keynes. I think once again we might look to him not just for wisdom about the need for government intervention in the economy now domestically; we might look to him, too, for thinking about how to manage a financial globalization gone wrong. I think what he would suggest now, as he did then, is that we need to carefully disentangle ourselves from too complex a web of international commitments, for the sake of international peace, whatever the accounting details may happen to be in the end.

I'd be happy to talk more about that at the end if you would like.

Thank you very much for your attention. This has been a lot of fun.

Questions and Answers

QUESTION: From a theoretical point of view, shouldn't you also be stressing, in addition to the political forces that could regulate matters, the free market? Because that's exactly what has happened in this financial crisis—or may happen. The fact is, the world has financed the U.S. trade deficit and our budget

deficit, and ultimately the free market caught up with the United States. That's perhaps one of the problems that we have now.

Where does the free market and economics fit within your paradigm?

DAVID SINGH GREWAL: That's very interesting. I think at the most general level, the idea of network power is an attempt to theorize the sort of power that works through markets, through private social decisions. But when I connect it up with your comment, I think the interesting thing here is that you might say that what we are experiencing in this current crisis are two different financial regimes coming into conflict, really. I think that's what you are getting at.

One is the regime that may be currently ending, which has sometimes been called the second Bretton Woods. If the first Bretton Woods tied all national currencies to the U.S. dollar and then the U.S. dollar to gold—you remember that from an earlier period—the so-called second Bretton Woods ties all currencies to the U.S. dollar and ties the U.S. dollar to huge amounts of debt bought by Asian countries. The second Bretton Woods is therefore more fragile than the first, even though I'm not a believer in the gold standard.

I think that what is happening is that the second Bretton Woods and the manifest contradictions in that system are now apparent to us.

What I don't think is clear is that the free market has within itself the ability to give us a new system. That's where I would want to think about politics being a necessary part of any solution. I think it's true that the crisis, which is a necessary crisis, perhaps, for reorienting international politics, has come about because of huge imbalances that the free market has made manifest. But I'm not convinced that we will get ourselves out of this by reliance on the market, in the way that the market has sort of made the problems clear to us in the first place.

But this raises the problem of what forms of standards we should want for an international system of commerce. Do we want the highest level of international economic integration? That has been aimed at in two different periods. One was in the prewar period, pre-World War I period, in which Keynes grew up. Keynes said, "It was obvious to us that, for good reasons of comparative advantage, we wanted the maximum amount of economic integration with other countries possible." That's also the doctrine that we in the postwar generation of America have largely also been brought up to believe.

Now, as with Keynes's own change of heart on this, I think some of us are wondering whether or not maximal economic integration is a good thing, at least when we take other values into account, whether it's international peace, cultural pluralism, maybe even economic advantage.

This might mean that some of us have to change our minds on some hard questions. Here again, I think Keynes can show us the way. When he was accused by a questioner at a famous conference of having changed his mind—when somebody said, "Mr. Keynes, you are inconsistent," he said, "When the facts change, sir, I change my mind. What do you do?"

We may be in such a moment.

QUESTION: I want to make a comment and ask a question.

I think, in considering globalization, even though English is the—may I use the term?—lingua franca of the globe, it's really an add-on. It's not a substitution. It's hard for me to imagine, let's say, that the Japanese would ever stop speaking Japanese. It's fairly common, let's say, for a Frenchman to speak French to his coworkers in his office, Breton with his mother in northern France, and English with the people that he does business with in Berlin.

I think we have to think of it that way. It's not substituting one thing for another.

I think, at the moment, English is pretty stable. It's going to last a long time. But I would like to ask you whether you can imagine that, in the same way that English displaced French as the common diplomatic

language, we might not have a displacement of English at some point. And the reason for that is that there is a power center in the English-speaking world, especially in the United States, that offers benefits for people, and they do this because there are great benefits. But we could speculate that over a century or two the United States's power would decline and, let's say, China's power would increase, so that there would be greater benefits of participating in a Chinese system and Chinese could be the language that we would have to learn. We would have to develop—I don't know what the equivalent of the 2,000-word vocabulary that everybody in the world uses in English would be in Chinese—we would have to learn something like that.

I wonder if you think that's a possibility.

DAVID SINGH GREWAL: A lot of very interesting thoughts there that I also have thought about.

The Japanese and the English example is interesting—interesting that you would choose Japanese. I think there is no way that the Japanese would ever abandon their mother tongue. At the same time, Japan is one of the few countries that has mandated English language instruction across the board in all their secondary schools.

Which brings me, broadly, to the issue of a second language, a global second language. English is obviously not in any foreseeable future going to be the global primary language. There is a question about whether it could become the global secondary language. I think many linguists think that would actually be a good thing, if you could actually get a global second language. It would halt the erosion at the level of the mother tongue that is occurring with language death.

The problem is, who is going to pay for all that English? That's one of the things I deal with in the book, which is that even if we want there to be a global standard in some area, the distribution of the costs and benefits to do that standard may be highly unjust and may actually be inhibiting its emergence.

So I actually think that when we look at the issue of language death, one reason why, in the interesting example you used of a Frenchman who speaks Breton to his mother, English to international partners, and French to the coworker—that gentleman has had good second-language instruction twice, first, I assume by the French government, in French, and second, I assume by the French government or some other institution, in English. That costs something to pull off.

Let's take a different example, which is a Brazilian whose parents are Yanomamö Indians, who have been displaced and are now living in a shantytown. Portuguese is the language he is going to need to speak immediately to the people in his environment. Yanomamö is going to end up being a luxury that he can't afford, and he may not ever get the chance of learning a global language like English, absent some provision of money for linguistic education.

But it's not a foregone conclusion that we would have to lose Yanomamö, for example, or other tribal languages. And I use Brazil because Brazil is struggling with this problem right now. If there was a good provision for second-language instruction, it's possible to preserve a mother tongue and have a second language.

A person who has written on this question very illuminatingly is the linguist David Crystal. He's a commentator on the BBC. He has a great book out on the future of English as a world language.

As to whether English is tied to U.S. power, I think it certainly is tied to U.S. power historically. One of the interesting things I think about in the book, though, is whether or not the network power of a standard —let's talk about the network power of English—might be able to exist independent of any hard power or even soft power of any particular country, once it is beyond a certain threshold. Let me explain how that might work.

The late Cambridge linguist Peter Seuren remarked that the fascinating thing about English, which he thought was unlike any other language in world history, was not that so many people were speaking it and so on, but that more people in the next generation would be learning English from nonnative

speakers than from native speakers. If that's the case, if English is now or will soon be a language primarily taught by nonnative speakers to other nonnative speakers for the sake of communicating with other nonnative speakers, then English will have surpassed what I call a tipping point, and the specific tipping point is what I call "the threshold of inevitability." It is then inevitable that English will become a globally dominant standard. In that case, the United States could—God forbid—disappear into the waters, leaving a vast channel connecting the Atlantic and the Pacific, tomorrow, and English would still go on being the world's language.

Now, that's the curious thought. I don't think every standard has that capacity, but a standard with truly global network power can, so to speak, fly the coop. It wouldn't be dependent any longer on any particular national power. English may be there.

I asked this group of IIT alumni, the Indian Institute of Technology alumni. I said to them, more or less, "Did you all learn English because you wanted to come to the United States?"

"No."

"If the United States were to disappear tomorrow, but you managed to get tickets back to India, what language would you speak in India?"

"English."

"When you went abroad, as important Indian businessmen and important Indian scientists, what language did you expect to speak?"

"English."

"And with the Chinese?"

"English."

In a world like that, it's true that America and Mickey Mouse, for example, might have spread English, but Mickey Mouse can go away and English will still be there.

The form that English takes in still being there is very complicated. It could be that we have the rise of so-called new Englishes, that we have dialectical evolution of English into separate Englishes over time and the world begins to resemble the world of continental Europe, except that English was the original Romance language in which every other language is now a sort of passed-on form. That I don't know. That would depend on the extent of international exchange and how deep it remains.

But I do think that the issue of English's reliance on U.S. power—we may be hitting a tipping point where we don't actually need it.

Whether Chinese would appear as a new global language, for precisely these reasons, is not clear to me. I would want to sort of think a couple of generations ahead and wonder whether or not by that point the things that people want out of China—the communication, the goods, the capital—whether you would need to learn Chinese to have access to them, or whether or not the Chinese elite, who have access to those things, will already have been trained up in English and may even want at that point to maintain English as their separate preserve against the majority of their countrymen. They are the important bridging nodes in network theory, the links between an otherwise English-speaking second-language world community and the Chinese workers and consumers at home.

So you could even have the rise of a very powerful country like China and you might not affect the dynamics of English as the world's global standard.

This is all, obviously, speculation, but this is the kind of thing that I was very much thinking about in writing the book. I'm glad that you brought it up. Thank you.

QUESTION: To the extent that my point appears to be incoherent, it's because you have mixed up my thinking. To that extent, you have succeeded.

I want to preface this by saying that my economic education was steeped in Keynesianism. I don't want to go too far into the facts, but I think we need to go a little deeper into the facts than you have gone. I mean this more as a suggestion than a broadside criticism.

Listening to your appeal to the advantages of resorting to political agency to try to structure something to get us out of the mess that we are in, I have been thinking about the campaign, largely emanating from Congress, to expand the lending of banks to people of less creditworthy backgrounds than banks were accustomed to making loans to 30 or 40 years ago, and the fact that the collapse of those loans kicked off all the rest of these terrible events. That was essentially a politically derived movement.

Secondly, thinking about the transnational effects of these things, the leverage of the banking systems in countries like the United Kingdom and Spain was much greater, I believe, than the leverage that we had in our banking system.

Thirdly, particularly the Basel II Accords, which, very briefly, was a second attempt at international regulation of banks to try to make coherent regulation of banking policies—

DAVID SINGH GREWAL: Wasn't it primarily deregulatory, though, the second Basel?

QUESTIONER: You could argue either way. Basel II—

DAVID SINGH GREWAL: So that one, I think, is more complicated. But I follow your point so far.

QUESTIONER: It's much more complicated. In short, Basel II required banks across the developed world to use the same financial models to determine what kind of leverage was appropriate, as opposed to previous activities in which governments said, "Your leverage ratio is going to be this, and that's it."

It was a politically motivated move to try to improve regulations, not necessarily to deregulate. But that's sort of an angels-on-the-head-of-a-pin kind of discussion.

I bring that up because it seems to me that political agency, if you have the right politicians and the right policies, obviously could lead us to the promised land. But we have had political agencies and we have had political policies and they have not led us to the promised land.

Lastly—minor point—in your discussion of English as a lingua franca, I keep thinking, "Latin, Latin, Latin." It would be useful to include in your analysis in the future the use of Latin as a lingua franca from the politically imposed period during the Roman era and then several centuries in power.

DAVID SINGH GREWAL: Absolutely.

Just to start with the Latin example, definitely, Latin is the great example for historians of language of network power pushing a language on, even—Rome could be gone, and not just the language, but the laws of the Romans and the mores of the Romans carried on for millennia, literally millennia, after Rome had fallen.

Just to expand on that point very briefly, one of the interesting things about the discussion of American power, which is very much on everyone's mind now, as we face not only military—I don't want to say "military collapse"—military problems that we wouldn't have imagined even ten years ago and financial collapse that we wouldn't have imagined ten years ago, is, is American power bust? One interesting thing about the network power of so many American standards is, as I just said, if America were to disappear tomorrow, many American standards would continue to provide the forms of social coordination that a globalizing world would use. So there's a sense in which what has been called hard power, American hard power, can decline, even American soft power—that is to say, the image of America abroad, our diplomatic power—can decline, but American network power may go on, even without any active agency

of Americans anywhere, to reshape the world precisely along the lines of, I think, the increasing Romanization of Western Europe even after the collapse of Rome.

So I think that's a very interesting point indeed.

On Keynesianism, the first thing I should say is that Keynesianism isn't the subject of the book. The book really just advances the theory of network power. So I don't want to go too much into Keynesianism. But I do want to agree with you very much that Keynes's whole theory assumes at its base political competence and competence of the administrators involved. I think that when Keynes was himself the administrator and could handpick the other fellows who would be so, the theory had not only more plausibility, but more practical purchase.

This isn't just a kind of laughing comment. I think there actually is a rather deep problem with the sort of politics that Keynes proposed, in the following sense. This is something I'm actually working on a little bit. I want to produce a little book called *Why Keynes Failed*, because I think, as the interest in Keynes peaks in the next few years, people are going to wonder, why did we ever switch off that system? I think this issue of the competence of the political administrators who would need to be in charge and independent to be able to use political power and yet not be corrupted by that is very strong. I think that Keynes took for granted a background of very well-educated and decent English civil servants that not every country has access to, to actually run an economy with a high level of political intervention.

The second thing that I think is missing from Keynesianism is a good theory of need. The issue of whether and why we should use Keynesian countercyclical macroeconomic policy to stimulate the overall level of output is agnostic or indifferent to an idea of need.

The issue of the mortgages and the increased lending that you bring up I think ties into this very much. Under Keynesianism, you would only be looking to the increased aggregate demand that the lending to those particular people who were previously outside the regulated banking market—you would look at the increased aggregate demand that they would bring, you would look at the likely effect that would have on total output in the economy, and, of course, I think, as you are pointing to, in a period of, otherwise, boom, you might not actually want to stimulate aggregate demand to the extent that we did in the 1990s.

So I think even on straightforward Keynesian grounds, that may have been a mistake in certain respects.

But I think that leads very quickly to a second question. It wasn't simply to stimulate aggregate demand that they wanted to lend to these people. There were at least some concerns about allowing people who might never have been homeowners to be the first generation in their entire family history to own a home. There was actually something of a hope that people would be able to have assets in their names that they didn't have previously, which I think brings very much to the front of our thinking about political economy questions about distribution, questions about equality, and questions about need. Keynesianism, as a general tool for managing the economy, puts those questions to one side, to focus very much on aggregate demand and aggregate output.

This is a complex way of saying, I agree with you entirely that the extension of credit in those sectors under those times, even on Keynesian grounds, was inadvisable. But I think one of the reasons why we might not want to simply fall back to a straightforward Keynesian approach here is that Keynesian needs to be supplemented with a theory of need. I think some of the work on distributive justice that has come out of the contemporary academy might be usefully employed to that end.

A long way of getting at some of this stuff. I think that's very interesting.

QUESTION: You mentioned the WTO quite a few times. I wonder whether you might say something about your thoughts on why the Doha Round is having so many problems right now—well, for quite a number of years, actually. Do you think part of the reason might be that a number of countries —therefore, cultures—feel quite marginalized from your exemplification of network power?

DAVID SINGH GREWAL: This lady is not a plant either. That's a wonderful question to ask, and I thank you.

I have a whole chapter in the book on the World Trade Organization. Although it wasn't hard to see, I'm glad to say that before the final collapse of Doha, I predicted the collapse of Doha in the book—which, again, wasn't hard to see, given how many rounds it had failed in. But I also tried to provide some context for why I think it failed and why I don't think we should expect to see many new agreements coming out of the World Trade Organization.

It's precisely for these reasons, I think, that you are focusing on.

First, everyone is familiar with the Doha Round and what it purported to do? I see some heads nodding. This was yet another round of deepening integration of the world market, focusing on particular commodities. There was stuff on finance and agriculture, and different key issues were brought in. We were going to try to achieve free or freer trade in those domains, alongside the decreased trade restrictions we already have in areas of manufactured goods and so on. If the Doha Round had succeeded, it really would have completed the agenda of the World Trade Organization in significant respects and we would have had something approaching a completely integrated world economy. The significant exceptions to the world free trade that had been in place since the inception of the World Trade Organization would finally have been removed.

But it failed. It has failed something like three times or four times. It depends on whether the informal backroom negotiations failing counts as much as the formal negotiations failing.

The reason it's failing is that in the World Trade Organization, even one country, if it's a powerful country, or a bloc of countries can block a new agreement. It has to have consensus at the level of the agreement process. Why is there no consensus on world free trade anymore? Well, there are a lot of reasons for this, but one thing may be that it hasn't worked as well as a lot of countries were told it would, and so they are less interested in committing further to a process—that is to say, throwing good money after bad, from their perspective.

The other issue might be that a diversity of national regulatory regimes is actually valuable. Take something like agriculture. On one hand, you might say that it's important to have free trade in agriculture so that we have more agriculture. That would be the standard sort of argument—you would have more farming, you would have more production of agricultural commodities. But now consider the problem not as an actuarial problem or an accounting problem of who is having more wheat or corn; think of it from the standpoint, rather, of food security. I think the problem begins to take a different valence. Why should it be, for example, that the citizens of a country—say, France—should trust their food future, their food security, to the international marketplace? Why should they feel that the international marketplace will deliver them a safer and more secure food supply going forward than having national control over their food supply?

I don't want to say there are not lots of in-between scenarios and the situation isn't more complex. But I think when we begin to think about trade not just at the level of, let's say, absolute increases in welfare, but when we begin to think about trade as a problem also of security and of national regulation, particularly after the problems we have suffered in this country recently, we begin to think, "Well, having our own government in charge of certain areas of our lives that are really important may be not such a bad thing. I'm not sure I want to leave everything to the international marketplace." The international marketplace is very good at some things, for some times, and very bad at those same things at other times, which is a little bit risky. For something like food, it's not clear to me that that should be the case.

Again, I'm not saying that the Doha Round failed because everyone was really thinking of it in noble terms about food security. There were lots of issues, I think, that probably should have been taken out. But I don't see necessarily why we should assume that the trajectory of the World Trade Organization should be for a completely integrated world economy. There may be lots of reasons why a completely integrated world economy might be less preferable than a form of world economy in which there is

significant international integration, but not total economic integration, particularly if full integration means that we have less political control over things that matter to us in our daily lives.

QUESTION: It seems like one of the most problematic aspects that most would agree on of a standard established by network power is the absolute restriction on choice for anything but that standard. It seems that if there is the emergence of some alternative to that standard brought by network power, then that network power would suddenly become significantly less problematic.

Here's a suggestion of what that might be. Network power established by extrinsic properties—that is, properties relating to the fact that everyone else is using it—is what makes it problematic. Might that not select for the emergence of a superior standard for its intrinsic properties? I can offer an example that's illustrative and not the example that I care most about, the case of Microsoft, which you used several times.

Even though that may have exerted itself as a standard due to network power, in the future we can at least conceive of an opportunity where it would select for the emergence of an alternative standard that becomes a standard because of intrinsic properties. Isn't that something that's desirable, and isn't that something that also opens up choice in a way that it's no longer as problematic?

DAVID SINGH GREWAL: You mean the fact of having a monopoly dominance of a standard for extrinsic reasons would itself evolve into—

QUESTIONER: Would select for—the only type of alternative standard that could emerge is one that emerges because of its intrinsic superiority. Isn't that itself something left to be desired?

DAVID SINGH GREWAL: I see what you mean. This is an interesting case.

The questioner is a former student of mine from Harvard College and one of the best I have ever had. So, of course, he would give me a hard question.

I think his claim is that if you have the emergence of a universal standard because of this extrinsic property, just because of network power, that would at least mean that the extrinsic factors are off the table, and so any alternative that would later emerge over the course of time would be one that we could be sure was being chosen for the intrinsic merits.

I think that's very interesting. I can't think of many historical examples where that has happened, though. I think as a hypothetical thing, that's interesting. So if we, for example, en masse migrate from Microsoft to a new open-source program, we can be sure in our hearts that the open-source program really is better and we're not just doing it because everyone else is doing it. I think that's probably the closest I could get to that.

I think that would be true, if it were the case. It still might be the case, though, that having the extrinsic standard dominating would inhibit the emergence of alternative standards that would be intrinsically superior. So it might be that we don't actually take the time to create new standards once we are already locked on to a dominant one. In fact, the people who in the midst of overwhelming network power deliberately choose to strike out from the crowd and innovate the future I think would be few and far between. I hope you'll be among them.

CHRISTIAN BARRY: There's clearly lots more to discuss about this incredibly rich book. Please join me in thanking David for the discussion.