Global Envision takes the global free market system as a starting point for reducing world poverty. Providing the poor with opportunities to improve their own lives is the catalyst for creating a more fair, hopeful, and stable future. We support economic development and responsible free markets as the most reliable and sustainable strategies for global poverty alleviation.

Articles

Back

Globalisation's Underbelly

The challenge of globalisation for South Asia is to harness it in a way that spreads its benefits, rather than compounds its inequalities.

Globalisation has become the dominant form of pursuing goals of human development in our new world order.

Some of the more euphoric admirers of globalisation describe it as a unique phenomenon, which has decoupled space and time and made cultural, economic and social barriers almost redundant. Others consider globalisation as primarily an economic occurrence, which implies the increasing interaction, or integration, of national economic systems through the growth in international trade, investment and capital flows. Then there are those for whom globalisation implies a much broader process of restructuring political economies and diverse cultures into a monolithic entity.

Attempts at definitions aside, there are evident traits of globalisation in the form of increasing consumerism and the growing power of capital to exert control over production processes. Privatisation seems almost inevitable and even desirable given its constant correlation with the goals of democracy, social justice and ecological sustainability.

As capital has become more mobile, governments around the developing world are being compelled towards austerity in order to provide a low inflation investment climate to attract investors. It is increasingly difficult to use fiscal and monetary policies to combat higher unemployment or engage in public spending. Subsequently one sees reductions in taxes on capital gains and profits, a movement away from progressive taxes and a steady removal of financial regulations across much of the developing world.

The increasing flexibility of production processes has enabled multinationals to shift the most burdensome and least rewarding of these processes to developing countries. Advocates of globalisation claim that 'sweatshop' labour needs to be put into perspective; sweatshop factories that produce products for multinationals actually pay significantly above average wages in the countries where they are located. They further maintain that when anti-globalisation activists hold violent protest rallies outside WTO meetings, it has an effect on what happens inside. Less progress is made at these meetings on lowering agricultural trade barriers between rich and poor countries. As a result, trade liberalisation that could provide big time benefits for poor farmers in developing countries gets postponed. This is what was claimed in retrospect of the deadlock witnessed in WTO negotiations at Cancun last year.

However, trade has not really increased the incomes of the people in the world's 50 least developed countries - many of whom are surviving on less than $1 a day, half the level of subsidy given to European Union cows. A pessimistic forecast predicts that the number of people in the least developed countries living in absolute poverty, or less than $1 a day, would rise to 471 million in 2015 from the current figure of 334 million. UNDP estimates that the world's 225 billionaires have a combined wealth equal to the annual income of 47 of the poorest countries, with a combined population of 2.5 billion people. IMF and World Bank studies provide other statistics linking liberalisation with increasing global growth. It is differing value judgments in measuring inequality underlying the conflicting factual claims about how much poor people have shared in the economic gains from globalisation. Opponents in the debate differ in the extent to which they care about relative inequality versus absolute inequality, vertical inequalities versus horizontal inequalities. The two sides in this debate do not share the same values about what constitutes a just distribution of gains from globalisation.

In releasing its latest report on the world's least developed countries, the United Nations Conference on Trade and Development serves a warning to policymakers who argue that opening up markets will benefit all countries. The economic legacies of two decades of market-driven adjustment packages are a weak investment climate, premature de-industrialisation and erratic growth, in many cases at or below population growth. Many developing countries have experienced slippages in their human development indicators in their efforts to embrace globalisation.

> *It is differing value judgments in measuring inequality -- relative inequality versus absolute inequality, vertical inequalities versus horizontal inequalities -- underlying the conflicting factual claims about how much poor people have shared in the economic gains from globalisation.*

Poor economics has had its most damaging impact on Africa, which has experienced a drop in the share of world exports from 6% in 1980 to 2% in 2002. But far from resisting globalisation, Africa has posted the highest trade to GDP ratio of any region outside East Asia. The problem here is that Africa's growth depends on one or two primary commodities whose prices have seen a persistent decline. There are lessons to be learnt here for several other developing countries. Many developing countries have export sectors dominated by enclaves of low-cost textile manufacturing or oil production. Much of the money made in this way goes to the international firms concerned or a few local bosses, rather than to the local economy. Government spending on economic development often goes into expanding such export opportunities rather than local infrastructure projects that benefit domestic economies directly.

The International Labour Organization, backed by the authority of the Nobel prize winning economist, Joseph Stiglitz, criticises how globalisation has been managed not only by countries but by institutions like the World Bank, the WTO and the IMF, which establish the rules according to which globalisation unfolds. The renowned author and columnist, George Monbiot, also convincingly reinforces this criticism. A number of concrete measures have been suggested to help put 'a human face' on globalisation, or at least to mitigate some of its worst effects. Such suggestions include the scrapping of the UN Security Council, the replacement of the IMF and the World Bank by an international clearing union of the kind first proposed by John Maynard Keynes and establishment of a global trade regime which permits poor nations to protect their industries and subjects multinational companies to mandatory fair trade laws.

Those who work in the development sector have formulated a range of positions concerning globalisation. Some oppose it absolutely, while others consider it their task not to fight globalisation, but rather to harness its processes for not further concentrating but rather spreading the benefits of globalisation more evenly within and between different countries of the world. A region like South Asia, which is already home to a quarter of the world's poor population, can certainly not afford to let globalisation further compound the inequalities already existing here.

Contributed by Mohammad Ali, a researcher with diverse experience in the development sector. Reprinted with permission from **Daily Times**.

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Return to top

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