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# Introduction

The benefits of globalization, write Albert Fishlow and Karen Parker, are many:

[T]elevision sets, microwaves, automobiles, and computers have become less expensive and more reliable. Were it not for job creation in the high-wage export and technology sectors, the slowdown in U.S. productivity and earnings would likely have been greater. The evidence suggests that foreign direct investment has contributed to the growth of U.S. exports, which are produced with more advanced technologies by higher-skill, better-paid workers. To the extent that trade augments competition and expands potential markets, productivity is enhanced, although economists debate the degree of change. (Fishlow and Parker 1999, 9)

Their position represents the consensus among economists concerning globalization. Taken as a whole, global market integration is seen as a desirable process, one that helps to advance worldwide living standards.

However, an important anti-globalization movement in the United States rejects this view. Instead, it sees in globalization a process that should be abandoned or radically altered. These

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activists think of globalization as possessing overwhelmingly negative social consequences. They believe that its impetus derives from the greed of multinational corporations and that its benefits accrue almost exclusively to the already rich. Barbara Ehrenreich captures the voice of this opposition when she writes that “wherever globalization impinges, inequality deepens. From Mexico to Japan, the rich are getting richer while the poor are becoming more desperate and numerous” (Ehrenreich 2000, x).

In the past, at least a segment of the opposition to capitalist globalization would have responded by advocating an internationalist socialism. For these critics, the global economy, excluding the communist bloc, would have been understood as an economic system in which private decision makers – in this instance multinational corporations – enrich themselves while inflicting deprivation on most of the rest of the population. These opponents of globalization would have found nothing wrong with a technology that permitted the worldwide integration of economic activity. Rather, they would have argued that such a technology could be beneficial, but only if it were deployed in a socialist setting, introduced to advance public welfare rather than private wealth accumulation.

An appeal to socialism, however, is no longer politically tenable. One reason for this is that socialism has been tarred by the oppression and tyranny practiced in its name in the former Soviet Union and its allies. But in addition, the socialism of the communist countries proved to be ineffective in employing modern technologies. In particular, advanced methods of processing information, communicating, and accessing knowledge never took root, even during the years of Soviet ascendancy. Because of this failure, the positing of socialism as an economic system in which globalization – a process that is nothing if not technologically driven – could flourish is not credible. Anti-globalization activists of the left therefore cannot advance the

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same vision that animated radicals in the past: an international commonwealth of cooperating economies in which decisions are motivated not by private interests but by the goal of advancing the public's well-being. Of great importance in this regard is that efforts by left intellectuals to define a "feasible socialism" in which markets and private firms play an important role, such as in Alec Nove's discussion of the subject, have not achieved political resonance (Nove 1983).

Nevertheless, an important activist opposition to globalization has emerged. In the absence of socialism as a unifying objective, it is not really surprising that this opposition has failed to come to a consensus on what should be proposed as an alternative to globalization. According to Jeff Faux, himself a critic of the process, "As with most parties in opposition, the coalition partners most agree on what they don't want" (Faux 1999, 5, 6).

Despite this lack of consensus, it is possible to identify three principal viewpoints within the activist opposition to globalization. The advocacy of United States unilateralism is one such position, and the call for the economics of localism is another. The third position, that of the student anti-sweatshop movement, shares the anti-global sensibility of the other two but does so without fitting easily in either camp.

The advocates of United States unilateralism believe that before allowing poor countries to trade with it, the United States should insist that they agree to labor, environmental, and human rights standards. The intention is to use American power to accomplish such desirable goals as raising wages, encouraging unions, and advancing human rights. The advocates of localism take a different tack, rejecting the concept of a global economy altogether. In this, they take their lead from Wolfgang Sachs, who believes that "development was a misconceived enterprise from the beginning" and that "the time is ripe to write its obituary" (Sachs 1996, 3, 1). Viewing globalization as the logical extension of development,

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these critics call for a reversal of the process and a movement to greater local self-sufficiency. Finally, the anti-sweatshop movement, in contrast to both of these efforts, has a more limited objective. It seeks to improve the wages and working conditions present in the third world's apparel industry. To do so it seeks to mobilize support both in the United States and abroad in order to pressure producers to pay higher wages and eliminate unsafe work environments.

Neither the unilateralists nor the localists offer an attractive alternative, particularly if the objective is to alleviate human deprivation. In contrast, while its objectives are desirable, the student movement almost certainly lacks the resources to accomplish them.

Because it would be fiercely opposed by other countries, United States unilateralism would more likely hamstring than advance international trade in particular and globalization in general. The problem is that if agreement on standards could not be reached and trade with third world nations really were curtailed, the people most harmed would be the working class and the poor in those nations, especially those people displaced from employment in export industries. The advocates of localism appear to be similarly indifferent to the costs their strategy would impose on the hopes of the world's poor to achieve rising living standards. They simply leave unanswered how income levels might rise in a world in which economic development is rejected and flows of capital, resources, and knowledge are impeded.

Of course, not all progressives subscribe to these positions. Robert Reich, the former United States secretary of labor, believes that "free trade and global capital are essentially good things if managed correctly" (Reich 1999, 17). Even Ehrenreich would not turn her back entirely on globalization. She remarks that "potentially globalization could lead to a safer, more peaceful and – who knows? – more interesting world," and as a result she warns that "the solution does not lie in a retreat to nationalism and rigid

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protectionism or hermetically sealed economies like that of North Korea” (Ehrenreich 2000, x).

Nevertheless, many liberals and radicals either are skeptical about globalization or actually oppose the process. I accept neither stance despite my sharing their concerns about justice and equality; with regard to those goals, I too am an activist. I, however, believe that in failing to affirm the desirability of globalization the critics have placed themselves in an untenable opposition to a process of immense potential benefit to the world’s poor. Advancing the interests of disadvantaged populations does not require that globalization be abandoned or that the process be shaped unilaterally by the United States. Accomplishing that goal requires, instead, interventionist policies implemented at the national level to ensure that the benefits associated with globalization are shared equitably. Needed are policies to maintain worker income and benefits when globalization results in job losses, to educate and retrain people for the new opportunities created by globalization, and to assist retrained workers seeking new employment. In short, globalization should be reformed, not rejected or frustrated by a certain-to-be-resented exercise of unilateral power by the United States.

What I will argue for – and what differentiates my argument from those who follow anti-globalists like Ralph Nader, Lori Wallach, and others – is my belief that within globalization there remains ample room for ameliorative policies. Furthermore, where global agreements are required, nothing like the American impositions that United States liberals call for are needed. Those who seek social justice have much work to do in shaping globalization. But this goal is not achieved by maintaining either that the potential latent in modern technology is undesirable or that the United States has a unique ability or interest in governing globalization in the name of fairness.

My argument is presented in the next seven chapters. In Chapter 2 I take up the relationship between globalization and the

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reduction of poverty in third world countries, arguing that globalization is an important means by which to achieve that goal. I then discuss in Chapter 3 the sources of the opposition to globalization. In doing so, I take to task the advocates of trade openness. Those who have promoted increased trade have generally failed to pay sufficient attention to the negative dislocations associated with the process. They therefore have also failed to emphasize the need for policies to reduce the burdens that accompany the economic restructuring that globalization induces. In responding to this failing, the activist community has drawn the wrong lesson, namely, that to overlook the problems caused by its spread is inherent in globalization and therefore is inevitable. But as I argue, globalization does not require laissez-faire policies, and social neglect is not invariably embedded in the process. The third and fourth chapters subject both unilateralism and localization to criticism. In the fifth chapter I examine the now-abandoned project to negotiate a multilateral agreement on investment (MAI). I discuss my objections to the MAI as well as the failed effort to come to an agreement. I also examine criticisms raised by the project's opponents. I maintain that while the "deep integration" of the MAI was almost certainly beyond reach, a "bottom-up approach," though much less ambitious, might have played a useful role in rationalizing flows of foreign direct investment (FDI). In Chapter 6 I discuss the financial volatility present in contemporary globalization and the problems caused in particular by "hot money." I contend that a global agreement to constrain "hot money" is both needed and feasible. In Chapter 7 the issue of labor in the global economy is addressed with an analysis of the student anti-sweatshop movement. My view is that instead of confining themselves to collaborating with non-governmental organizations (NGOs) in poor countries, students would be better advised to mount a political movement to strengthen the International Labor Organization (ILO) and in that way increase the likelihood that

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workers in poor countries will be able to defend their own interests without external patronage. A final chapter reviews policies that could be adopted to make globalization both more efficient and more equitable.