WHAT ABOUT THE GLOBAL POOR? GLOBALISATION FROM ABOVE AND BELOW

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The process of globalisation is complex. It involves trade, the media, the state, technology, finance, ideas and it significantly impacts on the community and the individual. A number of authors have explored how globalisation operates to bring some understanding of its processes. For example, Wallerstein discusses the notion of a 'World System' in which everything must insert and assert itself within a single division of labour. Wallerstein maintains that there is a centre and a periphery where those at the centre hold a relationship of exploitation to those in the periphery (Wallerstein 1990). 'Glocalisation' refers to the coming together of local cultures whose content has to be redefined when local cultures encounter the forces of globalisation. It is the process of a world-wide restratification, in the course of which a new socio-cultural hierarchy, on a world-wide scale is put together (Beck 2000, Bauman 1998a). Finally, Appadurai's theorization of different 'scapes', sheds much light on the way we can reconceptualize globalisation as operating through landscapes of people, ideas, finance, technology, and the media (Appadurai 1990).

This paper will examine some of the significant issues raised by the process of globalisation, especially in the context of economic globalisation, and examine the key contradictions faced by the state, communities, and individuals in coming to terms with the new world order. It will particularly focus on the issues faced by the increasing numbers of global poor in the wake of globalisation and consider some possible responses at the micro and the macro levels, especially in terms of building skills, resources and networks at the community level.

Understanding Economic Globalisation

In a broad sense, economic globalisation has been taking place over a long period of human history, especially in the years that the countries of colonial Europe spread their influences throughout the world through exploration, trade and war. However, economic globalisation as it exists today is a more recent phenomenon, defined by rapid changes in technology that collapse time and space, and establish global players who have enabled a world-wide restructuring of states and peoples to take place. It is an ongoing process that has already significantly increased the levels of trade between countries in the last twenty years (Pieper & Taylor 1998). It presents itself as the most efficient system, one that will provide the maximum benefit to the greatest number through the easy flow of finance, goods, and services through the borders of countries. Two important aspects of this process that create a suitable environment for the mobility of capital are government deregulation and technological change (Held et al. 1999, Falk 1999).

Over the last two decades there has been a withdrawal of the state from its traditional functions within the market place, one that has not been entirely of its own volition. Many financially starved countries have been forced into a process of economic restructuring by the Bretton Woods Institutions, such as the World Bank, and the International Monetary Fund (IMF). Liberalisation, deregulation, and privatisation have been the major areas of enforced change. This has involved cuts in public spending, high interest rates, and credit restraints, especially in the public sector. It also involves the liberalisation of foreign trade and flows of capital and profits, deregulation of markets, and tax rationalisation, and is accompanied by the privatisation of public enterprise, including the provision of basic human services (Held et al. 1999, Pieper et al. 1998, Patnaik & Chandrasekhar 1998).

Similar processes have been entered into by wealthier nations like Australia and the power of the financial markets to direct government policy should not be underestimated here. For instance financial ratings, such as Moody's Nation Rating, are indicators referred to by dealers in financial institutions when calculating risk surcharges for the purchase of government loan securities and are strongly weighted in favour of processes of economic globalisation. A differential in rating can mean billions gained or lost to the concerned country and can reflect on future electoral prospects of the members of government. All of these can be strong incentives to follow the regime of economic giobalisation (Martin & Schumann 1997).

The citizens of the countries affected by such policies, the effects have not been positive. A case that may be mentioned here is that of India, which went through a process of World Bank and IMF enforced structural adjustment in 1991, brought about by the usual Achilles heel of Third World debt. By 1998 some of the effects were:

1. A slowdown in the average rate of economic growth relative to the preceding five years.

2. A sharp decline in the growth rate of food grain production.
3. An overall stagnation in the investment ratio.
4. A significant rise in rural poverty from 34.3 percent in 1989-90 to 38.74 percent in 1993-94 (Patnaik & Chandrasekhar 1998).

Similar negative effects nave been documented in countries like Chile, Mexico, Turkey and the group of sub-Saharan counties (Pieper & Taylor, 1998).

When it is not the citizens of affected countries who benefit from economic globalisation, nor to any large extent, the state, we have to look to the large companies that work across countries to find the true beneficiaries, the Trans-National Corporations (TNCs). Transnational companies, in a climate of economic globalisation, are becoming very important players in individual countries and across countries. Ulrich Beck has analysed the reasons for their increasing significance.

> First, transnational corporations are able to export jobs to parts of the world where labor [sic] costs and workplace obligations are lowest.
> Second, the computer generation of worldwide proximity, enables them to breakdown and disperse goods and services, and to produce them through a division of labour in different parts of the world, National and corporate labels inevitably become illusory. Indeed reference to this is taken from a book typeset in Pondicherry, India, and printed in Great Britain.
> Third, they are in a position to play off countries or individual locations against one another, in a process of 'global horse-trading' to find the cheapest fiscal conditions and the most favourable infrastructure. They can also 'punish' particular countries if they seem too 'expensive' or 'investment-unfriendly'.
> Fourth and last, in the manufactured and controlled jungle of global production, they are able to decide for themselves their investment site, production site, tax site and residence site, and to play these off against one another (Beck 2000: 3).

In effect, the TNCs have become 'virtual citizens' who demand the rights of every citizen without concomitant responsibilities. Their actions, taken together with the effects of 'de-stating' or the abrogation of traditional responsibilities by the state, can have devastating effects on the quality of life as experienced by the citizens of the country (Beck 2000, Castles 2000). This point is well illustrated by the discussions held at the Fairmont Hotel, San Francisco, in September 1995 and documented by Martin & Schumann (1997). The Foundation, headed by Mikhail Gorbachev convened a meeting to discuss the global situation inviting politicians like George Bush and Margaret Thatcher, corporate heavyweights like Ted Turner of CNN, John Gage of Sun Microsystems, Southeast Asian magnate SyCip, global players in finance, as well as academics from Stanford, Harvard, and Oxford. The press was noticeably kept out of the picture.

The findings of the discussions held at the Fairmont can be summed up in a pair of numbers – '20 to 80'. In the next century, 20 percent of the population will suffice to keep the world economy going. This 20 percent, in whatever country, will actively participate in life, earnings, and consumption - to which may be added another 1 percent or so of people who, for example, have inherited a lot of money. The remaining 80 percent will have no work and will not participate in society as we know it today. The problem thereafter is what will happen to them. The group at the Fairmont discussed the term 'tittytainment', as the way of dealing with those who will have no work. The term was coined by Zbigniew Brzezinski, former National Security Advisor to the President of America, and aptly describes the mixture of deadening entertainment and adequate nourishment intended to keep the world's frustrated population in relatively good spirits (Martin & Schumann 1997).

The processes of economic globalisation are exacerbating unemployment and the growing casualisation of labour. The mobility of the TNCs with their version of 'hit and run' manufacture and trade is one factor in this. Others include state withdrawal from the market and provision of basic human services, as well as the increasing tendency of technology to impact negatively on the wage earners in the lower income brackets (Bauman 1998b, Beck 2000). Beck gives the example of Britain where in a country so much praised for its employment record, only a third of people capable of gainful employment are fully employed in the classical sense of the term, against 60 percent in Germany. Twenty years ago, the figure in both countries was above 80 percent (Beck 2000). These figures can quite easily be linked to the reactions of the managers of the IMF who severely criticized German and French methods to get more people back to work.

> What the (flexibility of the labour market) requires is
> the revocation of 'too favourable' job-and-wage

> protecting laws, the dismantling of all ‘distortions' which stand in the way of unalloyed competitiveness, and breaking the resistance of existing labour to the withdrawal of their acquired ‘privileges' - that is, of everything concerned with the stability of their employment and the protection of their jobs and income (Bauman 1998b: 113).

Another example is the ‘American model' where the wealthiest and most productive country in the world is changing into the largest low-wage economy. In 1995 four-fifths of all male employees and workers in the United States earned 11 percent less an hour in real terms than they did in 1973 while the per capita GNP between 1973 and 1994 rose by a full third in real terms. The rise in GNP can be explained by the increasing wealth of the top one percent of households who have doubled their incomes since 1980 (Martin & Schumann 1997). What this reflects essentially is a story being played out all over the world. The rich are getting richer, the poor are getting poorer and the middle classes are joining the ranks of the poor.

The process of glocalisation, mentioned earlier alerts us to the point that the quasi-sovereignties, territorial divisions and segregations of identities which the globalisation of markets and information promotes and renders a ‘must', do not reflect the diversity of equal partners. What is a free choice for some descends as cruel fate on others. It is not only an economic process involving the concentration of capital, finance and all other resources of choice and effective action, but also, and perhaps above all, the concentration of freedom to move and to act.

Where do we go from here?

To use corporate philosophy, where there are threats there are opportunities. Globalisation is far more than economic phenomenon and the following aspects of it need to be strengthened in order to control the negative aspects of the market.

Global Civil Society: Global movements need to be distinguished from market economics and used to strengthen those initiatives that are already working globally to improve the quality of life of every person. These include the United Nations, environment movements, human rights movements and other international social movements. The Bretton Woods Institutions also need to be remodeled to reflect more holistic approaches to the problems of individual countries, (a beginning may already be taking place here with the appointment of a female political activist from South Africa as the new managing director of the World Bank). Also, in the present day, no one nation-state is in a position to curtail the power of the financial and other markets. Regional and global cooperation of nation-states is the only way that any kind of controls can be imposed to benefit the citizens rather than the corporations. Especially considering the fleet-footed nature of the TNCs, global governance is needed to bring them under some form of regulation. A common social contract guaranteeing basic human needs and regulatory uniformity has to form part of Global Civil Society. ‘There is no alternative to working together and using collective power to create a better (democratic) world' (Commission on Governance 1995: 5). What may actually hasten the trends towards the achievement of this could be world crises in the environment or food supply.

International Financial Restrictions: The extreme mobility of finance to move in and out of countries can cause tremendous hardship to the citizens of those countries. Very visible examples here are the Mexican crisis of 1994-95 and the Asian crisis of 1997 that were sparked off by a hard currency squeeze set off by local and foreign portfolio investors dumping the local currency en masse (Felix 1998). International financial restrictions need to be urgently put in place to curtail these, as well as to benefit the individual state more out of these transactions. A tax along the lines of that envisioned by American economist and Nobel prizewinner, James Tobin, would provide just this by levying a small fee of 1 percent on all foreign exchange transactions. This would provide billions to the coffers of the individual governments while regulating an otherwise uncontrollable situation. The fact that no country is willing to bring in such a tax reflects the weakness of the individual governments, and stresses the need for international cooperation to bring in such measures. Another such international measure would be the levying of a discretionary tax structure that comes down more heavily on income through interest earnings rather than income from productive investment (Bhaduri 1998, Martin & Schumann 1997).

Enhance the competitive advantage of welfare policies: In a world controlled by market forces, the relevance of welfare provisions is increasingly questioned. ‘User pays' policies are becoming a widespread phenomenon that steadily marginalises large sections of the population. Governments, irrespective of whether they call themselves the New Left, Liberal, Conservative or Labour, all seem to follow the policy of creating the Competition State, a state that can survive in the world market. And the cost they pay is often a quick or incremental withdrawal from basic principles of social justice. What they are overlooking are the competitive advantages that social democracy and welfarism offer:

o Universal Training and education for all provides a highly skilled work force. Countries like Germany have already shown the enormous benefits that widespread education can bring. India has been able to capture a huge chunk of international information technology business because of a large pool of computer personnel, generated from the base of government institutions.

o High wages force companies to adopt new methods of production management that can benefit markets and consumers.

o By guaranteeing incomes that are not fully subject to the vagaries of the market, governments can provide some protection to society. Further social spending can help the adjustments to maintain competitiveness while protecting society from the ill effects that such market-driven transformations cause.

o A more egalitarian society is a more cohesive and homogenous society, and a society less plagued by crime, poverty and drugs (Palan, Abbott & Deans 1996).

o Globalisation from below and capacity building. The coming together of people and organizations that choose to resist economic globalisation is known as Globalisation-from-below and includes community organisations, community workers, unions, activists, interest groups and many others. Capacity building within this process will involve the development of skills, resources and networks towards achievement of common ends. It is about creating awareness about the nature of problems and enabling change that moves towards a more just society. It will need to be focused on the following:

1. The mandate of the people it represents: For this loose coalition to be effective, it must have the mandate of the people it represents. This would mean using clearly defined principles of people's participation to gather information and directions for work. Structures of participation have to be created that empower the individual and the community and enable their concerns to impact on macro-economic policy. The rights of the minorities have to be protected.

2. The effective use of technology: Some of the strengths of technology are its ability to inform as well as to bring similar-minded people together. Television, radio, the telephone, and the internet provide numerous opportunities that need to be exploited more in the pursuit of a more equitable world. An example of how this could be used is the internationalisation of the strike by the Maritime Workers Union in Australia which found support all over the world thereby helping the successful negotiation of their demands. Similar networking across the globe is quite possible, given the wide scope of available

technology. On the negative side, it must be noted that some channels of communication, such as newspapers and television, are tightly controlled in private hands, and also that millions of poorer people around the world have no access to most forms of technology.

3. Global civil society: It must not only work at the local level, but work towards a global civil society bound by codes of global governance and working towards a more equitable society.

Economic globalisation is a process that works across the globe and, as such, can only be controlled by similarly powerful global forces. Globalisation-from-below presents itself as one such force.

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