INTRODUCTION

Envisioning a Civilized Globalization

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First Seattle, then Washington, Prague, Zurich, Québec City, Genoa, Kananaskis—the list steadily lengthens. The staccato beat of hovering helicopters, waves of tear gas and pepper spray, fearsomely attired riot police, legions of mounted officers, high concrete and wire barricades—all these striking images provoke the conclusion that something of importance was at stake in the so-called antiglobalization protests. People around the world paused and took note.

The intense police reaction to each of the protests—against the World Trade Organization, the International Monetary Fund and the World Bank, the Free Trade Area of the Americas, the G8, and others—was accompanied by a media outcry against the dissenters. The media, whose ownership was consolidated in fewer and fewer corporate hands, treated the motley bands of protesters as a serious threat. Columnists variously dismissed protesters as "rebels without a cause," anarchists, misguided youths, and vested interests. Editorials responded with patient and condescending lectures on market economics, hinting that only an ignoramus could oppose global economic integration. The business sections of major newspapers expressed alarm that these demonstrations might divert decision-makers from the self-evidently beneficial route of further liberalizing global markets in goods, capital, skills, and finance.

Although some criticisms of global institutions were simplistic, protesters should not be dismissed as frivolous or ignorant. The demonstrators were a diverse group—including, according to my observations, people ranging in age from sixteen to eighty, religious groups of all denominations, and numerous union members and college students (though the composition varied according to locale). The protesters did not speak with a single voice; but what they agreed on was this: things were going terribly wrong in their world. Because the current pattern of globalization is heavily implicated in various problems, globalization must be radically altered. Although dissenters focused on a variety of trends, the consensus was that the current rules of international commerce favored corporate profits over environmental, health, labor, and cultural standards, and over issues of equity and poverty eradication. Yet corporate-dominated governments will resist the needed change in priorities, unless pushed by massive popular movements.

These criticisms are not outlandish, as many of the contributions to this book attest. *Civilizing Globalization* presents the following case:

- unfettered global markets harbor destructive tendencies;
- the solution is not to abandon markets but to tame them through regulation;
- such a program entails complementary transformations in global governance and resource flows; and
- humanizing globalization in this way depends upon the growing influence of a transnational and nonviolent protest movement.

Civilizing globalization, therefore, is a metaphor for harnessing global capitalism so that the economy serves society, and not vice versa.

However, this book does not provide a monolithic ideological viewpoint. An unusual feature of this volume is the diversity of its contributors: some are academics, some are activists, and some are both. Certain of the authors subscribe to a radical vision in which the role of markets is severely restricted. Others advocate more modest reforms of the global market economy and its governance. Astute readers will note the differences in viewpoint.

Destructive Tendencies

The globalization debate runs along well-worked grooves. On the one hand, neoliberals denounce their critics as failing to understand certain self-evident truths—that market liberalism is highly productive, raises living standards worldwide, and fosters innovation and individual initiative (see, e.g., Friedman 1999, 308; Micklewait and Wooldridge 2000). Free trade, according to theory, permits all countries to specialize and exploit their comparative advantages. The free movement of capital, again according to theory, leads to a more efficient allocation of resources around the globe, as capital flows to where it can most profitably be invested. Freely convertible currencies, in combination with open markets, should ensure the efficient allocation of goods and services on a global basis. And growth, while reducing poverty, will also solve its associated environmental problems by furnishing the resources and, ultimately, the demand for cleaner air and water.

On the other hand, the skeptics (such as the contributors in Part 1 below) contend that the free-market advocates exaggerate the economic gains and/or underestimate the social, health, cultural, and environmental costs. These alleged costs, or destructive tendencies, include the following:

- High and growing inequalities accompany market liberalization.[1] Although the North-South income gap has been narrowing for about a dozen countries of the South, it continues to grow for well over one hundred others. The UNDP's *Human Development Report 1997* famously estimated that the combined wealth of the world's three wealthiest families ($135 billion) was greater in the mid-1990s than the annual income of 600 million people living in the least-developed countries. Within countries, neoliberal policies have been associated with growing inequality and poverty, with the United States, New Zealand, Britain, and Latin America leading the way (see the chapters by economist Albert Berry, public-health analyst David Coburn, and political scientist Judith Teichman).

- Footloose global capital contributes to turbulence and periodic financial collapses (as, most dramatically, in Mexico in 1994 and East Asia and Russia in 1997–98) as it seeks short-term speculative gains (Judith Teichman and Albert Berry also address this tendency).

- The inequalities associated with neoliberal policies have a detrimental impact on health: the association between low socioeconomic status and relatively poor health obtains both within countries and across countries. (David Coburn explores this issue in chapter 2.)

- Free trade agreements often place a higher value on freer trade than on environmental and health protection in the deregulated global economy. (Michelle Swenarchuk explores this issue in chapter 6.) In addition, Third World countries are tempted to attract foreign investment by diluting or ignoring their own health and environmental standards.

- Cultural diversity is threatened as the media megacorporations, purveying a homogenizing mass culture, demand unrestricted access to foreign markets under the rubric of free trade in services. Longstanding national programs to nurture cultural activities may be vulnerable to challenge as constraints on trade (see Garry Neil's analysis in chapter 8). But nativist reactions to imported cultural norms and fashions also threaten individual freedom (as Anil

Mathew Varughese argues in chapter 4 in relation to the case of India).

- And democracy itself is diluted, even in the old democracies. Democracy shrivels when national governments, through international agreements, surrender their power to regulate in the public interest such areas as trade, financial flows, investment, and health and environmental standards, and when global financial markets effectively punish governments that deviate from conservative monetary, fiscal, and even social policies. (This tendency provokes Frank Cunningham in chapter 11 to discuss various approaches to bringing democracy to bear on vital decisions made outside nation-states.)

Such destructive tendencies, if they are real, demand a radical response.

Does this radical response entail reversing economic globalization? Surely not. What should we go back to? The danger, in light of the growing strength of the far right in the United States, Europe, and the Middle East, is a reversion to a defensive and quite possibly chauvinistic nationalism. Hence, we need to move forward to a more integrated world, not backwards. The old system of national states is weakening as many economic, social, political, and cultural activities escape national control. Many problems—terrorism and arms control, environmental pollution and climate change, human rights, drug trafficking, population migrations, mass poverty—demand global solutions. In any case, economic globalization, particularly international trade, does offer *potential* benefits that we should seek to realize: import of capital and intermediate goods at prices lower than domestic substitutes; the flow of ideas, technologies and institutional models; and access to foreign savings (Rodrik 1999). So how can we capture these potential benefits of global integration while building a peaceful, sustainable and prosperous world?

What Should Be Done

The problem, from the perspective of the editor and most of this book's authors, is not globalization per se; it is *neoliberal* or free-market globalization. And the solution is *not* to revert to protectionism; it is a regulated global capitalism in which markets are subordinated to social and ecological needs.

This position assumes that there is no realistic alternative to a largely market-based system. Although many critics of neoliberal globalization disagree, the real choice lies between more and less benign versions of capitalism. Socialism, at least in the sense of centrally planned economies, has been "voted out by history" (Isabel Hilton in *Guardian Weekly*, 4–10 May, 2000). Some protesters propose—as their placards proclaim—to "smash capitalism." But if the World Trade Organization, the International Monetary Fund, and the World Bank disappeared, then what? Critics who are skeptical of merely reforming global capitalism usually argue in favor of a very general alternative, involving, for example, "drastic redistribution and democratisation of resources and structures" (Went 2000, 123). But what, concretely, does this contention actually entail? The scenario remains murky, because "many more collective debates, analyses, experiments and experiences, by workers, young people, women, activists and scholars in and with social movements, are needed to determine exactly what this means concretely" (Went 2000, 123). As long as alternatives are framed this obscurely, a movement opens itself to the charge of left utopianism. Neoliberals can then claim that there is no realistic alternative to a lightly regulated global capitalism. Hence, our contributors, accepting the goal of "drastic redistribution and democratisation of resources and structures," identify concrete and largely incremental strategies and policies for its achievement.

The movement against neoliberal globalization, if it remains within the bounds of a market economy, may assume one of two forms. The division, in essence, lies between a soft and a hard regulatory, or social-democratic, approach. Both approaches rest on the view that it is wholly reasonable to develop global rules that protect society and nature, because nation-states have long imposed such rules. "Every society has restrictions, legal and moral, on what kinds of markets are allowed," observes economist Dani Rodrik (1997, 35). For instance, governments in industrial countries regulated labor markets to protect employees from exploitation: minimum wages, limits on hours of work, statutory holidays, health and safety standards, nondiscriminatory hiring, promotion, and pay rules, collective bargaining, and union rights. Where unequal bargaining power prevailed, a consensus emerged that governments could legitimately impose restrictions on free contracts to advance public (social and environmental) concerns. The neoliberal counterrevolution since the 1970s has attacked this consensus. The demand for "flexible" labor markets, for instance, involves a rolling back of the societal constraints on employers' prerogatives, justified in the name of global competitiveness. However, this ultraliberalism, being inherently destructive of society and nature, cannot endure.

How, then, can we ensure that markets assume the role of useful servants, rather than tyrannical masters?

One answer is the "Third Way," associated in particular with Tony Blair and former president Bill Clinton, and now popular throughout Europe and, via the World Bank, the developing world. The Third Way, promoted as a modernized social democracy, assumes that globalization in more or less its current form is broadly desirable, and in any event inexorable.[2] It, therefore, advocates minor reforms of global institutions and markets, together with national governments that see their role as *adjusting their populations and* *industries to the exigencies of global competitiveness as humanely as possible*. The Third Way's agenda includes principally the following (see e.g., Friedman 1999, 355):

- augmented transparency and accountability on the part of governments and financial markets;
- stricter banking regulations;
- some regulation of offshore tax havens;
- voluntary codes of conduct for transnational corporations concerning human and labor rights and environmental concerns;
- strong support for democratization in developing countries and the former communist countries;
- public investments in research and development activities, universal education, and training at the national level; and
- the maintenance of minimal safety-nets for those who lose out in competitive markets.

The alternative, within capitalism, is a "hard" social-democratic approach that aims *to adjust global markets to the needs of society*, rather than vice versa. This perspective demands more extensive changes than the Third-Wayists envisage in global governance, resource flows, and rules that set boundaries to the operation of market forces (see, e.g., Martin and Schumann 1997). Some readers will characterize this faith in regulation of capitalist firms as naïve, on the grounds that the regulated learn to evade rules or twist them to their own purposes. Loopholes are soon discovered, it is true. However, "flawed regulation that is reflexive in relation to its flaws . . . is better than no regulation at all" (Pieterse 2000, 6). The real world is a messy and unruly place: regulation must, therefore, be both flexible and responsive.

Civilizing Globalization explores the challenges that arise in a program to humanize globalization by regulating market forces, instituting redistributive mechanisms at the global level, and reforming and democratizing global governance. Part 2, "Adjusting Global Markets to Social Needs," asks: how can we subject global markets to social restrictions, without suffocating the "animal spirits" of entrepreneurship? This goal requires, first, a struggle to reassert the primacy of fundamental rights and protections over rules liberalizing foreign trade and investment. The chapters by Heather Gibb (5), Michelle Swenarchuk (6), and Garry Neil (8) consider, respectively, how core labor norms, health and environmental standards, and cultural diversity may be reinforced at the global level. Universally accepted conventions and declarations concerning human rights, economic, social, and cultural rights, labor and trade-union rights, and national laws and regulations to restrict harmful international trade—in toxic wastes, modified foods, and weapons—should not be overridden by rules designed to eliminate barriers to trade and investment.

Such a readjustment of priorities cannot succeed, however, without the cooperation of governments of the developing world, especially China, India, Brazil, and Indonesia. These governments justifiably suspect the motives of those from the industrial countries who champion environmental and labor standards. Are not these standards simply disguised protectionist devices to negate the poorer countries' comparative advantage in cheap and docile labor and a disposable environment? To overcome these suspicions, a quid pro quo is needed. Hence, the second ingredient in adjusting global markets to social needs: taxes and transfers designed to both discourage socially undesirable practices and generate revenues for redistribution on a North–South basis. Rodney White in chapter 7 explores the nature and feasibility of an international (and national) transfer scheme that rewards individuals, communities, and countries who are "carbon-frugal." The populous and less-industrialized countries of the South would be the major beneficiaries of such a scheme. Then Joy Kennedy in chapter 9 focuses on the nature and feasibility of a currency transaction tax (a "Tobin" tax) that, again, would both discourage a "bad" practice—destabilizing financial speculation—and redistribute at least $250 billion per year to the developing world. These transfers would ensure that all regions would receive a share of the benefits of global integration. If properly targeted, they would allow a rapid reduction in mass poverty.

Needless to say, such extensive restructuring of international regulatory regimes and North-South resource flows requires new forms of global governance. You can't have one without the others. Part 3, "Reforming Global Governance and Institutions," takes up this complex challenge.

- Robert O'Brien concisely dissects the process that will lead to a restructuring of global governance (chapter 10).
- Frank Cunningham explores the opportunities for enhancing democratic control over decisions made beyond national borders that nonetheless deeply affect people within particular nation-states (chapter 11).
- Jens Mortensen reflects on certain feasible reforms of the powerful World Trade Organization that would both enhance its accountability and transparency, and redirect its attention to assisting the least-developed countries (chapter 12).

- Cranford Pratt asks whether—and if so how,—aid institutions can be reformed so that they play a significant role in promoting an equitable and poverty-free international order (chapter 13).
- And Louis Pauly argues that, contrary to a widely held view, the national governments of industrial countries still possess the leeway to buffer their populations from harmful global trends—if they possess the political will to do so (chapter 14).

The Global Countermovement

But who will be the agent of civilizing globalization?

Civilizing Globalization assumes that globalization is largely a *"constructed system"* (Block 2000), and that it therefore can be reconstructed through human agency. We reject the popular image of globalization as an inexorable force, driven by technological change. If this image is accurate, individuals, communities, and nations must simply adapt to the exigencies of increasingly competitive global markets. But advances in information processing, the Internet, telecommunications, and transport merely *facilitate* global integration; they do not determine the particular rules governing that integration. Neoliberal globalization evolves from negotiated international agreements and the practices of key actors, especially transnational corporations. In principle, therefore, a less volatile, more egalitarian, more sustainable, more democratic, and less culturally homogenizing globalization can be won through further negotiated agreements.

Such an alternative globalization, however, will not be easy to attain. Its advocates confront a shift in the balance of power within nations that heavily favors capital. Consequently, governments are increasingly responsive to corporate viewpoints in policy design. Indeed, the main champion of neoliberal globalization—the United States—has a virtual veto power over international reform by virtue of its commanding position in the global economy.

Consider how globalization has both reflected and further augmented this power shift. First, the easier it has become for firms to move capital across borders, the more credible is their threat to depart, and the greater their leverage over national governments, their employees, and local communities. Fickle financial markets, where $1.5 trillion or more changes hands each day, hold particular clout with governments. President Bill Clinton's election chairman, James Carville, recognized this reality when he playfully observed: "I used to think if there was reincarnation I wanted to come back as the president or the pope or a .400 baseball hitter. But now I want to come back as the bond market. You can intimidate everybody" (quoted in Went 2000, 1).

Second, the more highly concentrated capital becomes, with mergers and takeovers justified by the requirements of international competitiveness, the greater the economic and political influence wielded by a small corporate elite. The largest transnational corporations boast annual sales that exceed the output of most developing countries. Royal Dutch/Shell, for example, posted sales in 1998 of $138 billion, a sum four times the annual income of Nigeria's 100 million people (Madeley 1999, 4). And the world's five hundred largest companies reportedly controlled about 70 percent of global trade, 80 percent of foreign direct investment, and 30 percent of world GDP in the early 1990s (Madeley 1999, 4).

Third, as organized labor declines in numbers and/or solidarity, the relative power of capital grows. Neoliberal governments, emulating Reagan and Thatcher, have perfected union-bashing as an art form. In the United States, organized labor now accounts for only about 16 percent of the labor force. Trade unions enrol a higher share of employees elsewhere in the industrial world, though not more than a quarter or third. In developing countries, co-optation of labor leaders and repressive labor legislation typically weaken labor.

Global protest has escalated as these three processes—the growing credibility of capital's exit option, the expansion of global cartels, and the decline of organized labor—feed a widespread perception that co-opted governments are unresponsive to their citizens. The protesters' significance is to identify dangerous social and environmental trends, and raise uncomfortable questions about their linkages to global economic processes from which many of us benefit. Neither the press nor mainstream political parties has effectively pressed such questions. Hence, it is left to the protesters to articulate, in their vivid way, the age-old yearning for a just, sustainable, and harmonious society.

Politics is therefore key to civilizing globalization. Governments are unlikely to venture beyond the Third Way unless prodded from below by a powerful protest movement. Part 4, "Building a Global Countermovement," and the book's conclusion explore this contention.

- Richard Falk in chapter 15 develops his notion of a popular "globalization-from-below" to counteract the existing neoliberal "globalization-from-above."
- Robert Weissman in the next chapter chronicles the ascent into global consciousness of transnational protest at the famous WTO meeting in Seattle in November 1999.
- Two vivid illustrations of globalization-from-below follow in chapters 17 and 18. The first, by aid worker Hans Edstrand, focuses on the invisible side of globalization-from-below: the human solidarity that underwrote a grassroots project of Honduran poor following the

devastation of Hurricane Mitch. The second, by Rob Lambert and Eddie Webster, concerns the organization and activities of a transnational union movement (SIGTUR) involving unions in the Southern Hemisphere.

- James Mittelman, in the conclusion, reflects on resistance and alternative patterns of globalization, and in the process reviews many of the issues raised in the book.

Certain readers may regard this book's subtitle—*A Survival Guide*—as hyperbolic or alarmist. Yet global warming and climate change, "hot" money and the prospect of world financial collapse, and inequality, insecurity, and social disintegration constitute clear and present dangers. These dangers, as part 1 contends, are intimately related to global economic processes. If this is so, civilizing globalization is not only a moral imperative to create a more just world—though it surely is that. This goal is also a practical imperative, as its achievement will enhance the prospects of a liveable future in the North as well as the South. In the 1970s, a campaign for a "new international economic order" foundered because the North was unpersuaded that the rich countries shared "mutual interests" with the South in building a more egalitarian world (as the highly regarded Brandt Commission argued—Report of the Independent Commission on International Development Issues 1980). But today the issue of *survival,* raised in the Brandt Report, has more credibility. Although this book does not provide an integrated action plan to deal with this crisis, it at least points us down the right path and highlights the issues we'll debate in the years to come. As one hundred Nobel laureates observe in a statement marking the centenary of the Nobel Prize: "To survive in the world we have transformed, we must learn to think in a new way."

Notes

1. The relationship between globalization and inequality on an intranational and international basis is a controversial issue. Free traders are loath to admit that open markets augment income and asset inequality. There is, however, wide agreement that intranational inequality has increased since 1980, along with liberalization. For reviews of the evidence, see Cornia and Court 2001 and Berry and Serieux 2001. Whether the gap between the richest and poorest countries has widened depends on the analysts' assumptions and methodology. If fast-growing China, weighted for population, is included in the calculation, then the gap has remained constant. If China is excluded, the gap has grown. See Berry and Serieux 2001, and chapters 1 and 2 below.

2. Giddens (1998 and 2000) provides a cogent exposition of the Third Way.

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