

24/04/2000

Globalisation - stabilising poverty not economies

Hardev Kaur in London

IF GLOBALISATION is as good and beneficial as it has been made out to be, why are so many questioning it? Why do so many, in the developed and developing world, doubt it and others oppose it?

The answer, in part, lies in the results that globalisation has produced to date. Among them the poor are left poorer, the rich are richer. The gap within and between countries is widening. Developing countries are being increasingly marginalised and as the recent financial crisis has shown it destroyed what had taken nations decades to achieve.

United Nations (UN) Secretary General Kofi Annan criticised globalisation saying that it "aggravated existing inequalities" and raised social inequities and widened the gaps between the rich and poor to "extreme levels".

Then again Mr Said Musa, Prime Minister of Belize, pointed out that instead of stabilising economies the policies of globalisation "have stabilised poverty".

Clearly the last decade has worsened the plight of the poor and more have joined their ranks. Millions live on less than US\$1 (US\$1 = RM3.80) a day and many in developing countries find their purchasing power reduced.

The Cuban President Fidel Castro, whose country is a major producer of sugar, told the Summit of the Group of 77 (G-77) developing countries that the purchasing power of commodities such as sugar, cocoa and coffee is just 20 per cent of what it used to be in 1960, and consequently they do not even cover the cost of production.

The number of Least Developed Countries (LDCs) almost doubled from 25 in 1971 to 48 in 1999. The UN Conference on Trade and Development (Unctad) points out that while the 48 LDCs account for 13 per cent of the world's population in 1997 their share in world imports was only 0.6 per cent and a minuscule 0.4 per cent of world exports.

"This represents a decline of more than 40 per cent since 1980 and testify to the further marginalisation of the LDCs," Unctad says.

According to Mr Anthony Giddens in his book entitled "Runaway World - How Globalisation is Reshaping Our Lives" the share of the poorest fifth of the world's population in global income has dropped, from 2.3 per cent to 1.4 per cent between 1989 and 1998. The proportion taken by the richest fifth, on the other hand has risen. In Sub-Saharan Africa, 20 countries have lower incomes per head in real terms than they did in the late 1970s.

Even as these statistics are very daunting they do not even begin to tell the hardships and miseries faced by many in the modern, globalised and liberalised world.

The increased mobility of information, goods, capital and people - referred collectively as "Globalisation" in English, "modialisation" in France, "globalizacion" in Spain and Latin America and "Globalisierung" in Germany - ought to make it easier for Africa, Latin America and South Asia to seize the opportunity to integrate into the world economy.

But the fact is that this is not happening. The poor are getting poorer and the rich richer. The disparities between and within countries have widened and many are marginalised. There is no free flow of all the factors of production, and certainly not of those factors in which developing countries have a comparative advantage, as some would have us believe.

As Prime Minister Datuk Seri Dr Mahathir Mohamad pointed out, at the

Summit of the G-77 developing countries in Havana, Cuba, If globalisation implies the integration of all countries into one single global entity then why should it mean only the free flow of capital and capitalists across borders? Why should not workers, especially unemployed ones, move across borders freely also?

If money is capital for the rich, labour is the capital of the poor countries. It is no wonder than that the "American financial elite" is appalled at any talk of pulling back from globalisation and therefore resist any changes that will affect them. Thus the resistance to removing the road blocks and barrier to free flow of labour from developing countries to the rich.

Why should they not be allowed to migrate to the rich countries, to compete for the jobs there just as the powerful corporations of the rich must be allowed to compete with their tiny counterparts in the poorer countries?

Just as the big corporations from the rich can easily put out of business the small companies of the poor, the hard working lower paid workers of the poor can easily displace the high cost labour in rich countries. The result, as Dr Mahathir said, will be lower production cost and lower cost of living for the rich and more remittances to poor countries.

"This is a ridiculous idea," Dr Mahathir had said adding "How can one expect a rich country to let poor people in to displace their highly paid workers?"

Then again, if it is right for the big corporations of the rich to displace small weak corporations of the poor, why is it so wrong for the poor workers to displace the rich workers? Isn't lowering the cost of production one of the aims of businesses?

If it is, as often argued, that open markets and liberalisation benefits developing countries, that they should open their doors to capital, technology, ideas and everything in between from the developed West, why then are there barriers to the flow of ideas, trade and labour from developing countries to developed nations? The developed world does not have a monopoly on good and workable ideas. Recent events have proven that. It is about time that the views of the developing world are considered. In an interdependent world decisions and actions of those in developed countries affect people in developing countries. Yet they have no say in these policies nor in the decision making processes.

Those in developing countries, as Dr Mahathir pointed out, have a "great deal of experience ... Our experience can help shape a globalisation that benefits all. So let us in".

The developed countries and especially the seven most industrialised countries or the Group of Seven (G-7) will have an opportunity to let the developing countries in when they meet in Okinawa, Japan, in July.

Listening to views of developing countries and to their commitment in promoting a new partnership for development as well as involving them in the decision making process may pave the way for a new ways to stabilise economies. As the UK-based "Spectator" says "Sometimes the big fish can learn lessons from the minnows".

(END)