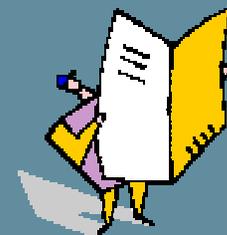


MODULE #3

Views and perceptions about globalization



Views: COMMON GROUND

The Commission's consultations with over 2000 key people revealed common ground

- Globalization could be frightening, stimulating, overwhelming, destructive or creative, depending on one's point of view.
- There is a widespread sense of instability and insecurity. Unstable global financial systems can have devastating effects. In all parts of the world there are voices calling for stronger systems of social protection and income security.
- There is concern about the impact of globalization on culture and identity. Some see it as threatening the way of life of whole communities. Others see benefits in overturning traditional ways and developing modern attitudes and gender equality.
- There is great concern about employment and livelihoods. While people largely favour more openness and interconnection between societies, they are much less positive when asked about the impact on their jobs and incomes. Small enterprises have great difficulty in taking advantage of globalization, yet that is where most employment is created.
- The rural and informal economies remain on the margins, and the result is persistent poverty. Others are concerned about the loss of jobs because of global competition, and the downward pressures on conditions of work and workers' rights in Europe and North America as well as in middle-income and transition countries.



Views: UNFAIR GLOBAL RULES

Other common elements of the dialogues

- The United Nations and the multilateral system are seen as the best means of responding to the challenges of globalization. It is recognized that globalization is a reality. Answers can and must be found.
- There is wide debate on the role of markets and how to meet the needs and aspirations of people in their own communities. Progress is impeded by unfair global rules that favour the powerful and neglect social impacts.
- Fair rules do not automatically lead to fair results. Efforts are needed to help those in a weaker position. Currently, trade and investment are favoured over human rights and the environment, partly due to a “democratic deficit” internationally.
- The role of the State should be renewed built on the rule of law and democratic institutions, and working with other social actors. While the concept of an all-embracing State is discredited, globalization has weakened the State too much.
- The State should develop national capacities, regulate economic activity, promote equity and fairness, provide essential public services and participate effectively in international negotiations. It should also invest in education, skills and technological capabilities across the board.
- A fairer framework for the movement of people is essential. In many low-income countries there is criticism of the barriers to migration to industrialized countries.
- Regional integration is seen as a route towards a fairer, more inclusive globalization. Countries are better able to manage the social and economic challenges of globalization by working together.



VIEWS FROM AFRICA



Issues emerging from dialogues in Africa

- Debate continues on how much globalization is to blame for Africa's problems. At best Africa felt bypassed, at worst abused and humiliated.
- Some dialogue participants felt globalization was unwanted, foreign and forced on Africa. Others thought that it could lead to greater democracy, education and employment. Generally, people did not believe that Africa could advance by isolating itself.
- A long list of negatives was attributed to the current pattern of globalization, including rich nations' farm and tariff policies that discriminate against local commodity processing.
- Frustration was voiced at the policies of international organizations. African negotiators lack the ability to promote their interests at the WTO. The IMF and the World Bank were described as arrogant, ignorant of local conditions and applying "one-size-fits-all" policies.
- HIV/AIDS, poverty and migration are top priorities on Africa's agenda, including the high costs of patented drugs for HIV/AIDS and other diseases.
- Africans do not just blame others for their problems. They feel responsible for failures to build trade, integrate with other economies and benefit from the positive aspects of globalization. They recognize the adverse effects of poor governance, and wastage of resources on armaments and devastating conflicts.
- Regional cooperation agreements can be effective vehicles for integrating Africa into the global economy. Much needs to be done to reduce poverty through local initiatives and "*African solutions for African problems*". Outside help is essential to ensure that Africa is included in global progress.

VIEWS FROM THE ARAB WORLD

Issues emerging from dialogues in the Arab world

- In the Arab world, perceptions of globalization are overshadowed by war and the continuing Arab-Israeli conflict. They are conditioned by the current pattern of integration with the rest of the world, dominated by oil exports and migration, and fears for the impact of globalization on cultural identity and local traditions.
- Oil is seen as a mixed blessing. It funded infrastructure projects and permitted a large increase in both public and private consumption but undermined local industry and agriculture and increased inequality within and across the countries of the region. The global importance of oil encouraged political interference from outside forces.
- Many people in the region associate globalization with intrusion by foreign powers into their economic and political affairs, which undermines sovereignty and encourages wasteful military expenditure. Some also feel that the West failed to adequately support democratization for fear of the popularity of political Islam or to maintain the existing regime in the oil sector.
- There is widespread concern about the possible loss of jobs that could result from the liberalization of trade and investment and competition from developing countries with lower labour costs.
- Others argue that economic modernization through globalization is the path to greater strength and the ending of dependence on foreign powers. Opinion surveys show growing support for regional integration, both among Arab countries and with Europe. This could be a conduit for reaping some of globalization's benefits and resisting competition from low-cost producers from Asia.



VIEWS FROM ASIA

Issues emerging from dialogues in the Asia

- In Asia, globalization has been beneficial for some but not for others. The most impressive gains are in China and India. There is need to make the process more inclusive because some 1 billion people in the region have seen almost no rewards.
- In China, the opportunities and benefits of globalization outweighed the risks. Globalization spurred economic growth, industrial productivity and employment. But it undermined traditional livelihoods in agriculture, changed the traditional social security system and increased rural-urban and intra-regional inequalities.
- In India, the results of globalization were mixed. The lives of the educated and wealthy were enriched and information technology (IT) benefited greatly. But the benefits have not reached the majority and new risks have emerged for the socially deprived and rural poor.
- It is feared that globalization could erode values such as democracy and social justice. Power is shifting from elected local institutions to unaccountable transnational bodies. Western perceptions, which dominate global media, encourage consumerism in the midst of extreme poverty and pose a threat to cultural and linguistic diversity.
- Elsewhere, as the Philippines dialogue pointed out, the experience of globalization was often of *“much talk of markets, but in reality very little access, much talk of jobs, but they were somewhere else, and much talk of a better life, but for others”*. Industrialized country protectionism denies to others the very route that they themselves used to grow.
- Capital market reforms are needed but liberalization must be prudently sequenced together with social protection. Concerted action is needed on cross-border movement of people and human rights violations, especially trafficking of women and children.



VIEWS FROM LATIN AMERICA



Issues emerging from dialogues in Latin America and the Caribbean

- Globalization needs reform to put people first and be more “humane”, but the region also needs reform to take advantage of globalization. The dialogue in Brazil highlighted emphasis on hunger, universal education and decent work to counterbalance trade, finance and technology.
- Globalization is associated with the spread of democracy and growing public awareness of issues such as gender inequality, human rights and sustainable development. It is helping to shape a new global ethic based on universal values and principles. The challenge now is how to put the emerging rights agenda into practice.
- For many, globalization is not delivering on its promises, particularly concerning decent work. The majority, regardless of social status, perceives more threats than opportunities in globalization. Unstable global financial markets had disastrous social consequences in many countries.
- The role of the State is important, including efficient public services. Competitiveness should be enhanced by investment and human capital development, not by lowering wages or raising tariffs. Migration is a key issue as one Mexican worker in five lives abroad.
- Much hope is placed on regional integration as a route to social and political goals. Integration within Mercosur in particular could be deepened. Wide ranging regional institutions are already in place in the Caribbean.

VIEWS FROM EUROPE/CENTRAL ASIA

- **Issues emerging from dialogues in Europe and Central Asia**
- Engagement with globalization is inevitable, but the process should be directed in a more socially responsible manner.
- The painful social upheavals of the transition from communism in the former Soviet Union and Eastern Europe were not blamed on globalization.
- Participants were wary of the pitfalls of globalization, but reluctant to return to the old, closed systems. They were acutely aware of the costs of change, particularly when there were no new social safety nets to replace the ones which had been discarded.
- People are frustrated by high unemployment and the problems involved in restructuring old industries and the large farm sector.
- The dialogue in Russia underscored the opportunities and challenges of globalization: increased investment flows, expanded export markets, and new possibilities to achieve higher growth and better standards of living. However, many adjustments are still needed, and a just distribution of both the costs and benefits of reform is important.
- The social costs of Russia's accession to the WTO should be minimized, and there is need for improvement and enforcement of labour legislation, greater employment generation and reform of the educational system.
- National culture and diversity must be protected. Of particular concern is the failure of multinational enterprises to respect the law and labour standards. Migration is a serious problem – both the exodus of skilled workers and illegal movements.



VIEWS FROM EUROPE/ AMERICA

Issues emerging from dialogues in Western Europe and North America

- Globalization was blamed for export of low-skilled work to lower-cost countries, but it is just one of several causes of unemployment. Of greater concern is the effect of capital mobility on fiscal policy. International tax competition is thought to impose severe limits on financing the welfare state.
- Throughout Europe, migration is a critical issue, but should be seen in the context of Europe's ageing population. The EU is both an expression of a social model and a response to the pressures of globalization.
- Developing countries should have a much bigger say in the rules of globalization and the poorest countries should receive more development assistance.
- In the United States, recent surveys report positive attitudes to globalization despite concern about jobs. A significant group of American voters objects to further exposure to globalization but it is viewed more positively the higher the level of education and skills.
- In general, globalization is leading to greater wealth and well-being. The United States is itself the main driver. Adverse effects include impacts on the environment and the marginalization of countries in Africa and the Middle East that were unable or unwilling to participate.
- Views were divided on whether globalization will continue or be impeded by rising nationalism. There is need for international organizations, official and otherwise, to help guide the process as well as for better governance at all levels.



VIEWS OF BUSINESS

Issues emerging from dialogue with business

- Chief executive officers do not see themselves as the main drivers of globalization. Business did not create globalization, but reacted to it, they said. For some enterprises the task was especially difficult. Businesses from poor countries and small enterprises everywhere found it hard to manage global competition without public support.
- For bigger firms, in the global environment *“the key to effectiveness is in the management of diversity”* – of markets, suppliers and workforce. Business leaders also rejected the notion that they were imposing single models across their operations worldwide: *“The more we become global, the more we operate locally”*. Business might even act as a two way channel, transferring new technology while bringing home awareness of the problems and concerns of developing countries.
- A key issue for the social dimension of globalization is to achieve a better spread of FDI. This means creating stable and corruption-free environments that would encourage long-term business commitment.
- Governments have the overall responsibility to ensure that agreed rules are respected. But excessive regulatory zeal is undesirable when markets could correct many disturbances automatically. *“We need more dialogue and change in behaviour; not more rules and regulations.”*
- The importance of respect for values was underlined. Progressive business is strongly committed to voluntary social responsibility. Good corporate citizenship is increasingly important for business development. Business confidence had been undermined by corporate scandals. There is concern about a possible backlash to globalization and its harmful effects.



VIEWS OF LABOUR



Issues emerging from dialogue with trade unions

- There is concern that the economic base of developing countries is being progressively eroded by the policies of industrialized countries, the International Financial Institutions (IFIs) and the WTO. Continued emphasis on privatization of utilities such as water, electricity and health services is exacerbating poverty.
- There is also concern that the exploitation of women workers in Export Processing Zones (EPZs) had expanded dramatically. That includes low wages, intimidation of workers trying to organize themselves, violence and sexual harassment.
- Respect for workers' rights and labour standards must be ensured in the global economy. Trade union leaders thought the ILO could play a leading role, working in greater cooperation with other international organizations, including the IFIs and the WTO, national governments and employers' and workers' organizations.
- Union leaders in industrialized countries maintained that dissatisfaction with corporate governance has reached a crisis point. It is *"time to save corporations from themselves"*. Deregulation and the emphasis on shareholder value has gone too far. Increased global competition encourages employers to play *"fast and loose with labour practices"*, including the replacement of decent employment with insecure informal, casual and contract work.
- For many corporations, voluntary corporate social responsibility is simply *"an attempt at a public relations repair job"*, without any real effect on mainstream business operations. A global system of industrial relations is required, including global works councils, social audits of companies, and mechanisms to monitor and verify the implementation of codes of conduct adopted by multinational companies.

VIEWS OF CIVIL SOCIETY

Issues emerging from dialogue with civil society

- CSOs are concerned that corporate and financial interests dominate the pattern of globalization without sufficient accountability. The negative effect of extractive industries on indigenous peoples, local communities and environments is a common theme. Another is the adverse impact of international rules for intellectual property rights, which open the door to the privatization of indigenous knowledge. Many denounce a rise in the political influence of corporations, including through a marked concentration of private ownership of the media.
- There is a broad critique of an economic model imposed on countries, notably through the conditionality of the IFIs. It is evident in the WTO, which promoted a paradigm of competition where the weak have to compete with the strong. *“A conversation between a cat and a mouse is not a conversation.”* It led to the neglect of social and environmental goals, and so to an unsustainable pattern of growth which imposed high costs on people and communities. *“It is a deeply undemocratic and disempowering system.”*
- For many CSOs, the goal is to change the principles on which the global economy works. The slogan of the World Social Forum is: “Another world is possible”. Many CSOs put great emphasis on human rights and respect for values such as fairness, solidarity and gender equality. They see pervasive double standards in the gap between the rhetoric and the behaviour of many global actors.
- Policy proposals include making all actions of international organizations subject to a prior review of their consistency with universal human rights. Another widespread demand is a comprehensive solution to the debt crisis, preferably through simple debt cancellation.



VOICE FOR THE VOICELESS

Views about the UN system and multilateral solutions

- Many CSOs are frustrated at the failure of States to deliver on the commitments made at UN fora over recent decades. Some believe there is a systematic effort to sideline the United Nations on issues of economic justice, peace and development and called for it to be given greater authority over international economic and other policies.
- There is concern about the apparent weakening of multilateral solutions and multilateral approaches to the problems of globalization.
- A critical part of the solution, it is widely argued, lies in giving voice to the voiceless. A wider, more participative and democratic framework is needed at all levels: local, national and global. Women are still under-represented in most policy-making bodies.
- Many CSOs argue that public policies and economic systems must reflect local needs and local decisions. At the same time, there must be greater democracy in the functioning of the multilateral system, and particularly the Bretton Woods organizations and the WTO.



REVIEW #3



1. In what ways are global rules unfair towards poorer and weaker countries?
2. How far can globalization be blamed for Africa's problems?
3. In the Arab world, is globalization a force for modernization or a path to intrusion of foreign powers?
4. How has globalization affected Asia? Can China and India be role models?
5. Can the State help to make globalization more humane in Latin America and the Caribbean?
6. Why do some people in Europe and Central Asia express frustration with globalization?
7. Is globalization a central cause of unemployment in Western Europe and North America?
8. Are businesses the drivers of globalization or managers of responses to globalization?
9. How important for globalization is respect for worker's rights and labour standards?