

Globalization: Opportunities for Positive Social Change

By Donald F. Fausel

Conference on Social Change
Walden University
Baltimore, MD, October 21-22, 2005

Abstract:

This paper viewed globalization through the lenses of the economic theory of comparative advantage and the philosophy of neoliberalism and its alternatives. It examined and assessed the role that the World Bank, International Money Fund (IMF) and the World Trade Organization (WTO) play in the controversy surrounding globalization, with special attention to free trade and fair trade. It reviewed research indicators of progress towards the United Nation's Millennium Goals and presented strategies for its success. It concluded with an agenda for positive social change action as a counterbalance to potential negative effects of globalization.

Key words: Globalization; neoliberalism; free trade; fair trade; World Bank; World Trade Organization, International Money Fund, and hegemony.

Introduction

Globalization has been described as one of the most contested topics in the social sciences (Guillen, 2001). The concept evokes rigid positions and strong feelings from both the proponents and opponents. The strong feelings of the opponents of globalization first irrupted on national television and the public media in 1999 in Seattle, WA, when thousands of protestors attempted to shut down the meeting of the World Trade Organization (Anderson & Cavanagh, 2005).

Differences among theorists, although less violent, are nevertheless divided. Globalization theorists view the rapid increase over the last twenty years of cross-border economic, social, technological and cultural exchanges as: either the key to economic

development or believe it increases inequality within and between nations, threatens employment and living standards and thwarts social progress (Ohmae, 1990).

This paper will analyze selective literature and empirical studies of social and political theorists on both sides of the globalization fence. It will pay particular attention to how extreme poverty and economic inequities are effected by the policies and operations of three of the major institutions created by the international community as pillars of global activity, that is: the World Bank, the World Trade Organization and the Internationally Monetary Fund. The analysis will be guided by the theory of comparative advantage and the philosophy of neoliberalism.

In order to mitigate and counterbalance the potential negative effects of globalization, it will provide an agenda for social change.

The Evolution of Globalization

Nobel prize winning economist Joseph E. Stiglitz, stated in his book *Globalization and its Discontents* (2003), “Globalization itself is neither good nor bad. It has the power to do enormous good ...” (p, 20). Contrasting globalization’s power to do good, he added, “...in much of the world it (*globalization*) has not brought comparable benefits” (p. 21). Although Stiglitz doesn’t quantify “much” it seems clear that his position is that globalization as a concept is neutral and whether it is good or bad depends on other factors. Assuming the concept is neutral, the major task of this paper is to examine those factors that contribute to globalization being perceived as either good or bad. In order to do that, we will first briefly review its history to see how a neutral concept can generate such heated responses.

The following opinion capsulates the underlying reasons for the rancor between the pro and anti globalization forces, “Globalization creates new markets and wealth, even as it causes widespread suffering, disorder, and unrest. It is both a source of repression and a catalyst for global movements of social justice and emancipation” (Global Policy Form, 2005).

Wallerstein (2000), reminds us that the concept of globalization has been around for 500 years and that perhaps its long and varied history has contributed to its being a misleading concept. For most of our history merchants, financiers, politicians, artisans and businesspeople, have constructed an ever-more global economy. According to Wallerstein, it is that very long history of an ever increasing global trading that contributed to the concept being confusing. What is new is that from 1945 to the present we have entered what he labels *an age of transition*. Wallerstein believed:

We do indeed stand at a moment of transformation. But this is not that of an already established, newly globalized world with clear rules. Rather we are located in an age of transition, transition not merely of few backward countries ... but transition in which the entire capitalist world system will be transformed into something else. The future, far from being inevitable and one to which there is no alternative, is being determined in this transition that has an extremely uncertain outcome (p. 252).

In this statement, Wallerstein makes his position clear that not only is the process of globalization not new but that we are living in a time of transition in which change is so rapid that we can expect even more extreme changes as we move forward into the future and that future is uncertain.

Judging by the changes we have experienced in the last 20 years, in which this age of transition has been accelerated by an unprecedented change in communications, transportation and computer technology, his predictions seem reasonable. In addition to

the impetus that these technologies have had on the process of globalization, we need to answer the questions: what drives this process of globalization; how does it change politics; how does it effect global institutions and how do global institutions effect the process of globalization (p.252)?

Before moving forward, it would be helpful to define the concepts of globalization and to identify dimensions for this study. This is not an easy task because of strongly held positions on both sides. With this in mind, Guillen (2001) examined a dozen different definitions from a variety of contrasting positions. He came up with his own definition, which was a combination of the perspectives of two sociologists (Albrow, 1997, p. 88; Robertson, 1992, p. 8). Although perhaps not perfect, for the purpose of this paper Guillen's definition will be used. He defines "...globalization as a process leading to greater interdependence and mutual awareness (reflexivity) among economic, political and social units in the world and among actors in general" (p. 230). Friedrichs and Friedrichs, (2002) identified the following pertinent dimensions of globalization that will guide the analysis of quantitative and qualitative studies that this paper will review. They are:

1. The growing dominance and reach of neoliberalism and a free-market capitalist system that disproportionately benefits wealthy and powerful organizations and individuals.
2. The increasing vulnerability of indigenous people with a traditional way of life to the forces of global capitalism.
3. The growing influence an impact of international financial institutions(such as the World Bank) and the relative decline of power of local or state-based institutions; and
4. The non-democratic operation of international financial institutions, taking globalization from above instead of globalization from below (p. 14).

Comparative Advantage

Concepts have their roots in theory and philosophy. This section and the one that follows, will examine the theory of comparative advantage and the philosophy of neoliberalism to determine the effect they have on globalization, especially as they apply to free trade.

“The theory of comparative advantage is one of the oldest and judged by its widespread acceptance, one of the most successful theories in the history of economic doctrines” (Prasch, 1995, p. 427). Also, it has been described as “...the most important concept in international trade theory (Suranovic, 2004, *para* 1). Despite these accolades, as we will see that not every scholar views comparative advantage to be as applicable to the present global world situation (Prasch, 1995, p. 431) as it was a century and a half ago when David Ricardo (1772/1817) formulated the theory. The model describing the theory is commonly known as the “Ricardian” model (Suranovic, 2004, *para* 6). Ricardo was a British economist, who conceptualized the idea using a very simple, numerical example in his 1817 book entitled, *On the Principles of Political Economy and Taxation*. Goldsmith (1994) has described Ricardo as the principle theoretician of free trade even though he questions the theory’s relevance in today’s world.

The theory of comparative advantage “...argues that unrestricted exchange between countries will increase the total amount of world output if each country tends to specialize in those goods that it can produce at a relatively lower cost compared to potential trading partners” (Cypher and Dietz, 1998, p.305). The authors go on to explain that there are two parts to the theory, specialization and advantage. From their interpretation, for comparative advantage to be effective, each nation needs to specialize

in activities in which it excels and if it does that it can have an advantage relative to other countries. Each nation needs to narrow its activities by abandoning certain industries and developing those that it will have the greatest comparative advantage. This in turn would cause international trade to grow as each nation exported their surplus and imported products they no longer manufacture. As the theory argues, this requires “unrestricted exchange”, which equals free trade.

In recent years theorists have challenged comparative advantage’s utility in a more complex global environment (Cypher and Dietz, 1998; Prebisch, 1950; Robinson, 1978). Although they do not discard Ricardian theory, they do suggest modifications that accommodate to the twentieth and twenty first century. Cypher and Dietz believe:

...it is possible to demonstrate that the basic Ricardian theory of comparative advantage, including its extensions, is too static a theory on which to rest a first-best argument in favor of free trade in quite a number of realistic scenarios. Especially for poor, less developed nations....” (p.305).

Their paper, *Static and Dynamic Comparative Advantage: A Multi-period Analysis with Declining Terms of Trade*, presents a case based on Ricardo’s original numerical model.

The complex analysis of the data supports their adjustment to comparative advantage theory and demonstrates how specialization and trade can be suboptimal when one country faces declining terms of trade for its exports. They add, “This does not mean that all trade is bad in its impact on a nation’s welfare...” (p. 309). The authors caution not to presume that the opposite is true, that is, that free trade enhances welfare. “Unfortunately, it would appear that for a wide range of possible scenarios, this is quite as untrue as well (p. 309). We will examine this in more depth, when we discuss free trade and fair trade in more depth.

Neoliberalism

The discussion of comparative advantages leads logically to the philosophy of neoliberalism. It is beyond the scope of this paper to put neoliberalism in the context of the evolution of economic from Adam Smith (1776) to the present day theories of economics, however, we can provide a brief account of its history, with a focus on the theory's impact and how it has become so dominant and widespread in the present time.

Neoliberalism should not be confused with the liberalism of John Maynard Keynes (1936) and the impact that he had on Franklin D. Roosevelt's New Deal progressive liberalism. The Keynesian model, which in essence was based on the principle that full employment is necessary for capitalism to grow and that this can only be achieved by government intervening to increase employment, flourished until after World War II.

One of the proponents of Keynesian principles, Karl Polanyi (1944), a leading economic scholar, extolling the virtues of New Deal's progressive policies, had optimistically written, "...we are witnessing a development under which the economic system ceases to lay down the law to society and the primacy over that system is secure" (p.251). His prophecy for the primacy of a secure progressive system obviously was not fulfilled. The next logical question is how did neoliberalism emerge to the prominence in economic circles that it enjoys today?

George (1999) believes that the neo-liberals understood, as the progressives did not, that ideas have consequences. Neo-liberals also understood the concept of cultural hegemony, i.e. "If you can occupy people's heads, their hearts and their hands will follow" (p. 2, *para* 4& 5). To capture peoples' heads they relied on the writings of

Friedrich von Hayek (1945) and his student Milton Friedman (1962) and the faculty of the department of Economics at the University of Chicago. To capture their hearts and hands the so called “Chicago gang” relied on the charisma of Margaret Thatcher in Britain and Ronald Reagan in the United States. (George, p.3, *para 3*).

Margaret Thatcher came to power as prime minister in 1979. She was a disciple of von Hayek and a strong supporter of neoliberalism. She supported and promoted the major tenets of neoliberalism as outline below by Robbins (1999):

- Sustained economic growth is the way to human progress
- Free markets without government “interference” would be the most efficient and socially optimal allocation of resources
- Economic globalization would be beneficial to everyone
- Privatization removes inefficiencies of the public sector
- Governments should mainly functions to provide the infrastructure to advance the rule of law with respect to property rights and contracts (p.100).

The basic assumption underlying these characteristics is that the market is a good thing and that competition between nations, regions, firms and individuals is a key to growth (George, 1999). And since competition is a virtue its results can not be bad. George also points out that Ms. Thatcher became well know for justifying her neo-liberal economic policies with the single word TINA, an acronym for *There is No Alternative*. George quotes her as saying “It is our job to glory in inequality and see that talents and abilities are given vent and expression for the benefit of all of us” (p.3, *para 5*).

President Reagan’s version of *Thatcherism* shared many of the same values as neo-liberal economics. It was based on the supply-side principle or trickle down economics. In 1981, President Ronald Reagan implemented the neo-liberal agenda by prodded Congress to pass a huge tax cut, mostly for the wealthy (Ackerman, 1984). In a chapter entitled *The Way the World Doesn’t Work* Ackerman describes Reagan’s promise

to stimulate the economy, using neo-liberal strategies. He proposed a "...four-part program for economic recovery: civilian budget cuts and military buildup; tax cuts; rollback of federal regulation; and monetary policies that would cause higher interest rates" (p. 2). He promised that these strategies would jump-start the economy by the "supply-side" principle, that is, the money that would be available to the investor class would be spent on the expansion of factories and businesses and the money would "trickle down" to the working class, who would benefit by the jobs that were created by the investors.

Although the majority of economists support neoliberalism, there are those who question its philosophy (Alam, 2003; Cavanagh and Mander, 2004; DeMartino, 2000; George, 1999; Mander and Goldsmith, 1996; Stiglitz, 2002; Tabb, 2002), to mention just a few, who have serious concerns. Even J. Bradford DeLong (2004), professor of economics at the University of California at Berkeley, who identifies himself as a "card carrying neo-liberal" questions some of its tenets. For example, DeLong recognizes that "...this bet on increased international economic integration is a bet. It's a bet not a sure thing" (p. 1, *para* 5). In an effort to "turn down the volume" on the rhetoric on both sides he goes on to acknowledge the contributions to the debate of several scholarly anti-globalization authors. He describes Karl Polanyi (1944) as the "granddaddy" of them all. And points out how his half a century-old book *The Great Transformation*, took in to account the human costs of globalization. Polanyi "...argued that the market economy erodes the web of relationships that holds human society together (p. 2, *para* 4). DeLong also agrees with Polanyi that "...the market for labor pressures people to move around the globe to where they can earn the most—creating strangers in strange lands" (p. 2,

para 4). DeLong also acknowledges more recent scholars, for example, Robert Reich (1991) who echoes some of the same concerns for the blue collar workers expressed by Polanyi, that there is a danger, that there will be inequity created between laborers and management and laborers will not be able to share in the anticipated prosperity made possible by American inventions and resources.

Free Trade

As we saw above, one of the major tenets of the philosophy of neoliberalism is free trade. It is the linchpin of neoliberalism. It is the religion of our age (Morris, (1996). The postulates of free trade are: (1) Competition spurs innovation, raises production and lowers prices; (2) the division of labor allows specialization which raises productivity, and lowers prices; (3) the larger the production unit, the greater the division of labor and specialization and thus the greater the benefits (Morris, 1996, p. 219). However, neo-liberalists do not have a corner on the market in supporting free trade, since most economists believe in the concept (Friedman and Friedman, 1997). As a concept it is one aspect of liberalization that has widespread support across economic philosophies. It's difficult to disagree with the concept of free trade. Its is supposed to promote a country's income by moving resources from less productive uses to more productive uses, in effect, by utilizing Ricardo's (1776/1817) theory of comparative advantage (Stiglitz, 2003, p. 59). In addition to economists supporting the concept, politicians both conservatives and liberals have maintained a consistent rhetoric of support throughout U.S. history (Conti, 1998). Conti points out that presidents, from the founding fathers to contemporary executives have "...uniformly espoused adherence to the principle of free trade" (p.xiii). She goes on to remind us that presidents Reagan, the first president Bush and Clinton had

a least one political goal in common, they all wanted to pass the North American Free Trade Agreement (NAFTA), that ironically was passed during Clinton's administration (p. xix). With this strong economic and political support, yet very strong dissent, the question is "What is so terrible about global free trade?" The answer is that there is nothing wrong with the concept of free trade *per se*, what critics object to is the way free trade is implemented. The critics of free trade are not antitrade as often depicted. Many of the leaders of the opponents of neoliberalism are actively involved in the promotion of *fair* trade as an alternative (Cavanagh and Mander, 2004, p. 20). What they object to, is what in their judgment, is the unrestricted, corporate-dominated trade that has no regard for the environment, workers' rights and local self-determination (Bahadur & Mendoza, 2002). The same authors express an opinion that is typical of the opposition; "The world's rich nations have long preached the advantage of free trade for world's developing nations. But it simply has not been a level playing field" (p. 22).

A great deal of the dissent is focused on those institutions that are responsible for the implementation of the goals of the neo-liberals: the World Bank, the World Trade Organization and the International Monetary Fund. These are the three public institutions created to anchor the three pillars (or as they are derogatorily referred to by their detractors as the three sisters or the Unholy Trinity) of economic activity: production, finance and trade (Anderson and Cavanagh, 2005, p.76).

To put these three institutions in perspective, we will briefly go back to the birthplace of the modern globalization era, Bretton Woods, New Hampshire, July 1944 (Cavanagh and Mender, 2004, p. 33). It was there that the United Nations Monetary and Financial Conference made up of economic leaders from around the world met towards

the end of World War II. Their mission was noble, to create a world of peace founded on prosperity. Specifically, to create the institutions that would make that vision a reality (Korten, 1996). At the end of this meeting the World Bank and the International Money Fund (IMF) along with the General Agreement on Tariffs and Trade (GATT) were founded. GATT changed its name in 1995 and became the World Trade Organization (WTO) (Bahadur & Mendoza, 2002).

Each of these institutions has different functions to perform in the international arena of world free trade, development and finance. Very briefly, although there is some overlap, the World Bank was conceived as a development institution that had two broad goals: economic and social development and the reduction of poverty. WTO has two basic functions: as a negotiation forum that discusses new and existing trade rules and as a body to settle trade disputes. IMF was established to promote the health of the world economy (Anderson and Cavanagh, 2005). Whether these organizations are accomplishing their missions will be addressed in the research section below.

Research

This section will examine and assess selective studies that support both pro and anti-globalization positions. It will follow the theme of neoliberalism and the impact of the major economic institutions on free trade. It is not intended to be exhaustive or conclusive but will underscore the position that is reluctantly acknowledged by the institutions that guide the fate of free trade and those advocacy groups that vociferously challenge the positions of these organizations. The question to be answered—is there a level playing field, when millions of people are living in extreme poverty?

Masson, (2001) in an analytic paper written as a discussion piece for the International Monetary Fund, states “Despite a general trend to increasing globalization in the post-1950 period, not all countries have benefited, nor have all citizens of a given globalizing country prospered” (p.2). Masson also states that globalization “...may be associated with inequality and volatility...” (p. 1) but suggests that IMF encourages more trade liberalization, lending money and assisting developing countries with structural reforms to help reduce poverty. He does not mention the contingencies or conditionalities that are required to receive that financial assistance in the form of loans. We will see from other reports that these conditionalities can be oppressive. Additionally his data do not factor in some of the most vulnerable countries, especially the South African countries. This is particularly apparent in his charts reporting Infant Mortality, Life Expectancy and Adult Literacy, he confines his comparisons to “selected countries and regions” between 1960-99 (p.8). The author also does not report on those who have been the major beneficiaries from free trade, the “haves” versus the “have nots”. Masson’s report differs from several commentators including Amsden, (2000) and Easterlin, (2000), who basically agreed that you cannot deny that there are many winners in a global economy. But as Frank (2000) pointed out, “... the winners are disproportionately wealth multinational corporations and the losers are disproportionately poor disadvantaged peoples, especially indigenous peoples in developing countries” (p. 10). Perhaps the lowest blow is that globalization has been characterized as a new form of colonization (Dunne, 1999).

In a paper presented at the International Forum for Development, Ocampo (2005), provides an analysis of some of the challenges in building a more balanced

globalization. After examining the extensive literature on economic growth Ocampo comes to four conclusions:

First and most important is that world inequality is appalling and remains at or at very close to its historical peak. The second is that if there has been deterioration in the world distribution of income, it has been slower than that which characterized XIX century during which the gap between per capita income of developing countries increased markedly....The third is that any estimated improvement in world income distribution is exclusively due to the rapid growth of China and to a lesser extend, India. Finally, ...the richest 10% of the world population has increased (p.13-14).

Surprisingly, Ocampo doesn't specifically refer to the WTO, IMF or the World Bank as having any responsibility for widening of the gap between the developed and developing countries. He does mention that "...liberalization of market forces has generated tensions without creating mechanisms to attenuate them (p.17). Ocampo attributes these tensions to the process of globalization, which he contends has eroded the nation-states capacity for action but again doesn't directly ascribe these tensions to the institutions responsible for the policies that contribute to the strain.

In the introduction to David and Jessica Friedrichs' (2002) article, *The World Bank and Crimes of Globalization: A Case Study*, they start by asking two questions:

Are the policies and practice of the international financial institution (the World Bank), arising in the context of accelerated globalization, usefully characterized as a form of crime...What kind of strategies and actions are available in response to the harm caused by these policies and practices" (p. 13)?

The authors modify what seem to be a bias in the way the second question is stated, by assuring the readers that they do not intend to follow the positions of some contemporary critics, who suggest that globalization is per se a criminal enterprise that should be challenged on every level. But their approach is to address a narrower claim, that at least some of the policies and practices of the international financial institutions, in this case

the World Bank, can be validly characterized as criminal, rather than indict all its policies and practices (p. 13) .

The subject of their case study report is the construction of a Dam at Pak Mun, Thailand. One of the authors of the article acted as a participant observer. She was able to interview five villagers in great depth about their experience with the dam, as well as World Bank representatives and local authorities.

In the late 1970s and 1980s the World Bank had become involved in one of its most favored projects, building a hydropower dam in Thailand as part of the structural adjustment policies that promoted production industries (p.17). Without going into the rich detail of their report, this project was started and completed despite the opposition of the villagers, who organized a number of protests throughout the years. During that time, villagers living along the river witnessed the destruction of their communities and decimation of their main source of livelihood, fishing. Although the World Bank claimed that 989 families would lose some land and housing, actually 1700 families lost a house, land or both (p. 19). The author provides full descriptions of the human, environmental and cultural losses that the villagers experienced. One villager, Mae Sompong, provided the following statement: “The villagers are not against development. We are against violating rights. We’re against organizations using their power over the governments of the people so that the people don’t have a place to live or food to eat” (p.17). This statement expresses one of the major fears that indigenous people have. They fear that their own government’s decision making power will be usurped by one of the international financial institutions. And that these institutions, who have readily provided loans but with contingencies that give the financial institutions the right to stipulate

contingencies that ultimately are ignoring what is in the best interest of their country and contribute to mounting debts. This is not atypical of the policies and practices that the international financial institutions follow. It supports Susan George's observation "Debt is an efficient tool. It ensures access to other peoples' raw materials and infrastructure on the cheapest possible terms...IMF cannot seem to understand that investing in ...health, well-fed, literate population is the most intelligent economic choice a country can make (George, 1900, p.143).

In an equally disturbing study by Colgan (2002), *Hazardous to Health: The World Bank and IMF in Africa*, the author focuses on structural adjustments, which she describes as a package of economic policy changes that the World Bank and IMF uses to fix imbalances in trade and government budgets. These strategies are not usually in the best interest of the developing countries. They involve cutting back the role of the state and promoting the role of the private sector (p. 3, *para* 3). Additionally, they add user fees. For example, in 1998, the Banks Operations Evaluation Department reported that nearly 75% of projects in sub-Saharan Africa included expanded user fees. This changed in 2000 when the Bank backed down after pressure from various advocacy groups (p.9, *para* 2-3). Colgan also points out that the World bank and IMF are directed by the world's rich countries. The United States alone holds 20% of the votes on the Board of Directors (p. 2, *para* 4). The ideology that these policies are based on is clearly that of neoliberalism, also referred to as "free market fundamentalism" or the "Washington Consensus", since the financial institutions are physically located in Washington, D.C. Although the World Bank has done well for the wealthy nations it hasn't decreased the gap between the rich and the poorest countries. A report issued by the World Bank in

2000, entitled *Poverty in an Age of Globalization*, presents empirical data that supports this statement. Although the report is clear about the advances made in the Northern countries (the developed countries) it is less forthright in interpreting the data about the Southern countries (developing countries). The report provides data to show how the share of the population in poverty has declined between 1987 and 1998 in all developing countries and adds it also has declined in the developing regions except Sub-Saharan Africa, Eastern Europe and Central Asia (p. 3). This seem like a rather large proportion of developing countries and can not easily be dismissed. Also, their interpretation of the data suggests that trends in vulnerability of both the GNP and terms-of-trade adjusted export growth has declined in developing nations during the 1990s compared to the 1980s. The data for the developing countries during that same time-span suggest that volatility is much greater (p.7).

This brief assessment of selective studies and current data from quantitative and qualitative studies is not to imply that the international financial institutions' policies and practices are all wrong but rather to suggest that there is a need for these agencies to be more responsible to the poorest of the poor and to re-examine the neo-liberal philosophy that drives the policies and equally important, the implementation of the policies.

Time and space do not allow a thorough assessment of the effects that recent trade agreements have had on free trade. However, there is increasing evidence to question whether these agreements are producing the results they promised. As an example, the North American Free Trade Agreement (NAFTA) celebrated its 10th Anniversary last year. On that occasion both the World Bank and Global Trade Watch released studies assessing the trade pact. The World Bank's report focused primarily on Mexico. The

GTW's paper showed that the data used to show the per capita GDP for the World Bank's test was "...widely out of line with per capita GDP data from all authoritative sources, including Penn World Tables, the OECD and the International Monetary Funds's *World Economic Outlook* (Weisbot, Rosnick and Baker, 2004, p.2, *para* 3). When generally accepted data are used on the World Bank's test, the results show that NAFTA reduced growth in Mexico. These results are the opposite of the results obtained from the World Global Trade Watch. The study reported by Global Trade Watch (2004) covering the same ten year time period, paints a very negative picture of the fulfillment of the NAFTA promises, especially as they relate to U.S. workers, jobs, wages and security.

Agenda for Positive Social Change

The current debate on globalization is of central consequence to the all of our lives. The disasters of the Tsunami in Asia or the tragedy caused by the hurricanes in the Gulf Coast is a dramatic reminder to us all, that what happens in one part of the world or in one part of the United States effects us all. In this vein, Gill, (2000) suggests that we need to change the terms of the globalization debate by altering its intellectual and political directions. He proposes that we place political analysis and political action at the forefront. Gill's position is:

There is a profound need for serious and sustained (re-) thinking of what practices constitute viable political strategies in the world economy. This can only be done in conscious alignment with dissenting social forces: that is, those constituting the potential counter-hegemonic coalition to the reigning power configuration of global and local elites (p.227).

A confluence of, scholar/practitioners, political activists, advocacy groups, members of Non Government Organizations are engaged in doing, is what Gill is suggesting. Even now, a plethora of scholars is challenging the current application of

neoliberalism, not because it is completely wrong but to act as a counterbalance to a theory that is not meeting the needs of the powerless. Just to mention a few of the many scholars that have done this effectively: DeMartino (2000), Halstead and Cobb(1996) Hersh and Schmidt (2000), all of whom we referenced earlier. DeMartino acknowledges the efficiency of neoliberalism but also is critical of its antipathy towards active state involvement in the economy and what seems to be its neglect of effecting change in the plight of the poorest. Hersh and Schmidt in their book, *Globalization and Social Change*, provide chapters by a well balanced group of scholars who examine both the positives and negatives of globalization. Halstead and Cobb provided a very thoughtful and useful paper on the need for new measurements of progress. They question the use of Gross Domestic Product (GDP) as the standard gauge of progress. They exhaustively demonstrate why the GDP isn't reliable and provide their own balance sheet, that they label the Genuine Progress Indicator (GPI), which offers a more humane measurement of progress (p. 202). These are just a few examples of the types of (re-)thinking that can provide social and political activists the intellectual base for strategies to actively effect positive social change.

At other levels of the coalition for change there are many individuals quietly working for fair trade. They believe that traditional free trade as supported by the neo-liberals is ripe for change (Ericson, 2000). They have organized groups such as Alternative Trade Organization (ATO), Fair Trade Federation (FTF), the International Federation for Alternative Trade (IFAT) and Fair Trade Labelling International (FTLI) (p.5). Their missions are diverse, to: educate the world about exactly what fair trade is and does; promote products whose producers and distributors have agreed to fair trade

principles; advocate for fair trade practices with governments and the international financial institutions; and on a micro level teaches people to be conscious consumers.

Additionally, globalization with its advanced technology has provided us the ability to become an integral part of the solution. The wealth of resources available on the internet is exhaustive. There are hundreds of websites that represent both sides of the globalization debate. There is a representative list and brief description of their mission in the resource section of this paper. The websites that are more concerned with injustices imposed on those living in extreme poverty have missions that state their commitment to equality and social justice, with multiple links to resources for accomplishing these goals. Other websites, for example, *The Global Dialogue Center*, offers opportunity to communicate with other people who share the same goals, even though they might differ in the strategies for achieving those goals. We have an opportunity to be part of a virtual global community sitting at our computer at home or on the road.

Conclusion

This paper has focused mainly on the effects that globalization has on the economy. Its impact on culture and politics were mentioned only in passing. Obviously these are equally important areas that need even more attention.

Globalization was characterized as neither good nor bad per se, but questions were raised about the need for rethinking and reform of the three major international financial organizations' modus operandi and their lack of transparency and accountability. Others question the power that these organizations have and expressed fears about their usurping the rights of individual governments.

Although the philosophy of neoliberalism seems to be firmly entrenched in the current political environment, many of the authors referenced, even moderate neo-liberals seem to be questioning how the tenets of neoliberalism are being implemented. There has been increased concern about the rigid, almost religious belief about the power of unrestricted free trade and the free trade agreements that the concept spawns.

There is a renewed interest in Karl Polanyi position that “The idea of a self-adjusting market implied a stark utopia” (p.3). While other moderate conservatives talk of a unregulated competition as a fantasy.

Most scholars would not be ready to respond to Barry Gills (2000) challenge “...it is by acts of resistance that we will establish our solidarities and our identities in the ‘era of globalization’....It is time to overturn neo-liberal globalization and by doing so create a new world” (p. 246). Resistance yes, solidarity yes, overturn neoliberalism yes – only if the opposition to current policies can maintain the momentum that started in the streets and continues to be backed by empirical data that will help move the current implementation of free trade from a position of wealth trickling down to the neediest, to it pouring down from the pockets of the wealthiest individuals, multi-national corporations and their collaborators.

Perhaps one of the most important contribution of this paper is its agenda for positive social change. Its agenda to open the consciousness of the person in the street to the plight of the most disenfranchised and provide educational resources for all of us to engage in positive social change. Our role as scholars/practitioners, even those of us whose discipline is not economics or anthropology, is as scholars to provide our fellow citizens with information based on scholarly work that will help raise their consciousness

to the needs of the poorest peoples and as practitioners, to be role models for engaging in local and global social change.

Postscript

Even as this paper was being “put to bed”, October 5, 2005, John Ralston Saul an acclaimed economist, philosopher and author, published a new book entitled *The Collapse of Globalism and The Reinvention of the World*. I heard him interviewed on public radio and CNN today. I immediately went out and bought the book and started to read it but unfortunately wasn’t able to get very far before having to finish this paper. My sense is that his critique of globalization is going to rock the foundations of the neoliberalism and the globalization industry. Permit me to give one example of the strength of his critique. It’s reminiscent of Wallerstien’s (2000) remark early in this paper, that we are living in *an age of transition*.

Perhaps the original flaw of Globalization lies in its overstatement of the success of nineteenth-century free trade, along with an overstatement of the determinism of technology and the superiority of rational management systems. The certainty of all this inevitable change has distracted us from just how slowly civilizations move (p. 32).

References

- Ackerman, F. (1984). *Hazardous to our health: Economic Policies of the 1980’s*. Boston, MA: South End Press.
- Alam, M.S. (2003). *Pauperizing the periphery: Two decades of neo-liberal politics*. Retrieved September 2, 2005 from <http://www.printthis.clickability.com>
- Amsden, A. (1995). Ending Isolationism. *Dissent*, 9, 13-16,
- Albrow, M. (1997). *The global age*. Standord, CA: Standford University Press.
- Andreasson, S. (2002). Neoliberalism and the creation of ‘virtual democracy’ in the Global South. Paper prepared for the *International Studies Association Annual Conference*, New Orleans March 24-27.

- Anderson, S. & Cavanagh, J. (2005). *Field guide to the global economy*. New York: The New Press.
- Bahadur C. & Mendoza, R. (2002). Towards free trade and fair trade: A Global Public Good. *Challenge*. 45. 21-70.
- Berger, P. & Huntington, S. (2002). (Eds.). *Many globalizations: Cultural diversity in the contemporary world*. New York: Oxford University Press.
- Cavanagh, J. & Mander, J. (2004). (Eds.) *Alternatives to economic globalization: A better world is possible*. San Francisco, CA: Berrett-Koehler Publishers, Inc.
- Conti, D. B. (1998). *Reconciling free trade, fair trade and interdependence: The rhetoric of presidential leadership*. Westport, CT: Prager Publishers.
- Colgan, A. (2002). Hazardous to health: The world bank and IMF in Africa. *Africa Action Position Paper*. Retrieve August 10, 2005 from <http://www.africaaction.org/index.php>
- Cypher, M. & Dietz, L. (1998). Static and dynamic comparative advantage: A multi-period analysis with declining terms of trade. *Journal of Economic Issues*, 32, 305-318.
- DeLong, J.B. (2000). Globalization and neoliberalism. *The Chronicle of Higher Education*. Retrieved August 30, 2005, from <http://www.j-bradford-delong.net>
- DeMartino, G. (2000). *Global economy, global justice: Theoretical objections and policy alterations to neoliberalism*. London: Routledge.
- De Sousa Santos (2002). *The process of globalization*. Retrieved August 15, 2005, from <http://www.eurozine.com/article/2002-08-22-santos-en.html>
- Dunne, T. (1999). The specter of globalization. *Indiana Journal of Global Legal Studies*, 7, 17-34.
- Easterlin, R. (2000). The globalization of human development. *The Annals* 57, 32-48.
- Ericson, R. (2000). *The conscious consumer: Promoting economic justice through fair trade*. Washington, D.C.: Fair Trade Resource Network.
- Evans, M. (1983). *The truth about supply-side economics*. New York: Basic Books.
- Frank, E. (2000). Global Democratization: Spotlight on the United States. *New Politics*, 8, 14.

- Friedman, M. (2002/1962) *Capitalism and freedom: Fortieth anniversary edition*. Chicago: The University of Chicago Press.
- Friedman, M. & Friedman, R. (1997). The case for free trade. *Hoover Digest*, 4. Retrieved August 10, 2005 from <http://www.hooverdigest.org/friedman.html>
- Friedrichs, O. & Friedrichs, J.(2002). The world bank and crimes of globalization: A case study. *Social Justice* 14, 13-39.
- George, S. (1999). A short history of neo-liberalism: Twenty years of elite economics. Paper presented at the Conference of Economic Sovereignty in the Global World: Bangkok, March24-26. Retrieved August 16, 2005 from <http://www.zmag.org/CrisesCutEvts/Globalism/george.htm>
- Gills, B. (2000). Overturning globalization: Rethinking the politics of resistance. In Hersh, J. & Schmidt, J.D. (Eds.) *Globalization and social change*. (227-249). London: Routledge.
- Global Policy Forum (2004). Non governmental agencies. Retrieved August 15, 2005 from <http://www.globalpolicy.org/ngos/index.htm>
- Global Trade Watch (2004). The ten year track record of the North American Free Trade Agreement: U.S. workers' jobs, wages and economic security. Retrieved August 25, 2005 from http://www.citizen.org/documents/NAFTA_10_jobs.pdf
- Guillen, M. (2001). Globalization civilizing, destructive or feeble?: A critique of five key debates in the social science literature. *Annual Review of Sociology*, 29, 229-265.
- Halstead, T. & Cobb, C. (1996). The need for new measurements of progress. In Mander, J. & Goldsmith, E. (Eds.) *The case against the global economy and a turn toward the local*. San Francisco, CA: Sierra Club Books.
- Held, D., McGrew, A, Goldblatt D, & Perraton, I. (1999). *Global transformations*. Stanford, CA: Stanford University Press.
- Herman, E. (1995). *Triumph of the market: Essays on economics, politics and media*. Cambridge, MA: South End Press.
- Hersh, J.& Schmidt, J.D. (2000). (Eds.), *Globalization and social change*. London: Routledge.
- Keynes, J. M. (1936). *The general theory of employment, interest and money*. London: Macmillan Press.

Korten, D. (1996). The failure of Bretton Woods. In Mander J. & Goldsmith, E., (Eds.) *The Case Against Globalization: And a turn toward the local*. San Francisco, CA: Sierra Club Books. 20-30.

Krugman, P. (1996). *Ricardo's difficult idea*. Retrieved August 10, 2005 from <http://web.mit.edu/krugman/www/ricardo.htm>

Mander, J. & Goldsmith, E. (1996). *The case against globalization: And a turn toward the local*. San Francisco, CA: Sierra Club Books.

Masson, P. (2001). *Globalization: Facts and figures*. International Monetary Fund Research Department. JEL Classification Numbers: F02, F15, F22, F36. Ocampo, J. (2004). Globalization, development and democracy.

Ocampo, A. (2005). Globalization, development and democracy. Paper presented at the International Forum for Development. *Items and Issues Social Science Research Council*, 5, 11-20.

Ohmae K. (1990). *The borderless world*. New York: Harper Publishing.

Polanyi, K. (1944). *The great transformation*. Boston, MA: Beacon, Press.

Prasch, R. (1995). Reassessing comparative advantage: the impact of capital flows on the argument for laissez-faire. *Journal of Economic Issues*, 29, 427-438.

Ricardo, D. (1978/1817). *Principles of political economy and taxation*. 3rd ed. New York: Dutton.

Robbins, R. (1999). *Global problems and the culture of capitalism*. Boston, MA: Allyn and Bacon.

Robertson, R. (1992). *Social theory and global culture*. London: Sage Press.

Saul, R.S. (2005). *The collapse of globalism and the reinvention of the world*. Woodstock, NY: The Overlook Press.

Smith, A. (1982/1776). *The Wealth of Nations*, New York: Penguin Books.

Snyder, R. (2001). *Politics after neoliberalism: Re-regulation in Mexico*. Cambridge, England: Cambridge University Press.

Stiglitz, J. (2003). *Globalization and its discontents*. New York: W.W. Norton & Company.

Suranovic, S. (2004). *The theory of comparative advantage*. Retrieved August, 10, 2005, from <http://internationalecon.com/v1,0/ch40/40c000.ttml>

The Global Policy Forum. (2005). Retrieved August 1, 2005, from <http://www.globalpolicy.org/globaliz/index.htm>

Wallerstein, I. (2001). Globalization or the age of transition? A long term view of the trajectory of the world system. *International Sociology*, 15, 251-267.

von Hayek, F. (1945). The use of knowledge in society. *The American Economic Review*, 35, 519-530.

Weisbot, M., Rosnich, D., & Baker, D. (2004). NAFTA at ten: The recount. *Center for Economic and Policy Research*. Washington, D.C: Retrieved August, 5, 2005 from http://cepr.net/publications.nafta_2004_03.pdf

World Bank (2000). *Poverty in an Age of Globalization*. Washington, D.C.

Electronic Resources

Micro Strategies to promote fair trade:

The following websites provide content to support individual efforts to make informed purchases and invest consciously with social equity as a goal.

The Fair Trader—provides information for the conscious consumer, including links to fair traded products. <http://www.fairtraderesource.org/cc.html>

Green Microfinance—provides information about a specific socially responsible investment strategy, that supports positive social change. <http://www.greenmicrofinance.org>

Oikocredit, An Investment in People—provides and opportunity for socially responsible investments that promote positive social change. <http://www.oikocredit.org/site/en/index.phtml?p=newhome>

ACCION International—is a non-profit organization that fights poverty through microfinance. The mission of ACCION is to give impoverished people the tool they need to work their way out of poverty by providing micro-loans and business training. http://www.accion.org/about_our_mission.asp

The Consultative Group to Assist the Poor (CGAP)—provides key principles of micro-financing for investors that aid them in making socially responsible choices that will benefit the disenfranchised. <http://www.cgap.org/about/microfinance.html>

Macro Strategies to promote Fair Trade:

The Millennium Campaign—is a grassroots international organization, whose mission is to inspire and encourage involvement in a global movement to insure that the leaders of the 189 governments that signed the UN Millennium initiative, are held accountable for the Millennium promise, to eradicate extreme poverty by 2015.

<http://www.millenniumcampaign.org/site/pp.asp?c=grKVL2NLE&b=138312>

Global Exchange -- is a membership-based international organization human rights organization dedicated to promoting social, economic and environmental justice around the world. <http://www.globalexchange.org/>

Their on-line store implements the principles of socially and economically responsible business by operating according to fair trade criteria. <http://store.gxonlinestore.org/>

The Fair Trade Federation—is an association of fair trade wholesalers, retailers and producers whose members are committed to providing fair wages and good employment opportunities to economically disadvantaged artisans and farmers world wide.

<http://www.fairtradefederation.org/>

Global Invision—is dedicated to fostering discussion on one of the most defining issues of our time—globalization—and the spread of more open markets. They do not pretend to have the answers but believe that asking the right questions is the only way to insure that the poor don't get left behind. By sharing information and resources about globalization they hope to make transparent what is happening in developing countries and how we can get involved in eliminating poverty.

<http://www.globalenvision.org/index.php?fuseaction=aboutus.welcome&category=2>

The Global Compact—offers a website that describes an initiative of the United Nations. One of its links identifies and describes the 10 principles of the UN's position on: human rights, labor, the environment and anti-corruption.

<http://www.unglobalcompact.org/Portal/Default.asp?>

The Cato Institute Center for Trade Policy Studies—the mission of the Cato Institute is to increase public understanding of the benefits of free trade and the costs of protectionism.

<http://www.freetrade.org/about.html>

The Global Exchange—Top Ten Reason to Oppose the World Trade Organization (WTO).<http://www.globalexchange.org/campaigns/wto/OpposeWTO.html>

The World Bank Group—its mission is to fight poverty and improve the conditions of people in the developing world. It is a developmental Bank which provides loans, policy advice, technical assistance and knowledge sharing service to low and middle income people to reduce poverty.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,pagePK:50004410~piPK:36602~theSitePK:29708,00.html>

The Global Dialogue Center—this is a virtual gathering place for people throughout the world who are interested in global issues.

<http://www.globaldialoguecenter.com/main-lobby.html>

Oxfam of America—founded at Oxford University in 1942 to offer relief to victims of the famine in Greece. Its name is a combination of Oxford and famine. Oxfam is now an international organization. Its US affiliate is in Boston, MA. Its mission is to create lasting solutions to poverty, hunger and social justice. <http://www.oxfamamerica.org/>

Inter Press Service: The Global News Agency—provides daily news service on social issues. <http://www.ipsnews.net/index.asp>

The Foundation for Global Community--Excellent website. Offers an opportunity for everyone to become part of a virtual global community. Its link on Global Mind Shift contains archives of all previous articles as well as articles from the current issue of the on-line magazine. <http://www.globalcommunity.org>

Dream Change—was founded in the early 1990s to assist in changing peoples consciousness. With the new millennium came the realization that a powerful grass-roots movement is necessary to channel the energy from our awakened individual consciousness into actions that create a more compassionate and just world. WAKING OUR WORLD (WOW) is that movement. <http://www.dreamchange.org/>

“When you look at the world we humans have created you may conclude that it was created by sleeping people, because awake, conscious people would manifest a very different world.” John Perkins, Dream Change founder and author of “Confessions of an Economic Hit Man.”

OneWorld.net—provides opportunity for social change agents to engage in digital social action activities on a global basis. See their digital opportunity channel.

<http://www.digitalopportunity.org/article/frontpage/296/1061>

The home page for this website is <http://www.oneworld.net/section/indepth>

“When one dreams alone, it is only a dream. When many dream together, it is the beginning of a new reality.” Friedensreich Hundertwasser