

The Clash of Globalisations

Neo-Liberalism, the Third Way
and Anti-Globalisation

by
Ray Kiely



BRILL
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chapter does have a particular concern beyond a broad introduction to the politics of anti-globalisation, and this relates to the notion that we have gone beyond the old Left-Right political divide. This argument rests on a 'spatial fetishism', which suggests that progressive politics must embrace globalisation. I will, instead, argue that anti-globalisation does not necessarily mean being against all forms of globalisation, and that the alternative positions outlined in the chapter are not mutually exclusive. This argument will then lead on to my conclusion, which sets up the detailed discussion in Chapters 7 and 8. The argument made is that resistance to globalisation can be theorised in terms of the interaction between local, national and global spaces, but that it is wrong to regard one level or space as intrinsically more progressive than the other. This argument is further illustrated through concrete discussion focusing on local and national resistance (Chapter 7), 'global civil society' (Chapter 8) and the question of alternatives (Chapter 9).

6.1 What is wrong with actually existing globalisation?

This section briefly outlines five arguments related to globalisation. The arguments are that globalisation lead to: (i) intensified exploitation; (ii) an increase in social inequality; (iii) (or at least fails to alleviate) political inequality; (iv) cultural homogenisation; (v) (or intensifies) environmental destruction.

(i) Globalisation and increased exploitation

The case of global exploitation is often associated with the link between the consumption of cheap (and not so cheap) consumer goods in the 'First World' and the exploitation of sweat-shop labour in the developing world. This is often linked to the rise of export-processing zones (EPZs), or free-trade zones, which have become increasingly commonplace over the last twenty-three years. An export-processing zone is usually a specified area within a country that specialises in manufacturing exports. Companies are often given incentives to invest in these zones, such as duty-free imports of inputs, tax concessions, controls on the labour force, and export subsidies (though these are due to be phased out as they violate WTO free-trade rules). Estimates of the numbers of EPZs, and the number of people employed within them, vary, as some areas are not always officially designated zones. One estimate in the mid-1990s suggested that there were around 200 zones in the world employing

around 2 million people,¹ but this figure excluded employment in the special economic zones in China. Naomi Klein² suggests that there are around a thousand zones employing around 27 million people. This figure includes the zones in China, but not all employment in these zones is in the private (foreign or local) sector. Whatever the precise numbers, there has been a significant growth in the use of EPZs in the developing world, particularly (though not exclusively) in East Asia, Latin America and the Caribbean.

The rise of export-processing zones, and the increased visibility of sweat-shop labour, have been linked to the argument that the increased global mobility has led to a 'race to the bottom'.³ The core of this argument – at least in its starkest, most unambiguous form – is that capital is now so mobile that it by-passes nation-states, and thereby invests where capital can most benefit from low costs. Such benefits to capital may be low wages, low rates of taxation, and weak environmental regulation. However, while the promotion of export-processing zones does constitute a new competitive strategy in the context of intensified global competitiveness, there is a tendency in this argument to exaggerate the mobility of capital.⁴ It is certainly not the case that the employment of cheap labour in these zones has unambiguously undermined manufacturing employment in the 'advanced countries'. Klein's⁵ figures for the employment of Mexican workers in the low-wage, export areas on the Mexican border (the *maquiladoras*) show, despite the general drift of her argument, that while employment may be growing, at 900,000 it remains a very small proportion of the labour force of the United States, including in manufacturing. The figures cited on manufacturing imports in Chapter 5 also confirm this view. Moreover, there is no straightforward relationship between accepting the argument that such a race exists, and the formulation of a progressive politics. Indeed, the argument that there is a race to the bottom can easily lend itself to a nationalist agenda, often with quite reactionary overtones.⁶ These points are discussed further below, and in detail in the Chapter 8.

¹ Gereffi and Hempel 1996, p. 22.

² Klein 2000, p. 205.

³ Brecher and Costello 1998, pp. 22–5.

⁴ See also Chapter 8.

⁵ Klein 2000, p. 205.

⁶ Buchanan 1998; Tonelson 2002.

(ii) *Globalisation and social inequality*

This issue was examined in detail in Chapter 5, where I suggested that claims that global inequality and poverty are decreasing are based on highly selective evidence. What should be clear from the first half of the book is that intensified global inequalities are the product of the expansion of the market without redistributive mechanisms, the marginalisation of some regions and peoples from capital flows, the hegemony of finance which enriches the very few at the expense of the many, and the practice of protectionism in cases where the developing world may otherwise enjoy potential advantages.

In terms of inequality *within* countries, this has generally increased as a result of privatised provision of basic services, the end of 'full' employment in the 'First World' and undermining of some employment guarantees in the developing world, the erosion of systems of progressive taxation and their replacement by indirect and regressive taxes, alongside the rise of a super-rich financial sector. These are, of course, general tendencies and some poorer groups in the developing world, including medium and possibly small farmers may have won some important gains.⁷ Nevertheless, the dominant tendency within countries has been an intensification of inequality between rich and poor. In terms of inequality *between* countries, insofar as there may have been improvements, these cannot be attributed to policies that could be described as 'pro-globalisation'. Moreover, there is nothing like the convergence between countries that trade liberalisation policies promise, and this is because globalisation (trade and financial liberalisation) has undermined the ability of countries to pursue growth-oriented policies, including the capacity to develop successful domestic production as cheap imports flood into poor countries. In this respect, free-trade policies (including WTO regulations) literally 'kick away the ladder' which developing countries hope to climb.⁸ The result has been an intensification of uneven development, as capital concentrates in some areas and marginalises others.

⁷ Engberg-Pedersen 1996.

⁸ Chang 2002.

(iii) Globalisation and political inequality

The relationship between globalisation and political inequality is a particularly complex one. As we saw in the case of the World Trade Organisation,⁹ supporters argue that an increase in global governance is a progressive development as it means that weaker countries are not subject to the law of the jungle, and can get their voice heard, especially in institutions where there is one member one vote. But we also saw that, even if we leave aside the question of representation of poorer people, many poorer countries complained that the most important decisions were taken behind their backs. Moreover, a stronger country breaking trade rules and facing sanctions as a consequence was likely to have little meaningful effect on its economy, at least compared with the likely effects of sanctions on a weaker economy.

The problem of inequality between states has become more acute since the 'election' of the Bush administration in 2000. US governments certainly acted in unilateralist ways prior to Bush, and have often combined unilateral and multilateral practices. Thus, at Bretton Woods, the particular functions of the new institutions were not as multilateralist as some would have liked (Keynes for instance), and even the supposedly multilateralist President Clinton by-passed international institutions when it suited him. As we saw in Part One, globalisation itself has not eroded US hegemony, and, in fact, is closely connected to it. The issue of unilateralism – and the nation-state – has, however, become a more pressing concern since the arrival of the Bush Junior administration, and are discussed in relation to war in Chapter 8.

(iv) Globalisation leads to cultural homogenisation

This argument is closely linked to older concerns that Western cultural imperialism has undermined local cultures and led to a process of homogenisation. Resistance to processes of Americanisation date back to the 1930s in both Nazi Germany and the Stalinist Soviet Union, and became a major issue in post-war Britain.¹⁰ It became an important issue in the developing world in the Cold-War era, and specifically in the context of US intervention

⁹ In Chapter 4.

¹⁰ Bennett 1982; Strinati 1992; Slater 1997, pp. 64–74.

and the widespread belief that cultural flows had a propaganda effect, justifying wider intervention through the promotion of the 'American dream'.¹¹ Now the language is couched in terms of the global destroying the local, but the argument is very similar.¹²

The cultural imperialism thesis correctly points to the inequality in cultural flows, and identifies some real tendencies in the global order, such as the visibility of Western brands and products selling particular lifestyles.¹³ However, it also exaggerates the degree of homogenisation, assumes that exposure to such products has predictable effects, and tends to romanticise and patronise the local as both authentic and passive. It also assumes that resistance to such products is intrinsically progressive, when, in fact, privileged groups may appeal to national or local authenticity in order to protect vested interests.¹⁴ Western companies thus often find that the best way to realise profits is not to destroy but to work through the local, as in the case of MTV. It is also hard to assume that American television programmes are sending a uniform, pro-US message to the rest of the world – Bush Senior may have liked *The Waltons*, but he most certainly did not like *The Simpsons*. Similarly, it would be difficult to claim that the popularity of hip-hop music in parts of Africa is reducible to a simplistic cultural imperialism.

These critical comments do not mean that companies are fully committed to the promotion of a multi-cultural order, in which all cultures have an equal voice in a global village. It is likely that companies in the culture industries would prefer to promote a culturally homogenous world, not least because this would make the business of realising profits so much easier. But the important point is that, for all the practices that promote homogenising tendencies, there are counter-tendencies that resist full homogenisation. Companies then respond to these by trying to find new ways to make profits, sometimes successfully and sometimes disastrously. These practices do not imply that consumers are sovereign in the market-place, but neither does it mean that people are completely passive and that cultural homogenisation is inevitable.

¹¹ Dorfman and Mattelart 1975; Hamelink 1983.

¹² Barnet and Cavanagh 2001; Norberg-Hodge 2001.

¹³ Klein 2000, Chapters 1–7.

¹⁴ Tomlinson 1991.

However, there is a second sense in which we can talk more critically about culture, which moves us beyond a discussion of particular cultural products. Rather than homogenisation, we should instead refer to processes of cultural standardisation. We may consume different consumer goods throughout the world, or give different meanings to similar goods in different places, but more important is the fact of the spread of consumer culture, commodification, and rationalisation. In this respect, globalisation does mean an increase in cultural standardisation, and this is through the promotion of the notion that the 'good society' is one based on the maximisation of production, economic growth and consumption, regardless of social and environmental consequences. In this way, McDonaldisation is less significant as a specific consumer product (though not irrelevant) and more important in terms of the restructuring of an entire way of life.¹⁵ This critique is associated with Marx's account of the commodity and alienation, and Weber's account of rationalisation. In the twentieth century, such critiques were associated with the Frankfurt school, situationism, critical postmodernism and environmentalism, and post-development theory.¹⁶ In this approach, cultural standardisation represents a sense of loss, a feeling that authenticity has been undermined by the forces of consumer capitalism and instrumental notions of efficiency. This critique does not necessarily lead to progressive politics and, like the cultural imperialism thesis, has led to reactionary nationalist leaders resisting progressive change (such as democratisation) on the grounds of incompatibility with indigenous cultural traditions, that are too often deemed to be uncontested and unchanging. Similarly, the notion of loss can easily lead to the romanticisation of a mythical past based on organic national or local cultures, as well as an over-estimation of the degree to which cultural difference has been eliminated. Related to this view is the patronising belief that now that most people in the First World have won some advances in living standards, such improvements should be denied to the developing world. Moreover, and related to this point, standardisation is not all bad, and, in some cases, it may actually be *socially* useful and efficient.¹⁷ The key question then, is that, if we are to 're-enchant the world', then it must be in such a way that rejects

¹⁵ Ritzer 1993.

¹⁶ See, among many others, Adorno and Horkheimer 1979, Marcuse 1964, Debord 1994, Polanyi 1957, Jameson 1991, Gorz 1989, Ritzer 1993, and Escobar 1995.

¹⁷ Kellner 1999.

the hierarchies of old in favour of the egalitarianism of the new. I discuss these points further below, and in Chapter 9.

(v) Globalisation leads to environmental destruction

Sociological accounts of globalisation often refer to the rise of a global consciousness,¹⁸ and this is most clearly seen in the case of the environment. Since the 1960s, there has been growing concern over the capacity of human beings to dominate nature, reflected in debates over the use of insecticides in the food chain and the population explosion.¹⁹ But it was from the 1980s onwards that there were more sustained attempts to address the issue of the global environment, reflected in the destruction of forests, depletion of minerals and fisheries, air pollution, and the over-exploitation of fossil fuels. The discovery of the 'hole' in the ozone layer above the Antarctic in 1985 was a major factor in promoting a global environmental consciousness. Fossil-fuel burning and vehicle exhausts were particularly implicated in the increase in carbon dioxide, carbon monoxide and nitrogen oxide emissions. Although these chemicals make up a tiny percentage of the atmosphere, like the human body, small increases were sufficient to lead to far reaching environmental changes, such as increased photochemical smog in high sun areas, acid rain and depletion of ozone in the stratosphere. Moreover, accumulation of gases in the lower atmosphere led to a trapping of heat that would otherwise radiate out into space, causing an increase in temperature at the earth's surface – what is commonly known as global warming. This is a phenomenon that increased throughout the twentieth century, particularly so from the 1980s onwards.

From Montreal in 1987, to Rio de Janeiro in 1992, Kyoto in 1998 and Johannesburg in 2002, a host of international conferences have addressed the issue of managing the global environment, but with limited success. Plans to cut carbon dioxide emissions at Kyoto stalled when developing countries argued that plans for all countries to cut such emissions constituted a form of imperialism. Developed countries had developed without strong environmental considerations, but developing countries were now being disallowed from following a similar process of development. The United

¹⁸ Robertson 1992.

¹⁹ Carson 1962; Meadows et al. 1972.

States, the main source of carbon dioxide emissions was also far from supportive, and the Clinton government succeeded in watering down the proposals. The Bush administration, supported by Congress, rejected the agreement outright, and so proposed targets for cuts in emissions exclude the United States, by far the worst national offender.

Anti-globalisation politics has been strongly influenced by green politics, and many activists and thinkers argue that the targets at Kyoto not only do not go far enough, but that this fails to tackle the root cause of the problem. For most ecologists – as opposed to environmental managerialists²⁰ – sustainable development²¹ is not simply a case of finding ways to technocratically manage the environment within the current system. Instead, sustainability refers to a radically different kind of society in which economic growth is at the very least problematised, and sometimes rejected. This position can lead to a suspicious attitude to technology, although often great faith is placed in the principle of alternative or appropriate technologies.²² This argument is part of a much broader critique of industrial (and post-industrial) society, which is based on the premise that such societies regard growth *per se* as a sign of progress, but this is not actually the case – it has led to all kinds of environmental problems, and is no guarantee of happier, more contented society. This is not an argument against growth, merely one that suggests that there is a tendency in capitalist society to promote capital accumulation and economic growth above all other concerns, at the cost of collective forms of association and provision.²³

These questions are further addressed in Chapter 9. For the moment, we need to dig deeper into the argument concerning the causes of environmental destruction, particularly as we must link this problem to globalisation. If globalisation is associated with the expansion of 'market society', then we need to address the issue of why such expansion is not conducive to a more sustainable society. This entails a brief re-examination of orthodox economic theory, and how it relates to the environment. For neo-classical economics, if there is environmental destruction this is because we do not sufficiently value the environment, and we express this fact through our purchases in

²⁰ On this distinction, see Dobson 2000.

²¹ Brundtland 1987.

²² Pepper 1996, pp. 91–7.

²³ Hamilton 2004.

the marketplace. The problem with this valuation is that the price of commodities only expresses their individual and not their social costs. The price mechanism therefore fails to take account of what orthodox economists call externalities, where the cost is external to the individual product and consumer. In the case of diminishing resources or pollution, those people that cause the problem are not the only ones affected by it. Orthodox theory's supposed solution to this problem is to make individuals accountable through an extension of the price mechanism. Thus, if a forest is rapidly depleted, the solution is to privatise the forest, and the owner could then charge loggers a fee. The forest owner would have an interest in protecting the forest as his or her source of income would be undermined if all the trees were destroyed.

There is a fundamental problem with this free-market solution however, which is that there is no guarantee that the forest owner will preserve the forest in an environmentally friendly way. If it is more profitable to cut down all the trees and build something else, or lease or sell the land to say, an aluminium smelting company, than the owner may well do so. This will have the effect of intensifying the environmental problem, and will not eliminate the problem of externalities caused by the destruction of the forest. This suggests that the concept of an externality is a misnomer – environmental damage is external to neo-classical theory but is not external to the real world. Rather than search for externalities to the theory, we should search for a theory which does not externalise environmental or other social costs.

There are further problems with orthodox theory too. It is impossible to privatise all goods, as some can only be 'consumed' in a collective way. The reality of public goods is accepted by orthodox theory, but these tend to be limited as far as possible, and the assumption remains that most goods can reflect the self-interested, individualised preferences of consumers. But, as we saw in the discussion of the myth of the free market in Chapter 4, conceptions of public goods and regulation are far from objectively defined. The argument that states should intervene in cases of 'other-regarding acts' and leave alone in the case of 'self-regarding acts' assumes that these can easily be defined outside of specific social circumstances. Privatisation as a means to protect the environment is thus a far from neutral process, and reflects the assumptions of neo-classical economics. Similarly, introducing the pricing mechanism to protect the interests of future generations (sustainable development) is impossible in a market-based system and such generations

have no say in current market transactions. Moreover, the market implies unequal buying power, as some have greater income than others. Therefore, some will be in a greater position to afford the higher costs that result from attempts to price in environmental damage. The poor will face greater disadvantage in the market-place, paying for the socialisation of environmental costs even though it is most likely that the rich were responsible for those costs in the first place. This final point is also a problem for approaches that seek to provide some environmental regulation, but still largely within a market-led framework, as green taxes and subsidies lead to higher prices and therefore lead to a higher burden for the poor. For similar reasons, it is unclear that economic growth alone will lead to the adoption of environmentally sustainable technologies, as some critics of environmentalism claim.²⁴ There is little evidence for such a process occurring in the United States, for example, which emits more carbon dioxide than any other country. The fact remains that, even where cleaner goods are produced, the market will still allow for cheaper but dirtier goods.

Markets and the property rights associated with them do not guarantee anything like adequate environmental controls. Orthodox economics assumes that people are naturally self-interested, and so they can best express their preferences through a competitive market-place, and that therefore ways must be found to ensure that the market can properly regulate the environment. But it is the fact that people live in a competitive market-place that compels them, under many circumstances,²⁵ to act in self-interested ways, rather than vice versa. Thus, 'by assigning prices to natural resources (including "ecosystem services") such policies legitimise the reduction of human-natural wealth to a means of money making'.²⁶ In capitalist societies, where commodity production is generalised, competition ensures that the cheapest producers survive and the most expensive do not. Although there is some room for niche producers selling expensive, environmentally sound products, the general tendency is to expand through the lowering of unit costs. Environmentally-conscious

²⁴ Lomberg 2001.

²⁵ Of course, not all acts are self-interested, even in capitalist society. The point is that altruistic acts work against the logic of the competitive market imperative, while the latter acts as a (social) compulsion to act in a self-interested way.

²⁶ Burkett 2003, p. 112.