Globalization and its Negative Consequences

The peculiar current form of Capitalism rechristened as ‘free market economics’ goes by the motto of ‘trade, not aid’, no matter how uneven the former may be, and despite the fact that equal relations between unequals simply reinforce inequality. In line with the above, Globalization – Capitalism’s corresponding new flagship – is creating wealth for the few and depressing local wages and conditions of employment for the many. It has also brought about a shift in power: the nation state has weakened and has markedly reduced its social accountability. In the Globalization context, the privatization called-for often ends up meaning denationalization and an acceleration of poverty, of disparities, of exclusion, of unemployment, of alienation, of environmental degradation, of exploitation, of corruption and often brings about violence and conflict. All these add up to marginalization on a massive scale. The effects of Globalization are thus producing big winners and losers. [2–4]

Further, Globalization limits the ability of union workers to bargain, as well as making it more difficult for governments to implement equitable policies. Governments that need to adopt proven pro-poor strategies are simply not doing so. [4,5] As a result, sovereign states now ‘row’ rather than ‘steer’ in the process of development. Ergo, the very right to development of poor countries is threatened by Globalization. [2,6] The ‘corporocracy’ in command of the flagship consistently ignores the social problems they see as patently as everyone else; they rather only pay lip service to change and seldom change their acquisitive practices (or only change them in very marginal ways). [7]

And what is more worrisome, in the dealings of Globalization, the deceptions are so brilliantly woven into its processes that falling for those deceptions is deemed as both fashionable and progressive. [3,8]

Because of these negative consequences of Globalization, communities in many Third World countries are no longer able to cope – their previously successful coping strategies diminishing daily. [9] Moreover, because of Globalization, governments in the Third World are simply incapable of assuming minimum levels of welfare for their citizen. It is then implied that it is necessary to look for alternatives in the private sector or to directly privatize services. Often such privatization strategies lower the access and quality of services for the poor and end up widening the gap between the rich and poor.

A quick review of the hard facts documenting the negative effects of Globalization shows that:

- Under Globalization, the annual losses to developing countries run at an estimated $500 billion – an amount much higher than what they receive in foreign aid.

- As a consequence, developing countries have had a series of years of consecutive negative financial flows; this is equivalent to at least seven years of an economic hemorrhage.

- From 1960–99, there was a 60% fall in the prices of commodities other than oil! This resulted in a reduction of two thirds in the buying power of developing countries. [10]

- As a result, the number of hungry people around the world keeps rising every year and poverty is becoming increasingly feminized (70% of all the poor are women). ‘Free trade has been free for business and industry, but not for women and the poor’. New technologies have not shown to have intrinsic pro-poor or pro-women positive effects either, although they have such a potential (which
unless we help steer in that direction will invariably continue favoring the already wealthy and male). Therefore, any genuinely poverty-redressing policy is bound to be a gender-oriented policy.

**Our Need to Change**

Our work in development is about change. And change brings conflict, pain, confusion. Only out of this emerges a new understanding. For us, this means we have to start deconstructing the whole existing development delusion which has led us to the unwarranted situation in which people have come to accept scarcity and poverty as inextricable facts of life. But the universe does not have unmovable laws that lead to poverty! It has habits – and habits can be broken. [11–13] The greatest risk for us in this is to be deluded into thinking that palliative approaches and socioeconomic tinkering can bring about the long term stability needed for sustainable economic take-off.

If poverty is a function of powerlessness, how can extreme poverty at the base of so much of the ill-health and malnutrition we find around the world be reversed? Whatever the response, one thing is clear: One does not have to wait until big changes are in place; otherwise, the process would never start. The poor can begin to empower themselves even while their respective governments are still saying 'no' to political changes...and this is where we can play a catalyst role. Existing grassroots organized groups we come across in our work do matter: their voices matter, especially if their raised voices lead them to influence key events. Unions matter; self-help projects matter, women's and youth organizations matter. When they speak out, they do have the legitimacy to do so. Working with and through them increases our legitimacy and their power.

Real empowerment requires understanding the larger social forces that shape individual situations to then learn how to join with others in taking, not individual, but collective responsibility and action for reshaping situations of oppression and exploitation. What is most people-empowering is a shared vision of collective responsibility, i.e. that only by working together on an intolerable social reality can individual lives ultimately be improved. The role of progressive forces is to help develop such a rational understanding of the underlying forces at play. Only if we speak the truth will people have grounds to trust us. But, in all honesty, we have simply been too narrow in the focus of our own thinking when interacting with communities and their leaders and have failed to address the foundations of the problems of underdevelopment we posit to be addressing. It is high time for us to repair the damage inflicted by our Western-biased social order and by our lack of outspokenness about that order not having laid the foundations for a sustainable development. To do so now, calls for a serious rethinking on our part of the fundamentals of what we do and how this contributes (or not) to sustainable development. [14]

Let us not forget that we are more irrational than rational; our emotions control us more than our 'ratio'. Therefore, appealing to reason only is inefficient: To fully empower people, we have to appeal to their reason and to their emotions. Society is said to evolve as a (bloody) pendulum: a conservative cycle/a liberal cycle; always taking a toll of death. As long as we are trapped in these cycles and do not actively try to break their passive succession, we cannot expect much in the way of liberation. [13]

**A Dearth of Workable Solutions?**

**Redressing Poverty Through Empowerment**

The battle against poverty, ill-health and malnutrition calls for liberation, empowerment, self-reliance and partnership instead of heeding calls for integrity, operational effectiveness and administrative accountability – the latter three being an often touted Northern recipe for development success. To combat the ongoing process of immiseration, in part brought about by Globalization, welfare states choose to transfer payments and handouts. But what is needed is a transfer of assets and power (for example, few of us get involved in lobbying for more deliberate direct measures related to greater fairness in the tax system). And for this to happen, the poor will have to fight for it by themselves (!). The welfare ethics does not provide for this transfer. Moreover, in real welfare terms, numbers matter more than percentages or rates (!). The analysis of poverty should thus, by necessity, focus on numbers, not on rates – but not to make this analysis into a 'numbers game' as is too often being done by academicians, bureaucrats and politicians. [15]

Because we normally look at the effects of underdevelopment on just two broad income groups – the poor and the non-poor – a more operationally relevant poverty line needs to be defined, not as a mere cut-off point, but specifically to set measurable Poverty-Redressal Objectives over time. Here is a point where we can concretely contribute by helping define a Critical Consumption Level that will sustain at least good health and nutrition. Such an indicator needs then to be expressed as a fraction of the per capita income. Persons below this Critical Consumption Level will be potentially eligible for consumption subsidies, and persons above this line, potentially eligible for higher, progressive taxes. Such poverty redressal measures can still promote economic growth and need not be administered as welfare measures. [16]

As part of this new focus, Northern non-governmental organizations (NGOs) should more decisively support local efforts to address these larger structural issues in an open
way letting people’s movements, not elites, define the partners they want to work with and the causes they want to actively tackle. [17] In such an effort, multiple social objectives have to be taken into account: true. But *distributional concerns must take center stage*. It is up to us to bring these concerns more into the heart of what we stand for and what we do. The alleviation of poverty through empowerment must be kept at the center of what we do professionally – beyond mere lip service (the latter a place where it mostly still is). [16] In our example, current changing circumstances require that we more-than-think about new approaches to the role health and nutrition should play in fostering a sustainable development. At this juncture, then, we need people who can rescue themselves from their own modest objectives; we need development thinkers and doers of consequence. [13,18,19]

**Reversing the Negative Effects of Globalization**

With Globalization, the slogan “Might is Right” has come back with a vengeance. And in a defeatist stance, we have so far accepted this fact and have bowed to the forces we think we cannot effectively oppose. But while not denying that the giant tentacles of Globalization reach into every corner of the world, this should not be equated with omnipotence. (President Mahatir Mohamad, Kuala Lumpur, 9/2/1998) The bottom line here is that there is no single universal solution in sight that will promote just the benefits of Globalization to all people: giving the same advice to everyone simply has not and will not work. Unfortunately, a balanced and realistic value-free response to the negative effects of Globalization is difficult. [20] On the one hand, the transnational corporations cannot be allowed to continue to hide, invest in smoke screens, espouse gradualist solutions and attempt to derive maximum publicity from piecemeal changes. They must be persuaded, cajoled or even forced to change (some initial success has been had in facing transnational pharmaceutical houses). On the other hand, new insights are emerging as to the appropriate mix of market and government activities needed to complement each other. [9] The extraordinary and more equitable growth of Vietnam and China contradicts the view that a state control of the economy and the market is inimical to growth.

**The Equity/equality Approach**

As we had said already, equal relations between unequals reinforces inequality. Period! [6] To illustrate this, think for a while that equity under Globalization is a bit like the fight of the Mongoose and the Snake: Both are of about the same strength, but invariably the mongoose wins – it is more resourceful and it organizes its strategy better to strike. The First World is like the mongoose; the Third World is like the snake.

The lesson of this fable is that an asymmetry in the use of market power aggravates inequality. The affluent always end up having more political clout (and more wealth). Therefore, promoting self-interest (the soul of the market) is simply not enough. (Quoted from R Ricupero, UNCTAD)

To achieve greater equity, a set of "equity modifiers" have been proposed. These include:

- targeting interventions (geographically and/or to vulnerable groups or individuals),
- land reform,
- pro-poor educational/water and sanitation/health/nutrition and family planning interventions,
- employment generation,
- grassroots participation in the setting of priorities,
- development of the non-farm rural economy,
- aid to rural women, and the
- levying of taxes on environmental polluters and degraders. [2]

As pertains to gender, gender equality is (finally) considered compatible with the basic tenets of the neo-liberal credo. But economic equality, not! (Quoted from S Maxwell, IDS, Univ. of Sussex)

Some of the remedies proposed to specifically increase equity and access to basic services have thus included:

- the targeting of subsidies (i.e. selective subsidies of goods and services disproportionately consumed by the poor),
- prepayment plans (e.g. community-based health insurance),
- exemptions and the selective dropping of some fees (e.g. health and education fees).

In health, some consensus exists that government expenditures have to increase, but to be equitable, they have to be concentrated on preventive activities in rural areas and should be targeted to the lower income quintile. [5]
[Note that Social Marketing – one of the sweetheart companions of Globalization attempting to give it a human (equitable) face – focuses on high-powered “Madison Avenue-type” messages and communication strategies that pursue behavior modification and not informed choices. It is quite obvious that we should rather be trying to understand better what motivates people to change and why, and then letting them decide by themselves what steps to take to get there].

The bottom line here is: We need not apologize to act with a more resolute equity bias beyond lip service since such a bias is an important corrective to the other more dominant inequitable value biases out there in the heartless market place. Valid arguments have been raised against the targeting of interventions though. The example of health and nutrition is again used here to explain why.

**Equity and Targeting in Health and Nutrition**

The best way to improve the health and nutrition of the poor still is to have them move out of poverty. For equity to be achieved, economic growth in the development process needs to be deliberately geared towards the needs of the poor. Focusing on sustainable poverty alleviation is inseparable from bringing about greater equity. A focus on both tasks is necessary to achieve the indispensable reduction in the existing rich-poor gap. Focusing on poverty alleviation alone can end up as charity in disguise. Focusing on equity is a step towards social justice. Equity and social justice in health and nutrition are one and the same thing: in health and nutrition, social inequities are always unfair.

Greater equity will only be achieved by raising the disposable income of the least privileged 20% of the population at a faster pace than that of the upper income quintile. And this will only happen through the combination of more income redistribution measures and government funds being deliberately directed to achieve this goal. The absence thus far of a serious and concerted fight for greater equity in health and nutrition is not a historical accident. It has suited the pro-status-quo Establishment. In the process, it has convinced all health and nutrition professionals to keep trying ever new technical fixes to the many well-known deficiencies (mostly the non-technical ones) that can be put in place to start making a difference on equity. Differences in perspectives are still significant, no doubt, both on conceptual and practical matters. Most of these differences are ideological. They are, therefore, not easy to overcome. A more suitable paradigm for sustainable improvements is called for. Unfortunately, the renewed interest in poverty alleviation and equity in our international community still is top-down; it ignores the contributions the poor themselves need to make to the debate. One can see here a set-up for yet another failure.

**Equity and health for all**

The claim that Health for All is not attainable in the era of Globalization is a value judgement, as is the lack of confidence in the public sector approach to primary health care (PHC). It all depends on how decisively and quick a shift to greater control by the beneficiaries occurs at the grassroots. The core question here is what type of PHC we need to make what it should have been from the outset, namely, a public sector driven vehicle fostering true equity in health. Privatization is simply never going to lead us to such a path.

**Who are the poor and how do we find them?**

We (professionals) have to move away from defining who the poor population groups are. Especially inappropriate are arbitrary absolute poverty income cut-off points. Communities themselves are the best qualified to identify
the poor amongst them in each locality. International agencies ought to insist on it.

**Equity and the public/private allocation of resources**
Concrete actions to allocate government funds according to real needs are necessary. Most central government budgets do not compensate for inequities.

Current government health services expenditures tend, in many countries and in many different ways, to benefit the rich more than the poor. Private for-profit health care discriminates against the poor and often is of poorer quality than government services although, not infrequently, it receives unwarranted government subsidies.

**Avenues and dead-end streets to equity**
Other than privatization, many currently proposed approaches to resolve the problems of health and nutrition still only favor and select actions covering, for the most part, four strategies:

- targeting of services (the No. 1 choice),
- participatory approaches (a distant second),
- social health insurance schemes, and
- expansion of social security schemes linked to health/nutrition benefits. [21]

These strategic approaches – purportedly leading to equity – depart from one question: If not PHC, then what?

Rather, we repeat that what is needed is to mobilize a strong political popular support for a comprehensive truly equity-oriented health and nutrition policy, using an improved PHC approach that, at its core, resurrects the Alma Ata spirit.

**Equity and Targetry**
Many of us also think it is a fallacy to propose targeting as an alternative to PHC. In a way, individual targeting is a new variant of a selective PHC approach: "Go for the worst cases, fix them, and improve the statistics". But where are the sustainable changes to avoid the ongoing recurrence of the same problems being addressed? Unfortunately, individual targeting is seen as central among the alternatives being proposed by the World Bank and other major funding agencies (together with geographical and other types of targeting). In an era of fee for services, service delivery systems promoted by free-market proponents, one of the key issues for individual targeting to keep a semblance of equity seems to be the exemption from user fees for the poor. Unfortunately, these waiver schemes have proven to be mostly catastrophes.

Individual targeting can simply not be made to work equitably and effectively. Targeting cannot be a full substitute for redistributive public policy! Moreover, targeting can and does stigmatize people by creating a clientele of ‘second-class citizens’ who can be easily manipulated by those in power. [22] Geographical targeting has probably more potential; it can make sense in terms of equity. But keep in mind that poor areas or districts have little political clout to fight for their share and are also usually administratively weak to implement the needed changes. Starting with targeting interventions as the central thrust to achieve equity (no matter how carefully designed) thus seems the wrong approach. It pursues what rather is a ‘mirage of equity’ that basically leaves the perennial determinants of the rich-poor gap untouched. It tacitly blames the most vulnerable for being where they are and then tends them a rescuing hand. Local communities are not on the driver’s seat when it comes to steer targeted (or other) project activities.

Furthermore, one can genuinely be skeptical when one sees calls for participatory approaches in projects that have not taken the poverty reduction and the promotion of greater equity as their central thrust. Most often, communities are not being empowered to implement measures that directly aim at having them gain growing control over the assets and resources they need to improve their own lives.

**The Human Rights Approach**
A human rights framework is the emerging UN response to foster development in the new millennium. Globalization may be inevitable, but what it does to people is not – there are forces that can shape it, and human rights must be one of those forces. As someone said, human rights can set limits to the sways of the market. [23,24] Human Rights are universal and indivisible: they do not apply some yes and some no, some today and some tomorrow, some to us and some to them, some to the Western countries and some to the other countries, some to the rich and some to the poor, some to women and some to men. We are therefore compelled to operationalize civil, political, economic, social and cultural rights in our daily work.

We have to be on the lookout, though. One can easily ‘preach human rights’ and have little concrete to offer. To make the human rights approach concrete and giving it substance is a political task. Soft approaches will not do. [25] Western intellectuals have simply abandoned their commitment to challenge the exploitation and oppression of the poor as they continue being brought about by Globalization. Concerted campaigns and struggles against poverty, tyranny any exploitation will form the only sustainable basis of an intellectual renaissance of ourselves. On human rights, a first step in the right direction, in an
initial phase, will be the establishment of National Human Rights Committees. But bolder steps will have to follow thereafter.

Furthermore, we have to fight the indifference of our youth to the present human rights situation. Our young remain largely indifferent to the negative effects of Globalization. We simply have to enroll the youth before they resign themselves to the fact that they can do little or nothing. Our youth seems more interested in the information superhighway. We have thus to use the same medium to give them more appropriate direction and guidance on options to counter Globalization and more aggressively foster human rights. [26] In sum, an effective challenge against Globalization and its negative effects on human rights is possible, but probably demands the same kind of intellectual commitment and vigor that characterized anti-colonial or independence struggles.

**Bolder Steps are Needed**
The obvious ensuing set of questions to be asked at this point is:

a) Is this more resolute equity bias a radical proposition? Yes, it is.

b) Is it necessary? Absolutely.

c) Is it impossible? No, it is possible.

d) Is it likely? Not very likely, based on my latest dispassionate reality check.

The inertia is so great and our collective virtual view of reality so distorted and entrenched, in part due to Globalization, that the likelihood of us changing that reality remains dim. Neither greater individual responsibility nor containment strategies will do.

What, then, are the alternatives to choose from that could start doing the job before it is too late? [8] Taking a minimalist stand towards Globalization will do no harm, but neither will it do much good. Inertia in history (has) and will always work(ed) against the more visionary and radical changes deemed necessary when the same fall outside the ruling paradigm. [26] Development cooperation must thus become more political, because only structural reforms will deliver equitable and sustainable development. Solutions must be geared to control that which fuels the problem at its roots. The solutions to the consequences of Globalization on the health and nutrition sector, for example, cannot be medicalized any longer. Technical assistance focused on health/nutrition matters only is not enough to uproot the structural inequities underlying the pervasive and unrelenting ill-health and malnutrition we find in the world. We need to give a larger intellectual and political scope to our discussions on Globalization and come up with a focused common agenda with overt political interventions. What the people’s movements around the world expect is simply "More", from life, from history and from us.

When economics has ceased to strengthen social bonds and its prescriptions are actually further pauperizing millions, it is time to start thinking in political terms again. Stereotyping Globalization risks to emotionalize the issue rather than objectively analyzing and diagnosing it. We have to give up our quick prescriptive impulses (saying what should have been done) and become more empirico-analytical (describing and dialectically interpreting what is actually happening). [27] One can set morally desirable goals so high (or set goals without following them with sincere, workable policies) that they remain out of all realistic reach and lose all power to determine the direction of action. Keep in mind that rules can be set or imposed more as a source of comfort than as an effective way to achieve veritable results. [28]

**So Where Do We Go from Here?**
We should not ‘leave it up to the Joneses’ again and miss the opportunity the current momentum offers. The sense of urgency is high. Breaking down health, nutrition, education and other related data by income quintiles is a welcome first step to consolidate a credible international database that can be used to track equity issues in each respective field. Every year, a publication should rank countries according to their respective equity performance; the publication should further analyze existing gaps, and targets should be set for individual countries’ improvements for the following year. But actually using these data to tackle the inequities at national, sub-national and especially the local level is where the real challenge lies. Donor agencies and civil society will have to more forcefully advocate for equity-promoting, participatory, bottom-centered interventions, as well as being more responsive to low income countries’ government-initiated requests for funding to prepare and execute policies specifically addressing the central equity issue.

Governments and donors will have to enter into binding commitments to move in the direction of poverty alleviation and greater equity including the close monitoring of progress. These binding commitments will be needed as a precondition for continued support. Funds would then be released in tranches based on the achievement of negotiated verifiable indicators of progress along the line of project implementation. A donor-NGO/civil society link and funding window should be developed concomitantly along the same lines. In the case of non-responsive or non-performing governments, donor funding earmarked
for use by the latter should be progressively reallocated to the NGO/civil society sector. Non-performing NGOs should be dropped under the same guise. [See Schuften. C. "Foreign aid: Giving conditionalities a good name (A development ethics with a South perspective)”, D+C Development and Cooperation, No.4/1988].

All this may only add up to a start – and from the top at that. But it is a start in the right direction. The road ahead will, for sure, require our greatest boldness ever. Let the more creative inputs on ways out of the dead-end street of non-inequity-redressing schemes come from the more directly affected themselves. Devoting most of our energies to facilitate just that process, will, by itself, be a big leap forward.

In Closing
These seemingly abstract issues about which we write papers are matters determining the lives of millions of people. When all is said and done, a lot more is said than done. The facts discussed here are more than enough to allow us to go negotiate (or struggle) for new more radical equitable/pro-poor/pro-women/human rights-based strategies on the highest of moral grounds. [6] Those whose interests we claim to serve expect it from us.

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