

Chapter 1

Introduction

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Introduction

Within living memory turbulence has been a constant feature of world developments. Historically, global turbulence has reflected the clash of different civilizations, different systems of thought, different political objectives. The most obvious examples in the 20th century were the turbulences occasioned by the rise of fascism and Nazism. And, of course, there was the turbulence generated by the rivalry between the Soviet and the American plans for the world. Most recently, the political turbulence associated with September 11th and the divergent view of Islam and the West highlight the chasm between different systems of thought and belief.

The turbulence of this book, however, is not brought about by the clashes between cultures or civilizations. The turbulence of this book is about the dislocations that arise within a system that is characterized by its sameness throughout most of the world. Globalization represents a uniform system of thought and practice, based on a 'consensus' originating in Washington, that all nations and all people within nations throughout the world should root their decisions and actions in one type of economic system. It is a system based on the American model and has unfolded as a world system that is codified, albeit fairly primitively at present, in international economic law, but is also backed up by military might of the U.S. superpower.

That sameness should occasion turbulence is counterintuitive, because the point of sameness is to avoid conflict. And this probably is the objective of those who want uniform economic policies to blanket most of the globe. But the results of these policies have created serious dislocations that have undercut the efforts

made by countless people in many countries to construct democratic institutions that would provide a modicum of economic and social security. The world has not become a better place because of the policies and institutions of globalization. Over the last 20 years of the project of globalization most countries in the world are worse off, and within the countries that can be technically be deemed successes, the divergence in the experiences of people has increased dramatically.¹

The divergence between poor and wealthy countries has widened considerably. Most telling is the dramatic slowdown in economic growth for most poor countries, and an absolute decline in growth for the poorest countries in the world. But even in areas where progress is expected, such as life expectancy (probably the most significant indication of well-being), it has slowed significantly in all but the wealthiest countries. Similarly, progress in reducing infant mortality and improving education and literacy in middle-level and poor countries declined significantly.

People are conscious of the changes that globalization brings, and they are conscious of an acceleration of these changes to reflect an intensification of market principles in all decision-making. This is occurring despite outright failures on many levels of performance, even in wealthy countries. But most contentious is the shift in the perception that something can be done. The 'consensus' has been presented as though there is something inevitable and unwavering about the development of a uniform economic system, regardless of the objectives, needs and resources of different people throughout the world.

During the 1990s, the term 'globalization' became the flavour of the decade among many journalists and academics. From the beginning, the term had both empirical and ideological characteristics. Empirically, globalization referred to economic, political and cultural developments that were said to constitute a new era. Economically, the key referents were heightened levels of international trade and investment, deregulation of financial and capital flows, and the emergence of global production networks connected to transnational corporations. Politically, the collapse of the Soviet Union seemed to mark the end of an alternative to capitalism and liberal democracy. With the removal of this alternative, liberal capitalist ideas were triumphant, the 'end of history' was proclaimed, and the newly ascendant neoliberals moved quickly to construct a world of freer markets, with a transformed and restricted role for political institutions like the state. Culturally, a rather chaotic mix of homogenization and fragmentation was said to result (Waters, 2001; McBride, 2001, Ch.2).

However, the use of the term 'globalization' stretched far beyond these descriptive or empirical claims. It was an idea that aimed to shape the world more than describe it (Steger, 2002, Ch. 3.)² As an ideology, globalization makes several heroic claims. The over-arching claim rests on the superior performance of

markets for decision-making in all circumstances, in both the national and the international setting. The implication for the state, at least rhetorically, is that its role ought to be limited to facilitating marketization. Another claim is that globalization is both inevitable and irresistible. The implication for states, individuals and groups is that resistance is futile, since adaptation to the discipline of the global market is the only rational available choice. This claim is related to the notion that markets and technology generate the process of change and that human agency is absent as the driving force of 'globalization'. The central claim of globalist ideology is that everyone throughout the world benefits both in economic terms (as a positive sum game) and in human terms (democracy). This relates to the underlying assumption that markets are inherently efficient, competitive and democratic. The promise of democracy throughout the world as a result of the adoption of unregulated markets highlights the futility of any attempt to characterize globalization as either 'good' or 'bad'. The ideology declares it inherently good and leaves little space for debate. This ideology of the globalists is a powerful force in shaping the nature of international institutions – institutions whose dictates make the globalist ideology self-fulfilling within nations.

The editors of this book challenge the claims of the globalist ideology. While we recognize that globalization is a real process that is attended by upheaval and turbulence in the international political economy, we will show, throughout this book, that none of the claims of the globalist ideology can be accepted as true. Compared to the 'certainties' of the globalist ideology, this book charts a dramatically different perspective of the process by which globalization has developed, of the state's implication in that process, and of the possibilities of resistance and posing of alternatives to neoliberal globalization. This book focuses on these issues in two main ways: first by dealing with the state's role under globalization; and second by showing how various major groups assess the changing climate of globalization and strategize to deal with turbulence in markets and regulatory regimes.

The first section of this book moves beyond the usual claim that the state is a victim of the power of globalization to show that the state is heavily involved as a catalyst and facilitator of globalization. States certainly have changed their roles but, as Leo Panitch in chapter two shows, the transformation is 'from welfare states to states that would facilitate and police the free flow of capital around the globe'. This represents change, but not a reduced significance in the power or role of the state. And, it certainly contradicts the notion that globalization is just happening and 'no one is in charge': Panitch's main point is that states, rather than being victims of globalization, are themselves the authors of global transformation and are a part of a system that facilitates and polices the institutional changes that support it. This analysis sees the state as retaining considerable power, but does

not feel that the future is immutable, if states themselves can be made responsive to democratic power.

This new role of the state is one that fits the classic liberal conception of state. Liberals envisage a strong, but limited state. In particular, the state should defend rather than interfere with the operation of markets. While the need for some degree of economic regulation is conceded, great care should be taken to ensure that this is enabling, rather than restrictive, as far as markets are concerned. This conception of the state's role is being locked into place through the requirements of new international economic agreements. The urgency with which this project is pursued itself suggests that states remain quite capable of playing other roles, were political forces aligned differently. The effect of the 'quasi-constitutional' provisions of economic agreements is to make it more difficult for this to happen.

In the process of structurally reinforcing the liberal concept of the state through international economic law, the possibility of democratic governance is reduced. Regardless of formal voting procedures and the like, the effect of the politically constructed 'conditioning framework' embodied in international economic agreements, is to constrain the scope of democracy (Grinspun and Kreklewich, 1994). As Stephen McBride shows in chapter three, these agreements define many matters as being beyond the reach of democratic decision-making and, as a result, the decisions of people within nations become confined to a narrower range of activity. Even the possibility of moderating the outcomes of market actions is critically reduced. What remains is a liberalism that is stripped of some of the democratic elements that had been grafted onto it over the past century and a half. McBride sees that state capacity for policy-making has been diminished, but like Panitch, he sees this as a situation that involved not just the willful cooperation of the states themselves, but their leadership in bringing about this situation.

Politics is still about who gets what, when, and how, and these issues should be settled within the democratic political system, not by outside forces. A focus on the interests that have promoted the state's advocacy of globalization is overdue. Those who promote it have something to gain from a realignment of economic and political forces in the world. Any hard look at the benefits of globalization makes it clear that they are at best, asymmetrical. But clearly there are losers and even among the winners the distribution is uneven. The convenience of globalization, for the elites, is that political decisions that benefit one group of countries or one class of people can appear to be impartially derived from the forces of international competition. These elites do not have to take responsibility, then, for the outcomes that clearly favour their interests.

This book claims that political choices still exist and the policies of individual states can make a difference in outcomes for people. Despite the

constraints of the institutions of globalization, empirical studies suggest considerable policy divergence exists between states (Hoberg, 2000; McBride and Williams, 2001; Reiger and Leibfried, 1998). As Anil Hira shows in chapter four, this clearly indicates the continued capacity for the state to take an active role in policy making. But, as Hira points out, how a state will respond depends on both its own understanding of its domestic economy and a clearly articulated national strategy. Hira is interested in regulatory policy as a middle-ground in which capable states can use regulatory policy to pursue sectoral and national competitiveness policies, as well as a host of domestic policy concerns.

Where convergence does appear to exist, as with neoliberal continuities between 'right' and 'left' governments within states, it can often be explained by recourse to domestic politics, rather than the inexorable pressures of globalization. This is the argument advanced by Nigel Boyle and Ravi Roy in chapter six where they analyze youth labour market policy in Britain. This chapter explores the neoliberal policy paradigm that underlies the consistencies in youth labour market policies over time and from governments with different policy claims – i.e. from Thatcher to Blair. These youth labour policies were clearly motivated by domestic choices, rather than by the pressures of globalization. This chapter reinforces the general theme of the book that political decisions are at the heart of the neoliberal directions that states take.

States increasingly engage in opaque and complex maneuvers to adapt their citizens to the discipline of globalism. Lois Harder, in chapter five explains one aspect of this in her analysis of the increased use of tax expenditures to achieve social policy aims. This choice of the state also can be attributed to domestic neoliberalism as easily as to the impact of globalization. Making a distinction between the two is important, however, because it does not allow states and politicians to escape from taking responsibility for the many undesirable outcomes of policies they claim are necessary to deal with globalization. Harder's point (using U.S. and Canadian data) is that the tax system is playing an increasingly significant role as a delivery vehicle for social policy. This elevation of the role of the tax system has been undertaken in an attempt to reduce state involvement in direct funding and provision of social programs. Proponents of this shift away from directly funded programs toward tax expenditures argue that citizens, as consumers, are better able to address their specific needs when they have access to services through the market. Among the casualties of this increased use of the tax system are public debates about social responsibility and the desired outcomes of collective social programs.

The clear message of this book is that states continue to 'matter'. The assertion, in globalist ideology, that their day is over both hides the truth and, to the extent it enters into popular consciousness, serves to disable opposition to

neoliberal globalization. A focus on the progressive role that nation-states could play may not be a sufficient platform for anti-globalism activism, but it remains a necessary part of the puzzle of what to do about globalization.

The second part of this book focuses on how different groups of people, both within countries and in trans-national alliances, assess the changing climate of globalization and strategize to deal with the turbulence it creates. These groups implicitly understand that there is nothing inherently inevitable about globalization, despite its almost universal reach. They see globalization and the neoliberal policies associated with it as a creation of power – much as is any specific political institution.

The shift in the structure and location of power means that for those who want to contest the unfolding of the world in the shadow of a super-market, the target for action is often not firmly in focus. The state and corporations, the normal targets for action in a power structure where the rule of law is situated within the state, become more nebulous entities as radical changes occur in global political cultures and institutions. The kinds of strategies that had been effective for groups on the margins in capitalist societies (labour, women, racial minorities) have less effect, as states are able to sidestep social responsibilities in the name of competitiveness. Similarly, the hyper-mobility of capital makes the normal constraints on corporations that had been built up over a century, more easily evaded as they shift, or threaten to shift their activities to nations that ensure minimal constraints on corporate activity.

The very intention of 'liberalization' of markets is to undo the work of millions of women and men within the boundaries of nations whose specific project over the last couple of centuries has been to get the law to intervene on their behalf to bring about results that were not possible with a self-regulating market. The result is that the state-oriented arena for debate and action is shifting substantially with the growth of international institutions that condition the action of nations.

This does not mean that strategies for dealing with globalization within states is dormant or is confined to protests to hold on to the gains made in the past. As this section of the book will show, 'despite the dismal ratcheting-down of states', and taste for new programs to protect people from the vagaries of the market, some space is being created by people for innovative change within states themselves. The strategies used range from those that begin within the conditions established by globalization and try to maneuver within this framework, to those that challenge the very parameters that are being established and that insist on democratic representation in deciding what the parameters for social and economic life will be.

Peter Graefe, in chapter eight, pursues the argument that the hollowing out of the nation-state has opened spaces for minority nations to assert themselves, particularly by deploying regional development strategies. For labour movements in minority nations, this shift promises a more inclusive development model based on social partnerships and high wages. This promise is nevertheless threatened as capital mobility and competition tilt the cross-class compacts of regional strategies and of the nationalist movement towards business interests. Using 'competitive nationalism' to obtain representation for the labour movement, therefore, may fail by leading labour to accept a one-sided partnership. His chapter illustrates this dynamic using the experience of the labour movement in Quebec, Canada.

Timothy Lim's examination of foreign migrant workers in chapter eleven provides an understanding of the process by which seemingly powerless social groups – in conjunction with a network of globally-oriented and socially-conscious NGOs – can take advantage of ongoing changes in the global system to challenge and perhaps overturn historically reproduced practices of exploitation and subordination. Specifically, this chapter focuses on the relationship between foreign migrant workers – historically, one of the weakest and most marginalized of social groups – and Korean NGOs. He shows how and why this relationship has led to significant and progressive changes for foreign migrant workers in context of South Korea's national policies.

Is globalization forcing national industries to converge willy-nilly towards a single model of work and employment relations? Chris Roberts discusses this issue through an analysis of the diffusion of lean manufacturing. Lean manufacturing is thought to be driving a world-wide convergence on 'global best practice', narrowing the competitive gap, restoring balanced trade, and restabilizing employment in the North American auto industry. However, neither uniformity nor stability is likely to result from the diffusion of lean techniques, since lean production itself continues to diffuse through experimentation and incremental change. Roberts argues that trade unions play a key role in shaping this process of uneven development, as the example of the Canadian Auto Workers suggests.

Political action to contest globalization is most obvious on the international scene, particularly as international financial and trade institutions seem to be on the run and hiding from visible protests from people who demonstrate their strong distaste for the unfair manipulation of the world's economic and social organizations. Jeffrey Ayres, in chapter seven, analyses how, over time, popular contention has undergone a noticeable transnational innovation, in forms of association, tactics adopted and targets identified. For Ayres the strength of transnational protest highlights the problems of legitimacy that the international regulatory regimes face. But with the state responses to September

11th, particularly with a renewed push for neoliberal policies as part of state responses to terrorism, it is far from clear whether this re-scripting of protest strategies will succeed in redirecting efforts towards containing and regulating corporations and capital on a global scale.

The transnational protest analyzed by Ayres has parallels, albeit in less dramatic forms, to the instability that globalization has created in Africa and the problems of creating transnational alliances. As Grant, MacLean and Shaw show in chapter nine, the extraordinary value of diamonds and oil represent huge challenges for transnational coalition building, an action that will be essential to change the dynamic of extreme instability through civil war in Africa. Their main point is that the civil strife can be understood only within the context of ever-changing national, international, and global political economies. This 'political economy of violence' approach explores the multi-level, transnational nature of Africa's civil conflicts as well as the networks of multiple formal and informal actors who are helping to fuel them. The strategies for change these authors find promising relate to the innovative initiatives undertaken by 'mixed-actor' transnational coalitions of state and non-state actors that have emerged as a response to these conflicts.

The proliferation of supranational trade agreements brings with them the simultaneous de-regulation of national labour markets. This has resulted in increased calls for some type of international body to protect labour. One outcome of these developments is that international organizations, like the International Labour Organization (ILO), are engaged in a process of rethinking their roles under globalization. Leah Vosko in chapter twelve examines the ILO's new platform of action known as *Decent Work*. Vosko argues that *Decent Work* is emblematic of the evolving political struggles within the ILO that mirrors many of the challenges to the prevailing order ushered in by globalization. *Decent Work* represents an effort at mediating tensions inside the ILO between global capital and various industrialized states and an increasingly vocal group of member states, trade unions, women's organizations and other NGOs concerned with improving the lives of marginalized workers. Two sets of initiatives underpinning *Decent Work* highlight its mediating role: the new Social Declaration – the ILO's attempt to compel member states to abide by 'core labour standards' – and the commitment by the ILO to craft standard-setting instruments to improve the situation of marginalized workers. The chapter examines these initiatives in depth and tries to discern if there really is space at the ILO to advance progressive labour standards and controls on capital.

Social activists' and state responses to globalization are on radically different trajectories. For the most part the unfolding of the world under globalization is structured to meet the needs of states that want to pursue neoliberal

practices without the inconvenience that domestic debate and messy democratic struggles would entail. With the codification of neoliberal practice in international trade and investment law, the superstructure for state behaviour is established. The role of the state then shifts from being a champion of its people in the international arena to ensuring that its citizens conform to the dictates of international economic law.

While the mechanisms of globalization are complex and its politics often opaque, the effects of the changes it brings about are not obscure to many people and often these changes provoke the kind of outrage that can foster extreme political dissent. This danger is clear to political and corporate elites: increasingly they hide their meetings from the scrutiny of the public but also they now try, occasionally, to mediate the anger directed toward them by agreeing to more inclusive practices in their decision-making. While activists are skeptical about the sincerity of the responses to democratic pressure in institutions at the international level, and suspect that conciliatory actions are mainly lip-service to advert bad publicity, it is clear that conditions that currently exist will not remain the status quo. The nature of states are changing, but so too is the nature of international society. While people have been short-changed in the marketization of the globe, the indications are that the demands on states will not diminish, nor will the demands of activists at the international level.

Notes

- ¹ The figures that follow come from Mark Weisbrot, Dean Baker, Egor Kraev and Judy Chen, 2001.
- ² The following borrows from Steger's typology.

References

- Grinspun, Ricardo and Kreklewich, Robert (1994), 'Consolidating Neoliberal Reforms "Free Trade" as a Conditioning Framework', *Studies in Political Economy*, Vol. 43.
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