

# What To Do About Globalization

by Marjorie  
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## Introduction

The big debate among progressive groups is about how to counter the effects of trade liberalization. The political options appear to be the same, whether the discussion centres on an agreement which actually exists, like NAFTA; one which is proposed, like the MAI; or something much more vague, like APEC.

Generally two competing possibilities for action are presented. On the one side are the purists: this group opposed free trade initially and, because of the logic of the argument against it, confines its approach to a continued opposition to all new trade agreements and the abolition of those that exist.

The other side, affectionally known as the "sell-outs" by the purists (I'll call them the revisionists), are those who see the most promising political route as that which establishes strong and meaningful social, labour and green clauses in the trade agreements.

I want to propose another approach, but first I would like to look a little more closely at the positions of the purists and the revisionists to explain why ultimately neither approach will be a sufficient long-term solution to deal with the might of corporate power as an international force.

## The Purists and the Revisionists

### The Purists

Those of us who argued against the initial free trade agreements tried to win public support by presenting a logical argument which showed the fundamental incompatibility between social welfare, democracy and free trade. Our argument, which I still believe is correct, showed how the homogenization of economic systems would affect the ability of nations to respond to the demands of people.

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The conditions of all nations are not the same, and neither are the goals of people within them. By imposing a uniform economic policy internationally, individual nations were prevented from devising specific policies to deal with special needs. We argued that Canada was very different from the U.S. and that copying U.S. economic policy would fundamentally and adversely change the character of this country.

We also argued that trade liberalization critically removed the ability of nations to control corporate behaviour, so that the kinds of protections from exploitation which people had struggled to obtain would be lost through the logic of international corporate rights.

These were important arguments and the anti-free-trade movement was successful in getting the message out and persuading people that free trade would not be in their interests. (This, of course, did not mean that free trade would not occur. This lack of responsiveness by both the Conservative and Liberal parties to people's wants is an indication of the extent of democracy in Canada.)

There were certain political risks associated with the success of our argument. By insisting that the globalization process is incompatible with strong systems of social welfare, we were inadvertently marching in step with the arguments of the right and, in some respects, reinforced the right's claim that the changes which are occurring are inevitable and so "there is no alternative."

The right argued that government "interference" in the form of social programs, taxes, and labour legislation was incompatible with globalization. So did we. In the case of the right, the argument served the purpose of ensuring that the obligations and constraints on corporations demanded by national governments are replaced by international economic rights.

For the left, the argument was politically motivated and therefore not nuanced: we argued that virtually everything Canadians cherished about public policy (such as social programs and cultural policy) would be

destroyed. This approach seemed necessary in order to show how dramatically our world ultimately would be affected by trade liberalization.

Now that free trade agreements are in effect, our earlier pronouncements place those of us opposed to free trade in an unevitable position. We said our sovereignty would be overridden by the rules of free trade-but now we want to maintain these programs and exert our sovereignty to do this. The only truly logical position, then, is to continue to resist events which are speeding up liberalization.

I don't oppose this as a strategy; in fact, I feel we do need to oppose the corporate rule of the world; but opposing new structures for corporate rule, like the Multilateral Agreement on Investment (MAI) and the Asia Pacific Economic Cooperation (APEC) is an insufficient strategy. The trajectory of international deregulation is occurring so rapidly that structures are virtually in place before we even learn about them. So much is happening, so fast, that confining action mainly to opposition to new agreements appears to be an ineffectual rearguard action of people who are still fighting old battles.

The position of the "purists" makes many uneasy because it can quite easily lead to despair, particularly as the "inevitability" of trade liberalization seems to accelerate. As usual, for the political groups in a weak position, there is a fine balance between messages of despair and those which inspire action. An analysis which shows the dangers in the new conditions will lead to despair if the alternatives to it are not sufficiently compelling.

Simply opposing new initiatives that increase the power of corporations is not good enough because, even when we win and convince people that our position is the correct one, there is no resulting effect on the actions of the state. The power of international corporations appears great enough to supersede the will of the people in "democratic" countries.

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### **The Revisionists**

Generally, we are no more comfortable with what appears to be the alternative course of action: that is, to insist on protection for labour, the environment and social programs within the trade agreements themselves. Serious problems exist with this approach that are not confined simply to the political difficulties of getting meaningful language and enforcement in the agreements, although at this stage even that seems impossible.

Should real and enforced social clauses materialize, they would not solve

the international problems created by capital mobility and the strength this gives corporations.

MAJOR PROBLEMS WITH THE LOGIC OF SOCIAL CLAUSES IN INTERNATIONAL TRADE AGREEMENTS:

1. The most serious problem related to the new international rules of trade is that they are *designed expressly to create markets-not to control them*. All the rules about trade are designed to **control the activities of** nations which are perceived to inhibit the freedom of corporate activities. This focus on the activities of nations is deliberate, and is the heart of the very logic of these agreements. Corporations understand that an international authority which controls the extent of a nation state's activities enables them to be more autonomous and move capital more easily.

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The agreements work toward establishing one giant global market, while at the same time limiting the nature of any international institutions to control these markets. The critical feature of this development needs to be reiterated: **the discipline exerted through the trade agreements** is not on **corporations, but** on nations. The effect of this feature is to create circumstances such that corporations are able to play nations off against one another and escape the kind of control which has been exercised within nations themselves.

2. If social clauses are included in free trade agreements, the effect on poor nations could be devastating. The attempt of the agreements to impose uniform economic and social policy worldwide creates impossible positions for people in countries which have vastly different problems and resources.

If poor countries must abide by the employment and environmental standards of wealthy countries, and at the same time maintain the same type of economic system which benefits wealthy, not poor countries, they will be put in an impossible position. They are, essentially, barred from pursuing collective-type public policies which might better meet their socio-economic needs.

The only effect of imposing the standards of wealthy countries on poor ones, as a condition of trade, will be to eliminate the poor ones from trade. If the standards are not enforced unilaterally, the exercise of social clauses in the agreements is simply window-dressing.

3. As most of us suspect, the inclusion of social, labour and environmental clauses is primarily window-dressing for wealthy countries. Corporations are, within their own national boundaries, increasingly escaping control through the deregulation processes. The very minimal requirements of the social clauses are very easy to meet and pose no threat or changes to the ways in which business activities occur within wealthy nations.
4. At the international level, corporations will remain virtually free to pursue their rights as world citizens-as the only true citizens of the world. The lack of regulation of their activities at the international level will lead to criticism of their treatment of labour, the environment and the abuse of human rights. The corporations of the West will sympathize, point fingers at one another, but will shore up a strategy which insists that the only realistic route to improvement of world-wide corporate behaviour will be to strengthen (on a voluntary basis) "corporate responsibility." Getting corporations to work out their own (unregulated) rules of "corporate ethics" will then become the main focus of action for public groups interested in change.

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## Other Approaches to Corporate Rule

The following will briefly sketch an approach that should be pursued in the future, in order to counter some of the worse aspects of internationalization of our political economies. Some of these ideas clearly are not short-term measures, but will take a long, concerted political effort to achieve.

The long-term approach to establishing international control of corporate behaviour does not mean that our only course of action need focus on the distant future: **there are measures at both the local and national levels which can serve to counter the notion that a social-welfare state is incompatible with a healthy economy.**

### At the International Level

At the international level, four main interrelated initiatives should be the focus for action of progressive groups.

First is the need to initiate action to demand the creation of **international institutions to control capital**. The current unwillingness or inability of nation states to assert the kind of control over capital which is necessary to protect employment levels, the environment, and conditions of life reflects

the power which corporations have to intimidate or otherwise gain the cooperation of national governments.

*The focus for discipline must shift from the nation to the international corporation.* The very rationale for capital mobility is to take advantage of the economic climate in countries which are either politically corrupt or too weak to protect their people or their environments. International institutions

which disciplined corporations, rather than countries, would begin to replicate some of the work of national institutions which was effective when nations exerted more power over corporate behaviour.

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**Second**, in addition to designing international institutions to control capital, there is also a need to **imitate the redistributive functions of the nation-state at the international level.**

As long as the enormous disparities which exist world-wide continue, the corporate sector will be able to blackmail nations into submitting to their demands for a "favourable" climate for business. This redistributive function requires an ability for an international governing institution to raise money, and to decide where that money should go.

The recent interest in developing a tax on international financial speculation (the Tobin tax) in order to both discourage excessive speculation and to raise money could be the starting point for new international institutions to control and redistribute capital.

Thirdly, there is an urgent need to begin what will be a long-term project to counter the very politically successful propaganda of the right with regard to the efficiency of the self-regulating market.

This could begin with analyses which show the economic inefficiencies and real human misery which follows from imposing a uniform economic system around the world.

The call would be for an ability to recognize **economic pluralism in international trade agreements.** A tolerance for economic pluralism requires the recognition that different goals, conditions and cultures throughout the world require very different solutions to problems. One system, the western system based on a U.S. kind of economy and social system, will not serve the needs of all people in all circumstances.

The attempt of international trade agreements to impose uniform economic and social policy world-wide creates impossible positions for people in countries which have vastly different problems and resources, in addition to different values and goals. We in Canada have devised an economic and social system which is different from the U.S. because, in part, we have

needed to accommodate the conditions of relatively few people living in a huge and often hostile geographical area.

Canada is being forced to change many of these systems as a result of trade liberalization and, however difficult it will be for many groups in this country, the problems arising from conformity are infinitely more serious for poor countries with very different types of social and economic organizations.

In the process of demanding economic uniformity, the corporate community has taken away from poor countries any innovative ways in which they might be able to find unique solutions to their problems. Poor countries will never be able to escape poverty if they are required to abide by the employment and environmental standards of wealthy countries, while at the same time they are required to maintain a competitive, market-based economic system.

The case for economic pluralism would be a natural political position for progressive political activists. In recent years, the political activism of minority and disadvantaged groups has made more visible the different circumstances of groups of people in our society. This has led to the demand for distinct social policy to recognize these different needs. This pluralistic approach to public policy is an important starting point for an analysis which recognizes the need for pluralism in social and economic systems.

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Any attempt to change the international rules seems an Amazonian task, particularly because the power of the corporate sector has been so enhanced by the changes in the trading rules so far. However, the very real likelihood of the failure of these policies to meet the needs of most of the people in the world is going to give new approaches a chance to flourish. A project which begins to analyze the ways in which international institutions could be organized to allow for **economic and social welfare pluralism** would be well positioned to be accepted when the promises of the existing trade regimes are not fulfilled.

Fourthly, it is essential for people in Canada to work with other people in nations which also are negatively affected by the rule of international corporations. In this initiative, feminists, trade unionists, environmentalists and peace activists throughout the world are well-positioned to lead discussions for a future which would make a global economy socially viable. All of these groups have strong international connections which can be strengthened through collective attempts to control corporate power.

As the trajectory of trade liberalization continues to unfold, the experiences of all of us in different parts of the world will be distinct, but the ability to learn from one another and to explore ideas for collective action could lead to significant political initiatives for change.

The political work involved in bringing about international institutions to control capital and to permit economic pluralism may appear overwhelming: this work not only requires long-term planning and concerted organizational efforts, but will also need a strategy to confront the full might of corporate power.

As with any long-term political strategy, there also must be ways for people to work toward similar goals on a more local level. If there is nothing concrete

which can be suggested for action in the normal course of daily lives, people will become discouraged and apathetic. Changing the world, or at least the trajectory which is now apparent, is an important goal, but most people will be unable to respond to this long-term initiative if there is not some relationship between it and their immediate political concerns.

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### **At The National Level**

It is critical that all progressive groups-feminists, trade unionists, environmentalists-maintain actions which focus on supporting social welfare, equitable distribution systems, and making the state more democratic.

The overwhelming nature of the internationalization process has made this a reactive, rather than a pro-active approach, and as such has often made our actions the target of criticism, both by our supporters and our detractors. But, as is frequently noted, there is no consensus in Canada about the vision of the future, and public support for some of the central institutions of the social system continues to be strong; so, although resisting the dismantling of social programs is "reactive," it nonetheless can be successful.

While the new international structures supporting trade liberalization give the corporate sector a great deal of leverage over public policy within nations, there are sufficiently different possible courses of action such that the uniform race to the bottom can be resisted with credibility.

It is very important to point out that the social systems of all countries in the West are not uniform. The substantial national differences in social policies in countries within the European Community, despite free trade and the free movement of capital, indicate that the convergence of social welfare policy is not inevitable (despite what many of us argued during the anti-free trade campaign). Not all nations have such raw approaches to the well-being of their citizens as do the U.S. and Canada. There are differences in social programs which can be tolerated, even within what appears to be a rapid process of economic homogenization. My point is that we should not allow the existence of international trade agreements to prevent the maintenance of the social system we need.



Canada is a country which has never been wealthier, and the argument must continually be made that we can afford to maintain a strong welfare state. The decisions taken, for example, to reduce the number of people receiving unemployment insurance benefits; to slash federal funding for health and education; and to ignore promises to provide a national child care scheme are political decisions based on ideological and cultural values. These are decisions which can be contested on moral and democratic bases-they have not been made "inevitable" because of globalization.

Some critics of trade liberalization (myself included) have greatly overstated the powerlessness of nations in the face of corporate power. The ability of nation states to stand up to the corporate sector's demands, although constrained, is still strong-if there is a political will to do so. Because government remains the primary avenue for people within a nation to address their interests, it is critical that political action focus on ensuring that government does indeed act in people's interests.

At the international level, national governments are all that exist to represent the collective point of view of the people of a nation. For this reason, it is important that all of us work to resist the political fragmentation which is occurring in Canada. This fragmentation accelerates as each region demands more and more autonomy over social and economic programs.

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While the Canadian government continues to be a champion of trade liberalization, and in some circumstances is far more ardent than even the U.S. in pursuing new free trade deals, this does not mean that some time in the future Canada could not take a different lead in shaping international institutions. For this we will need not only a strong federal government, but also one which is truly democratic and represents, at the international level, the will of the nation.

This representation has not occurred with trade liberalization issues: people within Canada repeatedly have voiced their opposition to free trade, yet the government continues to support the interests of the corporate sector. We are all aware that our world, as troubled as it is, can become even worse. We feel that the actions of people should be able to make a difference. I believe it can, but only if we are able to devise ways to replicate, at the international level, those initiatives which have served to control corporate power within our country. **U**

## About the Author

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