



Race, Poverty & Globalization

Poverty & Race

May/June 2000

By John A. Powell and S.P. Udayakumar

The world economy is in a state of what is commonly viewed as unprecedented growth. But with this growth has come dangerous and destructive economic disparity. On the one hand, we see the "impressive" economy in the Northern Hemisphere, particularly in the United States, where Silicon Valley, a region of 2.3 million people, has produced tens of thousands of millionaires, with 64 new ones every day. There are regular U.S. reports of historically low unemployment rates, labor shortages and booming economy.

On the other hand, many people of color, particularly those in the Southern Hemisphere, do not have enough food to eat, resulting in malnutrition and disease. They face growing inflation while their governments, which used to subsidize some aspects of their marginal living, are urged to stop subsidies for food and adopt a more market-oriented economics. Many workers in these economies are trapped in poor working conditions with low pay. Women are often expected to do back-breaking farm and domestic work, with few rights or benefits. Yet many of the fiscal policies pushed onto developing countries and adopted in northern countries exacerbate the problem of the most marginal while celebrating the wealth of the rich.

In the North as well, people of color often find themselves being left farther and farther behind. Even as states in the U.S. and the nation as a whole report budget surpluses, we seem unable or unwilling to provide adequate housing for the growing number of working-class and homeless families, to repair the physical structure of schools that house low-income students of color, or to provide social services or medical attention for those most in need.

Sweatshops that employ people of color working as virtual slave laborers are tolerated -- even encouraged -- as part of the new world trade. The public space people of color and marginal groups are most dependent on -- whether it is public hospitals, schools, parks, or a social welfare system -- is constantly attacked as inconsistent with the needs of capital and the market. Indeed, we are encouraged to remake public space to mimic private space with a market, anti-democratic orientation where we are consumers, not citizens.

How are these disparate conditions related to globalism, and why are people of color under the most severe threat from this process? Certainly, other people are also under a threat from this globalization process, and some would assert that democracy and capitalism itself may be undone by this process if it is not checked. To answer the above question and to understand why minorities and other marginal populations are most at risk, it is first necessary to better understand what globalism is, particularly

the type of globalism that dominates today's markets.

What Is Globalism?

In the most general sense, globalism refers to the process in which goods and services, including capital, move more freely within and among nations. As globalism advances, national boundaries become more and more porous, and to some extent, less and less relevant.

Since many of our early industries, such as steel, were location-sensitive, there was a natural limitation to globalization. To be sure, some things remain location-sensitive, but mobility is the trend. It is assumed that liberalizing laws and structures, so that goods and services can become more globally focused, will produce more wealth, and indeed this seems to be true. Using this general understanding of globalism and globalization, it would be accurate to say this process has been developing and growing for well over a hundred years.

But there have been many changes in the globalization process in the last two decades that makes it distinct from earlier incarnations. The major thing being traded in today's global market is information and capital itself, rather than commodities or other products. Technological change allows capital to move almost instantaneously. Changes in monetary policies, as well as in what is being traded and the importance of capital, have created a global market distinctively different from previous eras. Earlier products and capital were more rooted to a place. Today, many of the things traded and produced in the global market, such as knowledge and computer technology, are extremely mobile or rootless.

The United States has emerged as the only world superpower. This has allowed the U.S. tremendous influence in setting the terms for global trade. The style of globalism pushed by the United States has favored the free movement and protection of capital, while being at best indifferent and at worst hostile to the more place-dependent labor. It is the dual relationship of mobile capital and fixed, unorganized and unprotected labor that has created the conditions for capital to dominate. This has been greatly enhanced by the U.S. position toward organized labor and capital. While the U.S. has been aggressive in protecting capital both at home and abroad, it has encouraged both the weakening of organized labor and removing protections for workers.

While both Japan and Europe have aggressively pushed for globalism, each has been more willing to protect labor, the environment and certain markets -- at least within their own borders. It is the United States that has consistently been the most radical on liberalizing capital and protecting it as it moves across boundaries, and the most hostile to protecting labor and fragile markets. Protecting labor expresses itself not only in strong unions and workers' benefits but also in a strong social welfare system. The United States has purposefully moved toward weaker labor unions, as well as an anemic social welfare system. It has used the globalism it advocates as justification for

keeping workers' jobs insecure, pay and benefits relatively low. Workers are told that pushing hard for benefits will cause capital to leave to another location in the country or the world where workers are willing to work for less with fewer benefits.

The United States and the international organizations over which it has substantial influence, such as the International Monetary Fund, have demanded protection of capital and encouraged or tolerated the suppression of labor and the environment in the weaker southern countries. Capital is actively being directed to markets with low wages, where workers are sometimes abused and labor organizations suppressed. The wealth this globalism is creating is being forcefully subsidized by vulnerable workers and the environment, especially in the Southern Hemisphere. This logic is then used to weaken the position of labor in the North, as we are required to compete with unorganized, suppressed labor in the South.

While sweatshops and slave labor may attract capital investments, what about the futures of black welfare mothers in Detroit or the Aborigines in Australia, who need government assistance to take advantage of, say, the educational system? How or why does U.S.-style globalism affect their needs? U.S.-style globalism not only attempts to suppress labor, but also seeks to suppress social welfare systems and support for public expenditures that do not directly benefit the expansion of capital. The social welfare system and other public services, such as schools, social services in the North and food subsidies in the South, are supported through taxes, and taxes reduce short-term benefits to capital.

In the North, it is women and minorities who are most dependent on the public sector. These racial and gender correlations make it all the easier to attack the legitimacy of taxation for this purpose. Taxes are seen as undesirable because they reduce profits and interfere with the market. But the public space, including the welfare system, can only be supported by the public in the form of taxes. Whether we are talking about education or other public services, we are encouraged to believe that they should be as limited as possible and made to mimic the market. Those who cannot thrive in the market environment without help, especially if they are people of color, are seen as free-loaders and illegitimate. In many ways, much of the public space in the United States becomes associated with people of color.

Goodbye, Democratic Vision?

Public purposes and civic goods -- to the extent they are even recognized -- are no longer to be achieved through public institutions but are to be privatized. The democratic vision associated with public functions is to be abandoned or seriously curtailed in favor of the ideal of efficiency. There is an abiding belief that democracy must be limited because it interferes with the private decisions of market experts, thereby reducing wealth and capital. And anything that is perceived as interfering with the growth of capitalism -- be it the social welfare system, labor

unions, civil rights or government programs -- is being curtailed, while government policies and structures that protect capital, including the military, are enhanced.

Although proponents of this style of globalism purport to support democracy, it is only in a role subservient to capital. In the United States, we are softly encouraged to vote, while being constantly reminded that in these global matters that shape our everyday life, we have no say. We are told that no city, state or nation can or should try to influence this powerful but uncontrollable process. We are reminded that one can regulate capital, and any attempt to do so will hurt the economy.

The deregulation of capital is made to appear both good and natural. Our attention is drawn away from the fact that there are powerful organizations supported by the U.S. government's leadership that protect and facilitate the flow of capital. These institutions include the World Bank, International Development Association, International Finance Corporation, International Monetary Fund, World Trade Organization, etc.

Unfortunately, there are no organizations of equal stature to protect the interests of workers, racial minorities, the environment, or women and children. There are, of course, several treaties and international instruments dealing with some of these issues, such as the Convention on International Trade in Endangered Species, Convention on the Elimination of All Forms of Discrimination Against Women, Declaration on the Rights of Persons Belonging to National or Ethnic, Religious or Linguistic Minorities, and so forth.

However, they are nearly impotent, compared with the institutions with far-reaching and substantial goals of protecting capital. When citizens try to raise such issues, it is simply asserted that making working conditions or the environment part of trade agreements would unduly interfere with free trade. American-style globalism has not just transformed the flow of capital, it has transformed the role of government and the meaning of citizenship.

People are now brought together as consumers but kept apart as citizens. The transformed role of government is not to protect citizens or the precious safety net of public space but to protect and facilitate the flow of capital. So today we speak of free markets but not of free labor. We speak of an expanding global market, but a diminishing public space, and we hardly speak at all of citizen participation and justice. This is an authoritarian vision where armies police people and nations, so capital might be free.

It is very doubtful that capital, despite advances in technology, would be nearly as mobile as it is without the nationally brokered agreements that have the force of law and the coercive power of the state behind them. But while capital relies on the government to do its bidding, we enjoy freedom as individuals without the power that only comes from the collective action of informed citizens. While it might be true that cities and states, and

certainly private individuals, can do little to influence globalism, it is clearly false that nations, especially the United States, are powerless in the face of globalism.

Undermining Social Movements

During the last part of the 20th century, the Civil Rights Movement, the women's movement and the environmental movement advanced their claims for inclusion and justice. An attack on the public role of the state is a powerful strategy to limit the aspirations of these groups. They are made impotent in a forum where wealth, not votes, dictates policies. These groups are marginalized in an economic arena that transforms the market, with decisions made behind closed doors, and not in public and civic spaces.

Destruction of the public space also results in a decline of the public voice. In the United States, this decline in the role and scope of democracy in the relationship to the market occurred just when the Civil Rights Movement began to make significant gains in securing for blacks and other minorities real access to the political process.

This article, then, is not an attack on globalism per se but on the excess and undemocratic nature of the U.S.-style globalism popular now, which is particularly hostile to people of color and other marginal groups. This style of globalism disempowers average Americans in every way, except as consumers. Globalization has been happening for over a century and will continue. It must be re-envisioned to appropriately protect capital, but also to protect labor, the environment and people of color. These concerns must be seen as interrelated, not as separate. Furthermore, we must create the necessary international structures with transparency and accountability in order to make this vision a reality and to develop suitable remedies for the plight of marginalized peoples. These steps should not be seen as hostile to business, but as an appropriate cost of doing business in a justice-oriented and sustainable global economy.

Despite the rhetoric about the unmitigated good that can come from U.S.-style globalism, there is an increasing call to look more closely at the process as it relates to people and the environment throughout the world. Some assert that U.S.-style globalism threatens democracy. Others argue that this style of globalism threatens capitalism itself. We think that both claims may be right.

We believe it is critical to look more closely at what globalism means for people in general and people of color in particular. Given its more recent history of developing a social compact that includes all people, the United States should not be championing a style of globalism that is blind to the needs of some sectors. If this process continues, we are likely to permanently re-inscribe a subordinated, life-threatening status for people of color all over the globe and rationalize it with an invisible hand. We can change this by working to make the invisible visible.

john a. powell (powel008@tc.umn.edu) is Executive Director and S. P. Udayakumar (spkumar@tc.umn.edu) is Research Associate of the Institute on Race & Poverty at the University of Minnesota Law School.

Readings:

William Greider, *One World, Ready or Not: The Manic Logic of Global Capitalism*. New York: Touchstone, 1997.

Kavaljit Singh, *The Globalization of Finance: A Citizen's Guide*. London & New York: Zed Books, 1999.

United Nations Development Programme, *Human Development Report 1999*. New York: Oxford Univ. Press, 1999.

"Global Finance in the Americas: Wealth & Hunger Revisited," *NACLA Report on the Americas* 33/1 (July/August 1999).

"The Threat of Globalism," *Race and Class* 40/2-3 (Oct. 1998-March 1999).

Mario J. Yutzis, "A Special Issue on Globalization and Discrimination," *Peoples for Human Rights, IMADR Yearbook* 1998 6 (1998).

Organizations:

Focus on the Global South, Walden Bello/Nicola Bullard, c/o CURSI Wisit Prachuabmoh Bldg., Chulalongkorn University, Phayathai Rd., Bangkok, Thailand 10330, Phone: 66-2-218-7363/64/65, Fax: 66-2-255-9976, Email: admin@focusweb.org, Website: www.focusweb.org

International Forum on Globalization, Building 1062, Fort Cronkhite, Sausalito, CA 94965, Phone: 415/229-9350, Fax: 415/229-9340, Email: ifg@ifg.org, Website: www.ifg.org

Global Exchange, 2017 Mission Street, Rm. 303, San Francisco, CA 94110, Phone: 415/255-7296, Fax: 415/255-7498, E-mail: globalexchange.org, Website: www.globalexchange.org

Foundation for Science, Technology and Natural Resource Policy, Dr. Vandana Shiva, 105 Raipur Rd., Dehra Dun 248 001 India, Phone: 91-135-23374, Email: vshiva@viasdl01.vsnl.net.in

People-Centered Development Forum, David Korten, c/o Positive Futures Network, P.O. Box 10818, Bainbridge Island, WA 98110, Phone: 206/842-0216, Fax: 206/842-5350, E-mail: dkorten@bainbridge.net.