INTRODUCTION TO
GLOBALIZATION

Manfred Ernst

No one seems to know exactly who coined the term globalization. While some authors refer to “obscure origins in French and American writings in the 1960s” (Held et al. 1999: 1), it is possible that the visual presentation in space travel photographs of the earth’s beauty, uniqueness and vulnerability, showing our planet as a vulnerable bright blue jewel in the midst of the infinite black, cold and silent universe, may have contributed to a new worldview and the creation of the term. The sudden popularity and frequent use of the term by politicians, academics, the media and in everyday talk in the decade from the early 1990s to the present is not accidental, because it coincided with the dawn of a new world order that began with the end of the Cold War and the undisputed spreading and dominance of capitalism all over the globe. The meaning of the notion is not always clear, however. There is no accepted definition of globalization, nor is there consensus about its nature. In academic discourse different thinkers sometimes take completely opposite views. Attempts to define globalization vary substantially according to the feelings the term awakens in the definer. The vagueness of meaning, though lamentable, is characteristic of the debates on globalization. It can be asked whether anything that is discussed under the catchword is new at all.

In this publication, globalization is understood and defined in a conceptual framework that entails a reconfiguration of geography, so that social space is no longer mapped wholly in terms of territorial places, territorial distances and territorial borders. In this view globalization is seen as a deterritorialization that has been accompanied by global capitalism. British social theorist Anthony Giddens has thus defined globalization as “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (1990: 64). In accordance with that, the word globalization is used in this book in terms of the following widely accepted basic definition presented by the London based research group around David Held:

... a historical process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions — assessed in terms of their extensity, intensity, velocity and impact — generating transcontinental or inter-regional flows and networks of activity, interaction and the exercise of power (Held et al. 1999: 16).

GLOBALIZATION AS HISTORICAL PROCESS

The question of exactly what constitutes globalization has inspired a flood of research and debate in recent years. It is almost impossible to keep track of the literature published in many languages in all parts of the world. There is an obvious shift in analytical approaches, creating a significant difference between 'new' globalization perspectives and others in the past, which, long before the term globalization became popular, had been used for analyzing
Key Terms and Definitions

• Bourgeoisie: The class of modern capitalists who are the owners of the means of production and employers of wage labour.

• Developing Countries: There is no definition by the World Trade Organization (WTO) of ‘developed’ and ‘developing’ countries. Members themselves announce whether they are ‘developed’ or ‘developing’ countries. In the literature one usually finds a kind of definition of ‘developing’ countries by income. At present the following categories exist:
  - Low Income Countries (LICs) with a per capita GNP below US$735 in 2002. In the Pacific Islands, Papua New Guinea and the Solomon Islands are in this category.
  - Low-Middle Income Countries (LMICs) with a per capita GNP between US$736 and $2,935 (Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Samoa, Tonga and Vanuatu).
  - Upper Middle-Income Countries (UMICs) with a per capita GNP between US$ 2,936 — $ 9,075 (American Samoa and Palau).
  - High Income Countries (HICs) with a per capita GNP above US$ 9,075 (French Polynesia and New Caledonia). (World Bank 2004: 1).

• Financial Action Task Force (FATF): The FATF was established by the G-7 Summit in Paris in 1989 to develop a coordinated international response to mounting concern over money laundering. The FATF is an intergovernmental body that currently consists of 29 countries and two international organizations. After September 11, 2001, the FATF expanded its mission beyond money laundering and agreed to focus its expertise on the worldwide effort to combat terrorist financing.

• Free Trade: Free Trade is defined here simply as the absence of tariffs and import quotas on goods. This definition is based on the notion that the market is the best device to ensure consumers can access good products at the best price, and increase global wealth. The final goal of eliminating tariff barriers and national protection mechanisms is to allow the market to operate with no constraints.

• G-8 or Group of 8: The G8 are the most economically and politically powerful countries: the United States, Canada, Great Britain, Germany, Japan, Italy, and France. Despite being clearly not powerful in economic terms, for strategic reasons Russia has been invited to the exclusive club after the downfall of communism. The European Union also participates in G8 meetings, while rising nations with rapid economic growth, such as China, India, Brazil and Egypt, do not.

• GATT (General Agreement on Tariffs and Trade): The General Agreement on Tariffs and Trade was first signed in 1947. The agreement was designed to provide an international forum that encouraged free trade between member states by regulating and reducing tariffs on traded goods and by providing a common mechanism for resolving trade disputes.

• IMF (International Monetary Fund): The IMF/World Bank has been empowered by the governments that control it (led by the US, UK, Germany, Japan, France, Canada and Italy – the group of seven that holds over 40 per cent of the votes on the IMF board). From the perspective of the G7 countries the IMF was established to promote international monetary co-operation, exchange stability and orderly exchange arrangements; foster economic growth and high levels of employment; and provide temporary financial assistance to countries to help ease balance of payments adjustment. Critics would express the function quite differently by stating that the IMF imposes economic austere policies in the so-called Third World. Once these countries build up large external debts, as most have done, they cannot get credit or cash anywhere else and are forced to go to the IMF or World Bank and accept whatever conditions are demanded of them. None of the countries has escaped the debt trap yet and most countries now have much higher levels of debt than when they first accepted IMF/World Bank assistance.

• Money Laundering: Money laundering is a process in which assets obtained or generated by criminal activity are moved or concealed to obscure the link between the crime and the assets. Terrorist activities are sometimes funded from the proceeds of illegal activities, and perpetrators must find ways to launder the funds in order to use them without drawing the attention of authorities.

• Non-Governmental Organizations (NGOs): NGOs are private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development. In wider usage the term NGO can be applied to any non-profit organization that is independent from government. NGOs are typically value-based organizations which depend, in whole or part, on charitable donations and voluntary service.
Although the NGO sector has increasingly become professionalized over the last two decades, principles of altruism and voluntarism remain key characteristics. Following this definition, churches are also NGOs.

- *Proletariat:* The class of modern wage labourers who, having no means of production of their own, are reduced to selling their labour power in order to live.
- *World Bank:* The International Bank for Reconstruction and Development, commonly known as the World Bank, is a UN affiliate set up to finance projects that further the economic development of its member nations. Its foundation was laid at the UN monetary and financial conference at Bretton Woods in 1944. It officially came into life in 1946. (For its history and function see the description under IMF above).


the world as a whole from the perspective of world-systems or global politics and economics. According to Peter Beyer, “globalization theory distinguishes itself from longer established worldwide perspectives in that it takes as its primary unit of social analysis the entire globe, which it treats as a single social system. This changes how we understand various subunits, such as *ethnies*, nation states, organizations, movements, or religions” (Beyer 1994: 14). Whether the shift in analytical approaches Beyer is mentioning actually makes a difference is questionable, because a single globalization theory does not exist and world-system theory, as developed by Wallerstein and others before the advent of the term globalization, is still useful for analyzing different aspects of globalization, as will be shown in what follows.

**World-System Theory**

If we see globalization unfolding in a historical process or in a set of processes we can roughly distinguish different stages. The following argument is based on the works of Immanuel Wallerstein, an American scholar who laid out his World-System theory in three volumes in 1974, 1980 and 1989. Wallerstein, who was undeniably intellectually influenced by the French historian Fernand Braudel, and by Marx, drew also on dependency theory. Central to Wallerstein’s approach is his premise that the political and economic changes in history can only be understood fully if analyzed in their economic and material context. In this sense he has contributed to a new view of human history, which is made up not only of the visible lives of the great and powerful but equally of the acts of ordinary people. Coming from a different background and a different generation, Bertolt Brecht, the German dramatist and poet (1898–1956), wrote the poem ‘Questions From A Worker Who Reads’, which may illustrate what Wallerstein means:

**Questions From A Worker Who Reads**

Who built Thbes of the seven gates?
In the books you will find the name of kings.
Did the kings haul up the lumps of rock?
And Babylon, many times demolished
Who raised it up so many times?
In what houses of gold-glittering Lima did the builders live?
Where, the evening that the Wall of China was finished
Did the masons go?
Great Rome is full of triumphant arches.
Who erected them?
Over whom did the Caesars triumph?
Had Byzantium, much praised in song
Only palaces for its inhabitants?
Even in fabled Atlantis the night the ocean
engulfed it
The drowning still bawled for their slaves.
The young Alexander conquered India.
Was he alone?
Caesar beat the Gauls.
Did he not have even a cook with him?
Philip of Spain wept when his armada went down.
Was he the only one to weep?
Frederick the Second won the Seven Years War.
Who else won it?
Every page a victory.
Who cooked the feast for the victors?
Every ten years a great man.
Who paid the bill?
So many reports.
So many questions.

Wallerstein distinguishes between three kinds of social system in the history of humankind:
1. Mini-Systems with simple agricultural or hunting-gathering economies, which no longer exist today because they have been absorbed by world-empires and world-economies.
2. World-Empires with various cultural systems but a single political system within a single division of labour. Examples are the great civilizations of China, Egypt and Rome.
3. World-Economies with manifold polities and several cultures but in a single division of labour.

It is argued that with the development of the modern world-system, world-empires have ceased to exist, giving way to a single world-economy that, for the first time in history, includes the whole earth (Beyer 1994:16). It should be noted that this scheme does not represent a simple historical progression, because mini-systems existed within world-empires and world-economies, and the modern world-economy is not the first of its kind but has successfully avoided disintegration or absorption into a new world-empire (Wallerstein 1987: 317).

**Forerunners of the Present World-System**

If we could follow the flow of history in magic ‘seven-league-boots’, suggests Braudel, early world-economies would be seen in ancient Phoenicia, Carthage in its glorious days, the Hellenic world, and also Rome. In the 9th century there was a fragile world-economy with the Norman adventure on the peripheries of Western Europe before Europe built its first world-economy in the 11th century, followed by other world-economies up to the present. In this view other world-economies existed until the 18th century, for example, one with Moscow at the centre and connected to the Orient, India, China, Central Asia and Siberia. Another world-economy existed in China, which in earlier times appropriated large neighbouring territories such as Korea, Japan, the Malay archipelago, Vietnam, Tibet,
and Mongolia. Even before that, India had transformed the Indian Ocean from the east coast of Africa to the Malay archipelago into an island sea for its own use. In all these examples we are looking at an incessantly repetitive process, a constant spontaneous crossing of borders (Braudel 1986: 21-22).

So, while there have been many forerunners and beginnings, Braudel supports the view of Wallerstein that the current world-system burst into history in the 15th and 16th centuries, with the expansion of European mercantilist capitalism after the European voyages of discovery. Although Wallerstein and Braudel are definitely neither Marxists nor communists, a close affinity to the analyses made by Karl Marx and Friedrich Engels is undeniable, as the following quotation from the Manifesto of the Communist Party (1848) shows:

The discovery of America and the rounding of the Cape opened up fresh ground for the rising bourgeoisie [bourgeoisie here means the class of modern capitalists, the owners of the means of production and the employers of wage labour]. The East Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, navigation and industry an impulse never before known (Marx and Engels 1971: 36).

First and foremost, Wallerstein understands the modern world-system as a capitalist economy based on market trade and commodification. Although Wallerstein does not use the term globalization, in his view the capitalist world-economy is now the global social context that conditions all other aspects of social life, including politics and culture.

In this view the origins of the current world-system can be seen in Western European society in the middle of the 15th century, as capital accumulation took place in the hands of merchants instead of being drained off to support an imperial bureaucracy and its consumption. The capitalist merchants built up their wealth in towns and cities and successfully avoided being dominated by any rulers in their territories. Trade beyond their traditional territories was established and the new type of merchant broke away from the long standing trade in luxury goods by starting to trade in basic products for mass consumption, such as grain, wood and cloth. Territories far away from the capitalist centre were pulled into the European world-economy, which progressively spread over the whole globe. The structural dependency that resulted is still seen in relationships in the world-economy today, as simplified in the chart ‘Centres—Peripheries Model’ on the following page.

The model attempts to visualize the main features of dependency theories. Dependency theories see the world divided into centres (core states), peripheries, and semi-peripheries. The centres are growing at the expense of the peripheries. In the developing countries the hinterland is exploited by the centres. There is increasing co-operation and integration between the centres in the industrial countries and those in developing countries, although the centres in developing countries are sub-centres. Dependency theories emphasize how the capitalist world-economy favours the core countries, which get raw materials cheaply from the peripheries, own the technology needed by developing countries, and have the power to admit exports from the peripheries only when it suits them. States do not control the global market but simply reinforce its operations. Accordingly, core centres in strong states serve the ruling classes by imposing and protecting their interests against the interests of the peripheries and semi-peripheries. The long-term worldwide process of expanding capitalism leads to more integration between the centres of industrial and developing countries and a drifting apart of centres and peripheries within the industrial and developing countries (see Silva-Michelena 1975: 212–33; Galtung 1979: 337–75; Frank 1980: 225–68).
Centres-Peripheries Model

Industrial Country
Urban centres with huge concentration of industry, capital, people, and power. Negative consequences: social problems — unemployment, crime, drugs, slums, gap between rich and poor, appropriation of potential agricultural land for infrastructure development; environmental problems — decreasing quality of life.
Peripheries: rural-urban migration, mountainous areas, and areas not suitable for agriculture.
Source: (Adopted from Niesmann 1977:98–99)

Developing Country
Growing centres with modern industries, Western standard of living, tax free zones for export, agrimonocultures for export (coffee, sugar, cocoa, etc.). Social problems: unemployment, crime, drugs, slums, gap between rich and poor, environmental problems, decrease in quality of life.
Peripheries: subsistence farming, rural-urban migration, little or no infrastructure (health, clean water, electricity).

The modern nation states that developed in Europe in the aftermath of the Reformation and the discoveries were fundamentally different from previous world-empires. In previous world empires wealth was derived from taxation, confiscation or plunder, with only a marginal market trade, while the new focus on trade that began with the Reformation and discoveries led to the unprecedented and unparalleled expansion of the European world-economy. Wallerstein emphasizes the objective of realizing the maximum profit as the essential feature of the capitalist world-economy. "In such a system, production is constantly expanded as long as further production is profitable, and men constantly innovate new ways of producing things that will expand the profit margin" (Wallerstein 1979:15). For Wallerstein, the driving force of history is class conflicts that surface today most often in the form of competition between nations, races, ethnies, genders, and religions. The following box summarizes the main features of capitalism.

Another quantitative and qualitative level in the development of the world-system was reached with the advent of the industrial revolution, which began at the end of the 18th century. It started with the realization that national economies should not isolate themselves but enter into different forms of exchange and relations with other national economies. Adam Smith (1723–1790) provided the ideological and intellectual background for the material side of the sweeping transformations of societies and the world that characterized the industrial revolution. It was also Smith who saw in the division of labour and the extension of markets almost unlimited possibilities for nations to prosper through manufacturing and trade. In summary,
...modern industry established the world market, for which the discovery of America had paved the way. The result of the development of the world market was an immeasurable growth of commerce, navigation and land communication. This development, in turn, retracted the extension of industry; and in proportion as industry, commerce, navigation and railways expanded, so did the bourgeoisie develop, increasing its capital and pushing into the background all the classes left over from the Middle Ages (Marx and Engels 1971: 36).

A rough and very simplified outline of modern world history, according to Wallerstein, unfolds as follows: The period between 1450 and 1600 is seen as the time when the foundations of the European world-economy, which was at that time based on agriculture, were laid. The core of this system was located around Amsterdam. At the end of this period and reaching into the 19th century, Britain, based on its rapid industrial revolution, became the dominant core power. The free trade era supported by Britain during the 19th century replaced the mercantilist era, and lasted through two periods characterized by expansion and consolidation until about 1840 (see Wallerstein 1989). This was followed by a phase of recession and the rise of continental rival powers such as France and Germany, which challenged the British supremacy on the basis of new commodities such as steel and chemicals. An era of renewed expansion followed with the reaffirmation of protectionism and a new scramble by European core powers for colonies, mainly in Africa but also in Asia and the Pacific Islands. Wallerstein states that the capitalist world-economy does not permit the dominance of an empire (Wallerstein 1979: 59). In the aftermath of World War II, the USA, the European Union, Japan and the Soviet Union (until 1989) emerged as new core powers in this era of further capitalist expansion, which was based on the production for mass consumption of commodities such as cars, washing machines, TV sets, etc. The USA, especially, pushed for free trade in a bid to penetrate the colonial domains of its rivals.

Large parts of Wallerstein's other published works on world-system theory deal with the contradictions in the present system that point to its eventual demise. Wallerstein argues

**CAPITALISM:** The term capitalism was first introduced by Karl Marx (1818–1883) in the mid 19th century and describes an economic system that shows three typical characteristics:

1. The private ownership of basic production facilities (land and capital). Capital here means buildings, machines, and other equipment to produce goods and services for consumption.
2. An organization and co-ordination of economic activities through the interaction of buyers and sellers (producers) in markets.
3. The owners of land and capital, as well as the workers they employ, are free to pursue their own self-interest in seeking maximum gain. Marx revealed the true nature of capitalism in his writings, as a new form of social organization that is based on the exploitation of workers by the owners of capital. The capitalist bourgeoisie class extracted surplus value from the proletarian class of workers and aggressively expanded and developed the technologies of production, thus creating a world-wide system. Marx's central argument is that the ways in which humans organize their economic production determine the law, politics, culture, religion and ideology of society. The production of commodities, driven by the desire to make profits, inevitably led to an entire social system that reflects this pursuit for profit. Finally, the capitalist society inevitably produces class antagonism, rather than consensus, and because of the very structure of that society conflict and disharmony are inevitable.

By extending Marxist class analysis to the world-system, Wallerstein and other dependency theorists analyze the struggle between states and ethnicities as class conflicts. The economic-geographical divisions of core, periphery, and semi-periphery define the position of states and ethnic groupings in the division of labour in world-systems.
that the present system is not sufficiently understood if we do not realize that its internal contradictions produce crises that will ultimately lead to a completely new type of system. What form this new system will take is not yet known, but it is assumed that it will be shaped by anti-systemic socialist movements. In this context he describes the task of social scientists as working towards the transformation of the present system rather than just prophesying its eventual downfall (Wallerstein 1979: 152–164). At the same time, Wallerstein is critical of most socialist movements, past and present, because of their tendency to confuse the tactical goal of seizing control over the state with the ultimate goal of transforming the system. In this view, socialist states in the past entered the competitive development race, trying to catch up with or even surpass the capitalist countries within the capitalist world-system and its global division of labour. But seizing state control can only be one small step because the state is a dependent function of the capitalist economy and certainly not an anti-systemic institution. What is needed therefore is a permanent struggle that does not die away if interim goals are reached.

The claim by Stalin shortly before his death in 1953 that there were now two world-systems, one capitalist and one socialist, was an illusion, as there was and is only one world-system, a capitalist one. According to Frank (1994: 24–25), this illusion derived from the view of “politics (and ideology) in command”, which was brought into prominence by Lenin and Mao Tse Tung, but is equally shared by the disciples of ‘Reaganomics’ and ‘Thatcherism’ or scientists like Fukuyama. In the real world, however, economics are in command and it is the worldwide competitive process of capital accumulation that is the driving force of history.

The centre-periphery system is at present still very much alive, with a trend towards growing polarization within cores and peripheries and between cores and peripheries.

**Structural Changes Within the Modern World-system**

What follows is in essence an attempt to describe the trends that unfolded with unprecedented speed and extent since the 1960s within the modern world-system with its capitalist world economy. Four elements of structural change that took place in the current capitalist world-system over the past 30 years are presented, and need to be taken into account in order to understand the forceful dynamics of contemporary globalization processes.

**The Fall of the Berlin Wall**

One third of the world’s population, namely 1.9 billion people, have joined the capitalist world since the fall of the Berlin Wall in 1989. This event triggered off major changes for the people who lived in the former socialist bloc, and fundamental changes in the economy, politics and culture of these countries. For example, the old Soviet Union was home to 600,000 highly qualified engineers and scientists of world class. American construction and production companies, however, have already opened offices in St. Petersburg and other major former Soviet cities where they can get highly qualified personnel for only US$200 a month, which is a top salary at local level. While a US company pays US$75,000 per year for an American scientist, they can get a Russian one for US$2,400 a year.
New Industries

For the whole of the 20th century immense individual or corporate wealth was usually linked with the possession of or access to oil (examples are Rockefeller and the Arab sheiks), or with possession of land with exploitable resources such as gold, coal or copper. Today Bill Gates, the founder of Microsoft, is the richest individual in the world, but his wealth was created in a totally different way.

Every 10 years the Japanese government works out a list of technologies they consider crucial for their economic success. In 1990 they named seven technical areas that they wanted to dominate by the year 2000, namely: microelectronics, biotechnology, new designer materials, telecommunications, civil aircraft production, tool production, robot production, and computer production, both hardware and software. All these technologies are based on artificial or human intelligence and production is not bound to a certain location. In the 21st century knowledge and expertise will be essential for economic success. In the present capitalist world-system an individual, company, or country with advanced technology and expertise will be competitive and successful.

Demographic Changes

The world population is growing, moving and getting older. The most important factor here is the increased life expectancy in all countries. In 2025 the majority of voters in the USA will be over 65 years of age. In the near future we will have societies (especially in Europe) where elderly people of 65 years and over will be the dominant age group. It is easy to see that the sociological, psychological and especially economic consequences of this development will be dramatic. The World Bank has predicted a 50 per cent growth in world population over the next 30 years, which will take place exclusively in the poorest countries of the world. It is easy to see that people with a choice between moving or going hungry will try to move somewhere else.

During the 1980s, 7.9 million people migrated legally to the USA, and 7.3 million to one or other of the rich industrialized Western countries, as well as 5–6 million migrating illegally — altogether about 20 million people. In Hong Kong there are 500,000 maids from the Philippines, and in Saudi Arabia there are 6 million workers from poorer Muslim countries such as Bangladesh. In addition, 80 million people crossed borders between developing countries. Counting the 20 million refugees resulting from wars, approximately 120 million people crossed state boundaries in one decade (Bundeszentrale für politische Bildung 1999: 5).

Another newer phenomenon is the international migration of highly skilled labour. The major countries of origin of these skilled workers are India, China, Sri Lanka and Ghana. The major countries absorbing them are the USA, Canada, Australia, and the European Union (see Held et al. 1999: 283–326). The dimensions of these migration movements are unprecedented in human history, and likely to increase.

From National Economies to the Global World-Economy

Today, for the first time in history, we have the technologies in transport and communication necessary for a truly global world-economy. The US, German and Japanese economies, for example, are disintegrating more and more and being replaced by a global economy. A hundred years ago regional economies were replaced by national economies and today national economies are being displaced by the global economy. The move from regional to national economies increased the power of national states, but the replacement
of national economies by the global economy rapidly reduces the power of national states. The world, increasingly, has a global economy but no global government or body to regulate and control that global economy.

**GLOBAL TRANSFORMATION PROCESSES**

Having explored the historical forms of globalization since the 15th century, we now look at key areas and pivotal players that have influenced and shaped the contemporary phase of the processes of global transformation.

**Telecommunications**

The speed and depth of changes such as the opening of new markets and the rapid increase in the worldwide trade of goods, services and capital would not have been possible without revolutionary developments in the means of communication. Instrumental were innovations in microelectronics and telecommunications as well as new methods of generating, transferring and storing huge amounts of data (optoelectronics). The old communication method based on the sluggish transport of paper is becoming more and more redundant, because by using satellites and the Internet it takes only seconds to transfer news, research results, or construction plans to any location in the world.

The Internet is certainly the incarnation of the information revolution. Originally a by-product of military research carried out by the Pentagon as it looked for a communications system that would function after a nuclear attack, the global telecommunications net has expanded rapidly. The 'global brain' that H.G. Wells dreamt of over 60 years ago is a reality now that it is possible to communicate around the globe in real time. During the last 10 years the volume of information sent by email has far exceeded the volume sent by traditional mail. In 2002 there were 2.5 billion websites available over the Internet, to which 7 million websites are added every day. Although there were 605 million Internet users in 2002, however, it is still only a minority of the world’s population that has access to the Internet and its possibilities for information. Almost two thirds of all Internet users worldwide are either Americans or Europeans (Bundeszentrale für politische Bildung 1999: 21–26).

The telecommunications industry is dominated and controlled by a few companies in the developed countries, which try to keep the 'soft part' of the industry, such as chip design, software design,  

---

**The Global Economy in Practice:** If someone has bought a car recently, he or she may not know that the airbags are controlled by a sensor on a computer chip, called an accelerometer. The production costs for one chip are US$50, and these chips have replaced the mechanical sensors that used to cost US$600 each. The accelerometer was invented in Boston, where the main production still takes place. For testing the chips are sent to the Philippines. From there they are sent to Taiwan for packaging, and from there back to the US, or to Japan or Germany, for installation into a BMW or any other car. From Germany a BMW might be exported to Fiji where a rich businessman gives the car to a son or daughter as a wedding gift or to mark the successful completion of studies. This example illustrates how in the present capitalist world-system a highly qualified worker in Boston co-operates with a non-qualified worker in the Philippines, who, in turn co-operates with a semi-qualified worker in Taiwan. They all work together with a blue collar worker (the best paid in the world) who works for BMW in Germany as the overseer of a production process that is basically automatic. All of them contribute to the production and sale of a small computer chip with a value of US$50 per piece. All of them of course depend on world demand for cars.
audiovisual programmes, trademarks and patents protection, for themselves. The ‘hard sector’, that is, the licensed production of computers, TV sets and all sorts of electronic equipment for entertainment, electronic components and semi-conductors, and the low paid parts of movie shooting, is left for others in the developing world.

**Trade**

Nations and business companies differ substantially regarding the extent to which they are integrated into the capitalist world-system. Most of the developing countries (and that includes almost all the Pacific Island nations and most African countries) have not yet been part of a larger scale internationalization of trade. Today, 80 per cent of the world's trade is in goods and 20 per cent in services. In the area of finished products the portion of goods that require high investment in research and development is growing fast. Primarily, these are products of the aviation/aeronautical, pharmaceutical and information technology industries. For the raw materials, the future perspectives of exporting countries are bleak because the Terms of Trade (the price relation between exported and imported goods) are to their disadvantage. The countries of the South usually export renewable and non-renewable natural resources. The problem of irreversible degradation of the environment in this kind of trade, which serves the production and consumer needs of the industrialized nations, is usually not considered or addressed. Examples in the Pacific are numerous, including unsustainable logging in PNG and the Solomon Islands, mining in PNG, Bougainville and Fiji, and over-fishing in South Pacific waters. The developing countries are usually victims of a trade imbalance and all the negotiations and all the UN conferences at Rio, Kyoto and Johannesburg have not changed this (Messner and Nuscheler 1996: 160–69).

Recent developments in the globalization process have led to a polarization and hierarchization of countries and regions. Three quarters (75 per cent) of the world's trade volume is dominated by four regional blocs, namely the European Union (EU), the North American Free Trade Agreement (NAFTA), the Association of South-East Asian Nations (ASEAN), and the East-Asia Economic Committee (EAEC) (Held et al. 1999: 171–73). The absolute and relative growth and dominance of these regions can be explained by the strategies of transnational corporations that see all four zones as their home base. The establishment of the World Trade Organization (WTO) in 1994 has led to a wave of deregulation of markets and industries and the further removal of protective trade barriers. Critics warn that the privatization of education and health services, as currently promoted by the WTO, might have serious social consequences.

It is widely believed that the dynamics of trade in goods and services and the massive movements of technology and capital have given rise to a growing interdependence of production and markets in different countries. This process did not take its course without any control and intervention; on the contrary it must be seen as the result of decisions governments have taken in the past and still take today. It was governments that agreed to remove protective barriers around their national economies and so pave the way for the liberalization of foreign trade, which is therefore by no means the result of the spontaneous self-regulating power of the market. The so-called invisible hand referred to by Adam Smith appears today more as an iron fist. The forced liberalization of trade is the result of political decisions initiated by international institutions. Naturally, these decisions are supported by those governments and private sector interests that benefit most.
Transnational Corporations

A company with at least one branch in another country and a minimum paid-in share of 10 per cent is by definition a Transnational Corporation (TNC). In 2001 there were 65,000 TNCs worldwide, with 850,000 subsidiary companies and a total of 54 million employees worldwide. Through investments and mergers TNCs primarily pursue business between the industrialized countries themselves and between the industrialized countries and the Newly Industrializing Countries (NICs) such as Brazil, Mexico, China and India (Achcar et al 2003: 30). Traditional international trade between nations is today of much less significance than the combined internal turnover of goods and services of the TNCs. Of the 100 largest TNCs, 53 are of European origin and 23 from the USA. Because of their close relationship with governments in their home countries, TNCs have gained considerable political power to influence government decisions (Scholte 2000: 125–30).

Especially in the South, countries usually compete with each other, by means of subventions, tax exemptions and other incentives, to attract TNCs. There are numerous examples in the Pacific Islands of TNCs that decided to start business in one or other location on the basis of the most potentially profitable conditions (e.g. Starkist in American Samoa, Taiyo in the Solomon Islands, Yazaki in Samoa, and Nestlé in Fiji).

In 1996 the total revenue of the 500 largest TNCs globally was $US11.4 trillion. According to the International Labour Organization (ILO), these top 500 companies did not grow much but got richer. Whether the activities of TNCs benefit their countries of operation is still disputed. On the one hand the transfer of technology and the introduction of more efficient methods for production, organization and management, the rise of the level of qualifications of local employees, and the fact that TNCs offer employment, can be seen as positive. TNCs usually also offer higher wages and better working conditions than local employers. On the other hand, there are a number of TNCs that have gained a bad reputation because they co-operated with military regimes, violated human rights (as in Burma and Nigeria), exploited children (as in Pakistan and India), or were responsible for human and ecological disasters (as in Bhopal, India, in 1984). The following box illustrates how one iconic TNC, McDonald’s, conquers new markets.

Finances and Investments

The emperor of Spain, Charles V (1500–1558), could rightfully claim that the sun never set in his empire. Today, we have the managers of transnational corporations, news channels and international finance houses doing business around the clock, 24 hours a day, 365 days a year, without resting, throughout the globe.

It is not only the goods and services traded in our globalized world without many government-imposed regulations that have contributed to today’s unprecedentedly high level of world trade. The biggest difference from the past is to be seen in the level of finance and capital flows. Money movements that exist only as digits in computers certainly have no parallel in history. “In the new global electronic economy, fund managers, banks, corporations, as well as millions of individual investors, can transfer vast amounts of capital from one side of the world to another at the click of a mouse. As they do so they can destabilize what might have seemed rock-solid economies — as happened in the events in Asia” (Giddens 2003: 9). Most people do not know that the value of whatever money they carry around in their pockets or hold in bank accounts is constantly shifting according to
McDonald's: The way McDonald's has packaged itself is to be a 'multi-local' company. That is, by insisting on a high degree of local ownership, and by tailoring its products just enough for local cultures, McDonald's has avoided the worst cultural backlash that some other US companies have encountered. Not only do localities now feel a stake in McDonald's success, but more importantly, countries do. Poland, for instance, has emerged as one of the largest regional suppliers of meat, potatoes and bread for McDonald's in Central Europe. That is real power because McDonald's is gradually moving from locally sourcing its raw materials to regionally sourcing to globally sourcing. One day soon, all McDonald's meat in Asia might come from Australia and all of its potatoes from China. Already, every sesame seed on every McDonald's bun in the world comes from Mexico. That is as good as a country discovering oil.

This balance between local and global that McDonald's has found is worth reflecting upon. Because this phenomenon we call 'globalization' — integration of markets, trade, finance, information and corporate ownership around the globe — is actually a very American phenomenon: it wears Mickey Mouse ears, eats Big Macs, drinks Coke, speaks on a Motorola phone and tracks its investments with Merrill Lynch using Windows 95. In other words, countries that plug into globalization are really plugging into a high degree of Americanization. People will only take so much of that. Therefore, to the extent that US-origin companies are able to become multi-local, able to integrate around the globe economically without people feeling that they are being culturally assaulted, they will be successful. To the extent that they don't, they will trigger a real backlash that will slam not only them but all symbols of US power.


| fluctuations in the money markets. In 1998 the daily volume of transactions was about $US1,400 billion, which is 100 times more than the sum needed to finance the transactions of all goods and services worldwide in the same year. |

The most important actors in the global finance market are the various investment funds (e.g. pension funds and insurances). New management methods (Enterprise Government) have been introduced, with one basic goal — the constant growth in shareholders' value. Generally speaking, the high profits enjoyed by shareholders in the 1990s were the result of lower labour costs and the increased exploitation of workers and employees. To implement such policies top managers are motivated through financial incentives (e.g. options on shares) and have annual incomes like top basketball players in the US or top soccer players in Europe.

The globalization of the finance markets began in the 1970s with the abolition of the system of fixed exchange rates that had dominated relations in the world economy since the introduction of the Breton-Woods system in 1944.

During the 1970s and 1980s national capital controls became less effective. Through the enormously increased scale of the movement of capital, the OECD countries became more and more vulnerable to speculative activities, and the existence of Euromarkets enabled such controls to be avoided. The governments of the OECD countries liberalized the financial markets by eliminating formal barriers between domestic and international financial markets. In most cases this move was driven by ideological motives as US President Ronald Reagan and British Prime Minister Margaret Thatcher came into power. In other cases liberalization was introduced by governments that found difficulty in attracting foreign investment or had failed to achieve economic objectives (Held et al. 1999: 215–16). The financial liberalization and deregulation marked a qualitative shift that contributed to deeper global financial integration. This trend has been constantly reinforced by the WTO by means of enforced agreements to open up national financial services to global competition as introduced in 1999. The ultimate goal is the global liberalization of all financial services (http://www.wto.org).
One main consequence remains almost unnoticed by consumers — the fact that less and less money actually changes hands for daily shopping and that the main exchange is settled electronically. All these changes also increase criminal activities of all sorts (i.e. the globalization of crime). Transnational criminal associations such as the ‘Cosa Nostra’ in the USA, the Mafia organizations in different parts of Italy, the drug mafia in Colombia, and similar criminal associations in Russia, Japan and Hong Kong, often operate under the legal cover of some business and think and act like any ‘clean’ TNC with thousands or hundreds of thousands of employees (Scholte: 2000: 82). Tax havens and money laundering paradises mushroomed all over the world, including some in the South Pacific Islands (Fiji, Vanuatu, Tuvalu, Samoa, Tonga, Solomon Islands). In 2002 Niue and Nauru gained international notoriety when they appeared on the black list of non-cooperative countries and territories produced by the ‘Financial Action Task Force’, which internationally polices money laundering.

The other ugly face of international finances is the increased worldwide debt, especially in the developing countries. Neo-liberal economic policies were introduced step by step over the past 20 or 30 years, aimed primarily at satisfying the interests of creditors. In the developing countries governments had cut down on social welfare expenses and had privatized public or state owned enterprises as the recipe for progress and development and to satisfy the demands of creditors. Today the repayment of public debt increasingly swallows up the government revenue derived from taxed employment income. This means that through government debt repayment an increasing portion of the income of workers, employers and small scale businesses flows to the already rich nations.

A central role in the organization and administration of international debt is played by the IMF and the World Bank. Both institutions are dominated by the G8 group of countries by means of their majority in voting rights (the chart below shows clearly how the G8 countries and the other industrialized nations of the Organization for Economic Cooperation and Development (OECD) dominate the decision making procedures of the IMF). The ‘Club of Paris’ — a conglomeration of creditor nations — deals with public bilateral debt, and the ‘Club of London’ — belonging to the most important credit banks — deals with

---

**The Bretton-Woods System:** The Bretton Woods system of international economic management was worked out during the first three weeks of July 1944 at a meeting of 730 delegates representing the 44 allied nations of World War II. The meeting took place in a hotel at Bretton Woods, a resort town in the state of New Hampshire, USA, as a United Nations Monetary and Financial Conference. The main purpose of the meeting was to establish the rules for commercial and financial relations amongst the world’s major industrial states for the re-building and re-structuring of economies in the post-war period. The importance of the Bretton Woods system lies in the fact that it was the first example in world history of a fully negotiated monetary order intended to direct monetary relations among independent nation states. The International Bank for Reconstruction and Development (later divided into the World Bank and the Bank for International Settlements) and the International Monetary Fund (IMF) were created at the meeting and became operational in 1946 after a sufficient number of countries had ratified the agreement. The chief feature of the system was a requirement for each country to adopt a monetary policy that maintained the exchange rate of its currency within a fixed value of plus/minus 1 per cent in terms of gold. The IMF was supposed to bridge temporary payment imbalances. This system eventually collapsed in 1971, following suspension by the United States of convertibility from dollars to gold, and was replaced by the current floating currency regime.

private debt. Repayment of debt over the past two decades has been impressive but does not contribute at all to a permanent solution to the problem of ever-rising debt. Between 1970 and 1997, the trans-border debt of the South grew sixteen-fold to nearly $2.2 trillion (Scholte 2000: 216). Most of that sum involved an accumulation of unpaid interest rather than fresh credits. While developing countries transferred US$4,500 billion between 1980 and 2001 as repayment, their debt increased in the same period from US$600 billion to US$2,500 billion. Most revealing is the net transfer (the difference between repayment and fresh credits). From 1983 to 2001 the developing nations repaid US$386 billion more than they received in the form of new credits. This is known as negative net transfer and benefits only the creditors. However, the accumulated debt is a burden that severely limits the ability of the governments of indebted countries to attack poverty (Scholte 2000: 216).

More and more people and organizations worldwide denounce the vicious circle of debt and its inherent injustice and demand a cancellation or significant reduction of debt for the developing countries, and a reform or transformation of the whole system.

Several initiatives of the 1990s (Toronto 1988 and 1991; Naples 1994) led to some reduction of debt in the South. The most recent attempt was made at the G8 meeting in Gleneagles, Scotland, in July 2005. The meeting was accompanied by protests made by various civic action groups and NGOs, which seems to have become a tradition, and was overshadowed by terrorist bomb attacks in London. The pre-conference lobbying by NGOs was intensive and boosted by the activities of rock stars Bob Geldof and Bono, who organized a series of concerts around the world in support of Africa. The announcement by British Prime Minister Tony Blair of an intention to “make poverty history” led to increased expectations. Whether the outcome of the meeting met expectations depends on the point of view of the commentator and on the criteria used. But, in summary, with regard to development aid the G8 announced in the official communiqué their intention to increase Official Development Aid (ODA) by US$50 billion, from US$79 billion in 2004 to US$129 billion in 2010. Fifty per cent of the new ODA will be channelled to Africa. NGOs have criticized this as being less than the World Bank considers necessary — the doubling of the present US$79 billion. With regard to debt the G8 leaders merely confirmed what had already been negotiated in a meeting of their Ministers for Finance on 11 June 2005: a complete cancellation of the debt of the 18 poorest countries to the IMF, World Bank and African Development Bank. No progress at all has been made regarding the demand that the industrialized nations cease their policies of heavily subsidizing their agricultural sectors, and no agreement has been reached to help the poorer countries protect their agricultural production. The results of the G8 Gleneagles meeting are a small step in the right direction, however, and it depends now on the implementation of the general declaration of intentions to ensure that the impact will be felt.

If we take into account the new technical possibilities, the liberalization of foreign trade and internal deregulation, and if we add the considerable drop in transport costs and the increasing standardization of technical norms, we have named the main developments that have pushed the process of economic globalization. One can argue that what many today call globalization is just a continuation of old fashioned capitalism but in new clothes, and that it is still the pursuit of surplus accumulation that has provided a principal and powerful motive power for globalization. The best known critic of capitalism, Karl Marx, has had his analysis borne out today, as capital by its nature drives beyond every spatial barrier to conquer the whole world for its market.
Distribution of voting rights within the IMF (1994)

China, 2.29%
Russia, 2.91%
Eastern Europe, 4.95%
Rest OECD, 22.24%
Japan, 5.54%
France, 4.99%
Germany, 5.54%
USA, 17.81%
Great Britain, 4.99%
Rest of the World, 4.58%
120 Developing Countries, 24.16%


The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. The bourgeoisie has, through its exploitation of the world market, given a cosmopolitan character to production and consumption in every country (Marx 1971: 38).

**MANIFESTATIONS OF GLOBALIZATION**

Global capitalism is seen as the underlying structure that impacts all aspects of human life in this age of globalization. While the previous sections have explored and identified key areas and players that have influenced and shaped the contemporary phase of global transformation, this section investigates and describes the impact these processes have had on individuals and societies and their interaction with each other, and on the environment. As has been outlined above, the capitalist world-economy is now the global social context that conditions all aspects of social life, including politics and culture. It has also been outlined that the nature of capitalism lies in the production of commodities, driven by the desire to make profits, which inevitably leads an entire social system to become a reflection of this pursuit for profit. The main weakness of this system is that it does not pursue the interest of everyone in the population. As a result, a capitalist society inevitably produces inequalities and antagonisms, rather than consensus. It is because of this structure that inequality, conflict and disharmony are inevitable, as will be shown in this section looking at a variety of typical manifestations of globalization.
Consumption Patterns: Energy and Food

A dynamic economy does not depend any more on immediate control over natural resources such as land, forestry, mineral resources or huge reserves of oil, gas, and water. Nevertheless, access to strategic resources is usually at the centre of armed conflicts in the world today. In view of current demographic trends, the supply of food and water is emerging as a major problem of the future. If all people in the world used the same amount of natural resources as the average citizen of the United States does, it would be impossible to meet the global demand (French: 2000: 64). Today a household in the USA uses 12 times more water than a household in sub-Saharan Africa. At least one-third of the world’s population will not have sufficient water supply by the year 2020. Known natural resources are limited and will be entirely depleted soon. There are oil reserves for the next 40 years, gas reserves for another 50 years and coal reserves for another 150 years. In the first half of the 21st century the world population will increase by three billion people, mostly in the southern hemisphere, which will trigger off an increased demand for the available natural resources (World Bank 2004: 140–143). The potential for renewable energy is underdeveloped. The promotion or regulation of energy consumption is for most governments an afterthought, and neither promoted nor enforced. Because of the very different levels of per capita income worldwide, the level of food consumption differs internationally. While the gap between developed and developing nations is shrinking, the discrepancy between countries at the top and at the bottom of the scale is increasing.

Climate Change

The Climate Change Synthesis Report of the Intergovernmental Panel for Climate Change (IPPC) reveals that global warming has already affected the world climate (IPPC 2001). Since 1000 AD, average temperatures have differed by only a tenth of a degree Celsius. Only with the beginning of the industrial revolution has there been a measured increase in CO₂ emissions, bringing about an increase in average temperature by 0.8 degrees Celsius worldwide from the 18th century until 2000. Scientists forecast for the year 2100 an increase between 2.2 and 6.6 degrees Celsius, mainly in the northern hemisphere. Through the extension of surface water and melting of the polar ice, a rise of the sea level by one metre is predicted within the next 100 years. If that happens, the low lying islands and atolls in the Pacific and worldwide, as well as low lying coastal areas, will be permanently flooded and made inhabitable for hundreds of millions of people.

Other effects of rising temperatures will be more heavy rainfall and storms and more rapid changes of temperatures in regions and countries. The weather is probably a common topic of people’s conversations everywhere, and wherever one travels one hears talk of the unpredictability of the weather compared to the past. The ‘El Nino’ effect in the Pacific Ocean is already causing increased flooding, droughts and bushfires, with side effects such as the spread of diseases like dengue and malaria, coral bleaching and crop failures (French 2000: 46). Even full compliance with and implementation of all resolutions by all signing countries of the Kyoto Protocol for the decrease of CO₂ emissions would help only a little to stop global warming immediately.

Another danger for the environment and climate is posed by the irresponsible activities of parts of the agro-industrial sector, including the tropical log trade. At present the land on our planet that is covered with tropical rainforest is decreasing by 1–2 per cent every year. If
this continues there will not be any tropical rainforest left in a hundred years' time — except for some national parks — and, with the forests, all animals and plants that live in them in a kind of symbiosis will also disappear (French 2000: 19–25).

Another problem emerging on the horizon concerns fresh water, a vitally important resource. Only 2.5 per cent of the water on Earth is fresh water, but the distribution over the continents is unequal. Within the next 20 years a serious lack of fresh water supply is forecast for North Africa, the Arab Peninsula and South East Asia. With increasing pollution this could also become a problem for regions that do have sufficient fresh water resources. The desalinization of salt water is not a solution because of the prohibitive costs and serious side effects (high emissions of CO2) of doing this on a large scale (Held et al. 1999: 376–413).

**Pollution of the Environment**

In 1984, in Bhopal, India, an accident in a chemical factory of the transnational company Union Carbide released 40 tons of methyl isocyanate into the air. Within a week 6,000 people had died, and, to date, the accident has claimed 16,000 lives; hundreds of thousands of people are suffering from resulting diseases (French 2000: 71–72). For the disposal, storage and the reprocessing of nuclear waste, countries that generate electricity in nuclear power plants have constructed facilities such as Sellafield in Great Britain or La Hague in France from which toxic agents are constantly released into water and air, with serious consequences for the people who live there. Ongoing industrialization in many parts of the world is particularly prominent in causing increasing air pollution. Intensive agriculture, with excessive use of chemical fertilizers and pesticides, has contributed to the poisoning of groundwater. In many areas fresh water is no longer safe for human consumption. Despite knowing all these problems and their potential dangers, and despite worldwide UN conferences in Rio de Janeiro (1992) and Johannesburg (2002), not much has changed. It seems that the world refuses to acknowledge the existence of a serious worldwide ecological crisis.

**Poverty and Wealth**

The Millennium Development Goals is a global project of the United Nations in cooperation with the World Bank, International Monetary Fund and the Organization for Economic Cooperation and Development. They summarize the development goals agreed upon at international conferences and world summits during the 1990s. At the end of the decade, world leaders distilled the key goals and targets in September 2000 in the form of the Millennium Declaration. The Millennium Development Goals, to be achieved between 1990 and 2015, include:

- Eradicate extreme poverty and hunger by reducing by half the proportion of people living on less than a dollar a day and reducing by half the proportion of people who suffer from hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV/AIDS, malaria and other diseases;
- Ensure environmental sustainability;
• Develop a global partnership for development (www.un.org/millenniumgoals/).

A poverty line of US$1 per day and per capita has been introduced by the World Bank as the working definition of extreme poverty in low income countries. On one dollar per day a person may just survive. Even in middle income countries, where most of the Pacific Island nations are placed, a poverty line of US$2 per capita is closer to a practical and realistic minimum, and national poverty lines are sometimes set even higher. According to estimates made by the World Bank, only India and China might be able to cut down the poverty quota by 50 per cent by the year 2015 if economic growth continues. Other data provided by the World Bank in 1999 revealed that the gap between the rich and the poor is widening in the developing countries as well as everywhere else in the world. In many developing countries the proportion of children who attend school is declining. AIDS/HIV and other infectious diseases affect the average life expectancy rate, especially in some world regions such as sub-Saharan Africa. In Zimbabwe 29 per cent of the population between 15 and 49 years of age is HIV positive (in Botswana 25 per cent, and in Zambia 19 per cent). In South Africa 20 per cent of all teenagers are infected with the deadly virus. At the beginning of the new millennium the World Bank and its sister organization, the IMF, announced that they would implement a more balanced strategy to tackle poverty by comprehensively addressing the social, economic, physical, institutional and environmental aspects of the problem in each country. While this is a remarkable shift in the general policy of the two institutions, so far not much progress has been made.

The wedge driving the rich and the poor apart has two main components:

1. The predominant belief in economic growth as the panacea. First of all, it is a completely unrealistic aim to achieve the economic growth rates of between 5 and 6 per cent per year that are believed to be needed everywhere. The following statement in the UNDP Human Development Report 1990 summarizes the problem:

   Economic growth seldom trickles down to the masses. Free market mechanisms may be vital for allocation efficiency, but they do not ensure distributive justice. ... GNP growth accompanied by reasonable equitable distribution of income is generally the most effective path to sustained human development. But, if the distribution of income is unequal, and if social expenditures are low or distributed unevenly human development may not improve much, despite rapid GNP growth (UNDP 1990: 3).

2. The deepening debt of the developing world, exacerbated by soaring interest rates and falling export earnings. Every 1 per cent rise in US interest rates adds about US$4 billion to the debt bill.

**Population Growth**

The growth rate of the world’s population per year increased from 0.5 per cent in 1900 to 2.1 per cent in 1970. Demographers call this accelerated increase “hyper-geometrical population growth”, better known as the population explosion. Humankind needed 121 years (1805–1926) to double from 1 to 2 billion, but only 13 years (1974–1987) to grow from 4 to 5 billion. In 1995 the world population was 5.6 billion and is growing every second by three people. This is an addition of 250,000 people each day. The estimate for 2015 is 7 billion people. Scientists have calculated that the critical margin beyond which the earth cannot support food production for its population is 10 billion people, a margin we may reach by the year 2030, assuming a just distribution of available food produced
worldwide. At the same time, environmentalists are reminding us constantly that the globe cannot carry 10 billion people with the lifestyles of the present, especially those of the rich industrialized Western nations.

Conflicts and Wars

Our planet has become an increasingly violent place. From 1900 to 2000 there have been over four times more war deaths than in the preceding 400 years. Since 1945 some 22 million lives have been lost, even without a new World War, the majority being civilians. Every year billions of dollars are spent on the production and development of weapons, and it has been estimated that the total sum spent on weaponry per year exceeds three times the amount needed to provide the whole world with essential health care, medicines, vaccinations, clean water and sanitation. A different kind of war, the ‘war against poverty’, called for by former US Defense Secretary McNamara in the 1970s, is still the key to the survival of the planet. The problem is not a lack of resources, or population growth. The problem is a lack of understanding, and particularly of political will, in the world’s leading nations, especially the USA, who do not show a commitment to make urgently needed fundamental changes in existing unjust structures. The key is to create greater social justice everywhere — in the North as well as in the South. The North has to learn to share and to change the highly unsustainable lifestyle of the majority of its populations, because the North cannot survive without the South, and vice versa. A new way of thinking, or, in the words of Hans Küng (1992), “a new world ethic”, is needed. A clear option for the neglected, the option for the poor, is needed from political leaders and all others in leading positions in society (including business and religion).

Urbanization

In 1950 only 30 per cent of the world’s population lived in cities. In 2007 the figure will be 50 per cent, i.e. the ratio between rural and urban population worldwide will be balanced. A dominant feature of the rapid growth of urban areas is the number of overcrowded centres in developing countries, where previously small cities and provincial administrative centres increasingly expanded in size and population. The main purpose was usually to establish a centralized administration in these areas. Two-thirds of the 30 biggest cities today are to be found in developing countries. In developed countries, the metropolitan centre of Tokyo, with 26.5 million people — the biggest mega-city in the world — has an economic power slightly exceeding that of the whole of France. The economic power of New York in 2001 was almost equal to that of the whole of China. London’s economic power was equal to that of Sweden and the economic power of Hamburg was comparable to that of Venezuela (Achcar et al. 2003: 59).

A newer development is what experts call ‘metropolization’, which means a fragmentation of urban dynamics along the main veins of traffic. In rich as well as in poor countries the process of metropolization has led to the growth of extended suburbs. In many cases the rural exodus is accompanied by the daily movements of commuters who are using cars, buses, motorbikes and all kinds of self-constructed vehicles for cheap transport. David Simon provides interesting insights in his overview of recent conceptualizations and debates about the changing urban-rural interface in developing countries, with particular reference to Africa. The underlying environmental, historical and human factors are identified
Globalization at a glance

- **World Trade**: 1950–1998: export of goods increased 17-fold from $311 billion to $5.4 trillion. Exports of services surged in recent decades from $467 billion in 1980 to $1.3 trillion in 1997 and now represent close to one-fifth of total world trade.
- **TNCs**: 1970–1998: number of TNCs grew from 7,000 to an estimated 53,600, with some 449,000 foreign subsidiaries.
- **Shipping**: 1955–1998: shipping tonnage of goods rose more than 6-fold to 5.1 billion. But between 1920 and 1990 the unit cost of carrying freight by ship dropped 70 per cent (in 1990 dollars).
- **Tourism**: 1950–1998: international tourist arrivals increased from 25 million to 635 million.
- **Refugees**: 1961–1998: the number of international refugees receiving UN assistance grew from 1.4 million to 22.4 million. Today, the total number of refugees worldwide, including internally displaced persons, asylum seekers, and people living in refugee-like situations, exceeds 56 million.
- **Telephones**: 1960–1998: lines linking non-cellular telephones directly to the global phone network grew from 89 million to 838 million. In developing countries, the number of phone connections per 100 people jumped from only 1 in 1975 and 2 in 1985 to 6 in 1998.
- **NGOs**: 1956–1998: international NGO groups (operating in at least three countries) grew from 985 to an estimated 23,000. A study of 22 nations worldwide found that the non-profit sector accounted for 5.7 per cent of the national economy and employed 5 per cent of the total workforce.
- **Internet**: Since 1995 the Internet has grown by 50 per cent each year. In 1998 there were 43 million host computers that wired an estimated 147 million people to the Internet. In 2000 an estimated 1 in every 40 people had access to the Internet.


and discussed in the context of the broader processes of globalization, urban restructuring since decolonization and as a result of imposed structural adjustment programmes, and rapid urbanization. Although Simon bases his arguments on a case study of Kumasi, the second largest city in Ghana, his findings are relevant to developments in the South, generally (Simon 2001: 138–161).

### The Network of International NGOs

The term 'Non-Governmental Organization' or NGO came into use in 1945 because of the need for the United Nations to differentiate in its charter between participation rights for intergovernmental specialized agencies and those for international private organizations. At the UN all types of private bodies can be recognized as NGOs as long as they are independent from government control. Other fundamental criteria for UN recognition of NGOs is that they are not constituted as political parties, are non-profit making, are not criminal groups, and are non-violent. In reality, the boundaries are sometimes blurred. Many NGOs generate income from commercial activities, notably consultancy contracts and the sale of publications. Some NGOs may be associated with political protests that involve violence.

There are a wide variety of NGOs, from small local groups to organizations operating worldwide and with budgets of hundreds of millions of US$. Two types of NGOs can be roughly distinguished. First, there are those that deal with a specific problem. They can be small, or quite large with organizational structures similar to those of transnational corporations. Examples of the latter are the International Committee of the Red Cross...
(ICRC) with an annual budget of around US$500 million, OXFAM with a budget of about US$300 million annually, or Amnesty International with an annual budget of roughly US$50 million per year (Achcar et al 2003: 44). This first type of NGO sometimes has millions of members, like the World Wild Fund for Nature (WWF) with an estimated 4.7 million members. The members usually contribute financially through membership fees and donations and by helping in fundraising activities. The management is usually professional and some NGOs employ hundreds or thousands of people in one country or worldwide.

The second type of NGO is movements that are organized locally or internationally and are engaged in awareness raising and addressing issues such as the diverse negative aspects of neo-liberal globalization. Raising funds is less in the forefront than mobilizing people for demonstrations and protest meetings. This type of NGO became quite visible to the global public with their protests against the WTO conference in Seattle in 1999 and more recently in Edinburgh in July 2005. A prototype of the second type of NGO can be seen in the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC) that was founded in 1998 in France and has rapidly grown to a membership of 80,000 people worldwide. ATTAC is now an international network of independent national and local groups in 33 countries. It promotes the idea of an international tax on currency speculation (Tobin Tax) and campaigns to outlaw tax havens, replace pension funds with state pensions, cancel the debt of developing countries, reform or abolish the World Trade Organization, and more generally to recapture the democratic space that has been lost to the financial world (www.attac.org).

NGOs of both types can be found everywhere in the Pacific Islands, such as Greenpeace, Caritas, or Save the Children Fund in the first category, and the Pacific Action Network on Globalization (PANG), the Pacific Concerns Resource Centre (PCRC), or Hiti Tau (New Times) for the second category. According to the Human Development Report of the World Bank 2002 there were over 40,000 NGOs worldwide at that time, with the majority focusing on development issues, research, social issues and human rights. Other areas for typical NGO activities include culture, education, religion, health, politics, and the environment.

It is widely accepted that NGOs can contribute to more transparency and a better public understanding in their area of focus. Governments sometimes have a love-hate relationship with NGOs. On the one hand it is realized that NGOs usually work efficiently and at less expense than governmental bodies. On the other hand NGOs can be a ‘pain in the neck’ for governments and international institutions as they tend to criticize certain government politics, or reveal corruption. However, there are limitations to their democratic potential, due to the lack of representation. In recent years a trend towards the establishment of informal structures of hegemony within the international NGO community can be observed. One of these NGO multinationals is Greenpeace. At the other end of the spectrum the example of the successful campaign against the Multilateral Agreement on Investment (MAI) of the OECD has shown that open, decentralized and bottom-up ad hoc networks can be very effective (Wahl 1998: 55–68).