



What is the impact on poverty of prevailing globalisation? Is the globalisation process a neutral economic phenomenon that can be harnessed to benefit everyone, or is it a conquest-like political process intrinsically slanted to benefit the few?

These are crucial questions in the present globalisation debate, and ones this report examines on the

basis of extensive sources. Besides income and consumption poverty, it investigates some of the other dimensions of poverty: poor health, powerlessness, insecurity, vulnerability and socio-cultural poverty. It also contains a historical overview of the relationships between poverty, wealth and power in order to understand what links them in today's world.

Globalisation and Dimensions of Poverty



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GLOBALISATION
AND DIMENSIONS
OF POVERTY

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Yhteenveto (Summary in Finnish)

Globalisaatiota ja köyhyyttä käsittelevä keskustelu koskee yleensä vain yhtä köyhyyden monista ulottuvuuksista: tulo- ja kulutusköyhyyttä. Nykyisen kaltaisen globalisaation vastustajat väittävät, että se lisää niiden ihmisten lukumäärää, joilla on riittämättömästi ruokaa ja muita välttämättömiä hyödykkeitä. Rikkaiden maiden hallitsemien Maailmanpankin ja Kansainvälisen valuuttarahaston ajamat rakennesopeutusohjelmat vaikuttavat monella tavalla ruoan hintaa nostavasti. Ne myös lisäävät työttömyyttä sekä ajavat viljelijöitä ja yrittäjiä konkurssiin. Maailmankauppajärjestöä koskevat sopimukset vaikuttavat samaan negatiiviseen suuntaan.

Nykyisen globalisaation kannattajien näkemys on päinvastainen: globalisaatio lisää köyhien tuloja ja kulutusmahdollisuuksia. Tätä perustellaan yleisesti kaksiosaisella argumentilla: globalisaatio kasvattaa bruttokansantuotetta ja tämä taas nostaa köyhien tuloja. On kuitenkin vaikea löytää pätevää teoreettista perustetta globalisaation ja kasvun yhteydelle. Käytännön kokemukset osoittavat jotakin aivan muuta: globalisaation aikakaudella eli viimeisten 20 vuoden aikana kasvu on ollut köyhissä maissa hitaampaa kuin edellisen 20-vuotiskauden aikana.

Kasvun ja köyhien tulojen välisen yhteyden osoittamiseen on usein viime aikoina käytetty Maailman pankin tutkijoiden David Dollarin ja Aart Kraayn selvitystä ”Kasvu on hyvää köyhille”. Se on saanut osakseen ankaraa kritiikkiä monien arvovaltaisten taloustieteilijöiden taholta. Selvitys osoittautuu ilmeisesti tahattomaksi tilastomatematiiseksi harhaksi. Siinä käytetty menetelmä antaa korrelaation BKT:n ja köyhien tulojen välille riippumatta tietokoneeseen syötettyjen empiiristen lukuarvojen suuruudesta.

Toinen yleinen tapa osoittaa globalisaation vähentävän köyhyyttä on viitata Maailmanpankin köyhyystilastoihin. Niiden mukaan alle yhdellä dollarilla päivässä elävien ihmisten määrä on prosentuaalisesti vähentynyt vuoden 1987 jälkeen. Nämäkin tilastot ovat kohdanneet ankaraa kritiikkiä mm. UNCTADin taholta. Osoittautuu, että ne ovat metodologialtaan harhaanjohtavia ja niiden empiirinen pohja on aivan liian kapea.

Yhden dollarin köyhyysraja vaikuttaa täysin mielivaltaiselta. Rajaa perustellaan sillä, että se vastaa joidenkin köyhimpien maiden kansallisia köyhyysrajoja. Kuitenkin esimerkiksi Intian köyhyysraja ei ole mikään tietty rahasumma, vaan sellaisen ”kulutuskorin” arvo, jossa on muun ohella välttämätön vähimmäismäärä ruokaa. Kun paljolti yhteiskunnan rakennemuutoksista johtuvat kulutustottumusten muutokset otetaan huomioon, havaitaan kulutuskorin hinnan nousseen huomattavasti viime vuosikymmeninä. Tämä merkitsee äärimmäisen köyhien määrän suurta kasvua. Kun tämä korjaus pelkästään Intian osalta tehdään Maailmanpankin tilastoihin, köyhien prosentuaalinen osuus maailmassa kääntyy kasvuun.

Toinen tärkeä köyhyyden ulottuvuus on huono terveys. Myös tämän suhteen nykyisen globalisaation kannattajien ja vastustajien näkemykset ovat paljolti vastakkaiset. Vastustajat tuovat esiin rakennesopeutusohjelmien negatiiviset vaikutukset julkiseen terveydenhoitoon. Kun terveysbudjetit pienenevät ja terveydenhoitoa yksityistetään, köyhät putoavat pois koko järjestelmästä. Sairauksia lisäävät myös globalisaation tuoma heikentynyt ravintotilanne. Samaan suuntaan vaikuttavat saastuminen ja liikenneonnettomuudet etenkin suurissa kaupungeissa, jonne köyhät pakkaantuvat toimeentulon toivossa.

Globalisaation kannattajat käyttävät terveyden kohdalla paljolti samoja argumentteja kuin tuloköyhyyden suhteen: globalisaatio lisää kasvua, kasvu köyhien tuloja ja tulot viimein parantavat terveyttä. Äsken referoitu kritiikki vie näin ollen pohjan pois myös uskolta globalisaation myönteisiin terveysvaikutuksiin.

Empiirinen tilastoaineisto ei myöskään tue näkemystä nykyisen globalisaation sairastavuutta ja kuolleisuutta vähentävistä vaikutuksista. Tilastot osoittavat globalisaation vuosikymmeninä köyhien maiden terveystilanteen parantuneen huomattavasti hitaammin kuin edellisinä vuosikymmeninä.

Kolmas keskeinen köyhyyden ulottuvuus koskee vallan puutetta. Monet uskovat globalisaation lisäävän demokratiaa ja sitä kautta myös köyhien valtaa. Jopa kansainväliset rahoituslaitokset edistävät ehdoillaan vapaisiin vaaleihin pohjautuvaa järjestelmää. Kuitenkin nämä samat laitokset ja niiden takana olevat rikkaat maat pakottavat köyhät maat noudattamaan uusliberaalia talous-, sosiaali-, terveys- ja koulutuspolitiikkaa. Sellaista järjestelmää, jossa kansa ei voi vaaleissa eikä muullakaan tavoin vaikuttaa politiikan suuntaan, voi tuskin kutsua kansanvaltaiseksi.

Kaikien lisäksi köyhien itsemääräämismahdollisuudet työpaikoilla ovat selvästi heikentyneet nykyglobalisaation vaikutuksesta. Yksi rakennesopeutusohjelmien vaatimuksista on ollut ”työmarkkinoiden joustavuus”, joka käytännössä on tarkoittanut työntekijöiden järjestäytymis- ja muiden oikeuksien polkemista.

Neljäs köyhyyden ulottuvuus on turvattomuus ja haavoittuvuus. Tämän suhteen globalisaation vaikutuksista ei ole kovin suuria kiistoja. Myös nykymuotoista globalisaatiota tukevat tahot myöntävät yleensä globalisaation johtavan taloudelliseen turvattuuteen ja köyhien haavoittuvuuden kasvuun. Jotkut viralliselle suunnalle myönteiset tahot ovat pitäneet myös väkivaltaisten konfliktien kasvua globalisaation potentiaalisena seurauksena. Esimerkiksi USA:n avaruussodanjohto perustelee uusien avaruudesta maahan ampuvien laseraseiden kehittämistä sillä, että ”maailmantalouden globalisaatio jatkuu, mikä merkitsee rikkaiden ja köyhien välisen kuilun kasvamista”.

Kuitenkin turvallisuusulottuvuudella juuri globalisaation ja sotien välisestä yhteydestä on ollut eniten kiistaa. Monet ovat väittäneet globalisaation johtavan sotien vähenemiseen. Tällöin kuitenkin unohdetaan, että sotia on monenlaisia. Vaikka Euroopan uuden ajan historiasta tutut sodat todennäköisesti vähenevät, sisällissodat ja mui-

den maanosien uuden ajan historiasta tutut ”imperialistiset kurinpitosodat” lisääntyvät.

Viides ulottuvuus on sosiokulttuurinen köyhyys, jonka OECD:n kehitysjärjestö määrittelee kykenemättömyydeksi ”osallistua jonkin yhteisön toimintaan sen arvostetuna jäsenenä”. Tästä globalisaatiokiistoissa puhutaan varsin vähän. Kuitenkin maailman nykykehityksellä on ilmeinen vaikutus sosiokulttuuriseen köyhyyteen.

Globalisaatioprosessit murentavat monella tavalla paikallisyhteisöjen toimivuutta ja merkitystä. Niiden taloudellinen perusta heikkenee samalla kun paljon aktiivisia ihmisiä muuttaa pois työn perässä. Näin köyhät toisaalta menettävät paikallisyhteisöjen antamaa arvostusta ja toisaalta tämän arvostuksen merkitys vähenee. Hyvin toimeentuleville ihmisille paikallisyhteisöjen antaman tuen heikkenemisellä ei ole niin suurta merkitystä, koska kyky osallistua ”kansakunnan” ja globaalien kulutuskulttuurien luomien ”kuvitteellisten yhteisöjen” toimintaan tarjoaa korvikkeen. Köyhillä ei ole kuitenkaan tätä mahdollisuutta, ja siksi heidän köyhyytensä myös sosiokulttuurisella ulottuvuudella kasvaa.

Globalisaatio, jonka yleensä uskotaan liittyvän vaurastumiseen, näyttääkin siis lisäävän köyhyyttä sen kaikilla ulottuvuuksilla. Tätä on vaikea ymmärtää, ellei köyhyyden lisäksi analysoi myös nykyisen rikkauden luonnetta. Nykymuotoinen rikkaus on historiallisesti, käsitteellisesti ja yhteiskunnallisesti sidoksissa valtaan, joka alistaa köyhiä. Samalla tavoin kuin ei kuningasta voi olla ilman alamaisia, ei rikkaita voi olla ilman köyhiä. Rikkauksien kasaaminen on samalla sellaisten valtarakenteiden luomista, jotka estävät köyhien omaehtoisen toimeentulon.

Tämä ei kuitenkaan tarkoita sitä, että kaikki vaurastuminen perustuisi köyhien alistamiseen. Myös globalisoituvassa maailmassa on harvoille kasautuvan rikkauden lisäksi myös toinen yleinen vaurauden muoto: yhteisvauraus (common wealth). Sitä edustavat yhteismaat ja -alueet, valtameret ja suuri osa metsistä, luonnon monimuotoisuus, maapalloon ilmastojärjestelmä, julkiset tilat kaupungeissa, julkiset kirjastot, koulut ja sairaalat, tieteellinen ja perinnetieto jne.

Kaikella tällä on huomattavia käytännöllisiä seurauksia niille tahoille, jotka haluavat vähentää maailman köyhyyttä. Tyytyminen nykyglobalisaation hallinnan alati toistuviin parannuksiin tai niihin toimiin, joilla Maailmanpankin köyhyysluvut saadaan laskemaan, johtaa todennäköisesti vain köyhyyden kasvuun. Koska köyhyydessä on pohjimmiltaan kysymys vallan puutteesta, vain yhteiskunnalliset liikkeet ja poliittiset kamppailut voivat aidosti poistaa köyhyyttä. Ensisijaisessa asemassa tässä ovat köyhien omat liikkeet, joita on syntynyt eri puolille maailmaa. Nämä kamppailut tarvitsevat ulkopuolista tukea, mutta ei niinkään rahaa vaan poliittista tukea. Tukimuotojen löytäminen ei periaatteessa ole vaikeaa, koska Etelän liikkeet suuntautuvat usein sellaisia tahoja vastaan, joilla on enemmän tai vähemmän suorat yhteydet Pohjoisen valtajärjestelmään.

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1. Introduction

‘Globalisation’ is a contested term. It refers to the homogenization of culture by worldwide mass media, increasing worldwide consciousness, time-space compression, the decline of nation-states, the increasing significance of international or transnational relations, the recent changes in the worldwide economic system, or the most recent incarnation of the capitalistic world system¹. Although the discourse of globalisation started in earnest only at the beginning of 1990s, the term is also used to refer to many old, even ancient processes. Because of the variety of these meanings and connotations, and because the discourse usually presents ‘globalisation’ as something inevitable, being categorically against it is difficult. Rather, one is against certain forms of globalisation.

Most of the controversy over globalisation concerns the specific economic form of globalisation that has taken place in recent decades. Views concerning the effects of globalisation as the “liberalization” of the world economy are often completely opposite. The crucial point at issue is the effect of globalisation on poverty. On the one hand, mainstream politicians, economists and other specialists often claim that with globalisation poverty has been mitigated in the world and will be mitigated further². On the other, a large number of critical researchers as well as representatives of NGOs and people’s movements maintain that globalisation increases poverty or at least decreases the speed of poverty alleviation³. Both sides of the controversy exercise a formal expertise in many tons of academic books and papers. What then is the cause of the dispute?

Because the controversy is not academic but most political, for an outside observer it seems that the disputants do not speak about the same thing: they do not use ‘globalisation’ in the same sense. For example, if someone criticises economic globalisation, it is common to defend it by pointing out the dangers of parochialism and the value of cultural exchange. This kind of evasive action is, however, common in any political struggle, and it does not mean that the parties do not have a real disagreement.

Evidently the disputants often display disparate basic views of society. This leads to different intuitive views concerning the nature of economic globalisation and its effects.

¹ See e.g. *Hoogvelt 2001* pg. 121, *Sklair 2002*, *Petras and Veltmeyer 2001*

² See e.g. *The Real Losers 2001*, *Global Poverty Report 2001 – a Globalized Market – Opportunities and Risks for the Poor 2001*; *Attacking Poverty, World Development Report, 2000/2001 2000*; The official Indian Economic Survey for the year 2002 according to *The Economic Times, February 27, 2002*

³ See e.g. *Chossudovsky 1997*; *Mehta 2001*; *Weisbrot, Baker, Kraev & Chen 2001*

The protagonists of prevailing globalisation believe that it improves the efficiency of all economies thereby boosting economic growth. They think that a part of the welfare increase brought about by growth inevitably trickles down to the poor.

Those opposing prevailing globalisation⁴, by contrast, think that in practice it means a one-sided opening up of the economies of the poor countries to the products and capital of the TNCs from the rich countries. It delivers the natural resources and labour of the South for exploitation by the North at a bargain price.

In the background of this disagreement are divergent views on the nature of the present economic system: is it market economy or capitalism?⁵ Or to put it more moderately and technically: to what extent are local product and factor markets segmented, are state monopolies being replaced by private monopolies, how can the TNCs influence economic policy to further their own interests and how these interests converge with, or diverge from, public interests⁶.

Often the views concerning what is meant by 'poverty' differ, too. Defenders of prevailing globalisation regard the paucity of personal or family cash incomes as the crucial indicator of poverty. Globalisation critics, instead, often emphasize the importance of collective and non-monetary services in the life of underprivileged people. According to their position, the main trends of global economy and politics often destroy these services and push people who have a comparatively satisfactory but frugal life into misery and destitution. These critics are more ready to accept in practice the consequences that the multi-dimensionality of poverty has for the policy. This is related to the fact that critics more often see poverty as a political problem. Instead, mainstream globalisers usually understand it as a technical problem.

The parties to the dispute also tend to see the relationship between poverty and environmental degradation differently. Those who believe in benign globalisation agree with the thesis of the Brundtland commission according to which poverty is the worst environmental problem: poverty leads to ecological devastation⁷. Critics, instead, often emphasize an opposite thesis: globalisation that aims to enrich the rich leads to ecological destruction, which in turn leads to poverty⁸.

⁴ To call this party "anti-globalisers" is misleading because at least a substantial part of them opposes only "corporate-led globalisation", see e.g. *George 2001, Chomsky 2001b, Chomsky 2002, Restructuring and Resistance, Diverse Voices of Struggle in Western Europe 2001*.

⁵ Already Adam Smith made a distinction between market economy and capitalism even though he didn't use these terms – see *Smith 1937[1776]*, 248–250, 460–61. More recent discussion of the distinction in e.g. *Braudel 1977* and *Wallerstein 1991*, 202–217.

⁶ *Kanbur 2001*

⁷ *Our Common Future 1987*

⁸ For a good discussion of different views of the poverty-environment nexus see *Nadkarni 2000*.

Accordingly, there are two “truths” about globalisation that are almost opposite. As even basic intuitions differ, are discussion and research completely irrelevant in solving the dispute? Can it be solved only through political processes and social struggles? Should one party win, the views of the other would be left only for scholars working on the scrapheaps of history.

In reality, the world cannot be divided so neatly into the separate spheres of research and politics. Political struggles related to globalisation are also waged among researchers. Many of them are involved in custom-made work financed by organizations involved in the struggle. The preferences of independent research workers are influenced by changes in the political climate. On the other hand, new findings may influence political processes.

Although when political strife comes to a head, a large number of researchers take a clear and unequivocal stand for one party over another, the majority may hold relatively open stance and move from one side to the other, swayed by their respective arguments. This happens more in situations when researchers in their public role see themselves rather as participants in the democratic process than as messengers bringing to on ignorant public knowledge produced by quasi-mathematical methods hidden from ordinary mortals⁹.

In this report I deal with the debate between various researchers and institutions concerning the relationship between globalisation and poverty, and participate in this discussion myself. I try to throw light on the background to their disagreement. My approach is interdisciplinary. Accordingly, I employ no discipline concerning the borders between the disciplines of economics, sociology, anthropology, politology, history and social and political philosophy. This is demanded by my research subject and justified by the history of these boarders. The birth of the social sciences, as demarcated in the present way, was influenced to a great extent by the class and power relationships of the 19th century¹⁰.

This study proceeds mostly on the global level but occasionally it deals with India, to where I made a study trip in February and March 2002. On the other hand, many facts and views presented by Indian scholars and activists in the interviews and in their books and papers have relevance not only in local circumstances but also in a global context.

⁹ See *Perelman and Olbrechts-Tyteca 1969*

¹⁰ See e.g. *Wallerstein 1991*

2. Income and consumption poverty

In July 2001 the summit of the G8 (G7 + Russia) was organized in Genoa. 300,000 people demonstrated against the summit and the globalisation it represented. In the demonstrations and in many of the seminars linked to them the impoverishment caused by globalisation was highlighted¹¹. Susan George and other researchers close to the movement explained what prevailing globalisation means in practice: Using debt as a weapon, the IMF and the World Bank, which are controlled by the G7, have imposed Structural Adjustment Plans or Programs (SAPs) on more than 150 countries. (In 1999 they were renamed “Poverty Reduction Strategy Papers” or PRSPs. It seems that in most cases the new name has not changed the content decisively¹².) In practice they have meant a reduction of public expenditure on healthcare, education and infrastructure¹³. The prices of food and other necessities are rising because the programs forbid state subsidies. The imports, which are cheap partly because of the subsidies of rich countries, replace domestic food production and throw large numbers of people into unemployment. Unrestricted imports and high interest rates, caused by the programs, also make other forms of production collapse, which also increases unemployment. Employment is further diminished by cuts in the numbers of civil servants – something also demanded by the plans. This all obviously increases poverty.¹⁴

¹¹ A good view on what happened in Genoa is *Behan 2001*.

¹² See e.g. *PRSP Briefing, Poverty Rhetoric & Surreptitious Privatisation? 2001, Keet 2001, Hellinger, Hansen-Kuhn and Fehling 2001, Guttal 2000, Watkins 2002*

¹³ Recently the World Bank has tacitly recognized the terrible consequences of these policies and apparently modifying them. However, reversing policies is now difficult because commercialisation and privatisation under the World Bank and the IMF have already made access of the poor to these services more difficult. In addition to this, if the EU succeeds in the current negotiations in the WTO on General Agreement on Trade and Services (GATS), privatisation of essential services will be reinforced and reversing it impeded. *Hilary 2001, Keet 2001, Sexton 2001, Ainger 2002, Barlow 2002, Wesselius 2002*

¹⁴ *George 2001*. There is a great amount of literature concerning negative effects of the Structural Adjustment Plans (SAP), e.g. *Paying the Price: Women and the Politics of International Economic Strategy 1995, Potter 1999, Dasgupta 1998, Adjustment and Social Sector Restructuring 1995, Mihevc 1995, Mkandawire and Soludo 1999, Toussaint 1999, Bello, Cunningham, Rau, et al. 1994, Chossudovsky 1997, Caufield 1996, 145–, Hoogvelt 2001, Scholte 2000, The People Vs Global Capital: The G-7, TNCs, SAPs, and Human Rights: Report of the International People’s Tribunal to Judge the G-7, Tokyo, July 1993 1994*. Very interesting and important additions to this literature are the reports of the Structural Adjustment Participatory Review International Network (SAPRIN). SAPRIN started its participatory research on the effects of the SAPs at the request of the president of the World Bank. Besides thousands of citizens groups, representatives of the Bank and respective governments took part into the studies in eight countries (see www.saprin.org). A summary of the assessment is contained in *The Policy Roots of Economic Crisis and Poverty, a Multi-Country Participatory Assessment of Structural Adjustment 2001*.

When SAP's have taken jobs from men, women in impoverished families seek any employment opportunities available in formal or informal sectors, no matter how low-paying, dangerous, onerous and debasing they are. While mothers are away, children have to take care of household duties to a far larger extent than traditionally. Often a family cannot survive on the mother's paltry earnings, and it has to send children to work. In situations of extreme distress children are sold into bondage.¹⁵

The situation is further aggravated by the fact that the WTO agreements have made a great deal of the SAP demands international law.¹⁶

The governing circles of the G7-countries knew in good time what was coming. Accordingly, the international financial institutions (IFIs) dominated by them (the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank International Monetary Fund and World Bank) prepared a "Global Poverty Report 2001" for the summit¹⁷.

With many reservations, the 17-page report claims that the poor benefit from "globalizing markets" or "trade openness". It uses a common two-phase argument: 1) trade liberalization leads to higher growth rates; 2) economic growth increases the incomes of the poor thus reducing poverty.

To understand the argument, we must first decipher the central term 'trade openness' or 'trade liberalization'. Trade is here understood to be closely linked to foreign investments. Indeed, the IMF has promoted the free movement of capital along with goods. However, many economists who support the latter are against the former¹⁸.

"Trade liberalization is good for growth"

Let us start with the first part of the argument. According to the report, trade liberalization increases growth by lowering the cost of capital – for example, through economies of scale. This leads to higher rates of investment and the adoption of new technologies. The precondition for this effect to materialize is, however, the structural reforms or SAPs that have had, according to many studies, devastating effects on domestic production. True, the report speaks explicitly on the growth of foreign

¹⁵ Raman 1998, González de la Rocha and Grinspun 2001, *Trading Freedom: How Free Trade Affects Our Lives, Work, and Environment* 1991

¹⁶ On the WTO see e.g. Chossudovsky 1997, Wallach and Sforza 1999.

¹⁷ *Global Poverty Report 2001 – a Globalized Market – Opportunities and Risks for the Poor 2001*

¹⁸ See e.g. Stiglitz 2002

investments. The anonymous writers admit that small producers may lose their customers because of international competition. Evidently, this is precisely what has happened, not only to small producers but also to many big domestic enterprises¹⁹. On the other hand, it is difficult to benefit from foreign investments because the SAPs or the WTO Agreement on Trade Related Investment Measures (TRIMs) prohibits so-called performance requirements – for example, local content inputs to production, foreign exchange earnings from exports, the reinvestment of a proportion of profits, the transfer of management skills and technology, and labour training²⁰.

One can, of course, argue that the positive growth effects of trade are bigger than the negative ones. But on what could we base this argument?

The report does not cover this but in economic discourse it is very common to find trade liberalization claims on a theory that is almost 200 years old: the principle of comparative advantage. David Ricardo advanced this theory in 1817. According to it, it is profitable for each country to specialize in those products that it can produce most efficiently. Countries should get the rest of what they need from other countries by exchange. Thus, trading is advantageous for a country where the production costs of all commodities are higher than they are elsewhere: the country in question should only specialize in the field of production in which it has the least disadvantage. These theoretical conclusions follow, however, only if, among other things, the following assumptions are true:

- There is full employment.
- Land, labour and capital are adaptable enough to move from one industry to another.
- Comparative advantages arise from a country's natural endowment and cannot be deliberately created.
- Maximizing national income, as conventionally measured and regardless of its distribution, should prevail over any other purposes of economic policy²¹.

In the modern world, these assumptions are practically never valid. Thus, the principle of comparative advantage has, besides its propagandist use, value only as a theoretical exercise.

¹⁹ See e.g. *The IMF and the South: The Social Impact of Crisis and Adjustment 1991, The Policy Roots of Economic Crisis and Poverty, a Multi-Country Participatory Assessment of Structural Adjustment 2001*

²⁰ See e.g. *Wallach and Sforza 1999, Keet 2001*

²¹ See e.g. *Stretton 2000* pg. 666–

So the issue cannot be solved on a theoretical level. What, then, are the practical experiences?

Often, especially before the crisis of 1997–99, the economic success of some East-Asian countries has been used as proof that trade liberalizing globalisation boosts growth. In reality, Japan, Taiwan, South-Korea, China and Vietnam have not followed the economic doctrines of prevailing globalisation. Protective tariffs and state control have been used widely.²²

What are the empirical results of prevailing globalisation? The Center for Economic and Policy Research (CEPR) in Washington D.C. has produced interesting research on the issue. When we compare the growth rates of the last twenty years of globalisation (1980–2000) with the previous twenty years (1960–1980), the result does not correspond to the promises of the globalisers: growth has generally diminished during the globalisation era.²³

The CEPR has studied the issue in two ways: by comparing the earlier growth rates of each region to the subsequent rates of the same regions; and by comparing each group of countries with adjacent per capita GDP at the start of the earlier period with a group of countries which had similar per capita GDP at the beginning of the subsequent period. According to the former comparison, the growth rates have declined clearly in all regions but South Asia and East Asia. Instead of growing, the economies of the former Soviet Union and Eastern Europe contracted in the 1990s while following the advice of the institutions steering the globalisation process.²⁴

The result in East Asia is due to the rapid growth of China that has not behaved according to “free trade” doctrines. The growth of South Asia is dominated by India where the economy grew rapidly in the 1980s and in early 90s but the globalisation process started in earnest only in 1991.²⁵ On the other hand, because of a strong anti-(corporate-led)-globalisation movement and something of an electoral democracy, India has not been an exemplary pupil in the free trade school either²⁶. According to the Index of Economic Freedom, compiled by the Heritage Foundation, both China and India belong to the least economically open nations of the world²⁷.

²² See e.g. *Stiglitz 1996, Chomsky 1999b*

²³ *Weisbrot, Baker, Kraev, et al. 2001a, Weisbrot, Baker, Naiman, et al. 2001b, Weisbrot, Naiman and Kim 2001*. The statistical data used in these studies is from the UNDP, World Bank and Penn World Table.

²⁴ *Weisbrot, Baker, Naiman, et al. 2001b, Weisbrot, Naiman and Kim 2001*

²⁵ *Weisbrot, Naiman and Kim 2001, Chandrasekhar and Ghost 2002, Rodrik 2000, Rodrik 2001, Weller and Hersh 2002*

²⁶ See e.g. *Drèze and Sen 2002*, pg. 334–5

²⁷ *Weller and Hersh 2002*

The latter comparison by the CEPR is even darker for those believing in the connection between prevailing globalisation and growth. For the comparison 116 countries were divided into five groups of approximately equal size so that inside each group the per capita GDP of the year 1960 fell within a certain range. From the data for 1980 those countries were then picked out whose GDP per capita fell within the range of group one, then those with a GDP within the range of group two and so on. Accordingly, one got another five groups of countries. The growth rate of each of the former groups in 1960–80 was compared with the growth rate of the corresponding latter group in 1980–2000. In all five comparisons growth during the globalisation era or in 1980s and 1990s was substantially slower than during the previous decades. For the poorest group the era of “trade liberalization” meant the end of growth and a decline in per capita GDP.²⁸

This result is corroborated by UNCTAD’s Least Developed Countries Report 2002. It finds that many trends in present globalisation are tightening the poverty trap of least developed countries. One of these trends is “a closer integration of international trade and production through the penetration of large transnationals and distribution companies, such as supermarket chains, into the agricultural supply structures of developing (and developed) countries”²⁹.

“Growth is good for the poor”

The other phase in the argument chain of the World Poverty Report was the argument that economic growth increases the incomes of the poor, reducing poverty. According to the report “there is now overwhelming evidence that growth is good for poverty reduction”³⁰. However, the only evidence to which there is an explicit reference is the study of World Bank researchers David Dollar and Aart Kraay called “Growth *Is* Good for the Poor”³¹. In the media of various countries the study has been used as a proof of the beneficial character of prevailing globalisation. Yet, the study is only a crude mathematical correlation analysis between two sets of numbers. One of these represents 370 observations of per capita GDP collected from 125 countries over 40 years. The other represents the corresponding average incomes of the poorest fifth of the population from the same countries and years. According to the study these two number sets correlate strongly, i.e. whenever GDP grows or shrinks, the income of the poor changes correspondingly.

²⁸ Weisbrot, Baker, Kraev, et al. 2001a

²⁹ *The Least Developed Countries Report 2002* 2002

³⁰ *Global Poverty Report 2001 – a Globalized Market – Opportunities and Risks for the Poor 2001*, pg. 3

³¹ Dollar and Kraay 2000

Dollar and Kraay's paper has been heavily criticized from many standpoints. First, the observed correlation comes from periods when the GDP has grown at least 2% per year. During periods of slower growth – which has been common during the globalisation era – there is hardly any correlation between the income of the poor and the GDP. From Dollar and Kraay's data one can find 35 episodes where the income of the poor actually fell while per capita income rose.³²

Second, the quality and reliability of the authors' data has been criticized. It is the poorest quintile whose income data are for many reasons the most unreliable. From the number set one can find many periods during which the increase or decrease in the income of the poor is so large that they almost certainly are due to measurement errors. These errors seem to be so frequent that they serve to conceal real movements in income.³³

On the other hand, there also may be systematic errors. Those countries and those periods where the poor fared really badly are missing from the data because no information was available. When the resources of a country do not reach the poor, it is likely that there are no resources to conduct surveys either. In the authors' data there are no 5-year periods from most of the countries of the world.

Another systematic error may arise from the fact that the study does not take into account how poverty slows down the process of formation of new households and increases the size of the old ones. In many cases, young adults do not move from their parents' home and the elderly people move to their children's place because of poverty. Thus, a part of the explanation of the observed increasing or stationary incomes of the poor may be the fact that, on the one hand, household sizes increase and, on the other hand, because of the decrease in the number of poor households, many households that otherwise would have been included into the second quintile are now included into the poorest quintile.³⁴

Third, it is also controversial whether the increase in monetary income of the poor is a measure of decrease in poverty: When the economy is growing and/or the country is globalizing, many other things, besides incomes, that have an effect on the misery in people's lives, change. In new circumstances there may be many more necessary expenses. Also, the utility of one inflation-corrected dollar may decrease³⁵. I will return to these problems on page 14.

³² Weisbrot, Baker, Naiman, et al. 2001b pg. 8

³³ Douthwaite 2000 and Weisbrot, Baker, Naiman, et al. 2001b

³⁴ Weisbrot, Baker, Naiman, et al. 2001b

³⁵ See e.g. Sen 2001(1999) pg. 109–110

Fourth, the results contradict many studies that show that especially in poor countries and particularly after 1980 both economy and inequality grow side by side³⁶. Further, according to one study, the structural adjustment loans decrease substantially the connection between growth and the income of the poor³⁷. For example, in spite of fast growth in India in the 1990s, poverty was not alleviated – on the contrary, according to many studies it was aggravated³⁸.

Fifth, there are serious methodological problems in Dollar and Kraay's paper. The mathematical and statistical usage of grinding the numerical data through computer programmes leads easily to quasi-results. The researcher is in danger of losing contact with what he actually is doing³⁹. For example, Dollar and Kraay do not make correlation analysis of the observed data but of their logarithms. Jan Vandemoortele and Enrique Delamonica from UNICEF conducted an interesting test with the methodology used in the paper. They replaced Dollar and Kraay's two number sets with two sets of random numbers which had approximately the same range as the original numbers. They then made exactly the same mathematical operations and correlation analysis of their numbers as Dollar and Kraay had made of theirs. The result was amazing: it was roughly the same as the one reached by Dollar and Kraay! That is to say, the random number sets were made to correlate almost as much as the original sets by the applied methodology. The difference is so small that it is not statistically significant. Thus, according to Vandemoortele and Delamonica's test the poverty study used as a key scientific source by the IFIs tells us nothing about the world, for example, whether growth is good or bad for the poor.⁴⁰

In a recent study commissioned by the European Commission, François Bourguignon and ten other European economists come to a similar conclusion as Dollar and Kraay about the benefits of growth and globalisation for the poor⁴¹. This is

³⁶ See e.g. Galbraith, Conceição and Kum 2001, *Trade and Development Report 1997*, *Globalization, Distribution and Growth 1997*, Cornia 2001

³⁷ Easterley 2001

³⁸ See e.g. Reddy 2000, Mehta 2001. On the opposite view see e.g. Drèze and Sen 2002. On Indian poverty statistics see page 21 below.

³⁹ See e.g. Vandemoortele 2001

⁴⁰ Vandemoortele and Delamonica 2000

⁴¹ Bourguignon, Coyle, Fernández, et al. 2002. The study was commissioned from the Centre for Economic Policy Research (CEPR), which is a network of 600 researchers based primarily in European universities and funded by the European Central Bank, the Bank for International Settlements, the European Investment Bank, 23 national central banks and 41 companies. This CEPR should not be mixed up with the Washington D.C. -based CEPR or the Center for Economic and Policy Research, mentioned earlier.

no wonder because their methodology is similar and they use Dollar and Kraay's papers as sources. Other important bases for their conclusions include lengthening the observation period to 180 years and using Bourguignon and Morrison's imaginative report "Inequality among World Citizens: 1820–1992"⁴². The report presents the GDP and its distribution statistics for the whole world since 1820, even though the first national accounts, on which GDP calculations are based, were developed in the 1930s⁴³. To make it, the writers had to be courageous enough to use unreliable data, guesses, arbitrary assumptions, daring extrapolations etc. Even if all this guesswork happened to hit upon the right thing, the relevance of the GDP measure and its distribution to the reality of the poor declines the farther one recedes from the present time and Euro-America.

The World Bank's poverty statistics

Besides the argument chain dealt with above, there is another common discourse on the effects of prevailing globalization on poverty: the reference to statistics that directly show that poverty rates have diminished during recent decades. For example, in a recent publication based on its own statistics the World Bank claims that globalisation reduces poverty⁴⁴. According to its data, 28.7% of the world population were extremely poor in 1987 and 24.3% in 1998. The same statistics show, however, that the absolute number of the poor has increased because of the population growth.⁴⁵ In these statistics the extremely poor are people who live on less than \$1 a day (to be more exact: on less than \$1.08 a day)⁴⁶. In spite of its apparent simplicity and clarity, measuring poverty in this way is in practice complicated and contains many methodological problems.

First, in order to make any sense of international comparisons and aggregates, one cannot convert currencies to dollars by market exchange rates but by Purchasing Power Parities (PPPs). PPPs are calculated by researching what a representative and comparable shopping basket of goods and services cost in different countries in local currencies. The UN coordinates this global statistical research, known as the International Comparison Program or ICP. During recent years the World Bank has used in its

⁴² Bourguignon and Morrison 2001, Bourguignon and Morrison 2002

⁴³ See e.g. Cobb, Halstead and Rowe 1995

⁴⁴ Globalization, Growth, and Poverty, Building an Inclusive World 2002

⁴⁵ Global Poverty Monitoring 2001. For some reason in other texts published in the Internet the World Bank gives slightly different figures: 28.3% and 24.0% in Chen and Ravallion 2000, 28.3% and 23.4% in Income Poverty 2001

⁴⁶ Global Poverty Monitoring 2001

calculations the PPPs for 1993.⁴⁷ One problem is that these parity statistics and calculations have not been made for poverty studies but for GDP comparisons. Accordingly, the price differences and changes of products used very little, or not at all, by the poor can distort the statistics substantially. Also, the base year of the PPPs has a great effect on the results.⁴⁸ The fact that average prices are used in the parity calculations is an additional distorting factor because the poor often pay more than the average for many products⁴⁹.

Second, the methodology of household surveys and the interpretation of raw data can have a decisive effect on the results. According to a study made in the IADB, on the basis of the same surveys one can get the poverty rate for Latin America to be 21% or 66% depending on how missing information, zero incomes or obviously too low incomes are interpreted⁵⁰.

Third, very few surveys are available: for many poor countries there exists only one survey and therefore to assess the development of poverty over time is, to put it mildly, rather difficult. Besides, in most countries there are no surveys for 1998 or 1997 so that poverty rates in 1998 are mostly estimates made on the basis of old surveys assuming that the income distribution has not changed during 3–12 years.⁵¹ Thus, in making statistics that are used to prove, among other things, that growth is good for the poor, the World Bank assumes that growth is good for the poor⁵².

Fourth, consumption expenditure surveys are not available from anywhere near all countries and therefore we have to resort to income surveys. A mechanical correction is made to the income data, but it tries to take into account only the reduction in consumption caused by saving⁵³. Even these corrected figures distort poverty data, because, besides things acquired by monetary income contained in the statistics, the poor also consume self-made, gathered and bartered products as well as things received as gifts or reciprocal economy⁵⁴. Prevailing globalisation has a substantial effect on this consumption not related to income by, among other things, destroying or privatising commons and consequently diminishing possibilities for gathering, pasturing

⁴⁷ See *Attacking Poverty, World Development Report, 2000/2001* 2000, *International Price Comparisons*

⁴⁸ *Attacking Poverty, World Development Report, 2000/2001* 2000, Deaton 2000, Reddy and Pogge 2002

⁴⁹ Srinivasan 2001

⁵⁰ Székely, Lustig, Cumba, et al. 2000

⁵¹ Chen and Ravallion 2000, Deaton 2000, *Attacking Poverty, World Development Report, 2000/2001* 2000 pg. 17

⁵² Reddy and Pogge 2002

⁵³ *Attacking Poverty, World Development Report, 2000/2001* 2000 pg. 320, Chen and Ravallion 2000, Deaton 2000 pg. 26

⁵⁴ On reciprocal economy see e.g. Temple 1988

and farming.⁵⁵ Accordingly, the people whose income has increased during recent years and exceeded 1 dollar and 8 cents may, in fact, be impoverished.

Fifth, a still bigger distortion in the World Bank poverty estimates is caused by the fact that even consumption expenditure surveys disregard public and community services provided by governments or communities. Thus, when structural adjustment plans, imposed by the World Bank, lead to a decrease in school attendance and the use of health care services, as a consequence of them being privatised or closed down, this does not show up as an increase in poverty rates. On the contrary, the statistics may indicate that poverty has gone down because the money used for public services can move to private consumption and a part of this – even if much less in value than the closed services – may end up with the poor.⁵⁶ The statistics take even less account of the public goods or common wealth – such as water, air and genetic resources – supplied to the poor by nature. When these are privatised or spoiled in the course of prevailing globalisation, the poor get poorer even if their monetary income rises.⁵⁷

Anyway the \$1.08 poverty line seems to be utterly arbitrary. Why for example are most of the people living on \$1.09 not extremely poor? The World Bank researchers justify the line stating that it corresponds to the median of the lowest ten national poverty lines⁵⁸. This justification, however, leaves many questions open. First, why should we measure absolute poverty by the same sum of PPP dollars in all countries? Evidently, in different circumstances different amounts of money are needed for mere survival. Second, on what basis are the national poverty lines defined?

In India, whose poverty line is one of the lowest referred to by the World Bank and where approximately every third extremely poor person lives⁵⁹, the national poverty line is defined on the basis of the average daily caloric intake which is absolutely necessary for people: in rural areas the poverty line is the level of monthly per capita consumption where expenditure on food ensures 2400 kcal per day; in urban areas the line is based on 2100 kcal.⁶⁰ This definition was made by the Indian Planning Commission in the 1970s. Based on the consumer expenditure data for 1973–74 the poverty lines in monetary terms were Rs. (Rupees) 57 and Rs. 49 monthly consumption

⁵⁵ On the importance of the commons see pages 33–39 below, and e.g. *Bennholdt-Thomsen and Mies 1999, Common Property Resources, Ecology and Community-Based Sustainable Development 1989, The Commons, Where the Community Has Authority 1992*

⁵⁶ *Deaton 2000* pg. 22, See also the World Bank researchers' own admission of this distortion in *Ravallion, Datt and van de Walle 1991* pg. 349

⁵⁷ On common wealth see pg. 49–58.

⁵⁸ *Chen and Ravallion 2000* pg. 6, *Ravallion, Datt and van de Walle 1991*

⁵⁹ *Attacking Poverty, World Development Report, 2000/2001 2000* pg. 280

⁶⁰ *India, Reducing Poverty, Accelerating Development 2000, Mehta 2001*

per person. So the question is not that a person on the poverty line would use all the money for food: the amounts correspond to consumer baskets which contain, among other things, food representing the caloric intakes defined above.

India's society and economy have changed greatly since the 1970s so that Rs. 57 and Rs. 49 no longer correspond to 2400 and 2100 kcal. However, for some reason the only fix made to the poverty lines is the updating of prices. For example, the inflation corrected lines for 1993–94 are Rs. 281 and Rs. 206. Yet, the official consumer expenditure surveys show that besides prices the structure of consumption has also changed much in twenty years. Money is needed more than before for other things than food. Furthermore, part of the expenditure, diverted from cereals, went to other food items. These changes were, first of all, related to structural changes in the society: many necessary food stuffs have become much more expensive because rural people have lost access to common property resources. Many villages have lost their markets and job opportunities and much more money is needed for transportation. The quality of public health care has deteriorated and village home remedies have been undermined so that people take recourse to private practitioners with substantial charges.

As a consequence of all these changes, Rs. 281 and Rs. 206 corresponded in reality to only 1890 and 1968 kcal. That is to say, the definition of the poverty line had “inadvertently” changed decisively in 20 years! If one wants to keep the original definition, the poverty lines for 1993–94 have to be lifted to Rs. 381 and Rs. 325. This means that the number of the extremely poor increases from 324 million to 636 million.⁶¹

This change in poverty statistics, suggested by two Indian economists, does not mean that we would suddenly move from the concept of absolute poverty to that of relative poverty: poverty is not defined in relation to average income but the basis is still the same absolute need to get a certain amount of calories⁶². It is just that in new circumstances people need more money in their life and therefore only people with slightly larger consuming possibilities get the necessary amount of energy in their food.

The correction of this statistical distortion would also decisively change the picture of poverty on the global level. First, if the number of the extremely poor in India only

⁶¹ *Mehta and Venkatraman 2000, Mehta 2001*, an interview with Jaya Mehta in New Delhi in March 2002, See also *Nayan Kabra 2000, Kumar 2002, Kumar Singh 2001*

⁶² On the other hand, the difference between absolute poverty and relative poverty is not so strict as usually suggested: relative poverty in terms of income can yield absolute poverty in terms of capabilities. A person whose income is relatively high in the world scale but who happen to live in a rich country where for basic living you need a lot of money may be starving or suffering from winter coldness finally dying of an easily curable disease. Even Adam Smith understood this consideration. See *Sen 2001 (1999)* pg. 89.

were adjusted upwards by 300 million, the global trend would turn and would show that even the percentage rate of the poor has increased since 1987. The number of extremely poor for the year 1998 would be 1514 millions or 30.2% of the world population⁶³.

Second, corresponding statistical changes should be made in all countries, in which case the number of the extremely poor would be substantially greater than in the World Bank data⁶⁴. Because structural changes affecting the life of the poor happen at a brisk pace in the globalisation era, the trend of the corrected poverty estimates would probably steeply rise.

3. Multidimensionality

Besides small income or consumption possibilities, other circumstances can also lead to misery and an incapability to live a full life. The most obvious cases are bad health and a subordinated position in the power hierarchy. Also, social and cultural discrimination can mean misery. In modern or modernizing societies lack of formal education, too, can lead to deprivation. Because social and natural conditions, especially nowadays, change unceasingly the continuation of bearable life requires some resources to get over difficult situations. Therefore those who or whose communities do not have such resources impoverish eventually.

During recent decades all these forms of deprivation have been called dimensions of poverty. This usage has historical backing because in times past 'poverty' has meant a great variety of things⁶⁵. The work of the Indian economist Amartya Sen has especially influenced the World Bank and other powerful institutions so that also they – at least rhetorically – see poverty as a multidimensional phenomenon⁶⁶.

⁶³ The correction has been done to the figures in *Global Poverty Monitoring 2001*.

⁶⁴ For example, in Vietnam the poverty line is defined as in India by fixing it to a calorie requirement, and the change in consumption pattern is not taken into account either (*IDT/MDG Progress – Viet Nam 2002*). On the other hand, the community level consultations carried out in 2001 indicate that rapid social change is imposing new monetary demands on the poor (*Shanks and Turk 2002*).

⁶⁵ *Rahnema 1992*

⁶⁶ On Sen's thought see e.g. *Sen 2001(1999)* which is based on his lectures at the World Bank in 1996; on the change in the official thinking see e.g. *Attacking Poverty, World Development Report, 2000/2001 2000* pg. 15

In the Bank's World Development Report 2000/2001 the dimensions are dealt with under three headings in the following order: *Opportunity*, which includes first of all monetary resources, *Empowerment*, and *Security*. Just before the publication of the report, in the version given to commentators, the empowerment chapter preceded the opportunity chapter. However, a couple months before publication Professor Ravi Kanbur, who led the team preparing the report, resigned or was made to resign, the order of the chapters was changed, and the emphasis, placed by Kanbur, on redistributive taxation policies and social spending was removed.⁶⁷

The introduction of multidimensionality to poverty discourse creates many difficulties. Most of the other dimensions are even more difficult to measure than income and consumption poverty. For example any suggested or imagined measure for powerlessness is bound to have very wide margins of error and to be extremely controversial. Furthermore, it is impossible in practice to aggregate all the dimensions by a welfare function or a composite index with a different weight for each dimension. There is a good case also for the argument that it is impossible even in theory because the dimensions are incommensurable.⁶⁸ Therefore, when comparing poverty rates in different times and countries, even those institutions and individuals confessing to having a multidimensional concept of poverty forget it and speak only about income poverty – plus a couple of other dimensions on which there happens to be statistics available⁶⁹.

However, this problem arises only when one has somehow to measure changes in poverty. And indeed one has to have measurements if poverty is seen as a technical problem that should be solved by outside experts and public or private administrations or bureaucratic machines. Yet if poverty is seen as a political problem – as many opponents of corporate-led globalisation do – the problem disappears: at least outside party politics it is most common to have qualitative goals. To attach number values to them would be a joke.

In any case, the declarative texts of poverty administrators nowadays commonly speak about various dimensions of poverty. For example, the OECD's development organization DAC has ended up seeing the plurality of poverty in the framework of the following five main dimensions:

⁶⁷ See e.g. *Denny 2000, Skirbekk and Clair 2000*

⁶⁸ See e.g. *Attacking Poverty, World Development Report, 2000/2001 2000* pg. 19–22; on the same problems in environmental valuation and on incommensurability see Stirling 1993

⁶⁹ See e.g. *Globalization, Growth, and Poverty, Building an Inclusive World 2002*

1. The lack of *economic capabilities* (inability to earn a decent income, consume and have assets)
2. The lack of *human capabilities* (deficiency in health, education, nutrition, clean water and shelter)
3. The lack of *political capabilities* (human rights violations, inability to influence over public policies and political priorities)
4. The lack of *socio-cultural capabilities* (inability to participate as a valued member of a community)
5. The lack of *protective capabilities* (insecurity and vulnerability)⁷⁰.

In the following, I will examine the globalisation discussion related to dimensions 2–5.

4. Poor health

The structural adjustment programs, urged by the rich countries, impose on poor countries a budgetary discipline which often leads to cuts in health care. The Western power centres regard this kind of economic policy as completely necessary. Yet these masters have, in time, raised the level of health care in their countries by the lack of budgetary discipline, or by deficit spending. In the 1980s alone, the African countries, “programmed” by the IMF and the World Bank, decreased spending on health by 50%. The plans, imposed on the poor countries by the IFIs, include also the privatisation of the health sector and the demand to make it “cost-effective”.⁷¹

The WTO with its TRIPs (Trade Related Intellectual Property Rights) and GATS (General Agreement on Trade and Services) agreements causes further difficulties for health care in poor countries. The TRIPs agreement in practice imposes the US-type patent laws, furthering the interests of transnational corporations, on all the member countries of the WTO. This means that the resources and knowledge available in many poor countries to produce cheaply many important medicines cannot be utilized and, consequently, medicines will be prohibitively expensive.⁷² If the EU succeeds in

⁷⁰ *DAC Guidelines on Poverty Reduction 2001*

⁷¹ *Cavanagh, Welch and Retallack 2000, Hilary 2001, Koivusalo and Ollila 1997, Chossudovsky 1997* pg. 59

⁷² See e.g. *Wallach and Sforza 1999, Koivusalo 1999, Hilary 2001, Koivusalo forthcoming 2002*

the current negotiations in the WTO on GATS, privatisation of health services will be reinforced and backtracking impeded⁷³.

GATS will also further the privatisation of water supplies which would affect dramatically the poor's access to water with serious health consequences. One can get a foretaste of what will happen by considering the water privatisation in Bolivia imposed by the World Bank in 1998. The US-based TNC Bectel got the booty. In December 1999 it doubled the water prices without making any infrastructure investments. For most Bolivians water then cost more than food. Peasants and small farmers even had to buy permits to gather rainwater from their own property.⁷⁴

In many countries there are traditional health care practices that are widely used by the poor. Even these medical resources are being curtailed by globalisation. Traditional medicine is often based on wild herbs that grow in forests. When SAPs and WTO give TNCs and other companies easy access to forests, these vital plants become more rare. On the other hand, commercial and expert culture is pushing aside local knowledge systems and traditional medical practitioners do not find followers. On top of this, big medical companies are trying to monopolize traditional medical herbs and the accompanying knowledge by patenting them, basing their piracy on the TRIPs-agreement.⁷⁵

Furthermore, the globalisation related income and consumption poverty, dealt with above, often means malnutrition or starvation. So one would expect health to be impaired by prevailing globalisation. However, it is often maintained that the health of the poor keeps on improving.

Growth health

The World Bank's David Dollar is "reasonably confident" that globalisation has a positive effect on health⁷⁶. The former Director of Health, Nutrition and Population at the World Bank, Richard Feachman maintains in an article, which was published in the British Medical Journal and created much controversy, that "globalisation is good for your health, mostly"⁷⁷. However, both authors write very little about the direct or observed effects of globalisation on health. Crucial to their argumentation is the claim

⁷³ Keet 2001, Sexton 2001, Ainger 2002, Barlow 2002, Wesselius 2002, Hilary 2001

⁷⁴ Barlow 2001

⁷⁵ See e.g. Shiva, Jafri, Bedi, et al. 1997, Zhang 2002, Fidler 1999, Aginam 2000

⁷⁶ Dollar 2001

⁷⁷ Feachem 2001

that globalisation is good for economic growth and increases the income of the poor and that this increase has a positive effect on health. In section 2 above I discussed the first part of the claim and found many of the arguments presented for it to be weak and many facts that contradict it. I also referred to the findings according to which, if social structures are changing, the income of the poor may increase while at the same time their nutrition weakens. This cannot lead to anything else but increased morbidity – all the more so as governments are implementing health reforms, linked to prevailing globalisation, which weaken public health care⁷⁸.

Furthermore, as mentioned above prevailing economic globalisation is closely associated with increased social inequality within and between societies⁷⁹. Relative equality, on the other hand, is according to many studies linked to good health. This implies that globalisation has a negative health effect.⁸⁰

In addition, the economic growth process, associated with globalisation, creates serious occupational hazards and environmental problems that impair the health of workers and poor people in general. Transnational corporations are commonly investing or subcontracting to poor countries simply because production costs are low. One reason for this is slack environmental and occupational safety norms or their enforcement, whereas the norms and enforcement are slack because structural adjustment programs have made a great number of countries “liberalize” their economies, cut public spending and compete for the same foreign investments.

Companies, using previously unknown technologies and chemicals, can get people to work in obviously unhealthy and dangerous conditions in mines, factories and plantations because countless people have lost their livelihood on small farms or in the state sector. This unemployment, again, is largely caused by the prevailing neoliberal globalisation regime. The position of workers vis-à-vis employers is weakened further by corrupt, weak or nonexistent trade unions – which is also included in the wish list of companies putting governments to compete for investments. Anti-union repression is especially prominent in export processing or free trade zones where TNCs have their products made by cheap labour in unhealthy and dangerous conditions.

The situation of workers and their unions is also deteriorated by “labour market flexibility”, which has been a key component of the structural adjustment plans imposed by the World Bank and the IMF. According to the IFIs, job security protection, for

⁷⁸ See e.g. *Public Health and the Poverty of Reforms, the South Asian Predicament 2001*, Qadeer and Sagar 2001

⁷⁹ See page 18 and footnote 36 above.

⁸⁰ *Koivusalo 1999, Koivusalo forthcoming 2002, Wilkinson 1996*

example, would make labour markets less flexible and therefore be against the sacred principles of neoliberalism.

Because of all this, many pollution-related diseases are now rampant among workers. Just to give a few examples in some poor countries, asbestos is now a major cause of disability, ill health and death among miners and construction workers; in Indonesia, workers producing batteries for Union Carbide suffer from severe kidney disease.⁸¹

One of the most visible changes brought about by globalisation is the automobilization of the big cities in the South. The streets, where many poor people live and work, have become gas chambers with a constant danger of getting into a bone breaking smash. According to the WHO, between 750,000 and 880,000 people died in road crashes in 1999, and about 85% of these were in developing or transitional countries. The WHO forecasts that in 2020, car accidents will be the second most common cause of premature death. This is because the number of road deaths in developing countries is growing fast. For example, between 1987–95 they rose by 40% in the Asia-Pacific countries. However, this is only the tip of the iceberg. Tens of times more people die because of car pollutants. Furthermore, the number of people injured is hundreds of times larger. The car itself and its production, fuelling, service and disposal as well as the required infrastructures discharge more than a thousand pollutants.⁸²

The growth process, linked to globalisation, continues to produce health impairing effects that were common during the earlier development periods. Large dams and massive irrigation schemes have caused, and will cause in future, huge environmental and health consequences. Ecological disruptions create habitats for the proliferation of disease vectors. A large part of those hundreds of millions of people who suffer from schistosomiasis (bilharzia), malaria and other water born diseases suffer for growth.⁸³

On the other hand, a relatively good public health can be achieved even if the GDP stays at a low level. A good example is Kerala, where the infant mortality in 1997 was 12 per thousand births and the life expectancy for men 70 years, while in the capital of the richest country of the world, Washington D.C., infant mortality was 16.2/1000 and the life expectancy for black men was 58 years⁸⁴. The GDP per capita in the USA was 130 times bigger than that of Kerala when calculated by the market exchange rate,

⁸¹ Tammilehto 1999, Millen and Holtz 2000, Millen, Irwin and Kim 2000, Klein 2001; more on violations of trade union rights on pg. 26 below.

⁸² Tammilehto 1999, *Estimating Global Road Fatalities 2000, Why Are Road Crashes a Problem? 2000, Car Statistics 2002*

⁸³ See e.g. Kumar Singh forthcoming 2002, Savané 1981, Wong 1999

⁸⁴ Anelauskas 1999, *India, Reducing Poverty, Accelerating Development 2000, Thanakappan 2002*

and 30 times bigger when calculated by the PPP⁸⁵. Another interesting example is Cuba where the infant mortality, under-5 mortality, life expectancy and many other health indicators are on the same level as in the USA, whose GNP per capita is 26 times bigger than that of Cuba. In this respect the poor country does not fall behind many Western European countries either.⁸⁶ Other countries where mortality rates have been reduced rapidly without much economic growth are Sri Lanka and Costa Rica⁸⁷.

Feachem defends his claim on the positive health effect of globalisation by contending that globalisation makes it more difficult for undemocratic and oppressive governments to continue human rights abuses. Thus it furthers more democratic governments that care for the welfare of the people. I will discuss the possible democratizing effects of globalisation in more detail below.

Information health

Feachem's third argument concerns technology. He links prevailing globalisation to the spread of the Internet which, according to him, is improving people's health in various ways. This kind of argumentation is problematic in many respects. First, the Internet plays quite a different role in the globalisation discourse than economic "liberalization" and globalisation critics usually do not criticise it as such. On the contrary, many critics say that prevailing globalisation retards the spread of the Internet by strengthening companies like Intel and Microsoft that seek to monopolize the production of microchips and computer programs. The most obvious example of such effects in the global governing system is the above-mentioned TRIPs agreement.⁸⁸ When monopolies and oligopolies raise prices, the Internet does not spread to the poor. According to statistics, in February 2002 77% of users were in the OECD countries – probably much more because the figure includes those who had used the Internet only once during the last three months, and in some cases also those who had not used it for half a year⁸⁹.

⁸⁵ Calculated on the base of figures in *India, Reducing Poverty, Accelerating Development 2000, Global Poverty Report 2001 – a Globalized Market – Opportunities and Risks for the Poor 2001*

⁸⁶ *The State of the World's Children 2001 2001, The State of the World's Children 1995 1995, Statistical Data 2002*

⁸⁷ *Sen 2001(1999)* pg. 46–

⁸⁸ *Bello 2001*

⁸⁹ Calculated on the basis of *How Many Online? 2002*.

How then would the Internet affect health? Again Feachem argues through economic growth: the net promotes economic growth which in turn improves health. I presented arguments above that question the link between growth and health. On the other hand, saying anything about the link between the Internet use and growth is difficult: the net is part of a broad change in industrial infrastructures and from this whole it is hard to discern the effect of Internet use.

In addition, Feachem claims that the Internet promotes health directly by improving management and the delivery of health care information. For this to happen, the reason for the spread of diseases in poor countries should be, in the first place, lack of information. This is hardly true: the reason is rather the fact that the existing informational and material resources do not reach the poor because of the unequal distribution of power at local, national and global level. On the other hand, the fast diffusion of information through the Internet is not always a benign phenomenon. It often spreads western cultural biases and weakens local cultures that have coded a lot of knowledge relevant to geographical and social conditions⁹⁰. This applies also to health care: treatment gets standardized and ignores essential local circumstances⁹¹. Such a process is already happening in many countries regarding public health care and especially the treatment of tuberculosis⁹².

Health statistics

But what do statistics tell us about the changes in health during the globalisation era? Among the most common indicators are life expectancy and infant mortality. In any case the former does not indicate progress during recent decades. In 1982 the average life expectancy in the developing countries was 61, in 1993 64 and in 1999 64 also. In tens of African countries and in the former Soviet Union life expectancy decreased by many years during the 1990s. As to child mortality, there seems to have been a little more progress: infant mortality decreased from 66 in 1990 to 59 per 1000 births in 1999; under-5 mortality from 91 to 85, correspondingly.⁹³

As for income poverty, these figures, however, have to be compared with the change in previous decades. As in section 2 above, this can be done in two ways. When we compare the developments in the 1960s and 1970s with those in the same areas in the

⁹⁰ See e.g. *Tedre 2002* which shows that this happen even on the level of computer education.

⁹¹ On the weakening of traditional health care see pg. 26 above.

⁹² *Marcq 2002*

⁹³ *Social Indicators 2001*

1980s and 1990s, the indicators show a general slackening in the improvement of health, especially for the 1990s⁹⁴. This trend can be observed, for example, in India. Furthermore, from 1997 infant mortality and some other health indicators, rather than improving, started to show an absolute worsening of the situation in many large Indian states and possibly also in the whole country⁹⁵.

Likewise, when one compares the change in 1960–80 in the countries that were on a given health level in 1960 with the change in 1980–90 in the countries which were on the same level in 1980, it is observed that the improvement in health has slowed down clearly in the era of globalisation. The decline in infant and under-5 mortality has slackened in all the country groups. The increase in life expectancy has slowed down in all country groups but in the “healthiest” one⁹⁶.

Yet the real situation may be gloomier for the poor than these statistics show for four reasons: First, aggregate statistics mask the fact that the health improvements are unevenly distributed⁹⁷. Second, statistics show weakening health only with a delay of many years because only prolonged poverty enfeebles people “enough”.

Third, life expectancy is in many ways a misleading indicator: One would think that it means the expected length of the life of a newborn child. However, in fact it is a statistical figure that tells only how many years a child would live if the age-specific mortality rates stayed just the same through all its life as they were at the date of birth⁹⁸. Therefore, the rapid and general increase in pollution levels, which kills people mostly after years or decades, does not show up in life expectancy statistics. Yet before killing people, pollution makes them sick. Thus the deterioration of the environment would show up in general morbidity statistics – if there were such. These nonexistent statistics would probably also worsen the picture of health more in high-growth countries than in stagnating or low-growth countries.

Fourth, the structural adjustment plans have, by downgrading public health care, also impaired the system of compiling health statistics: evidently statistical errors have increased decisively⁹⁹.

⁹⁴ Ibid, *Cornia 2001*

⁹⁵ *Qadeer and Sagar 2001* and interview with health scientists Imrana Qadeer and Ritu Priya in Jawaharlal Nehru University, Delhi, in February, 2002.

⁹⁶ *Weisbrot, Baker, Kraev, et al. 2001a*

⁹⁷ *Millen, Irwin and Kim 2000*

⁹⁸ See e.g. *Attacking Poverty, World Development Report, 2000/2001* 2000 pg. 318

⁹⁹ *Chossudovsky 1999*

5. Powerlessness

Even after being censured¹⁰⁰, the World Bank's poverty report discusses some of those aspects of poor countries that prevent the poor from controlling the resources essential to their life, and to participate in collective decision making processes¹⁰¹. So they must be changed, and accordingly the loan conditionalities nowadays include "good governance" and "free elections"¹⁰². This and the increase in the number of countries having western type electoral systems is one of the grounds for the argument that globalisation furthers democracy. Another is the claim that in the globalizing world countries are dependent on each other, and therefore a pressure from outside can more easily prevent the rise of undemocratic governments or overthrow them¹⁰³.

These arguments contain many problems. First of all, they contain a glaring contradiction. It is claimed that democracy could be promoted by using undemocratic means: in most cases the people of the country in question do not want outside pressure or intervention – or would not want if they knew about it. An exception is the situation where outside forces only support the country's own democratic movement. However, if a foreign government supports a people's movement, the latter is usually in danger of being discredited in its own country. Therefore it is best that outside support comes from another movement. Strengthening links between movements worldwide certainly helps the support to materialize, and this phenomenon can be called movement globalisation. Yet this is quite different to prevailing corporate-led globalisation, and one cannot legitimate the latter by observing the significance of the former. To do this would be like using the cooperative skills learnt in fire fighting as a justification for pyromaniacs.

Free choice of one alternative

"Good governance" and "electoral democracy" are promoted in their programmes by the same institutions and governments who maintain that there is no alternative to neoliberalism or the demands of the SAPs. Besides, "good governance" often includes all the prescriptions of neo-liberalism. On top of that, the same institutions try to

¹⁰⁰ See pg. 24 above

¹⁰¹ *Attacking Poverty, World Development Report, 2000/2001 2000*

¹⁰² *Chossudovsky 1997, Keet 2001, Santiso 2001*

¹⁰³ See e.g. *Feachem 2001*

prevent other alternatives by sanctions or through the exercise of other kinds of power. In other words, the demand for democracy – or people’s power – means here that people or their representatives should have power but they should not wield it in the economic sphere of society. As we have seen above, and what is so familiar in the mainstream political discourse, economic doctrines make strict conditions for food, health and education policies, among other things. So people or their representatives should not exercise their power in other fields of society, either. Or perhaps the idea is that as long as they want neoliberal policies they can freely do what they want, but if they want something else they cannot.¹⁰⁴

These constraints are not theoretical but very concrete, for neoliberal reforms have usually stirred a lot of opposition. In order to prevent the opposition movement overthrowing the government – or even the system – one has to further curtail the power and participation of the poor. Often these movements – and the society they seek to create – are more democratic than the prevailing order. This political straitjacket is justified by arguing that in the long run the chosen economic policies are in everyone’s interest.¹⁰⁵ The argument recalls the justification for concentrating power to the party and disregarding the people in people’s democracies: on the basis of Marxist-Leninist theory the party understood what is the objective interest of the people. In the spirit of Hegel, it knew better what the people wants than the people itself.¹⁰⁶

On the other hand, implementing structural adjustment plans or other unpopular reforms in poor countries is not possible without a strong support from some influential circles. The interests of these elite groups are often completely opposed to those of the poor. Thus the outside “conditioners” in practice throw their weight behind the groups who under no circumstances will give power to the poor. Usually these groups oppose, for example, land reform, which has been one of the most important demands of the movements of the poor¹⁰⁷. However, this obvious fact tends to disappear from poverty debates because the poverty discourse, sustained by the World Bank, seeks to depoliticise poverty and to turn it into a technical problem¹⁰⁸.

¹⁰⁴ See e.g. *Keet 2001, Teivainen 2000, Lummis 1996, MacEwan 1999*

¹⁰⁵ See e.g. *MacEwan 1999, Palast 2001*

¹⁰⁶ On this parallel in more detail see *Tammilehto 1992*

¹⁰⁷ On the importance of land reform see *Sobhan 1993, de Janvry and Sadoulet 2001, Land Reform and Peasant Livelihood, the Social Dynamics of Rural Poverty and Agrarian Reform in Developing Countries 2001*. For example, the exceptional health status in Kerala, referred to above, is due to the fact that most of the extreme poverty has been eradicated in the state precisely by land reform (interview with Dr. Michael Tharakan in Centre for Development Studies, Thiruvananthapuram (Trivandrum) in March, 2002, *Drèze and Sen 2002* pg. 16)

¹⁰⁸ *Ferguson 1994(1990), Nustad 2000*

These elites, working as partners for outside “structural reformists”, tend to be morally corrupt: how else would they be willing to impose these hard “economic medicines” on their fellow citizens? This is one of the reasons why economic corruption among them is usually rampant. For example, in India one of the reasons for the rapid globalisation of the elites in 1990s is that they had already long been involved in the black economy, which had weakened their already shaky solidarity with ordinary Indians and their emotional attachment with the idea of India¹⁰⁹.

This corruption and abuse of public office are ever more increased by privatisation policies imposed on the poor countries by the IFIs as well as by Western European and North American governments. Privatisation creates confusion between public and private interests. It conflates political power and responsibilities with outside economic interests and with the interests of those within government ranks who use the opportunity to start their own business. Besides, the western partners in the globalisation business do not themselves behave like the paragons of good governance: at least the principal partner, the World Bank, is itself highly corrupted.¹¹⁰ So in addition to democracy, “good governance” draws away farther and farther.

Economic tyranny

On the other hand, decisions concerning most of the globalizing capital flows do not take place in the governmental circles that any how are paying lip service to democracy or good governance. They are made in the board rooms of transnational corporations that are ready to invest in the most corrupt countries – if fat profits are expected. Despite utter corruption, the western TNCs invest eagerly in mining and oil extraction in Africa where they routinely receive almost 30% profit returns per year.¹¹¹ The corporations themselves often engage in corruption by, for example, buying off politicians and bureaucrats and paying the local police¹¹². In fact “international concerns often have a strong preference for working in orderly and highly organized autocracies rather than in activist and less-regimented democracies”¹¹³.

¹⁰⁹ *Kumar 1999, Kumar 2002*, an interview with prof. Arun Kumar in Jawaharlal Nehru University, Delhi, in February 2002, see also *Nayan Kabra 2000*

¹¹⁰ *Monbiot 2000, Keet 2001, Palast 2001*

¹¹¹ *Keet 2001, Caplan 2002*

¹¹² See e.g. *Madeley 1999* pg. 158, *Mekay 2002*

¹¹³ George Soros cited approvingly by Amartya Sen (*Sen 2002*)

The poor people, who get jobs in the mines, oilfields and factories springing up due to globalisation, may be a little bit better-off regarding income poverty, but on the power dimension their poverty deepens. Even in the factories and offices of rich countries workplace democracy is very rare – it simply does not fit into the paradigm of capitalist production¹¹⁴. At the bottom of the global production pyramid workers lose all their autonomy¹¹⁵. Without trade unions and with non-functioning health, safety and labour legislation, the producers of our wealth live under the tyranny of bosses, clocks and machines. Their position is, in fact, often worse than slaves¹¹⁶. For example, in the export processing zones of El Salvador and Guatemala female workers report being beaten, sexually harassed and cursed at by supervisors. After a 12 hour working day, the bosses may decide that the impossible work norms have not been fulfilled. In half an hour the night shift starts that lasts until 3 a.m. Then these lucky beneficiaries of globalisation can sleep a few hours on the factory floor until the dawn of a new day of economic growth at 6.30. a.m.¹¹⁷

Undemocratic North

The idea of exporting electoral democracy from western industrial countries to help the poor founders also in the respect that ordinary people, especially the poor, have very little power in these countries. Formal democracy there means in practice only the opportunity for the people to choose every fourth year which elite faction wields state power over them – power that is stronger and more comprehensive than that of any former king or emperor. Because of the concentration and commercialisation of media, it often does not know what policies each party is pursuing and what were their policies earlier. Corporations and their front organizations are using propaganda to further their political aims much more effectively and on a much wider scale than the European fascist states did. Therefore, furthering the interests of big companies and the rich is easy for governing elites. Actually, in most rich countries the lot of poor and marginalised people has worsened during recent decades.¹¹⁸

¹¹⁴ On the anti-democratic nature of the dominant economic paradigm: *Lummis 1996, McMurtry 1998*

¹¹⁵ On the weakening of trade union rights because of prevailing globalisation see pg. 27 above and pg. 39 below.

¹¹⁶ Adam Smith and North-American slave owners defended slavery on the grounds that slave owners treat slaves better than employers treat workers because the former don't want to spoil their private property – see e.g. *McMurtry 1998* pg. 102, *Chomsky 1993*

¹¹⁷ *Millen and Holtz 2000*

¹¹⁸ Analyses on the history and the present of “really existing democracies” in e.g. *Bookchin 1996, Hirst 1994, Lummis 1996, Biehl 1998, Anelauskas 1999, Chomsky 1999b, Carey 1997(1995)*

Besides, one of the aims of those writing the constitutions of western democracies has been to make the poor majority politically weak. For example, one of the founding fathers of North American democracy, James Madison, wrote in 1787 that “our government ought to secure the permanent interests of the country against innovation”, establishing checks and balances so “as to protect the minority of the opulent against the majority”¹¹⁹.

As far as democracy, in the sense of people’s power, exists in the North, it is very dependent on the civil rights that make it possible to organize independent NGOs and citizens’ movements. But even this channel of influence is being curtailed in the wake of the terrorist scare – at least in “the leading western democracy”.

The pursuit to build even more undemocratic institutions on regional and global levels does not tell about the democratic inclinations of the governments of the North either. In these entities even the middle class of the rich countries has great difficulty in getting its voice heard, not to speak about having an influence. For example, the structures of the European Union, with its strong commission and weak parliament, make influencing very easy for TNC lobbies, like the European Roundtable of Industrialists, but extremely difficult for even knowledgeable and industrious citizens’ groups¹²⁰. The WTO, IMF and the World Bank are still more undemocratic¹²¹.

A democratic mind-set is neither mirrored by the way the surrogate state in Kosovo was organized by the western powers after their “humanitarian” military intervention in 1999. According to the report of the Ombudsperson in Kosovo, the state “is not structured according to democratic principles, does not function in accordance with the rule of law, and does not respect important international human rights norms. The people of Kosovo are therefore deprived of the protection of their basic rights and freedoms three years after the end of the conflict by the very entity set up to guarantee them.”¹²²

¹¹⁹ *Chomsky 1996* pg. 117

¹²⁰ See e.g. the web site of Corporate Europe Observatory, <http://www.xs4all.nl/~ceol/> and *Balanyá, Doherty, Hoedeman, et al. 2000*

¹²¹ See e.g. *Wallach and Sforza 1999, Teivainen 2000*

¹²² *Ombudsperson Institution in Kosovo 2002*

6. Insecurity and vulnerability

According to its critics – and as has been set forth above – prevailing globalisation aggravates poverty in several aspects. All these have a temporal and stochastic dimension, too. It is not only that the situation gets worse now, but the probability that it will get still worse in the future may also increase. At the same time, people's subjective expectations for the future may become gloomier. In the worsened situation, even many of those who can manage somehow have a higher probability of falling into extreme poverty.

Economic insecurity

When structural adjustment programmes diminish chances of getting food and income, people start to spend their savings, valuables and other assets. It means that during the next natural or man-made calamity, be it related to globalisation or not, they have nothing to fall back on.¹²³ The globalisation-related weakening of both traditional medicine and public health care may not have an immediate effect on a poor family¹²⁴. Yet it increases the probability that next time a family member is injured or falls ill, the family must either spend all their income and assets on treatment and even get additional income by humiliating and dangerous means, or lose the member as a worker and wage earner, if not totally.

Local communities can often give protection against risks: there is a network of mutual aid relations and when a family is met with calamity, a number of local inhabitants can pool their resources to provide relief. In more modernized circumstances a social security system can do the same thing. But the SAPs and other globalization phenomena sap both local communities¹²⁵ and welfare services.

When poor people produce for the global market or work for subcontractors or subsidiaries of TNCs, they are exposed to the whims and risks of global capitalism. A sharp fall in commodity prices may ruin millions of farmers, whereas a sharp rise in raw material prices may play havoc with millions of micro-entrepreneurs.¹²⁶ Even though a TNC can freely exploit the workers and nature of a poor country, there is no

¹²³ See e.g. *González de la Rocha and Grinspun 2001*

¹²⁴ See pg. 26 above.

¹²⁵ On weakening of local communities see next section.

¹²⁶ See e.g. *Ohga 2000, Report of the Expert Meeting on the Impact of Changing Supply-and-Demand Market Structures on Commodity Prices and Exports of Major Interest to Developing Countries 1999, Chossudovsky 1997*

guarantee that the company will stay there. When it finds a site where the level of wages and workers' rights, and the standard of working conditions are still lower, it can migrate leaving workers without any compensation but with impaired health and a poisoned environment.¹²⁷

An important part of economic globalisation has been an enormous increase in financial flows between countries. One of the reasons is that a demand in the structural adjustment programs has been so called capital account liberalization, which means the removal of various restrictions on financial flows to or from a country. Financial liberalization has also been promoted by the WTO agreement on financial services. The overwhelming majority of financial transactions in the world economy are short term speculative investments: it is capital seeking to exploit minuscule differences in interest rates, currency values and stock prices. These incessant inflows and outflows of money create great instability. One of the consequences is recurrent financial crisis in various parts of the world. In a globalised economy, they usually hit the poor the hardest.¹²⁸ For example, in Indonesia it is estimated that in 1993 26 million people were living in extreme poverty. After the Asian crises of 1997–99 the number had soared to 130 million¹²⁹.

All this causes a lot of insecurity and poor people are more vulnerable to various risks than earlier. As reported by a World Bank study, based on fieldwork in 23 countries in 1999 and bringing together the voices of over 20,000 poor people, the poor themselves “report a decrease in security over the last 10 years in every region”¹³⁰.

War and globalisation

A crucial additional factor increasing insecurity is war. The poor are disproportionately more vulnerable in armed conflicts: The rank and file, the most easily killed, come mostly from the lower classes. Poor people have smaller chances of escaping from war zones, and if they succeed they end up in the destitution of refugee camps.

Prevailing globalisation promotes war in many ways. In a study by the Peace Research Institute in Oslo a positive correlation was found between a history of vigorous IMF intervention and all forms of political and armed conflicts during the 1990s. According

¹²⁷ See e.g. *Korten 1995* pg. 229–, *Hughes 2000*, *Millen and Holtz 2000*, *Heerings and Zeldenrust 1995*, *Dierckxsens 2000(1998)* pg. 84–, *Greider 1998(1997)*, *McMurtry 1999* pg. 55

¹²⁸ See e.g. *Singh 2000*, *Bello, Malhotra, Bullard, et al. 2000*, *Korten 1995* pg. 185–

¹²⁹ *Scholte 2000*

¹³⁰ *Narayan, Chambers, Shah, et al. 2000*; see also *Narayan, Patel, Schaffi, et al. 2000*

to the study, a strong link existed between high external debt – which has been the result of prevailing globalisation in many countries – and civil war.¹³¹

The SAPs and other economic austerity programs imposed on poor countries cause widespread frustration and discontent and make it difficult for the elites to continue governing using old methods. In this situation both existing and aspiring rulers tend to bring into use the politics of ethnic projection: All economic and social ills are blamed on an ethnic group at home or abroad. The looting of this group is substituted for ordinary rewards given to the supporters of a political fraction. This form of political struggle of course means violence and war.¹³²

Another source of armed conflicts is the structural violence that constitutes the globalised economy. The extremely unjust production and distribution system leads naturally on all levels to demands for change. To yield to these demands would mean cuts in the profits of TNCs and would undermine the sense of a large part of investments in poor countries. Therefore police and military violence is needed to intimidate or quench the groups, movements or regimes seeking to redress injustices.

This starts at the factory and plantation levels. Police, paramilitary and army units are widely used to ward off workers' activism¹³³. For example, in the Indonesian Sung Hwa factory, which produced shoes for Nike in 1992, workers demanded the legal minimum wages for all workers and a free and fair election of union officers. When the management ignored the demands, a strike took place. It was crushed by army troops. All independent union activists were intimidated by the local police and military, and were fired¹³⁴.

Sometimes discontent with corporate-led globalisation results in a regional-wide rebellion – as in Chiapas, Mexico in 1993. The national army is sent to quench it and civil war ensues. Soon foreign military aid is available – usually from the USA. When a popular movement is successful and a “corporate-unfriendly” government rises to power, a covert or overt military intervention is normally attempted by a government – or by the “international community” – protecting the security and rights of “corporate persons”.¹³⁵ Since the Second World War the USA has intervened militarily in other

¹³¹ George 1999

¹³² See e.g. *Die Ethnisierung des Sozialen, Die Transformation der Jugoslawischen Gesellschaft im Medium des Krieges 1993*, Chossudovsky 1997, Perlman 1985; on ethnic projection as antisemitism see e.g. Kurz 1999

¹³³ See the reports of International Confederation of Free Trade Unions, for example, *Annual Survey on of Violations of Trade Union Rights 1997 1997*, *Annual Survey on of Violations of Trade Union Rights 2002 2002*

¹³⁴ Ballinger 2000

¹³⁵ See e.g. Fotopoulos 2002, Chomsky 2001b, German 2001, Plavsic 2001

countries over 60 times, and globalization has not slowed the pace¹³⁶. On the contrary, in the aftermath of 11 September 2001, it seems that we will have more military interventions to fight terrorists – who presumably are somehow always found where corporate and big power interests are in danger¹³⁷.

Secure globalisation?

But what do the protagonists of the prevailing globalisation say about security? In contrast to the other dimensions of poverty, there are hardly any assertions that globalisation is good for the security of the poor. Usually the most ardent globalisers are silent about this dimension of poverty. Even the World Bank in its poverty report states: “Living with such risks is part of life for poor people, and today’s changes in trade, technology and climate may well be increasing the riskiness of everyday life.”¹³⁸ The reasons for the lack of controversy are the insurmountable difficulties of measuring insecurity and vulnerability, and the consequent lack of suitable series of numbers to prove the desired correlation¹³⁹.

However, insecurity caused by war is a more controversial subject. For many protagonists, globalisation is the harbinger of peace. Yet several globalisers have made statements linking armed conflict and prevailing globalisation. For example, Paul Collier of the World Bank found that during 1965–99 “the risk of civil war has been systematically related to a few economic conditions, such as dependence upon primary commodity exports and low national income”¹⁴⁰. According to the critics, these are the conditions that the prevailing globalisation and the World Bank are either furthering or maintaining in practice. The influential New York Times columnist Thomas Friedman is an eager globaliser and describes himself as an “extreme integrationist”.

¹³⁶ Blum 2001(2000), Katsiavriades 2002

¹³⁷ On the background of the “war against terrorism” see e.g. Ahmed 2002, Prashad 2002, Chomsky 2001b

¹³⁸ *Attacking Poverty, World Development Report, 2000/2001* 2000 pg. 135; another World Bank publication, *Poverty in an Age of Globalization 2000*, states that “integration with financial markets can increase the propensity to crises.... Beyond these aggregate effects, globalization can increase insecurity of particular groups, especially workers, in a more footloose and fast changing world.” However, there is some controversy among economists even on this subject; see McCulloch, Winters and Cirera 2001

¹³⁹ On measuring difficulties see *Attacking Poverty, World Development Report, 2000/2001* 2000 pg. 20, Kamanou and Morduch 2001

¹⁴⁰ Collier 2000

Nevertheless, he writes that “(t)he hidden hand of the market will never work without a hidden fist – McDonald’s cannot flourish without McDonnell Douglas, the builder of the F-15. And the hidden fist that keeps the world safe for Silicon Valley’s technologies is called the United States Army, Air Force, Navy and Marine Corps.”¹⁴¹

Neither is the US Space Command, a branch of the Pentagon system established in 1985, an anti-globaliser. Yet in its “Vision for 2020” report it justifies the militarisation of space by stating that “(t)he globalization of the world economy will also continue, with a widening between ‘haves’ and ‘have-nots’.” Apparently this is why there is a need for space forces with laser weapons “dominating the space dimension of military operations to protect US national interests and investment”. “Global Engagement combines global surveillance with the potential for a space-based global precision strike capability.”¹⁴²

Anyhow many believe that prevailing globalisation is good even in this respect. For example, according to Barbara Grogan, former chair of the Denver-Kansas City Branch of Federal Reserve, capitalism can bring about world peace through globalisation¹⁴³. According to Hisato Kobayashi, the president of Hosei University Research Institute, “the concept of ‘globalization’ will bring about eternal worldwide peace”¹⁴⁴. In a speech held in New Zealand in 1996, then director general of WTO Renato Ruggiero said that countries had a stark choice – globalisation or war¹⁴⁵. Erik Gartzke and Quan Li come conclude that economic globalisation “can reduce the incidence of international conflict”¹⁴⁶.

It seems that those who think like this have too narrow a view of armed conflicts. Prevailing globalisation may indeed reduce the risk of certain types of war between countries – the type of interstate conflicts that have been common in the modern history of Europe¹⁴⁷. However, globalisation may increase the incidence of civil wars and “imperial disciplinary wars” common in the modern history of the other continents¹⁴⁸. Why these wars are out of mind for many globalisation observers may arise from the developmental ideology which is firmly anchored in post-World War II

¹⁴¹ *Friedman 1999*

¹⁴² *United States Space Command 1996*, see also *Grossman 2002*, *Grossman 2001*, *Chomsky 2001a*, *Chomsky 2001b*

¹⁴³ *Satin 1999*

¹⁴⁴ *Kobayashi 2002*

¹⁴⁵ *German 2001*, *GATT Watchdog 1999*

¹⁴⁶ *Gartzke and Li forthcoming 2003*

¹⁴⁷ See e.g. *Kaldor 2000*

¹⁴⁸ See e.g. *Scholte 2000* pg. 142, *Hoogvelt 2001* pg. 159, *Frederici 2001*

thinking. The poverty and misery in the South are explained by it being at an earlier stage of development than the North¹⁴⁹. This paradigm is easily applied to war. Wars in the South are caused by ethnic hatred and other internal factors related to underdevelopment, and they have nothing to do with the policies of the North. Therefore, when we consider the consequences of globalisation, which is the business of the North, we can forget the wars in the South.

Francis Fukuyama, a former member of the Policy Planning Staff of the US Department of State, has taken the developmental thinking to the extreme. This popular philosopher and political scientist argues that North America and Europe are already beyond history because they have reached the endpoint: liberal democracy. They are also outside the war logic, because in and between these countries there is no more ideological controversy. The impulses for warfare come mainly from the poor countries that are still struggling as prisoners of history.¹⁵⁰

7. Socio-cultural poverty

When discussing the effects of globalisation on poverty, the socio-cultural dimension is seldom mentioned. Even less than in the case of security there are advocates of prevailing globalisation who would try to show how it alleviates this type of poverty. As a general concept, socio-cultural poverty is usually forgotten altogether. However, this dimension is touched upon when discussing education.

Education statistics

For example, one of Johan Norberg's arguments for globalisation is that from 1960 to 1995 "the proportion of children allowed to attend school rose by 80 per cent", and the proportion of illiterate adults decreased "from 70 per cent of population of developing countries in the 1950s to between 25 and 30 per cent today"¹⁵¹. UNDP

¹⁴⁹ On criticism and the history of the development paradigm see *Rist 1997(1996), The Development Dictionary 1992, Kamat 2002*

¹⁵⁰ *Fukuyama 1989*

¹⁵¹ *Norberg 2001*

uses the adult illiteracy rate as one of its poverty indicators and reports that it declined in developing countries from 31% in 1990 to 27% in 1997¹⁵².

Yet when one compares, as in the cases of economic growth and health, the change rates of the twenty years of globalisation (1980–2000) with the previous twenty years (1960–1980), the picture does not look so good as many globalisers would have it. The improvement of education in 1980–90 in the countries on a given level in 1980 was generally slower than the improvement in 1960–80 in the countries on the same level in 1960. In three out of five country groups the illiteracy rate diminished more sluggishly in the globalisation period than earlier. In this period the primary school enrolment rate, too, grew more slowly in all the country groups except the middle group, in which the rate of improvement was unchanged.¹⁵³

The reliability and validity of education statistics may also be questionable¹⁵⁴. For example, in India many schools are of dismal quality and average pupil achievements are extremely low. Some schools exist only in name. Literacy often only means to be able to write one's own signature.¹⁵⁵

The big picture

Anyway poor education is only one aspect of socio-cultural poverty. What is the bigger picture? Even if literacy and school enrolment rates were increasing because of globalisation, as Norberg maintains, it would not necessary mean that socio-cultural poverty as a whole is diminishing. As mentioned in section 3 above, the OECD defines socio-cultural poverty as an inability “to participate as a valued member of a community”. Accordingly, the question is the relationship between a person and a community – or between a group and a larger community.

The situation is complicated by the fact that each person belongs to several communities that lie wholly, or partially, within each other. Roughly speaking, in more “traditional” and “Southern” settings a person belongs to her or his family, local community, its sub-communities defined by gender, neighbourhood, occupation and socio-economic position, to an ethnic and linguistic group, a religion and to humanity. Similarly, in a more “modern” and “Northern” setting a person belongs to a workplace, school or institution community, to several leisure communities, one of them being

¹⁵² *Overcoming Human Poverty, Poverty Report 2000 2000*

¹⁵³ *Weisbrot, Baker, Kraev, et al. 2001a*

¹⁵⁴ See e.g. *Wagner 1998*

¹⁵⁵ See *Sainath 1996, Drèze and Sen 2002*

possibly a family, to an urban conglomerate and a nation with their sub-communities defined by gender, ethnicity, occupation and socio-economic position, to a consumer group, a social class and to the global community.

Some of these communities are real in the sense that the members meet or communicate with each other regularly. Many others are imagined communities in the sense that the members only share a common identity without ever meeting or communicating with most of the other members¹⁵⁶. How is prevailing globalisation changing this system of communities as regards socio-cultural poverty?

Largely, globalisation weakens local and socio-economic real communities, and strengthens some of the larger imagined communities. A part of that is a continuation of earlier development processes with neo-liberal ingredients. Another part is something that is new in present globalisation.

Commercial logging, mining, oil extraction, dam construction, road building, factory fishing, large scale plantations, tourism industry and many other types of “development projects” carried out by national or global organizations hollow out the resource base of local communities¹⁵⁷. The destruction of resources is even more extensive for the sub-communities of the poor because they are based on the commons or common property regimes¹⁵⁸ that get bulldozed first.

Sometimes paid labour may help poor families, but when men lose their jobs because of SAPs or other globalisation phenomena, women and even children have to seek any available employment. This again weakens families and poor communities in general.¹⁵⁹

Local communities and poor sub-communities are integrated into the national and global economy. The prices of the products of craftsmen and small farmers drop to the world market level, which is often low simply because of the subsidies in rich countries. At the same time, the prices of raw material and farm inputs may rise because in other countries there are richer and better paying customers. This makes it impossible

¹⁵⁶ On imagined communities see *Anderson 1991[1983]*

¹⁵⁷ See e.g. *Nash 1994, Madeley 1999, Kumar Singh forthcoming 2002*. Those poor communities whose resource-base has not yet been taken away and where people get enough food and shelter and where there are rich socio-cultural resources, may in fact be at least as good places to live as cities in rich countries. To condemn them to disappear because other materially poor people are suffering is justified only from an extremely narrow perspective, which accepts only consumer society with some ethnic variation. If one has at least a small amount of ecological awareness, this kind of cultural chauvinism becomes impossible because many of these frugal communities are much more ecologically sustainable than global consumer culture. (See e.g. *Norberg-Hodge 1991, Nandy 2000, Gadgil 2001, Sachs 1990*)

¹⁵⁸ On the commons or common property regimes see the next section.

¹⁵⁹ See pg. 13 above.

for the small producers to continue.¹⁶⁰ How this leads to a fall into socio-cultural misery is reflected in the recent wave of suicides among Indian farmers¹⁶¹.

A large proportion of men and young women migrate to the cities, other regions or foreign countries in search of work. National and global mass culture spreads and teaches commercially exploitable values, weakening local cultures.

The experience of this weakening of local communities was found in the large fieldwork study mentioned above. The poor who participated in the study felt in general that social cohesion had declined in the past decade. They associated “this trend with rising economic hardship”.¹⁶²

What are the repercussions of all this decay of local and poor communities? When a poor sub-community is not functioning properly, it cannot give much psychological and spiritual support to its members¹⁶³. On the other hand, to the extent that it can, it may no longer be so important because people are seeking appreciation already from other communities. A larger local community might come to rescue, but the same is happening with it. Especially for the poor it is difficult “to participate as a valued member” of a local community: in the altered situation the contributions of the poor are smaller and they are rated lower.

For most of the rich and for many middle-income people the weakening of local communities is not a big problem. To a greater extent than before, they are finding their identity in the imagined communities of the nation and the globe. By working as professionals or by purchasing status goods, they can feel themselves to be valued members of the nation or the global community.

For the poor the situation is completely different. In national or global imagined communities they are not valued at all – on the contrary, they are often hated as lazy

¹⁶⁰ Interview with poor farmers in Karnataka, India, in February 2002; see also pg. 37 and the references mentioned in the footnote 126 above.

¹⁶¹ See e.g. *Nayan Kabra 2000, Mehta 2001, Neeraj Jain 2001* pg. 137, the interview mentioned in the previous footnote.

¹⁶² *Nanayan, Chambers, Shah, et al. 2000* pg. 133, 46. In the same study poor people sometimes also report that the hardship “drives people and their communities closer together in their struggle for survival”. However, this is already part of the opposition to prevailing globalisation. In social and political thinking, one must distinguish between the effects of a social phenomenon – like globalisation – and people’s active resistance to it. For resistance to come about, social actors have to see a negative trend and make a conscious effort to do something for it. If they believed that resistance comes automatically as the effects of the phenomenon, they would not be bothered to make the effort and there would be no resistance. In fact, often there is no resistance even though the outsiders expect it.

¹⁶³ On the importance of their own distinctive community and culture for the poor and how they are deteriorating and disappearing see *Nandy 2000*.

unemployed, as dirty beggars, as spoiling vagrants, as irresponsible diseased, or as nature-destroying surplus population¹⁶⁴.

Globalisation exposes the poor increasingly to the commercial manufacture of meanings. Advertisements and entertainment endow commodities with connotations of status, success and esteem. A poor person cannot buy most of these products and does not get even an ephemeral feeling of being a valued member of a consumer group.¹⁶⁵ And the more often she or he buys at least some of these to alleviate a little bit of socio-cultural poverty, the deeper she or he is in material destitution.

The aggravation of socio-cultural poverty is not a minor thing for those who are poor on other dimensions. According to a World Bank study based on the participation of 40,000 poor people from 50 countries, “maintaining social solidarity has extremely high value to the poor”¹⁶⁶. Social stigma and humiliation are an essential part of the sufferings of the poor¹⁶⁷.

Radical monopolies

Yet the deep frustration of the poor in the globalizing world does not end here. Modernization and development processes have created so called radical monopolies in many fields in society. Normal monopoly means that a brand monopolises the markets of a certain product; for example, Coca Cola dominates the markets of soft drinks in some countries. Radical monopoly means that a type of product or institution “exercises exclusive control over the satisfaction of a pressing need”¹⁶⁸. An example of this is the car as a means of transportation in many North American cities. During the decades of development after the Second World War, products and institutions of European origin have acquired radical monopolies over wider and wider geographical areas. This radical monopolization has been deepened by global mass media that

¹⁶⁴ On the history of hating the poor see *Beder 2000*

¹⁶⁵ See e.g. *Sklair 2002, Barnett and Cavanagh 2001*. According to Amartya Sen “in a generally opulent country more income is needed to buy enough commodities to achieve the *same social functioning*.” (*Sen 2001(1999)* pg. 89) When this proposition is applied to globalisation, it yields: the more economically and culturally globalised the world is, the smaller the difference between the income needed in a poor country and the income needed in a rich country to buy enough commodities to achieve the *same social functioning*.

¹⁶⁶ *Narayan, Patel, Schafft, et al. 2000* pg. 44

¹⁶⁷ *Narayan, Chambers, Shah, et al. 2000, Narayan, Patel, Schafft, et al. 2000*

¹⁶⁸ *Illich 1985(1973)*. The term “radical monopoly” has been coined by Ivan Illich.

universalises the idea that commercially produced things and services are the sole means of need satisfaction¹⁶⁹.

The crux of the matter is that the modern radical monopolies can never satisfy the needs of all the people, and therefore they create new forms of poverty. That has always been the case, especially in poor countries, but globalisation with its privatisation onslaught on state services makes the situation even worse. An example is the radical monopoly of health care exercised by western type medical institutions, which is one of the reasons for poor health suffered by the multitudes of marginalized people¹⁷⁰.

Another important case is the radical monopoly that the school system has over learning. The school enrolment statistics referred to above must be interpreted against this background. Naturally children need to learn many things, but because of the wider and wider grip of the monopoly, they increasingly go to school. Because the schools to which the poor kids have access function badly, the majority of them learn very few useful skills, but what they are bound to learn is their attested inferiority: they are not going to be able “to participate as a valued member of a community”.¹⁷¹

When local culture and community is devaluated and one has no chances in the official versions of national and global imagined community, one may start to look for appreciation from elsewhere. Socio-culturally impoverished young men in particular are easy prey for power-seeking leaders who need followers. The ringleaders create a new imagined community by using and abusing common religious or political language. The fundamentalist or extremist sects, created by this method, give at least a temporal chance to participate as a valued member. In these violent groups, some of the poor can also occasionally alleviate their material deprivation by looting and warfare.¹⁷²

¹⁶⁹ See e.g. *Sklair 2002, Bandhu 2001, Herman and McChesney 1998*

¹⁷⁰ *Illich 1985(1973)*, see also pg. 25–26 above and references there about weakening of both western and traditional health care systems.

¹⁷¹ See *Illich 1971, Illich 1985(1973)*,

¹⁷² See pg. 39 above. On globalisation as a background to religious revivalism see *Scholte 2000* pg. 187–9, *Amin 1997, Pasha and Samatar 1997*

8. Poverty, richness and common wealth¹⁷³

Most efforts that explicitly profess to alleviate or eradicate poverty focus on raising the income of the poor. In light of the above discussion, this is problematic in several respects. First, when the rise in income is an integral part of the large structural change linked to economic growth, modernization and globalisation, the amount of money that is necessary for living increases¹⁷⁴. Even in a case when the poor get clearly more money, it is often more difficult for them to keep hunger at bay.

Second, it is essential to consider what happens at the same time to other dimensions of poverty. The rise in income may come from jobs on plantations or in export processing or free trade zones under inhuman and highly dangerous conditions. This means that poverty is exacerbated on the health and power dimensions¹⁷⁵. Because of this economic upheaval, the livelihood of the poor woman or man is more dependent on the whims of the local boss, the corporation and the global economic system; accordingly poverty increases also on the security dimension¹⁷⁶.

The individualistic spirit of the global consumer culture, structural changes that diminish the importance of local knowledge and local means of livelihood, and working far away from home mean also the disintegration of concrete communities and their spirit. The loss is often compensated by the imagined communities of mega cities, nation states and global culture. In these quasi-communities the poor are necessarily socially and culturally even more marginalized than in villages or in settled city neighbourhoods.¹⁷⁷

The kingly rich

Thus, working within prevailing globalisation, the attempts to alleviate poverty by raising incomes can in fact increase poverty in all its dimensions. For most readers this conclusion may appear to be surprising and implausible. Possibly this is due to the fact that most analyses of poverty and the poor do not include any examination of wealth

¹⁷³ In this section I try to synthesize the view on poverty and globalisation that has unfolded for me during my present and earlier research. Therefore, it has a slightly different style of presentation and argumentation from that of the foregoing sections.

¹⁷⁴ See pg. 22 above.

¹⁷⁵ See sections 4 and 5 above.

¹⁷⁶ See section 6 above.

¹⁷⁷ See the previous section.

and the rich. It may be that our prevailing concept of wealth is such that it conceptualises poverty in the wrong way and makes it difficult for us to find tangible paths out of misery.

The etymology of the European words for *rich* and *poor* may put us on the right track in understanding wealth and the rich. Traditionally in Europe the poor were opposed to the powerful rather than the rich¹⁷⁸. On the other hand, English *rich*, French *riche*, German *reich*, Swedish *rik*, Finnish *rikas*, and Russian *áîãàòúÉ* all refer to a power concept in their original meaning or in a present parallel meaning, the Russian word even to godlikeness. The English *rich* and equivalent terms in many other European languages come from the Latin word *rex*, “king”. Originally to be rich meant that one had the kind of power the kings have – power over people or domination. This is not the power that everyone can have; one has it only when other people do not have it.¹⁷⁹

Such etymology suggests that earlier power came prior to riches; power holders were able to command other people who produced material wealth for those in command. Nowadays the state of affairs seems to be the other way round; riches bring about the ability to use other people’s labour. However, on closer analysis power comes first even in modern societies. Power is only more structural and therefore more invisible than earlier: The situation where money makes the poor to sweat blood for the benefit of the rich is historically and structurally due to the fact that they have no other possibilities to make a living. Thus, in essence richness is still a power concept, and there are rich people only if there are poor people. At first this proposition may sound strange, but when we look closely at history and the present reality in poor countries the idea may seem more plausible.

Enclosure of the commons

The commons or common property regimes, controlled by local communities, have given sustenance to the poor. The poor have lost their independent livelihood in a power struggle where the commons have been privatised or destroyed. In this process, small holders have been driven into a corner so that they have sold their land, and the communal and cultural structures and technological practices supporting autonomous means of livelihood have been destroyed.¹⁸⁰

¹⁷⁸ *Rahnema 1992*

¹⁷⁹ See *Lummis 1996* pg. 70

¹⁸⁰ See e.g. *Ibid, Fuchs 2000, McMurtry 1998, Common Property Resources, Ecology and Community-Based Sustainable Development 1989, The Commons, Where the Community Has Authority 1992*

This process started already during feudalism and other pre-capitalistic regimes. For example, in France feudal lords destroyed peasants' windmills and banned the use of hand mills because it was easier to control and tax people by forcing them to use the water mills that belonged to the lords¹⁸¹. Already in 1235 the first legal act to enforce enclosure of the common lands, the Statute of Merton, was passed in Britain¹⁸².

However, it was during the rise of capitalism that the seizure of the commons became a prevailing historical process. In Britain between the 15th and the 19th centuries, most of the commons were privatised and most peasants lost their livelihood. By 1876 0.6% of the population owned 98.5% of the agricultural land in England and Wales¹⁸³.

Some of the former peasants could get their living as craftsmen and women. The skills and vernacular knowledge needed in their crafts were a kind of commons regime: their learning and acquisition were open to children of poor families and were regulated by the local communities. Independent craftsmen and craft people's communities could also decide about sharing their time between the production of their special product for market and the production of food, utensils and services for their own use. Therefore, they could usually ward off destitution.¹⁸⁴

Yet this commons regime was enclosed in the following stages of capitalistic upheaval. The factory system and the new type of machine technology radically downgraded vernacular skills and knowledge as a basis of livelihood. First, factories and machines made a great number of craftsmen redundant inside leading industrializing countries, and especially outside them in countries to where they were exporting. Famines and untold misery ensued.¹⁸⁵

Secondly, those men, women and children skilled in crafts who were integrated into the factory system could no longer decide about their time-budget and could use only a narrow spectrum of their skills and knowledge. In fact, the appropriation of the time of the craftsmen was the secret behind the apparent efficiency of the first factories – not the machines¹⁸⁶.

¹⁸¹ Bloch 1967

¹⁸² *Development as Enclosure* 1992

¹⁸³ Ibid.

¹⁸⁴ See e.g. Marglin 1976

¹⁸⁵ See e.g. Kurz 1999, Fuchs 2000, Lohoff 1998

¹⁸⁶ Marglin 1976

Political technology

However, the skills, which were still needed and which could be acquired only slowly, retained a modicum of autonomy for the craftsmen: they could not be treated as disposable riffraff. Politically orientated technological development soon foiled this small island of freedom. Once and again, those machines and technologies were chosen which needed as little skill as possible, even though this course of technical change often impaired the quality of the products.¹⁸⁷

For instance, the famous Spinning Jenny, invented by James Hargreaves, a weaver, never became popular, since it could only function under the supervision of a skilled weaver. Yet at the same time, a spinning machine that used an entirely different principle and was developed by the money-grabbing barber Richard Arkwright spread fast: it made human skills unnecessary¹⁸⁸.

A more recent example is the automation of the USA machine tool industry in the 1950s and 1960s. There were two methods available, different in principle. In one, a skilled worker programmed a machine while making the first piece of a series manually; in the other, the machine had some standard series of movements in its memory (coded on punch tape or some other form) which were applied continuously. Industry management selected the latter, so-called numeric control, because even “monkeys” could use machine tools equipped with this. At the beginning though, automation did not succeed according to plan, and there was a slump in product quality. The line was not altered, however, since it was most important to diminish workers’ skills-based power in the workplace.¹⁸⁹

Automation based on numeric control was an impetus for developing digital computers and their programs. Starting from the 1960s computer programming became a skill which a large number of people in industrial countries learnt to some extent. These latter-day craftsmen could put computers to work in thousands of different tasks in their profession, in a field of personal interest or in a community. However, because the computers became more efficient and the tasks more complicated, one could not develop a program from scratch but had to build on existing ones and develop them to the task in question. For this to succeed there should not be technical or legal barriers to use existing programs. In other words, there should be the commons of computer software. At first this was more or less the case, but starting from the 1970s the software commons began to be closed. Microsoft and other companies

¹⁸⁷ See e.g. *Ulrich 1980* pg. 24–28, *Dickson 1974*

¹⁸⁸ *Kuby 1980*

¹⁸⁹ *Noble 1984*

began to develop proprietary software with technical, legal and financial barriers for re-programming and further development. Besides worsening the quality and the applicability for computer programs to various tasks, this has increased greatly the costs of computer use and concentrated the money flows of the computer business – to the detriment of poor countries.¹⁹⁰

Against mutual aid

After the commons based on vernacular skills and knowledge were “enclosed” and replaced by the expert knowledge system and the patent regime, workers had still one commons regime to draw upon. This was the “social commons”: their own community and its informal and formal organizations, the sphere where they could organize mutual aid and develop strategies and gather strength against domination by business elite and pro-capitalistic state apparatus. This commons regime, too, has been debilitated seriously by developing political technologies. Such machines and communications systems have been designed and applied that facilitated the control of workers in factories and weakened their communities at leisure.

For instance, the number of tasks that required any skill at all could be reduced by increasing the size of the machine. This made it possible to decrease the proportion of adult labour and increase that of children who were easy to handle. One of the central defenders of industrialisation, Andrew Ure, wrote in 1835: “Through doubling the size of the spinning machine the owner can get rid of reluctant and listless spinners and thus regain the mastery of his factory, which is not an insignificant benefit.”¹⁹¹

Despite difficulties at work places, workers’ movements became stronger based on communities in tightly packed workers’ quarters. It was probably the National Socialists of Germany, the most rational builders of modern industrial infrastructure, who came up with the idea of a final solution to this question: workers’ quarters were to be demolished. However, since workers were still needed and they had to live somewhere, the demolition had to be subtler than with the Jews. Volkswagen, the people’s car played a crucial element in the Nazi plans. Hitler met the French car industrialist Renault in 1935. He explained why the Nazis backed the people’s car so strongly. After the armament boom, the workers’ movement threatened to be a menace again. Therefore workers’ living pattern had to be changed. The “cheapened vehicle” was supposed to help to “diffuse the industrial labour force by transferring them from the

¹⁹⁰ See e.g. *Bollier 2002, Himanen 2001*; see also the page 29 above.

¹⁹¹ *Dickson 1974*

factory location to the country”. In 1938, Hitler laid the foundation stone for the Volkswagen factory near Braunschweig. The war postponed the start of the production and mass motorisation, which has atomized the working population, was left to the successors of the Nazis.¹⁹²

Yet even geographically isolated people can form social movements if the space of remote communication is a commons regime. Accordingly, from the first printing presses to the Internet there have been attempts by the power-holders to control or monopolize the means of remote communication¹⁹³. Since the beginning of 20th century enclosing the communication space became ever more urgent when masses of people started to be enfranchised. But the “risk was taken out of democracy” by scientific propaganda which was administered to the heads of the ignorant mass by monopolized and commercialised newspapers, radio stations and television networks¹⁹⁴.

Enclosure in the South

The foregoing narrative delineates the historical stages of enclosure in western industrialized countries. However, the stages are not only consecutive but also run in parallel. The enclosure of the commons in its original sense is a regular phenomenon in poor countries. Granting logging concessions to public forests, constructing large dams and other infrastructures, and privatisation of public lands are destroying or enclosing commons which have given livelihoods for millions of poor. People who have managed to get a tolerable – and in many cases also meaningful or enjoyable – livelihood fall into destitution.¹⁹⁵ Many of them become “internally displaced persons” or environmental refugees whose number is increasing by 5000 a day totalling now 25 million – more than the number of traditional political refugees¹⁹⁶.

However, “the enclosure movement” in the global south has also a new aspect. Because of the aforementioned TRIPs agreement, the TNCs can now patent seed varieties and other genetic materials, as well as traditional ways of using wild and

¹⁹² Roth 1987, Krüger-Charlé 1989

¹⁹³ On the reaction to the printing press in the late 15th century see Illich and Sanders 1988; on the Internet see e.g. Bollier 2002

¹⁹⁴ Carey 1997(1995)

¹⁹⁵ See e.g. Nandy 2000, *Development as Enclosure* 1992, Shiva 1988, Visvanathan 1988, Caffentzis 1995, Narayan, Patel, Schaff, et al. 2000 pg. 214, PRAXIS 2001 pg. 59–; especially on encroaching the forest commons see Carrere and Lohmann 1996, Guha 1993; see also the page 22 above on the loss of the commons as a reason for an increase of poverty rates in India.

¹⁹⁶ Townsend 2002

cultivated plants. Thus they are enclosing knowledge and information commons which have been developed by billions of years of natural evolution and by thousands of generations of gatherers, fishermen, hunters, gardeners and farmers. For example, the Indian poor should now in principle pay royalties to Monsanto and other US companies for the use of the neem tree – which has been freely utilized for hundreds of years for hygienic and medical purposes and as a natural insecticide.¹⁹⁷

Thus, the power structures that make it possible for the rich to use the labour of the poor have been created by destroying or weakening the commons everywhere and at all levels. The commons of nature – such as forests and pastures – are being enclosed so that the poor cannot live in subsistence economy. The knowledge commons are being enclosed so that the poor cannot get their livelihood as independent craftsmen and women. The social commons are being enclosed so that the poor cannot wage effective collective resistance.

Where these developments are far advanced, the poor are left with only three alternatives: to be a wage earner, to be a subordinated subsistence producer or to starve¹⁹⁸. Often the two former alternatives have not been much better than the third. Paid labour has caused so much humiliation, suffering, sicknesses and premature death. In fact, the classical view has been that the wage worker is no better than a slave¹⁹⁹. Besides in many cases choosing to be a wage earner means also choosing to starve: wages are too low, jobs are only temporary or there is not enough paid labour for all. With subordinated subsistence producers the situation is as bad. They produce on a micro scale agricultural products, handicrafts, services and, first of all, living humans and labour for the capitalistic, richness-accumulating economy. For these essential tasks these producers, most of them women, are paid very little or nothing at all.²⁰⁰

Prevailing globalisation represents a new, accentuated phase in this process based on the logic of wealth that creates poverty. By the mid- 20th century people's movements and popular struggles in poor and rich countries achieved many victories which were contained by Keynesianism with subsidies to industry and the welfare state in the rich countries and development with counter-insurgency in the poor. This meant, however, also partly institutionalising the victories in state legislation, international law and local customs. In some cases these regulations meant protection for the remaining commons, but in most cases they set limits to the exploitation of workers and made the life of the poor more tolerable by subsidizing basic foodstuffs or allowing

¹⁹⁷ *Shiva, Jafri, Bedi, et al. 1997, McNally and Wheale 1996, Tammilehto 1999*

¹⁹⁸ See e.g. *Bennholdt-Thomsen and Mies 1999, Fuchs 2000*

¹⁹⁹ See e.g. *Arendt 1958*

²⁰⁰ On subordinated subsistence production see *Bennholdt-Thomsen and Mies 1999*

unemployment and other social benefits. Yet, a new wave of social struggles starting in the 1960s made Keynesianism increasingly costly for those in power. Wages and benefits increased, peasants blocked the plundering of their land, ecological movements fought for the natural commons. All this implied impediments for the power that accumulated riches. In many countries the poor could no longer be made to labour for the rich under whatever conditions and for whatever wage.²⁰¹

Going global was a natural countermove for those seeking to create capitalistic wealth perfectly unconcerned. On the one hand, the capitalistic economy was increasingly international; on the other hand, popular movements and the existing rudiments of democratic control were mostly on national or sub-national levels. With the debt weapon and various pretexts, the economic regulation and a large part of political decision making were moved to the international level, to institutions beyond reach of many heads of state, let alone of ordinary citizens. Instead, major TNCs have a smooth access to these institutions – in some cases directly but always through the fact that those who control them share the interests of TNCs.²⁰²

Collateral damage

It is possible that for someone who is very well integrated into modern society, the enclosure and destructions of the commons, furthered by globalisation, do not seem to be a great loss: the marvels of modern technology and a chance to get rich may appear to pre-empt these drawbacks. Yet, even if one does not care too much about the poor, the “collateral damage” brought about by the loss of the commons may be another matter.

The enclosure of the commons of nature most often causes serious environmental damage. Because of the short planning period and the narrow view of costs and benefits, the destruction of a forest or other ecosystem seems fully rational for a company. Even if some organisms grow in great quantities after the takeover, the losses may be enormous because of the loss of biodiversity.²⁰³ Where rich nature physically still exists it loses

²⁰¹ See e.g. *Cleaver 1997, Petras and Veltmeyer 2001, Reifer 2001*

²⁰² See e.g. *Petras and Veltmeyer 2001, Scholte 2000* pg. 97–98, *Hoogvelt 2001* pg. 148–, *Sklair 2002* pg. 84,

²⁰³ See e.g. *The Encompassing Web, the Ramifications of Enclosure 1992, Bollier 2002, Gadgil 2001*. On this point there has been a lot of misunderstanding which is largely due to Garret Hardin’s famous essay “The Tragedy of the Commons” (*Hardin 1980[1968]*) where he mixed up the commons regime with the open access regime. Therefore Hardin maintained that having ecosystems as a commons regime leads to ecological destruction. In practice this does not happen because the commons are always connected to a community which has its norms and procedures to prevent misuse. The commons are neither private nor public. (See e.g. *The Commons, Where the Community Has Authority 1992, Bollier 2002*)

much of its significance when people are made to forget their ability to enjoy things that cost nothing. Humanity forfeits irreplaceable richness for some people to get rich. And when ecological damage and biodiversity losses occur on the global scale, the result is the ecological crisis that endangers the future existence of mankind²⁰⁴.

The enclosure of the social commons lowers decisively the quality of life. The opportunities and abilities to enjoy each other's company and pleasant informal gatherings are diminished. They are replaced by workplace isolation or competition, and by consumption – or mere dreams – of things that commercial propaganda has laden with social connotations. And to be a consumer means to be never satisfied: the meanings and connotations of the thing you just bought are in a short while moved by advertisements to a new thing which is still waiting on the shelf or only taking shape in the production chain.²⁰⁵ Charles Kettering of General Motors stated already in 1920s: “The key to economic prosperity is organized creation of dissatisfaction.”²⁰⁶

The enclosure of the knowledge commons leads to ignorance. When modern technologies and expert knowledge have conquered the world, they have often been substituted for something else than inefficiency, ignorance and superstition. They have displaced gatherers', hunters', fishermen's, farmers', herders', craftsmen's, villagers', sages', grandmothers' and grandfathers' local knowledge. As the knowhow that helps to live with local plant and animal species in ecologically sensible way is lost in thousands of unique geographical locations all over the world, ignorance may be growing faster than the economy.²⁰⁷ This loss is accompanied by a steep drop on a certain dimension of the quality of life of the majority. This is the enjoyment one acquires at autonomous and meaningful work in a social and ecological context where one feels to be at home²⁰⁸. It is something that Ivan Illich calls *conviviality*²⁰⁹.

²⁰⁴ On connection of the global ecological crisis to the present economic and political system see e.g. Kovel 2002, Bookchin 1982, Kvaløy 1990, Bradford 1989, Sarkar 2001

²⁰⁵ See e.g. Leiss 1978[1976], McCracken 1988

²⁰⁶ Rifkin 1994

²⁰⁷ See e.g. Banuri and Marglin 1993, Hobart 1993, Lohmann 1993, Shiva 1988, Hawthorne 2001

²⁰⁸ According to Norwegian philosopher Sigmund Kvaløy, meaningful work “is an activity necessary for the person's material existence, giving it a direction and practical seriousness not shared by any other human activity. Its products (material objects, services and various thought structures) are such that they do not cause damage to the continuance of life's organisational complexity (either in the ecosystem or in human culture) without time limits. It poses such challenges that potential talents and capabilities in the individual and her/his group are brought to bloom. It demands of its partakers the building of solidarity and loyalty, as well as practical techniques of co-operation. In general, it engages children, not as play only, but in ways needed by society.” (Kvaløy 1992)

²⁰⁹ Illich 1985(1973)

All these enclosures and the additional power structures, needed for the riches to exist, demand violence as the last recourse²¹⁰. And for the threat of violence to be credible, occasional exercises of violence are mandatory – regardless of whether there exists a group or a person who has committed the terrible crime of defying the status quo²¹¹. Thus, constant insecurity is an additional burden that both the rich and the poor must bear for the rich to be rich.

Common wealth in a commonwealth

Because of all this, we have a world that is on several essential dimensions in a bad shape. In this world to be poor means severe suffering. Many of the poor try to get a bit of the riches, and some of them succeed – to the detriment of the rest of the poor. But fortunately the enclosure is far from being a finalized project. There is still a lot of wealth in other forms than riches. The commons and other types of such wealth can be called “common wealth”. Unlike the word *rich*, this term has not a connotation referring to the power the king has. On the contrary, *commonwealth* is an old translation of the Latin word *res publica* and Oxford English Dictionary renders “a democratic republic” as one of its meanings.²¹²

Common wealth is still huge and it is continually created and re-created by individuals and groups and by natural processes. Besides community-linked commons regimes, it includes open access regimes or what economists call public goods. A part of non-natural common wealth is produced by states, local authorities and other official bodies. However, even in industrial countries and under really-existing-socialism, a great part of it is created in the informal or autonomous sphere of society: in homes, in informal exchange, in unpaid artistic, political and scientific endeavours, in community associations and in social movements²¹³. Because the logic of informal economy is to strengthen communities, even the creation of private wealth in the informal sphere creates at the same time common wealth²¹⁴.

Concrete manifestations of material common wealth are, for instance, the air that we breathe, the sun that warms us, the winds that cool us, the ability of most women

²¹⁰ See e.g. *McMurtry 1999* pg. 235, *Frederici 2001*, *Ballinger 2000*, *Fotopoulos 2002*; see also pg. 38–above.

²¹¹ See *Chomsky 1999a*

²¹² See *Lummis 1996*

²¹³ On informal economy see e.g. *de Romaña 1989a*, *de Romaña 1989b*, *Tripp 2001*

²¹⁴ See e.g. *Tripp 2001*, *de Romaña 1989a*, *Bennholdt-Thomsen and Mies 1999*

to give birth, wild animals and plants, rivers and most lakes, oceans, deserts and a large part of the forested areas, cities and villages, public libraries, schools, hospitals and cheap public transportation systems. Non-material examples are most of the genetic information and scientific knowledge, local knowledge, folk wisdom and common sense, folklore and a large part of popular and high culture.

The social security system of unemployment and other benefits could also be conceptualised as common wealth: a certain amount of riches has been transformed by legislation to common wealth to rectify some of the wrongs done in the creation of riches. However, because this conceptualization does not happen but instead the system is understood as charity from the rich and the state, and because social security is inadequate and the system is controlling its clients so that they get as little autonomy as possible vis-à-vis employers, social security remains partly in the sphere of the richness-logic.

When there is a reasonable amount of common wealth in a society and its spectrum of qualities is suitable, people may be poor but they are not destitute²¹⁵. Even though they have very little income and property, they can manage and satisfy their vital life-needs. They have enough economic, political and cultural autonomy to think outside the richness-logic and to collectively resist being always subjugated to the demands of the rich. Only in this situation, where even the poor have some power, is genuine democracy possible.²¹⁶

Ideological screen

The wide recognition of existing common wealth would obviously be precarious for those identifying with the accumulation of riches. It could inspire people to dream about an alternative society without extreme poverty, based on common wealth. Therefore it has been necessary to devise and spread a vast array of ideologies which make common wealth invisible²¹⁷.

On the elite level, mainstream economics has been the main ideological weapon. The only wealth it knows is richness and the only rational behaviour for it is maximizing one's own riches. In economics, co-operation and altruism are only aberrations, which one should either explain away or do away with.²¹⁸ In the world of economics there

²¹⁵ See e.g. *Nandy 2000*

²¹⁶ See *Lummis 1996*, "Vital life-need" is McMurtry's term (*McMurtry 1998*).

²¹⁷ For a good general introduction to the functioning of ideologies see *Eagleton 1991*

²¹⁸ See e.g. *McMurtry 1998, McMurtry 1999, Heilbroner 1988* pg. 27

are only situations of scarcity. In the textbooks, economic behaviour is illustrated by the man who owns a well in a desert and makes profit out of it – not with villagers who have conserved a nearby lake and can get an abundance of pure water free. Common wealth – if it exists at all – is something outside economics. Or it represents burdens, inefficiency or unutilized resources which we must get rid off. Therefore, through the lenses of economics we are living in a paradox: the more wealth we have, the more there is scarcity. When societies get wealthier, they can often “afford” less for essential services than when they were much poorer.²¹⁹

As with most ideologies, economics naturalizes the power that subdues people. Some people get rich and the others get poor because of quasi-natural laws, not because the former have power over the latter. Neo-classical economics has even copied the mathematical formulas from physics creating the impression that in economy humans behave like atoms in the multidimensional commodity-space.²²⁰

Because the discourse of economics makes one see only a part of the wealth, the destruction of resources and poverty creation can be seen as wealth creation and poverty alleviation: before “economic development” people just did not have anything and therefore they were anyway even more extremely poor than now. This is the basis for why so many kind-hearted and learned people believe that prevailing globalisation is good for the poor – their only criticism is that the benefits must be redistributed more equitably. For example, Amartya Sen writes that “the real issue is the distribution of globalization’s benefit”... because “it is hard to achieve economic prosperity without making extensive use of the opportunities of exchange and specialization that market relations offer.”²²¹

Since the 17th century an essential part of the legitimation of the status quo has been the measuring ideology: only that which can be measured and represented in numerical values really exists. Therefore what we see and sense of an object is not as important as the results of its measuring.²²² A branch of economics, econometrics, plays a central role in demonstrating the excellence of the accumulation of riches. A statistical quantity, GDP, is widely used as a measure of welfare even though it is patently inadequate and grows often when people fare worse²²³. Even more misleading is the more recent discourse of poverty measurement, a deconstruction of which I attempted in section 2 above.

²¹⁹ See *Lohoff 1998, Fuchs 2000, Roy 1992, Achterhuis 1993*

²²⁰ See *Mirowski 1988, McMurtry 1999, Heilbroner 1988* pg. 137

²²¹ *Sen 2002*

²²² See e.g. *Næss 1989*; on “the myth of measurement of values” see *Illich 1971*

²²³ On criticism of using GDP as a measure e.g. *Cobb, Halstead and Rowe 1995, Stretton 2000* pg. 44–, *McMurtry 1998* pg. 143–

Yet the numerology and economic calculus are not suitable tools to instil the superiority of accumulated riches in those who receive only its crumbs. On the “rabble level”, the work ethic has been the ideology of choice during the first phases of accumulation. It has inverted the low esteem of paid labour and made wage work valuable and its performance a duty – even a religious calling – regardless of how poorly paid, dangerous and tormenting the work is and how frivolous or harmful the results and consequences of the work process are. On the one hand, the superstition of equal opportunities to realize one’s dreams through diligent work is urged upon people. On the other hand, the ideology attempted to make people believe that unemployment and an unsuccessful career are their own fault.²²⁴

The hard reality of work, the “flexibility” of jobs and widespread unemployment, however, make it difficult to integrate people with an ideology linked to work. In the later stages of accumulation a parallel ideological discourse has gained importance: consumerism. During the era of globalisation its gospel reaches through flickering missionary-screens in every corner of the world: the meaning of life is to be found in the new things and services we buy, possess and consume.²²⁵ This ideology is spread also to those areas where people have been satisfied with their frugal life-style: suddenly their abundant common wealth and meagre private property seem to be nothing. They realize that they are poor²²⁶.

9. Conclusions

The analysis of this report points strongly to the conclusion that prevailing economic globalisation and poverty are intrinsically linked. Globalisation aggravates poverty in the material, health, security, power and socio-cultural dimensions. Also people who have been living frugal lives in their communities but were reasonably satisfied with their conditions are now transformed into suffering poor. Perceiving this trend is difficult for the people in the North. It is part of a profound cultural change that makes even poor people need – and often use – more money. When the poor become more like us, it is easy to imagine that things are getting better.

²²⁴ See Beder 2000, also: Kurz 1999, Treiber and Steinert 1980

²²⁵ Sklair 2002

²²⁶ See Norberg-Hodge 1991

As in earlier periods, poverty in the age of globalisation is inherently connected to power. It is not only that powerlessness is one of the dimensions of poverty, but the other forms of deprivation are only possible because of the existence of certain power structures. These structures make the rich rich and give them power over the poor. Essential in the creation of this power is the transformation of wealth into such a form that the poor have access to it only on terms that the rich can dictate. It means that poverty is not a technical problem but a deeply political quandary.

This all has very important consequences for what can be done to change the situation. To be content with the ever-recurring improvements in the governance of globalisation or with those measures that make the World Bank poverty figures fall, will probably lead only to the aggravation of poverty. A technical fix does not help but political action and movements are indispensable. The struggles of the poor themselves are essential, and fortunately they are going on in various parts of the world²²⁷. They need outside solidarity, not necessary money in the first place but political support. Forms of support action are, in principle, easy to find because the forces the poor in the South are struggling against are often of Northern origin or supported by the North.

Nonetheless, any solidarity action for the struggling poor makes demands on the subject of the action. If the organization doing solidarity work is not consistent in its pro-poor stand, its involvement is easy to interpret being “political” in a negative sense: just pretending to give support but in fact furthering a hidden agenda connected to its vested interest. This kind of accusation can be used as a weapon against the poor. Therefore, the solidarity work organization must check and revise its other activities.

For example, if a movement of the poor is fighting for the commons and against a TNC, it may seem strange if the companions in the North do not even know about the common wealth in their own countries and the threat posed to it by big companies. Accordingly, a sort of indirect solidarity work might be to map history and the present state of common wealth in one’s own country, and to outline what all this has to do with richness and poverty in the North and in the South²²⁸. This might lead to an observation that not only is solidarity needed with the Southern poor but also a common struggle against common threats.

²²⁷ See e.g. *In the Name of the Poor, Contesting Political Space for Poverty Reduction 2002, Annual Survey on Violations of Trade Union Rights 2002 2002*, Esteva and Prakash 1998, *Anti-Capitalism, a Guide to the Movement 2001*, Turner and Brownhill 2001, Britto da Motta and Carvalho 1995

²²⁸ For this work see *Bollier 2002* which describes the situation in the USA.

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