

VII. Globalization: Wanted – Two More (Phantom) Planets

As Mathis Wackernagel and William Rees show in *Our Ecological Footprint* [4], if everybody lived like today's North Americans, it would take at least two additional planet Earths to produce the resources, absorb the wastes, and otherwise maintain life-support. Unfortunately, good planets are hard to find. The notion that the current lifestyle of industrialized countries cannot be extended safely to everyone on Earth will be disturbing to some, especially all those people with television sets in developing countries.

A. Global Competition: A Race to the Bottom

Herman Daly, along with many other observers, believes that nearly all policies for sustainability involve internalizing external environmental and social costs at the national level, which makes prices higher. Therefore free trade with countries that do not internalize these costs, or do it to a much lesser extent, is not feasible. "Global competitiveness" (frequently a thought-substituting slogan) usually reflects not so much a real increase in resource productivity as a standards-lowering competition to reduce wages, externalize environmental and social costs, and export natural capital at low prices while calling it income. The current thrust toward economic globalization by free trade, free capital mobility, and free (or at least uncontrolled) migration is in effect the erasure of national boundaries for economic purposes. This greatly undercuts the ability of nations to put into effect any policies in support of sustainable development, including population control and including domestic enforcement of international treaties that may have been signed in support of efforts to combat irreducibly global environmental problems. The power vacuum created by the weakening of national communities will be filled by the transnational corporations, which, in the absence of a world government, will be unconstrained by any community interests. (Refer again to the previous discussion of Ricardo's Comparative Advantage.)

Respected pro-free trade economists such as Jagdish Bhagwati disagree as to the extent of this standards lowering outcome. Bhagwati believes there are legitimate reasons for the diversity of environmental standards in different countries. This diversity of standards will follow from differences in tradeoffs between aggregate pollution and income at different levels of income, as when richer Americans prefer to save dolphins from purse-seine nets whereas poorer Mexicans want to raise the productivity of fishing and hence accelerate the amelioration of Mexican poverty by using such nets. Again, countries will have natural differences in the priorities attached to which kind of pollution to attack, arising from differences of historical and other circumstances: Mexicans will want to worry more about clean water, as dysentery is a greater problem, than Americans, who will want to attach greater priority to spending pollution dollars on clean air. He also points out that a simple solution to some of the potential disagreements would be for the rich countries to buy the required nets and turtle excluder devices (TEDs) and give them to the Third World fishers.

A proposal that Bhagwati makes is to adapt the so-called Sullivan principles approach to the problem at hand. Under Sullivan, U.S. firms in South Africa were urged to adopt U.S. practices, not the South African apartheid ways, in their operations. If this principle that the U.S. firms in Mexico be subject to U.S. environmental policies were adopted by U.S. legislation, that would automatically remove whatever incentive there was to move because of environmental burden differences. This proposal that one's firms abroad behave as if they were at home - do in Rome as you do in New York, not as the Romans do - can be either legislated unilaterally by any high standards country or by a multilateral binding treaty among different high standards countries. Again, it may be reduced to an exhortation, just as the Sullivan principles were, by single countries in isolation or by several as through a non-binding but ethos-defining and policy-encouraging World Trade Organization (WTO) code.

I believe the views of Daly and Bhagwati are not irreconcilable. Typically, the environmental standards in question are the obvious ones of air and water pollution, which have real costs to companies due to EPA

standards in the U.S., for example. Air scrubbers and water purification plants have assignable dollar costs. But once these costs are capitalized and amortized over many years they typically don't add significantly to the cost of the final products. Labor, material, and other plant operating costs such as energy most heavily influence the final costs. In reality every company in every country is operating in a low standards regime since accurate costs have never been applied to their products – including the costs of their depletion of natural resources and the effects of all their forms of waste production. The largest economic driving force is not environmental standards but the desire of financial markets to make the biggest return in the shortest period of time. This typically occurs when natural resources are rapidly liquidated/transformed using large amounts of cheap labor. Controlling environmental and labor standards should not be the main focus of the new international trade agreements. Controlling the unrestricted machinations of the global financial markets and transnational corporations, as exemplified by the WTO, should be the priority.

B. Global Trade: Let Them Eat Recipes

When economists talk about trade balances they refer only to money flows, not ecological flows. The fact is that some areas constantly give up ecological productivity, while others continuously draw on it. For example, Hong Kong, Switzerland, and Japan provide little ecological productivity to the world, while importing a great deal from other places to maintain their high levels of consumption. Expanding world trade leads to increased global resource flows, which stimulates total economic production and accelerates the depletion of the planet's natural resources - and there are other problems. People who live on ecological goods imported from afar (and on "common pool" ecological functions such as climate control, which are shared by everyone) *are spatially and psychologically disconnected from the resources that sustain them*. They lose any direct incentive to conserve their own local resources and have no hand in the management of the distant sources of supply. In fact, they remain blissfully unaware of both the ecological and social effects of prevailing terms of trade.

The countries that are consuming beyond their own environmental means control the rule-making process of the international economy. They adjust the rules to ensure their own ability to make up their national environmental deficits through imports - often without being mindful of the implications for the exporting countries. As Korten [2] points out:

“El Salvador and Costa Rica grow export crops such as bananas, coffee, and sugar on more than one fifth of their cropland. Export cattle ranches in Latin America and southern Africa have replaced rain forest and wildlife range. At the consumer end of the production line, Japan imports 70 percent of its corn, wheat, and barley, 95 percent of its soybeans, and more than 50 percent of its wood, much of it from the rapidly vanishing rain forests of Borneo.... [In the Netherlands] millions of pigs and cows are fattened on palm-kernel cake from deforested lands in Malaysia, cassava from deforested regions of Thailand, and soybeans from pesticide-doused expanses in the south of Brazil in order to provide European consumers with their high fat diet of meat and milk.

The lands used by Southern countries to produce food for export are unavailable to the poor of those countries to grow the staples they require to meet their own basic needs. The people who are displaced to make way for export-oriented agriculture add to urban overcrowding or move to more fragile and less productive land that quickly becomes over-stressed. The grains that many Southern countries import from the North in exchange for their own food exports are used primarily as feedstocks to produce meat for upper-income urban consumers. The poor are the losers on both ends. These dynamics are invisible to Northern consumers, who - if they do raise questions - are assured that this arrangement is providing needed jobs and income for the poor of the South.”

Economic globalization has greatly expanded opportunities for the rich to pass their environmental burdens to the poor by exporting both wastes and polluting factories. This has been a particularly common practice among Japanese companies - with countries of nearby Southeast Asia being their victims. Korten [2] provides the details of this Japanese strategy:

“The figures are striking. Japan has reduced its domestic aluminum smelting capacity from 1.2 million tons to 140,000 tons and now imports 90 percent of its aluminum. What this involves in human terms is suggested by a case study of the Philippine Associated Smelting and Refining Corporation (PASAR). PASAR operates a Japanese-financed and -constructed copper smelting plant in the Philippine province of Leyte to produce high-grade copper cathodes for shipment to Japan. The plant occupies 400 acres of land expropriated by the Philippine government from local residents at give-away prices. Gas and wastewater emissions from the plant contain high concentrations of boron, arsenic, heavy metals, and sulfur compounds that have contaminated local water supplies, reduced fishing and rice yields, damaged the forests, and increased the occurrence of upper respiratory diseases among local residents. Local people whose homes, livelihoods, and health have been sacrificed to PASAR are now largely dependent on the occasional part-time or contractual employment they are offered to do the plant's most dangerous and dirtiest jobs.

The company has prospered. The local economy has grown. The Japanese people have a supply of copper at no environmental cost to themselves. The local poor - the project's professed beneficiaries - have lost their means of livelihood and suffered impaired health. The Philippine government is repaying the foreign aid loan from Japan that financed the construction of supporting infrastructure for the plant. And the Japanese are congratulating themselves for the cleanliness of their domestic environment and their generous assistance to the poor of the Philippines. There is nothing particularly special about this case, other than the fact that it has been documented. There are thousands of such stories illustrating the realities of corporate colonialism that economic globalization is advancing around the world.”

C. Transnational Corporations: “My Country ‘Tis Not of Thee...”

In their day-to-day operations, the allegiance of the world's largest corporations is purely to their own bottom lines. However, for the purposes of seeking tax breaks, research subsidies, or governmental representation in negotiations that bear on their global marketing and investment interests, they wrap themselves in national flags and call for support from their "home" governments in the name of advancing "national" global competitiveness. There is a continuing tension between the *multinational* and the *transnational* view of the global corporation. A multinational corporation takes on many national identities, maintaining relatively autonomous production and sales facilities in individual countries, establishing local roots and presenting itself in each locality as a good local citizen. Its globalized operations are linked to one another but are deeply integrated into the individual local economies in which they operate, and they do function to some extent as local citizens.

The trend, however, is toward *transnationalism*, which involves the integration of a firm's global operations around vertically integrated supplier networks. For example, when Otis Elevator set about to create an advanced elevator system, it contracted out the design of the motor drives to Japan, the door systems to France, the electronics to Germany, and small geared components to Spain. System integration was handled from the United States. Although a transnational corporation may choose to claim local citizenship when that posture suits its purpose, local commitments are temporary, and it actively attempts to eliminate considerations of nationality in its effort to maximize the economies that centralized global procurement makes possible. Forty-seven of the top one hundred economies in the world are actually transnational corporations. Seventy percent of global trade is controlled by just five hundred corporations. Modern transnational corporations in quest of global markets cannot really comprehend “foreign policy” because the word foreign has no meaning to the ambitious global businessperson. How can the physical distinction between domestic and foreign have resonance in a virtual world defined by electronic communications and intrinsically unbounded markets?

Korten characterizes the ideal world of the global dreamers as one in which:

- The world's money, technology, and markets are controlled and managed by gigantic global corporations;
- A common consumer culture unifies all people in a shared quest for material gratification;
- There is perfect global competition among workers and localities to offer their services to investors at the most advantageous terms;
- Corporations are free to act solely on the basis of profitability without regard to national or local consequences;
- Relationships, both individual and corporate, are defined entirely by the market; and
- There are no loyalties to place and community.

Two pungent quotes give the flavor of this global solidarity. A senior executive of Colgate-Palmolive told the *New York Times* in 1991: "The United States does not have an automatic call on our resources. There is no mindset that puts this country first." Not only Americans are so free of patriotic sentiment. "To be in business," said Frank Stronach, chair of Magna International, a Canadian auto-parts maker that has shifted its production to Mexico, "your first mandate is to make money, and money has no heart, soul, conscience, homeland."

D. Cultural Imperialism or Democracy Through Fast Food and Sneakers?

Benjamin Barber in *Jihad vs. McWorld* [7] posits two scenarios for what is transpiring in the modern international world. The first scenario rooted in race holds out the grim prospect of a retribalization of large swaths of humankind by war and bloodshed: a threatened balkanization of nation-states in which culture is pitted against culture, people against people, tribe against tribe. It is a *Jihad* in the name of a hundred narrowly conceived faiths against every kind of interdependence, every kind of artificial social cooperation and mutuality: against technology; against pop culture, and against integrated markets; against modernity itself as well as the future in which modernity issues. The second scenario paints that future in shimmering pastels, a busy portrait of onrushing economic, technological, and ecological forces that demand integration and uniformity and that mesmerize peoples everywhere with fast music, fast computers, and fast food - MTV, Macintosh, and McDonald's - pressing nations into one homogenous global theme park, one *McWorld* tied together by communications, information, entertainment, and commerce.

Barber gives examples of his thesis:

"The tendencies of both Jihad and McWorld are at work, both visible sometimes in the same country at the very same instant. Iranian zealots keep one ear tuned to the mullahs urging holy war and the other cocked to Rupert Murdoch's Star television beaming in Dynasty, Donahue, and The Simpsons from hovering satellites. Chinese entrepreneurs vie for the attention of party cadres in Beijing and simultaneously pursue KFC franchises in cities like Nanjing, Hangzhou, and Xian where twenty-eight outlets serve over 100,000 customers a day. The Russian Orthodox Church, even as it struggles to renew the ancient faith, has entered a joint venture with California businessmen to bottle and sell natural waters under the rubric Saint Springs Water Company. Serbian assassins wear Adidas sneakers and listen to Madonna on Walkman headphones as they take aim through their gunsopes at scurrying Sarajevo civilians looking to fill family watercans. Orthodox Hasids and brooding neoNazis have both turned to rock music to get their traditional messages out to the new generation, while fundamentalists plot virtual conspiracies on the Internet."

The claim that democracy and markets are twins has become a commonplace of statesmanship, especially in light of the demise of state socialism, which has left capitalism's zealots free to regard themselves not only as victors in the Cold War but as the true champions of a democracy that (they are certain) markets alone make possible. *But the right to choose between nine VCR models or a dozen automobile brands does not necessarily feel like freedom to workers whose monthly salaries can hardly keep up with the rising price*

of bread, let alone to women and men with no jobs at all. Cynics might even suggest that some of the recent revolutions in Eastern Europe had as their true goal *not liberty and the right to vote but well-paying jobs and the right to shop*. Shopping means consumption and consumption depends on the fabrication of needs as well as of goods.

Barber's McWorld is a product of popular culture driven by expansionist commerce:

"Its template is American, its form style. Its goods are as much images as material, an aesthetic as well as a product line. It is about culture as commodity, apparel as ideology. Music, video, theater; books, and theme parks - the new churches of a commercial civilization in which malls are the public squares and suburbs the neighborless neighborhoods - are all constructed as image exports creating a common world taste around common logos, advertising slogans, stars, songs, brand names, jingles, and trademarks. Hard power yields to soft, while ideology is transmuted into a kind of videology that works through sound bites and film clips.

The dynamics of the Jihad-McWorld linkage are deeply dialectical. Japan has, for example, become more culturally insistent on its own traditions in recent years even as its people seek an ever greater purchase on McWorld. In 1992, the number-one restaurant in Japan measured by volume of customers was McDonald's, followed in the number-two spot by the Colonel's Kentucky Fried Chicken. Ambivalence also stalks India. Just outside of Bombay, cheek by jowl with villages still immersed in poverty and notorious for the informal execution of unwanted female babies, or even wives, can be found a new town known as SCEEPZ-the Santa Cruz Electronic Export Processing Zone-where Hindi-, Tamil-, and Mahratti-speaking computer programmers write software for Swissair, AT&T, and other labor-cost-conscious multinationals. India is thus at once a major exemplar of ancient ethnic and religious tensions and "an emerging power in the international software industry" To go to work at SCEEPZ, says an employee, is "like crossing an international border." Not into another country but into the virtual nowhere-land of McWorld."

One example of the law of unintended consequences stands out for me in India. The family culture of many working Indians supported the practice of workers going home for a hot lunch. An infrastructure of cooking and delivering hot lunches provided thousands of low wage jobs to otherwise jobless men. As with almost any part of Indian life, it was a form of organized chaos that succeeded in its goal – some deliverymen even traveled by train daily to deliver hundreds of lunches from central cooking areas. The introduction of fast food franchises has nearly wiped out this part of a true "service" economy. Rather than go home for lunch, Indian workers, especially office workers who are under the same international pressure to produce more in a competitive world, are taking short lunches at McDonalds so they can return more quickly to the office.

But nowadays an ambitious company cannot simply capture global consumer markets by aping their ideologies and accommodating their tastes: it must also be prepared to create global markets by careful planning and control. According to Barber [7]:

"Now thirst cannot be manufactured but taste can. The world's thirsty can drink water. (Just as the world's footloose walkers can wear ordinary old shoes.) If they are to drink beverages that earn someone else an income, consumption has to be associated with new "needs," new tastes, new status. You must drink because it makes you feel (your choice): young, sexy, important, in, strong, sporty, smart, with it, cool, hot (as in cool), athletic, right on, part of the world as in we-are-the-world as in we-Americans-are-the-world. In sum, like a winner; like a hero, like a champion, like an American, which is to say, above all, fun-loving (as in blondes have more). The one reason you must not consume soft drinks is to quench your thirst in any decisive way. Water would accomplish that. In fact, if you're going to buy another soda, *the ideal soft drink should give you the feeling your thirst has been quenched while actually leaving you metabolically thirstier after you finish* than before you began. Within the right informational nexus, even H₂O can be sold for profit, as it is with so-called designer waters like Perrier. And if a *potable salted beverage could only be found...!*

"How long can a company of our scope keep doubling its size?" asks Coca-Cola CEO Roberto C. Goizueta. [Note: Coke also belongs to the organization Business for Social Responsibility!] "Where will the next 10 billion unit cases come from? And the 20 billion after that?" Goizueta has an answer; which to him seems obvious. "The fact is," he observes, "that we are just now seriously entering and developing soft drink markets that account for the majority of the world's population. These new worlds of opportunity are not only heavily populated, but also culturally and climatically ripe for significant soft drink consumption." Climatically ripe, that's pretty obvious: where it is hot, people are thirsty, and if we can only get them off of water... But culturally ripe? What can this mean? Coke is anything but disingenuous: in Indonesia (whose Boy Scouts and Girl Scouts, Cokes in hand, are featured on the 1992 Annual Report's cover), "aggressive investment" can defeat local culture and force the nation to follow those "societies that have traditionally consumed beverages like tea" but have been brought to make "the transition to sweeter beverages like Coca-Cola." *Getting people off of water is a matter of economics (water is free), but getting them off of tea entails a cultural campaign.* The "decline in tea consumption," which might for cultural anthropologists signal a foreboding onset of erosion in a dominant local culture, is welcomed as a door ajar for sweet beverage sales. *If only every Indonesian could switch from tea to Coke and from sandals to Nikes and from rice to chicken McNuggets and from saris to Laura Ashley dresses and from oxen to Grand Cherokees and from indigenously produced movies to Arnold Schwarzenegger videos and from Buddhism to consumerism imagine what "worlds of opportunity" would be thrown open to McWorld's bold corporate adventurers.* And imagine what kind of homogenous and profitable McWorld-wide market those once distinctive regions would constitute."

Barber sees no conspirators here, no stealth tyrants using information to secure hegemony. He believes it would be silly to suggest that conspiracy or some ruthless political ambitions are at work here. Barber's McWorld runs on *automatic pilot*: that is the whole point of the market. It is rather a politics of inadvertence and unintended consequences in which the seemingly innocuous market quest for fun, creativity, and profits puts whole cultures in harm's way and undermines autonomy in individuals and nations alike. We are all increasingly having our "wherespace" violated, even down to the seemingly innocent new ads on the little stickers on bananas.

However, if not an actual conspiracy, the ideology of having fun does have practical outcomes for those trying to resist it. A good example is the work of The Media Foundation through its Adbusters subvertisements. It has attempted to place its "culture jammer" anti-consumerism advertising in the national media, but has had its ads rejected even though the organization is willing to pay the going rates. The Media Foundation is now taking its case to court. Conspiracy theorists may also wonder about Miss India "finally" winning the Miss Universe contest. The ensuing boom in Indian sales for the fashion and cosmetic industry was staggering! It also gave new life to Kellogg's' beachhead in the Indian breakfast market. There was a tremendous upsurge in middle and upper class Indian women turning to health clubs and other methods to improve their appearance. A bowl of Kellogg's cornflakes and milk, although completely antithetical to traditional Indian breakfast foods, is now regarded as a rational step to beauty and health.

Barber extrapolates the ad absurdum logic of sales to a single corporation that makes one product that satisfies every need: an athletic shoe equipped with a nutrition patch linked to sunglasses that inject Coca-Cola directly into the veins of the inner ear while flashing videos directly into wide-irised eyeballs. He believes that the political entailments of this logic are inadvertent: a kind of default totalitarianism without a totalistic government: everyone a subject, no one a ruler.