

# GLOBALISATION: WHERE DO WE GO FROM HERE?

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Globalisation poses new challenges as well as new threats, especially to those who wish to make the world a more democratic, equitable, healthy and ecologically-sustainable place. This article describes the significance of globalisation, and its potential effect on social, economic and environmental policies, all of which influence public health.

## GLOBALISATION: THREATS AND OPPORTUNITIES

'Globalisation' is often heralded as inevitable.<sup>1</sup> Policy makers are encouraged to accept the logic of closer international integration, and make the necessary adjustments to achieve globalisation. Indeed, globalisation does open up some significant opportunities. It can extend the opportunity to shop in the global bazaar for goods and services without leaving home, thereby removing traditional limits imposed on consumer choice. It can open up more opportunities for travel to international conferences—to network with like-minded professionals—and create the possibility of international tourism for more people (thereby, ironically, setting in motion processes of homogenisation that erode the distinctiveness of distant places). For business enterprises, globalisation offers opportunities for flexible production, cost reduction and tax minimisation. Concurrently, there are opportunities for environmentalists, human rights and indigenous rights activists to build more linkages, which help foster a global consciousness of their concerns.

However, there is a darker side. For example, there is evidence that the globalisation of capital is associated with the exploitation of labour, which can result in poorer health outcomes and increased mortality. Corporate tax minimisation transfers the burden of financing government infrastructure onto other forms of taxation, which can undermine the fiscal capacity of a nation-state to provide adequate public health and other social services for its population. As economic inequalities grow between those who benefit from the globalisation of capital and those who do not, more social and economic resources are required to cope with an increasingly unequal society. Because there is evidence that poor health outcomes and mortality are related to social and economic inequality,<sup>2</sup> globalisation has enormous implications for public health.

The mobility of financial capital makes it increasingly difficult for nation-states to pursue policies of social and economic management, including the financing of public health services. Because they are forced to pay continual

attention to the likely responses of global markets and global institutions, such as the credit-rating agencies, it seems that governments must choose between a high credit rating or an elaborate welfare state: because they cannot deliver both.<sup>3</sup>

## A NEW ERA OF GLOBALISATION?

In the 1990s, international trade grew at the rate of around seven per cent per annum.<sup>4</sup> Internationally, direct investment by global corporations increased threefold between 1987 and 1996.<sup>4</sup> Production of goods and services by these global corporations grew three times faster than the combined world exports and imports of all nation-states.<sup>4</sup> About one-third of all world trade now involves transfers between branches of global corporations in different countries.<sup>4</sup> Even more striking is the growth of global finance. Between 1980 and 1996 the volume of funds raised in international capital markets more than quadrupled.<sup>4</sup> Clearly, the nature of investment is rapidly becoming more and more global in character.

Whether these economic trends represent a qualitative change in the economic system is contentious. Some of the features of contemporary globalisation are not novel. For more than two centuries capitalist economic relationships have been spreading globally, involving processes of increasing national dependence and international interdependence. Throughout human history there have been many mini-globalisations: 'archaeologists of the ancient world are often surprised by the far flung origins of artifacts located at individual sites of excavation'.<sup>5</sup>

Although the novelty and intensity of globalisation is contested, it is clear that the last quarter century has seen an accelerated rate of global change. This has been a response to the increasing economic difficulties that emerged in the industrialised countries in the 1970s, which brought the long post-war boom to an end. Since then there has been a dramatic and interconnected set of structural economic changes undertaken by businesses and governments. Waves of mergers and takeovers have been generated as investors have sought greater returns on capital; and geographical restructuring has been driven by firms in the pursuit of cheaper labour, raw materials and lower taxes. In order to raise profitability, the application of new technologies and working arrangements have been motivated by the quest for higher productivity and lowered wages.

Governments have deregulated and privatised in order to expand the opportunities for private capital accumulation, and the role of the nation-state is being redefined in market-augmenting terms. Deregulation of capital and labour markets, the privatisation of public enterprises,

the removal of restrictions on international trade and capital flows, and the curtailment of social welfare entitlements, are policies pursued with varying degrees of vigour in different countries. Governments of all political colourings have been drawn into the push for 'reform', a term whose meaning has been dramatically transformed. The more unconstrained operation of markets now seems to be the principal goal, based on the expectation that this will reinvigorate the dynamism of the economy and open up more profitable investment opportunities.

## **THE DRIVERS OF GLOBALISATION**

Globalisation results from the interaction of three phenomena: technological change, consumerism and economic policies.

### **Technological change**

Technological change fosters stronger international linkages and extends the potential for 'global reach' in economic affairs. The capacity for global dissemination of information has been dramatically extended. Modern computer, communication and transport technologies generate enormous potential for what has been called 'time-space compression'.<sup>6</sup> An increasing array of industries now lack locational ties to particular sources of raw materials, or even proximity to markets, and the international integration of the processes of production and distribution have led to the development of 'world industries'.<sup>7</sup> These changes are particularly important to understanding the Australian context of globalisation because 'the tyranny of distance'—between state capitals as well as internationally—has traditionally been the source of our political parochialism.

### **Consumerism**

Consumerism means that the fruits of global production are readily saleable. It is fostered by the marketing activities of corporations worldwide, competing for market shares, which reinforce the consumerist ethos: 'I consume therefore I am'. Alongside the technological and economic aspects of globalisation there are significant cultural elements too, leading towards the homogenisation of social values through modern mass consumption and advertising. Paralleling the ascendancy of the global corporation is the growth of a powerful cultural ideology of consumerism,<sup>8</sup> which has major public health consequences—particularly as diets are transformed to focus more on the products of global corporations: everything from baby food to hamburgers to genetically-engineered foods.

### **Economic policies**

Other pressures towards globalisation are internal and result from government policy decisions. Successive Australian governments in the last quarter century, regardless of their differences on other aspects of economic

policy, have agreed on the need to dismantle the policies of financial regulation and trade protectionism that had previously been a distinctive characteristic of Australian economic policy. This change in policy has been fuelled by the acceptance of particular economic ideologies that stress the beneficial effects of competitive markets and free trade.<sup>9</sup>

## **CONTRADICTIONS OF GLOBALISATION: THE RACE TO THE BOTTOM**

The process of globalisation is not without limits or contradictions, three of which are outlined here.

### **Global production and global consumption**

Global investment is attracted to particular localities by low-wage labour, which can contribute to a 'race to the bottom' in living standards. If living standards are reduced the question arises as to where additional demand for global products will come from. For any one export-oriented nation this is not a problem, since the sale of its products does not depend on the income of its workforce. However, if all nations are simultaneously engaged in labour cost-reduction, there is a global tendency towards a crisis of economic over-production and increased unemployment.

### **The pervasive fiscal crisis of the state**

International competition can also contribute to a 'race to the bottom' in levels of corporate taxation, as governments seek to provide the conditions to attract mobile capital. This undermines the capacity of government to finance substantial public expenditures, which in turn limits the employment-generating capacity of public sectors. The policy of 'smaller government' contributes to this outcome, and undermines any political commitment to the pursuit of full employment. Permanent pools of unemployment lead to the development of a social underclass, with attendant problems of health inequalities, which in turn threatens the social order and the perceived legitimacy of its underlying economic system.

### **Economic growth versus ecological constraint**

Globalisation driven by capital accumulation is anti-ecological. This is because of a third type of 'race to the bottom', as firms relocate to countries most keen to attract capital investment at the expense of environmental standards. There are major health implications of such environmental degradation. Some embryonic forms of global regulation—for instance, those arising from the various 'summits' at Toronto, Montreal, Rio de Janeiro and Kyoto—are aimed at limiting the environmentally-degrading activities. However, as long as their implementation depends on voluntary compliance by nation states, it seems that competitive pressures will continue to dominate the cooperative elements necessary to achieve ecologically sustainable outcomes.

## RESPONDING TO GLOBALISATION

Wherever contradictions and tensions exist there are opportunities for alternative political responses. An interpretation of globalisation as inexorable generates a quite different response from one that sees it as contingent and malleable (and therefore contestable). Seeing globalisation as a contestable process focuses attention on political processes and choices. The globalisation of capital has quite different political and economic implications from the globalisation of labour, human rights or environmental consciousness. Indeed, the latter aspects show how some aspects of globalisation may have positive potential.

Concurrently, it is important to recognise that not all countries are equally affected. Semi-peripheral nations like Australia and Canada, which are economically developed but also dependent economies, may have a special position or a greater scope to shape their 'terms of engagement' with the global economy: to pursue strategic trade and industry policies, or environmental policies, and so forth. It is important to explore how different nations, and social groups within them—operating individually or in concert—can re-shape the elements within the globalisation process to make it more compatible with their interests.

Political responses to globalisation can also move beyond a narrow economic perspective to embrace culture and the environment. The recognition of the key role of land is an important bridge here. Land use is a down-to-earth dimension of the social and economic changes created by the globalisation of capital. Ownership of land is a major means by which part of the economic surplus is captured, contributing to growing social and economic inequalities. There is an obvious link here with the concerns of indigenous people, for whom the question of land is central. More generally, the 'common heritage capital' of all Australians, which includes our environmental assets and social infrastructure, is an important focus. In this way the relevant question becomes: 'what can be done to make the globalisation of capital more compatible with environmental and cultural concerns?'

While it has become conventional to categorise political responses to globalisation as a dichotomy of defensive nationalism versus progressive internationalism, beyond this dichotomy there are other interesting possibilities. Localised responses, which focus on the urban or regional level, have the potential to build alternative community structures and spawn grass-roots movements that challenge the hegemony of global capital. It makes little sense for defensive nationalists and progressive internationalists

to denounce each other; it is more important to articulate strategic choices that need to be made, encourage the sharing of information, and forge cooperative relationships.

## CONCLUSION

Significant changes have been taking place in the world economy that have major social, environmental and public health implications. The globalisation of capital is a central feature underpinning these changes. The momentum of globalisation is linked to accelerated technological change and consumerism; and to the policies of national governments and global corporations. In its negative aspects, globalisation generates strong pressure on nation-states to remove regulations concerned with environmental protection and the development of local industry. Globalisation creates downward pressures on wage rates and tax levels, increases socioeconomic inequalities, and can contribute to poor health outcomes and increased mortality. The pursuit of a 'level playing field' for global corporations accentuates other imbalances: between capital and labour, between economy and environment, and between the private power of corporations and the democratic institutions within nation-states. These contradictions make the process of globalisation intensely political.

Not surprisingly, therefore, responses occur at various levels—global, national and local—and this opens up the possibility of a truly progressive globalisation: of human rights, of environmental consciousness, and of a global redress of the causes of health inequalities.

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