A later version of this chapter is in Luke Martell, *Sociology of Globalization*, Polity Press, 2010.

Chapter 8
Global Inequality: Is globalisation a solution to world poverty?

Global inequality is the main reason to take an interest in globalisation. Many academics who comment on globalisation focus on its effects on developed countries, especially in North America and Europe. Despite the fact that the topic is global some pay little attention to less developed parts of the world. In such places poverty and huge and sometimes growing inequalities in relation to the rest of the world are part of global relations and have catastrophic human consequences. In fact some academic commentators, often focusing on culture and Europe or North America see globalisation as equalising and democratising and are critical of economic foci or perspectives which see it more characterised by inequality and power.

Hundreds of millions of people in the world live in comfort. They don't have to worry if they will find sufficient food, have a home or avoidable health problems. They take for granted such basic necessities. On top of this they have luxuries from cars to washing machines and TVs, audio equipment, computers, mobile phones and so on. They have good salaries in nice houses in peaceful democratic countries amongst the richest in the world.

Many of us in such nations are aware of enormous disparities of wealth and income globally but rarely think or do anything about them and may not know about their scale. Members of educated elites in developed countries are preoccupied with our own lives, complaining that these are not good enough or that others are better off. A moment's serious thought about the condition of vast numbers, far more numerous, further away and much worse off should end those complaints. Some complain that politicians and corporations don't do enough to help the global poor. But when many people themselves don't give this more than a passing thought that's not really surprising.

A main focus in this chapter is on the extent of *global inequality and poverty*. As we shall see this is more complicated than it seems. Poverty and inequality are different things and there are varying forms of each. Quite a bit of the debate revolves around measurement. How you measure them can make quite a bit of difference to what conclusions you come to about them improving or getting worse in conditions of, say, free trade and, therefore, whether free trade or whatever variable is looked at is the best route to solving them.

Even if you can agree on the evidence about the scale of inequality and poverty it is possible, as we shall see, to disagree on what might cause them to get better. People can look at the same countries which have been successful and attribute their success to different things – to economic liberalisation and opening up to world trade or to state intervention and protection from the world economy.

A main concern in this chapter is to assess the extent to which *globalisation* is a solution to world poverty and inequality or even, perhaps contrary to immediate intuitions, a hindrance. Globalisation in this context usually means *neoliberalism* and free trade globally, and the integration of poor countries into a world economy of open competition, imports and exports. As we will see there is some disingenuousness in discussions of these matters. Debates are often between right-wing inclined neoliberals and left inclined commentators who favour more of a state-interventionist and semi-protectionist approach in some places. But some who are supporters of free trade, turn out to be the opposite in practice where it doesn't work out in their interests. Consequently another critical view from the left is that free trade would be a good thing, if actors in it were equal and operating on a level playing field and when everyone participates – free trade could be good if it was really free.

Economic inequality is a matter of *sociological importance* and sociologists should be interested in it. As mentioned in the introduction, power, inequality and conflict have been central themes of sociology, including inequality in wealth and income. One of the aims of this book is to pursue these traditionally sociological concerns in relation to globalisation. Such themes involve economics. Power, inequality and conflict are often, but not entirely, bound up with economic power, inequalities in wealth and income and how they affect life chances and shape other spheres of society such as culture and politics. Conflict is often over economic interests or the pursuit of resources or economic gain. So global inequality taps into core sociological concerns. To look at the economic dimensions of these is not a step away from sociology – it is central to making sense of the sociological concern of inequality. In fact the sociology of development is a sub-field of the discipline that has long been interested in global inequality.

There are *different types of inequality*. One is economic and can be along the lines of either income or wealth. There are other inequalities, for instance in education or health. These are sometimes tied to economic situation because a poor country or person is likely to have poorer education and health and less good institutions and services in these areas, although this does not always follow as Cuba has shown. But cultural and political factors are also significant in inequality – for instance, whether education is culturally valued, if for both genders in society, or how government invests in it. There are also cultural inequalities, for instance in mass communications. Significant parts of the world economy are becoming more reliant on the internet and mobile telephony so peoples' access to such technologies affects their life chances. And inequalities may be experienced differently by different social categories. For example, there are gendered dimensions to global inequalities.

Finally, as far as introductory issues go, it's worth mentioning the role of *China and India*. We will come back to this as the chapter goes on. These are two huge countries that contain over a third of the world's people. The world population is about 6.7 billion, China's is about 1.3 billion and India's 1.1 billion. They are way ahead in size of the next largest country which is the USA with about 300 million people. They are also two fast developing countries who have grown a lot, with positive consequences for beating poverty. China especially is becoming a major global power. General figures on developing countries are heavily affected by the inclusion of these two large growing places. The key issue at this point is that it is important to disaggregate developing countries when looking at global inequality and poverty. This is not to make the situation look worse by focusing just on those that have not done so well. It is because stratifications amongst developing countries are complex and they should be looked at in that light. It is important that everyone is not falsely lumped together and that the different routes and outcomes in different places, both good and bad, are understood.

Globalisation and the poor

Globalisation for the poor countries of the world often means their integration into world trade and the exchange of commodities and services in the global economy. It is argued that this will allow them to trade their way out of poverty. In a situation of open competition rather than protectionism they can sell goods and services to bring in income and overcome poverty. The liberalisation of trade restricts other countries from protecting their own industries with tariffs or quotas on imports, or subsidies which give them an advantage over others. If such forms of protection are removed then the poor can trade freely without being blocked or disadvantaged and this can help them out of poverty. They also have to bring down tariffs, quotas and subsidies themselves as part of the deal.

One way in which poorer countries have become integrated into world trade has been on the basis of what is sometimes called the *Washington Consensus* pursued through organisations such as the World Bank and International Monetary Fund. This refers to an approach where such organisations or richer states provide financial support to poorer countries to deal with crises or stimulate development, in return for those countries meeting certain conditions – hence that it is sometimes called ‘conditionality’. The IMF have called this ‘structural adjustment’ because countries are required to make structural changes to their economy or public sector as a condition for receiving the financial help.

The sorts of changes required often involve liberalising and opening up to the world economy. Governments are expected to deregulate their economies so that companies are free to compete and develop and are less burdened by expensive or time-consuming regulations. This allows businesses to flourish freely to the benefit of the country’s economy. Trade should be liberalised with less subsidies, tariffs and quotas distorting or restricting free trade, so bringing developing countries into world markets where they can thrive from the gains to be made. Finance should be liberalised to allow the free movement of capital, so encouraging investment. State companies and public services should be privatised to improve incentives to make profits, efficiency and competition.

Governments are expected to put a priority on lower inflation. This tends to lead to higher interest rates. If it is more expensive for consumers or businesses to borrow money because interest rates on loans are higher then they may spend less. This will keep prices down. Businesses have to keep prices down to attract customers who are reluctant to spend because of the interest charged on borrowing money.

Governments are expected to lower public expenditure. Higher public spending can lead to higher taxes and the diversion of funds which could go into private investment into the public sector. So lower public spending can promote private business who should benefit from lower taxes (because taxes pay for public spending) and more investment. Governments are expected to end price subsidies on basic goods. These are introduced to make goods more affordable to the poor, but the ending of subsidies is argued for on the basis that they protect businesses from overseas competition and inhibit free and open trade. With open competition and free trade poorer countries' industries will have the incentive to improve and compete on the global market and so, in the long term, this will contribute to activities that will pull their countries out of poverty.

Economic liberals have defended such policies on the basis that while they can have a short term harsh impact in the long term they contribute to adjusting a developing country's economy to one where restrictions which inhibit business are lifted. This also benefits rich countries' companies because the easing of tariffs and quotas gives them better access to markets and investment in poor countries. It provides more business opportunities for them too. Governments and companies in rich countries tend to support free trade.

The Washington consensus has been much criticised, by the anti-globalisation movement and insiders such as George Soros (2005) and Joseph Stiglitz (2003) such that some people argue there is not a Washington consensus anymore (see Broad 2004), although, as we shall see, a belief in trade liberalisation is still widely held to, if not without double standards. Some of the effects of neoliberal policies in developing countries have been higher unemployment, poorer public services and a higher cost of living. These have followed from loss of protection for home businesses, lower public spending and the ending of price restrictions. Protests and unrest have followed. For many such policies are imperialistic, using money to force developing countries to pursue policies favoured by rich donors. They benefit the rich countries, by giving them access to previously protected poorer countries markets. Furthermore opening poor countries businesses to competition from such hugely advantaged states, with reduced assistance from home to level the playing field, is as likely to damage as benefit them by making them more dynamic and competitive. Structural adjustment policies might actually make poverty and inequality worse.

While it is argued that global institutions and advanced states are no longer so strongly tied to the sorts of structural adjustment policies expected as part of conditionality, because of the problems I have outlined, assistance from rich countries does still come with such ties. Help for developing countries from the G8, for instance, is conditional on liberalisation and democratisation, for instance in the case of the 2005 Gleneagles agreement on help for developing countries.

Whether liberalisation or protectionism are helping or adversely affecting poor countries is an empirical matter. It also depends on whether you look at inequality or poverty and how you measure them. I will move on to such empirical questions now. I will focus on the commonly used measure of income rather than, say, wealth, education or health. This is because income is a good indicator of basic capacity to subsist and is linked to some of the other factors and to life chances.

Global Poverty

There are reasons to be positive about progress in tackling global poverty. While the number living in absolute poverty increased between 1820-1980 the World Bank says that between 1990 and 2000 an extra 864 million people rose above $1 a day income (World Bank 2002).

$1 a day refers to the purchasing power equivalent of a dollar in the US in other countries. It means the goods in other countries that $1 would buy in the USA, and is often used as a definition of the poverty line. If $1 a day will buy you small loaf of bread in the USA (leaving aside water, accommodation, electricity and other expenses) the $1 measure in other countries is of this purchasing power. It is not what the dollar is worth in exchange rates, but the equivalent of what $1 would buy you in America, the loaf of bread. Calculating poverty using the $1 a day purchasing power index is controversial, but is as likely to underestimate poverty as overestimate it. In 2008 two World Bank economists estimated that $1.25 was a better indicator of poverty (Chen and Ravallion 2008) and $2 a day is also sometimes used.

The 1990-2000 improvement was despite the world population growing which you would expect to lead to a growth in the number below the poverty line. To put it into perspective the world population in 2000 was 5.1 billion. So 864 million fewer in poverty is a real achievement. The proportion living below the poverty line was a decrease from 27.9% of the world's population to 21.3% (Kaplinksy 2005, World Bank 2002).

But despite this improvement the picture is still bleak and there are some especially bad sides to it. The number of people below the $1 a day poverty line exceeds 1.2 billion. More than 1 in 5 people in the world are in poverty on this definition. 2.8 billion live on less than $2 a day (UNDP 2003). In 2005, 36 per cent of people in less developed countries were living on less than $1 a day and 76 per cent on less than $2. The proportion of people living in poverty is falling slowly but the numbers living below the $1 and $2 lines was larger in 2005 than in 2000 (UNCTAD 2008a: 2). It is difficult to see the attitudes of many in the rich world as reflecting any noticeable awareness, real concern or willingness about this fact.

Many of the 1.2 billion at the $1 level spend about half their income on food, a much greater proportion than the rich, leaving half for water, education, health and shelter. Between 2006-8 the price of basic food rose by 28% leading to 40 million more people suffering from hunger. There are 963 million people, 14% of the world's population, who do not have enough to eat (UNFAO 2008).

Most of the improvement in poverty has been accomplished in China, although there has been rising intra-country inequality, including within China, and in other parts of Asia. Between 1980-2000 absolute poverty in India declined by 100 million. In China it went from 250 million in 1978 to 34 million in 1999, a huge decrease (Wolf and Wade 2002). But those living below the poverty line increased in Africa, Latin America, Eastern Europe and Central Asia. If you leave out China and other growing East Asian countries the proportion of the world's population living below $1 a day stayed stable and the absolute numbers grew (because of the growing world population). The picture is especially terrible in sub-Saharan Africa where poverty below the $1 line increased from the already high position of 53.3% to 54.4% between 1985 and 1990. Between 1990 and 2002 there was no significant improvement in this region (UNDP 2007: 11). 74 million more people in this region were in poverty at the end of the 1990s than at the start (UNDP 2003: 41). This does not mean that the improvement in China and parts of Asia is not a success worth investigating for lessons on how it can be done. But it does mean that the picture is a mixed one and that in some parts of the world an already very bad situation has got worse.

There are about 195 countries in the world. 54 countries were poorer in 2003 than 1990. In 21 more rather than less people were going hungry and in 14 the number dying before the age of 5 had increased. In the 1980s 4 countries experienced reversals in the UN human development index (which measures life expectancy, health, education and standard of living) but this went up to 21 getting worse in the 1990s. In the 1990s development assistance from the rich declined, debt in poor countries increased and the price of primary commodities, which many poor countries export, continued to drop.

A half of Africans live on less than $1 a day, one third in hunger, about one-sixth of children die before the age of 5, something which is not improving. In 1990 you were 19 times more likely to die before the age of 5 in sub-Saharan Africa than in a rich OECD country. By 2003 this had increased to 26 times more likely. Because of population growth the numbers in these situations are growing. In 2000 4.5 million children died before the age of 5 in Sub-Saharan Africa and 3.6 million in South Asia – making up 76% of global mortality by 5 that year. Life expectancy at birth is 49.6 in sub-Saharan African countries and 79.4 in high income OECD countries with a world average of 68.1. It is in the low 40s for countries like Sierra Leone, Zambia, Mozambique, the Central African Republic, Angola, Zimbabwe, Lesotho and Swaziland. In some of these countries 70% of people do not live until 40 and in many Sub-Saharan African countries life expectancy is on the decline because of HIV/AIDS, other diseases and factors such as injury (UNDP 2003 and 2008a).

These figures should be looked at in the context of academic commentaries which are dismissive of analyses of globalisation that focus on economics and inequality for being out of touch, reductionist or too negative. The alternative picture of globalisation they put forward is of the spread of global human rights and cultural cosmopolitanism.

The table below outlines changes and unevenness in poverty. It shows how there have been improvements in some parts of the world in the 1990s while things stayed the same or got worse in others.

Table X: Share and number of people living on $1 a day 1990-99

	% of each region's pop		Millions	
	1990	1999	1990	1999
Sub-Saharan Africa	47.4	49	241	315
East Asia and Pacific	30.5	15.6	486	279

South Asia	45	36.6	506	488
Latin America and Caribbean	11	11.1	48	57
C/E Europe and CIS[1]	6.8	20.3	31	97
Middle East and N.Africa	2.1	2.2	5	6
Total	29.6	23.2	1,292	1,169

(Source UNDP 2003: 41)

As you can see things have got worse in Sub-Saharan Africa and in Central and Eastern Europe and the former Soviet states in the post-communist period. In East and South Asia, which include China and India, things have got better.

Climate change is a globalised phenomenon that accentuates poverty. It is caused by carbon emissions predominantly from some of the most industrialised and large growing countries but has damaging effects especially on the lowest emitters, particularly sub-Saharan African countries. The latter are the poorest and most vulnerable and rely most on fertile land and water and are where such resources are most scarce. Loss of land or water as a result of climate change undermines development and leads to conflict over the scarcer resources, for instance in Sudan. This is bad in itself but also for growth. The 21 least developed countries, mostly in Sub-Saharan Africa, produce less than 0.5% of the world's carbon emissions but suffer the effects especially harshly. The USA, China, Russia, India, Japan, Germany and Canada produce up to 60% of the world's emissions. The USA produces 20.9% of the world total. China and India as more recent developers have not historically been principle contributors to carbon emissions that have led to the current situation and their output is partly a product of the sheer scale of their population (UNDP 2008a: 310-13, UNDP 2008b: 5). Solutions to climate change need to be global with as many countries as possible, especially the carbon emitters, agreeing together to limit emissions.

Global Inequalities

Inequality is a different thing to poverty. Inequality can rise while poverty falls - the poor can get richer whilst gaps between them and the rich get bigger. In cases such as China and India relative to some richer parts of the world this is what has been happening. For 'trickle-down' theorists there may be a link between these occurrences. If the rich have incentives to make money they will innovate and produce goods which bolster wealth in society more widely and provide goods which eventually, when they are popular enough, become affordable for the poor and provide them with jobs manufacturing them. At the same time if poor nations are successful in growing economically then they become wealthy enough to provide markets for rich countries who grow even richer. Inequality can help to reduce poverty and become greater when the poor get better off.

You can be against poverty but for inequality. Inequality can be defended on the basis that the rich deserve more because they have worked harder or been entrepreneurial or that it is necessary for improving the overall wealth of a society – for instance in the way

[1] Calculated on $2 a day, seen to be a more appropriate measure of poverty for this region.

just mentioned, providing incentives for people to do dynamic, entrepreneurial things that end up being good for the economy and for everyone. For some the key thing is poverty and if this decreases while inequality increases their response is ‘so what’. If the poor are getting better off it doesn’t matter if the rich are getting richer at a greater rate. There is no basis for complaint against this other than envy. Objections to it imply we should stop the rich getting richer even though the poor are getting richer too (Wolf in Wolf and Wade 2002).

Others are against some inequalities – because they are based on unjust factors such as luck, inheritance or exploitation rather than real effort or talent, for instance. They can be seen as bad if rich people have resources that if redistributed could prevent the poor from being poor. Or inequality can be seen as bad because it leads to adverse social consequences such as unhappiness amongst the poor at the unachievable ends others have attained. This can undermine solidarity and social capital in society, and lead to crime to achieve what cannot be gained through accepted means. Another result is conflict between the rich and poor or the use by the former of their position to exert power, gain unfair advantages or reproduce inequality, exploitation and exclusion. This then undermines democracy which requires some degree of equivalence in capacities to participate. (On the effects of inequality see Wilkinson 2005).

My key point here is that inequality and poverty are different and need to be evaluated separately. One issue is how globalisation affects inequality within countries and it should be remembered that there are very poor people in rich countries and very rich people in poor ones (for more information see Kaplinsky 2005: 39-43, UNDP 2003: 40). However my main concern is with inequalities between countries. There are two ways of looking at these. The first compares countries with countries. The second compares inequality taking into account country populations and by individuals. The second is better for seeing how unequal individuals are in the world and because it is about individual people is the one we should be most concerned with in human terms. But the first is important because it shows how different countries are doing in relation to one another.

Looking at it *country in comparison to country*, there has been growing inequality in the globalising years after 1980. There has been rapid growth in Asia while African and Latin American countries have not grown or have grown slowly. So the rich and the growing developing countries have pulled away from others leaving greater inequalities. Before this period the differences were less marked.

This compares rates of growth. If you measure it in absolute income terms rather than growth rates the difference is greater (Wade and Wolf 2002). A developing country with incomes of $1000 a year growing at 6% will not be keeping up with a developed country with incomes of $30,000 a year growing at 1%. Growth rates are closing but absolute income differences at the end of it all are getting bigger, because of the much higher starting incomes of the developed country. Fast growing huge countries, India and China, are closing the gap with middle-income countries like Mexico, Brazil, Russia and Argentina, but not with very rich countries in the EU, North America and Japan.

This tells us about country comparisons. The other way of measuring global inequality *takes into account population*, rather than just comparing two countries and disregarding their population size. This gives a better sense of the proportions of the world's population in terms of equality with one another, rather than just country to country. Looking at it this way shows that global income distribution is more equal (Milanovic 2003).

Much of this equalisation is because of rapid growth in China and, to some extent, India. If China is set aside then inequality has risen since the 1980s. This is not to downplay the significance of growth in China. This country has a huge population and has been growing rapidly with significant positive effects on global poverty. But it is to say that elsewhere the picture has been more problematic and the effects of China should not allow us to gain an overall rosy picture putting into the shadows other significant less positive stories. Within China the benefits of growth have been unevenly distributed. There have been big growing internal inequalities during the period of rapid growth, the East coast urban areas, for instance getting richer and other rural areas falling behind.

The figures below show some global inequalities.
- The income gap between the fifth of the world's population living in the world's richest countries and the fifth in the poorest countries grew from 30:1 in 1960, to 60:1 in 1990 to 74: 1 in 1997.
- The richest 5% of people receive 114 times the income of the bottom 5%, the richest 1% receive as much as the poorest 57%.
- The 25 million richest Americans have as much income as nearly 2 billion of the world's poorest, that is getting on for a third of the world's population.
- The richest 2% of the world's population owns more than half global household wealth; the bottom half own 1%.
- Many of these factors have got worse rather than better over time. In 1820 Western Europe's per capita income was 2.9 times Africa's and in 1992 it was 13.2 times as great. (UNDP 2003).

1.6 billion people live without electricity out of a world population of over 6 billion. 45% of these are in South Asia and 35% in Sub-Saharan Africa.

<u>People without access to electricity 2004</u>

Total	1.6 billion
South Asia	706 million 45%
Sub-Saharan Africa	547 million 35%
East Asia	224 million 14%
Others	101 million 6%

Source UNDP 2008b: 28

33.2 million people are living with HIV or AIDs, up from 29 million in 2001. 22.5 million of these are in Sub-Saharan Africa.

<u>People living with HIV or AIDs 2007</u>

Total	33.2 million
Sub-Saharan Africa	22.5 million
South, South-East and East Asia	4.8 million
Latin America and the Caribbean	1.83 million
Eastern Europe and central Asia	1.6 million
North America	1.3 billion
Western and Central Europe	760,000
Middle East and North Africa	380,000
Oceania	75,000

Source UNDP 2008b: 18

In short things have improved a lot in China and some other Asian countries. Including them global inequality has decreased. But looking beyond China, which should not be allowed to overshadow other parts of the world, and comparing the top and bottom of the world in income terms global inequality increased in the 1980s and 1990s.

Global inequality used to be characterised in terms of core and periphery or the first world of rich capitalist countries, the second world of socialist countries and the third world of less developed countries. With the collapse of most socialist countries the latter threefold categorisation changed to first world and third world. But with the rise of newly industrialising countries and with some developing countries growing ahead of others binary categorisations of developed-less developed, core and periphery and first and third world have become less applicable. World inequality has become more complex.

There is what could be called a new international division of labour or a *new stratification in global inequality*. Countries like China, India and some other Asian countries have pulled away from the most poor through rapid growth, although sometimes with inequality and poverty inwardly increasing in places. There have been notable Asian successes, as well as China also South Korea, Taiwan, earlier on Japan, and India. Hong Kong, Singapore and more recently Malaysia and Thailand have been successful. Often these have had significant export oriented-growth, so there has been a globalising element to it.

Other successes have been Chile, the Dominican Republic, Mauritius, Poland and Turkey, who have become more integrated into global markets and benefited from foreign investment. South American NICs such as Brazil, Chile, and Mexico have grown often through import substitution, where countries develop industries in areas where they used to import goods. Industries which are big in NICs include textiles and clothing (eg China and India), cars (Japan and Korea), and electronics (Japan, China, Korea, Hong Kong, Singapore, Malaysia, Brazil and Mexico). At the same time, as we have seen and will discuss further shortly, some areas of the world, especially in Latin America and Africa, have stayed poor or become more poor and unequal in relation to the rest of the world. The developed world (itself stratified amongst its different nations) has moved ahead, NICs and fast developing countries have grown rapidly away from poverty, while the poor and less developed have fallen behind.

Gender inequality and globalisation

Some authors draw attention to the gendered nature of globalisation (Acker 2004, Moghadam 1999, Chow 2003). Women have been a resource for globalising capitalism and drawn into production as low wage labour, for instance in the employment of migrants in domestic work and childcare in rich countries. Labour migration of women has overtaken that of men because of the entry of women into jobs such as nurses, nannies, domestic workers, catering and waitressing where rich countries often recruit from poorer countries. Some women go into sex work, sometimes through human trafficking, involving deception or force, with workers then being trapped by coercion, debt or stigma. Sex work in women's home countries is linked to global tourism. A lot of work for women is in export-processing zones, free trade zones and factories producing for world markets. The globalisation of trade has benefited women who are employed in factories producing goods for export, for instance in textile and garment industries, electronics and pharmaceuticals. Frequently women's work is in the informal sector, home work, small unregistered companies or self-employment. Women have broken more into global professions too.

New work opportunities have increased employment for women and enabled those in developing countries to earn income and gain independence from patriarchal structures and household and family relations. But sometimes it has been forced or exploitative in conditions or pay. The globalisation of production and rise of the multinational corporation and outsourcing have led to the employment of women whose labour is cheaper and are seen as less likely to resist poor conditions. But this means poor working conditions and insecure employment. Much women's work in global industries involves long hours, is part-time, temporary, flexible, insecure, casual, home-based and poorly unionised. It can be low paid and demeaning.

Often women's entry into globalisation jobs is not accompanied by a redistribution of domestic responsibilities so they are carrying a double burden of paid labour and domestic labour. There has been a feminisation of unemployment - women's unemployment has risen higher than men's. Women have been affected by the unemployment that results from cheap imports in unequal trade liberalisation. Domestic workers can be undocumented or illegal immigrants, isolated in employers' homes, with little basis for protection against exploitation. They are often unregulated, work long hours for poor pay and can be harassed or locked in by debt to their employer. More flexible home-based work may seem desirable for workers but is often less organised, more isolated and easier to exploit.

Structural adjustment polices such as privatisation, deregulation, cuts in public spending, and opening up to foreign trade and investment have effected women especially adversely (Moghadam 1999, Pyle and Ward 2003). One reason is that women tend to have disproportionate responsibility for areas such as education and health where families have to compensate for falling public expenditure. Because of the loss of price controls and fuel subsidies they have to go out to work to earn extra income while continuing their domestic responsibilities. This can be work in the informal sector, domestic or sex work, microfinance or migration to richer countries for employment in the sort of jobs abroad mentioned above.

Moghadam (2000, 2005) who stresses contradictory effects of globalisation for women, looks at the development of the *global women's movement* as a part of globalisation. The globalisation of politics and INGOs, and of human rights discourses and ideas of gender equality have allowed women's organisations to grow globally. Trade unions have become more involved in employment in sectors where conditions are poor. While much globalised women's work is poorly protected unions have increasingly tried to participate in such areas, sometimes through the activism of women workers themselves. Moghadam sees transnational feminist networks and women's world conferences as a logical outcome of the capitalist world economy and universal gender inequality, albeit in varying extents and forms in different places. Women establish solidarity around a common identity globally, across national or other identities which separate them. Globalisation exposes more women to education and information as well as to connections with women from different countries. There is also an economic dimension to women's global movements, in trying to secure more equality in the face of exploitation. I will look at the development of global politics and global social movements in some of the following chapters.

Is Globalisation the Solution?

If some countries have been successful and others fallen behind, what has been the basis for the success of those that have grown and can we learn from this to see what might help those who have been less successful? In particular, are globalisation, greater liberal openness and integration into the global economy and world trade, and a break with state and protectionist approaches, the solution? Is the poverty and inequality of the poorest countries proving enduring because of globalisation, or is it because globalisation has not gone far enough?

Commentators such as Wolf (2004) and Dollar and Kraay (2001) argue that more globalisation is the solution. For the World Bank globalisation decreases poverty and the poor's situation is residual. In other words the benefits of globalisation have not reached them yet, or they haven't yet been integrated enough into it. There have, it is argued, been great successes from openness to the world economy, in China, India, Vietnam, Uganda, Mexico, South Korea and Taiwan, for instance. Places like China and India are pulling people out of poverty in their millions by participating in globalisation. The problem is that others are yet to be incorporated more in the same process. The losers are those who have been excluded and need to be included more.

Economic integration decreases poverty and less developed countries need to export manufactures more, especially in industries that are labour intensive because this will increase the numbers of workers in employment and so their incomes. Marketisation and deregulation will stimulate exports. It will open up overseas markets to the industries of poor countries and push them into a competitive context in which they can rise to the challenge, will have to be dynamic and entrepreneurial to do well, and can use what specific advantages they have in their own countries to succeed. As countries get more productive, integrating into the global economy and looking for overseas markets, they will gain their own specialisms and niches in which they have specific resources or capabilities. They can gain income from these and as other countries get richer, especially big countries like China, there will be more demand for food and raw materials from them, which will pull the poorer into the sphere of growing countries. This will not end the story. The poorest countries then need to take advantage of demand for their goods, and ensure peace and good governance. But globalisation in these ways is the basis for their success.

Dollar and Kraay – Trade, Growth and Poverty

This is the theory. How much evidence is there to support it? A key article by Dollar and Kraay (2001) is worth focusing on because it makes a case for globalisation as a chief factor that has led to growth and lifted countries out of poverty and criticisms of this study show some common points against the globalisation thesis. As we will see there are methodological issues about what countries you look at and how you measure globalisation that affect what findings you come to. Some of the critics of Dollar and Kraay make the strong suggestion that their measures could have been chosen to support pro-globalisation conclusions that they already were committed to. In quite a few of the debates on this issue methodology and measurement on one hand and ideology on the other seem to be interlinked.

Dollar and Kraay compare data on 100 countries and focus on post-1980s globalisers such as Argentina, China, Hungary, India, Malaysia, Mexico, the Philippines and Thailand. They say that trade as a proportion of gross domestic product (GDP) has increased a lot in such countries compared to non-globalisers in the developing world and this has helped the poor. Looking at liberalising countries who are opening themselves up to world trade seems to suggest a link between trade, growth and the reduction of poverty. Non-globalising countries, those with lower levels of trade, do not have such levels of growth (see also World Bank 2002).

However there have been criticisms of Dollar and Kraay's research which argue that globalisation looked at more completely is not as good for growth and poverty as Dollar and Kraay's article suggests. In fact maybe even the reverse (Rodrik 2000, Nye et al 2002, Samman 2005, and Kraay's 2006 reply). The main points that critics have made are as follows.

1. *Choice of countries and dates*. Some critics question Dollar and Kraay's choice and categorisation of countries and dates to compare. They argue that these lead to misleading conclusions which support their case. A different choice of globalising countries and dates leads to different conclusions (Rodrik 2000, Samman 2005). Rodrik says that Dollar and Kraay left out countries from the globalisers that on their own criteria they should have included and included some that did not fit their criteria. He carried out Dollar and Kraay's exercise using places most consistent with their selection criteria for globalising countries. This leads, he argues, to a different choice of countries whose

growth is unimpressive, less than Dollar and Kraay's globalisers, and slower in the 1980s and 90s than in the 1960s and 70s. So a correct choice of countries using Dollar and Kraay's own criteria does not support the thesis that globalisers did better in terms of growth. Nye et al (2002) also suggest that the time periods Dollar and Kraay use are mismatched. If you use comparable time periods the finding is that non-globalisers defined in terms of changes in tariffs outperform globalisers in rates of growth.

2. *Tariffs rather than trade*. Another problem is that Dollar and Kraay use growth in trade as an indicator of globalisation. On the face of it this seems to make sense. If a country's trade with others is growing then they are more involved in the global economy. Increasing international trade is a sort of globalisation. However trade growth is not necessarily caused by liberal or globalist policies. It could be caused by non-globalising factors such as subsidies, quotas and tariffs, measures which protect against global competition rather than opening up to it. Rodrik and Samman suggest that tariff reductions are a better measure of globalisation because they involve policies which are liberal and open up a country's economy more globally. If you look for links between increases or reductions in tariffs and growth you find different conclusions to Dollar and Kraay's. In fact Dollar and Kraay say that "we recognize that growth in trade volumes may also reflect many factors other than trade liberalization" (2001: 7) and that "changes in reported tariff rates are not accompanied by any change in trade volume" (p. 3). In other words they say that more liberal openness to the global economy may not be what is behind greater trade.

Samman and Rodrik look at tariff levels and trade volume and show there is not a link between reducing tariffs and trade growth. In fact countries that have cut their tariffs appear not to do better than those who have not. Those with lower cuts in tariffs have bigger increases in growth than globalisers with bigger cuts. As we shall see below, China and India increased overseas trade significantly whilst maintaining very protected economies. So trade growth does not seem to be an indicator of openness to the global economy. In fact it may provide a good argument for protectionism in some cases. Globalisation in trade is not caused by globalization in policies.

3. *Does trade cause growth or does growth cause trade?* Dollar and Kraay say that there is a link between increasing trade volume and growth. But it could be growth that leads to more trade, rather than more openness, measured by trade, that leads to growth. In fact as we shall see below some countries grew before they became more open to the global economy. And in some cases their growth was, as just mentioned, due to the opposite of liberal and open policies, through initially protectionist measures. So Dollar and Kraay say that something globalised, trade volumes, is connected with growth but on the basis of their evidence it is quite plausible that growth, perhaps based on non-globalising factors, led to greater trade, an argument against globalization causing growth. In fact Dollar and Kraay (eg Kraay 2006) argue that the trade and growth link may not be causal and that there may be other third factors altogether involved in trade volume increasing and in economic growth, although this takes some of the emphasis away from the links between trade, growth and the erosion of poverty that they suggest.

4. *Levels or increases in tariffs or trade*. Dollar and Kraay's focus is on globalisers, defined as such because of increases in their trade volume and reductions in tariff levels. However while these countries may have fast changing trade and tariffs if you look at the level of tariffs and trade they have reached they are quite non-globalised despite such increases. Some of those with fast increasing trade don't have the highest levels of trade. And some of those with tariff cuts don't have the lowest tariffs. So changes in trade and tariffs do not match with levels of either (Samman 2005, Nye et al 2002). The globalisers in terms of cuts in tariffs and growth in trade are often countries with lower levels of trade and relatively high tariffs, so not very globalised. When this is matched up with growth many countries growing the most are those with high tariffs or low levels of trade and the least successful are those with lower tariffs and high levels of trade, even if these have changed a lot. When you look at trade or tariffs in terms of level rather than change the opposite of globalisation seems to be linked with growth.

5. *Other factors behind growth*. Dollar and Kraay mention that growth and reductions in poverty could be caused by factors other than trade or tariffs. One factor is foreign direct investment, a form of globalization which could affect growth but which is different from lower tariffs or more international trade. They say that they have controlled for factors such as geography and institutional change by looking at trade volume over time. Geography and institutions do not change over time so any differences in growth must be linked to what does change, eg trade volume. However even if geography does not change, its significance can. For instance, a landlocked country may find itself in a better position because of improved transport and communications. And institutions do change so controlling for institutional factors by looking at trade and growth over time does not rule them out as a factor. Furthermore there is quite a lot of evidence that institutions are significant in trade, growth and the reduction of poverty, as mentioned below. As such trends to greater growth and reductions in poverty in some countries that Dollar and Kraay point to could well have been due to such factors rather than to greater openness to the global economy.

6. *Does growth help the poor?* Dollar and Kraay suggest that with growth in average incomes the poor gain in proportion. However there are qualifications to this, some of which Dollar and Kraay make themselves (see also Nye et al 2002). a) One is that it depends who you mean by the poor. If you look at the bottom fifth of the population, as Dollar and Kraay do, this works better than if you look at those further down in deeper levels of poverty. The evidence for the latter is that their incomes do not keep up with average incomes so the growth that Dollar and Kraay talk about does not help the poorest of the poor. In fact this group seem to fall behind with average increases in income. If it is true that globalization leads to growth in average incomes it is not clear that the poor gain from this.

b) An average of the bottom fifth across countries may keep up with average incomes. But this is an average. In some places the bottom fifth's income keeps up with average incomes and in some places it does not. As a mean the poorest keep up with average incomes. But the mean is made up of cases which do better than this and some that do worse, so the picture is a mixed one, in which in some places the poor gain from rises in average incomes but in some instances this is not the case. So the evidence in this case is not that growth caused by globalization helps poverty. It is that the outcome of globalization is uneven. Whether growth pulls up the poorest varies and figures on the bottom fifth when disaggregated do not support that growth from globalization is a solution to poverty. This is not to say that growth is not good for raising incomes, but that it is uneven, is not the solution and more than growth is needed.

c) What Dollar and Kraay discuss is the poor keeping up in terms of rates of growth. However, as discussed above, a high rate of growth for a poor person alongside a low rate of growth for a rich person can still lead to rising inequality between them, if the poor person's income is small enough that even with a high rate of growth its increases are smaller than a rich person's smaller growth on a larger income. Proportionate gains by the poor in rates of growth do not necessarily lead to proportionate gains in incomes, in fact they often lead to greater inequality because of the higher starting point of the rich. These points apply both to incomes within countries and to differences between countries. One response to this, as I have mentioned, is that it doesn't matter (Wolf 2004). If the poor are getting better off what does it matter if inequalities are growing? But as we have seen there may be reasons why inequality as well as poverty is a problem. And as we have also seen it is not clear the poor are getting better off.

Dollar and Kraay acknowledge some of these points themselves. But such points provide qualifications to the idea that growth from trade helps the poor and that 'globalizers' are best suited to improving growth and solving poverty. In fact this is not case for the poorest of the poor, for others who fall below average income improvements, and it may not help with inequality. More generally, discussions of Dollar and Kraay's research suggest that globalization may not be the key to growth and solving poverty. In fact it could be non-globalising factors or even protection from the global economy that can sometimes improve growth and help solve poverty. In fact in practice this has often been the case.

Are the globalisers globalisers?

We have seen that a country which is a globaliser in terms of trade volume may not be a globaliser on the indicator of liberal policies towards the global economy such as lower tariffs. Furthermore a country whose tariffs are coming down fast or whose trade is growing may be a globaliser in changes like these whilst not being so in terms of levels of tariffs and trade at the end of the day. These can remain quite unglobalised in outcomes despite increases in openness.

An economy can be globalised in many different ways and the impact on growth and poverty can vary with different types of globalization. Globalisation of the economy can include lower tariffs, more trade in imports or exports, or more foreign direct investment either outwards or inwards. Some countries have globalised more in some ways than others, for instance growing through increases in exports while being quite closed in terms of tariffs and imports, or being open in terms of investment more than goods moving in or out. So pointing to a growing exporter as a sign of the success of globalization should not be the basis for generalising to others types of globalization, such as openness to imports or finance, as the basis for success. It could be good, for instance, to export goods but globalisation of your economy in other ways, such as the ending of subsidies or limits on imports, could hinder rather than help with exports, growth and poverty.

Countries like Brazil, Mexico, Peru and Zambia have been liberal in allowing imports in but have had mixed records in achieving growth and reducing poverty. Latin American economies have been leading liberalizers but with varying results for growth and poverty and widening inequality. Places like Haiti and Peru found domestic livelihoods shattered and poverty increased when they opened up to imports.

Furthermore when you look at the histories of the globalisers who are highlighted as successes their routes have been in part on the basis of something different, even opposite, to globalisation. So globalisation may not be the best recommendation to make to the rest of the developing world.

Let's look at the bases for the success of some of the so-called globalisers. There is no doubt that many such countries have flourished when they have opened up their economies to the global market. But that is not necessarily how they got into the position to do that. Some have succeeded as much by restricting globalisation at key points. China, South Korea, Taiwan and Vietnam have gained from integration into the global economy and strong export orientations. But they also placed restrictions on foreign investment, subsidised exports, and had tariff and non-tariff barriers on imports. Rather than the state being rolled back it intervened to pick and choose where and how growth could be facilitated. In short their successes in the global economy have come in part from non-liberal and non-globalising measures such as protecting their own industries from global competition and giving them special assistance. This is rather than opening up to free competition in which they would have had to compete with rich nations with huge advantages and open their markets up to their imports with the inevitable impact on domestic industries. The only people who would have gained from this would have been those keenest on it and most selective about practicing it themselves, rich developed countries.

China's growth started first in the 1970s with an early emphasis on export liberalisation. Import liberalisation was delayed, so that Chinese industries were protected from open competition on the global market. Openness came late and in partial ways. Rodrik (2000) argues that the late 1980s and 90s is when trade liberalisation started by which time China was already growing fast on the basis of a semi-globalised strategy and in part through protection from globalisation.

Indian growth increased substantially in the early 1980s but serious trade reform did not happen until the 1990s. Tariffs which restrict inward trade were higher in the rising growth period of the 1980s than in the low-growth 1970s. So protection seems to link with the periods of success. Like China, India participated in international trade in growth periods, so involvement in the global economy has been important to growth. At the same time protection from it has been part of India's success as much as liberalisation and opening up to globalisation. Similar points could be made about Vietnam.

So globalisation does not seem to be all the story of the success of nations such as India and China where there have been growth and reductions in poverty. From a postcolonial perspective explaining the success of China, India and other Asian countries in terms of globalisation is a resurrection of western colonialism, exporting the idea that the western way is the only way to succeed, a view that is based, as we have just seen, on suspect empirical evidence (Hutton and Desai 2007, Mishra 2006). This was a view popularised by some like Fukuyama (1989) but more recently put into doubt, as we have seen, by doubts over the success of the Washington Consensus.

Is Globalisation the problem?

This is not to say that globalisation has not played a role in helping poor countries to grow. Some countries which grew under less than globalised conditions, with state involvement, subsidies and protection, then benefited when they opened up to the world economy. So openness is part of the story. But the evidence for globalisation as a solution is mixed.

Success from globalisation has been selective. In the globalising period from the 1980s developing countries increased their share of manufacturing, but this was mainly in East Asia, especially China. Latin America, the Caribbean and sub-Saharan Africa saw losses in their market shares of manufacturing, as did some parts of Eastern Europe. Some quite globally integrated countries did not benefit, for instance sub-Saharan countries whose exports were more significant for their economy than exports in rich countries. In terms of exporting they are quite globalising but these are the countries who have remained abjectly poor under globalisation. Similarly Russia and central and eastern European countries have got poorer and more unequal and a number of these were ones who ditched socialism and adopted the Anglo-Saxon neoliberal model which is the basis for globalisation. Latin American countries have had a mixed record since the 1980s despite often adopting Washington Consensus style policies, against which there has been a backlash in that part of the world.

Robert Wade (2007) says we live in a 1:3:2 world as far as income and growth go. About 1 billion people live in high-income countries. 3 billion live in countries where growth has been faster than in high-income countries over the last 20 years, but still with low incomes. 2 billion people live in countries where growth has been lower than in high-income countries. Some of the latter are middle-income states, some low income and most developing countries fall into this bracket. Between 1993 and 2001 50-60% of the increase in world consumption went to the richest 10% in the world. The other 40%-50% went to the next most well-off bracket, the majority being the Chinese middle-class. This left little for a bottom group earning under $1,000 (in purchasing power terms) a year ($2.73 a day). Most of these live in South Asia, Africa, and China.

For those who have been successful or hope to be there may be *explanations other than globalisation,* some of which have been tried more than others. For instance development can be connected with technology, education, environmental sustainability, health care, democracy, peace, transport and communications, or civil society participation, not to mention global interventions of a non-neo-liberal sort such as redistribution, debt relief and aid. There are other domestic factors in growth, natural resources, for instance in the case of oil rich countries like Venezuela or Nigeria, having working political institutions, or cultural values and norms favourable to growth, including some which are sometimes quite contrary to liberal and competitive values, for instance in Japan where collectivist norms such as loyalty and co-operation are seen to have been important to their success. Countries like Vietnam and Botswana have grown in part because of propitious internal factors while others like Nicaragua and Mexico have not developed so fast for internal reasons. So there are solutions other than globalisation to poverty. At the same time, that these factors are internal rather than to do with the liberalisation of developing countries' economies does not mean external assistance can't help with cultivating some of them (Birdsall et al 2005).

Not only is globalisation not always an explanation for success but Kaplinksy (2005) argues that *it may actually be going badly in some cases.* Buying manufactured goods is becoming concentrated amongst a smaller number of firms globally and they are looking for the cheapest prices from the lowest cost producers. So there is strong competition for poor countries to offer low price exports. Since the 1980s the price of manufactured goods has been falling, especially for manufactures from lower income groups and those with the lowest technological content, which tend to come from low income countries. Prices of manufactures with higher technological content from higher income countries have not fallen so fast. So the price of manufacturing exports has fallen most for those from lower income countries and the cost of their imports from higher income countries has risen.

Development also has quite a negative effect on some areas. The expansion of industrial capacity can be job-destroying, because industrial technology can do what labour would have done, and mobile capital tends to gravitate to fastest growing areas like China (and to the fastest growing areas inside China) at the expense of poorer slower growing areas. Aid to low income countries is falling, especially to countries of less geo-strategic interest to Asia and Europe. In 2008 the main recipients of aid from the USA were Israel, Egypt, Iraq and Georgia, all for political or geo-strategic reasons such as electoral lobbies in the US, their role in the middle-east or conflict with Russia. None have a case for top priority for aid on development criteria.

In short, exports for poorer countries are making less money, competition from other areas is strong, and foreign investment is going elsewhere. These are all factors of globalisation – exports of goods to other countries, pressure from overseas competition and flows of capital globally. In some instances globalisation is having a negative effect on poorer countries. Sometimes globalisation intensifies inequality and poverty amongst the poor who need to protect themselves from the world economy as much as participate in it more. The success of China and other Asian economies is squeezing out space for poorer countries to benefit from globalisation. So what may be good now for China and others in the global economy may not be so good for poorer countries.

Alternatives to Globalisation

Protectionism is still important in the global economy. Sometimes this is on the part of advocates of globalisation itself, what could be called *hypocritical globalisers*. These advocate an open competitive world economy when it is in their interests but are protectionist when their industries may be under threat, for instance in the case of US steel tariffs and EU quotas on Chinese textile imports. Similarly world trade talks cover a range of areas for liberalisation – agriculture, manufactures, finance and services – but in one area where liberalisation would be of great benefit to developing countries through the incomes and remittances it would enable, the free movement of labour, rich countries are increasing the barriers rather than liberalising, as we saw in chapter 6.

Advocates of free trade in rich countries put the highest tariffs on goods of the sort that happen to come from developing countries, such as agricultural goods, low-priced goods, and simple manufactures. In the 1990s the average tariff in rich OECD countries placed on manufactured goods from developing countries was 3.4%, four times that on manufactures from other OECD countries. Not only are the globalisation advocates of the rich world hypocritical, their protectionism is greatest in relation to the poorest countries who need entry into their markets the most and less so to rich countries whose needs are less. 60% of developing countries imports to the richest countries in Europe, North America and Japan are subject to peak tariffs, which are tariffs above 15%. OECD agricultural subsidies to their own farmers totalled $311 billion in 2001, dwarfing aid to all countries of $52 billion. The UN say that there is greater subsidy per cow in Europe than aid per person in developing countries (UNDP 2003).

One solution to this is *global cosmopolitan agreements*, which I will discuss in chapter 10. These could be interventionist and egalitarian agreeing debt relief, aid or redistribution. Or they can be more neoliberal agreeing on an open free trade economy, as in the Uruguay and Doha rounds of world trade talks starting in 1986 and 2001. However such global negotiations often fail because of the material interests of the parties involved. Debt and aid agreements have been misleading, inadequate, linked to conditions that benefit rich countries and go unfulfilled, as in the case of the G8 summit at Gleneagles in 2005. There have been important initiatives to provide debt relief to heavily indebted poor countries but many targets have not been met. In 2006, 10 developing countries spent more on repaying debt than education, and in 52 countries repaying debt costs more than the health budget. Official development assistance (ODA) declined by 4.7 % in 2006 and by 8.4% in 2007. In 2007 the only countries to reach the UN target of 0.7 of their gross national income being given in ODA were Denmark, Luxembourg, the Netherlands, Norway and Sweden. The 22 members of the Development Assistance Committee of the rich country OECD gave 0.28% of their combined income in ODA (UNDP 2008c: vii).

Those with the strongest case for being protectionist are poorer countries with the greatest needs and in the weakest position when opening up to global economic competition. However global trade talks have broken down when rich states' have not accepted developing countries' wish to maintain a point at which protection, such as tariffs, can be triggered if their industries face threatening levels of competition, for instance in agriculture. This was the case with the breakdown of the Doha round in 2008, although the USA and others (but not the EU negotiator) blamed China and India. Rich countries maintain the right to keep subsidies, on agriculture for example, or quotas and tariffs, for instance on textiles and clothing imports from developing countries, or they retreat from agreements to remove them. Solutions to global inequality are an area where an ideal solution, cosmopolitan global agreement, breaks down over divisions of material interest between rich and poor. Given some of the agreements that have been on the table this may not always be a bad thing for developing countries. Developing countries should use these global fora as much as they can, but they may well also have to fight for themselves outside them, in alliances with others in similar situations or with likeminded objectives.

An *alternative form of globalisation* favoured by the global justice movement is based on open trade on a fair trade basis. Workers in developing countries are paid a fair price and are not exploited in what is a genuinely free trade system. Openness includes free labour migration to developed countries with remittances sent home, a source of huge income for developing countries, far greater than western aid, in some cases greater than export earnings or foreign direct investment. This type of globalisation involves the movement of people as well as capital or goods and services, and the agency of individuals and families bypassing corporations, governments and NGOs. Attempts by rich governments to tighten up on immigration threaten it.

There are also those who argue for greater localism and *self-sufficiency* for environmental reasons. For them trade and transport in the global economy is wasteful and causes environmental problems such as climate change. This is caused by the carbon emissions that result from the transport of goods from one part of the world to another. Climate change can have negative economic effects. For instance it desertifies agricultural land, especially in places which are already hot and poor and dependent on agriculture. This hinders economic development and can lead to conflict as people fight over declining water and fertile land. Societies should cut down on this trade and transport by relying more on what they can grow and produce in their own area, although this could have negative impacts on poorer countries who need to export to rich countries to grow their way out of poverty.

There are more regionalist protectionists. Regional, bilateral or multilateral relations are set up between nations to trade more openly with one another. Through agreements to liberalise, countries can find markets, and competition with each other leads to dynamism and success. At the same time blocs like the EU and ASEAN protect their trading area from outside competitors. This is *regionalism for the rich* in the case of groups like the EU. It has expanded to include poorer central and eastern European countries but still acts to protect its members from the wider global economy. It could also be *regionalism* *or multilateralism for the poor* as a semi-protectionist route out of poverty for the poorest countries. Selective protectionism and regional collaboration amongst poorer countries, rather than fully-blown globalisation, is an option, especially for low income economies outside East Asia. Globalisation has caused inequality and poverty for some, and losers from this may need to disengage more. Disadvantage in the global economy is one cause of the problems for some poorer countries so greater protection and withdrawal may sometimes help.

An alternative way of putting it is that engagement with the global economy is needed but through a route other than open liberal integration. For instance assistance with some industries will help them to compete with the wealthiest most hi-tech business from rich countries more than open competition with no protection. Or poorer countries can enter global markets in particular ways, for instance in regional or collaborative deals with selected others rather than complete open competition. Some Latin American countries have followed this sort of guided insertion into global markets, with protection maintained in some areas and regional alliances with other related economies. Poorer countries, where markets at home are not large enough, can focus on trade with other low income countries who are at a more equal level and find wider markets there.

Competition can be good for growth but it may sometimes be better to do this with alike economies where there is more equality than with much richer ones where the playing field is not level. This implies more of a regional or multilateral than global approach, for instance through ASEAN in Asia or the regional grouping Mercosur in South America. Or it can involve bilateral or multilateral agreements by states with politically or economically likeminded countries beyond their own region. Some sectors may need to be protected against imports to let them grow before they are exposed to wider competition. There can be an initially tilted playing field to give poorer countries' industries a more equal chance, including protection from the best performing lower income countries. This is an approach of selective engagement and disengagement with the global economy, in a gradual way. It could be argued that a strategy like this is something like what some East Asian success stories followed.

The table below shows an outline of different perspectives or approaches to the global economy. This separates approaches into different types of globalisation and protectionism. It is schematic and there is overlap. For instance, 'hypocritical free traders' in the protectionist column and 'globalisers who are protectionists' in the globalisation column are similar or the same. 'Selective disengagers' in the protectionist column overlap with 'tilting the unlevel playing field' category in the globalisation column. I have discussed in a previous section factors internal to countries that can help with development as much as liberalisation, and which external assistance can help with. These might fall into the 'tilting the playing field' category below. Some commentators on global inequality may fall into more than one camp.

<u>Table X: Types of involvement in the global economy</u>

Globalisers	*Type of globalisation*		**Protectionists**	*Type of protectionism*
Free trade neoliberal globalisers	Open competition to foster global integration of poor		Isolationists, nationalists,eg	Eg US disengagers
Fair trade globalisers	Competition but arranged so poorer countries get fair prices and wages, and not low ones dictated by the market or power of richer more powerful companies		New Social Movement isolationists	– eg environmentalists, self sufficiency, Schumacher etc. Want retreat from globalisation to more local scale to cut down trade and transport consequences of globalisation for the environment, and, therefore, humans.
Tilting the unlevel playing field	For globalisation but with the chances of the poorer and less equal adjusted to give them more of a chance.		Hypocritical free traders	Advocates of free trade when it is to their advantage but who are protectionist to protect their own industries. Same as 'globalisers who are protectionists'. Eg USA on steel, EU on textiles, both on agriculture.
Globalisers who are protectionists	Either advocate or partially practice global integration when it benefits them but protectionist when it benefits some of their industries.		Full scale protectionists	Subsidies, tariffs or quotas to protect domestic industries against competition in global economy
Cosmopolitan democrats/ global governance	See globalisation of the world economy but under conditions of global regulation or reformism in more politically interventionist forms to foster redistribution, human rights and actively help the poor politically, eg Held, Soros, Stiglitz.		Selective, disengagers	Disengage from global economy in areas where too unequal to be able to compete. Like 'tilting the playing field globalists'.
Alternative globalists	Globalisation based on alternative principles to neoliberalism, but from below rather than above as with cosmopolitans.		Regionalists	Rich regionalists, eg EU. Regionalism for the poor.

	Social Movements, non-capitalist globalisation, peace, environment, equality, social justice.			

Further Reading

Held and Kaya's (eds) (2007) *Global Inequality* is a useful reader on this topic.

Representatives of the pro-global trade position include Dollar and Kraay (2001) in their 'Trade, Growth and Poverty' which is easy to find on the internet and is discussed critically by authors such as Rodrik (2000), Nye et al (2002) and Samman (2005).

Another useful introduction to the different positions is the debate between Martin Wolf and Robert Wade (2002) in *Prospect*. This can also be tracked down on the web. Martin Wolf is also author of (2004) *Why Globalisation Works*.

Raphel Kaplinsky's (2005) book *Globalization, Poverty and Inequality* provides a critical but balanced discussion.

The World Bank and UNDP publish regular reports on global poverty and inequality, many of which can be downloaded for free from their websites. The UNDP Human Development Reports are very informative.