

## **Squeezing the Poor**

**Maybe Castro's Right. Maybe That's All Globalization Really Is About.**

**by William E. Rees**

**22 April 2002**

*The Toronto Star*

ON APRIL 12, the Council of Canadians released a leaked copy of the G8 environment ministers' proposed final statement on the World Summit on Sustainable Development (WSSD) to be held in Johannesburg in August. Not surprisingly, the environment ministers from the eight leading industrialized countries will again support the corporate trade agenda of the WTO, this time by linking globalization to the ever-elusive concept of "sustainable development."

As the leaked document proclaims, "(the WSSD) should be a point of convergence for the positive outcomes achieved at the Millennium Summit in New York, World Trade Organization negotiations in Doha and (the) Financing for Development Conference in Monterrey."

But the G8 Ministers can hardly view all the outcomes of these meetings as positive.

For example, Cuban President Fidel Castro informed the U.N.'s March, 2002 conference in Monterrey, Mexico that "the existing world economic order constitutes a system of plundering and exploitation like no other in history" - not exactly a ringing endorsement of globalization-as-sustainable-development. He then stormed from the meeting, lingering barely long enough to enjoy a standing ovation.

It would be easy enough to dismiss Castro's antics as just another loser's rant. But what about that standing ovation? Castro's words must have resonated with some of the delegates. The fact is, there is more than a little evidence that Castro had a point. The real question is, why has most of the developed world ignored that evidence for so long?

One answer is that over the past 25 years, the governments of market democracies, abetted by the mainstream media, have all but programmed their citizens to ignore it.

Today we scarcely acknowledge disconcerting trends in international development until some horrific event knocks us on the head - think 9/11. So-called "modern" or "rational" society remains as self-delusory and myth-bound as any that has preceded it.

Now mass delusion is not necessarily a bad thing. Indeed, cultural myths are the necessary glue for social cohesion and national unity. But there is a darker side in which social delusions amount to little more than deep denial in the service of evil. (Remember the Holocaust?)

As writer Derrick Jensen has observed, "For us to maintain our way of living, we must . . . tell lies to each other, and especially to ourselves . . . The lies act as barriers to truth. The

barriers . . . are necessary because without them many deplorable acts would become impossibilities."

In recent years the governing elites of the market democracies have persuaded or cajoled virtually the entire world to adopt a common myth of uncommon power. All major national governments and mainstream international agencies are united in a vision of global development and poverty alleviation centered on unlimited economic expansion fueled by open markets and more liberalized trade.

For the first time, the world seems to be converging on a common development ideology, one that promises ever-increasing wealth for everyone, everywhere.

The downside is that constant repetition of the myth has so conditioned the population that the majority seems incapable of applying basic rules of evidence to the growing cascade of data that refute it.

Instead, we deflect uncomfortable truths by telling reassuring lies to each other; we dismiss open-eyed globalization protesters as dangerous, uninformed rabble "who must be crushed." Meanwhile, living the myth is depleting the world's ecosystems, rending our social fabric and ultimately undermining world security.

Part of the problem is that the great ship "Globalization" has lost its theoretical keel. The assumed benefits of a fair and efficient global marketplace depend on key assumptions of the theory of "general competitive equilibrium."

However, as British economist, Prof. Paul Ormerod documents, there are "so many violations of the conditions under which competitive equilibrium exists that it is hard to see why the concept survives, except for the vested interests of the economics profession and the link between prevailing political ideology and the conclusions which the theory of general equilibrium provides."

Fellow economist James K. Galbraith of the University of Texas is similarly disenchanted with neo-liberal theory. According to him, the empirical evidence "flatly contradicts" the major premises and findings of economic analysis. Galbraith takes this disconnect from reality as evidence of a "nearly complete collapse of the prevailing economic theory . . . It is a collapse so complete, so pervasive, that the profession can only deny it by refusing to discuss theoretical questions in the first place."

In these circumstances, we should hardly be surprised that the new world economic order is not delivering the promised goods even on its own terms.

Third World poverty reduction is ostensibly the major goal. However, the structure of the real-world global financial system ensures that the benefits of global growth accrue mainly to the already wealthy, those who designed and promote the globalization agenda (and who mostly live in the G8 nations).

Many debtor nations are forced under World Bank-International Monetary Fund structural adjustment programs to spend more of their income servicing debts to the world's richest

nations than providing social services to their own impoverished citizens. And to raise the money they often have no choice but to plunder their natural resources.

Market-based development can thus do real harm to entire peoples and to the ecosystems that support us all. Globalization protesters know this, and many development analysts know this.

But in 1999, when Joseph Stiglitz, then Chief Economist of the World Bank (and a Nobel Laureate) admitted to the problem, the myth prevailed. Stiglitz was noisily fired for breaking with WB/IMF ideology.

The data, however, cannot be so readily dismissed. In the 1960s "only" three dollars flowed North for every dollar flowing South; by the late 1990s, after 30 years of unprecedented growth and increasing globalization, the ratio had grown to seven to one.

In 1970 the richest 10 per cent of the world's citizens earned 19 times as much as the poorest 10 per cent. By 1997, this ratio had increased to 27:1 and the wealthiest 1 per cent of the world's people commanded the same income as the poorest 57 per cent. Just 25 million rich Americans (0.4 per cent of the world's people) had a combined income greater than that of the poorest 2 billion of the world's people (43 per cent of the total population). As I said, Castro had a point.

All of which raises a final question: Is it possible that the conventional myth merely serves as cover for a hidden parallel agenda?

Contemplate the counsel of U.S. presidential policy adviser, George F. Kennan, whose views in 1948 seem coldly resonant today: "We have about 50 per cent of the world's wealth, but only 6 per cent of its population . . . In this situation, we cannot fail to be the object of envy and resentment. Our real task is to maintain this position of disparity without detriment to our national security. To do so, we will have to dispense with all sentimentality and daydreaming.

"We should cease to talk about vague and unreal objectives such as human rights, the raising of living standards, and democratization. The day is not far off when we are going to have to deal in straight power concepts. The less we are hampered by idealistic slogans, the better. . . ." Kennan's words are unambiguous and provide a more revealing context for recent world history than anything the prevailing popular myth has to offer.

Perhaps we should keep this in mind as Canada prepares to host the G8 meeting in Kananaskis in June. Perhaps this time, instead of merely bashing the protesters, the media should give equal time to what they have to say.

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