

## Anti-what?

April 2005

*I was walking through these demonstrators, thousands of them! Nobody recognized me—these were young people—I was on the world stage two or three or four decades ago. One young girl recognized me and said, “I’m sure you will agree that the World Bank has failed.”*

*“Young lady, you’re out of your mind. You don’t know what the hell you’re talking about! How do you measure quality of life? Life expectancy, reduction in infant mortality, improvement in nutrition, better housing, employment. Now, in all of those terms, the world is far better off today. . .*

*. . . Don’t try to tell me about this. I was president of the World Bank for 13 years. You don’t seem to understand young lady, that where you’re standing, the capital of the richest country in the world, Washington DC, our infant mortality is twice that of Castro’s Cuba! Now why the hell aren’t you demonstrating about that? Whose responsibility is that? Is that the World Bank’s responsibility? You, your parents, your friends, I—we’re responsible. I hope you’ve learned a lesson young lady.”*

—Robert McNamara<sup>1</sup>

**D**oes a coherent “anti-globalization” position still exist? Has it ever? Is McNamara right? In 2005, some dust appears to have settled around the debate, and things do not look good for those who might have described themselves as “anti-globalization”. That is not to say, however, that there is no room for improvement or skepticism. Here we briefly survey some of the issues.

### Getting the Dangers Right

If there was one thing that the various anti-globalization protests had in common, it was a claim to speak for the poor that took various forms: more aid, more better-paid and safer jobs, fewer lost jobs, more stability, a better environment for the disadvantaged, and so on.

The most prominent of the recent defenses of globalization from the world’s elite have generally said, “We share your concerns, but the fact is that globalization is on the whole good for all of these things.”<sup>2</sup> Stanley Fischer put it more starkly, paraphrasing Churchill: “The pro-market pro-globalization approach is the worst economic policy, except for all the others that have been tried”.<sup>3</sup>

These statements may or may not be true, and better approaches to try may still exist. However, to the extent that they are true, it is worth noting that for those claiming to have a “pro-poor agenda”, they could do worse than have a globalizing world, where goods, capital, and perhaps labour are flowing more freely

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<sup>1</sup> Robert McNamara in Morris, Errol (Director) (2003). *The Fog of War*. DVD. “Additional Scenes”. Chapters 9, 10. Culver City: Sony Pictures Classics.

<sup>2</sup> See, for example, Wolf, Martin (2004). *Why Globalization Works*. New Haven: Yale University Press and Bhagwati, Jagdish (2004). *In Defense of Globalization*. Oxford: Oxford University Press.

<sup>3</sup> Fischer, Stanley (2003). *Globalization and Its Challenges*. [online: web] Cited April 24, 2005 URL: <http://www.iie.com/fischer/pdf/fischer01.1903.pdf>, p. 33.

than they have before. Indeed, the big concern at present is that globalization will fail and recede as it did after its first run from 1870-1913.<sup>4</sup>

Take first the threat of war and calamity. Serious security specialists are worried at present about not if further terrorists attacks will occur in the West, but rather how many there will be, what form they will take, and how much harm they will do. "In my own considered judgment, on the current path, a nuclear terrorist attack on America in the decade ahead is more likely than not," writes Graham Allison in his recent book, *Nuclear Terrorism: The Ultimate Preventable Catastrophe*.<sup>5</sup> In a "very bad but not worst-case" scenario, Richard Clarke foresees attacks on American casinos, shopping malls and other public spaces in his recent hypothetical lecture given in 2011, looking back on the decade after 9/11.<sup>6</sup>

If any of these scenarios prove to be correct, any debate about the merits or optimum speed of globalization might become immediately moot: borders may close, and globalization in several of its forms could be rolled back significantly. To the most dogmatic anti-globalization activist, this could be a welcome turn of events. The rest, however, might find themselves thinking about how good the "bad old days" of globalization really were.

Thus, any coherent anti-globalization case has to get the dangers right. Globalization may not be the demon some make it out to be when compared with its absence altogether. After further attacks in the West, it is hard to imagine that any pro-poor agenda will be more easily implemented. More aid? More immigration? More sympathy from rich country citizens for foreigners of whom they know little? All doubtful.

To which the reply is: globalization skeptics have not been asking for no globalization at all, but rather, a different kind of globalization.

### Which Poor?

Before we go there, however, we might ask: which poor might activists speak for? Agendas which might do the most to enhance the welfare of the poorest around the world may do much harm to the (relatively) poor in rich countries. Take immigration. If more immigration of unskilled workers from poor to rich countries occurs, "The fact that wages for unskilled labor will fall as more unskilled labor enters a country seems a reasonably straightforward application of supply and demand. . . [But] the poor in richer industrialized countries are immensely better off than the poor (or even the middle income) in poor countries. So from a world welfare point of view the distributional effects of labor movements are (generally) hugely positive."<sup>7</sup> While utilitarian in terms of its measurement of welfare, this is surely the Rawlsian argument for the poorest in the world: we should care about the poorest, regardless of where they are born. But such a view could actually harm the interests of the poor in the developed world – precisely those whose unions and other left-leaning organizations are often present in one form or another as part of the "anti-globalization" camp. The same argument goes for trade – indeed, the argument for immigration is that trade does not get the job done.

Thus, a coherent case against or for reforming globalization's present course likely involves choices about precisely which set of poor people one chooses to fight for – those in the developed world, or the developing world. Of course, the elites running the globalization show need to be just as clear about these tradeoffs. While there will be many "win-win" propositions for both, there will be many that are "win-lose", and honest activists would need to be clear about which are which. As Brad DeLong put it recently, "I'm not a cosmopolite, I care about myself and my family first; my friends second; my country third; and the world fourth. There are policies that would be good for the world as a whole and yet be bad for my country, and I would have to think long and hard before advocating such policies. I don't think expanded

<sup>4</sup> Ferguson, Niall. "Sinking Globalization" *Foreign Affairs*, March/April 2005, 84(2), pp. 64-77.

<sup>5</sup> Allison, Graham (2004). *Nuclear Terrorism: The Ultimate Preventable Catastrophe*. New York: Times Books.

<sup>6</sup> Clarke, Richard. "Ten Years Later". *The Atlantic Monthly*. January/February 2005, pp. 61-77.

<sup>7</sup> Pritchett, Lant (2003). The Future of Migration. *YaleGlobal Online*, 5 November 2003 [online: web] Cited April 24, 2005 URL: <http://yaleglobal.yale.edu/display.article?id=2760> and <http://yaleglobal.yale.edu/display.article?id=2774>.

immigration is one such (although I fear that totally open borders may be one such). But it is worth bearing in mind.”<sup>8</sup>

However, expanded immigration could hurt the poor in America, while helping the country as a whole over the long run, as DeLong thinks. In sum, coherent “pro-poor” immigration and trade policies, as well as their political feasibility, would need to be assessed carefully, and choices made about what to ask of citizens in both poor and rich countries. These considerations have led scholars like David Held to question our current notions of citizenship and push for precisely the kind of cosmopolitan worldview that DeLong eschews, complete with visions of world government and global systems of taxation.<sup>9</sup>

### Retraining or Rethinking?

The tradeoffs for the different types of poor are perhaps clearest in the debates about outsourcing. Clearly, poor workers in the rich world suffer when jobs are lost to overseas competitors – the result of greater trade integration. Redistributing the gains from trade that result is both politically and practically difficult. Welfare programs are often very unpopular and rarely make up totally for the income lost, while people lose the self-esteem and other benefits that come with a regular job. The current answer – job retraining programs – is also seriously inadequate.

As a recent article describes, the effectiveness of “Trade Adjustment Assistance” in the US is being tested.<sup>10</sup> After a layoff of 6,500 people at a North Carolina factory, 2,000 of the workers faced the challenge of retraining, many of whom who had not been in a classroom in decades, and struggled to read at a 12-year-old reading level at best.<sup>11</sup> For the older, poorer, and less skilled workers, it seems hard to argue that they can find jobs offering them the benefits they enjoyed before. Daniel Treffer puts it more strongly: “Unfortunately, trade adjustment assistance programs, which have been in place since the mid-1960s, are an unmitigated disaster. Job-training programs simply do not work for the typical, less-educated worker. This is the unequivocal conclusion of 20 years of thoughtful evaluations of job-training programs.”<sup>12</sup> Treffer suggests cash and a generous safety net instead, and a much longer term agenda (including early childhood programs) which will allow citizens to acquire skills more easily in future.

For the moment, however, pro-poor and pro-trade and immigration agendas will have to address the reality that neither can be accomplished without some mechanism that genuinely compensates the losers. Devising and implementing such mechanisms politically promises to be a long-term challenge for anyone who takes it up.

Which brings us to what one might call the Polanyi-Ruggie-Rodrik argument: that for global integration and transformation to take place, citizens need to be shielded from its most harmful effects in the short run.<sup>13</sup> To increase the size of the economic pie over the long run, no one’s slice can shrink too drastically in the short run. This can often mean social and government spending of the sort Treffer describes – assuming, again, that effective programs can be devised. Such a form of globalization may be attractive to some and feasible for many countries. Given the political climate in the US, however, it seems unlikely to take hold in the world’s richest and most powerful country. All of this suggests that staking out a

<sup>8</sup> DeLong, J. Bradford. “Brad DeLong’s Semi-Daily Journal (2004).” April 06, 2004. [online: web] URL: [http://www.j-bradford-delong.net/movable\\_type/2004\\_archives/000571.html](http://www.j-bradford-delong.net/movable_type/2004_archives/000571.html).

<sup>9</sup> Held, David (2002). Law of States, Law of Peoples: Three Models of Sovereignty. *Legal Theory*, 8, pp. 1-44.

<sup>10</sup> “The human cost of cheaper towels.” *The Economist*. 21 April 2005 London: The Economist Newspaper Ltd. [online: web] URL: [http://www.economist.com/printedition/PrinterFriendly.cfm?Story\\_ID=3893663](http://www.economist.com/printedition/PrinterFriendly.cfm?Story_ID=3893663).

<sup>11</sup> *Ibid*.

<sup>12</sup> Treffer, Daniel, “Looking Backward: How Childhood Experiences Impact a Nation’s Wealth.” February 16, 2004. [online: web] URL: [http://www.chass.utoronto.ca/~treffer/Children\\_Final\\_With\\_Figures.pdf](http://www.chass.utoronto.ca/~treffer/Children_Final_With_Figures.pdf), p. 22.

<sup>13</sup> See Polanyi, Karl (1944). *The Great Transformation*. Boston: Beacon Press, and Ruggie, John G. (1982). “International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization*, 36(2), pp. 379-415, and Rodrik, Dani (1997). *Has Globalization Gone Too Far?* Washington DC: Institute for International Economics.

coherent position for reform involves the hard work of thinking about policies that are politically feasible and likely to enhance welfare.<sup>14</sup>

### **Targeting**

Perhaps what this means for the budding activist is that specific issues need to be addressed with specific policies. Returning to McNamara's short diatribe, is it really true that things have improved the world over? Or are there areas, such as sub-Saharan Africa, for which his statements do not hold true? Given the choice to put pressure on elites to come up with an AIDS vaccine, provide more aid, make trade rules "fairer", promote more immigration, strengthen social welfare programs, and promote any number of other causes, where is the activist's time best spent? Which measures are likely to help the poor, and which group of poor is it? Which issues require government intervention, and which do not?

Once some of these decisions have been made, the activist might then put together a coalition of the willing, come up with slogans, and march in the streets. Like most types of politics, they will never be fully coherent – strange bedfellows are usually needed – but the policies themselves ought to be. In this sense, there are probably many coherent agendas out there. But all of them are going to require some careful thinking. ■

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<sup>14</sup> See also Rodrik, Dani (2002). "Feasible Globalizations." [online: web] Cited April 25, 2005 URL: <http://ksghome.harvard.edu/~drodrik.academic.ksg/Feasible.pdf>.