

## **GLOBALIZATION – GET WITH THE PROGRAMME**

"Poverty, bitter though it be, has no sharper pang than this, that it makes men look ridiculous."

**(Juvenal (Decimus Junius Juvenalis) 60 – 130 BC Satires Book III)**

During the early part of July 2005 a meeting of the Prime Ministers, Presidents, Chancellors and other political heads of state of the group of G8, established in 1975 and consisting of some of the world's most affluent and influential nations, the United Kingdom, France, Russia, Germany, the United States of America, Japan, Canada, Italy and representation from the European Union to discuss the main economic problem areas in the world and to offer some solutions, will be meeting in Gleneagles, Scotland.

As usual there will be tight security in and around the conference site and area and some access roads will be sealed off because of the numerous groups who often seek to cause disruption to the proceedings. Other more influential characters will seek to raise the profile of their particular cause in an effort to change the attitude of more advanced industrialised western economies to the scale of problems in other areas of the world and more noticeably Africa.

This appears to be based on the assumption that the west is totally responsible for the devastated areas of Africa ravaged by famine, starvation and poverty but more often than not it has been brought about by corrupt and inept leaders, politicians and officials over many decades and by tribal conflict and wars in regions and divisions in individual countries; without transparent government and politicians with integrity these problems will persist. The assumption also appears to be that if you continue to pour money into a cavernous pit, I choose my words carefully, that it will, eventually, close and that poverty can be eradicated by continual handouts. This is naïve in the least!

Global poverty is a dilemma that must be addressed; global starvation, in this age of over-production, is unacceptable; a lack of access to clean drinking water and, a shortage of medicines to treat disease is criminal; and a lack of education is intolerable. The question is how to address this problem and not just by raising money from charitable donations and throwing it into the morass in individual African countries. As Eva Peron said in a speech to the American Congress of Industrial Medicines in 1949:

"Almsgiving tends to perpetuate poverty; and does away with it once and for all. Almsgiving leaves a man just where he was before. Aid restores him to society as an individual worthy of all respect and not as a man with a grievance. Almsgiving is the generosity of the rich; social aid levels up social inequalities. Charity separates the rich from the poor; and raises the needy and sets him on the same level with the rich."

**(Maria Eva Duarte de Peron (1919 – 1952) Speech in December 1949)**

Eva Peron was, I must assume, referring to poverty in Argentina; but, poverty has always been with us even in developed nations and not a great deal appears to change. Of course poverty is relative, but even in the United Kingdom there are estimated to be 2.5 million pensioners, in 2005 and at the same level as 1997, living in poverty or living below the accepted income poverty level, unable to heat their houses in winter. Allegedly this is because of the very low level of the basic state pension and the fact that indirect taxation, such as the iniquitous Council Tax, insurance on home and property and the costs of fuel, buys up much of their income. That is, surely, in the 21<sup>st</sup> century and in the world's 4<sup>th</sup> wealthiest nation unacceptable and a national disgrace?

To begin, the growing global economy is here and has been here for at least two decades; it is not going to go away and is continuing to grow; and, it will continue to grow as nation states realise that in order to compete on the global stage countries must be borderless to the exchange of trade in goods and services. The enormous problem appears to be in making it fairer, without appearing to patronise, by establishing a more level agricultural and industrial field, between developed and developing nations in order to encourage free trade and the movement of goods.

By that I mean allowing smaller and poorer farmers in developing countries access to world markets for produce and products that they can grow easily and at a fair trade price. I remember some years ago that one particular charity carried an advertisement saying that if you provide a starving man with a loaf and two fishes he can feed his family that day but if you provide him with the wherewithal to grow corn or maize and to fish then he can feed his family for much more than a day. That, to me, is the way to proceed and not through globally publicized handouts.

One primary area of focus, for individual countries, appears to be in being able to recognise, determine and concentrate on what agricultural, electrical, mechanical, chemical, mineral or other areas of trade and commerce can be traded on the global scale and to put knowledge and effort into improving those areas of business; if that means sitting down and defining industrial and agricultural policies and to provide resources then so be it. There are many advanced industrial western economies that still do not appear to have clear industrial policies allied to economic growth. To misuse a well-known saying, concentrate on those areas over which you can have some influence and do not concern yourself over matters over which you have little or no control.

In that respect developed nations have a huge advantage for the fundamental reason that they have been trading and bartering on a global scale not for decades but for centuries, and this is particularly true of western Europe and the United States, the former because of their colonization of many areas of the world during the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> centuries and the latter because of its sheer size and population, global economic influence and industrial and military might. Indeed, because of the USA has a system of federal government that allows individual states to pursue some of their own economic agendas their system of global trade and economics is much more flexible.

I recently visited, in 2005, the city of Charlotte, North Carolina and was impressed, not so much by the history of that part of North America, which was originally colonized by the Scots and later by the Irish and Germans in the 18<sup>th</sup> century, but by the growth of banking and financial services, which makes Charlotte the second most important banking city in the USA. If one city in the US can do that then why cannot other cities in other countries invest in a similar fashion?

I digress. The overall problem of poverty and global trade, therefore, must be addressed by an holistic approach, that is provide the necessary knowledge, information or advice to individual farmers or manufacturers in developing countries to enable them to improve their crops and yield and how best to sell their products on the global stage. If we do not then emerging countries like China and India will invest as a means of gaining access to untapped mineral resources. This requires effort and determination on the part of national and local politicians, and a system of checks and balances to root out greed, graft, bribery or corruption whatever your choice of word, in individual countries and regions and among politicians and businessmen.

The fact is that without good governance no African nation will ever emerge from the shadows of poverty and disease; and, without more open government and the political desire and will to overcome tribalism it will be impossible for the poorer sections in those countries to improve their lot; and, the same can be applied to other emerging countries like India and China where the economic divide appears even greater.

No commercial company will move into a country or even an area, taking a risk with capital and creating jobs in the process, where there is abject poverty for the fundamental capitalist principle that if the people in that community do not have money then they cannot spend. Therefore, the only way to reduce poverty, because it is well nigh impossible to eradicate, is for governments assisted by international organizations to clear the area, build the infrastructure, provide the housing, telecommunications and educational facilities to encourage companies to invest to get the whole process moving. The opportunities for developed western nations to invest in fast emerging countries like China and India is to get a grip and see what is really needed in those nations.

So, how do you educate people who are illiterate and have no understanding or knowledge of what foodstuffs their soils will support and how can you help them to acquire that knowledge.

One area of support that can be provided, after shelter and access to the most basic human requirement for clean drinking water, is to provide the methods and means of trade and communication, that is the road and rail infrastructure and telecommunications, to improve education and thereby increase a hundredfold the knowledge of individuals in developing nations. I sincerely hope this does not sound as crass as some might suggest for the simple reason that we started by discussing poverty and access to foodstuffs and medicines. What I am trying to point out is that education is the beginning of eradication of poverty; it is the method by which people learn to do something for themselves rather than having to rely, totally, on charitable donations and support purely of a financial nature. We are back to the loaves and the fishes again!

The massive growth in telecommunication networks and systems over the second half of the 20<sup>th</sup> century means that there are not many parts of the world that do not have access to some form of communication and access to media including radio, television and of course to that massive tool of information, the Internet. The internet can provide so much information, quite literally at the drop of a hat and depending, of course, of the speed of connectivity and access, to world-wide computers with billions of pages of information on most subjects under the sun.

Perhaps one begins, in fact it would be a sensible starting point, by providing sources of power to all regions of a developing nation; solar power is the system that most easily springs to mind especially in all countries in Africa and the Middle East, indeed in any and all countries that are certainly within the Tropics and Cancer and Capricorn, and where the sun is readily available nations must take advantage of the sun's rays by building large arrays of photo-voltaic panels to absorb the sun's rays and then transfer the energy not only to towns and cities and villages but also to remote areas to provide heating, lighting and telecommunications. Incredibly it seems that most developed let alone developing countries do not appreciate the power that is clearly and freely available to them from the sun.

But back to the process of making best use of what is available for development and to provide foodstuffs for the people. The important thing is to choose the area and the land for development and that must depend on access to sources of water, the stability of the ground and the suitability of the soil for supporting the growing of vegetables and other foodstuffs and for supporting cattle or other forms of livestock. It should not be beyond the wit of man to conduct the necessary geological surveys, no doubt some will already be available, to determine the most appropriate area for development.

Thinking laterally, once you have provided even the most basic form of fixed solid habitation, provided the peoples involved are not too nomadic and used to wandering around their country as they choose, then other services can be provided reasonably quickly. Electricity, from fixed or rotatable solar panels, can be used to power not just cooking implements and provide hot water but, perhaps in the future, radio receivers and later other machinery including pumps for water. And thinking about rotation, it should also be possible to determine the optimum system of crop rotation so that the fertility of the soil is maintained and does not lead to a dust-bowl scenario; the provision of nitrates of course would help soil fertility.

Having established the system of communication then one has to address the matter of consumers; that is who will purchase these products and where are the best markets in which the farmers can trade their goods. Immediately one thinks of the United States, which seems to absorb a great deal of the earths' produce and manufactured products, but also the European Union which, with some 20 or more member states, is another huge market area but do not forget your own immediate market. What do local people need to sustain their daily lives?

Therefore, it is important to understand your market, know which products the population consumes and wants, for example, coffee, many kinds of fruits especially citrus fruits such as grapefruits, oranges, lime and lemons, and green vegetables. Alternatively, and if the soil will meet the mineral requirements for growing, consider many forms of grain and cereal crops and perhaps cattle as an additional by-product.

One problem that may arise, as it does in other countries and even developed ones, is the introduction of the middle-man, the man with capital and access to credit who sets up some kind of organization to buy from the smaller producers and even control prices. Then with his control of resources in a given area he can then negotiate with bigger customers and charge much higher prices than he pays the producers thus exploiting both sides of the equation, producer and consumer. So, it will require some kind of government body to intervene in this process and offer the producer the market price and then negotiate any profit direct with consumer retail companies.

Start by thinking smaller, not small, before you begin to overextend because another area to address is, of course, capital or credit. To begin any process of development any company, organization or individual needs access to working capital. In developed nations no company can get off the ground without a business plan and therefore it will be essential for developing countries to be provided with financial advice and I feel certain that if there is the slightest possibility of making even the smallest profit, whilst being seen to be doing good on the global stage, that many financial institutions would be willing to provide business advice and support.

I suspect that is because banks are always looking for the next opportunity and since western advanced industrialised nations are now beginning to realise that they have ageing populations, who are not working, contributing through direct as well as indirect taxation and therefore in no position to save, they will have to find other sources of profit generation. It is another reason why some nations are allowing, encouraging even, immigration, legally of course, and the movement of younger peoples from semi-developed and developing nations to their countries. There is a suggestion that having cheap migrant workers helps to keep some richer by paying lower levels of wages and the consumers desire for cheaper goods, but it is not always the case.

I briefly mentioned technology in the section dealing with communication and access to the Internet. Of course there are other basic areas of technology that can help farmers in developing nations, for example, it is very difficult, time-consuming and backbreaking to till soil in most areas of the world, so instead of scrapping older farm machinery why not provide communities in developing countries with farm machinery such as basic tractors with ploughing and furrowing implements, either new or reconditioned? And, why not do the same with diesel generators and other machinery?

However, it is reasonable to suggest that globalization is now moving at a pace and is still developing as nations and peoples learn to deal with more than just their immediate neighbours although in Africa, because of continuing tribal conflict, the process is still in its infancy. It also means that globalization has actually improved the position of some individuals in developing nations but has disadvantaged many others and that the situation may well mean even more hardship before it gets better.

The important thing to remember is that developing countries are the ones that have to learn how to attract inward investment and not just charitable donations; they have to learn how to deal with the limitations of their peoples and make every effort to improve the general standard and level of individual access to medical advice and support, clean drinking water, to basic accommodation and to knowledge and understanding. It is one thing to reduce national debt but it is something else to remain dependant on charitable donations for the foreseeable future.

Unfortunately, and very regrettably, this is one part of the global trade process that is beginning to hurt developing nations as qualified and semi-qualified professionals move from developing nation to developed nations in order to improve their individual lot. This is tending to leave the developing nation with a 'Catch 22' scenario where they cannot offer the same level of remuneration as the developed nation and so the drain of knowledge and experience continues.

Perhaps this is another area that could be addressed, one in which developed nations encourage, send or loan their experts in particular areas to help the developing nations deal with shortages? It is an area for consideration and more especially since many jobs in advanced, industrial nations are being transferred to developing nations.

In some ways this global movement of peoples and personnel is being counter-balanced by the fact that many companies in developed nations have outsourced many of their manufacturing and now service sector jobs to developing nations as a means of reducing overheads and increasing profits because labour costs are cheaper. It means that increasing employment opportunities are available in developing countries but they have been decreasing over the last decade in developed countries.

In that respect this process is leading to greater levels of unemployment in developed nations because new areas of business and commerce are not being created quick enough to replace the jobs already lost and it is also leading to increased levels of poverty because of increasing pressure on state pension schemes. If governments in developed nations do not wake to the threat posed by an ageing population and one in which many companies deliberately choose not to employ people over a certain age, say 60 or even 55, then pressure on social security and service systems will increase.

One problem appears to be that as one industry collapses or is no longer supported by a developed nation, for one reason or another, systems are not in place to train or re-train those former employees to take up other skills and to enable them to find alternate means of employment and provide good social security schemes; and these are government problems that should not be ignored or pushed to one side.

Regardless, the global economy is, regrettably, not as transparent as one might hope for; that is because there are still tariffs on the import and export of goods and services from all nations and sometimes governments and sometimes financial organizations, like the World Bank and the International Monetary Fund (IMF) insist on or demand changes to trade, markets and the implementation of privatization policies in return for loans. And, it is time that there were global standards to address the quality, reliability and safety for all manufactured products and for all foodstuffs that are exported and imported around the world.

Further, whilst the Internet allows people in developed nation's access to the global market in order to purchase products or services it is not always possible to buy what you require at the same price as in another country. For example, why are most types of computers and peripheral equipment more expensive, between 20% and 30%, in the United Kingdom than they are in the USA; why are most forms of clothing and apparel more expensive, often up to 50%, in the United Kingdom than in the USA; and, why are many makes of motor car more expensive, between 10% and 30%, in the United Kingdom than they are for example in many parts of Europe?

Globalization affects us all in one way or another. In developed nations it is affecting more people who had employment in various areas of manufacturing but whose jobs have now been outsourced to countries with cheaper labour, overheads, transport costs and mineral costs. This gradual but inexorable loss of jobs to developing nations is striking at the very core of life in advanced, industrial nations where relative poverty is increasing as these and other types of jobs, in call-centres, information technology and most areas of manufacturing disappear abroad never to return and with them the loss of expertise and social mobility.

In developing nations the question has to be whether the importation of jobs from developed countries will remain and then how can the level of education be raised so that more people can be made available for more jobs outsourced from developed nations. People in developed nations should be aware of the conditions and circumstances of peoples in developing nations and encouraged to think of ways of helping them to help themselves. As a former US vice-president, allegedly, suggested,

“If we don't succeed, we run the risk of failure”

**(Attributed to Dan Quayle (1947 - ), US Republican Politician and vice-president)**

Whatever else happens in the world the wealthy and powerful, in developed and developing nations, will remain rich and are likely to become even richer as they take advantage of the opportunities that arise to make a profit, sometimes from their own knack and ability and sometimes from other people's efforts and suffering. Those who sit in, for example, Wall Street or the City of London press buttons on screens and shovel money back and forth chasing profit margins or urging mergers and acquisitions but to what end? Mostly, it seems, to fill their pockets at someone else's expense.

Globalization appears to have degenerated, not grown, into a system of exploitation that has provided yet more opportunities to increase the gulf between the rich and the poor, between those who have wealth and those on the periphery who have not and are not benefiting from any growth in the economies of every nation and certainly not in many advanced, industrial nations and definitely not in the rapidly developing nations of India and China where there are very many millionaires and even billionaires but near half of the population live in abject poverty. Those nations must find a way or ways of improving the survival rates and raising the general living standards of the poorest levels in society or risk the possibility of increasing social unrest, perhaps even political action; and, developed nations must also make much greater effort to redress the balance between the rich and the poor in their nations or also suffer the consequences of social unrest.

And, the fact remains that whilst some nations are increasing their wealth they are also increasing levels of poverty because the poorer levels in advanced, industrial nations are not benefiting, economically and socially, from the growth in global business and global business opportunities, indeed many are suffering from the loss of employment opportunities and so the number falling into relative poverty is increasing. To make matters worse the UK government, for example, increases the state pension and other social benefits at a pre-determined time each year based on the alleged or supposed rate of inflation rather than linking them to increases in income and wages. This means, because the link between pensions, benefits and income and wages has not been restored since it was broken in the 1980's, the number in relative poverty is increasing each year.

In addition, the loss of millions of manufacturing jobs in the UK, and those jobs associated with manufacturing in the provision of utility services, materials, transport and manpower, in advanced industrial nations has also led to an enormous increase in people now classed as "economically inactive", at the last count approximately 10 million, and to a considerable increase in the importation of cheap manufactured products from developing nations, such as China and India, leading to enormous and growing trade deficits. No matter what politicians or economists say no nation can exist by living on borrowing and at some stage the economy may even collapse.

Do you know that of the world's largest economies, in terms of wealth and turnover, more than 50 per cent are actually large-scale companies; did you know that there is a powerful elite group of 100 of the world's prominent and powerful people who meet on a regular basis to discuss global economic issues and how they can increase their power and wealth; and, that, according to the American Forbes magazine, a 'chat-show' host topped the Celebrity Power List for 2005. All irrelevant you might say but it shows, perhaps, that power remains in the hands of a few, that democracy is not as open or as widespread as many might hope simply because of the fact that wealth, instead of trickling down, always tends to flow upwards.

Corrupt leaders, dictators and despots will always rise through the power of the gun and it is unfortunate that money given to some countries ends up in the pockets and bank balances of a few and some of it will be used to fuel tribal and civil warfare even to the abhorrent practice of 'ethnic cleansing' in some areas, and to land appropriation and even to slavery of sorts. International politicians, in the United Nations (UN), the IMF, the World Bank and the Group of G8 need to get a grip and must make more concerted efforts to address political as well as economic issues.

(4375 words including quotations)

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