

GLOBALISATION:

Who Benefits?

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Globalisation will not bring about a redistribution of wealth from the rich to the poor. But it is taking more and more money out of local economies and putting it into an ill-defined global one

She turned 18 just two months ago. Her birthday horoscope said that her “prospects” were bright. And when she landed her well-paid call-centre job a few days later, you could hardly blame her for believing in astrology.

Shantha by day and Susan by night. Every evening at 7 pm she dons her headphones, clicks a mental switch and transforms herself from a middle-class South Indian Brahmin girl into a friendly, almost flirtatious 20-something American woman.

She, with the rest of middle-class India, is rubbing her hands in unadulterated glee. Everyday the newspaper headlines scream of yet another multinational shifting its operations to India. British Airways, HSBC, and even Britain’s National Rail Enquiries. More jobs, more money and the promise of enjoying all the good things of life right at the start of her career. Quite unlike her father, whose entire working life was one long continuous struggle of saving, saving and more saving till, clubbed with all his retirement benefits, he could finally afford to build himself a modest house. Prudent to the core, loathe to spend money on anything but the essentials, borrowing money was something he wouldn’t dream of doing – he could not think of a worse stigma being attached to his stolid, middle class upbringing. No wonder he shakes his head in bewilderment at the way his daughter and her ilk spend money – mostly money they do not have.

But, nevertheless, he reluctantly admits that globalisation and liberalisation are indeed good things. Look at the all the goodies available in India. The cars, the clothes, the televisions, the computers, the cell phones, the food – you name it and you can buy it. It wasn’t long ago that these were the wares flaunted by his richer, more fortunate, older cousin who by a stroke of good luck had emigrated to America – things that he

couldn’t have dreamt of buying in his lifetime. And now his daughter not yet twenty was beginning to have them all! Why go to America?

Globalisation and the accompanying privatisation has sent India’s GDP soaring, interest rates and inflation plunging, all at a pace that has Marxists and other anti-capitalist ideologues running for cover. The economy appears to be on overdrive, jobs seem to multiply faster than the population. Perhaps we will soon be the land of milk and honey. America in India. The middle-class dream seems to be finally coming true.

Of all the perceived benefits of the new liberal, structurally-adjusted, globalised economy, the flight of jobs from the North to the South seems to be the one that has even the most die-hard anti-capitalist, anti-globalisation campaigner caught on the defensive. The steady flow of jobs from the North to the South seems to be poetic justice for the 200 years of colonial rule when wealth flowed unimpeded from the South to the North. Here finally we have a modern reversal of the raj – a global redistribution of wealth. Surely a reason to celebrate?

Certainly. But who are the ones who will be clinking glasses and raising toasts to the new economic order? Pub-crawling teenagers, laptop-toting mobile phone-hugging software geeks, helmeted young salesmen zipping around on the latest trendy Japanese motorcycle, fat-cat corporate executives commuting to work in air-conditioned Mercedes Benz luxury – these are the people who have every reason to celebrate and they do with a vengeance!

Bangalore, Chennai, Hyderabad, Mumbai, Delhi and other cities are falling over each other trying to transform themselves into the cities of the new global order, a fitting place to carry out the celebrations.

But what of rural India? Where almost 70% of India's people live? No champagne and caviar for them. In fact they struggle to get even their rice and dal – their daily staple. They along with the millions of India's urban poor are not the ones who will be celebrating.

I suspect that India's poorest along with the poorest from Britain, Germany, France, Ireland, yes, even the US of A, will be the ones who will pay for the costs of all the celebration.

I know Shantha and her family well. But I also happen to know Janet, a single mum, raising two children in a council estate in working-class Britain. Two years ago, Janet re-trained through one of the New Deal programmes introduced by the Labour government. I happened to be in England and was able to join her and her friends at the local pub to celebrate her landing a job at a call centre that had opened nearby. After being on welfare for nearly five years!! When I visited Janet again last year, that celebration was a painful memory because the company had closed down and moved to India.

Last month I was invited to join Shantha and her family at a US pizza chain in Bangalore to celebrate her landing her highly-paid call-centre job. I declined. Thinking of Janet.

I cannot but feel that Janet's loss was Shantha's gain. But knowing both women and their families, I do not for a moment believe that this transfer from a rich Northern country to a relatively poorer Southern country was actually a redistribution of wealth from the rich to the poor. While Janet, living in the rich North could easily be classified as being among the poorest of British society, Shantha and her family could by no stretch of imagination be called poor or even near-poor in India. They are good, solid, middle-class folk heading determinedly on their path to upper-class India. The loss of jobs for the poor of rich nations is NOT the gain of poorer people in a poorer country. It is dangerous to presume that a movement to poorer countries is a movement to poorer people!

No, we do not have a redistribution of wealth. We are not seeing a correction of a historical wrong. What we are seeing is a further concentration of wealth. Globalisation at best has redefined the geography of this concentration. What we are seeing is the continuing movement of wealth upwards making what is now seen as a cliché more true than ever before – the poor are getting poorer and the rich are getting richer.

In the Nilgiri Hills of South India, where I live and work with adivasis or indigenous people, this statement is challenged even by close colleagues. When we began our work in the mid 80's, the majority of adivasis lived on a meagre four to five hundred rupees a month. Today their monthly income is closer to Rs. 2500. How can you say they are poorer? Even allowing for inflation and increased cost of living this is surely an improvement? Yes, if you compare the adivasis with themselves 17 years ago they are definitely not poorer.

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justice.*

To compare them with themselves gives us a distorted understanding of their development. They are part of a larger society, a larger economy. *And comparing them against themselves is to confuse development with justice.* Of course they have developed, more children are going to school, almost no women are dying of childbirth, malnutrition is rare. Yes indeed, all the indicators are proof of very significant development. But has there been justice? Has there been redressal of a historical wrong that left a yawning gap between them and the rest of dominant Indian society? We have indicators for development. What are the indicators for justice – especially economic justice?

If we are to understand whether their economic growth has been coupled with justice, we should measure their share of the total wealth of the region. We should compare their share of the total wealth of the region today with their share 17 years ago. Without going into abstract theoretical figures, let me just say that looking at all the goods and services available in the region now – the adivasis' share has definitely come down when compared to 1986. Development yes, justice no!

Poverty has two faces. One – underdevelopment. Which is very visible and epitomised by the starving pot bellied beggar child. The other – injustice – is almost invisible. You see it only if you look for the causes of poverty. Development or the attempt to reduce underdevelopment will find it difficult to argue against globalisation.

Especially in a capitalist economy. Investment must result in wealth creation. Developing nations, lured by the seductive nature of foreign direct investment and its tantalising fruits, are straining at the leash to liberalise their economies and not be left out in the cold as the world hurtles into an era of globalisation. There are falling over themselves to restructure their economies to ensure increased creation of wealth.

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Ironically, almost correspondingly, they are dismantling the very instruments that were created to ensure an equitable distribution of wealth. While allowing multinationals to import rice from America into India on the one hand, the government is dismantling its public distribution system that ensured subsidised rice for the poorest. Both arguably contribute to wealth creation. And are therefore seen to be in sync with the mantra of development. Even granting the argument of the proponents of globalisation and free trade, that liberalisation will result in a flow of wealth from the North to the South, this flow cannot be at the expense of poor and disadvantaged people of the North; it cannot stop in the bank accounts of the affluent in the South. Having fought and campaigned for justice for nearly thirty years, it would seem to me that the least the government can do, if they must allow the import of cheaper American rice, (which is of course debatable) would be to increase the subsidy given through the public distribution system. Thus ensuring that the benefit of this new, liberal, global economy does go to the people who need it the most. It is only then that we can rightly say we have development with justice. Only then that people like us who are concerned about justice and the redistribution of wealth can begin to consider accepting globalisation.

To the adivasis however, globalisation is not something new. They encountered it and paid dearly for this encounter at the turn of the last century when British India discovered two things - that the Nilgiri forests were ideal for growing the much needed hardwoods for their shipbuilding

and railway industry, and the hills were ideal for growing plantation crops like tea. In the blink of a generational eye, the adivasi saw their local subsistence economy, shattered by a global market economy. Up until then, wealth and well being generated from the forests and the soil around their homesteads was equitably distributed among all their people. These same forests and land now generated wealth that sped on ships across the ocean. Wealth from the remote corners of the then malaria-infested Nilgiri hills flowed unfettered to faraway England. And there was hardly anyone to cry foul - at least not loud enough to be heard.

Until Gandhi and the movement for independence. August 15, 1947 when the whole of India celebrated freedom from the yoke of foreign rule, the adivasis and millions of Indians like them had little reason to celebrate. The impediment to the flow of wealth from India to Britain brought about by independence did not mean a redistribution of that wealth to the adivasis and other impoverished people like them. The flow of wealth from these areas continued unabated - only the destination of this wealth had changed. From flowing away into the global economy it now flowed into the national economy. The local economy continued to be stripped bare and impoverished.

Since 1991 when India decided to turn its back on its rather weak socialist roots and embark on the path of a liberalised capital economy we have removed barriers to the free flow of wealth from the local and national economy into a global one. Proponents of liberalisation would argue that this is also a removal of the barriers to the flow of wealth from richer countries into India. And the last few years would seem to vindicate their stand. The call-centre jobs, the back-office jobs, the rocketing growth of the ICT industry, the automobile industry are all cited as examples of this reversed flow of wealth.

Indisputable. No one can argue that globalisation can result as easily in a flow of wealth from the North to the South as from the South to the North. What I am disputing is that globalisation will bring about a redistribution of wealth from the rich to the poor. Of this I see no evidence. What I do see is that more and more money and wealth flows out of local economies into an ill-defined global one. Globalisation does not ensure that wealth will flow where it is needed most. On the contrary, it seeks to suppress the

political imperative of the nation-state - of ensuring a fair and equitable distribution of wealth among its citizens and attempts instead to supplant an economic imperative of a global market economy – the imperative of profit – which, translated, means nothing more than an accumulation and concentration of wealth.

The failure of the nation-state, especially the poorer ones, to fulfil its responsibility of ensuring equity has resulted in a near total loss of credibility, leaving it vulnerable against the forces of globalisation. The market would like to argue that it can do better what the nation-state has failed to do.

Is it then any wonder that even though we consider ourselves enlightened modern democracies, increasingly we put our faith more and more in the market than in our governments?

Globalisation of the WTO kind is definitely about the creation of more wealth, just as colonisation was. It is all about economic growth just as colonisation was. But globalisation is not about equity just as colonisation was not. It is not about

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justice just as colonisation was not.

And the only hope for the future lies in the likes of Janet and our adivasi people uniting and working together to ensure that whatever little wealth is generated in their local economies does not flow vertically upwards to line the pockets of the affluent; that as much as possible stays within their economy and what must flow out flows laterally to other communities like them. If we accept that today we live in a global economy, then let those of us who are concerned with the economics of justice form new alliances and strive to create a global economic order of our choosing.

This then is our task. Our challenge.