

**GLOBALIZATION AND SUMMIT REFORM: AN
EXPERIMENT IN INTERNATIONAL GOVERNANCE BY
PETER C. HEAP**

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Abstract: Book Review

This book describes and analyzes the 3-year-long “L-20” project, whose objective was to develop a method of breaking the political deadlocks that too often prevent progress on critical global issues. The proposed L-20 would include leaders from the existing G-8 countries, augmented by key regional powers such as China, Brazil, India, South Africa, and Egypt.

The book traces the origins and findings of the project, which generated a broad array of cutting-edge research and over 20 substantive, action-oriented workshops involving hundreds of experts and practitioners around the world. The workshop series examined in detail the operational possibilities for a “Leaders Group” addressing a range of issues, including infectious disease control, climate change/global warming, energy security, nuclear proliferation, management of international financial crises, and the provision of safe drinking water and sanitation, to name just a few. In the context of a rapidly globalizing world, the book addresses the classical problems of international governance – How do we prevent war? How do we feed the hungry? How do we house the homeless? How do we cure the sick and safeguard the healthy from threats such as pandemics and global warming?

Key Words: Globalization, Summit Reform, Nuclear Proliferation, and International governance

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1. INTRODUCTION

1.1 GLOBALIZATION

Globalization (or globalisation) describes an ongoing process by which regional economies, societies, and cultures have become integrated through a globe-spanning network of communication and execution. The term is sometimes used to refer specifically to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology (Jagdish, 2004). However, globalization is usually recognized as being driven by a combination of economic, technological, sociocultural, political, and biological factors. The term can also refer to the transnational circulation of ideas, languages, or popular culture through acculturation (Rowman & Littlefield, 2004).

1.2 DEFINITIONS

A high level academic and an early description of globalization were penned by the American entrepreneur-turned-minister Charles Taze Russell who coined the term 'corporate giants' in 1897. However, it was not until the 1960s that the term began to be widely used by economists and other social scientists. It had achieved widespread use in the mainstream press by the latter half of the 1980s. Since its inception, the concept of globalization has inspired numerous competing definitions and interpretations (Norton, 2004).

Saskia Sassen writes that "a good part of globalization consists of an enormous variety of micro-processes that begin to denationalize what had been constructed as national — whether policies, capital, political subjectivities, urban spaces, temporal frames, or any other of a variety of dynamics and domains" (Sassen, Saskia, 2006). Tom G. Palmer of the Cato Institute defines globalization as "the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result." (Hobson, 2004).

Thomas L. Friedman has examined the impact of the "flattening" of the world, and argues that globalized trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse. He also argues that the pace of globalization is quickening and will continue to have a growing impact on business organization and practice. (Friedman, 2008)

Noam Chomsky argues that the word globalization is also used, in a doctrinal sense, to describe the neoliberal form of economic globalization (JoongAng, Feb, 2006). Herman E. Daly argues that sometimes the terms internationalization and globalization are used interchangeably but there is a significant formal difference. The term "internationalization" (or internationalization) refers to the importance of international trade, relations, treaties etc. owing to the (hypothetical) immobility of labor and capital between or among nations. (IJID, July, 2001)

Finally, Takis Fotopoulos argues that globalization is the result of systemic trends manifesting the market economy's grow-or-die dynamic, following the rapid expansion of transnational corporations. Because these trends have not been offset effectively by counter-tendencies that could have emanated from trade-union action and other forms of political activity, the outcome has been globalization. This is a multi-faceted and irreversible phenomenon within the system of the market economy and it is expressed as: economic globalization, namely, the opening and deregulation of commodity, capital and labour markets which led to the present form of neoliberal globalization; political globalization, i.e., the emergence of a transnational elite and the phasing out of the all powerful-nation state of the statist period; cultural globalization, i.e., the worldwide homogenization of culture; ideological globalization; technological globalization; social globalization. (IJID, July, 2001)

2. BOOK REVIEW

2.1 GLOBALIZATION AND SUMMIT REFORM - AN EXPERIMENT IN INTERNATIONAL GOVERNANCE

The Globalization and summit reform: an experiment in international governance was written by Peter C. Heap and in his book he has pointed out many challenges of globalization, now facing the whole world and specifically the third world countries or the developing countries. He has also described different forms of globalization. He also defines the globalization in different perspectives.

2.2 THE AUTHOR

Peter Heap - PhD History (Yale)

Peter C. Heap is Senior Research Associate at Centre for Global Studies at the University of Victoria in Victoria, Canada. He has extensive experience in government,

including roles as Foreign Service Officer. He is former Chief Treaty Negotiator and Assistant Deputy Minister, Government of British Columbia; former Foreign Service Officer and Assistant Deputy Minister, Government of Canada; and former Director, Governability Research Program, Institute for Research on Public Policy. Featuring a Foreword by Dr Gordon Smith, an Afterword by the Right Honorable Paul Martin, former Prime Minister of Canada, and a glossary of terms, *Globalization and Summit Reform* provides a unique, insiders' perspective on the process of international governance and its future prospects.

This book describes and analyzes the 3-year-long "L-20" project, whose objective was to develop a method of breaking the political deadlocks that too often prevent progress on critical global issues. The proposed L-20 would include leaders from the existing G-8 countries, augmented by key regional powers such as China, Brazil, India, South Africa, and Egypt.

Peter Heap chronicles the L-20 Project, an international mobilization of practical experience and specialized knowledge aimed at reining in the horsemen. The L-20 project sought answers to some of the classical problems of our time: How do we prevent war? How do we feed the hungry? How do we house the homeless? How do we cure the sick? Heap recounts the origins and outcomes of the L-20 project, a three-year effort to determine whether carefully focused meetings of a representative group of government leaders could successfully overcome political deadlocks preventing the resolution of critical global issues. The results of this pragmatically oriented research point to new avenues for the pursuit of more effective global governance...and new ways of confronting the old enemies of humankind - Death, Pestilence, War and Famine. Humankind has grappled with the four biblical Horsemen for thousands of years. In our 21st world, Death, Pestilence, War and Famine threaten lives on every continent.

This account of the 'L-20 project' describes and analyses a 3-year mobilization designed as an alternative to the political deadlocks preventing progress on critical global issues. The L-20 would include leaders from the existing G-countries, augmented by key regional powers such as China, Brazil, India, Mexico, South Africa and Egypt. Even if only a partial transition to multipolarity occurs, we face a significant institutional challenge, because for the moment there is no effective framework within which this broader distribution of power can be contained, managed and mobilized for the common good of humankind. This is the fundamental reason why the L-20 is needed—we need a body that can form the consensus required to deal on a timely basis with issues of all kinds that have global repercussions.

The book traces the origins and findings of the project, which generated a broad array of cutting-edge research and over 20 substantive, action-oriented workshops involving hundreds of experts and practitioners around the world. The workshop series examined in detail the operational possibilities for a “Leaders Group” addressing a range of issues, including infectious disease control, climate change/global warming, energy security, nuclear proliferation, management of international financial crises, and the provision of safe drinking water and sanitation, to name just a few. In the context of a rapidly globalizing world, the book addresses the classical problems of international governance – How do we prevent war? How do we feed the hungry? How do we house the homeless? How do we cure the sick and safeguard the healthy from threats such as pandemics and global warming?

Dr. Peter C. Heap highlighted the following points in his book, the summaries of issues is described as bellow:

2.3 GENESIS OF L20 PROJECT

- Bringing Leaders together
 - G7/8 originally established in 1976
 - G8 – USA, UK, France, Germany, Japan, Italy, Canada, Russia (plus EU)
- Events leading to founding of G20 Finance Ministers group in 1999
 - Serial financial crises of 1990s
 - Role of Paul Martin, Lawrence Summers

2.4 WHAT IS G20?

- G20 Membership = Finance Ministers and Central Bank Governors from ...
 - G8 -- USA, UK, France, Germany, Japan, Italy, Canada, Russia
- PLUS
- Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, Turkey, EU

2.5 G20 ACTIVITIES

- Focus of G20 Finance Ministers group
 - G20 represents 90% of global GNP, 80% of world trade, two-thirds of world population

- Tried to develop common view on possible reform of key institutions such as WB and IMF
- Generates analyses on key issues such as impacts of demographic change, regional integration, and evolution of international commodity and financial markets

2.6 MARTIN PROPOSAL

- In 2003, reflecting experience with G20 Finance Ministers group, Paul Martin proposed a research project based on belief that –
 - Existing international institutions (including G8) are incapable of dealing effectively with impacts of globalization
 - Newly emerging large economies (e.g. China, India) must be fully involved in managing global events
 - Role of government leaders is critical to resolving key global deadlocks
 - Possibility of raising G20 Finance Ministers group to leaders' level should be systematically investigated

2.7 L20 PROJECT APPROACH

- Overall objective is to produce realistic policy alternatives for international institutional change
- Key element is mobilizing cutting edge academic research for use of government decision makers
- Project workshops include an unusual mix of present and past government practitioners, academics, business and NGO reps
- Project meetings are timed to coincide with and provide input to activities of main international actors, e.g. Sherpa preparations for G8 meetings

2.8 EARLY PROJECT FOCUS

- Initial scoping meetings – October 2003 Waterloo, December 2003 Bellagio
- Project launch – February 2004 Ottawa
- Decision taken to pursue series of subject focused workshops to determine suitability of issues as potential L20 agenda items

– Problems to be examined were – globally important, requiring immediate action and currently deadlocked

2.9 FIRST ROUND OF WORKSHOPS

- Agricultural Subsidies – June 2004 Oxford
- Climate Policy – September 2004 New York
- Infectious Diseases – November 2004 San Jose Costa Rica
- Water – December 2004 Alexandria Egypt
- Terrorism/WMD – December 2004 Princeton
- Financial Crises – January 2005 Mexico City
- Project Review – February 2005 Ottawa

2.10 SECOND ROUND OF WORKSHOPS

- New Multilateralism – May 2005 Brussels
- Pandemics – May 2005 Geneva
- Fragile States – May 2005 Berlin
- UN Reform – May 2005 Tokyo
- Energy Security – October 2005 Stanford
- International Fisheries Governance – October 2005 Victoria
- Improving Official Development Assistance – November 2005 Amman
- New Perspectives on Regimes to Control WMD – January 2006 Livermore
- Financing Global Public Goods – February 2006 Princeton
- Furthering Science and Technology – March 2006 Maastricht
- International Institutional Reform and Global Governance – May 2006 Washington DC

2.11 ROLE OF UNITED STATES

- Project participants all agreed – ideally, reform of the main international institutions should proceed with full US involvement and support.
- Some participants -- move ahead with an L20 approach; in the end, the Americans will have to join in. Others -- progress can only be made with US backing.
- In the end, consensus view -- without US support, an L20 approach is doomed.

- Realistically, the US view was likely to be clarified only after the 2008 Presidential election.

2.12 GLOBAL FAIRNESS/LEGITIMACY

- Concerns about L20
 - Legitimacy of proposed L20 (still a self-appointed “club” of large countries)
 - Even an enlarged Leaders group will ignore interests of smaller countries, developing countries and the poor
 - Lack of transparency and accountability
 - Impact on existing institutions (e.g. UN)
 - Lack of direct access for civil society or business groups (as opposed to through L20 governments)
- General response
 - L20 will establish its legitimacy through its effectiveness; L20 should remain a grouping of nation states, not an estate general; L20 will only deal with limited number of topics suited to action by Leaders

2.13 PROJECT LESSONS

- G8 insufficiently representative
- Role of Leaders is key
- Systematic preparation for and follow-up from Leaders meetings is critical to success
- Determining L20 composition is difficult; merit of G20 list is that it already exists
- Focus/agenda of first L20 meeting will be important; success will determine whether further meetings occur
- Network of think tanks could provide useful backup to L20 process

2.14 LAUNCH OPTIONS

- Option 1 – managing a crisis
 - Leaders meet to deal with vital/pressing global challenge
 - Best recent examples -- responding to SARS and bird flu epidemics; international financial meltdown

- Option 2 – building a package
 - Attempt to develop a large package of measures (“grand bargain”), which would bring a number of key countries onboard and provide the basis for the first L20 meeting
 - Possible examples – re-launching Doha trade round; negotiating post-Kyoto climate change regime; re-building nuclear proliferation controls

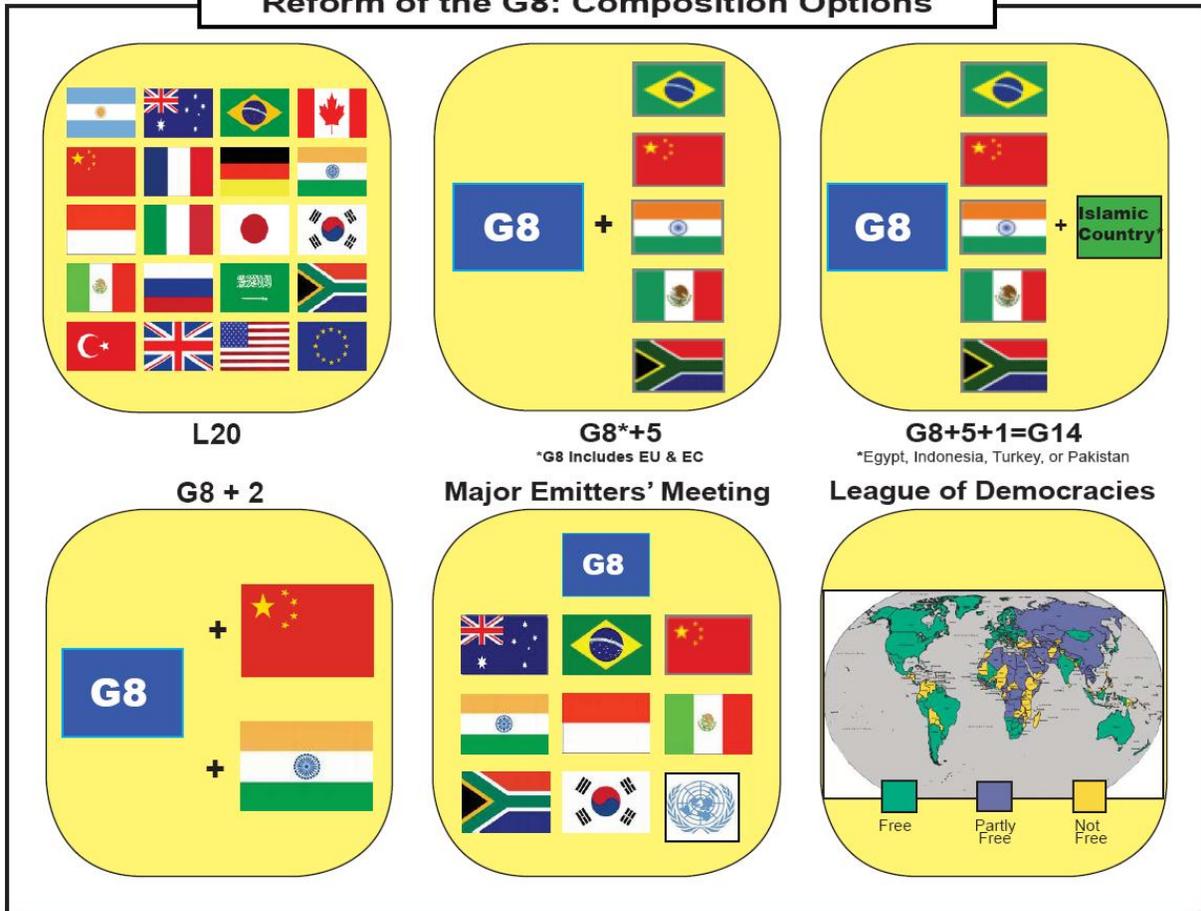
2.15 FINDINGS AS OF MAY 2006

- Gaps in global governance are worse than in 2003
- L20 approach of bringing together leaders to deal directly with global issues is valid
- Workshop series narrowed likely focus of realistic potential L20 agenda items to – climate change/energy security, pandemic disease, and nuclear proliferation
- L20 composition remains unclear/controversial
- Time for research and review is over – launch the L20!

2.16 PROJECT ACTIVITIES SINCE 2006

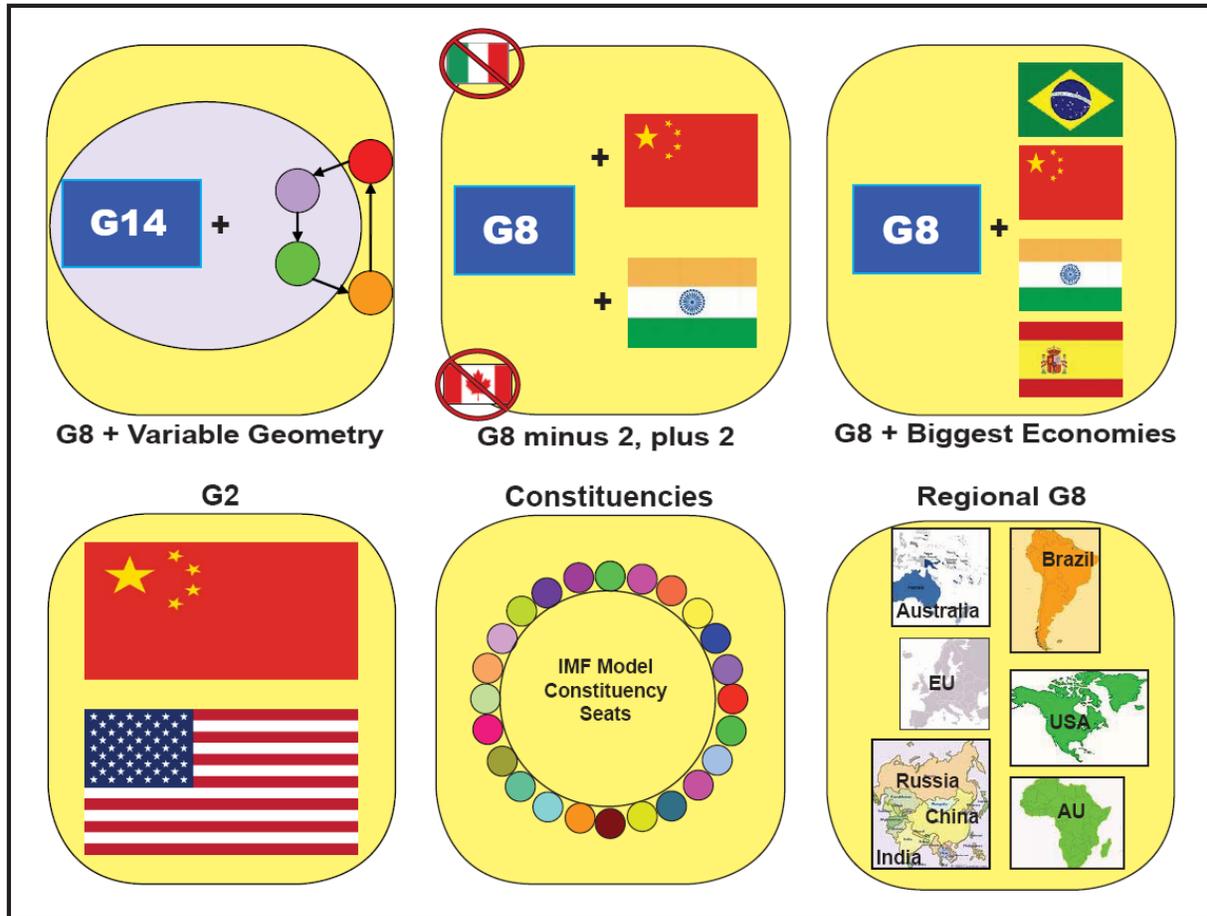
- Series of 11 meetings in 2006-8 aimed at disseminating research results (especially among Sherpa’s in key countries) and moving L20 concept closer to reality.
- Especially close contact with 5 countries invited by G8 to 2005 Gleneagles Summit – China, India, Mexico, Brazil, South Africa (G5)
- Climate change/energy security used as example of area where potential exists for more representative summit to achieve breakthroughs
- Series of “grand bargains” developed for consideration

Reform of the G8: Composition Options



2.17 THE REAL WORLD CATCHES UP

- International financial crisis builds through last half of 2008
- Sarkozy/Brown/G5 call for reform of international institutions
- President Bush calls first G20 meeting at Leaders level – November 2008 – financial focus
- 2nd G20 Leaders meeting to be hosted by Britain in April 2009 – focus broadening to include energy, climate change
- CFGS to brief UK organizers of April meeting
- Deck available on Centre for Global Studies website at



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3. DYNAMICS OF GLOBALIZATION

3.1 DYNAMICS OF GLOBALIZATION

Besides the book review of Globalization and Summit Reform -An Experiment in International Governance by Peter C. Heap, some other important topics has also been covered in order to understand the impact of globalization in developing countries and its consequences.

Therefore, different dynamics of globalization are discussed as follows:

3.2 MODERN GLOBALIZATION

Globalization, since World War II, is largely the result of planning by politicians to break down borders hampering trade to increase prosperity and interdependence thereby decreasing the chance of future war. Their work led to the Bretton Woods conference, an agreement by the

world's leading politicians to lay down the framework for international commerce and finance, and the founding of several international institutions intended to oversee the processes of globalization.

These institutions include the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund. Globalization has been facilitated by advances in technology which have reduced the costs of trade, and trade negotiation rounds, originally under the auspices of the General Agreement on Tariffs and Trade (GATT), which led to a series of agreements to remove restrictions on free trade.

Since World War II, barriers to international trade have been considerably lowered through international agreements — GATT. Particular initiatives carried out as a result of GATT and the World Trade Organization (WTO), for which GATT is the foundation, has included:

- Promotion of free trade:
- Elimination of tariffs; creation of free trade zones with small or no tariffs
- Reduced transportation costs, especially resulting from development of containerization for ocean shipping.
- Reduction or elimination of capital controls
- Reduction, elimination, or harmonization of subsidies for local businesses
- Creation of subsidies for global corporations
- Harmonization of intellectual property laws across the majority of states, with more restrictions
- Supranational recognition of intellectual property restrictions (e.g. patents granted by China would be recognized in the United States)

Cultural globalization, driven by communication technology and the worldwide marketing of Western cultural industries, was understood at first as a process of homogenization, as the global domination of American culture at the expense of traditional diversity. However, a contrasting trend soon became evident in the emergence of movements protesting against globalization and giving new momentum to the defense of local uniqueness, individuality, and identity, but largely without success. (Peterson, 2005)

3.3 MEASURING GLOBALIZATION

Looking specifically at economic globalization, demonstrates that it can be measured in different ways. These centers around the four main economic flows that characterize globalization:

- Goods and services, e.g., exports plus imports as a proportion of national income or per capita of population
- Labor/people, e.g., net migration rates; inward or outward migration flows, weighted by population
- Capital, e.g., inward or outward direct investment as a proportion of national income or per head of population
- Technology, e.g., international research & development flows; proportion of populations (and rates of change thereof) using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband)

4. SOCIO-ECONOMIC & OTHER CHALLENGES OF GLOBALIZATION ON THE DEVELOPING WORLD

4.1 INDUSTRIAL CHALLENGES

Industrial - emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies. Particularly movement of material and goods between and within national boundaries. International trade in manufactured goods increased more than 100 times (from \$95 billion to \$12 trillion) in the 50 years since 1955. (BBC News, January, 2007) China's trade with Africa rose seven-fold during 2000-07 alone. (Politzer, 2008)

4.2 FINANCIAL CHALLENGES

Financial - emergence of worldwide financial markets and better access to external financing for borrowers. By the early part of the 21st century more than \$1.5 trillion in national currencies were traded daily to support the expanded levels of trade and investment. (Encyclopedia, 2009) As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure dramatically increased, as evidenced by the financial crisis of 2007–2009. (Encyclopedia, 2009)

4.3 SOCIO-ECONOMIC CHALLENGES

Economic - realization of a global common market, based on the freedom of exchange of goods and capital. The interconnectedness of these markets however meant that an economic collapse in any one given country could not be contained.

- The movement is very broad, including church groups, national liberation factions, peasant unionists, intellectuals, artists, protectionists, anarchists, those in support of delocalization and others. Some are reformist, (arguing for a more moderate form of capitalism) while others are more revolutionary (arguing for what they believe is a more humane system than capitalism) and others are reactionary, believing globalization destroys national industry and jobs.
- One of the key points made by critics of recent economic globalization is that income inequality, both between and within nations, is increasing as a result of these processes. One article from 2001 found that significantly, in 7 out of 8 metrics, income inequality has increased in the twenty years ending 2001. Also, "incomes in the lower deciles of world income distribution have probably fallen absolutely since the 1980s". Furthermore, the World Bank's figures on absolute poverty were challenged. The article was skeptical of the World Bank's claim that the number of people living on less than \$1 a day has held steady at 1.2 billion from 1987 to 1998, because of biased methodology. (Hunter, 2001)
- A chart that gave the inequality a very visible and comprehensible form, the so-called 'champagne glass' effect, (Xabier, 1995) was contained in the 1992 United Nations Development Program Report, which showed the distribution of global income to be very uneven, with the richest 20% of the world's population controlling 82.7% of the world's income. (HDR, Report, 1992)

| Distribution of world GDP, 1989 | |
|---------------------------------|--------|
| Quintile of Population | Income |
| Richest 20% | 82.7% |
| Second 20% | 11.7% |
| Third 20% | 2.3% |
| Fourth 20% | 2.4% |
| Poorest 20% | 0.2% |

Source: United Nations Development Program. 1992 Human Development Report

- Economic arguments by fair trade theorists claim that unrestricted free trade benefits those with more financial leverage (i.e. the rich) at the expense of the poor.

4.4 SOCIO-CULTURAL CHALLENGES

- Cultural - growth of cross-cultural contacts; advent of new categories of consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture". Some bemoan the resulting consumerism and loss of languages. Also see Transformation of culture.
- Spreading of multiculturalism, and better individual access to cultural diversity (e.g. through the export of Hollywood and, to a lesser extent, Bollywood movies). Some consider such "imported" culture a danger, since it may supplant the local culture, causing reduction in diversity or even assimilation. Others consider multiculturalism to promote peace and understanding between peoples. A third position gaining popularity is the notion that multiculturalism to a new form of monoculture in which no distinctions exist and everyone just shift between various lifestyles in terms of music, cloth and other aspects once more firmly attached to a single culture. Thusly not mere cultural assimilation as mentioned above but the obliteration of culture as we know it today. (The Guardian April, 2009)
- Greater international travel and tourism. WHO estimates that up to 500,000 people are on planes at any one time. In 2008, there were over 922 million international tourist arrivals, with a growth of 1.9% as compared to 2007. (UNWTO, June, 2009)
- Greater immigration, (Stephen, 2009) including illegal immigration. (BBC News, May , 2004) The IOM estimates there are more than 200 million migrants around the world today. (FOX News, 2008) Newly available data show that remittance flows to developing countries reached \$328 billion in 2008. (The World Bank)
- Spread of local consumer products (e.g., food) to other countries (often adapted to their culture).

- Worldwide fads and pop culture such as Pokémon, Sudoku,, Origami, Idol series, YouTube, Orkut, Face book, and MySpace. Accessible to those who have Internet or Television, leaving out a substantial segment of the Earth's population.
- Worldwide sporting events such as FIFA World Cup and the Olympic Games.
- Incorporation of multinational corporations in to new media. As the sponsors of the All-Blacks rugby team, Adidas had created a parallel website with a downloadable interactive rugby game for its fans to play and compete. (Scherer, J. (2007)
- Social - development of the system of non-governmental organizations as main agents of global public policy, including humanitarian aid and developmental efforts. (Zaleski, 2006)
- Development of a Global Information System, global telecommunications infrastructure and greater trans border data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones
- Increase in the number of standards applied globally; e.g., copyright laws, patents and world trade agreements.
- Legal/Ethical
- The creation of the international criminal court and international justice movements.
- Crime importation and raising awareness of global crime-fighting efforts and cooperation.
- The emergence of Global administrative law.
- Religious
- The spread and increased interrelations of various religious groups, ideas, and practices and their ideas of the meanings and values of particular spaces (Elizabeth, 2005)

4.5 POLITICAL CHALLENGES

Political - some use "globalization" to mean the creation of a world government which regulates the relationships among governments and guarantees the rights arising from social and economic globalization. (Francesco, ISBN) Politically, the United States has enjoyed a position of power among the world powers, in part because of its strong and wealthy economy. With the influence of globalization and with the help of The United States' own economy, the People's Republic of China has experienced some tremendous growth within the past decade. If China continues to grow at the rate projected by the trends, then it is very likely that in the next twenty

years, there will be a major reallocation of power among the world leaders. China will have enough wealth, industry, and technology to rival the United States for the position of leading world power. (Hurst, 6th Ed.)

4.6 INFORMATIONAL CHALLENGES

Informational - increase in information flows between geographically remote locations. Arguably this is a technological change with the advent of fiber optic communications, satellites, and increased availability of telephone and Internet.

4.7 LINGUAL CHALLENGES

- Language - the most popular language is Mandarin (845 million speakers) followed by Spanish (329 million speakers) and English (328 million speakers).
- About 35% of the world's mail, telexes, and cables are in English.
- Approximately 40% of the world's radio programs are in English.
- About 50% of all Internet traffic uses English.

4.8 COMPETITIVE CHALLENGES

Competition - Survival in the new global business market calls for improved productivity and increased competition. Due to the market becoming worldwide, companies in various industries have to upgrade their products and use technology skillfully in order to face increased competition.

4.9 ECOLOGICAL CHALLENGES

Ecological - the advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary water and air pollution, over-fishing of the ocean, and the spread of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution. On the other hand, economic development historically required a "dirty" industrial stage, and it is argued that developing countries should not, via regulation, be prohibited from increasing their standard of living.

5. CONCLUSION & FINDINGS OF SOCIO-ECONOMIC CHALLENGES

5.1 POORER COUNTRIES SUFFERING DISADVANTAGES:

While it is true that globalization encourages free trade among countries, there are also negative consequences because some countries try to save their national markets. The main export of poorer countries is usually agricultural goods. Larger countries often subsidize their farmers (like the EU Common Agricultural Policy), which lowers the market price for the poor farmer's crops compared to what it would be under free trade (Michel, 2003).

5.2 EXPLOITATION OF FOREIGN IMPOVERISHED WORKERS:

The deterioration of protections for weaker nations by stronger industrialized powers has resulted in the exploitation of the people in those nations to become cheap labor. Due to the lack of protections, companies from powerful industrialized nations are able to offer workers enough salary to entice them to endure extremely long hours and unsafe working conditions, though economists question if consenting workers in a competitive employers' market can be decried as "exploited". It is true that the workers are free to leave their jobs, but in many poorer countries, this would mean starvation for the worker, and possibly even his/her family if their previous jobs were unavailable. (Patrick J. McMahon, 1986)

5.3 THE SHIFT TO OUTSOURCING:

The low cost of offshore workers have enticed corporations to buy goods and services from foreign countries. The laid off manufacturing sector workers are forced into the service sector where wages and benefits are low, but turnover is high. This has contributed to the deterioration of the middle class, which is a major factor in the increasing economic inequality in the United States. Families that were once part of the middle class are forced into lower positions by massive layoffs and outsourcing to another country. This also means that people in the lower class have a much harder time climbing out of poverty because of the absence of the middle class as a stepping-stone.

5.4 WEAK LABOUR UNIONS:

The surplus in cheap labour coupled with an ever-growing number of companies in transition has caused a weakening of labor unions in the United States. Unions lose their effectiveness when their membership begins to decline. As a result unions hold less power over corporations that are able to easily replace workers, often for lower wages, and have the option to not offer unionized jobs anymore.

5.5 INCREASE EXPLOITATION OF CHILD LABOUR:

For example, a country that experiencing increases in labor demand because of globalization and an increase the demand for goods produced by children, will experience greater a demand for child labor. This can be "hazardous" or "exploitive", e.g., quarrying, salvage, cash cropping but also includes the trafficking of children, children in bondage or forced labour, prostitution, pornography and other illicit activities. (Nina, 2005)

The critics of globalization typically emphasize that globalization is a process that is mediated according to corporate interests, and typically raise the possibility of alternative global institutions and policies, which they believe address the moral claims of poor and working classes throughout the globe, as well as environmental concerns in a more equitable way. (Nina, 2005)

Critics of globalization talk of Westernization. A 2005 UNESCO report showed that cultural exchange is becoming more frequent from Eastern Asia. In 2002, China was the third largest exporter of cultural goods, after the UK and US. Between 1994 and 2002, both North America's and the European Union's shares of cultural exports declined, while Asia's cultural exports grew to surpass North America. Related factors are the fact that Asia's population and area are several times that of North America.

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