

- Development is not dead the coordinates have changed.
- Despite the promise for prosperity with free markets, material benefits are largely controlled by one third of the world's population.
- The remainder toil in extremely exploitative work settings.
- Markets are neither natural nor free but are institutional constructs that are controlled by elite players.
- Economic nationalism led to inefficiency, disabled the mobility of goods, money and firms in the service of efficient. Therefore there has been a move to more privatized institutions that lead to higher levels of competition and decide the allocation of resources.
- With economic nationalism in decline, the development mantle has been assumed by powerful corporate players in the world market

Representing them are institutions such as the WTO

- There are many factors that must be dealt with. A broad array of policies and issues. (environmental, developmental, health, labor)
- Orders must come from the top to ensure the success of this system.
- A quote from the Founding Director General "Without the WTO, we will go back to a world of national barriers, protectionism, economic nationalism, and conflict.
- The Director General articulated the vision of Globalization project: the implementation of "market rule" via the restructuring of policies and standards across the nation state system. Trade was to be privileged as the vehicle of development.
- Internationalist ideas stems that trade is suppose to bring peace. However war destruction and despair have been seen as a product of trade as well.
- The Globalization project signifies a new way of thinking about development. Global management of capitalism emerged in the 1970's, and in the 1980's when the Bretton wood institutions made explicit claims about managing a global economy, as global managers implemented a debt regime.
- The globalization project rests on unstable foundations,

What are the elements of the Globalization Project?

- A consensus among global managers/policy makers favoring market based rather than state managed development strategies,
- Centralized management of Global Markets ruled by the G-7 states.
- Implementation of these rules through multilateral agencies(world bank, IMF,WTO)
- Concentration of market power in the hands of TNC's and financial power in TNB's.
- Subjection of all states to economic disciplines , varying by geopolitical position, global currency hierarchy, debt load , resource endowments and so forth,
- Realization of global development via new class, gender, race, and ethnic inequalities;
- Resistance at all levels, from marginalized communities to state managers to factions even within multilateral institutions, contesting unbridled market rule.

The Globalization project:

- Globalization in World Bank terms means successful participation in global economy.
- Liberalization: Freeing of markets for labor, money, goods and services.
- Meanwhile, the United States led a parallel attempt to build a free market Global consensus --focusing on breaking down the resistance of the Soviet Empire to market capitalism. This was central to the emerging Globalization problem.
- As governments privilege markets, they are likely to disadvantage citizens who are vulnerable to or unable to participate or compete in markets.
- The global market has a selective criteria favoring mobile corporations over relatively immobile populations.
- Governments face a constant dilemma of balancing the quite the quite unequal needs of their citizens with the competitive volatility of investment and trade relations.
- Freeing the market has an elegant ring to it until it threatens public systems of social reproduction, rendering large segments of the national populations vulnerable to shrinking social securities and insecure employment.
- If competing in world markets requires policies reducing public expenditure that may reduce safe guards and standards of employment, health care and education then globalization is a decision not an inevitability.
- **The choices implicit in the globalization project call forth different interpretations of the purpose of development—whether it is governed by economic efficiency or social justice, corporate or social welfare, resource exploitation or ecological sustainability, centralized political economic power or participatory economic democracy, or market versus human values.**
- We are witnessing a massive tug of war across the world between proponents of these various positions.
- The tug of war between two camps. The World Social Forum (against dominant corporations) and the World Economic Forum (Representing the corporate elite).
- The key source of tension concerns the relatively new concept of governance, which overrides and reformulates government.

Global Convergence:

- Global institutions have gained a more powerful governing role.
- It is not absolute. Requires compliance from the state itself.

There are two ways of guaranteeing compliance

1. Consensus works where governments and citizens accept legitimacy of neo classical economic theory: that market rule is neutral and efficient.
2. Coercion is necessary where liberalization is questioned or resisted.
 - Most effective way or institutionalizing compliance is market rule.
 - Here individual governmental functions are enforced through multilateral protocols.

The founder Director General was quoted

- “Writing the constitution of a single global economy.”
- Here it becomes clear that global governance has evolved.
- World bank President Clausen remarked “The Fundamental Philosophy of our institution is to help countries diversify their exports.... To have an export orientation.”
- The priority had shifted to stabilizing global financial relations and opening up southern economies to accelerated resource extraction, rather than funding national Projects
- “What is abundantly clear is that the north has used the plight of developing countries to strengthen its dominance and its influence over the development paths of the south. While adjustment is pressed on them, countries in the north with massive payments imbalances are immune from any pressure to adjust, and free follow policies that deepen the South’s difficulties. The most powerful countries in the north have become a de facto board of management for the world economy, protecting their interests and imposing their will on the south. The governments of the south are then left to face the wrath, even the violence of their own people, whose standards of living have been depressed for preserving the present patterns of operation of the world economy.” (The newly formed south commission).
- The South Commission’s declaration draws attention to a new dimension in the development discourse: the priority given to managing the world economy as a single entity.
- The bank and IMF partnership is structurally adjusting particular states is a method of governing and an attempt to resolve the instability in a deregulated global money market.
- What is it about the Globalization project that makes it value foreign investment over minority rights?
- Global circuits of debt, money, investment, and pension funds are so embedded in national economies that stabilizing these destabilizing financial relations now dominates national policy making. In this way, the new forms of global governance seek simultaneously, to ensure open economies and the institutional mechanisms to manage the volatile side effects, evidenced in domino like financial crises.
- Indebted states restructure their political economic priorities to obtain credit worthiness in the eyes of the global financial community.
- Thus Global Governance involves two significant changes in power.

Debt rescheduling conditions actively reorganize the structure and priorities of states and societies.

Reorganization is unrepresentative , as global bureaucrats , responding to financial signals rather than citizen scrutiny , often decide how states should conduct economic affairs.

- The first change has involved rewarding those countries that comply with the policies of the Washington Consensus, and to penalize those that do not.
- The second consequence of the governance revolution has been an expanding trusteeship role for the multilateral agencies.
- The World Bank dictates legal and institutional change through it's lending process and since it's 1989 report, it now asserts that evaluating governance in debtor countries within it's jurisdiction.
- In spite of the fact that the citizens do not choose the IMF and the world bank , nor have they formally consented to the protocols through which the WTO governs development , broadly termed "liberalization."

Liberalization and the Reformulation of Development

- The globalization project rose via the dismantling of the development project through liberalization.
- Debtor governments adopted austerity measures were rewarded by the debt managers with credit released in tranches(staggered portions) to ensure their continuing compliance with loan conditions.
- Liberalization down grades the social goals of national development, while upgrading participation in the world economy (tariff reduction, export promotion, financial deregulation, relaxation of foreign investment rules) Together these policies have reformulated development as a global project.
- This was implemented through liberalized states incorporated into the world markets constructed by transitional banks and firms, informatics, and multilateral institutions dedicated to a vision of corporate globalization.
- While liberalization privileges a corporate development model, its proponents claim it facilitates capital transfer, competition, and trade expansion as methods of increasing economic growth and general well being however liberalizations is also realized through new forms of inequality.
- Liberalization involves restructuring domestic economies to expand markets. The theoretical justification is David Ricardo's concept of comparative advantage that countries should specialize , which reflects a nations resource endowment.
- Comparative advantage acts as a unit of global development.
- There becomes a problem of capital mobility and besides those workers who cannot find their way in to the export market become excluded. Other factors of production such as land and labor are redirected. Those lands once used to feed poor families in poor countries are being used to produce kiwis and strawberries for the upper middle class 365 days a year.

- Extraction of natural resources has increased rapidly causing hazardous condition to the environment and the ecological situation and resource regeneration.
- Crop grower's profit margins keep decreasing radically as they are used by larger corporations for their large supply and cheap cost. The large corporation profit margins keep rising.
- Countries bear the risk of depletion of large natural resources which provides poorer countries with future securities. There is a constant move towards poorer countries getting poorer and rich corporations getting richer.

The globalization project includes an explicit vision of global order quite distinct from that of the era of the development project:

- In the development project era the slogan was "learn from and catch up with the west" and now under comparative advantage the slogan "is find your niche in the global market place"
- While the development project held out replication as the key to national development, the project of globalization presents specialization as the path to economic prosperity.

GATT and the Making of a free Trade Regime

The GATT was to establish a set of new and binding rules concerning the free trade, freedom of investment, and protection of intellectual property rights.

In short the making of the free trade regime reconstructed "food security" as a market relation, privileging and protecting corporate agriculture and placing small farmers at a comparative disadvantage. Food security would now be "governed" through the market by corporate, rather than social, criteria.

WTO

- The WTO challenges national democratic processes, removing decision making power by using market logic to override individual government policy where it interferes with free trade.
- Unlike the GATT (a trade treaty only) the WTO has independent jurisdiction unlike the UN. That is it has the power to enforce its ruling on member states, and these include rulings going beyond simply cross border trade into a realm of trade related issues. This means setting rules regarding the movements of goods, money and productive facilities across borders, rules that restrict countries from enacting law legislation or policies discriminating against such movement. WTO rules, in advancing trade freedoms, privilege corporate rights to compete internationally.
- TNCs receive equal treatment to that of domestic firms and reducing or removing local restrictions. EG health, labor and environmental laws, on trade and competitiveness in the global market place. The WTO staff are unelected bureaucrats and proceedings are

secret, denying citizen participation in making and evaluating policy. In its confidential bureaucratic guise, such global governance, framed by the discourse of neo classical economic theory, subordinates the sovereignty of the nation state, the historic site of the social contract and democracy.

The WTO has an integrated part dispute of settlement mechanism.

Sanctions can be made against a country in another area of economic activity like some of its manufactured exports if it is distorting trade obligations such as curbing timber cutting to protect a forest.

Member states can lodge complaints through the WTO, whose decision holds automatically unless every member if the WTO reverse it. If a state does not comply the WTO can authorize the plaintiff to take unilateral action,

Martin Kohr director of the third world network suggests that , in claiming to reduce trade distorting measures the WTO becomes development distorting. The WTO , in enforcing market freedoms, depoliticizes their profound social impact. "Governments should interfere in the conduct of trade as little as possible." This implies a general challenge to national laws and regulations regarding the environment, health, labor legislation, preferential trade relations and social subsidies. While the challenge does not eliminate all laws, it seeks to harmonize regulation internationally, lowering the ceiling on democratic initiatives within the national polity. As we can see the goal of depoliticizing the economy can back fire, and this explains in large part the mushrooming global social justice movement.

In this sense though, although implementation is uneven, the WTO expresses the essence of the globalization project. That is global managers assume extraordinary powers to govern the web of global economic relations lying across nation-states, privileging corporate over democratic rights.

4 of the principal mutually reinforcing protocols of the WTO

The Agreement of Agriculture