Panos Briefing No 33
May 1999

GLOBALISATION AND EMPLOYMENT

New opportunities, real threats

Globalisation – the move towards a global economy where national borders cease to matter – has changed the face of the world in which we live. World trade alone has grown at an average annual rate of 6.6 per cent during the 1990s, and is expected to add between US$200 billion and US$500 billion to global income by the year 2001.

Worldwide 27 million people – 90 per cent of them women – now work in the export processing zones (EPZs) set up to take advantage of globalisation. Many of them are employed by transnational corporations (TNCs). Already by 1994 TNCs employed 12 million people in the developing world, and today they employ many more.

Yet these numbers are tiny when compared to the one billion people around the world who cannot find full-time work. Indeed, although they are responsible for 70 per cent of world trade and 80 per cent of foreign investment, TNCs directly employ only three per cent of the world's labour force – "a negligible proportion", as one UN agency describes it.

The benefits of globalisation have not been evenly distributed around the world. While the South gained a record US$150 billion in foreign direct investment (FDI) during 1997, the top dozen recipient countries took 80 per cent, leaving the other 136 developing nations only US$30 billion to share between them – less than the United Kingdom alone received during the same period.

The trade distribution is worse still. Around 70 per cent of the new wealth generated by trade liberalisation is set to go to the rich countries of the North, while the rest is to be shared between Latin America, China and the 'upper income' economies of East Asia. The world's least developed countries actually stand to lose up to US$600 million a year, while sub-Saharan Africa is set to lose US$1.2 billion a year.

For many of the world's poorest communities – those who most need to benefit from globalisation – the threats seem to outweigh the opportunities. "The prospect of integrating our countries to the global economy is extremely dim," notes Benjamin Mkapa, President of Tanzania. "Meanwhile, such industries as we have will be affected by imported products that run our companies out of business."

"Some people are tempted to view globalization as the root cause of crisis and insecurity, or even as the embodiment of economic and social evil," admits UN Deputy Secretary-General Louise Fréchette. "The reality is more complex. Globalization has brought about as many benefits as it has engendered new risks."

The challenge for the 21st century is summed up by Indonesia's Foreign Minister Ali Alatas: "The international community should take urgent steps to manage the force of globalization in order to maximize its benefits and minimize its risks."

NEWSPEGS

1 May 1999: International Labour Day
1-17 June 1999: 87th session of the International Labour Conference, Geneva, Switzerland
18-20 June 1999: G7 meeting, Köln (Cologne), Germany
18-29 October 1999: 46th session of UNCTAD Trade and Development Board, Geneva, Switzerland
30 November-3 December 1999: Third Ministerial Conference of the WTO, Seattle, USA
February 2000: Tenth quadrennial session of UNCTAD, Thailand

ACRONYMS

EPZ: export processing zone

EU: European Union

FDI: foreign direct investment

FPI: foreign portfolio investment

GATS: General Agreement on Trade in Services

GATT: General Agreement on Tariffs and Trade

GDP: gross domestic product

G7: Group of Seven (leading industrial countries)

G77: Group of 77 (developing countries)

ICC: International Chamber of Commerce

ILO: International Labour Organization

IMF: International Monetary Fund

LLDCs: least developed countries

MAI: Multilateral Agreement on Investment

M&As: mergers and acquisitions

NAFTA: North American Free Trade Agreement

OECD: Organisation for Economic Cooperation and Development

TNC: transnational corporation

TRIMS: Trade-Related Investment Measures

TRIPS: Trade-Related Aspects of Intellectual Property Rights

UNCTAD: United Nations Conference on Trade and Development

UNCTC: United Nations Centre on Transnational Corporations

UNIFEM: United Nations Development Fund for Women

WTO: World Trade Organization

GLOSSARY

- **assets:** any possessions which have a money value, including financial assets (cash, bank deposits) and real assets (land, buildings, equipment)
- **billion:** 1,000 million; **trillion:** 1,000 billion
- **capital:** financial or physical assets used to generate income through production; **capital transfer:** the movement of capital (financial or physical) from one place to another (**net transfer** to a country being the amount of capital flowing into a country over and above the amount leaving it); **capital mobility:** the ease with which capital can be transferred; **capital flight:** rapid removal of capital (as in the East Asian crisis of 1997-8)
- **comparative advantage:** the advantage which one economy has over others (such as cheap labour, good infrastructure, access to new markets)
- **convergence of wages or income:** the process by which wage or income levels draw closer to each other
- **export processing zones (EPZs):** areas dedicated to production for the export market, with special incentives (such as low taxes and tariffs, good infrastructure) to attract foreign investors
- **finance:** money provided for a particular purpose (when finance is provided for investment, it becomes capital); **financial transaction:** the use of money for a particular purpose (such as the buying and selling of foreign currency)
- **flexibilisation:** making a labour force 'flexible' (removing rules which require employers to take labour rights into account)
- **foreign exchange markets:** markets for financial transactions between different currencies
- **foreign investment:** the purchase of assets in a foreign country, whether by governments, companies or individuals; **foreign direct investment (FDI):** purchase of a controlling share in an existing company in a foreign country, or the setting up of a new company in a foreign country ('greenfield' investment); **foreign portfolio investment (FPI):** purchase of shares in an existing company in a foreign country, but without gaining control over its management
- **global income**: the combined total of all national incomes (earned through domestic production and income from overseas)
- **globalisation:** the move towards a global economy where national borders cease to matter (see also box 'What is globalisation?', below); **globalisation of trade:** the creation of an integrated world market through the process of trade liberalisation; **globalisation of production:** the process whereby transnational corporations (TNCs) set up factories in countries other than their own 'home' country; **globalisation of financial markets:** the removal of national controls on financial transactions in order to encourage the flow of finance across national borders
- **human capital:** the skills and knowledge of a workforce (called 'capital' because of their potential to generate income)
- **integration:** the process of including a national economy within the global economy, especially through trade liberalisation, export production and 'opening up' to foreign investment
- **labour force:** the workers available in a community or country; **workforce:** the workers employed by a particular company
- **liberalisation:** the removal of barriers (such as tariffs or national controls) in order to create a 'free' market in goods, services or finance
- **linkages:** indirect benefits for a country or community from the presence of a TNC, such as when the TNC purchases goods and services from local suppliers (backwards linkages) or provides resources that can be used in further production within the host country (forwards linkages)
- **marginalisation:** exclusion from the global economy, notably through not receiving foreign investment or through local businesses not being able to survive the competition from more powerful TNCs
- **mergers & acquisitions:** foreign direct investment (FDI) through purchase of a controlling share in an existing company or merging two companies into one, rather than the setting up of a new company ('greenfield' investment)
- **national minimum wage:** the legal minimum which a country's law says all workers must be paid; **real minimum wage:** the minimum amount workers are actually paid

- ✍ **productivity per worker:** the average amount produced by each worker in a given period of time; when taken together with **labour costs** (wages and non-wage costs such as social security contributions) this allows companies to calculate the amount of money needed to produce one unit of output in any economy (unit labour costs)
- ✍ **protectionism:** favouring domestic business or producers over foreign competitors, in violation of the principles of 'free' trade
- ✍ **savings rates:** the proportion of national income not spent on consumption (and therefore available for investment)
- ✍ **services:** services offered for money (in contrast to the buying and selling of tangible goods) – for example: banking, communications, data processing, distribution, transport
- ✍ **speculation:** buying goods, currencies or stocks and shares with the aim of making a profit through selling later at a higher price
- ✍ **spillovers:** skills and other benefits learned by local companies as a result of a TNC's presence in their country; **technology transfer** is one such spillover, where the host country gains access to the technology used by the TNC
- ✍ **tariffs:** taxes on imports or exports
- ✍ **unemployment:** not having paid work; **underemployment:** wanting full-time paid work but working substantially less than full time, earning less than a living wage

Visit Panos on the Web
http://www.oneworld.org/panos/

Panos Briefings are intended to stimulate informed public debate and may be freely reproduced, in whole or in part, with acknowledgement. The Briefing series is funded by the Swedish International Development Cooperation Agency and the UK Department for International Development and the Noregian Agency for Development Cooperation (NORAD). The views expressed do not necessarily represent the views of these or other donors to Panos. **If you use this briefing to assist in writing an article, please send us a cutting.**

This briefing was written by John Hilary, a London-based freelance writer on development and human rights. Since 1988, when he returned to Britain from working in Pakistan and China, John has been employed at Amnesty International, the BBC World Service and VSO, where he was editor of the quarterly development magazine *Orbit*. He is currently principal author of the OneWorld Online guides to development and international affairs (www.oneworld.org/guides), as well as the editor of several Panos Briefings and books. The Panos Briefings series editor is Heather Budge-Reid.

With this briefing you will find an order form for this and other Panos materials.

CONTENTS

1. THE DIFFERING IMPACTS OF GLOBALISATION
Globalisation of trade
The World Trade Organization (box)
Globalisation of production
What is globalisation? (box)
Globalisation of financial markets
Differences between countries
Differences within countries

2. JOB CREATION, JOB DESTRUCTION
TNC employment
Mergers and acquisitions (box)
Linkages
Job losses

3. EASY COME, EASY GO?
Capital flight
The East Asian crisis hits south Wales (box)
Capital mobility
East of Eden: Thai workers abandoned as TNC moves on (box)
Spillovers and technology transfer

4. RACE TO THE BOTTOM?
Wage convergence
Real wages
TNCs and EPZs
Conditions of work
The inside story: conditions in Kenya's EPZs (box)

5. THE FEMINISATION OF EMPLOYMENT
Why women?
The new factory (box)
Opportunities for greater economic freedom
Opportunities for greater exploitation
The feminisation of unemployment

6. MAXIMISING BENEFITS, MINIMISING RISKS
Taming the markets
Codes and conventions
'Bottom-up' globalisation
Strategies for inclusion

CONTACTS

REFERENCES

KEY FACTS

- ✍ World trade has grown at an average annual rate of 6.6 per cent during the 1990s; world output has grown at an average 3.2 per cent.
- ✍ The expansion of trade is expected to increase global income by up to US$500 billion by the year 2001. The world's least developed countries stand to lose up to US$600 million a year under the new system. Sub-Saharan Africa is set to lose US$1.2 billion a year.
- ✍ Foreign direct investment (FDI) has expanded 20-fold in the past 25 years, from US$21.5 billion in 1973 to US$400 billion in 1997.
- ✍ In 1997 a record US$150 billion FDI went to developing countries. Of this, the top dozen recipients received US$120 billion. The remaining 136 developing nations shared US$30 billion (less than the amount received by the UK).
- ✍ Of the US$400 billion FDI total for 1997, US$342 billion (85 per cent) was in cross-border mergers and acquisitions (M&As). Cross-border M&As represent two thirds of all FDI to developing countries (US$96 billion of US$150 billion)
- ✍ Already by 1991 the top 100 US, European and Japanese pension funds managed US$8 trillion between them, a third of global income.
- ✍ Transactions on foreign exchange markets total more than US$1.2 trillion every day (over 50 times the level of world trade).
- ✍ Foreign portfolio investment (FPI) accounted for a third of all private capital flows to developing countries from 1990 to 1997; FDI accounted for a half, commercial bank loans for around a tenth.
- ✍ There are 150 million people fully unemployed worldwide, and up to one billion underemployed (a third of the world's labour force).
- ✍ Eight million jobs were lost in Indonesia during 1998; unemployment more than doubled in both Thailand and South Korea.
- ✍ Real wages for workers in agriculture, manufacturing and construction in Mauritius rose by around 50 per cent between 1990 and 1995; the same workers in Zimbabwe saw their wages fall by between 30 and 50 per cent.
- ✍ Average wage rates in the Bangladesh export garment industry in 1995 were US$0.20 per hour; in China US$0.35; in Indonesia and Vietnam US$0.40.
- ✍ The 500 richest people in the UK saw their combined wealth rise by 28 per cent during 1995 alone (to over US$100 billion).
- ✍ TNCs directly employ only three per cent of the world's labour force.
- ✍ 27 million people work in 850 export processing zones (EPZs) worldwide, 213 of which are in the USA, 124 in China, 107 in Mexico.
- ✍ Women constitute up to 90 per cent of all those working in EPZs.
- ✍ Up to 800,000 Mexican farmers will lose their livelihoods under the North American Free Trade Agreement (NAFTA).
- ✍ It would take a worker in a Chinese toy factory 523 years to earn the sum Mattel spends advertising the Barbie doll in one day.

GLOBALISATION AND EMPLOYMENT

New opportunities, real threats

1. THE DIFFERING IMPACTS OF GLOBALISATION

Globalisation – the move towards a global economy where national borders cease to matter – has changed the face of the world in which we live. Goods produced by Vietnamese workers in Japanese-owned factories are sold to Americans they will never meet; vegetables served on British dinner tables have been picked only a few hours earlier by Kenyan farmers working under an African sun.

If the world is shrinking, globalisation is the force that is making it shrink.

Supporters of the globalisation process argue that it is a force for great good, offering economic growth and prosperity to people around the world. Certainly some people have benefited from the new opportunities provided by globalisation: the entrepreneurs, for example, who have taken advantage of trade liberalisation to set up their own export businesses, or the many women workers who have found paid employment for the first time as transnational corporations (TNCs) open new factories in the developing world.

However, there are many millions of people across the world who have not been able to enjoy the benefits of globalisation. In fact, to many of the world's most vulnerable people globalisation brings with it very real threats. Small farmers and local businesses now face direct competition from the world's most powerful companies, while governments which try to protect them from such competition are accused of undermining 'free' trade.

As it affects employment, globalisation works in three main areas:

- globalisation of trade
- globalisation of production
- globalisation of financial markets

Globalisation of trade

The globalisation of trade has largely resulted from successive rounds of GATT (the General Agreement on Tariffs and Trade) negotiations, held from 1948 onwards, and in particular the most recent, the Uruguay Round, held from 1986 to 1994. As well as removing barriers to trade liberalisation generally, the Uruguay Round expanded the principle of 'free' trade in the key areas of agriculture and textiles, where industrialised and developing countries alike must reduce the subsidies they pay to producers in their own countries and must also reduce tariffs on imported goods.

The Uruguay Round also extended the scope of GATT negotiations to include issues such as services and intellectual property. By 1995 annual trade in services exceeded US$1 trillion, almost a quarter of world trade, **[1]** and the General Agreement on Trade in Services (GATS) negotiated during the Uruguay Round is the first international set of rules governing that sector. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides similar regulation of the growing trade in areas such as copyright, trademarks, patents and industrial designs.

World trade grew at an average annual rate of 4.4 per cent throughout the 1980s and at 6.6 per cent during the 1990s (including estimates for 1999), with peaks of over nine per cent growth in 1994, 1995 and 1997. It is forecast to continue growing at around six per cent annually over the next ten years. These are far higher growth rates than those for world output, which saw average annual increases of 3.3 per cent during the 1980s, 3.2 per cent during the 1990s and a forecast of 2.9 per cent over the next ten years. **[2]**

The World Trade Organization

The World Trade Organization (WTO) was created by the Uruguay Round of GATT and came into being on 1 January 1995. The WTO has three main functions: to help trade flow as freely as possible; to achieve further trade liberalisation through negotiation; and to settle trade disputes between countries – what the WTO's first Director-General, Renato Ruggiero, has called "the WTO's most indivi dual contribution to the stability of the global economy".

In its own words, "The WTO provides a rules-based multilateral trading system. All members have both rights and obligations. The alternative is bilateral commercial relations based on economic and political power – small countries are then at the mercy of the larger trading powers." Many developing countries, however, accuse the WTO of a lack of transparency and democracy, and feel that the balance of power within the WTO leaves them at the mercy of the larger trading nations anyway. **[3]**

In fact, the WTO has become a major focus of protest from critics of globalisation. Its second Ministerial Conference, in May 1998, was the scene of mass demonstrations as an estimated 10,000 protestors from North and South gathered in Geneva under the banner of Peoples' Global Action to voice opposition to "the devastating social and environmental effects of globalisation, promoted by WTO and other institutions catering to the interests of transnational capital". **[4]**

Globalisation of production

The globalisation of production has resulted largely from developments in technology. Increased automation has challenged the need for highly skilled, highly paid workforces, making it possible for companies to move their operations to new countries, often in the developing world, where unskilled workers can perform the jobs. Although such a move can mean losses in productivity per worker, companies often benefit more from the lower labour costs they have to pay. Although productivity per worker in Mexico, for example, is a third of the US level, the average Mexican wage remains a sixth of that in the USA. **[5]**

At the same time, developments in communications technology have made it possible to coordinate production between distant sites, as suppliers can now be called upon to transfer goods to the other side of the world at a moment's notice. Lower transportation costs have also helped: sea freight unit costs have fallen by 70 per cent since the start of the 1980s, while air freight costs have fallen by three to four per cent year on year. **[6]**

Indeed, the transport of goods between different parts of transnational corporations (TNCs) is itself a major contributor to the globalisation of trade. A third of all trade conducted across national borders now takes place 'within' individual TNCs. **[7]**

Starting up production in new areas of the world involves investment in the chosen host country, and the massive growth in international investment indicates how important this has been in driving forward the process of globalisation. Foreign direct investment (FDI) has expanded 20-fold in the past 25 years, from US$21.5 billion in 1973 to US$175 billion in 1992 to US$400 billion in 1997. **[8]**

Although investment regulations were included within the Uruguay Round's General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Investment Measures (TRIMS), industrialised countries want to develop more comprehensive regulations. Following the collapse of negotiations on the Multilateral Agreement on Investment (MAI) at the Organisation for Economic Cooperation and Development (OECD) in October 1998, several industrialised countries now hope to explore the issue further at the WTO. Many developing countries such as Malaysia, India, Tanzania and Uganda have long been opposed to any MAI-style agreement, however, and do not wish to see the issue discussed at the WTO.

What is globalisation?

In 1996 the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), Rubens Ricupero, defined globalisation as "a process whereby producers and investors increasingly behave as if the world economy consisted of a single market and production area with regional or national subsectors, rather than a set of national economies linked by trade and investment flows". **[9]**

Now, three years later, globalisation is "no longer a process but a condition", according to Klaus Schwab, Founder-President of the annual World Economic Forum held at Davos, Switzerland. "The megamergers of the past months, the global ramifications of the events in East Asia, Russia and Brazil, the fact that national boundaries have often become irrelevant, are just some of the signs that we live in a new reality." **[10]**

Exactly what is new about this reality is a matter of debate. Many commentators point out that the second half of the 19th century saw levels of world trade and investment at least as high as they are today. Even at the end of the 1990s, capital transfers represent a smaller share of industrialised country economies than they did in the 1890s, and exports account for a share of gross domestic product (GDP) comparable to that of 1913. **[11]**

Yet if the scale of today's globalisation cannot be so easily distinguished from that of previous eras, its character is very different. According to one neat description, "Globalisation describes capitalism in the age of electronics." **[12]** The development of new technologies – especially communications technology – is largely responsible for making possible modern production and distribution on the global scale.

Another key characteristic of late 20th century globalisation concerns the main actors responsible for its development. Rather than national governments, TNCs are the driving force behind globalisation, generating 70 per cent of all world trade and 80 per cent of all foreign direct investment.

In the globalisation of financial markets, institutional investors have joined banks and companies as major players. The main institutional investors are mutual funds, speculative 'hedge' funds and pension funds (schemes managed on behalf of investors in order to bring them returns on their investment). Already by 1991 the top 100 US, European and Japanese pension funds managed almost US$8 trillion between them – around a third of global income. **[13]**

However, national governments still play a key role in negotiating the international agreements that provide the framework for globalisation to develop. Indeed, if technology is the first pillar supporting globalisation, this work by governments to create a 'free' market in trade, foreign investment and finance can be seen as the second.

Globalisation of financial markets

As well as trade and production, globalisation also includes the transfer of finance across national borders for purposes other than foreign direct investment (FDI). Such flows include transactions on foreign exchange markets, which by 1996 saw a turnover of more than US$1.2 trillion every day (over 50 times the level of world trade). **[14]**

Foreign portfolio investment (FPI) is another key element in the globalisation of finance. According to UNCTAD's *World Investment Report 1998*, FPI accounted for a third of all private capital flows to developing countries from 1990 to 1997 (FDI accounted for a half, commercial bank loans for around a tenth). Latin American countries such as Argentina, Brazil, Mexico and Uruguay have actually attracted more FPI than FDI in the period since 1992, as have Thailand and South Korea.

FPI is typically more volatile than FDI, according to UNCTAD (meaning that FPI can be withdrawn again as easily as it is provided in the first place). This is mainly because FPI "is attracted not so much

by the prospect of long-term growth as by the prospect of immediate gain." FPI is also more prone to 'herd' behaviour: "Portfolio investors have a greater tendency to take concerted action, leading both to massive withdrawals in a crisis as well as to rapid recovery once confidence is restored." **[15]**

Once again, communications technology is largely responsible for this aspect of globalisation, making it possible to conduct financial transactions across the world's markets in an instant. At the same time, many countries have removed national controls over their own financial markets and currencies during the past 30 years; some have abandoned separate exchange rates altogether. **[16]**

Differences between countries

There is much disagreement on whether globalisation is a positive or negative force. One explanation for this disagreement lies in the variety of experiences of globalisation from country to country. In particular, when discussing globalisation it is no longer possible to talk in terms of one experience of the developing world: even within the South globalisation has both winners and losers.

For example, in the period up to 2001 the expansion of trade secured by the Uruguay Round of GATT is expected to increase global income by anything between US$200 billion and US$500 billion. Around 70 per cent of this new wealth is set to go to the industrialised countries of the North, but the rest is to be shared between Latin America, China and the 'upper income' economies of East Asia. The world's least developed countries, by contrast, stand to lose up to US$600 million a year under the new system. Sub-Saharan Africa is set to lose US$1.2 billion a year. **[17]**

The same applies to foreign investment. Of the total US$400 billion in FDI inflows for 1997, a record US$150 billion went to developing countries. However, the top dozen recipients – China, Brazil, Mexico, Singapore, Argentina, Chile, Indonesia, Venezuela, Malaysia, Thailand, India and Colombia (in that order) – accounted for fully 80 per cent of that sum, or US$120 billion. This left the other 136 developing nations only US$30 billion to share between them – less than the United Kingdom alone received during the same period. **[18]**

"Many developing countries, particularly in Africa, have not been able to attract any significant amounts of foreign investment, while their debt burden has increased and external assistance diminished," notes Indonesia's Makarim Wibisono, speaking on behalf of the G77 group of Southern countries. Indeed, even taking into account the more successful economies, the net transfer of resources to developing countries has averaged less than one per cent of their GDP. **[19]**

Jérôme Vignon, chief adviser at the European Commission's Forward Studies Unit, paints an even bleaker picture from the perspective of the European Union (EU): "The EU takes the view that, in terms of its operation, the world market, like any other, includes its share of 'market failures'. In the absence of appropriate corrective measures such as aid and support policies, certain countries will never resurface." **[20]**

"Not all countries share fully in the benefits of globalization," agrees the WTO in its latest annual report, "and the often unspoken assumption is that the marginalization of some countries is intrinsic to the globalization process itself." In the WTO's view, however, this assumption is incorrect: "It is rather the policy environment, including openness to trade, which determines the degree of trade integration and whether countries move in the direction of income convergence or marginalization and impoverishment." **[21]**

Differences within countries

There are also large differences in the experiences of globalisation within individual countries. Nowhere has seen more organised resistance to globalisation than India, where farmers' groups such as the Karnataka State Farmers' Association have mounted mass campaigns against the WTO. Yet India is also home to Adi Godrej of the Godrej Group, one of the country's five largest companies and now also manufacturing in Malaysia, Singapore, Vietnam and the Middle East.

"If by globalization you mean competition in the international market place, then we were competing with the so-called multinationals well before most anyone else in India," says Godrej. "We welcomed such competition, and I think we've done reasonably well against it." **[22]**

In China, too – widely seen as one of the greatest beneficiaries of globalisation – national success conceals huge differences among its 1.2 billion people. Announcing China's Ninth Five-Year Plan (1996-2000) in 1995, President Jiang Zemin spoke of the "great importance" of addressing the widening gap in economic development between the booming coastal region of eastern China and the less successful interior. Press comment within China contrasted the growing number of yuan-millionaires with the rising number of Chinese people living below the poverty line. **[23]**

Nor is such a variety of experiences restricted to the developing world. Extensive liberalisation in New Zealand and the United Kingdom has led to extreme differences between winners and losers, as income inequality has risen at unprecedented rates. One recent estimate suggested that 17.8 per cent of New Zealand's population had fallen below the poverty line by 1991 – "the creation of an underclass in a country that did not have one before". While the 500 richest people in the UK saw their combined wealth rise by 28 per cent during 1995 alone (to over US$100 billion), it was reported that 20 to 30 per cent of the UK population had received no benefit from the country's economic growth. **[24]**

UN Special Rapporteur José Bengoa sums up the situation around the world as follows: "This increase in levels of economic growth, product and goods available has not produced the consequence of a greater spread of wealth but, on the contrary, greater economic concentration, both in the developed countries and in the upper classes of the population in countries linked in with the new globalized activities. This twofold process of concentration is one of the characteristics of the current process of globalization." **[25]**

2. JOB CREATION, JOB DESTRUCTION

Foreign investment – such a major part of globalisation – has the potential to create large numbers of new jobs. Such job creation is especially important given the wider context of world economic liberalisation: many countries have experienced large rises in unemployment and underemployment following mass lay-offs from the state sector, both in the 'transition economies' of former socialist states and also in the large number of countries which have had to reduce public sector employment in line with the structural adjustment programmes of the International Monetary Fund (IMF) and the World Bank. **[26]**

At the beginning of 1999, according to the International Labour Organization (ILO), there were 150 million people fully unemployed worldwide and up to one billion underemployed (a third of the world's labour force). In the words of ILO Director-General Michel Hansenne, "The global employment situation is grim, and getting grimmer." **[27]**

Classic globalisation theory argues that economic growth will lead towards fuller employment. This has indeed been the case in some countries where the economy has grown at a higher rate than the labour force. However, the ILO's latest *World Employment Report* suggests a more complex relationship, as in the case of Argentina, where strong economic growth over the past eight years has seen a dramatic rise in unemployment, even taking into account labour force growth.

As well as the restructuring of the public sector mentioned above, the ILO offers two reasons for rising unemployment throughout Latin America which are a direct result of globalisation: (1) the drive for higher efficiency in order to be competitive in the global market, and (2) the introduction of technology to raise productivity. The ILO notes that the job losses caused by these changes have fallen most heavily on unskilled workers. **[28]**

The main supporters of globalisation acknowledge the plight of such workers. Recent statistics presented by OECD Secretary-General Donald Johnston indicate that between 25 and 40 per cent of adults in OECD countries are "functionally illiterate" (not equipped with the skills necessary to function in the modern work environment), "meaning they are effectively excluded from the advantages globalization offers". With such high exclusion rates in the world's richest countries, there is widespread concern for workers in the South. **[29]**

TNC employment

Transnational corporations (TNCs) are widely seen as the main forces behind globalisation, responsible for 80 per cent of foreign direct investment (FDI). However, TNCs directly employ only around three per cent of the world's labour force – what UNCTAD calls "a negligible proportion". Less than half of these jobs are in the South. In 1994 (the last year for which UNCTAD has definitive figures) only 12 million TNC jobs were located in the developing world, even though current estimates suggest the figure may now be anything up to three times that number. **[30]**

In certain sectors and countries, however, TNCs can have a considerable impact on employment. Already in the mid-1980s half of all employed people in Ghana and Tunisia were working in TNCs, while TNCs engaged in manufacturing account for over 20 per cent of total employment in countries such as Argentina, Indonesia, Malaysia and Sri Lanka. **[31]**

Communities which host export processing zones (EPZs) have also seen new employment opportunities as a result of globalisation. There are 27 million people working in 850 EPZs worldwide (213 of which are in the USA, 124 in China and 107 in Mexico), and more governments are considering establishing them in their countries. Many of these jobs are provided by TNCs (at which the special incentives offered by EPZs are primarily aimed), but many are also provided by local businesses which have expanded as a result of the opportunities provided by the globalisation of trade. **[32]**

Mergers and acquisitions

Not all TNC investment creates jobs. 'Greenfield' investment (the construction of new factories) will almost always generate new employment opportunities. However, more and more foreign investment is not greenfield investment but comes in the form of cross-border mergers and acquisitions (M&As), in which TNCs take over or merge with companies which exist already. The 1997 world FDI total of US$400 billion includes within it US$342 billion in cross-border M&As (85 per cent of total FDI). In the case of FDI flows to developing countries, cross-border M&As represent roughly two thirds of all FDI (US$96 billion out of the 1997 total of US$150 billion). **[33]**

The impact of cross-border M&As on employment depends to an extent on the motivation behind them. M&As which represent genuine expansion or product development on the part of the TNC concerned do not necessarily present a threat to jobs – in fact, they may lead to job creation in the long term as the company becomes more competitive.

On the other hand, many M&As can also lead to job losses through 'post-acquisition rationalisation', where the new, bigger company finds it has two sets of employees doing the same jobs and seeks to reduce its workforce to cut out duplication. Just such a process led to the closure of 60 manufacturing, administrative and distribution sites by newly merged pharmaceuticals companies SmithKline and Beecham, and 25,000 job losses in the case of power plant manufacturers ABB. **[34]**

As the WTO confirms in its latest annual report, "Firms have increasingly relied on outsourcing across national frontiers as a means of cutting costs and increasing efficiency." In these cases, foreign investment is almost certain to lead to job losses. Yet even when M&As are undertaken for reasons of genuine expansion, rationalisation will often lead to job losses too. **[35]**

Linkages

As well as direct employment, TNCs also create jobs in sectors linked to their activities. These linkages include the purchasing of goods and services from local suppliers and subcontractors (backwards linkages), as well as providing resources that can be used in further production within the host country (forwards linkages). According to one UN report, "It is estimated that the indirect employment TNCs generate is at least equivalent to figures for direct employment." **[36]**

While some TNCs make it a matter of corporate policy to establish linkages with the local economy, others import most of the goods and services they need, providing little indirect employment in the

host country. This is one of the criticisms levelled at EPZs in particular. In one study of Sri Lanka's EPZs over a period of 14 years, 95 per cent of the capital goods and raw materials used in the zones were imported. In some cases the relevant materials and services are genuinely not available in the host economy due to low levels of development in the country itself. **[37]**

Job losses

While globalisation has brought new employment opportunities to some communities, it has also led to job losses, especially in some of the poorest countries of the South. Trade liberalisation in particular has threatened jobs and livelihoods, as local enterprises have been squeezed out of the market under direct competition from the world's most powerful TNCs.

Many representatives speaking at the ninth session of UNCTAD in 1996 emphasised this threat. "The prospect of integrating our countries to the global economy is extremely dim," noted Benjamin Mkapa, President of Tanzania. "Meanwhile, such industries as we have will be affected by imported products that run our companies out of business. It is leading to the deindustrialization of our countries." **[38]**

Nor is the problem confined to industry. Although some farmers – such as those growing flowers and vegetables for export in Kenya – have benefited from the opportunities of globalisation, many others have suffered from exposure to global competition. Many commentators note that cattle farmers from Burkina Faso to South Africa have been forced out of the market by cheaply produced (and heavily subsidised) meat from the European Union. "Globalisation is destroying millions of livelihoods," says Sarath Fernando of the Movement for National Land and Agricultural Reform in Sri Lanka. "The alternative is for us to fight back for our survival." **[39]**

Even in Mexico, a middle-income country which has been called a "world pace-setter in pursuing policies conducive to globalization", one study concluded that up to 800,000 livelihoods will be lost as a result of cheap agricultural imports from the US Midwest under the North American Free Trade Agreement (NAFTA). According to Victor Suares Carrera of Mexico's National Association of Peasant Maize Producers, 14 years of liberalisation and two years of NAFTA have wiped out 9,000 years of food security in Mexico. **[40]**

Once again, the main proponents of globalisation acknowledge the threat it poses to more vulnerable workers. In the technical language of the WTO, "Empirical evidence tends to show that trade liberalization may entail non-trivial adjustment costs for certain groups." **[41]**

3. EASY COME, EASY GO?

New technologies have made globalisation possible by making it easier to move capital from country to country. This 'capital mobility' has offered job opportunities to those communities which have received investment. However, it also raises the possibility of capital's 'moving on' to find even more attractive economic environments, leaving its former beneficiaries out in the cold.

This mobility is in contrast to the relative immobility of labour. Workers are unable to move with the same ease as capital, and are faced with insecurity if their employer chooses to move operations elsewhere. A genuinely free market would require unrestricted movement of labour to allow workers to seek out the best opportunities in the same way as capital can.

Many developing countries do host large populations of migrant workers, and the money which those workers send home in remittances forms an important element in some economies. Yet strict immigration policies in 'Fortress Europe' and other Northern countries ensure that there is no parallel freedom to work in the world's richest economies – the natural destination for workers, according to classical economic theory. In this connection it is interesting to note that the first moves towards immigration restrictions in Britain, at the beginning of the 20th century, met with opposition from the country's Liberal Party "because of its support for free trade and therefore the free movement of human beings as well as commodities". **[42]**

Capital flight

There is no better example of the effect of capital flight on employment than the East Asian crisis of 1997-8. "In 1996 capital was flowing into emerging Asia at the rate of about $100 billion a year; by the second half of 1997 it was flowing out at about the same rate," according to one description. Addressing the International Chamber of Commerce (ICC) Geneva Business Dialogue in September 1998, Indonesian businessman Hashim Djojohadikusomo described how US$30-40 billion was "sucked out" of his country alone in the six months between November 1997 and April 1998. **[43]**

Reports told of 10,000 workers being laid off every day in South Korea – 300,000 per month. In Surabaya, Indonesia's largest industrial city, the real daily minimum wage collapsed to the equivalent of US$0.30 from its previous level of US$2.00. In Thailand prices of rice and flour jumped almost 50 per cent in February 1998, "spelling a calamity for the poor". **[44]**

According to figures presented in January 1999 by Mitsuko Horiuchi, Assistant Director-General of the ILO, a total of eight million jobs were lost in Indonesia during 1998, raising that country's unemployment rate to 20 per cent, while in both Thailand and South Korea unemployment more than doubled. Horiuchi also noted that the crisis had affected employment in the transition economies of East Asia, such as Lao PDR and Vietnam, as well as in the South Asian countries of Sri Lanka, Nepal, Pakistan and Bangladesh. As many as 1.5 million migrant workers faced expulsion from the countries where they had previously found work. **[45]**

This was not the first time that large-scale capital flight had caused such suffering: two years earlier, in the peso crisis of 1994-5, Mexico had lost up to one million jobs. Nor was it to be the last time, as the effects of the East Asian crisis rolled over into Russia and Brazil. Two million jobs were reported lost in the Brazilian city of São Paulo alone during 1998, prompting Germany's Chancellor Gerhard Schröder to attack speculators for driving "entire national economies… to the brink of ruin". **[46]**

The East Asian crisis hits south Wales

The British government's Welsh Development Agency celebrated Europe's largest ever inward investment deal in July 1996, when the South Korean LG group confirmed it would be investing £1.7 billion (US$2.6 billion) in two new factories in Newport, south Wales. The deal was to create 6,100 new jobs over five years, with at least as many again in indirect employment, in an area which has suffered mass unemployment since the demise of the 'smokestack' coal and steel industries.

The news followed several other high-profile investments into the UK, whose low labour costs and labour force 'flexibility' have attracted more FDI over the past decade than any other European country. Incentives in the form of grants and training subsidies have also helped. The LG group was reportedly promised up to £200 million (US$300 million) – that is, £30,000 (US$45,000) per job – to secure the investment, described by one commentator as "the British government handing out taxpayers' money like a drunken sailor on leave after weeks at sea". **[47]**

The bulk of the investment was to be spent on a new plant manufacturing semiconductors (microchip circuits). As the East Asian crisis hit South Korea, however, LG put construction on hold. And in September 1998 the group announced that it was to merge with rival Korean TNC Hyundai, which had already stopped work on its own semiconductor plant at Dunfermline in Scotland. The future of both plants remains in doubt as the two companies discuss the details of the merger and review their foreign investment plans.

One local manager who turned down LG's offer of work spoke of the insecurity facing those who had signed up with the company: "These people threw in their lot with LG just as the Asian crisis was about to hit. Now they have nothing to show for it but an uncertain future."

The effect on jobs went further still. The rapid development of the Asian 'tiger' economies had made them important providers of foreign direct investment (FDI) in their own right, both in Asia and other continents. As the crisis became more acute, much of this investment was frozen or withdrawn, leading to closures and job losses in countries thought to be unaffected by the crisis. Two thirds of

South Korea's TNCs indicated that they had either cancelled, scaled down or postponed their investment plans, and that they intended to follow the same course of action in 1999. **[48]**

The full effects of the East Asian crisis on the world economy are only now making themselves known, and predictions for world growth over the next two years have been revised downwards to levels unseen since the early 1990s. This will in itself put pressure on jobs as demand slows or contracts across the world.

At the same time, economic analysts are developing their understanding of the causes of the crisis beyond the initial charges of East Asian 'crony capitalism' and corruption. According to Professor Jeffrey Sachs of the USA's Harvard University, "Almost all observers now concede that premature liberalisation of capital markets… was one cause of the current crisis." **[49]**

Some, such as Sachs, see the crisis as a spur to providing "a sounder basis for globalisation". Critical of what he calls the "phony Washington consensus on how to achieve shared prosperity", Sachs proposes a democratic globalism involving countries of the South in international decision-making.

Others suggest the challenge goes to the heart of globalisation itself. In the words of Indonesia's Minister for Foreign Affairs Ali Alatas, speaking before the UN General Assembly in September 1998, "Even the more dynamic developing economies, those that have managed to integrate themselves with the global economy through judicious macro-economic policies and painstaking structural adjustments, have seen the development gains that they earned over the decades crumble in the span of a few weeks. The fact that the Asian crisis has been particularly harsh on those economies that have been liberalizing financial flows and investment for a good number of years should therefore teach a valuable lesson to all of us in the developing world." **[50]**

Capital mobility

Business leaders such as Helmut Maucher, Chairman of Nestlé, are keen to distinguish their activities from those of the short-term investors widely blamed for the East Asian crisis. Maucher pointed out at the Geneva Business Dialogue in September 1998 that industry "invests in plant and equipment" rather than engaging in short-term speculation. Indeed, Maucher went on to promote the role of long-term investment in the task of rebuilding the economies hit by crisis over the previous two years: "Industry can now make a contribution… I encourage everybody to go on with investment." **[51]**

Foreign direct investment (FDI) does show greater overall stability than portfolio investment, according to UNCTAD's latest *World Investment Report*. "The motivation to invest in the case of FDI is typically based on longer-term views of the market, the growth potential and the structural characteristics of recipient countries, and is thus less prone to reversals in response to adverse situations if these are perceived to be short term." Indeed, even as short-term capital fled out of East Asia in 1997, FDI into the region remained fairly constant, only slowing in the first quarter of 1998. **[52]**

Nonetheless, the mobility of capital can also lead to insecurity for workers if the company in question decides to move to a new and more favourable economic environment. This global trend has been seen between and within continents. In Asia there has been a shift of manufacturing from East Asian countries to lower-wage economies, leaving many workers facing problems of mass redundancy.

The Cannon Textile Company, for example, employed more than 1,000 Taiwanese women workers in the 1980s. It subsequently began to invest in Indonesia, leading to the closure of the Taiwanese factory in 1993. The workers launched a campaign which finally won them redundancy payments, but they could not save their jobs. **[53]**

East of Eden: Thai workers abandoned as TNC moves on

Every time Nangnuth, a 38-year-old unemployed Thai worker in Bangkok, sees Mickey Mouse or Bugs Bunny on a poster or on television she says her blood pressure starts rising. Her anger has nothing to do with the cartoon characters themselves but with her previous employer, the Austrian-owned Eden Group, a garments company that manufactures a range of children's fashion products for the US-based Walt Disney Corporation.

In mid-1996 the foreign owners of the company sacked Nangnuth and 700 of her colleagues for daring to protest against their strategy of cutting secure jobs and sub-contracting out work to cheaper workers in rural Thailand and abroad. When the state authorities tried to intervene in the dispute, the company packed up and left the country surreptitiously, leaving behind a trail of millions of dollars in debts both to former employees and to local raw material suppliers.

"The Eden Group's behaviour is a classic example of how little respect the process of globalisation has for the rights of working people," says Chin Thaplee, chairman of the National Employees' Council, a federation of Thai private sector trade unions. He points out that Thailand's close integration with the global economy, promoted by successive governments as the fastest means of creating conditions for full employment, has been the main reason for its devastation during the two-year-old Asian economic crisis.

"Foreign investors first poured money into Thailand to take advantage of its cheap labour, and when countries like China and Vietnam opened up with even cheaper labour they started moving out in droves, creating conditions for an overall loss of international confidence and the subsequent financial crisis," adds Lae Dilokvidyarat, a labour economist at Bangkok's Chulalangkorn University.

Teena Gill, Panos Features, April 1999

Spillovers and technology transfer

Even if companies do move their operations to new countries, supporters of globalisation argue that 'spillovers' leave the former labour forces stronger and more competitive in the future. Labour market spillovers include the training of local employees, whose skills remain in the community and can be transferred more widely. In particular, local companies can learn of international trading opportunities from TNCs. Studies in Hong Kong, Taiwan and Mexico all show that local firms are more likely to develop their own export activities in areas where TNCs have passed on a greater understanding of world markets.

Technology transfer is another key spillover, enabling communities to develop their own industries from the example of the TNC. As one UN report notes, the expansion of foreign-owned semiconductor plants off the coast of Singapore spurred the creation of a domestic semiconductor industry within Singapore itself. Furthermore, TNC linkages with local suppliers increase their productivity and their capability to supply other customers, building up the infrastructure for future development even if the TNC itself moves on. **[54]**

Such increased capabilities "are generally agreed to be the key determinants of economic progress for countries today," according to UNCTAD Secretary-General Rubens Ricupero. "For developing countries, the potential opportunities offered by international production in this respect are particularly important: technological and organizational capacities are still highly concentrated in the developed countries and most developing countries must rely on foreign sources for the technology they need for rapid growth." **[55]**

4. RACE TO THE BOTTOM?

As with the issue of job creation, it is not easy to distinguish what influence globalisation has on wages and working conditions. Theories of globalisation suggest that there will be a general convergence of both wages and working conditions across the world as a result of globalisation. Others suggest that there has in fact been a 'race to the bottom', as governments keep labour costs and conditions low in order to attract foreign investment.

Wage convergence

The 'convergence of wages' theory is based on the belief that "a general move towards greater openness in the world economy should be reflected in narrowing wage gaps among countries… Over time, wages of all similarly skilled workers should fully converge in the context of overall gains from increased trade." **[56]**

The 'tiger' economies of East Asia experienced precisely such a convergence in the years before the 1997-8 crisis, according to UNCTAD's *Trade and Development Report 1997*. Employees in the South Korean clothing industry saw their wages rise from 23 per cent of US same industry wage levels in 1980 to 61 per cent of US levels in 1993. Wages for Hong Kong's textile manufacturers rose from 38 to 57 per cent of parallel US levels over the same period.

However, the same cannot be said for other countries – even those that have opened themselves up most fully to the globalised economy. In Mexico and Chile wages across several sectors fell dramatically against US levels in the period from 1980 to 1993, as they did also in India, Kenya, Colombia and Morocco. At the other end of the spectrum, German wage levels – already in 1980 higher than in the USA – have risen to be even higher still.

"Over the past two decades most developing countries have experienced rising wage gaps with the North," concludes UNCTAD, noting that the general trend holds for all skill levels. The WTO agrees: "There is no evidence that incomes are converging in the world as a whole… If anything, the income distribution of the world has become more uneven over time." **[57]**

Real wages

Even if the theory of wage convergence has been disappointed, this does not mean that wages in developing countries have necessarily declined in absolute terms. Real wages for workers in agriculture, manufacturing and construction in Mauritius rose by around 50 per cent between 1990 and 1995, while their counterparts in Fiji experienced a 25 per cent rise. Many South Asian workers have also experienced slight wage increases.

Yet over the same period, workers in the same sectors in Zimbabwe saw their wages fall by between 30 and 50 per cent in real terms, while their counterparts in Bulgaria were even worse affected. Workers in the manufacturing sector in Malawi experienced a fall in real wages of 75 per cent from 1990 levels. **[58]**

In 28 African countries the real minimum wage fell by 20 per cent during the 1980s, while in most Latin American countries the real minimum wage fell 50 per cent or more. As one 1995 UN study reported, "Wages are so low in many countries that an annual income is only sufficient to support one or two months of subsistence." It noted that many employees have been compelled to supplement their waged income by branching out into the informal sector, where working conditions and productivity are often poor. **[59]**

The central question remains: are falling and stagnant income levels a result of globalisation or a result of the countries concerned not being sufficiently integrated into the world economy? In other words, too much globalisation or not enough?

The WTO argues that it is not globalisation but government policies that are to blame if wage levels in developing countries have not grown as they have in richer nations, as well as other factors such as population growth and human capital. In particular, it draws attention to the fact that the savings rates of the East Asian 'tigers' amount to between 35 and 45 per cent of annual GDP, roughly twice the world average and four times the rates of some of the least developed countries. **[60]**

Critics point out that some of the countries which have done most to liberalise their economies have still experienced falling wage levels, especially as a result of competition between their local producers and the world's most powerful TNCs. In addition to the large number of farmers in Mexico whose livelihoods have been destroyed by trade liberalisation, real industrial wages in the country have decreased by an annual average of 1.7 per cent throughout the 1990s. Out of 11 Latin American countries analysed by the ILO, five still had lower real wages in 1997 than in 1980. **[61]**

On the other hand, all would agree with the WTO that factors such as human development and savings levels are crucial to the success of any country in the highly competitive world which globalisation has created. Unlike the WTO, however, critics conclude from this that poorer countries and communities should not be exposed to the global economy and its threats.

TNCs and EPZs

As regards the globalisation of production, those people who work for TNCs or in export processing zones (EPZs) provide a useful example of the factors influencing wage levels in the globalised economy. Although TNCs tend to maximise their profits by relocating production to countries with lower wages and other labour costs, it needs to be recognised that in the context of the host economy TNCs "almost always" pay higher wages than local firms. **[62]**

However, it is the process of attracting TNC investment which is held responsible for the 'race to the bottom' in wages, as national and even local governments bid against each other to provide a more tempting environment for FDI. UN Special Rapporteur José Bengoa reports that there is now a "shared diagnosis", or consensus, that the argument of 'international competition' is indeed used to drive down both wages and other labour costs. **[63]**

Certainly this might seem to be the idea behind many of the world's EPZs, set up for the purpose of attracting investment from TNCs. However, as with TNC employment, pay levels are often higher than in the same jobs outside the EPZs.

In Bangladesh, for example, legal minimum wages for EPZs are 40 per cent higher than the national minimum for unskilled workers, 15 per cent higher for semi-skilled and 50 per cent higher for skilled workers. Guatemala, Honduras and El Salvador all have EPZ legal minimum wages higher than the national minimum. Take-home pay is often higher, too, as many EPZ enterprises use piece-rate or incentive schemes which reward longer hours.

If the 'race to the bottom' is not necessarily based on EPZs paying lower wages than the rest of the economy, it is national wage levels that give countries their comparative advantage in terms of labour costs. For example, average hourly wage rates in the Bangladesh export garment industry in 1995 stood at the equivalent of US$0.20, lower than in China (US$0.35) and half those of other 'cheap wage' destinations such as Indonesia and Vietnam (US$0.40).

If this is the case, the drive to keep investors' labour costs low may indeed contribute to the falling and stagnant wage levels noted above. Although investors increasingly take into account considerations of productivity and market access, the ILO has concluded that low national wages "continue to play a controversial role in determining investment decisions". **[64]**

Conditions of work

One of the reasons the ILO gives for higher wage levels in many EPZs is that "in some countries zone employment has negative connotations and zone employers are consequently obliged to pay a premium to get workers to come and work for them." Certainly, working conditions in many EPZs and other export-related factories around the world have been heavily criticised. As one ILO study summed up the Sri Lankan situation, "Workers in EPZs carry out monotonous, repetitive tasks, often

under exploitative conditions." An earlier study found EPZ workers in the country "little better off than slaves". **[65]**

The 1998 Geneva Business Declaration disputes this view: "Multinationals have a well-proven record of improving social and environmental conditions in countries where they invest." And again, one UN report agrees that TNCs do "generally treat their workers better than do local firms". **[66]**

Despite this, the same UN report goes on to argue that TNC labour policies in developing countries with respect to subcontractors and EPZs are "often inexcusable". "Working primarily in light manufacturing industries such as textiles, electronics, footwear and sporting goods," it continues, "TNC employees in developing countries often work very long hours under hazardous conditions and receive little pay and no compensation for overtime. They possess low unionization rates, limited job security and few opportunities for training or advancement."

The report also notes, however, that some TNC employees in the developing world enjoy better conditions than others. While sports goods manufacturer Reebok was singled out for paying its Indonesian workforce no more than the national minimum wage, Gillette paid its Indonesian workers three to four times that amount, together with US-style retirement and health benefits.

The inside story: conditions in Kenya's EPZs

Lucy Wairimu, 38, makes children's garments for export. Working eight hours a day she gets only US$52 a month.

Wairimu's typical day begins at dawn when she prepares her four children for school, after which she walks the five kilometres to catch the 6.30am factory truck to her place of work on the Mombasa road, some ten kilometres out on the outskirts of the Kenyan capital of Nairobi.

Work begins at 7.00am and she has only two short breaks before she knocks off. "We are only allowed out of the premises after finishing our daily quota of at least four garments," she says. Each garment fetches as much as 2,000 shillings (US$33) in the market.

Wairimu's employer is one of the 24 enterprises running the export processing zones (EPZs) sector, which have been hailed by the government of Kenya as a quick means of achieving economic growth. The EPZs, which employ some 9,000 people, are spread around the country, with three of them operating as industrial villages in Nairobi.

According to the Export Processing Zones Authority (EPZA), the body set up in 1990 to establish and manage EPZs in Kenya, the enterprises "have done Kenya a lot of good". In 1990 alone EPZs earned 900 million shillings (US$15 million) in export revenue. By 1998 the revenue had risen to 2.5 billion shillings (US$42 million), out of which 17 per cent was value added.

Human rights groups, however, say the EPZs have not improved the lives of the 60 per cent of Kenya's population who live below the poverty line. Instead, they say, employees hired as cheap labour are subjected to poor working conditions while the firms make huge profits.

"When you look at the workers' input, you realise how much exploitation goes on in the factories," says Lillian Adhiambo, a journalist in Nairobi.

Jane Kariuki, Panos Features, April 1999

Some governments have introduced restrictions on trade union rights to ensure the maximum 'flexibilisation' of their labour force. Bangladesh has banned the formation of any unions in its EPZs, in contravention of ILO Convention no 87, which recognises the right of workers to form and join organisations of their own choosing. Pakistan has prohibited all forms of industrial action in its EPZs, while Zimbabwe has withdrawn labour rights from EPZ workers altogether. **[67]**

However, the majority of countries apply national labour standards in their EPZs, even if amended slightly. In the cases of the Philippines and the Dominican Republic, these rights were won by the workers as a result of long industrial conflict.

Many governments still see an absence of labour rights as a potential incentive to inward investment. And as with wages, the 'race to the bottom' affects the whole country, not just EPZs. As one study concludes, "The concessions made by governments in terms of labour legislation and organization… have also had a significant negative impact on the development of trade unionism and the application of labour standards throughout the formal sectors of a number of countries." **[68]**

5. THE FEMINISATION OF EMPLOYMENT

There is no better example of the pros and cons of globalisation than its impact on women across the world. The 'feminisation of employment' of the past two decades – the move by large numbers of women to paid employment from traditional, 'invisible' work (work not taken into account in official calculations) – has taken place against the background of increasing globalisation, and women have experienced both its opportunities and its threats.

Since 1980 women's labour force growth has been "substantially higher" than that of men in every region of the world except Africa (where the two labour forces have grown at the same rate). In Latin America the rate of growth for women has been more than three times as great as that of men, at an annual average of over four per cent, while in the European Union 80 per cent of all labour force growth is attributed to women's increasing participation. **[69]**

In direct relation to globalisation, women constitute up to 90 per cent of those working in EPZs. In Panama the percentage is higher still (95 per cent), while in Guatemala and Nicaragua it is 80 per cent and in Bangladesh's Chittagong EPZ 70 per cent of the employees are women. Other Asian countries where export-oriented manufacturing has been prominent, such as Thailand, Indonesia, Malaysia, the Philippines and Sri Lanka, have also shown marked increases in women's participation. **[70]**

Why women?

The reason most commonly given for the increasing employment of women in the labour force is, to use one UN description, "the widespread perception that female employees are more tractable and subservient to managerial authority, less prone to organize into unions, more willing to accept lower wages, less likely to expect upward job mobility and easier to dismiss using life-cycle criteria such as marriage and childbirth". In short, behind women's labour force growth stands "employers' needs for cheaper and more 'flexible' sources of labour given the rigours of international trade competition". **[71]**

The new factory

"A hundred Barbadian women sit at rows of computer terminals. They enter 300,000 ticket reservations flowing from 2,000 daily flights of just a single US airline. In the same building one floor above them other women enter data from American medical insurance claims. Their average hourly wage is only $2.50 compared with the same company's $9.50 hourly wage for its US-based employees.

"If you make a plane reservation nowadays more than likely it will be processed by these women sitting at their work stations in Barbados, or their sisters in Jamaica, St Kitts-Nevis, Haiti, India, Singapore, China or Ireland." **[72]**

In addition to this perceived 'docility', based to an extent on the young age of many of the new women workers, an ability to work neatly and well ('nimble fingers') is also cited as a reason for the increasing employment of women.

Interestingly, in Mexico's long-established *maquiladora* assembly plants – where the rate of female employment has declined from 80 per cent to 60 per cent – the gender of the employee seems to have become less important than the qualities demanded of them. Now that the image of the 'ideal

worker' has been accepted and internalised by the local population, the need to employ women has diminished. There are now job opportunities for docile, nimble-fingered men. **[73]**

Opportunities for greater economic freedom

Almost all commentators acknowledge the greater economic freedom that some women have won as a result of the new employment opportunities. Professor Saud Choudhry of Canada's Trent University emphasises the importance of this freedom: "The economic independence that these jobs provide has for the first time given Third World women the ability to contribute to their families financially; the opportunity to delay marriages and child-bearing; even the means to end oppressive marital relationships." **[74]**

Choudhry cites studies of women workers in the Caribbean using their earnings to bargain for more authority within the household, and of women in Turkey gaining similar decision-making power as a result of having a job. Moreover, Choudhry criticises those commentators who have characterised women's employment as simply a 'double oppression' by capitalism at work and patriarchy at home. Instead, factory employment enables women in the South to challenge patriarchy in much the same way as women challenged it at the time of rising capitalism in Western Europe.

The UN's Economic and Social Commission for Asia and the Pacific agrees with this analysis in the Asian context: "Given the strong patriarchal traditions in most of Asia, the ability to earn outside income can become an important instrument for the transformation of gender relations." **[75]**

Opportunities for greater exploitation

However, the price for this economic freedom can be high. In many cases women continue to earn lower wages than men performing the same work, and opportunities for training and promotion are typically kept to a minimum – the classic characteristics of 'dead-end' jobs.

These trends are often seen in their most extreme form in EPZs. "Many of the multinational corporations that operate in EPZs employ young and unskilled or semi-skilled women, provide minimal training and undertake relatively frequent job-shedding. A related concern is that export manufacturing and services in these countries do not seem to lead to job openings for women in higher-skilled, higher-wage positions as the composition of exports shifts towards more technology-intensive products." **[76]**

Poor working conditions have harmed the health of many women in EPZs around the world, and in some cases have actually led to deaths. In one of northern Thailand's EPZs during March 1993, for example, a number of workers died from a disorder which started with headaches and developed into inflamed stomachs and vomiting. The deaths were widely believed to be caused by solvent poisoning (although government and industry representatives blamed them on AIDS). As one of the women workers commented, "I get scared when I realise how many painkillers I am taking, my friend told me it was bad to take so many, but what else can I do? My work gives me migraines like I've never had before." **[77]**

The feminisation of unemployment

While firms have been quick to employ increasing numbers of women workers, women have also been the first to lose their jobs in times of retrenchment (cutting back). "This was inevitable," comments the UN's Economic and Social Commission for Asia and the Pacific, "given that women were originally preferred as workers largely because of the greater ease of dismissal." Their report on growing female unemployment in the wake of the East Asian crisis warns of increasing numbers of women being driven into poverty and prostitution across the region. **[78]**

Nor is it just in Asia that the 'feminisation of unemployment' is a reality. Indeed, "despite widespread assumptions of increased female participation in the global labour force, women's participation rates have risen only 3.9 per cent – from 35.6 per cent to 39.5 per cent – in the past 20 years." In the case of Morocco, where mass urban migration has led to a severe oversupply of labour, women's unemployment has reached almost 30 per cent, compared to 17 per cent for men. **[79]**

Some people attribute this situation to globalisation itself. This was the conclusion of the UNIFEM meeting on Women's Empowerment, Globalisation and Economic Restructuring at the UN Fourth World Conference on Women, held in Beijing in September 1995. While World Bank representative Ngozi Okonjo-Iweala pointed to Ghana as an example of how economic restructuring could lead to increased opportunities for women, UNIFEM's director Dr Noeleen Heyzer spoke of a widespread fear of globalisation and concluded that it was largely responsible for the 'feminisation of poverty'. **[80]**

Victoria Tauli-Corpuz, director of the Tebtebba Foundation in the Philippines, confirms this view from the Asian context: "Although globalisation resulted in some women gaining employment in the manufacturing sector, the majority of Asian women are still found in the informal economy, rural farming communities, and in subsistence economic activities. The shifts in production patterns due to globalisation, however, have led to the dislocation of women from their traditional sources of livelihood." She concludes that poor women have suffered most from globalisation in Asia. **[81]**

6. MAXIMISING BENEFITS, MINIMISING RISKS

There is a growing consensus at the international level that the wealth generated by globalisation will not of itself improve the lives of the poor. As representatives of the world's governments confirmed in the ILO Declaration on Fundamental Principles and Rights at Work, adopted in June 1998, "Economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty."

Indonesia's Foreign Minister Ali Alatas echoed those sentiments before the UN General Assembly in September 1998: "The international community should take urgent steps to manage the force of globalization in order to maximize its benefits and minimize its risks."

Similarly, the organisers of the 1999 World Economic Forum at Davos, Switzerland, reminded fellow business leaders of the need to give globalisation a "human face". Their joint statement urged: "We must demonstrate that globalization is not just a code word for an exclusive focus on shareholder value at the expense of any other consideration; that the free flow of goods and capital does not develop to the detriment of the most vulnerable segments of the population and of some accepted social and human standards." **[82]**

Taming the markets

Finance ministers of the G7 group of leading industrial nations announced at the end of February 1999 that they were setting up a financial stability forum to act as a watchdog over financial markets and to provide strategies for avoiding future crises. The decision on the forum, to be housed at the Bank for International Settlements in Geneva, is the response of the world's richest economies to a lengthy debate over how to regulate financial markets in the wake of the East Asian crisis.

However, the forum – a system for consultation between the G7 and international financial bodies such as the World Bank and IMF – falls far short of the tighter regulation called for in many quarters over the past 18 months. In particular, there have been widespread calls for regulation of the speculative activities of banks and hedge funds, an issue which may be examined further by the G7.

Many commentators have also suggested the introduction of the Tobin Tax (named after Nobel prize winner James Tobin, who first proposed the idea in the 1970s). The Tobin Tax is a uniform tax on foreign exchange transactions, the revenue from which would then be used for development purposes. Even though the tax on each transaction would be low (around 0.1 to 0.5 per cent), the total sums raised each year would be enormous – anything from US$300 billion to US$1.5 trillion. (By comparison, the total spent by the United Nations and its specialised agencies each year is around US$10 billion.) **[83]**

Individual countries have also been looking at national measures to curb short-term speculative investment, such as the 'Chilean approach', which requires all foreign investors to deposit 20 to 30 per cent of their investment at the country's central bank for a year, to be forfeit if the investment is withdrawn during that time. Similarly, Malaysia introduced capital controls in September 1998 to

protect its currency the ringgit, a move which received support from leading economists such as Professor Paul Krugman, but criticism from Western governments. **[84]**

On the wider level, UNCTAD has drawn up 'development-friendly' guidelines for any future international investment agreement, presented to UNCTAD's Commission on Investment, Technology and Related Financial Issues in October 1997. These guidelines affirm the right of a host country to exclude or restrict foreign investment in key sectors, to screen foreign investment prior to entry and to require linkages such as the employment of local people, the training of workers and the use of local suppliers. Many commentators see these guidelines as a more acceptable alternative to an agreement along the lines of the Multilateral Agreement on Investment (MAI), and developing countries and citizens' groups are seeking to transfer the international investment debate to UNCTAD, not the WTO.

Codes and conventions

As with the regulation of financial markets, the debate on how to protect labour rights around the world has taken on a new urgency in the context of globalisation. In this case, however, there are already numerous codes and conventions in existence.

The ILO Conventions have formulated the world's basic labour standards since the first were adopted in 1919. There are now over 180 Conventions (although some of the older ones have been shelved), and the 1999 International Labour Conference is expected to add a new Convention designed to eliminate the worst forms of child labour. The Conventions are binding on member states which ratify them. **[85]**

In June 1998 the International Labour Conference also adopted the ILO Declaration on Fundamental Principles and Rights at Work, "taking up the challenges of globalization which have been the focus of considerable debate within the ILO since 1994". The Declaration commits all ILO member states, even if they have not ratified the relevant ILO Conventions, to respect the "fundamental rights" of:

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation.

As regards regulation of the world's major employers, the UN's attempts since the 1970s to formulate a code of conduct for TNCs ended with the last Draft Code of Conduct on TNCs, published in 1990 by the United Nations Centre on Transnational Corporations (UNCTC) but never taken further. Since then the UNCTC has been downgraded into a unit within UNCTAD and no longer carries out its former studies on TNC activity. Its companion body, the United Nations Commission on Transnational Corporations, was dissolved in May 1994.

The ILO, on the other hand, adopted its Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in 1977. While not as comprehensive as the UN's draft code, the ILO Declaration is directed towards both governments and TNCs. However, the principles set out in the Declaration are recommendations for parties to observe "on a voluntary basis", and the Declaration is not legally enforceable.

The OECD has its own set of Guidelines for Multinational Enterprises, also adopted in the 1970s (and currently undergoing a process of review). Indeed, many TNCs have now had their own codes of good practice for several years. The most common criticisms of both the OECD Guidelines and the individual codes are (a) that they are not binding on TNCs and (b) that there is often no provision for independent monitoring of TNC practice. In addition, the OECD Guidelines are less comprehensive and less restrictive of TNC activity than either the UN Draft Code or the ILO Declaration. **[86]**

One other body in which the issue of labour rights has been raised is the WTO. However, the WTO's first Ministerial Conference in 1996 was quick to reject the issue, identifying the ILO as the correct forum to deal with such matters. Opposition to addressing labour issues within the WTO came from a wide range of countries, including India and the UK. The final declaration of the Conference made clear their concern at possible back-door protectionism by countries with higher labour standards: "We

reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question." **[87]**

'Bottom-up' globalisation

Rather than relying on intergovernmental efforts, labour and citizens' groups from across the world have created their own networks to campaign for improved labour rights. This 'bottom-up' globalisation has been made possible by the same communications technology behind the globalisation of trade, production and finance. And it supports the efforts of millions of trade unionists and other organisations which continue to campaign at the national and local levels for workers' rights.

Trade unions, which have a long history of mutual support on the global scale, have developed those support mechanisms still further through use of modern technology. The powerful Congress of South African Trade Unions (COSATU) has for over a decade used the Internet to keep in touch with trade unions in other countries. Striking workers in Brazil, South Korea and the UK have all turned to the Internet in their calls for international solidarity. **[88]**

One example of this global campaigning saw the Asia Monitor Research Centre join forces with the London-based World Development Movement, the British Trades Union Congress and other groups across Europe to achieve better conditions for workers in Asia's toy-producing factories. Employees work long hours in poor conditions, often inhaling toxic fumes from paint and glue used in the manufacturing process, and for low pay. It has been calculated that it would take a worker in a Chinese toy factory 523 years to earn the sum Mattel spends advertising the Barbie doll in one day.

In 1996 the campaign succeeded in persuading the toy industry to adopt a code of conduct guaranteeing basic health and safety standards for toy producers. However, the industry still resists independent monitoring, without which there is no proof that better conditions are being maintained.

In contrast, independent monitoring provides the basis for many of the 'fair trade' marks currently in use across the world, such as the Rugmark which guarantees that carpets have not been made with child labour. In the UK five of the ten top supermarket chains have already signed up to the new Ethical Trading Initiative, a joint initiative on the part of business, trade unions and non-governmental organisations to guarantee basic labour rights for producers around the world.

At the global level, December 1997 saw the introduction of the Social Accountability 8000 (SA8000) standard, the first international standard on workers' rights which can be monitored by independent auditors. Already companies in China, Italy, Brazil and the USA have been certified as 'socially responsible' by the scheme.

Neil Kearney, General Secretary of the International Textile, Garment and Leather Workers' Federation, has expressed his support: "The social challenges of globalisation can only be adequately met if ethical values have a central place in the strategies of international manufacturers, merchandisers and retailers. SA8000 provides such organisations with the mechanism to improve working conditions, encourage growth and highlight the increasing sense of social responsibility of the business world." **[89]**

Strategies for inclusion

Perhaps the greatest difference of opinion on globalisation concerns the issue which has the greatest impact: the globalisation of trade. Advocates of 'free' trade maintain that the economic growth it offers will provide the opportunity for millions to raise themselves out of poverty. For others – including some of the world's most vulnerable communities – it is trade liberalisation itself which is the cause of their woes.

For its part, the WTO recognises the challenges posed by trade liberalisation to many communities in the South. The WTO's first Ministerial Conference in Singapore in 1996 agreed a Plan of Action for Least Developed Countries (LLDCs), acknowledging their marginal position in the world economy. In particular, the WTO noted that the worldwide reduction of agricultural subsidies agreed in the Uruguay

Round threatened to raise world food prices, and that this would have a negative impact on net food-importing countries.

To deal with this, the Plan of Action made provision for richer countries to remove tariffs on imports from LLDCs, thus opening up their markets to LLDCs on preferential terms. However, many observers complained that the wording of the Singapore Ministerial Declaration had been watered down so completely that this action was for countries to take “on an autonomous basis” only (that is, voluntarily). As WTO Director-General Renato Ruggiero himself confirmed in February 1999, the world’s richest countries have failed to remove tariffs on even the most essential LLDC products. **[90]**

Development and regeneration programmes also aim to combat the marginalisation of poorer communities across the world. However, at a time when OECD countries have cut overseas development assistance to its lowest level ever and poor countries continue to carry the burden of unpayable debt, such programmes have only a limited effect. In these circumstances, LLDC ministers noted in their joint statement to the ninth session of UNCTAD in 1996, the forces of globalisation simply threaten to increase the marginalisation of LLDCs. **[91]**

“Some people are tempted to view globalization as the root cause of crisis and insecurity, or even as the embodiment of economic and social evil,” admitted UN Deputy Secretary-General Louise Fréchette to the UN General Assembly in September 1998. “The reality is more complex. Globalization has brought about as many benefits as it has engendered new risks.”

The question is: will those benefits go to those who need them most? Egypt’s President Hosni Mubarak, addressing the World Economic Forum in January 1999, was not optimistic: “In the emerging world there is a bitter sentiment of injustice, a sense that there must be something wrong with a system that wipes out years of hard-won development… The time has come for us to rethink the direction our planet is taking.” **[92]**

CONTACTS

International Chamber of Commerce 38 Cours Albert 1er 75008 Paris FRANCE tel: +33 1 49 53 28 28; fax: +33 1 49 53 29 42 e-mail: webmaster@iccwbo.org website: www.iccwbo.org	International Confederation of Free Trade Unions 155 Boulevard Emile Jacqmain 1210 Brussels BELGIUM tel: +32-2 224 0211; fax: +32-2 201 5815 e-mail: internetpo@icftu.org website: www.icftu.org
International Labour Organization CH-1211 Geneva 22 SWITZERLAND tel: +41 22 799 6111; fax: +41 22 798 8685 e-mail: presse@ilo.org website: www.ilo.org	International Monetary Fund 700 19th Street NW Washington DC, 20431; USA tel: 1 202 623 7000; fax: 1 202 623 4661 e-mail: media@imf.org website: www.imf.org
Maquila Solidarity Network 606 Shaw Street Toronto, Ontario CANADA M6L 3L6 tel: 1 416 532 8584; fax: 1 416 532 7688 e-mail: perg@web.apc.org website: www.web.net/~msn	Organisation for Economic Cooperation and Development (OECD) 2, rue André Pascal 75775 Paris Cedex 16; FRANCE tel: +33 1 45 24 82 00; fax: +33 1 49 10 42 76 e-mail: news.contact@oecd.org website: www.oecd.org
Third World Network 228 Macalister Road 10400 Penang MALAYSIA tel: +60 4 226 6728 or 6159; fax: +60 4 226 4505 e-mail: twn@igc.apc.org website: www.twnside.org.sg/souths/twn/	UNCTAD (United Nations Conference on Trade and Development) Palais des Nations CH-1211 Geneva 10 SWITZERLAND tel: +41 22 907 1234; fax: +41 22 907 0057 e-mail: ers@unctad.org website: www.unctad.org

UNIFEM (United Nations Development Fund for Women) 304 East 45th Street, 6th floor New York, NY 10017; USA tel: +1 212 906 6400; fax: +1 212 906 6705 e-mail: unifem@undp.org website: www.unifem.undp.org	Women Working Worldwide MITER, Room 126, MMU Humanities Building Rosamond Street West Manchester M15 6LL; UK tel: +44 161 247 1760; fax: +44 161 247 6333 e-mail: women-ww@mcr1.poptel.org.uk website:www.poptel.org.uk/women-ww/index.html
World Bank 1818 H Street NW Washington DC, 20433 USA tel: +1 202 477 1234; fax: +1 202 477 6391 e-mail: dtheis@worldbank.org website: www.worldbank.int	World Trade Organization (WTO) Centre William Rappard Rue de Lausanne 154 CH-1211 Geneva 21 SWITZERLAND tel: +41 22 739 5111; fax: +41 22 739 5458 e-mail: enquiries@wto.org website: www.wto.org

REFERENCES

1 *WTO Annual Report 1998,* World Trade Organization (WTO, Geneva, 1998) p34
2 *World Economic Outlook, May 1998*, International Monetary Fund (IMF, Washington DC, 1998) pp145, 173; *Global Economic Prospects and the Developing Countries 1998/99*, World Bank (World Bank, Washington DC, 1999) p20
3 *Trading into the Future*, second edition, World Trade Organization (WTO, Geneva, 1998) p58; 'Third World NGOs condemn secretive and undemocratic nature of Ministerial Conference', Third World Network press release at first WTO Ministerial Conference, 12 December 1996. The great majority (134) of the world's countries are members of the WTO, although 34 (including China and Russia) are observers, most of which have applied to join; for those with access to the Internet, the most up-to-date list of WTO members is available at: www.wto.org/wto/about/organsn6.htm. The WTO's annual budget of around US$80 million is paid for by its members in proportion to their share in total trade between them.
4 'WTO Party Marred by Anti-Globalisation Protests', Martin Khor, *Third World Network Features* 1753/98 (1998); *PGA Bulletin*, no 1 (March 1998)
5 *Human Development Report 1997*, United Nations Development Programme (Oxford University Press, Oxford and New York, 1997) p83
6 *Global Economic Prospects and the Developing Countries 1997*, World Bank (World Bank, Washington DC, 1997) p37
7 *Transnational Corporations: Impediments or Catalysts of Social Development?*, Eric Kolodner (UNRISD, Geneva, 1994) p1
8 *World Investment Report 1998*, UNCTAD (United Nations, New York and Geneva, 1998) p361; *WTO Annual Report 1998* (as note 1), p33
9 *Globalization and Liberalization: Development in the face of two powerful currents*, Report of the Secretary-General to the ninth session of the United Nations Conference on Trade and Development (United Nations, New York and Geneva, 1996) p6
10 'The Realities of Globalism', interview with Klaus Schwab, *Newsweek*, 1 February 1999, p114
11 see, for example, 'Globalization: The Game, the Players and the Rules', Deepak Nayyar, in *The Political Economy of Globalization*, ed Satya Dev Gupta (Kluwer, Boston, 1997) pp13-40; *Globalization in Question: The International Economy and the Possibilities of Governance*, Paul Hirst and Grahame Thompson (Polity Press, Cambridge, 1996) ch 2
12 'Rethinking globalisation', Jim Davis, *Race & Class*, vol 40, nos 2-3 (October 1998-March 1999), p37
13 'The financial markets', Dominique David, *The Courier* (European Commission), no 164 (July-August 1997), pp55-6
14 *WTO Annual Report 1998* (as note 1), p33; 'The financial markets' (as note 13), p55
15 *World Investment Report 1998* (as note 8), pp14-17
16 *Global Economic Prospects and the Developing Countries 1998/99* (as note 2), p142
17 *Human Development Report 1997* (as note 5), p82; OECD predictions cited in 'Free trade – for whom?', Martin Khor, *Orbit*, no 60 (first quarter 1996), pp7-9
18 *World Investment Report 1998* (as note 8), pp361-5
19 'Globalisation Marginalising the South', Thalif Deen, Inter Press Service, 6 May 1998
20 'Europe and globalisation', interview with Jérôme Vignon, *The Courier* (European Commission), no 164 (July-August 1997), pp58-62
21 *WTO Annual Report 1998* (as note 1), pp46-50

22 'Truly Global: Adi Godrej', interview with Adi Godrej by Pranay Gupte, Newsweek.com *Daily Davos*, 1 February 1999
23 'Bridging the gap', John Hilary, and 'Rethinking the second revolution', John Gittings, both in *China Now*, no 154 (autumn 1995)
24 *False Dawn: The Delusions of Global Capitalism*, John Gray (Granta, London, 1998) pp39-44; *A Poor Future: Can we counter growing poverty in Britain and across the world?*, Peter Townsend (Lemos & Crane, London, 1996) pp46-53
25 *The relationship between the enjoyment of human rights, in particular economic, social and cultural rights, and income distribution*, Final Report of Special Rapporteur José Bengoa to the 49th session of the UNHCHR Sub-Commission on Prevention of Discrimination and Protection of Minorities, 30 June 1997, para 27
26 see, for example, *The Other Side of Adjustment: The Real Impact of World Bank and IMF Structural Programs*, Development GAP (Development GAP, Washington DC, 1993); *The Impact of Structural Adjustment on the Population of Africa*, ed Aderanti Adepoju (James Currey, London, 1993); *Human Resources and the Adjustment Process*, eds Ricardo Paredes and Luis Riveros (Inter-American Development Bank, Washington DC, 1994); *Employment and Structural Adjustment: Egypt in the 1990s*, eds Heba Handoussa and Gillian Potter (American University in Cairo Press, Cairo, 1991)
27 *World Employment Report 1998-99*, International Labour Organization (ILO, Geneva, 1998) p1; 'Grim and getting grimmer', *World of Work* (ILO), no 27 (December 1998), p6
28 *World Employment Report 1998-99* (as note 27), pp20-1
29 '"Trampoline", not just safety net, needed in globalization – and respect people as individuals', World Economic Forum press release, Davos, Switzerland, 31 January 1999
30 *World Investment Report 1994*, UNCTAD (United Nations, New York and Geneva, 1994) pp163-4; current estimates kindly provided by UNCTAD's Fujita Masataka (personal communication, 18 March 1999), who confirmed that the three per cent figure for direct TNC employment of the world labour force is still valid today. UNCTAD is currently preparing new figures on TNC employment for publication in its forthcoming *World Investment Report 1999*.
31 *Transnational Corporations* (as note 7), p4
32 *Labour and social issues relating to export processing zones*, International Labour Organization (ILO, Geneva, 1998) pp1-3
33 *World Investment Report 1998* (as note 8), p413
34 'Cross-border mergers, acquisitions and strategic alliances', James Hamill, in *Multinationals and Employment: The Global Economy of the 1990s*, eds Paul Bailey and others (ILO, Geneva, 1993) pp95-123
35 *WTO Annual Report 1998* (as note 1), p32
36 *Transnational Corporations* (as note 7), p5
37 *Export processing zones in Sri Lanka: Economic impact and social issues*, Janaki Abeywardene and others (ILO, Geneva, 1994) pp17-19
38 'Growing consensus on ills of globalization', Martin Khor, Third World Network, *South-North Development Monitor (SUNS)*, no 3816 (1996)
39 *A Taste of Things to Come: Changes in European Agricultural Policy and their Impact on the South*, Penny Fowler (CIIR, London, 1996); *Trading in Futures; EU-ACP Relations: Putting Commerce before Cooperation?,* Rohan Asoka Jayasekera, Panos Briefing no 31 (November 1998), p13; 'Globalisation Under Attack… Or Not', John Madeley, *Panos Features*, 30 April 1998
40 *Human Development Report 1997* (as note 5), p88; Victor Suares Carrera quoted in 'The threat of agriculture', Vandana Shiva, *Orbit*, no 63 (fourth quarter 1996), pp8-10
41 *WTO Annual Report 1998* (as note 1), p47
42 *Race and Racism in Britain,* John Solomos, second edition (Macmillan, Basingstoke and London, 1993) p45
43 'Business, WTO and UN: Joining Hands to Regulate the Global Economy?', *Corporate Europe Observer*, no 2 (October 1998); 'Saving Asia: it's time to get radical', Paul Krugman, *Fortune*, 7 September 1998, pp27-32
44 'Globalization on Trial: Crisis and Class Struggle in East Asia', David McNally, *Monthly Review*, vol 50, no 4 (September 1998), pp1-14
45 'ILO Meeting Highlights Asia Jobs Challenge', ILO News, Bangkok, 13 January 1999; 'Globalization on Trial' (as note 44), p7
46 *False Dawn* (as note 24), p22; 'A Tale of Two Countries', Mac Margolis, *Newsweek*, 1 February 1999, pp38-44; 'Brazil Needs IMF Money Urgently, Soros Warns', Jonathan Gage, *International Herald Tribune*, 2 February 1999, p1
47 'Come to low-wage Wales', Tony Heath, *The Independent*, 13 January 1997
48 *World Investment Report 1998* (as note 8), p229
49 'Making it work', Jeffrey Sachs, *The Economist*, 12 September 1998, pp23-5
50 'Impact of Globalization: General Assembly High-Level Dialogue', *Go Between* (UN Non-Governmental Liaison Service) no 71 (October-November 1998), p19
51 'Business can rebuild the crisis economies', ICC Geneva Business Dialogue, Geneva, 24 September 1998
52 *World Investment Report 1998* (as note 8), pp14, 208
53 'The deregulated global economy: women workers and strategies of resistance', Angela Hale, in *Women, Employment and Exclusion*, ed Caroline Sweetman (Oxfam, Oxford, 1996) pp8-15
54 *Transnational Corporations* (as note 7), p13

55 *Globalization and Liberalization* (as note 9), pp21-2
56 *Trade and Development Report 1997*, UNCTAD (United Nations, New York and Geneva, 1997) p89
57 *Trade and Development Report 1997* (as note 56), pp89-90; *WTO Annual Report 1998* (as note 1), p52
58 *World Employment Report 1998-99* (as note 27), pp228-30; *Trade and Development Report 1997* (as note 56), p89
59 *States of Disarray: The social effects of globalization*, UNRISD (UNRISD, London, 1995) p45
60 *WTO Annual Report 1998* (as note 1), pp42, 52
61 *World Employment Report 1998-99* (as note 27), pp21-3
62 *Transnational Corporations* (as note 7), pp5-6
63 *The relationship between the enjoyment of human rights…* (as note 25), para 28
64 All figures from *Labour and social issues relating to export processing zones* (as note 32), pp11, 28-30
65 *Export processing zones in Sri Lanka* (as note 37), p54
66 'The Geneva Business Declaration', Statement by Helmut Maucher, then President of the International Chamber of Commerce, at the conclusion of the Geneva Business Dialogue (Geneva, 24 September 1998), section 2; *Transnational Corporations* (as note 7), p6
67 'ILO meeting calls for improved social and labour conditions in Export Processing Zones and end to restrictions on trade union rights', ILO News, Geneva, 2 October 1998; *Labour and social issues relating to export processing zones* (as note 32), pp21-28
68 *Women and Work*, Susan Bullock for the UN Non-Governmental Liaison Service (Zed Books, London, 1994) p73
69 *World Employment Report 1998-99* (as note 27), pp139-40
70 'Export processing zones growing steadily, providing a major source of job creation', ILO News, Geneva, 28 September 1998; *Labour and social issues relating to export processing zones* (as note 32), pp20-1
71 'Gains by women reversed in economic downturn', United Nations Information Services, Bangkok, 23 November 1998
72 'Silicon tricks and the two dollar woman', Cynthia Enloe, *New Internationalist,* no 227 (January 1992), pp12-14
73 *An analysis of labour standards in the export processing zones of Mexico, Central America and the Caribbean*, Mark Jackson, unpublished dissertation (1998) pp37-8
74 'Women Workers in the Global Factory: Impact of Gender Power Asymmetries', Saud Choudhry, in *The Political Economy of Globalization* (as note 11), pp215-36
75 'Gains by women reversed in economic downturn' (as note 71)
76 *World Employment Report 1998-99* (as note 27), p142
77 'Employment and environmental hazard: women workers and strategies of resistance in northern Thailand', Sally Theobald, in *Women, Employment and Exclusion* (as note 53), pp16-21
78 'Gains by women reversed in economic downturn' (as note 71)
79 *Human Development Report 1995*, United Nations Development Programme (Oxford University Press, Oxford and New York, 1995) p36, cited in *Women, Employment and Exclusion* (as note 53), p2; *World Employment Report 1998-99* (as note 27), p25
80 'Globalisation the cause of poor women's woes, says panel', Dzodzi Tsikata, *Third World Resurgence*, no61/62 (September-October 1995)
81 'Asia-Pacific women grapple with financial crisis and globalisation', Victoria Tauli-Corpuz, *Third World Resurgence*, no 94 (June 1998)
82 'Globalization needs a Human Face', Klaus Schwab and Claude Smadja, World Economic Forum, Davos, Switzerland, January 1999 (first published in the *International Herald Tribune*, 28 January 1999)
83 For more information, see *The Tobin Tax: Coping with Financial Volatility*, eds Mahbub ul Haq and others (Oxford University Press, Oxford and New York, 1996). The figure for UN expenditure does not include expenditure by the World Bank, IMF or International Fund for Agricultural Development; see *Image & Reality: Questions and answers about the United Nations* (United Nations, New York and Geneva, 1997) ch 3
84 'Saving Asia' (as note 43); 'UNCTAD, Civil Society Respond to Global Crisis', *NGLS Roundup* (UN Non-Governmental Liaison Service), December 1998-January 1999
85 'Clearing the final hurdle', *World of Work* (ILO), no 25 (June-July 1998), p13; for those with access to the Internet, all ILO Conventions are available on the ILO website: www.ilo.org
86 *Transnational Corporations* (as note 7), pp31-3
87 'Weak declaration on labour rights in the WTO', *International Union Rights*, vol 4, no 1 (1997), p31
88 see *The Labour Movement and the Internet: The New Internationalism*, Eric Lee (Pluto, London, 1997)
89 Those with access to the Internet can read more about the Ethical Trading Initiative at www.ethicaltrade.org, and about SA8000 at www.cepaa.org
90 'Two winners, one loser at WTO Conference', Chakravarthi Raghavan, Third World Network, 1996; *The Lands that Trade Forgot: The World Trade Organization and action for the poorest*, Sonali Wickrema and Peter Madden (Christian Aid, London, 1996); 'Sir Leon Brittan and Renato Ruggiero explain their views on how to integrate LDCs into world trade', Agence Europe (Brussels), 18 February 1999
91 'Growing consensus on ills of globalization' (as note 38)
92 'Egypt Leader Criticizes Free Market', Alexander Higgins, AP Online, 31 January 1999