

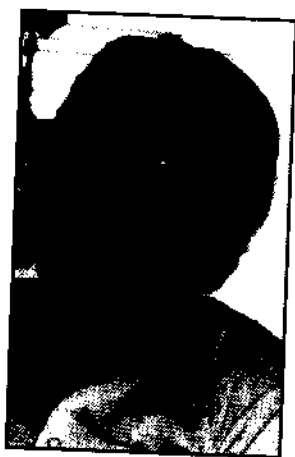
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Spirals of Life and Death: The Future of the Global Economy

by Bob Goudzwaard

Globalization and Exclusion

Globalization refers to the contemporary shift from local and national markets to regional and global markets, the opening of all national economies to the one global economy. This tendency is undeniable. Since 1950, the world's real Gross Product has increased by a factor of five, but total exports by a factor of ten, and manufacturing exports by a factor of twenty. Transnational corporations (TNCs) have played a crucial role in this development. Their number increased seven-fold within 25 years: an enormous expansion. No less than 30 percent of present world exports consists of transactions within these companies. Even the commodity trade in the countries of the South is now concentrated in the hands of about 15 transnational companies.



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The growth in the number and power of the TNCs is due to the fact that they not only combine advanced capital technology with the lowest possible labor costs, but can also easily shift their production to other products and countries. Direct investments in other countries through newly created daughter-companies is their specialty. In the latter half of the 1980s, the rate of growth in direct foreign investments increased three times faster than that of global export growth. Should one expect that poor countries received a fair share of this growth and of those direct investments, one would be wrong. The share of the "least developed" countries in direct foreign investments fell between 1980 and 1990 from a meager 0.4 percent to only 0.1 percent. We find here already the first element of exclusion in the midst of the

present process of globalization.

But there is more. In this rapid and unprecedented expansion of the world economy, there is a regional polarization. The growth of production and investment, for instance, is now highest in the dynamic Asian economies, including China and the four "tigers"—Taiwan, South Korea, Hong Kong, and Singapore. At the same time, this had a negative impact in large parts of Eastern Europe and Sub-Saharan Africa. This regional divergence has been going on for some time. China, for instance, increased its annual production growth from 6.5 percent in 1978 to 10 percent in 1980; in the same period production and investment in Sub-Saharan Africa fell about 4 percent annually.

We are part of a dynamically exploding economic world, in which there are not only the old rich, but also the new rich, and not only the old poor, but also the new poor. The gap between rich and poor, both between and within states, usually widens. In 1960 the richest one-fifth of the world's population had incomes about 30 times greater than the poorest one-fifth. In 1990, the richest one-fifth was earning 60 times more than the poorest one-fifth. What is more, according to the latest United Nations Conference on Trade and Development (UNCTAD) report, the poorest 20 percent of the world population received only 3.6 percent of the world's income in 1991, less than ever before.

Income distribution within rich nations also tends to become more unequal. In Western industrialized nations there is a rise in *new poverty*. In the U.S., for instance, one out of five young Americans experiences hunger. This new poverty in rich countries is often enhanced by growing unemployment as well as related to other forms of social isolation. The poor and the migrant workers experience different forms of exclusion in modern society, especially women who live on welfare and head single parent families.

Financial markets in the world today grow continuously and even exponentially. The volume of financial transactions—just think of bank transfers and the buying and selling of shares, bonds, and derivatives—now outnumbers the volume of real transfers (where goods and services are exchanged) by a ratio of thirty to one. The "Euro-dollar" market has reached the fantastic amount of four trillion dollars.

This means that financial transactions are losing their ground in reality. They are increasingly open to the forces of

wild speculation. On the other hand, it means that the world economy is now, more than ever before, dependent on and controlled by the movements of private capital, that is, capital in the hands of banks, private speculators, and investment funds. These new institutional capitalists now select between the different economies of the world, not looking for the best social use of their capital, but for the highest possible return. Countries and regions are in a rat race for the available capital, with institutional capitalists looking to see who will go a step further in reducing their costs and increasing their earnings. Is it any wonder that under these conditions poorer countries have almost no chance to receive new capital funds? They lack *development potential*, and Western governments have now begun to use this as a criterion for giving development aid. The 1996 UNCTAD annual report declares that while in 1980 0.9 percent of disposable foreign capital went to the 48 poorest countries of the world, this percentage has fallen to 0.4 percent (1993 data). The lack of new capital means slower growth and, therefore, ongoing indebtedness.

We know how devastating the consequences of continuing indebtedness are, especially for the poorest countries of the world. At the moment, five African nations have an external debt that is twelve times as high as the value of their exports. The willingness to find a real solution to this debt crisis is stagnating. The world's poorest countries have been virtually forced to enter the world money economy, but are effectively excluded from the capital supply they so badly need.

The poorest countries are also increasingly excluded from technological development in the global economy. The drive toward continuous innovation is strong, but new technologies are seldom available to all. They are sharply protected by patents (usually TNC-owned). A report of the European Commission in Brussels speaks of the trend towards a *non-transfer of technology*. Related to the growing and heavily protected capital intensity of industrial production is the relatively diminishing input of human labour. Jobless growth has become a general phenomenon since the 1970s. On the other hand, child labor has become common, especially in India's export industries.

In sharp contrast with the growth of the world's indus-

trial production, food production, on a per capita scale, has been stagnating since 1985 (with some clear exceptions: China, Indonesia, and Western countries). In Africa, per capita food production fell between 1970 and 1980 by as much as 20 percent. In the world as a whole the area of arable land per head of population decreased from 1970 to 1990 by more than a quarter. A significant, and in some countries a growing, part of the land still remaining is reserved for exports and not available for local needs. Brazil, for instance, is almost as high on the list of world food exporters as it is on the list of countries experiencing massive hunger. On a whole, hunger in the world is increasing. The expectation for the year 2000 is that roughly 600 million people will be chronically hungry. But hunger, especially if it is related to the loss of land, is the *depth level* of all types of exclusion and makes clear what it really is: a spiral of death. The logic of exclusion is not to sustain life but to take it away.

The conclusion is therefore clear. Different types of exclusion are working at this very moment in the global economy: on the level of direct investments, the supply of capital and technology, the possibilities for trade and employment, and the possibility to maintain adequate local and national food production. Many groups of people, such as single women, the unemployed, and the landless, are disproportionately hit.

All these forms of exclusion are directly or indirectly related to the extremely dynamic character of the world's economy and technology. They are not isolated phenomena but together facilitate the

striving for strong progress in the global economy. At the same time, they enrich and empower already privileged people, groups, and nations, all at the cost of increasing deprivation for others.

This can be easily illustrated. In an economy that places an extreme emphasis on dynamic processes, everything that has a slower pace of development (or none at all) is understood as *that which stays behind*. Staying behind in a dynamic universe is a sin, even a dreadful sin, worthy of excommunication and exclusion. That holds true regardless of whether we are speaking of nations with a slower rise of productivity, of traditional crafts and cultures, or of people with less productivity—think of the elderly, the disabled, and women with



young children. Seen from the viewpoint of the extreme dynamics of our time, all these groups and entities begin to look inferior—inactive, or less active—because they hamper or hinder the speed of the process itself. This process is in fact the autonomous, self-affirmation of human beings, specifically in the West. This partial depreciation of everything which does not grow as rapidly as the global economy even seems to include the environment. Our God-given Earth seems to awaken again and again the irritation of modern entrepreneurs and politicians because of its lack of flexibility. The role of nature is increasingly discussed in terms of its *growth limits*—it hinders our plans. Human labor is now expected to become, above all, more flexible, more adaptable. Adaptation and flexibility have become the key words of our time. Their price, however, is exclusion.

Globalization and Enslavement

The world of money and moneymaking permeates our societies on an unprecedented scale. Typical aspects of culture, such as the arts, sports, the media, and even religion are under the threat of being commercialized. Indeed, in the globalization process, there is now a market for almost everything: a market for health and knowledge, a market for happiness and love, even a market for faith in yourself.

Recent developments in different parts of the world, including Asia, Russia, Italy, and Latin America, point even further than that. They indicate that the connections between the economy and crime are becoming tighter. The bridge between commercialization and criminalization is now very easily crossed. In Russia and Italy, for instance, organized crime has displayed the capacity to open a whole series of new markets.

Take, for example, the market of protection. It begins by threatening people with acts of violence through blackmail. If they become anxious, you simply offer them paid protection, a rule they gladly accept. Along similar lines, political markets, in which votes are bought and sold, are strong in several countries. There are also new political markets dealing in private information. In these markets there is a trade in the knowledge of shameful facts that can be used to put important people under pressure. If we combine these new developments with the already existing evil markets of the trade in women for prostitution, the trade of children, and the trade in human organs (which can also be organized by just taking these organs from innocent people, as has happened in Brazil and Columbia), it begins to sound like the fulfillment of the words of St. John's Apocalypse that refer to a world of trade in bodies and souls. Indeed, our societies are increasingly under the pressure of a hard type of economism and are driven in the direction of the one global culture of consumption mixed with elements of growing criminality. Financial calculation and considerations of private gain substitute for deep moral values.

This calls for more than strong political measures. It calls for a spiritual struggle against a growing enslavement of souls

and bodies, in which the churches must be involved. In combination with the clear manifestations of aggression and sexual abuse in the media, these developments deeply influence the hearts and minds of all, especially children. Robert Bellah notes in his now famous book that the habits of the hearts of people are colored more and more by the constant consideration of what is useful, useful especially in terms of money and prestige.

In this context, we have also to note the growing relationship between the expanding economy and the political system in society. Politics ideally is related to respect for human dignity, impartiality, and the quest for the participation of all citizens in matters of general interest. Therefore, the political system always needs a kind of distance from strong particularist powers as well as those of an economic nature. But what we see emerging almost everywhere in the world is the awkward combination of an increasing *liberation and deregulation* of economics on the one hand and, on the other hand, an increasing instrumentalization of the state for economic interests. The two indeed go hand in hand.

This has been the success formula of Japan, now adopted and imitated in almost all Far East countries and almost all modern, industrialized economies. The fiction behind its general adoption is that the influence of the state has become too great and should be diminished. In fact, this influence is not reduced, merely bent in another direction, namely, in the direction of greater serviceability to the business sector and a continuous growth in production and exports. Not only culture, but also the state is increasingly economized and has to play its role in what is seen as the necessary "symbiotic sharing of public and private power" (Commission of the European Communities, *Towards a New Bretton Woods*, 164), with all the possible openings that gives for the growth of corruption and dishonesty.

Globalization and Liberation

I can imagine that hearing all this gives any one reading this a feeling of discouragement and even despair. What do communities and cultures have to offer if they are constantly on the losing end in this dynamic world? What is to be gained by addressing the economic actors and political agents, if the powers have become mainly anonymous powers guided by the world of big finance or if the actors themselves have already lost their impartiality?

These important questions are related to the heart of our faith and the essence of our existence as churches of the Reformed tradition. Even if people and churches are aware of the spiritual dimensions of what is going on in the world's economy—namely, the evil of exclusion and enslavement as well as the need to choose between God and Mammon—they often forget to speak with the same degree of spirituality about the possible solutions. As a result, elements of despair often enter and reference is made to our lack of power and influence. But if we speak about despair and sin, we need the courage to speak as loudly about hope and redemp-

tion. If enslavement comes to the forefront, then surely also the biblical notion of liberation has to be discussed. And not as pious escapism, but in a direct confrontation with the powers of our time that try to rule over a world that is not theirs but the Lord's.

But what could that possibly mean? I would like to make three comments, all related to the renewal of our own way of seeing and acting. First, from a broader, and I think more Christian, point of view, there is a high degree of unreality about what is happening in the world's economy. Of course people can think and act as if the world is identical to their own dynamic universe of eternal economic and technological progress. They can call that realism; but it is not. Sooner or later, all these efforts to reach an ever-increasing productivity and an always-booming acceleration of money flows are doomed to collapse, for the simple reason that they will lose contact with the ground. Human beings are time-bound and earth-bound social creatures of God, which means we cannot live without these ties.

The continued depletion of the stocks of culture, of nature, and also of human health, morality, and loyalty, will unavoidably lead to a break in their support of an idealistic, self-affirming, and expanding economy. For it is just an illusion to think and to act as if the Tower of Babel could be built again on this earth—only this time successfully. The carrying capacity of human beings, of the earth, and of the environment is too limited for that. Reality, the Lord's creation and our own human condition, is not on the side of a hyper-dynamic and exploding economic universe. It is on the side of creation itself, on the side of the needs of common people.

Second, we should not ignore the elements of hypnosis in the present situation. Hypnosis is a word which we know from the practice and magic of the adoration of idols. The more intense the adoration of an idol, the greater the narrowing of the mind. The image of reality shrinks, as if it consists of nothing else but the idol—its message of hope, fear, and terror—and the servants of the idol. Hypnosis, therefore, usually leads to a clear overestimation of the value of what the idol offers as well as what can go wrong if it is not obeyed.

There are strong indications of a similar overestimation of the economy and technology in our present reality. Both the happiness which is brought by an ever growing consumption and the fear of what will happen if the path of growth is no longer followed are strongly exaggerated. Listen to the solid warnings of outstanding economists and politicians that we will be left behind economically if we do not use the most productive technologies. I increasingly doubt the wisdom of such advice and warnings and think they contain the elements of hypnosis. We should not follow these guides as they are often no more than the self-made prophets of modern idolatry.

Our real enemy, or the enemy of the people, is of course not the economy, or the market, or technology as such. In fact, these exist as a potential within creation itself, as gifts

to be used responsibly. But we can turn them into idols in the same way that we make idols from a piece of wood or iron. We fear them and choose them as our ultimate compass. That is when the hypnosis begins and exclusion and enslavement follow.

The battle is, therefore, a spiritual one, a battle against idolatry and narrow-mindedness in us and in the hearts and minds of others—the others whom we also should address as actors.

Third, our feelings of despair and hopelessness have their roots in our perception of the spiral of death everywhere around us. The well-known Brundtland report, for instance, states that the problems of poverty, energy, and environment are in reality one problem. The growth of poverty in the world leads to a further deterioration of our environment, and the deterioration of the environment increases poverty. The use of more energy increases pressure on the environment, and less poverty will imply the use of more energy. Indeed all the big problems of the world are interrelated. They seem to close us in, and together form a vicious spiral, a spiral of death.

Should we deny this? I don't think so. However, Christians should be aware that while there is a spiral of death, there is also a spiral of life. If the problems reinforce one another, then their solutions do so too. The way of obedience has an upward spiral, leading us out of the darkness of doom!

Just think of the possible first small steps of obedience in the midst of the present world economy. Suppose, for example, that the poorest countries and peoples in the world were to be liberated from their present burdens of debt. It is only a small step on the path to justice, but one asked by the Lord Himself.

According to the Torah, in the Sabbath year and in the year of Jubilee all debts of the poor had to be cancelled. Steps like these open a spiral of life. And indeed, if the debts are cancelled, more funds become available in these countries for health care, for the fight against poverty, and for the care of the environment.

But there is more. Less poverty and less environmental degradation mean less urgency for migration and more possibilities to import those goods, which are really needed by the South. Here, the issue of the increase of unemployment in the North comes in. According to calculations of the International Labour Office, three million labor places have been lost in the U.S. alone because of the decline in imports by the poorer countries.

It is only one example of what the spiral of life could mean economically, and it always begins with listening to simple commandments of the Lord, like the commandment to forgive debts, or the commandment to have what is sufficient, or the commandment to prevent harm from coming to your neighbors. They have to be brought into practice, not as overriding burdens, but as first steps. They are the steps which may, together, form an Exodus out of the domain of Egypt to a new and fertile land. ❖