While the globalization project still shapes development initiatives and policies, there are signs that its tensions and contradictions are coming to a head. Just as the development project unraveled as corporations and banks went global, precipitating a debt crisis and “lost decade” in the South and a trade regime to undo “economic nationalism,” so the globalization project is unraveling in its own way. The world is in a process of transition toward a reformulation of development from various angles, goaded by (among other forces) Pope Francis’s 2015 encyclical, *Laudato Si’*—an astonishing papal pronouncement linking social and environmental justice. As the editor of *The Guardian Weekly* commented,

For Francis, there is a vital distinction between human needs, limited but non-negotiable, and appetites, which are potentially unlimited. The poor, he says, have their needs denied, while the rich have their appetites indulged. The environmental crisis links these two aspects of the problem.¹

In this contentious conjuncture, different responses converge on the rather overused nomenclature of *sustainable development*. This chapter examines some of these tensions, anticipating sustainable development initiatives outlined in the following chapter.

In the autumn of the globalization project, neoliberal economic policies have exposed citizens to greater uncertainty with increasingly volatile financial markets and precarious employment. In May 2015, the British newspaper *The
Guardian Weekly’s article “Has Globalisation Hit the Wall?” argued that “failure to shield workers from foreign competition has . . . undermined faith in globalisation,” that “the impact of the [2008] financial crisis has led the public to feel they need protection from the ravages of the markets,” and suggested this desire contributed to “the resurgence of Scottish nationalism, rising support for the Front National in France, and the election of the radical Syriza government in Greece”—all anti-status quo developments.\(^2\)

A month earlier, The New York Times article “At Global Economic Gathering, US Primacy Is Seen as Ebbing” reported that at the annual meetings of the International Monetary Fund (IMF) and the World Bank, the chief economic advisor to the Indian government observed that because of “tight budgets and competing financial demands, the United States is less able to maintain its economic power, and because of political infighting, it has been unable to formally share it either”—propelling China to create the Asian Infrastructure Investment Bank, which Lawrence Summers (top economic advisor to Presidents Clinton and Obama) suggested signaled “the moment the United States lost its role as underwriter of the global economic system.”\(^3\)

The unpopularity of a casino-like global economy, in which unrelenting competition is the name of the game, with firms restructuring and outsourcing jobs in order to survive, rendering employment everywhere precarious with drastic human consequence, is one signal of crisis. The other is the erosion of the network of international rules and institutions first established by the US-orchestrated “development project” in the post–World War II era. This has led to a growing multipolarity as new regional and trade alliances fill a vacuum left by a retreating United States. President Obama’s sponsorship of the Trans-Pacific Partnership (TPP) in 2015 exemplified this hiatus, insofar as this regional trade agreement was not about development (as it excluded “poorer” countries); rather, it was about creating a political-economic counterweight to a rising China in a US-orchestrated Pacific Rim market.\(^4\) Development ideals no longer shape such discourse, now framed more explicitly in “market rule” terms—as if the market is now the only legitimate pathway to the future.

Much of this chapter suggests a cumulative crisis of vision—in other words, the problem is recycled as the solution, which, in turn, deepens the actual crisis. This is evident, for example, in the recycling of austerity policy in the South and now the global North and in the “booming business of global warming,” revealing the inertia of political and economic structures and mindsets. In detailing how the catastrophe of global warming is viewed as a market opportunity, one commentator observes:

It should not be surprising that the ideologies that led us here, those that have guided the postindustrial age—techno-lust and hyper-individualism, conflation
of growth with progress, unflagging faith in unfettered markets—are the same ones many now rely on as we try to find a way out. Nowhere is humankind’s mix of vision and tunnel vision more apparent than in how we’re planning for a warmed world.\(^5\)

Just as the big energy companies and countries such as the United States and China expect to release almost 3,000 more gigatons of CO\(_2\) into the atmosphere (five times more than would keep global warming manageable), in part because these reserves represent investments worth $27 trillion,\(^6\) so there is a discursive inertia supporting powerful political and economic interests. This chapter examines various dimensions of the crisis of the globalization project, expressed in a growing groundswell of resistance and revision of development.

### Social Crisis

A straightforward way of understanding the source of social crisis in the globalization project is to recognize that this project changed the conditions of development drastically by creating a global labor force. It is commonplace that the rise of the so-called First World was fueled by the extraction of material resources in the non-European world, and this gave rise to the claim that Europe and its settler societies pioneered “development.” Evidently, now that the global development project’s commodification of resources has extended to labor in the global South, development has lost its luster as northern citizens experience increasingly uncertain livelihood opportunities. Between 1980 and 2000, the global labor supply trebled as the ex-Soviet bloc was incorporated into the global economy alongside China’s and India’s rising workforce. The newcomers came with very low wages, weakening the bargaining position of workers elsewhere, and since 2000, “other emerging market countries have added to the supply, including Vietnam, Indonesia, Cambodia and Thailand, with Bangladesh and others entering the picture.”\(^7\) Under these circumstances, transnational corporations (TNCs) have been able to extract concessions from northern labor with the threat of offshoring jobs. Job insecurity has become the new normal, with labor flexibility policies advocated by the IMF and the World Bank as necessary to the competition for foreign capital, intensifying a process of weakening employment protections. Economist Guy Standing points out the following:

In the 1960s, a typical worker entering the labour market of an industrialized country could have anticipated having four employers by the time he retired. In those circumstances, it made sense to identify with the firm in which he was
employed. Today a worker would be foolish to do so. Now, a typical worker—more likely to be a woman—can anticipate having nine employers before reaching the age of 30.8

While Rostow’s “age of high mass consumption” may serve a global minority, it is hardly a trajectory now for national citizenries, many of whom experience increasingly unstable livelihood possibilities.

The social crisis, then, is twofold. On the one hand, it is a crisis of the development promise. For the global North, instead of leading the way as a stable region of relatively prosperous citizenries, its foundation of steady employment is steadily eroding. Those jobs not offshored have lost considerable ground, with US-based firms reducing health care benefits, for example, and cutting pension obligations and other social entitlements won by organized labor in the development project:

In 1980, US employers paid 89 percent of contributions towards retirement benefits; by 2006, that had fallen to 52 percent. By 2009, only a fifth of US employees had company-based pensions. . . . In 2009, Ford’s workers gave up cost-of-living allowances and lost holiday pay and college scholarships for their children as well as tuition assistance.

Northern citizens’ expectations of improvement as members of the advanced industrial countries have foundered on a trade regime that has exposed their employment security to relative labor costs across an uneven world. For those in the global South, while jobs are incoming with transnational investments, the highly competitive global labor market has a similar effect—working against a national development scenario. The social crisis is truly global, as the global South has experienced a declining wage share of 10 to 20 percentage points since 1994, while the wage share in the North has fallen by 9 percentage points since 1990. And alongside 12 million stateless people, the “rights of a huge proportion of the world’s 214 million migrants remained unprotected in 2012, both at home and in the host state.”10

On the other hand, northern economies are now hosting the very same structural adjustments visited upon the global South from the 1980s. Public debt is endemic. This recalls the 1980s debt regime, in which southern governments were required by the international financial institutions (IFIs) to privatize their public assets to stabilize the financial sector. The antistate syndrome spread to the North, where during the 1990s corporate tax reduction in the name of promoting productive investment eroded public finance without growth—leaving states (other than in Scandinavia) living beyond their means.11 When the debt crisis hit the global North in the first decade
of the twenty-first century, privatization and new financial disciplines rolled back northern public services, and public employees faced retrenchment as public sector downgrading became “part of the post-2008 adjustment across all industrialized countries.”

Public spending cuts exacerbated already weakened economies following two decades of industry offshoring. The decline in stable employment has reduced tax bases and public capacity to provide social safety nets: In the United States, for instance, with one in nine Americans living on food stamps in 2010, more than half of the unemployed are now ineligible for unemployment benefits. Policy responses have uniformly focused on reducing government spending in the name of debt reduction. The argument for public austerity is market based, with neoliberal policy claiming that a retreat of the state allows the private sector to fill the gap, which has not happened significantly—because there is more money to be made in financial instruments and speculation, rather than productive investments. As a result, a growing proportion of the working population “whose jobs are insecure, who have limited access to secure housing, and who juggle jobs and child-rearing in a frantic effort to keep up” represent, in Standing’s terms, a new “precariat.” He estimates 40 percent of the UK population now belongs to the precariat, a more significant destination than the “middle class,” and increasingly evident in a politics of frustration, expressed in the mushrooming of the Occupy Movement in 2011 and rising ethnic tensions across the North.

Unemployment has become the great leveler across the North/South divide. By the end of the twenty-first century’s first decade, global unemployment was running at around 200 million, in addition to 1.4 billion working poor. The International Labour Organization (ILO) reports that by 2019 more than 212 million will be out of work, with youth unemployment rates running three times higher than for their adult counterparts. About half of the world’s workforce holds casual jobs—which means that around 90 percent of the global workforce is poor, vulnerable, or unemployed. The European Union has about 50 million “vulnerable” workers and 72 million working poor. Most dramatic of all was the approximately 9 percent unemployment rate following the 2008 financial crisis in the “developed economies and the EU”—higher than any other global region, including central and southeastern Europe, Latin America, and the Caribbean.

Two related processes are at work: first, a hollowing-out of northern economies—in part, because “companies themselves have become commodities, to be bought and sold through mergers and acquisitions,” reducing loyalty to employees (skilled and unskilled) as shareholders (often foreign pension and private equity funds) assume ownership; and also
because of the relocation of goods and services production to the global South. The consequence is a distinctive (and potentially politicizing) bifurcation between a global consumer class and a large casual and unemployed labor force across both world regions.

One palpable example of this bifurcation is that of Spain, where 85 percent of the jobs lost in the 2008 financial crash were temporary. That is, “flexible labor” enabled adjustment to the downturn:

Government and trades unions had reacted to earlier pressure for flexibility by preserving securities for regular workers and creating a buffer of temporaries. This not only led to a multi-tier labour force but resentment by the precariat towards the unions that looked after their own members at its expense.

While some of this precariat were migrant laborers from northern Africa and Ecuador, labor flexibility is a strategy by which corporations and governments divide and rule labor. Manipulating labor is exacerbated by an undemocratic EU financial architecture associated with the Euro currency union—with its structural adjustment-inspired deflationary policies overriding sovereignty on the southern Europe perimeter in the wake of the 2008 crisis. As sociologist Boaventura de Sousa Santos characterizes it,

In broad terms, this amounts to chaining these countries to their peripheral position within the continent, subjecting them to unfairly disproportionate indebtedness, actively disabling the state apparatus and public services, pushing the middle classes into abrupt impoverishment, forcing young people to emigrate and cutting investment in education and research. . . . Spain, Greece and Portugal are paradigmatic tragedies.

Such austerity policies deepened Greece’s depression, with its gross domestic product (GDP) declining 26 percent (compared with 7 percent decline in Spain, Portugal, and Ireland), an unemployment rate of 26 percent, and youth unemployment running at 50 percent, with 40.5 percent of minors impoverished. The Wall Street Journal and other European media editorialized that punitive measures for Greece were necessary to prevent antiausterity political contagion in Spain, Portugal, and Italy. Robert Savio of the Society for International Development remarked, “The European project has radically changed. It is not based on solidarity and union, but on money and markets.” And Joseph Stiglitz, former chief World Bank economist, noted the role of special interests in “using the troika to get what they could not have obtained by more democratic processes”; for instance, the IMF, the European Central Bank, and the European Commission “forced Greece to drop the label ‘fresh’ on its truly fresh milk and extend allowable
shelf life” to allow Dutch and other European milk producers access to the Greek market.\(^{22}\)

In consequence is the rise of new political parties: Podemos (in the “Spanish Spring”) and Syriza in Greece have challenged the institutional unaccountability of the EU, whereby the European Central Bank has centralized power to make decisions regarding debt repayment and associated domestic policies in member states, producing “unprecedented constraints on social expenditure.”\(^{23}\) At the same time, the austerity regime has precipitated mobilizations to restore social rights (on a scale far exceeding traditional leftist party agitation). Pablo Iglesias, general secretary of Spain’s Podemos observes the following:

The emergency policies to “save the euro” imposed—and soon normalized—by the German-led bloc have had disastrous effects in Portugal, Ireland, Italy, Greece and Spain, where millions have lost their jobs, tens of thousands have been evicted from their homes and the dismantling and privatization of public health and education systems has sharply accelerated as the debt burden was shifted from banks to citizens. The EU has been split along north–south lines, a division of labour that mandates a low-wage workforce and cheap goods and services for the Mediterranean countries, while the young and better-trained are forced to migrate.\(^{24}\)

The “Latin Americanization” of southern Europe has stimulated new forms of political mobilization: in Spain, combining an anti-eviction network to support mortgage victims, the \textit{Marca Blanca} movement to preserve health services, and the \textit{Marca Verde} to defend public education.\(^{25}\) Podemos is a new kind of “party movement” unlike Syriza in Greece its genetic code is non-ideological, taking its bearings from southern experiments in participatory democracy during the era of the rise of the World Social Forum (2000s):\(^{26}\)

The movement has studiously avoided engaging with ideological agendas, unions and, most importantly, professional politicians. It has filled city squares, coordinated online actions and targeted specific topics like banking and electoral reform. It has experimented with bottom-up networked approaches to challenge the rigid, top-down, party driven system that has dominated Spanish political life since 1978. City square by city square, individual meeting by individual meeting, thousands of citizens have come together in a networked approach to politics that is fresh and engaging because it defies, above anything else, the hierarchical approach favoured by vested interests.\(^{27}\)

The turmoil in southern Europe mirrors the wave of popular antiauthoritarian/anticorruption struggles in the global South—in Brazil, Bolivia, Ecuador, Venezuela, Chile, Colombia, Mexico, Guatemala, Turkey, South
Africa, and elsewhere. In 2015 in Honduras, a journalist said, “The peak of corruption has reached its limit. Citizens are just fed up.”

Earlier, in 2012, India’s new “common man’s party,” Aam Aadmi, targeted corruption via a participatory democracy mobilization against the political establishment, gaining the second largest vote in Delhi’s Legislative Assembly and modeling the new “counterpower” movements in India, Brazil, and South Africa, which reject “the increasing nexus of political and economic power and the subordination of democracy to money.”

Santos describes the spirit of the mobilization wave, remarking that citizens have lost faith in liberal representative democracy and its unholy alliance with financial and corporate oligarchies corrupting the state and the entire political system, with the provocative comment, “Never before has it become so clear that we live in societies that are politically democratic but socially fascist.” For the United States, the turning point was the Supreme Court’s *Citizens United* decision, allowing corporate political expenditure in election campaigns. Santos has this conclusion:

From then on, the agendas of the big corporations have had complete control over the political agenda, from the absolute commodification of life to the closing down of the few quality public services still in existence; from the termination of environmental and consumer protection to the neutralization of workers’ union opposition; from the major overhauls that turned universities into business services for hire to making precarious workers out of university professors and changing students into consumers indebted for life; from the unheard-of submission of foreign policy to the interests of global financial capital.

The bottom line is that the globalization project, intent on clearing the social underbrush for private capital’s maximum competitive advantage, has enabled occupation of development institutions and national states by financial interests, reversing the consolidation of social contracts in both North and South. In consequence, there are countless mobilizations for social rights and public integrity across the globe. As one commentator observed,

In 2011 the world all of a sudden experienced protests that far superseded anything that had happened in the previous years in scale and intensity. From Tunis to Cairo, from Madrid to Athens and London and onwards to New York, people took to the streets and rejected the inequality of neoliberal capitalism.

Southern Europe captured the world’s attention in 2015, but the social crisis of the globalization project has universal reach and contentious impact. All of these struggles are strands of what Polanyi would describe as a new countermovement against “market rule.”
Legitimacy Crisis

If the development project started with the aim of poverty alleviation, then by the end of the twentieth century it became clear that development was not working and faced a legitimacy crisis. World Bank president James Wolfensohn said, “We have yet to solve old problems—above all, that of the yawning gulf between the haves and the have-nots of the world.” The United Nations coordinated a response in the form of the Millennium Development Goals (2000), with the key goal of halving world hunger by 2015, as well as halting the spread of HIV/AIDS, addressing gender inequality, and providing universal primary education. A decade later the 2010 MDGs Report stated that despite gains in reducing malnutrition in the 1990s, since 2000 such progress stalled. The 817 million undernourished in 1990 to 1992 approached one billion in 2010, following the food price and financial crises of 2008.

The “gulf” was “yawning” wider. Despite a general reduction in the proportion of the world’s population living in absolute poverty (the “China effect”), there has been a widely observed expansion of global inequalities between and within countries: “The world’s rich benefited disproportionately from global growth over the 1990s and the per capita consumption of the poor increased at only half the average global rate.” In 2012, the richest 10 percent of people accounted for 86 percent of the world’s wealth, and in 2014, just 0.7 percent of the global population owned 41 percent of the world’s wealth. A 2014 Pew Research Center survey in 44 nations found that majorities perceive inequality as a big problem, and majorities in 28 nations consider it a very big problem. Pew reported that “elites are worried about this issue, too”—though most likely from the perspective of a crisis in their legitimacy. As the Pope might claim, “This is a moral problem, which demands a moral solution, a turn away from the . . . problem of unrestrained appetite.”

The legitimacy crisis is doubly expressed in the refusal, or inability, of the development agencies (as in the MDGs) to address global inequality, to reframe on how neoliberal development aids the rich more than—or at the expense of—the poor. Thus, “the object of concern is not global inequality but global poverty, the instrument of analysis is economic data processing, and the bottom-line remedy is freeing up market forces, now with a human face.” In consequence, there remains a fixation on the “bottom billion”—those on the bottom rung of a (staged) development ladder. Of course, some are poor in standard metric terms (but often simply practicing low-input lifestyles), while others are genuinely destitute (lacking adequate
means to live). Such a focus on “the poor” not only collapses this distinction, favoring a single, artificial standard (as depicted in Figure 8.1), but it also removes from view and contention structural inequality. From here, it is easy to blame the poor for their condition, rather than examine the disproportionate access of the rich to world resources. In neoliberal terms, then, unemployment is a matter of individual responsibility: “People came to be regarded as more or less ‘employable’ and the answer was to make them more employable, upgrading their ‘skills’ or reforming their ‘habits’ and ‘attitudes’.”

In 2015, the World Bank’s *World Development Report*, titled *Mind, Society and Behaviour,* formalized this approach to poverty alleviation, shifting responsibility from public policy to the “poor.” To change the behavior of the poor requires first understanding it, which is difficult for World Bank economists who might be prone to cognitive bias. As an Indian commentator noted, the poor have no influence on economic destiny, so a refocus on billionaire investors’ behavior is necessary.

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**Figure 8.1 The Global Wealth Pyramid**

<table>
<thead>
<tr>
<th>Wealth</th>
<th>Number of Adults</th>
<th>Total Wealth</th>
<th>Percentage of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; USD 10,000</td>
<td>1,066 m</td>
<td>USD 7.3 trn</td>
<td>3.0%</td>
</tr>
<tr>
<td>USD 10,000 to 100,000</td>
<td>3,207 m</td>
<td>USD 33.0 trn</td>
<td>13.7%</td>
</tr>
<tr>
<td>USD 100,000 to 1 m</td>
<td>1,066 m</td>
<td>USD 101.8 trn</td>
<td>42.3%</td>
</tr>
<tr>
<td>&gt; USD 1 m</td>
<td>361 m</td>
<td>USD 98.7 trn</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

For instance, manipulating them into deploying their billions on productive rather than speculative investments could generate more beneficial, and more effective, outcomes than micro-manipulating the financial decisions of a poor peasant. . . . As democratic nation states reorient themselves to being accountable to global financial markets, non-democratic bodies such as the World Trade Organization, and trade agreements such as Trade in Services Agreement, they will necessarily become less responsive to the aspirations of their own citizens. With overt repression not always the most felicitous or cost-effective policy option, it has become imperative to find ways and means to ideologically tame the economically excluded. Hence the new focus on the minds and behavior of the poor.39

Anticipating this formalization of control and surveillance of “the poor,” the microcredit phenomenon has targeted the poor with instruments of the rich, which “discipline the poor.”

**Taming the Poor? Microfinance or Poverty Capital**

Microfinance performs three tasks at once: providing credit to the poor as an entrepreneurial “leg up,” deepening market relations, and enlarging financial opportunity in the form of *legitimacy repair*. Originating in non-profit organizations such as the Grameen Bank, microfinance has evolved as “poverty capital,” with commercial banks, investment vehicles, and money markets now embracing it.40 In the words of the governor of Israel’s central bank, Stanley Fischer (formerly IMF deputy managing director), microfinance provides “bankers with a profitable business opportunity” and “poor people a stake in the economic future of their countries.”41 These poor are the so-called “bottom billion.”

As Nobel Prize winner Muhammad Yunus of Bangladesh wrote,

In 1983, I founded Grameen Bank to provide small loans that people, especially poor women, could use to bring themselves out of poverty. At that time, I never imagined that one day microcredit would give rise to its own breed of loan sharks.42

There are now about 650 million clients at over 3,000 institutions spreading across the world (with India claiming about 180 million clients), the average loan is $250, and interest rates often exceed 20 percent.43

Microfinance embodies the neoliberal philosophy of devolving responsibility for development to the individual as self-maximizer. In echoing the “bad state/good market” axiom, it reproduces the ideology of the globalization project. As political scientist Heloise Weber underscores, microcredit
and microfinance schemes simultaneously facilitated and legitimized financial liberalization, serving as a “counter-response to reinforce the supremacy of ‘the market’ in light of potential social and political challenges.” Working through the NGO community in dispensing and monitoring credit and its repayment, microfinance simultaneously empowers and disciplines its recipients—an ideal form of development as rule (financial opportunity by financial dependency). Where it valorizes the poor as consumers of credit, it realizes Yunus’s questionable claim that “credit is a fundamental human right.”

Microfinance has various criteria of success—empowerment of marginalized women, stabilization of the poor, extension of frontiers of bank profits, reduction of the informal economy, expansion of microenterprise, enhancement of World Bank legitimacy, the NGO-ization of development, or new development “rents.” But perhaps its fundamental significance is the renewal of the legitimacy of neoliberal development via “bankrolling the poor.” Anthropologist Julia Elyachar’s research in Cairo suggests microcredit appropriates alternative values and visions of social life. Replacing social networks of survival with “empowerment debt” has proven to be a double-edged sword, incorporating “informal” workers and craftspeople into credit relations that may create both new microenterprises and/or new individual dependencies (imposed with class/gender inequalities), with the loans often being used to meet daily consumption needs. Sometimes debt has intergenerational effects, such as taking children—especially girls—out of school in order to make loan payments. A report by the World Bank–based Consultative Group to Assist the Poor on the microfinance portfolios of the UN and the Bank concluded, “Less than a quarter of the projects that funded microlending were judged successful.” In 2014, the Centre for the Study of Financial Innovation questioned the microfinance industry’s ability to meet new challenges of web-based technologies accelerating loans via ubiquitous mobile phone links, noting a rise of “over-indebtedness.”

By classifying informal practices as “poverty,” thereby targeting them with “empowerment debt,” the development establishment potentially disempowers informal cultural networks. At the same time, it seeks to renew its legitimacy by redefining development on a “human scale.” But it is one thing to bring credit to the grass roots, creating dependencies, and another for people at the grass roots to self-organize. For example, there are many examples of community-managed microfinance via local cooperative banks and financial institutions with accountability to local savers and the wider community—the principle being that enabling savings within poor communities is more effective than credit provision that is followed by debt.
Such grassroots self-organization is prevalent in European communities responding to debt issues.

**Greek or European Tragedy?**

Unlike the profile of the Third World debt crisis of the 1980s, the northern debt crisis morphed from unsustainable private debt encouraged by deregulation into “an alleged sovereign debt crisis.” In the neoliberal lexicon, this crisis is represented as a crisis of the state, rather than as a consequence of unregulated capitalism.

In Europe the so-called sovereign debt crisis is exacerbated by membership in the European Union (EU). States are required to use the euro, a currency they do not issue, which forces them to borrow to cover their deficits. The financial crisis exposed the vulnerability of the weaker states (Portugal, Ireland, Greece, and Spain), subjecting them to austere loan conditions imposed by the European Central Bank and the IMF to preserve the value of the euro and the viability of the eurozone. From 2010, EU authorities agreed to Greek bailouts, but in return, they demanded massive public-sector cuts such as layoffs, salaries, pensions, and other benefits. In the absence of having its own currency, the Greek government was unable to offset fiscal austerity with easy monetary policy (reducing interest rates, expanding exports with currency devaluation) to enable economic growth. Neoclassical economist Milton Friedman predicted earlier that the euro was an “economic liability” with divisive political consequences, and this came to pass in the Greece/Germany showdown of 2015, with the European financial institutions intensifying Greek austerity in the face of popular opposition via election of the leftist Syriza government in 2015.

The Greek bailout exposed the limitations of the EU, lacking European-wide institutions “with sufficient powers to coordinate the economic policies of the member states effectively,” thereby amplifying taxpayer “liability for the budgetary risks of each of the other member states.” Taxpayer resentment in the stronger states (Germany, France) at paying for the (perceived) profligacy of the (citizens of the) weaker states expresses the dilemma of a union of states with different levels of economic development. But this hardly matches taxpayer vulnerability and resentment in the weaker states subject to draconian cutbacks. The Bretton Woods Project reported in 2011 that conditionalities imposed on Portugal “mirror those the IMF typically imposed in Africa during the structural adjustment era,” such as privatization, wage cuts, layoffs, increased health service user fees—in addition to “reducing: incentives for renewable energy; the number of municipalities; social security contributions paid by employers,” and private bank bailouts. Portugal’s largest trade union confederation, the CGTP,
described the package as “an attack against democracy and national sover-
eignty, a clear capitulation to foreign interference, a denial of the country’s
development, and a genuine assault on workers and the people.”

Austerity policies were viewed as a result of excessive eurozone bank
lending. Huge citizen protests in Greece in May and June 2011—turning
Athens’ main square into a semipermanent encampment—targeted debt
regime politics and privileging of the banks:

Aided by the rating agencies, the announcements of the insolvency or financial
fragility of the eurozone’s deficit members—Greece, Portugal, Ireland, Spain,
and Italy—enabled [the big European banks] to amass enormous profits based
on (highly inflated) debt-bond interest rates.

Greece’s debt was amplified by first, concealment of prior debt loads
(enabled by Wall Street banks), and second, irresponsible lending reminis-
cent of bank loans to Third World states in the 1970s. Similar and durable
mass mobilizations through 2014 and 2015 protested the undemocratic
procedures of the EU and its effecting of a “deep crisis in entire party sys-
tems, incapable by now of representing their citizens and at the same time
incapable of pursuing effective policies.” This created a tidal wave of sup-
port for the Syriza coalition (commanding only 4 percent of the national
vote a decade earlier), elected on an explicit promise to challenge austerity
policies but ultimately forced to retreat. Nevertheless, this infamous episode
of sovereignty override put down strong roots regarding a need for social
policy in Greece—exposing the legitimacy crisis of the EU political union
and its financialized power structure, as implied in an interview with one of
the new young Syriza politicians:

Rena Dourou, whom I first met as a bedraggled protester in the Occupy camp
at Athens’ Syntagma Square four years earlier, can’t contain her smile as she
waves a hand at the streets, crammed with supporters: “Nobody listened to us
for years,” she says. “Now everybody is listening. And this is not just about
Greece. It’s about Europe, and especially the young.”

Sociologist Della Porta suggests this episode is symptomatic of EU
unaccountability:

Policies oriented toward the free market against measures for social protection
have furthermore been imposed with the explicit refusal for fair negotiations
between social partners. In the process, the decision making power of the
European institutions extended further, from monetary to financial policies,
and then on to social policies. Whereas the structural adjustment programs
in the global South were presented as being temporary, the shift toward an EU
ever more oriented on the market, and less and less toward the rights of its citizens, has been accomplished through decision-making procedures and institutions designed to last.\textsuperscript{58}

From another angle, the depth, and terms, of the financial crisis suggest a double edge. The legitimacy claims of the globalization project for universal prosperity are deeply contradicted by the universal reach of austerity politics. Now in question is whether this version of “globalization” is sustainable, given the social unrest generated by the subordination of the “public” to private interest, the principal contradiction of the globalization project.

**The Latin Rebellion**

The legitimacy crisis of neoliberal development originated in Latin America. At the start of the twenty-first century, a democratic revolution swept the continent, with the pendulum swinging back from market rule to the restoration of social rights and the role of the development state (the “pink wave”). New social-democratic presidents were elected in 11 countries—Venezuela, Brazil, Argentina, Uruguay, Bolivia, Chile, Ecuador, Nicaragua, Guatemala, Paraguay, and El Salvador—alongside Cuban socialism. More pragmatic and populist than ideological, these governments have espoused a social egalitarianism, drawing on the deepening frustration of poor and indigenous citizens with the deprivations of the globalization project. This has been accomplished, particularly in Bolivia, Ecuador and Peru, on the ruins of traditional party systems, unable to resolve domestic tensions stemming from neoliberal capitalism.

Latin America has the highest levels of inequality in the world.\textsuperscript{59} After three decades of neoliberalism, three-fourths of Latin Americans remain poor, and social movements have mobilized against privatization, low-wage labor, alienation of habitat, crippling foreign debt inherited from previous dictatorships, and the erosion of national sovereignty. But only in three countries (Venezuela, Bolivia, and Ecuador) has “postneoliberalism” gained some traction in regulating capital—in particular, substituting productive for speculative investment, supporting labor rights, and encouraging fair rather than “free” trade.\textsuperscript{60}

In addition to the electoral shift, distinctive political initiatives emerged in the crucible of the Latin American rebellion. In Argentina, for example, workers occupied almost 200 empty factories and workplaces, organizing production themselves via cooperative models.\textsuperscript{61} And Bolivian indigenous peoples institutionalized their newfound voice in the Movement for Socialism (MAS) party, powering the electoral victory of the first indigenous
Venezuela adopted a new constitution (1999) centered on the theme of human development, with a vision of citizens empowering themselves through the political (participation in communal councils) and economic (establishment of cooperatives) spheres.

Controversial Venezuelan president, Hugo Chávez, blessed—or cursed, as resource economists might say—with oil wealth, poured billions of dollars into his “Bolivarian Revolution,” expanding health care and education (Venezuela is now an “illiteracy-free territory” by UN criteria), subsidizing food and fuel, providing cash benefits for single mothers and low-interest loans for small businesses, and encouraging farm worker-owned cooperatives on ranches and sugar plantations seized by the state.

To finance this revolution, Chávez instigated a new wave of resource nationalism in Latin America in 2002, demanding that foreign oil companies enter into joint ventures, with the Venezuelan state holding at least 60 percent of the capital. Ecuador (expropriating Occidental Petroleum), Peru, and Bolivia followed, “where foreign companies, in particular the Brazilian Petrobras, accepted the nationalization of gas fields without a fight.” The drawback, at least in Venezuela, was that oil money corrupted the state bureaucracy. Nevertheless, the resource nationalism taps into a historic antipathy toward foreign control, with the populist dimension rooted deeply in indigenous suspicion of the “[European] white-settler elite that has dominated the continent for so many centuries.” At the same time, mining and extractive industries threaten indigenous rights, with Bolivia driving a road through the Tipnis National Park and Ecuador extending oil drilling in the Yasuni National Park, contradicting regional claims to protect Pachamama (“mother earth”).

Drawing on the anti-colonial heritage of Simón Bolívar (leader of nineteenth-century Latin independence movements), contemporary movements demand a second independence—from foreign corporations, banks, and US military involvement across the continent—forming the South American Community of Nations. This community evolved into the Union of South American Nations (UNASUR) in 2007, moving the region closer to independence from the United States via economic integration around a single currency (the sucre), destined to be an international reserve currency. By 2009, the Bank of the South (Banc del Sur) was established as an alternative to the IMF.

A radical offshoot of the integration initiative is an alternative regional economic bloc named the Bolivarian Alternative for the Americas (ALBA), based on the concept of “cooperative advantage”—fostering mutual cultural and economic exchanges, such as cheap oil from Venezuela for Cuban doctors and teachers, and building a form of cooperative development to encourage collective interest in sharing material goods and social services.
PART III: Millennial Reckonings (2000s to Present)

How these various confrontations with global neoliberalism evolve depends on the viability (and integrity) of the new governments and on the durability of the continental alliances. But they have served as counterweights to the globalization project.

**Arab Spring?**

In 2011, the African Development Bank (AfDB) claimed that the revolution in Tunisia reinserted “social inclusion” into the center of the development debate. Ironically, Tunisia (a North African country of 10 million) was regarded by the development agencies as a macroeconomic success, with record growth of 6.7 percent in 2007—despite the persistence of long-standing social and spatial inequalities characterizing the North African region at large. With President Zine al-Abidine Ben Ali stepping down, the Arab Spring stepped up, spreading to Egypt, Libya, Bahrain, Yemen, Syria, and even Palestine. With regard to Tunisia, the AfDB noted in its now soft loan proposal, “The revolution and the ensuing social protest demonstrate the urgency of addressing the issues of unemployment, especially among the youth in the country’s interior, regional disparities, and the lack of transparency and individual freedoms.”

Much was made of the youth component of the Arab Spring—in Tunisia, for example, 72 percent of the unemployed were under 30 in 2008, and the unemployment of university graduates grew tenfold between 1990 and 2010. The revolt began among working-class youth, spreading to the middle classes as police brutality came in full view. Social networking among youth enabled new spaces of hope and initiative. Over half of the 350 million Arabs are under 30, with dim job prospects, and youth unemployment is as high as 80 percent in some areas. Such conditions nurtured a simmering crisis of the globalization project across the region, coming to a head in 2010 in the Arab Spring. Bread protests recurred in Egypt during the era of the globalization project, as the government encouraged export crops instead of wheat and diverted subsidies toward feed crops and the production of animal protein to provision wealthy consumers—pushing food prices up by 50 percent by the end of the 2000s. The retaking of public space (via sophisticated self-organization in Tahrir Square) laid bare majority deprivations, the savagery of the state apparatus, and the profiteering of the ruling and military elite, who controlled most large Egyptian businesses and contracts. The uprisings were controlled or repressed, with a new dictatorship supported by continuing US military aid cracking down on Egyptian civil rights.

Social inclusion via employment was the central demand. But unemployment is symptomatic of a deeper failing—the disregard of Arab governments
for their responsibilities to the social contract, as well as the complicity of
the Western powers, particularly the United States, in the long-term security
of these regimes, given their proximity to oil and Israel. These regimes have
been termed the “Arab exception” insofar as they “remained immune to the
great wave of democratization which has swept through Eastern Europe,
Latin American, and Africa.” The exception perhaps proves the regional
rule insofar as persistent authoritarianism within an imperial shell has
resulted in predatory states, with continuing emergency laws and persistent
human rights violations to control deeply unequal societies.

Because of the centrality of oil, the globalization project rests on question-
able foundations. This is even more evident with the subsequent explosion
of Sunni/Shia divisions in the region and the formation of the Islamic State
(ISIS) in 2014 by Sunnis in the vacuum of a dysfunctional Iraqi state and a
retreating Syrian state, mired in a civil war serving as a proxy conflict
between the region’s major Sunni and Shia powers. This conflict was pre-
cipitated by the spread of the Arab Spring to Bahrain (a Shi’ite majority
ruled by Sunnis) and Syria (a Sunni majority ruled by a Shia sect). The
West, concerned to maintain power in the region, has been caught between
containing the key Shi’ite state, Iran, and attempting to “degrade” the forces
of ISIS (paradoxically with Iranian collaboration). Former United Nations
special rapporteur for human rights, Richard Falk, recalling the conse-
quences of US-sponsored “regime change” in Iraq, “as abetted by a pro-
Shiite occupation policy,” and of historic internal divisions within both
Christianity and Judaism, situates the connection between the ISIS emer-
gence and Muslim grievances:

Such grievances include the perception that ISIS was providing the Sunni popu-
lation in Iraq with a kind of liberation from Shi’ite and American oppres-
sion; as well, recruits to ISIS especially from Europe seem to be drawn from alien-
ated youth who are not necessarily strongly religious. The appeal of ISIS is
finding a well-paying job that confers a certain kind of dignity. Partaking in
the struggle against the West also is an outgrowth of feelings of abuse and
discrimination experienced by Muslims living in Europe. In effect, ISIS has
flourished in an atmosphere in which it seemed to be addressing widely felt
grievances among Muslims, providing an outlet for frustrations and hostile
emotions.

One tragic consequence of the destabilization of states like Syria and Iraq
(and Afghanistan), and the resulting military brutality, has been a continuing
flood of hundreds of thousands of refugees from the east into Europe, over-
whelming human rights agencies and states alike, and exposing historic
(uneven) divisions between eastern and western European states.
Figure 8.2 Changing of the World-Economic Guard?

Advanced country shares of global output

Emerging country shares of global output

Forecasts

Geopolitical Transitions

The institutional crisis of the globalization project was imminent through the 1990s, taking a turn toward civic unruliness in the new century, as previously mentioned, and also toward geopolitical regrouping. As fallout from the Asian financial crisis of 1997, the Group of 20 (G20) formed, combining the original members of the G8 with significant states from the global South, including Argentina, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, and Turkey (accounting for about 90 percent of the global economy). Meanwhile, key southern states in the G20—Brazil, India, and China—led an effective opposition to northern attempts to retain their unequal economic power through World Trade Organization (WTO) protocols in the Doha “Development Round,” which first met in 2001. The southern states objected to the undemocratic procedures of the North, its aggressive attempts to dominate southern markets, and the hypocrisy of continuing farm subsidies in the North while the WTO outlawed them in the South.

The G20’s appearance signaled a turning point in the balance of global forces. Not only did the politics of the WTO precipitate a solidarity group from the global South, but that solidarity group imprinted its economic rise and recognition in the G20. Their leading edge, the so-called BRIC countries (Brazil, Russia, India, China), contribute more than 50 percent to world-economic growth and account for about 15 percent of the world’s economy. In 2010, China surpassed Japan as the world’s second-largest economic power (although the United States produces two and a half times more). These shifts are portrayed in Figure 8.2. Commenting on the impact of the 2008 financial crisis, Financial Times columnist Martin Wolf declared this:

We already know that the earthquake of the past few years has damaged western economies, while leaving those of emerging countries, particularly Asia, standing. It has also destroyed western prestige. The west has dominated the world economically and intellectually for at least two centuries. That epoch is over. Hitherto, the rulers of emerging countries disliked the west’s pretensions, but respected its competence. This is true no longer. Never again will the west have the sole word. The rise of the Group of 20 leading economies reflects new realities of power and authority.

These new realities of power are emerging as increasingly polycentric. Cross-sectional comparison shows the economic dynamism of segments of these rising “middle-income countries” (MICs). As Susan George notes, “A third of all Brazilians are richer than the bottom 5 per cent of Germans; so, more surprisingly, are 200 million Chinese.” The first BRIC summit, held in Russia in 2009, raised the question of replacing the US dollar as the
world’s principal trading currency, as well as reforming international financial institutions to reflect the new balance of economic forces.

In April 2011, South Africa joined the club, rounding out the acronym appropriately—BRICS—and bringing to the table its influence in Africa and in the race to corner mineral and land resources, despite its smaller economy. South Africa also brings its own strategic interests—and official foreign aid agency for conflict resolution—in the African continent. South–South aid programs (notably Chinese and Brazilian) already account for about 10 percent of total aid. South–South aid is matched by South–South alliances, especially among the BRICS.

The new bloc of rising MICs expresses a geopolitical shift of growing significance, challenging the reach of the American empire. Göran Therborn remarked, “Looking backwards from 2010, globalization does not look so much an extension of US capitalism as a delimitation of it, by the rise of China and India.”

The rise of China is palpable, with the Chinese currency, the renminbi, emerging as a global reserve currency (alongside the dollar, the euro, the pound, and the yen), and China’s state-owned development bank now lending more than the World Bank. China has displaced the United States and Europe as the leading financial power in much of the global South, its foreign investment expanding from $9.5 billion to $86.3 billion between 2005 and 2013, replacing “American imperialism with Chinese imperialism,” according to the former energy minister of Ecuador, where China “accounted for more than half of all foreign investment, building oil drilling projects in the Amazon region, power plants and copper mines.”

CASE STUDY  Translocal Developments

Development theory has lost its hierarchical national moorings in a global age. The conventional image of national societies with vertical “development ladders” is challenged by horizontal (and selective) markets responsive to shareholder responsibility rather than by states responsive to social contracts. This is a recipe for deepening inequality. India’s super-rich—about 50 billionaires in 2010 compared with 10 in France and 35 in Britain—preside over an economic boom stimulated by liberalization. They account for 25 percent of India’s GDP but represent just 0.00001 percent of the population. In China—where Lamborghini sales tripled in 2010 and Rolls Royce rose 146 percent to 678 cars, overtaking the UK, and where in
2030 predictions are for more cars than in the whole world in 2000—Jonathan Watts notes a similar segmentation:

In recent years, the planet’s largest corporations have become dependent on the Wangs catching up with the Joneses. The US had shopped until its economy dropped. Sinking in debt, plagued by obesity and increasingly dependent on military might to protect its lifestyle, the world’s superconsumer was groaning with indigestion. Europe was too decrepit and conservative to take up the slack, so global manufacturers, retailers and restaurant chains were desperate to stimulate the Chinese appetite. Shanghai was their beachhead.

The Chinese frontier was opened up in the early 1990s by companies such as Mattel, the world’s biggest toy company—now with the planet’s largest Barbie emporium in Shanghai. More recently, international brands—Louis Vuitton, Gucci, Chanel, and Starbucks—complement retailing giants—America’s Walmart, France’s Carrefour, Britain’s Tesco, and Japan’s Ito Yokado. The first KFC opened near Tiananmen Square in 1987, and now the firm has 2,000 outlets in 400 cities as the largest restaurant chain in China; McDonald’s has 800 outlets. Unsurprisingly, 15 percent of the population is now overweight, with rising incidences of diabetes and heart disease.

Political scientist Sandra Halperin has for some time argued that development was originally about extending and integrating translocal trade and investment circuits among European aristocracies, understood as a “single transregional elite.” The national consequence was a distinctive economic “dualism,” expressed in wealthy elites atop impoverished nineteenth-century European working classes. Challenging twentieth-century assumptions of national development, Halperin argues that post-colonial elites exploited this nationalist myth as “part of a broad vision that they shared with retreating colonial administrators and with a wide set of transnational elites concerned with maintaining and reproducing the circuit.” Given the selectivity of Chinese prosperity (10 percent of the population), Halperin’s dualism reappears in the Chinese model, albeit via a band of affluence beyond elites to middle-class consumers hitching their fortunes to the global market.

Ultimately, what does this mean for the concept of “development”? Which nation-state/s now represent the model, or is development now simply the preserve of a relatively narrow transnational class indulging in “high-mass consumption”?

Sources: Chang (2008); Halperin (2005: 42); Ramesh (2009: 17); Watts (2010); Watts (2011b); Wilson (2010: 17).
Alluding to a historical pendulum, Antoine van Agtmael in *The Emerging Markets Century* (2007) predicted that the Third World “will overtake the developed world by around 2030–2035.” He extrapolated that prediction from the powerhouse companies: Samsung of South Korea, Infosys of India, Haier of China, and Cemex of Mexico. Whatever “overtaking” means, there is no doubt that the phenomenon of “Chindia” has the attention of the business community—whether as an investment opportunity or a threat to northern businesses or jobs. Goldman Sachs’ 2003 *Dreaming With BRICs: The Path to 2050* predicted that by 2050 China would be the world’s largest economy, followed by the United States and then India.

**India**

India is experiencing a palpable shift from producing global services to manufacturing domestic products—an interesting detour from its globalization project path. India has been the center of an offshore service industry, with “dozens of ambitious 20-somethings are crammed in like commuters in a subway car, sitting at long banquet tables in front of well-worn computer screens creating websites for companies in the US and around the world.” Most of these workers make about $270 a month:

>[It’s] enough to pay for a small apartment, a scooter and weekend outings to the food courts at local shopping malls. And they are sufficiently in demand that 40 percent of them move on every year to bigger companies such as Wipro and Infosys, which offer... the glamour of working in one of the gleaming new hi-tech parks that have sprung around this Indian industrial center.

However, Indian education is unable to meet the demand for skilled software operatives, a shortage that is inflating wages by 30 percent to 40 percent a year and eroding Indian high-tech cost advantages. Accordingly, policy makers have shifted gears, focusing more on the domestic market of middle-class consumers, requiring expanded employment of lower-skilled labor. While Indian infrastructure is still undeveloped (China invests seven times as much on roads, ports, electricity, and so on), the central government is pursuing an aggressive industrial park program in the “global/satellite cities” of Delhi, Mumbai, Kolkata, Hyderabad, and Chennai.

TNCs such as Renault-Nissan (joining forces with Mahindra & Mahindra of India), Ford, GM, Motorola, Hyundai, Posco of South Korea, and...
Mittal Steel of the Netherlands are transforming India from a service to a manufacturing center: Manufactured exports to the United States are rising faster in percentage terms than those from China, and over two-thirds of foreign investment in the mid-2000s entered manufacturing. India itself has emerged as the 11th-largest auto market in the world (China is the most dynamic), and local manufacturers such as Tata and Rajav compete with Renault to build low-cost models for the domestic market. Hyundai, which made a $2-billion investment in Chennai, was attracted to the cheap factory floor labor as well as the abundance of Indian engineers (to manage robotic technology) supplied by the state’s technical institutes as they shift their training from computer programmers and engineers to auto production skills—a decisive shift away from its recent IT/software profile.

While two-thirds of Indians are still agrarian, India’s rising middle class of some 300 million constitutes a sizable consumer market. And this is symbolized by the supermarket revolution emerging in India. India held the global supermarkets at bay for a few years longer than China, which opened its doors to the behemoths in 2000 and now has half of the top 70 global retailers operating in its prosperous urban markets. In late 2006, India’s Reliance Industries Limited opened its first wholly owned supermarket in Hyderabad, with the intention of beating Walmart to the punch. But for most Indians, this was not a cause for nationalist celebration: “At stake is the livelihood security of 12 million small shopkeepers, 40 million hawkers and at least 200 million (of the 600 million) small farmers.” Such tension symbolizes the distinct worlds in play—that of small-scale Indian family enterprises versus the reach of the global market as its agents create new, selective high-growth markets. Meanwhile, 90 percent of India’s workforce toils in the “informal” sector.

Deep inequalities in India fan class tensions, no less in rural areas where the majority population resides. In 2007, the Indian central government suspended all land acquisition for establishing new special economic zones (SEZs) and industrial parks pursuant to establishing a policy on rehabilitating displaced people. This followed pitched battles between the (Communist) West Bengal government and peasants over plans to acquire 140,000 acres of land for SEZs to be developed by the Tata business group and Indonesia’s Salim Group on the outskirts of Kolkata. And in 2010, the Indian Supreme Court expressed concern about development (via land acquisition) and its politically destabilizing effects, given the long-standing popular Naxalite Maoist insurgency centered in mineral-rich forests in 200 of India’s 588 districts. The Court observed, “The whole issue of development appears to be so simple, logical and commonsensical. And yet, to
millions of Indians, development is a dreadful and hateful word that is aimed at denying them even the source of their sustenance."95

Combining Hindu xenophobia (directed at India’s minority Muslim population) and populist claims as a “messiah of development” and consumerism, right-wing Bharatiya Janata Party (BJP) candidate Narendra Modi became Prime Minister in 2014. The BJP’s preceding neoliberal “Shining India” campaign meant India’s former “official rhetoric of egalitarian and shared futures gave way to the media’s celebrations of private wealth-creation.” Embracing the globalization project exposed India to global finance and “corruption scandals involving the sale of billions of dollars’ worth of national resources such as mines, forests, land, water and telecom spectrums have revealed that crony capitalism and rent-seeking were the real engines of India’s economy.” Consistent with Sandra Halperin’s concept of “horizontal development,” the Indian beneficiaries “soared into a transnational oligarchy, putting the bulk of their investments abroad and snapping up, together with Chinese and Russian plutocrats, real estate in London, New York and Singapore.”96

Meanwhile, Indian human development indices remain undisturbed: 43 percent of Indian children under five years old are undernourished, 48 percent of children are stunted, nearly half of Indian women of childbearing age are anaemic, and more than half of all Indians still defecate in the open. With a provocative metaphor, journalist Pankaj Mishra suggests that the majority of citizens long promised “trickle down” development are increasingly “vulnerable to demagogues promising national regeneration. It is this tiger of unfocused fury, spawned by global capitalism in the ‘under-developed’ world, that Modi has sought to ride.”97 As we have seen earlier in this chapter, “market rule” is generating unruly systems, and citizens, everywhere.

**China**

In China, in spite—and perhaps because—of its authoritarian socialist government, an economic revolution with global economic and ecological implications is underway, and yet despite the omnipresence of the party-regime, labor strikes and rural protests have exploded as the new century has worn on. In Wukan in 2011, 13,000 villagers stormed the town hall and police station, protesting the sale of their land to real estate developers by officials without compensation, forcing party officials and the police to flee the village until agreement was reached for new council elections.98 In the same year, the number of “incidents” across China increased to 180,000
(from 8,700 in 2005), with workers striking for improved working conditions and higher wages and peasants demonstrating against forced migration. Such displacement characterizes China at present, with 43 percent of Chinese villages having land sold by officials over the last decade and almost four million peasants displaced. From 2000 to 2010, China lost over a million villages—nearly 300 per day. By 2030, 300 million more peasants are to be “urbanized,” making one billion city dwellers. The accompanying rising tide of rural resistance is exacerbated by fiscal decentralization, which incentivizes local government collusion with developers as opposed to villagers’ lawful rights. In 2007, the government sought to head off rural unrest by repealing agricultural taxation and local fees, providing rural health insurance and increasing compensation for loss of land.

Meanwhile, intensive agriculture has accelerated. Chinese soils are deteriorating from reduced crop rotation, erosion, overfertilization, and the loss of organic content of soils once nourished by manure-based farming. More than 2,000 square kilometers of land turn to desert annually. Millions of Chinese farmers now circulate as a highly exploited reserve army of cheap labor (lacking rights to rural residence: hukou), and analysts predict a global grain crisis as China’s food dependency grows.

In Ghost Cities of China, Wade Shepard details China’s reversal of the historic evolution of cities by building cities before humans inhabit them, anticipating a continuing process of land-clearing:

China is an engineer’s dream. . . . No other country has ever provided urban designers, civil engineers and architects with so many blank canvases upon which to paint their masterpieces. . . . Obstacles such as evicting tens of thousands of people from their homes, razing entire neighbourhoods and villages, and clearing swathes of development land that extends for hundreds of square kilometres are business-as-usual for the Chinese urbanization machine.

Widespread industrialization (beyond coastal SEZs) is the Chinese goal. Compared with the average Indian, the average Chinese citizen earns two and a half times as much a year. China has been the final assembly station in transnational corporation (TNC) commodity chains, which account for 60 percent of products manufactured in China. In this respect, China’s transformation has been a part of the globalization project, as its economic opening coincided with late-1980s deregulation of capital flows, targeting export processing zones consolidated by China’s entry into the WTO in 2000. At the same time, China has upgraded from low-value to high-value products, led by electronics and information
technology goods; however, it still assembles components designed and made elsewhere or uses copied designs. But this model is in transition as China faces a labor shortage, and energy costs and wages are rising—one consequence being a rush of Chinese investment into cotton textile production in the southern United States, where labor is cheap, land is abundant, and energy is subsidized. Chinese-wage inflation stems from several reasons: escalating labor disputes, enabled by a new Labor Contract Law (2008); new lower-cost production sites in Vietnam, Bangladesh, and India; Chinese government investment in its hinterland as a policy shift in redistributing wealth regionally; and the legacy of China’s historic “one child” policy. By 2015, the Chinese government overturned its famous “two-child policy,” under pressure from an Internet-linked public desiring more offspring and the rapid ageing of its population (440 million over 60 by 2050).

In broader terms, Chinese development, guided by a strong state, resonates elsewhere (as a post–Washington Consensus model), given the volatility of the neoliberal globalization project. For example, Southeast Asian states are combining authoritarian political systems with market regulation (as opposed to free markets and democracy), in a new Beijing Consensus:

China’s stable, if repressive, politics and high-speed economic growth—the “Beijing Consensus”—have impressed elites in places such as Thailand, where democracy seems to have produced only graft, muddled economic planning, and political strife. China encourages this line of thinking by each year training more than 10,000 bureaucrats from other developing countries in economic management and various civil-service skills—in sessions at which China’s successes in improving living standards are promoted.

Ecological Crisis

One might say that the globalization project involves an ecological crisis, with most elites and citizens recognizing the necessity to switch tracks to sustainable initiatives, as outlined in the following chapter. The ecological crisis is, of course, a culmination of long-term trends, manifesting in current biodiversity loss, ecosystem deterioration, and climate change. But there are immediate trends, including a global obesity crisis, which reflect more contemporary human-environmental processes with serious health consequence.
**Nutrition/Health Crisis**

Modern diets stem from the “nutrition transition”—replacing plant-based diets with consumption of animal protein, oils and fats, processed sugars, and processed carbohydrates. This transition is associated with rising affluence, enabling greater dietary diversity and positive health outcomes. However, this scenario remains substantially unrealized at scale because of dietary bifurcation along class lines and the adulteration of food as agro-industrialization proceeds. Food policy analyst Wayne Roberts retorts: “Westerners don’t buy food anymore. They buy processed meals assembled from ingredients or inputs” globally sourced. Further, expanded crop yields increase food quantity at the expense of quality (as in nutrient density); for instance, “new varieties of corn, wheat and soy, bred to increase yields, have lower protein and oil content, and high-yield tomatoes are lower in vitamin C, lycopene and beta-carotene.” And industrial agriculture deprives soil of organic matter, thereby reducing micronutrients available for crops.

While affluent consumers are more likely to have access to healthy (organic) diets, the structuring of the food regime distributes highly processed high-calorie foods to poorer populations. There is a resulting explosion of malnutrition (associated with obesity), which parallels a persistent undernutrition for a considerable portion of humanity—the WHO estimates over three billion (almost 50 percent of the world’s population) suffer from malnutrition. On a positive note, US adult calorie consumption peaked in 2003. Rising obesity is a public health crisis, expressed in rising heart disease, type 2 diabetes, and osteoarthritis. Figure 8.3 indicates obesity distribution across the world—in Australia, for example, while direct health costs of obesity are about $8 billion annually, the overall cost of lost well-being associated with obesity is estimated at more than $58 billion per year.

On the other side of the ledger, with undernutrition disadvantaged populations suffer from stunted growth, vitamin and mineral deficiency, and greater susceptibility to infection. Under these conditions, there is now a techno-fix underway in the food industry called *nutritionalization*. It involves fortification of processed foods (e.g., wheat flour products, baby food) and biofortification via genetically engineered crops (e.g., Golden Rice)—both of which engage a market logic to address dietary deficiency, transforming it into a technical problem and thereby depoliticizing malnutrition. Adulteration of food by overriding its natural elements (depleted soils, processed food) with severe consequence for human bodies is a metabolic crisis of global proportions, with
In 1980, 857 million people were overweight or obese; that number rose to 2.1 billion people in 2013, a study shows.

ecological foundations. Localization of food systems and agroecology are two mushrooming alternatives.

**Human/Nature Separation in the Development Model**

Much of environmental degradation is the consequence of a fatal separation over the last two centuries of the natural from the social sciences. Development theory is a prime example—it has been fashioned as if human societies had no ecological basis. And yet it has informed agricultural and industrial practices that fully depend on extractions from nature, and the theory has ignored the environmental impact of development. Until now. This is the crisis—the earth has already lost about one-half of its ecosystems.\(^{120}\)

While it would be easy to say that the environmental crisis is because of population growth and colonization of the earth, with rapidly diminishing wild spaces (wetlands, forests, grasslands, etc.) to sustain biodiversity, the problem is deeper. In a critical evaluation of conservation efforts, Columbia University ecologist Shahid Naeem makes the point that “almost all aspects of human well-being and prosperity trace back to biodiversity for their foundation”:

> The more we relegate wild species to parks, zoos, gardens, and seed banks, and the more we place domestic species [e.g., cattle, commercial plants] in their stead, the more homogenized the world becomes. . . . As the average number of species found in each square of Earth’s surface declines, so too will its biomass, its biogeochemistry, and its contribution to a stable, life-supporting biosphere.\(^{121}\)

We know, for example, that 40 percent of the world’s oceans now have been damaged, especially the coral reefs, which constitute the bedrock of oceanic biodiversity, upon which the world’s fishing stocks depend.\(^{122}\) About one-third of the world’s fisheries are severely depleted, with complete collapse, for example, of the once-plentiful cod stocks on the Grand Banks off eastern Canada. It is now estimated that given current trends, within half a century there will be no commercially viable marine fisheries.\(^{123}\)

While the oceans are the last resource frontier, and aquaculture is evolving into the next factory farm complex as wild fish stocks decline, freshwater supplies cannot be taken for granted. Only 3 percent of the world’s water supply is freshwater, and two-thirds of that is frozen—so far. The Water Resources Group (WRG), a private sector consortium, predicts
a global gap between demand and supply of 40 percent by 2030. The World Business Council for Sustainable Development estimates agriculture uses almost 70 percent of the world’s freshwater supplies. China and India, with one-third of the world’s population, have less than 10 percent of global water supply. Glacial melting in the Himalaya Mountains poses huge problems for them in the coming decades, as well as for Tibet, Pakistan, and Bangladesh. Agriculture is the flashpoint since it uses 90 percent of India’s and 70 percent of China’s water. Currently, India uses about 740 billion cubic meters, but by 2030, demand is predicted to reach 53 trillion cubic meters. Rising middle-class diets of meat and sugar are water intensive.124

What is key here is that such food products often involve trading “virtual water.” This concept measures the amount of water embedded in the production, processing, and trade of commodities. For example, one kilogram of wheat requires 1,000 liters of virtual water, while one kilogram of European or American beef produced with soy imported from the global South requires as much as 15,000 liters of virtual water.125 As a TNI report on *The Global Water Grab* noted, with respect to the crisis of renewable water resources in the Gulf States over the next 30 years,

Saudi Arabia, once a net exporter of wheat, intends to phase out domestic production of wheat by 2016 due to the depletion of fresh water reserves in the country. It seeks to compensate for this loss in domestic food production by acquiring farmland abroad, thereby transferring much of the pressure on water resources caused by agricultural production to other countries. This is a strategy likely to be pursued by other water deficit countries as they seek to “lock in” access to water reserves and resolve their own water and food constraints by trading in virtual water.126

The virtual water trade is increasingly associated with the “global land grab,” which involves appropriations of both “blue water” (freshwater resources: observable surface and ground water—14 percent of available water) and “green water,” taken up by plants through soil moisture (and amounting to 86 percent of available water).127 Freshwater withdrawals across the world have increased nearly sevenfold in the past century, thereby contributing to an escalating competition for water resources,” played out in land grabs and the virtual water trade.128 In this scenario, water is predicted to play a similar role to that of oil in geopolitical resource conflict. While agricultural scientists are under pressure
to improve cropping and irrigation techniques, resistance to luxury crop production via water-intensive agriculture will grow. For example, there is the “water footprint” of asparagus grown in Peru, its largest exporter. World Bank investments in reclaiming the desert in Ica Valley create 10,000 jobs and increase export revenues, but undermine local aquifers at the expense of local farmers: 129 “In Peru’s Ica Valley, the top 0.1% of users—powerful agro exporters—control a third of the total water, while small-scale farmers, 71% of the valley’s users, have access to only 9%.” 130 The new health food from the Andean region, quinoa, has a similar footprint.

In addition to a looming crisis in water access, conservation of healthy water supplies and wetlands to clean water is threatened by human activity, evident in a large-scale reordering of the planet’s hydrology:

In some places, drought is a result of melt; mountain snowfields and glaciers are the planet’s best natural water reservoirs, and they are dramatically receding. That the drought is already beginning is evidenced not by specific events but by a pattern of them: wildfires in Colorado, water woes in northern China, desertification in Spain, food riots in Senegal, and the fact that to describe the recent state of Australia’s breadbasket, the Murray-Darling Basin, the term drought was discarded in favor of the more permanent-sounding dryness. 131

Largely downplayed in environmental effect by the global media have been oil spills by Shell and Exxon-Mobil over the last half century—spewing 546 million gallons of oil in the Niger Delta (at a rate of 11 million gallons a year): “This ecologically sensitive wetlands region, the source of 10 percent of American oil imports, has most of Africa’s mangroves and, like the Louisiana coast, has fed the interior for generations with its abundance of fish, shellfish, wildlife, and crops.” 132 Ecosystem depletion includes climatic stress resulting from greenhouse gas emissions. A Guardian editorial in 2010 offered a dismal outlook:

If all nations stopped burning fossil fuels immediately, the planet’s oceans would still go on warming, sea levels would continue to rise, windstorms and floods would kill tens of thousands in the tropics. To have prevented the very modest levels of warming the world has seen so far, governments should have taken decisive action 30 years ago. But in 1980 nobody appreciated how swiftly climate might change. 133

The key issue of our time is the possibility of irreversible global climate change, which The Economist has called “a potential time bomb
The world has a short time span within which it must learn to transform its energy-use patterns to reduce greenhouse gas emissions by up to 90 percent. Current levels of consumption of goods and services are unsustainable. In addition, they are quite inequitable; not only do Ethiopians emit on average about one-third of the carbon dioxide generated by the average American, but also low-carbon users are more vulnerable to the impact of climate change: “The effort to tackle climate suffers from the problem of split incentives: those who are least responsible for it are the most likely to suffer its effects.”

The prospect of rendering the planet uninhabitable should—and will—be a call to action for the global community. So far, the response is underwhelming, as nations commit to reducing emissions voluntarily but have difficulty with legally binding targets, given the exigencies of the current global development model and uneven responsibilities for greenhouse gas emissions, as depicted in Figure 8.4.

**Figure 8.4** Relative Proportion of Global Greenhouse Gas Emissions by Continent

*Source: ©Copyright SASI Group (University of Sheffield) and Mark Newman (University of Michigan).*
SUMMARY

Is the globalization project over? Not yet. But it appears to be in transition to another project of ordering the world: a sustainability project? The series of crises outlined here are not uniformly coordinated so much as expressing uneven and combined development in global political economy. The political distance between the Latin rebellions (over economic sovereignty), the Arab Spring, and the southern European uprising (over popular sovereignty) is as striking as their combined revolt against neoliberalism’s impact (however distinctive to their regions). While some crises are specific to the globalization project (political rebellions and institutional paralysis), other crises are long-term structural crises, such as the ecological crisis, registering an era of fossil fuel dependence.

In the meantime, the general crisis is exposing a tectonic shift underway as the West loses ground to non-Western forces. While this shift is decades in the making, it is already perceptible. In Losing Control: The Emerging Threats to Western Prosperity, Stephen King, chief economist at HSBC, argues that Western policymakers suffer from the illusion that they are in control of events. For him, the BRICs challenge the monopolies of the West. It is worth noting here the extraordinary fact that China holds most of the US national debt and that non-Western sovereign wealth funds propped up Western banks during the financial crisis of 2008. As noted, “In the age of globalization, just as the triumph of markets was being widely celebrated, governmental funds—almost always from so-called emerging countries—undertook to rescue the West’s largest financial institutions.” And yet, perversely, the effect has been to continue market rule, for a time.

FURTHER READING


