

MCC WASHINGTON OFFICE GUIDE TO Economic Globalization



During the early 1990s Mexico was showcased as a great success for the new economic order called *economic globalization*. Then the bottom fell out. In late 1994 many global investors pulled their money out of Mexico, resulting in the worst economic downturn in decades. Since then the median wage of workers has declined and several million Mexicans have tumbled out of the middle class into poverty.

The fallout from globalization has similarly disrupted other developing countries throughout the world. Today, the dependence of countries in the global South on income from exports foreshadows disaster as recession looms and the buying power of people in affluent countries plummets.

What Is Economic Globalization?

Under *economic globalization* policies, national barriers to trade and investment are removed. Goods, services and money move more freely throughout the world. For many Christians who celebrate the common humanity of all people, the thought of growing global exchange and interdependence is attractive. In practice, however, “economic globalization” refers to a particular way of constructing global integration. A better term might be *corporate-led* globalization.

In corporate-led globalization, “free market” forces expand as the role of government in regulating economic activity and alleviating poverty is reduced. More freedom and power are given to global corporations and financial investors.

The United States aggressively promotes corporate-led globalization. It uses its power in the World Trade Organization, International Monetary Fund and World Bank to press developing countries to open their economies to unrestricted penetration by U.S.-based corporations and exports.

Many economists applaud these developments. They argue that a de-regulated global market increases efficiency and raises everyone’s income. But many people in the global South believe they are harmed by global economic policies.

Global trade and investment can serve development goals. The problem is with unfair rules designed by affluent governments to advance their own commercial interests, often at the expense of farmers, business owners, laborers and people struggling to overcome poverty in developing countries.

Mennonite Central Committee (MCC) U.S. Washington Office is a Mennonite and Brethren in Christ presence on Capitol Hill which gives and encourages prophetic witness to the way of Christ on matters of public policy. For additional resources contact the MCC Washington Office at the address on the back page. Compiled by Martin Shupack, December 2001.

What Is Wrong With “Corporate-led” Globalization?

- *Many small-holder farmers in developing countries have lost their land and livelihood* as global policies shift production from food staples to “cash crops” for export. These exports often bring low prices in the global market or are kept out of wealthy countries by trade barriers. Furthermore, local farmers cannot compete with cheap food imports from heavily subsidized agriculture in the United States and Europe.
- *Many urban residents have lost their jobs.* Much domestic manufacturing and many small and medium-sized businesses in developing countries have been destroyed by competition from imports and transnational corporations. Yet the United States and other wealthy countries protect some of their own industries, like steel and textiles.
- *Working conditions and the value of wages have declined* in many places. Poor countries must compete to attract investment by offering a low wage, non-union labor force.
- *Natural resources are plundered* to earn export income.
- *Moral values and cultural traditions have eroded* in many places as globalization disrupts families and communities.
- *Even in wealthy countries, job insecurity has increased,* family farmers are denied fair prices, and assistance for people living in poverty has been scaled back.

Mennonite Central Committee (MCC) supports growing economic ties among nations. But MCC believes that the policies created to regulate trade and investment should alleviate poverty, protect the integrity of creation and promote human development and dignity throughout the world. ■

WHO GETS WHAT

Consumption comparison between the wealthiest 20% and poorest 20% of the world’s people

Total private (non-governmental) consumption (use of goods and services)	
• richest 20%	86%
• poorest 20%	1.3%
All meat and fish consumed	
• richest 20%	45%
• poorest 20%	5%
Total energy consumed	
• richest 20%	58%
• poorest 20%	4%

Sources: United Nations Development Program, the United Nations Population Fund and the International Labor Organization.

Faith That Reflects

Jesus says: “Sell your possessions and give to the poor” (Luke 12:33). Acts describes how the early believers carried out this instruction (2:45). Paul writes that Christians with means must be “rich in good works, generous and ready to share” (1 Tim. 6:18). John warns that God’s love does not live in anyone who refuses to help brothers and sisters in need (1 John 3:17).

Christians through the ages have responded to these teachings with acts of compassion and generosity. Yet these and other Old and New Testament Scriptures address more than an individual response to people in need. They call believers to be a corporate witness to the nations — a “city on a hill”— that models the just and compassionate practices of the reign of God.

What the church does first, the nations are expected to adopt and implement more widely. This process has occurred many times in history, as practices first embraced by followers of Jesus have been taken up as public policy. Some examples are public food programs for the hungry, income assistance for the poor, hospitals for the sick and laws providing for the just treatment of workers.

Scripture addresses systemic, not just individual, issues of economic justice. The Law of Moses called for an equitable redistribution of land every 50 years (Lev. 25) and included many other provisions for just economic relations (e.g. Lev. 19:35,36; Deut. 24:14,15). The prophet Isaiah censures monopolistic practices that deprive people of their homes and livelihood (5:8–10). Amos condemns the exploitation of the poor through unjust institutions (2:6,7; 4:1; 5:12). The apostle James denounces the wealthy who defraud their employees (5:4). And Jesus himself promises a great re-ordering of society in which the positions of the rich and poor will be reversed (Luke 1:52–53; 6:20–26; 16:19–31).

The church calls the nations to correct these injustices and replace them with policies and practices that approximate more closely the reign of God. When we pray in the Lord’s Prayer, “Thy will be done on earth as it is in heaven,” we are praying, in part, for right economic relationships among all people and societies.

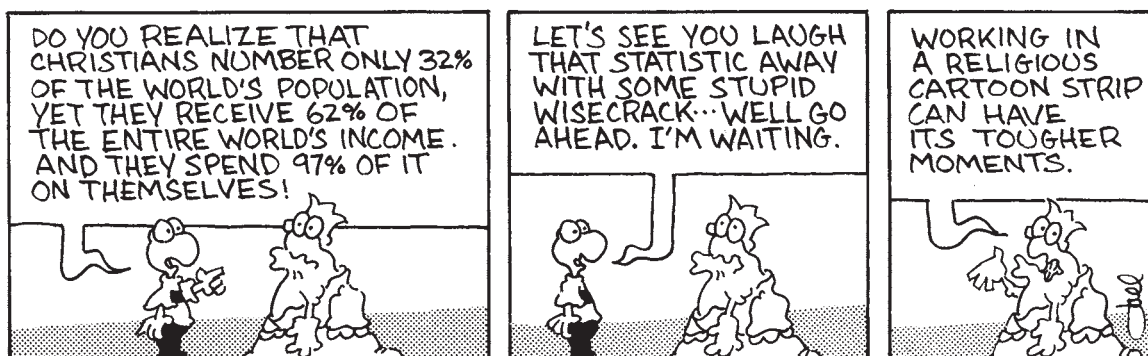
The Apostle Paul expresses this moral imperative by applying to economic relations the lesson of the manna given to the Israelites in the wilderness. He writes, “The one who gathered much did not have too much, and the one who gathered little had no lack” (2 Cor. 8:1–15). The goal, Paul says, is “equality.” This refers not to mathematical equivalence, but to a “fair balance” in which all people have enough for lives of sufficiency and dignity.

Every day 30,000 children die of preventable or treatable poverty-related illnesses. Clearly, we are not stewarding the world’s economy as God intends (Gen. 1:27–29). But there is nothing inevitable about this tragedy. If the economy is unjust, it can be altered more in the direction of God’s will. After all, the redemptive power of Jesus Christ is at work in the world! Echoing Jesus’ statement about the Sabbath (Mk. 2:27), we can confidently proclaim and resolutely work to realize the truth that “the economy exists to serve people, not people to serve the economy.” ■

FOR FURTHER REFLECTION

- What biblical stories and texts speak most clearly about God’s concern for economic justice?
- What economic injustices are identified in the Bible? What kinds of changes does the Bible call for to correct these injustices?
- What economic injustices can you identify in your community, country and world?
- What would it look like for these injustices be corrected?
- What are some practical steps your household or church can take to promote economic justice?

Pontius’ Puddle



Faith that acts

Action steps

- **Expect God to act.** God is at work in the world to bring justice and righteousness (see, e.g., Ps. 146 and Luke 4:14–19; Isa. 42 and Matt. 12:17–21; Luke 1:46–55 and 6:20–26). Pray for justice and look to God for how you can participate in what God is doing.
- **Prayerfully examine your life choices.** We can ground public policy advocacy in our own life choices. This is especially important since U.S. policies seek to preserve our country’s unsustainable consumption patterns. We can learn about the terrible personal costs of economic injustice by opening ourselves to relationships with brothers and sisters in the global South. We can be witnesses of an alternative way of life by living modestly (1 Tim. 6:6–10) and giving liberally (2 Cor. 8). We can purchase “fair trade” products, such as those sold at Ten Thousand Villages stores, seek to reduce energy consumption and learn about the impact of daily food choices.
- **Help form a support/study group** for mutual encouragement to grow in living more just lives.
- **Witness at work.** If we have executive authority in our workplace we can implement just institutional policies and practices, and treat those under our supervision with justice and compassion. If we do not hold such a position, we can pray and speak up for right and just decisions, as opportunities arise.
- **Organize or attend** an adult or youth Sunday School class, inter-congregational or community forum on economic globalization and global economic justice.
- **Write letters.** Timely letters to the president and Congress, as well as to your local newspaper, can make a difference for decisions on U.S. policies shaping the global economy. MCC Washington Office Hotline alerts can tell you when letters are most needed.
- **Organize or attend public prayer services, vigils and demonstrations** calling for debt cancellation for poor countries, opposing the current form of corporate globalization and supporting more just U.S. trade policies.
- **Participate in a local campaign for corporate responsibility.** Consumer campaigns directly address major retailers and their local outlets, calling them to ensure that the workers who make their products in developing countries enjoy adequate wages and dignified working conditions.

Alternative Policies

Advocating for economic policy changes requires constructive alternatives, not just criticism. Supporters of alternatives to corporate-led globalization have suggested policies crafted to serve ordinary people—especially people struggling to overcome poverty in developing countries. A few of these policies include the following:

- Major trade negotiations must include broad-based citizen participation and approval.
- Developing countries should be free to pursue policies that strengthen their own domestic economies, rather than being entirely dependant on attracting foreign investment and producing exports for affluent markets.
- Developing countries must have the right to regulate trade. They should have the freedom to foster domestic job-creation over unrestricted imports, and support farmers producing basic food staples for domestic consumption, not just cash crops for export.
- Developing countries must have the right to regulate investment so that it contributes to national development goals. The move to eliminate all restrictions on foreign investments and transnational businesses should be reversed.
- International trade and investment rules must protect the basic rights of working people to adequate wages and dignified working conditions and promote environmental sustainability. ■

ECONOMIC INJUSTICE FACTS*

- One-fifth of the world’s 6 billion people live in absolute poverty on less than \$1/day; half on less than \$2/day.
- The income gap between the richest one-fifth and poorest one-fifth increased from 30 to 1 in 1960 to 74 to 1 in 1997.
- The income share of the poorest 20 percent is just 1.1 percent, down from 2.3 percent in 1960.
- The assets of the three richest families total more than the combined wealth of the 48 least developed countries.

Sources: United Nations Development Program, the United Nations Population Fund and the International Labor Organization.

Resources on Economic Globalization

These organizations provide reports, analysis, statements, books and articles, which can either be downloaded from their Web sites or ordered through the mail.

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Web: www.mcc.org/us/ (“economic globalization”)

Monitors U.S. public policy for its impact on MCC’s domestic and international relief, development and peace-making work. In addition, an inspiring MCC resource for exploring more just lifestyle choices is “Trek: Venture into a World of Enough,” a 28-day devotional reflection. To order, call 1-888-563-4676.

Alternatives for Simple Living

5312 Morningside Ave., P.O. Box 2787

Sioux City, IA 51106

Phone: 712/274-8875 or 800/821-6153; Fax: 712/274-1402

E-mail: Alternatives@SimpleLiving.org

Web: www.simpleliving.org

A “non-profit organization that equips people of faith to challenge consumerism, live justly and celebrate responsibly.” Their Web site includes ideas for alternative living and resources that can be ordered.

Institute for Policy Studies

733 15th St NW, Suite 1020 Washington DC 20005

Phone: (202) 234-9382; Fax: (202) 387-7915

Web: www.ips-dc.org

A multi-issue think tank, “striving to create a more responsible society—one built around the values of justice, non-violence, sustainability, and decency.” In addition, IPS helps publish *Foreign Policy In Focus*, four-page policy briefs on a variety of topics, including global economic justice issues, available on the Web at: www.foreignpolicy-infocus.org

Third World Network

228 Macalister Road, 10400 Penang, Malaysia

Phone: 60-4-2266728 / 2266159 Fax: 60-4-2264505

E-mail: tw@igc.apc.org

Web: www.twinside.org.sg

“An international network of organizations and individuals” that is one of the best sources of Southern voices on global economic justice.

Jubilee U.S.A. Network

222 East Capitol Street, NE

Washington, DC 20003

Phone: (202) 783-3566; Fax: (202) 546-4468

E-mail: coord@j2000usa.org

Web: www.j2000usa.org

A network of faith-based groups and non-governmental organizations calling for the cancellation of the crushing and illegitimate debts of impoverished countries.

Oxfam International Advocacy Office

33 15th Street NW, Suite 340

Washington, DC 20005

Phone: (202) 783-3331; Fax: (202) 783-5547

Web: www.oxfam.org (“campaigns”)

“A growing confederation of autonomous non-governmental organizations, committed to working together to fight poverty and injustice around the world.”

Institute for Agriculture and Trade Policy

2105 1st Avenue

South Minneapolis, MN 55404

Phone: (612) 870-0453; Fax: (612) 870-4846

Web: www.iatp.org

“Promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.” IATP also maintains a helpful Web site called *WTO Watch*, a “trade observatory on WTO, globalization, trade and sustainable development,” at www.wtwatch.org.

International Gender and Trade Network

1225 Otis Street, NE

Washington, DC 20017

Phone: (202) 635-2757 ext. 115; Fax: (202) 832-9494

E-mail: secretariat@coc.org

Web: www.genderandtrade.net

An international network of gender advocates actively working to promote equitable, social, and sustainable trade.

National Labor Committee

275 Seventh Avenue, 15th Floor

New York, NY 10001

Phone: (212) 242-3002; Fax: (212) 242-3821

E-mail: nlc@nlcnet.org

Web: www.nlcnet.org

A leading organization for those who want to participate in grassroots campaigns for corporate responsibility. “Dedicated to promoting and defending the rights of workers,” primarily focused on Latin America.