



PRAKSIS
THE JOURNAL OF ASIAN SOCIAL DEMOCRACY

ISSN: 2815-1046

Volume 3

Issue 1

September 2023

The Limits of Globalization:

Injustice, Inequality and the
Progressive Response





PRAKSIS is a semiannual publication of the Network of Social Democracy in Asia (Socdem Asia). It seeks to combine theory and practice by providing cogent analyses to inform the strategy of the progressive movement and help shape the policy direction that should guide the region's governments.

Marlon Cornelio
Network Coordinator

Francis Isaac
Editor-in-Chief

Carlo Angelo Vargas
Communications Officer and Editorial Assistant

Nando Jamolin
Art and Design Assistant

Bea Reyno
Network Secretary

Editorial Board and Steering Committee

Nurima Ribeiro Alkatiri
Marie Chris Cabrerros
Rafaela David
Francis Isaac
Anurag Shanker
Piyabutr Saengkanokkul
Sondang Tampubolon
Teo Nie Ching

Network of Social Democracy in Asia
Unit 3-E, 112 Maginhawa Street, Barangay Teachers' Village East,
Quezon City, Philippines, 1101

Website: www.socdemasia.com Facebook: facebook.com/SocDemAsia
E-mail: secretariat@socdemasia.com

The views expressed in the articles are those of the authors. They do not necessarily represent the official policy or position of Socdem Asia and of its allied parties and movements, unless otherwise stated.

By: Francis Isaac

Globalization's Unintended Consequence

In May 2008, journalist Fareed Zakaria released his book *The Post-American World*, which *Publishers Weekly* described as a “lucid, thought-provoking appraisal of world affairs” (2008). Nearly 300 pages in length, the volume contains one of the most penetrating analyses of globalization, arguing that heightened economic interdependence and the spread of capital across the world has led to the “rise of the rest.” Characterized by the economic and political empowerment of the developing world, we now live in a world wherein “countries in every region are becoming politically stable, economically strong, (and) culturally confident—and as a consequence they are asserting themselves on a global stage” (Zakaria 2012: xi-xii).

“Look around,” Zakaria writes. “The tallest building is now in Taipei, and it will soon be overtaken by one being built in Dubai. The world's richest man is Mexican, and its largest publicly traded corporation is Chinese...By many measures, London is becoming the leading financial center, and the United Arab Emirates is home to the most richly endowed investment fund. Once quintessentially American icons have been appropriated by foreigners. The world's largest Ferris wheel is in Singapore. Its number one casino is not in Las Vegas but in Macao, which has also overtaken Vegas in annual gambling revenues. The biggest movie industry, in terms of both movies made and tickets sold, is Bollywood, not Hollywood” (ibid.: 2-3).

The book further notes that the economic contribution of non-Western nations has led to increased prosperity and the unprecedented growth of the global economy. Citing the “movement of Western capital to Asia and across the globe,” Zakaria attests that the world's economic output grew from US\$22.1 trillion in 1990 to US\$62 trillion in 2010, with emerging markets accounting for nearly half of this growth (ibid.: 21). Even COVID-19 failed to halt this trend, as the global economy grew by 12 percent within the short span of a year—from US\$94 trillion in 2021 to US\$100 trillion in 2022. Because of their newfound wealth, the “rest” have begun to catch up to the West, thereby creating (in Zakaria's own words) “a truly global order” (ibid.: 4).

The World Bank's former Chief Economist, Francois Bourguignon, also shares this view, claiming that the “expansion of international trade, the mobility of capital and labor (as well as) the spread of technological innovation have partially bridged the gap between the wealthiest countries and the developing countries” (2015: 3). This means that inequality between countries “has started to decline” (ibid.: 2), and “will continue to fall for some (foreseeable) time” (2016: 11). Bourguignon traces this development to the early 2000s, with the “rising fortunes of the developing world, particularly China and India” (ibid.: 11).

But there's a catch.

Inequality Within Countries

While global inequality has significantly declined, inequality *within* countries is now on the rise. According to Bourguignon, part of the problem is due to the worsening income gap in much of the industrialized West, including the United States, where the Gini coefficient rose by six percentage points during a 30-year period from 1990 to 2020.

But the situation is also equally dire in the developing world, particularly here in the Asian continent. In its 2018 report, for example, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) disclosed that though the region had experienced unprecedented development in recent decades, “economic growth has not been inclusive, leaving millions of people in a disadvantaged and precarious situation” (UNESCAP 2018: 20).

Ironically, the problem of inequality is being caused by the very same process that has enabled the “rest” to stand toe-to-toe with the West. Writing in 2016, Bourguignon argued that the

“same factor that can be credited for the decline in inequality among countries can also be blamed for the increase in inequality within them: globalization” (14).

One issue, in particular, is the practice of offshoring, wherein Western companies move their production to countries like India, Thailand and the Philippines to take advantage of the developing world's massive cheap labor. This, in turn, allowed Asia, Africa and Latin America to gain fresh capital and achieve faster economic growth. But this new prosperity has created a new elite, thereby increasing domestic inequality in much of the Global South. China's 1.4 billion population, for example, has an average net salary of US\$1,060 per month. But it is also home to 562 billionaires, with the richest 10 percent owning 62 percent of the country's wealth.

At the same time, inequality is severely affecting workers in the industrialized West. As firms seek cheap labor elsewhere, jobs have grown relatively scarce in Europe and the United States, resulting in the dramatic fall, not only of real wages, but of the quality of life as well.

“While global inequality has significantly declined, inequality *within* countries is now on the rise.



Image: www.arabnews.com



Image: www.japantimes.co.jp

“Because inequality has become one of the most pressing and powerful threats to human progress, various social movements have emerged across the globe to address this malady.

Social Movement Response

Because inequality has become one of the most pressing and powerful threats to human progress (World Bank 2016), various social movements have emerged across the globe to address this malady. Understood as collective campaigns of claim-making, social movements appear “as a response to a felt sense of injustice” (Johnston et al. 1994: 3-4), with members acting “on the basis of a shared collective identity” (Diani 1992: 13).

One good example is the Progressive Alliance (PA), which was formed in Leipzig, Germany on 22 May 2013. Describing itself as a “network of progressive forces for the 21st century,” PA is composed of 118 political parties and 28 associated organizations, all seeking to create “a global political and economic system which places humans at the center of attention” (Progressive Alliance 2013: 1).

Specifically, the Progressive Alliance aims to end the “sharp trends towards inequality” since these “undermine democratic processes” (2016b: 1). For this reason, PA sees the need to “invest in our educational systems” and to “invest in our economies to provide for decent jobs” (ibid.: 6). This requires the “preservation and expansion of the welfare state” that could provide “health, pension, accident and disability insurance” to enable each individual to “live one's own life in self-determination” (2016a: 6).

A similar formation also exists here in the Asian region.

Formed in 2009, the Network for Social Democracy in Asia (Socdem Asia) has a dozen political parties and organizations working to “combat inequality and ensure human dignity for all” (2018). Present in 13 countries, the Network describes capitalism as a “system where the rule is to survive the race to the bottom” (ibid.: 2) and offers an alternative vision wherein “income is fairly distributed, (and) corporate hegemony is reversed” (ibid.: 3). This requires the creation, Socdem Asia argues, of a social state that provides a “broad spectrum of basic social services including health, education, clean water, electricity, humane housing, education, adequate and affordable food for all, and living pension and assistance to vulnerable groups” (ibid.: 4).

They also stress the importance of a “people-centered regional integration” that not merely focuses on free trade but also addresses “shared concerns among nations, from climate change to food security, poverty eradication, workers' rights, health and migration” (ibid.: 4).

These proposals are ambitious, to be sure. But these would have to be realized if we are to tame a world that now allows some to be more equal than others. ■

References

Bourguignon, Francois (2015). *The Globalization of Inequality*. Princeton and Oxford: Princeton University Press.

Bourguignon, Francois (2016). "Inequality and Globalization: How the Rich Get Richer as the Poor Catch Up." *Foreign Affairs*. 95 (1); pp. 11-15.

Diani, Mario (1992). "The Concept of Social Movement." *The Sociological Review*. 40 (1); pp. 1-25.

Johnston, Hank, Enrique Laraña and Joseph Gusfield (1992). "Identities, Grievances, and New Social Movements," in *New Social Movements: From Ideology to Identity*. Enrique Laraña Hank Johnston and Joseph Gusfield, eds. Philadelphia: Temple University Press.

Network for Social Democracy in Asia (2018). "Promoting Social Democratic Thinking, Alternatives and Practices" Socdem Asia Political Programme." Quezon City.

Progressive Alliance (2013). "Progressive Alliance: A Network of Progressive Forces for the 21st Century." Leipzig.

Progressive Alliance (2016a). "Resolution—Justice, Sustainability and Diversity: Our Progressive Agenda." September 19-20. Denpasar, Indonesia.

Progressive Alliance (2016b). "Resolution—Progressive Alliance Seminar: Democracy and Social Justice." April 24-25. Sao Paulo, Brazil.

Publishers Weekly (2008). "Review: *The Post-American World*." Retrieved from: <https://www.publishersweekly.com/9780393062359>

United Nations Economic and Social Commission for Asia and the Pacific (2018). *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development*. Bangkok.

World Bank (2016). *Taking on Inequality: Poverty and Shared Prosperity 2016*. Washington, DC.

Zakaria, Fareed (2012). *The Post-American World*. New York and London: W.W. Norton and Company, Inc.

Image: www.brookings.edu



 /SocDemAsia  www.socdemasia.com