



Impact of the globalization of capital on human rights

Rex Honey

Department of Geography, University of Iowa, Iowa City IA 52242, U.S.A. (E-mail: Rex-Honey@uiowa.edu)

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Abstract

The globalization of capital has had both positive and negative impacts on human rights. On the positive side are improved health and physical well-being for massive numbers of people. On the negative side are: the oppression of millions as a consequence of the leverage international capital has over government policies and the right of workers; and the growing gap between the haves and have nots, both within and between countries.

Introduction

Two simultaneous and somewhat parallel globalization processes have altered human well-being at the beginning of the Third Millennium. One is the penetration of global capitalism, reaching as it has over the last two decades into both China and the former Soviet empire. A pro-market ethos, coupled with the regulatory support of such intergovernmental organizations (IGOs) as the United Nations, World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO), has allowed global capital to penetrate all but the most resistant or least promising corners of the Earth. Paralleling the globalization of capital has been a very different globalization process, the international human rights movement and its effort to protect the rights of all people.

Great progress has been made in the extension of human rights, both since the movement's first major success, the 1948 Universal Declaration of Human Rights, and since the end of the Cold War. The human and humane impacts of the globalization of capital are less clear. The second half of the 20th Century certainly witnessed the largest economic expansion in human history. Literally billions more people had economic security and a sound material standard of living at century's end than at mid-century. Billions more, though, ended the century without their basic needs met and with little power to confront powerful economic and political forces.

As the theme of this volume notes, globalization is more than a phenomenon, it is a project, supported by significant international actors, ranging from sovereign states through IGOs to global corporations. This essay interrogates the globalization project in terms of the contradictory impacts of globalization, particularly the globalization of capital, on human rights.

The globalization of capital

The advocates of World Systems Theory are correct in arguing that we have had a global economy for 500 years (Wallerstein, 1984). Certainly the Age of Discovery led to unprecedented global domination by European powers. Just as certainly, the modern national state evolved through a highly competitive process that turned on the ability to accrue economic and political power (Tilly, 1992). Throughout modern history, state power and economic power have been related. State power and economic power continue to be related, but the way the international system operates now is different from what came before (Steger, 2002). First, it is different in its depth of penetration. Never before has the global economy involved such a large proportion of all economic activity. Second, technology in many realms – certainly communications and transportation as well as industrial production and military might – ties the world's peoples together more quickly and more forcefully. Investors have access to global information; producers have access to global supplies. Third, the stakes are higher, with greater fortunes to be made and put at risk, with technological inventions and innovations altering opportunities and obligations. Consider the rise of Microsoft and Wal-Mart, as well as the rise and fall of Enron. Fourth, global institutions work to enhance the global system, if not for all then definitely for those running the system. Those institutions are designed to minimize problems within the global economic system so that impediments to international flows are removed or reduced. Let us look at those institutions, however briefly.

The story is a familiar one. With the failure to establish an enduring peace after World War I, the victors of World War II opted to create a series of international organizations to manage, regulate or otherwise deal with global political and economic issues in the postwar era. Paramount among these was the United Nations with its constituent subordinate agencies, among them the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and

Cultural Organization (UNESCO), and the United Nations Development Program (UNDP), among many more. Beyond these, the allies, excepting the USSR, created three other organizations to manage the global economy. Two of these, the World Bank and IMF, came into existence right after the war. The third, the WTO, emerged after a several decade process involving several rounds of negotiations.

These three so-called Bretton Woods organizations (because of the site where their creation was agreed) are as important for their gate-keeping and officiating roles as they are for their original justifications. The main purpose of the IMF is purportedly to stabilize international monetary relations so that the global economy can operate in a fairly predictable fashion. The World Bank's main job is purportedly to enhance development. Both organizations became instruments of the West during the Cold War (Weisbrot, 1999). Under their tutelage, a number of dictators accrued enormous wealth from foreign aid and contracts while impoverishing their countries. Mobutu, Marcos and Moi are three egregious examples. Their countries – Congo, Philippines and Kenya, respectively – gained little from the transactions, other than what would become crippling debt. Only long after the financial arrangements had become excessive and embarrassing did the IMF and World Bank apply remedies.

The remedies, under the guise of Structural Adjustment Programs or SAPs, were both painful to the poor and advantageous to global capital. Heavily in debt and unable to bear the debt burden, the governments of many southern countries faced daunting prospects. They needed fiscal and monetary help to keep afloat. Private firms in similar circumstances would have declared bankruptcy. The international political regime prohibited use of this option, even though the beneficiaries of the debt – the likes of Mobutu, Marcos and Moi – had absconded with the international funds. Hence, seeing themselves as having little choice, scores of governments across the global south agreed to the IMF and World Bank 'conditionalities'. IMF and World Bank diagnoses tended to place the blame for internal economic planning on:

- Deficit spending by southern countries with little effort to match expenditures and income;
- State subsidies of parastatals such as airlines, electricity generating companies, telephone companies, which were charged with systemic incompetence, looting and fraud;
- Bloated bureaucracies with many more employees than necessary to complete the work; and
- Expenditures on excessive, even unnecessary capital projects, whether dams, expressways or steel mills.

The critiques of course had their merits. With donor countries looking the other way during the Cold War, leaders of many southern countries behaved in their short and long term self-interest, encumbering debt, embarking on questionable investments, and otherwise mishandling their budgets (IMF, 1999). Unfortunately, the scoundrels, with the complicity of the Cold War donors, left their impoverished people responsible for the bills.

To rectify the situation – and to remove the temptations of the past – the IMF and World Bank adopted their SAP requirements. Generally these included:

- Governments relinquishing control over monetary and fiscal policy;
- Balancing budgets, even though that required massive cuts in social services, particularly medical care and education;
- Privatization of parastatals, including airlines, public utilities, and publicly held companies generally; and
- Opening the country up to private investment.

This last requirement widely overturned restrictions on investment designed to make sure foreign nationals were not in control of the domestic economy. Southern countries also faced significant pressure to reduce legislative protections for workers and the environment (Duncan, 2002). Furthermore, the countries were required to open their markets to foreign products, even when those products were subsidized abroad and would threaten domestic production, as in the case of a number of agricultural products, including both tobacco and such staples as rice, maize and wheat (Boafo-Arthur, 1999).

Hence, the globalization of capital was not simply the adoption of market economics in the global south. Rather, it involved the imposition of disadvantageous economic rules giving northern companies and northern countries access to southern markets and southern production under circumstances that limited the health and educational expenditures of southern countries. Southern countries in general wound up with:

- Onerous debt loads far beyond any reasonable expectation of repayment;
- Laws stacked in the favor of external firms over domestic ones in terms of access to investment capital;
- Former parastatals in foreign ownership; and
- Significant advantages of capital over labor, particularly in regard to the right to organize, reasonable protections on the job, and high levels of unemployment that worked to the advantage of employers rather than employees.

As Steger puts it, '*Backed by powerful states in the North, international institutions such as the WTO, the IMF and the World Bank enjoy the privileged position of making and enforcing the rules of the global economy*' (Steger, 2002, p. 63).

The WTO is the primary target of people castigating IGOs for their role as an oppressive force in the global economy. This is because the WTO has consistently refused to allow labor abuses, whether for children or adults, to be used as a basis for trade sanctions (Garcia, 1999). The WTO treats trade as a higher order principle than competing principles, meaning that environmental and labor considerations are consistently eliminated by the WTO in its deliberations about the legitimacy of trade sanctions or other limitations to trade. The consequence is a diminution of protections for workers – a diminution of the rights of workers thanks to the operation of the global economy.

The particular way in which capital penetrated the global south jeopardized the well-being of many southern people,

including workers and the recipients of curtailed social services. At the same time, another form of globalization, the globalization of human rights, was enhancing the well-being of these same people.

The globalization of human rights

Until the United Nations passed the Universal Declaration of Human Rights (UDHR) in 1948, sovereignty gave governments life and death control over their citizens. Adopted in the aftermath of the Holocaust and other mid-century atrocities, the UDHR made governments accountable for their treatment of their own citizens as well as foreign nationals, forever stripping away legal immunity for misdeeds on their own territory (Weston, 1992). Originally seen as an aspirational statement, the UDHR has since been recognized as justiciable in international law, meaning that in and of itself it can be used as a basis for claims against a human rights violator.

Even while the members of the UN were ratifying the UDHR, the international human rights movement became a captive of the Cold War. The United States championed civil and political rights, the kinds of rights codified in its Bill of Rights. These include such basic freedoms as the right of the people to choose their government, limitations on the state's ability to limit such basic freedoms as speech, assembly, religion, and the press, and the right to a fair trial. The USSR, less interested in protecting public dissent, argued for an emphasis on economic, social and cultural rights, including guarantees of such benefits as jobs, housing, health care, and education. Eighteen years passed before the adoption of the UN's two basic human rights covenants, the International Covenant on Economic, Social and Cultural Rights (ICESCR) adopted December 16, 1966, and the International Covenant on Civil and Political Rights (ICCPR) adopted three days later. In the ensuing decades the international community has added covenants on children's and women's rights as well as other documents supporting a growing list of basic rights to be enjoyed by all people simply as a consequence of their common humanity.

Global civil society has joined the campaign for human rights. Particularly noteworthy are such organizations as Amnesty International (AI), Medecins sans Frontieres (MSF), and Human Rights Watch (HRW), which organized in 1963, 1971 and 1978, respectively. AI and HRW monitor human rights violations and lobby for the victims of human rights abuses. MSF provides medical care in areas experiencing crises, including civil wars. These organizations are joined by older organizations such as the Red Cross and its affiliates as well as a number of other non-governmental organizations (NGOs), IGOs, and government agencies. Today they form a strong force for advancing the cause of human rights globally.

The Government of the United States has an ambivalent role in the global human rights movement. In some ways the United States is a major supporter of international human rights. The State Department, for example, publishes an annual assessment of how well other countries are doing

with regard to human rights, and successive administrations have had vigorous programs for assisting the development of democratic institutions in Africa, Asia, and Latin America. Indeed, the Bush administration has employed human rights arguments for regime change both in Iraq and Liberia, just as the Clinton administration did for organizing military intervention in Kosovo. In other cases, the US provides tacit support or even material support for human rights positions while not officially ratifying them, and in still others the US actively opposes human rights initiatives.

The seemingly schizophrenic US policies with regard to such issues as the Women's Rights Covenant (WRC), the Children's Rights Covenant (CRC), and other similar cases is because of the diffused power base in the American governmental system, combined with divergence of opinion within the country (Honey, 1999). The US Constitution requires that treaties be negotiated by the Executive Branch, then ratified by a two-thirds vote in the Senate. With only a third of the senators able to block a treaty, a president may opt to enforce the treaty by policy rather than risk the political rejection in the Senate. Hence the Clinton Administration did not force a vote on either the WRC or CRC, allowing the succeeding administration to ignore them both. In the case of the Landmine Treaty, which calls for the abolition of landmines, US policy has been to uphold the treaty with one major caveat. The US supports a ban on the manufacture of landmines and provides a modicum of money for landmine removal. The US refuses to sign the treaty, however, because it argues that landmines are necessary to prevent the North Korean military from invading South Korea (FCNL, 2002). Similarly, the US adheres to the 1982 UN Law of the Sea Convention, though the Senate has never acted on ratification, meaning the United States has only observer status with the International Seabed Authority (State Department, 2003).

In the case of the new International Criminal Court (ICC), the US position is much more straightforward: outright opposition. In fact, the Bush Administration requires from each country seeking aid from the US a waiver against charging the US or American soldiers (Human Rights Watch, 2003). When the Rome Statute constituting the ICC was passed in 1998, the US was one of only seven countries voting against the measure.

Despite the ambivalence of the United States towards the globalization of human rights, the movement has advanced markedly since 1948. The UNDP, for example, requires that the human rights consequences be considered as part of the assessment of any development proposal, a position also adopted, ironically, by the United States Agency for International Development (UNDP, 2003; USAID, 2003). Let us check the record for achieving human rights for all.

Assessment of human rights impacts

In many respects, the third quarter of the 20th Century was a time of positive change, both in terms of the civil and political rights espoused by the United States and the economic, social and cultural rights advocated by Europeans, East and

West. Western Europe and North America revived economically after World War II with the help of the Marshall Plan. Buoyed by those economic successes, experts of the time expected the people of global south to experience economic growth as well, particularly given the political independence being achieved in Asia and Africa as European empires were liquidated. Supporting evidence should be available if globalization produced a better world rather than just a different one. With so many global structures undergoing major change – technological transformations, the end of colonialism, the expansion of western economies, increases in education, and new international institutions among them – imputing cause is dangerous. Broad trends, though, could reveal supporting evidence.

The world experienced dramatic change in the second half of the 20th Century. The global economy experienced unprecedented growth. The global per capita gross domestic product boomed from \$1800 a year in 1975 to \$6,400 a year by century's end, even controlling for purchasing power parity (UNDP, 2000). Even for men, life expectancy soared past 60 years. Almost 75 per cent of women were literate. Never before had as many people done so well.

These figures, though, hide a significant geography of inequity. At the turn of the new century, the UNDP defined 35 countries as 'low development' because their per capita GDP, corrected for purchasing power, remained below \$1000. In more than 20 countries over half the population lived on less than a dollar a day. In fact, per capita GDP, corrected for purchasing power, actually went down in 30% of the countries for which data were available for both 1975 and 2000. Clearly the global expansion also constituted a growing global disparity between those well off and those living in penury. The social data also reflect the divergence. Twenty six countries had life expectancies of less than 50 years for men, women or both; in four African countries, life expectancy was less than 40. Less than half the women could read in 31% countries in Asia and Africa. The same four African countries had literacy rates below 50% for all adults.

Clearly, the global economic pie grew in the second half of the 20th century. Just as clearly, many failed to share in the prosperity. If economic rights call for meeting basic needs rather than fulfilling a sliding scale, one assessment option is to gauge the satisfaction of basic needs. In their theory of human need, Doyle and Gough provide guidance by stressing adequate nutrition, housing, education and medical care (Doyle and Gough, 1991).

The world produces enough food to meet the current nutritional needs of all six billion people alive today, thanks to the globalization of agricultural technology. The world can be divided into two parts with regard to food problems: one does not have enough food, despite the global surplus; the other has so much food and so much wealth that obesity is the problem. The solution to the first problem is better distribution; the solution to the second is wiser consumption. Per capita consumption of calories worldwide increased substantially in the last quarter of the 20th Century, rising from 2,300 calories a day to 2,700, according to UNDP figures.

Even India, written off as a basket case by Paul Ehrlich and his Club of Rome cohorts, exports food today. The number of food deficient countries in Africa is more troubling.

Continuing urbanization complicates the problem of providing adequate housing. The need for adequate housing accompanied by potable water is becoming evermore critical, especially with the world this decade passing the threshold from being predominantly rural to predominantly urban. The Johannesburg Summit on Sustainable Development revealed that more than a billion people lack potable water. If urbanization continues apace, the world will face shortages of both sufficient numbers of dwelling and adequate amounts of potable water.

Globalization has influenced health in contradictory ways. Globalization has spread infectious diseases, everything from cholera to HIV/AIDS. It has also diffused such unhealthy products as tobacco and narcotics. Globalization has also led to improved public health systems, particularly sanitation and vaccinations. A concerted global effort is about to follow the eradication of smallpox with the eradication of polio. Globalization has also led to the diffusion of expensive medical technologies, even into places where much less expensive public health measures could yield much greater gains in health. When oral rehydration for ill babies is still being introduced, developing an organ transplant facility is not an efficient way of improving health care.

In fact, measuring infant mortality is one way of assessing the impact of globalization on health care. Fully 40% of the countries in the world had infant mortality rates of more than 50 per 1,000 live births in the early 1970s. Only four per cent of the countries had such high infant mortality rates by century's end. Wealthy countries also reduced infant mortality. In the early 70s, Sweden had the lowest rate in the world at 11 per 1,000 live births. At century's end, all countries had reduced infant mortality, and more than 30 had rates lower than 10. Clearly, in terms of infant mortality progress had been made on a global scale.

Progress in education has been less impressive. In terms of education, the world splits with the well off countries having even higher percentages of children in school, poor countries even fewer children in school in 2000 as compared with 1970. This is directly attributable to structural adjustment programs in developing countries.

In terms of the categories used by Doyle and Gough, the people of wealthy countries have more in all four categories – nutrition, housing, health, education, though the nutrition levels are too high to be healthy. Those in developing countries are better off in terms of nutrition and health care, worse off in terms of education, and worse off because of urbanization with regard to housing and water. The globalization of capital and the globalization of human rights have had marginal benefits at best for the global poor. These are not the only measures of the impact of globalization on economic, social and cultural rights, however. Another approach is to look more directly at the impact of the globalization of capital, particularly with regard to its impact on children and child labor.

Globalization and child labor

Globalization has opened up economic opportunities of many kinds. It has the potential of altering power relationships because of the disparities in resources that can emerge. Multinational corporations, for example, can have great leverage *vis-à-vis* governments when the firms have more resources than the governments do (Falk, 2002). One issue that has drawn the attention of scholars is the growth of abusive child labor as a result of the operation of the global economy.

Child labor is a tricky human rights problem. To begin with, some forms of labor are or may be beneficial to children. Other forms are clearly damaging. The International Labor Organization (ILO) addressed this issue with its Convention 182 passed with widespread global support to monitor and end the most abusive forms of child labor (ILO, 1999). Included were:

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- the use, procuring or offering of a child for prostitution, for the production or pornography or for pornographic performances;
- the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Convention 182 does not involve legitimate work by children, nor does it involve a number of practices that might be regarded as antithetical in some cultures and acceptable in others. Rather, it involves only the 'worst forms of child labor'.

Even in this limited list, the numbers are staggering. The ILO calculates that 1.2 million children are involved in trafficking. Boys are sold for forced labor, petty crimes and drug trade. Girls are sold for commercial sexual exploitation and domestic service. At least in the case of sex tourism, the global economy is strongly implicated. In some countries, poverty forces parents to sell their children, particularly their daughters. The owners tend to buy off officials who are often involved in the trade themselves (Bales, 2000). A further 5.7 million children are the victims of bonded labor, what Bales calls the news slaves, held because they cannot pay off the debts encumbered by their parents (Bales, 2000, p. 207). Often these children are involved in producing for the global market, as in the famous case of Iqbal Masih, the Pakistani carpet weaver who became famous because he spoke to an international audience and was subsequently murdered.

Human Rights Watch estimates that 300,000 children are involved in armed conflict, mainly in Africa (Human Rights Watch, 1997). Many of these conflicts center on resource exploitation, particularly diamonds and gold, for global mar-

kets. Countless more are involved in dangerous occupations, ranging from mining to the handling of toxic materials.

The globalization of capitalism is clearly not responsible for all abusive child labor or even a preponderance of abusive child labor (Myers, 2001). The historical norm has been for children to work, often in dangerous occupations, as part of family subsistence. Global capitalism is implicated in the existence of many forms of child labor, however, because of the imbalance of power relations that occur in the global economy (Chomsky, 1999).

Assessment and remedies

We have seen how globalization has had three kinds of impacts on human rights. By expanding wealth in the world, globalization has allowed more people to meet their basic needs, particularly among northern countries and southern elites. The international human rights movement has also provided benefits, spreading civil and political rights to the greatest number of people ever and providing social and cultural rights to an expanded number of people. The third effect is less heartening. The globalization of capital has in fact had deleterious effects for large numbers of poor people, both the worst off in the global north and a sizable proportion of the people in the global south.

Many remedies are available for the negative aspects of globalization. One would be to *extend the benefits of globalization more completely*. That is, wire the parts of the world still inadequately wired. In particular, this would allow most African countries to join the 21st Century. In most African countries, firms are at a distinct disadvantage because they lack the access to information available to competitors. The danger in this remedy is that if not done properly it would simply allow external competitors to wipe out the African firms that do exist.

A second remedy would be to *reform IGOs so that they consider the human rights consequences of their actions*. The World Bank should never again ask governments to cut basic health care and education. The IMF should not strangle an economy with overly rigid conditionalities. The WTO should recognize the legitimacy of workers' rights and environmental concerns.

A third would be to *relieve the debt* that northern institutions hold because of their bad deals with scoundrels. This would give countries a chance to develop their economies and societies rather than be trapped by an intolerable debt burden.

Finally, northern countries, particularly the United States, should *enhance international law by participating in broadly ratified agreements rather than seek exemptions from responsibilities accepted by most other governments*. By demanding exceptions, the United States undercuts the whole philosophy of global cooperation with its efforts at global domination.

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