RETHINKING GLOBALISM AFTER SEPTEMBER 11: PARADOXES IN THE EVOLUTION OF GLOBALISATION

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Abstract
In this paper the September 11 events are seen as an important motivation to rethink various issues related to globalism. Although many positive outcomes of globalisation can be identified, many paradoxes emerge as the process are enfolding. Most of these paradoxes relate to economic globalisation. To place this into perspective the, the evolution of the nation-state, the concept of territorium and space, and the market need to be considered. The conversion of the nation-state into the competitive state marks a cornerstone in this development which prove to be disastrous to Third world countries. The South African position in the unfolding of globalisation is briefly investigated with reference to Nepad and its potential to make the African continent a meaningful player in the global game.

1. Introduction: September Eleven and globalism
September 11 marks a turning point in post World War II history. It not only gave a new colour to war, but testifies to the extreme form human protest can take on. The impact of the event was enhanced by the sheer unexpectedness of it all. Catastrophic events that actually happen affect humans much more than events that could have happened but were averted, and faded into oblivion. We would have experienced the September 11 impact much earlier if the bombing of the World Trade Centre in 1993 had been more successful. The war on terrorism did not commence after the 1993 event because of its limited scope. A more insignificant event than September 11 initiated World War I, when Archduke Franz Ferdinand, the heir to the throne of Austria-Hungary, was assassinated by the Serb nationalist Gavrilo Princip on 28th June, 1914. September 11 represents a universal symbolic turning point, which precipitates a rethinking of terrorism, as well as economic and power relations.

The September 11 events caused national and international, personal and societal ripple effects. The predominant psychological effect was the realisation of risk and concomitant lack of trust on personal and national levels. High technology made these events possible – events which underlined the vulnerability of high-tech societies and which made us aware of the limitations of existing technologies to protect us. More attacks could follow, air travel became unsafe, and the possibility of chemical and biological warfare increased with the anthrax affair.

It is short-sighted to reduce September 11 to religious fundamentalist problems. Much more is at stake. A non-state actor now, for the first time, became a threat to international peace (Neuland 2002:68). The USA, including all high-industrialised countries, has to reassess the impact of their economic and trade policies on world affairs, (see Neuland et al 2002:22). Most Americans were fully oblivious of the existence of Al-Qaeda and could not fathom where they might have transgressed, as is clear from the question frequently asked
‘but why do these people hate us so much?’ The incident was not linked to problems connected with globalization and economic liberalisation. No explicit proof has been found that economic globalization was the motive for the September 11 attacks, apart from the fact that the targets symbolized American capitalism (World Trade Centre) and military power (Pentagon). More likely it was a combination of factors, which include the Gulf War, the Jewish-Palestinian issue, economic and cultural globalization.

Bush seized the opportunity to make this an international affair and to win sympathy and international approval of his “anti-terrorism” war. The post September 11 rhetoric was typified by reductionistic binary talk. You were either for Bush or for Bin Laden – *tertium non daretur*. The perpetrators were terrorists, evil ones, suicide bombers, fundamentalists (How does Christian fundamentalist really differ from Muslim fundamentalists?).

One must appreciate anger-talk in the aftermath of an incident like September 11. With the required hindsight we should reformulate and reinterpret why this deed was done. To move to our September 11 theme, we must ask whether present-day market systems where multi-national corporations increasingly affect the daily life style of people doesn’t constitute a form of structural and systemic terrorism. We knew before September 11 that we have a common fate. September 11 brought it poignantly under attention. It would be bad taste to use the September 11 events simply to criticise globalisation However, if there are links, the importance of September 11 necessitates the investigation thereof. It stands to reason that an event like September 11 will not persuade the have’s to accept substantial costs in the interest of the perpetrators or others. Any objective valuation of globalization is hampered by the fact that it can be considered to be either to one’s benefit or disadvantage.

2. Globalism paradoxes

Paradoxes and inconsistencies characterise the globalization debate. This can be attributed to the complex all encompassing nature of globalization and the fact that we are in the midst of the process as it evolves. The globalization issue can be viewed as a paradox to avert the clouding of the debate with unsound moralism. It is not only the poor or those excluded from the benefits of economic globalization that venture to occupy the ‘moral higher ground’, it is also the beneficiaries thereof. Wealthy individuals and nations often view the poor as incompetent, uneducated, and lacking ambition. The point of departure of this contribution is that globalization requires more than simply a supportive or combative position. It concerns humans on a global scale and must be dealt with by all.

Some paradoxes can be briefly mentioned:

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1. According to Onwudiwe (2001:131) terrorism, or what constitutes it, is in the eyes of the beholder. To criticise we must contextualise. The South African experience, where former terrorists now form a responsible government, is a point in case. There are two faces of terrorism. Conventionally we allude only to that type that works against the state’s interests. A more terrible and real form of terrorism is the “official” terrorism practiced by sovereign states (Onwudiwe 2001:129ff). State terrorism committed in the RSA was unveiled in the South African TRC hearings. Apart from formal state terrorism there is “structural terrorism”, where present day “official” monetary structures and trade systems physically and psychologically “terrorises” millions of people as was the case with the South African Apartheid government.

2. (Barry Jones 2000:264-265) identifies some policy-oriented positions within contemporary globalization debates. Liberal globalists welcome it as the outcome of increasing international free trade as a source of its further advance. Economic realists are sceptical about the stability of globalized political economy and advocate local developments that might restrain its progress. Radical globalists are critical of its capitalist character and seek some form of transnational socialist transformation, while green critics try to promote small-scale solutions to the problem.
Globalization has positive and negative side-effects. We need it and are threatened by it.

The more the world becomes one, the more it becomes differentiated.

Increased global unity has simultaneously witnessed the decline of the nation-state and the regrouping of ethnic enclaves based on language. New political groups like Uzbekistan, Kazakhstan, Tadzhikistan, en Turkmenistan have grown from the previous Soviet Union (see Featherstone 1995:91).

Many countries / individuals critical of economic globalization aspire to be part of it. Africa’s Nepad’s (New Partnership in African Development) effort to unite Africa as an economic region is a point in case.

South Africa (like most poor countries), is aware of the dangers of multinational takeovers of national assets, need multinational money to create jobs, reduce the crime rate, and alleviate poverty.

All profound economic and social change produces winners and losers. Relief in one area may bring dependency in another. World trade promises growth but increases poverty in many instances. There is no systematic relationship between increased openness and changes in inequality. Many developing countries are complaining that trade liberalisation has produced negative results for their economies or has marginalised them (Khor 2001:32).

Economic globalization operates on the principle that all regions (countries) have access to the same global market. The playing fields are, however, not level to ensure fair competition.

Trade reform increased manufacturers’ access to international markets, but at the same time increasingly expose the sector to competition.

The emergence of the competition state (with the increased risk of loss of national sovereignty) does not lead to the decline of the state but instead necessitates the expansion of state intervention and regulation in the name of competitiveness and marketisation.

The increase of deregulation at a national level is replaced by an increase of regulation at a global level.

Space has become bifurcated. Local and regional space is determined by global space and vice versa. Individual space is becoming electronic space.

There is a growing tension between economic globalization and embedded state/society practices. The capacity of state institutions to embody communal solidarity is diminishing which further undermine the capacity of the state to resist globalization (Cerny 2000:118).

Economies depend on the principle of perpetual growth. We have limited resources and will come to a point of no or negative growth. Economic growth and the depletion of freshwater, forests, fish, plant and animal species, goes hand in hand. Two additional planets earth are needed to bring the rest of world on the level of development that the USA enjoys.

Democracy, hailed as the fairest system of governance, made the development of economic globalization possible. Freedom, and especially economic freedom can be regarded as one of the cornerstones of democracy. Economic freedom of economic

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3. This is supported by the idealist version that growth means affluence and affluence means democracy (See Baudrillard 1998:51).
association, and eventually free trade. These values created the space for transnational corporations to flourish and attain the exorbitant power they have today. The upshot is that democracy is replaced by what can be called a corporocracy.

Some of the causes of these paradoxes should become clear from what follows.

3. Profiling globalism

Globalism is a relative recent development and incomplete in its development (Barry Jones 2000:245). Globalism rhetoric varies from globalism conspiracy theories to optimism about the globalization process. From a negative perspective economic globalism is seem as neo-colonialism, and economic imperialism. Although the globalization debate focuses sharply on its impact on markets and states, it should not be limited to this. Although globalism is the product of an evolutionary economic process, it should not be considered as a deterministic process which is irreversible. The evolutionary process is galvanized by a changing environment with increased complexity. Within this environment, individual and corporate actors, on especially the political and market arena, are seeking wittingly or unwittingly to reinvent political structures in a wider global context. The transformation brought about is not linear, but complex with unanticipated and unintended consequences.

Many positive outcomes of globalism can be mentioned. Globalism seems to be irreversible because of so many levels of interdependence between countries and states. The present progress of Globalism is unthinkable without the technological innovation that accompanies it. Global interdependence and cooperation come to the fore on a wide spectrum of societal concerns:

- Ecological interdependence (weather prediction, pollution, population growth, toxic waste etc.)
- Common energy concerns (oil price, impact of nuclear power plants)
- International human rights issues (refugees, exiles, guest-workers and the plight of women, children, minority groups);
- Information and communicational interdependence (communication technology, internet, international research programmes)
- Health-concerns (disease and treatment (AIDS), medicine)
- Political interdependence (democracy, international law, world court)

4. In our view globalization is an evolutionary process in economic development. This does not preclude that humans are not very active in the process. Barry Jones (2000:250-251) alleges that some non-decisions and imperfect decisions of the American government galvanised economic globalisation: Among the failures he mentions the failure of NATO members to contribute proportionally to costs of western defence from the early 1950s, leaving America to shoulder a disproportionate share of the burden and to develop a balance of payments deficit; the failure to develop standardised means of dealing with persisting international indebtedness; the spread of export promotions through subsidies and export guarantees; the failure to institutionalise the spread and growing influence of the major trans national companies and the decision to reopen the London commodity markets to international trading. Among the non decisions he mentions the failure to establish effective authority over the foreign exchange markets after 1971 and the failure of the Smithsonian Agreement to re-establish international monetary stability; the failure to establish new rules for international economic and financial adjustment; a failure to establish a new *modus vivendi* with the major oil producing states; and the failure to create a new ‘lender of last resort’ within the international economic community. The combined effect of these non-decisions was to reinforce the trend towards the rapid growth of international financial flows and transactions that were increasingly beyond the control of governmental authorities.

5. For the notion of the incompatibility of economy with ecology, see Duchrow (1995:94).
Globalism, at its core, seeks to describe and explain nothing more than a world which is characterized by networks of connections that span multi-continental distances. It attempts to understand all the inter-connections of the modern world, and to highlight patterns that underlie (and explain) them. We should not fear that globalism will lead to homogenization. Instead, it will expose us to the differences that surround us. At the same time, it is important to note that globalism does not imply universality. Participating in the same economic system, speaking the same language, or sharing the Internet does not make us the same. After all, the connections that make up the networks to define globalism may be more strongly felt in some parts of the world than in others.

4. Role players: The state; multi-national companies; markets.

4.1 The evolution of the state from nation state to ‘competitive’ state

According to Cerny (2000:121) state actors are probably the most important single category of agent in the globalization process. The development of globalism is concurrent with the evolution of the state from nation state to competitive state. The evolution of the concept and function of the state was possible because of a new understanding of territorium (see Featherstone 1995:114-120). In the thirteenth century the concept of the ‘juridical structure’ of a community emerged. Only at the end of the fifteenth and beginning of the sixteenth centuries did the concept of ‘state’ emerge in its contemporary meaning (Palan 2000:163).

Palan (2000:151) sees the state as a mode of social organisation, possessing a formal governing apparatus legally defined as ‘the state’. It is a specific kind of organisation which shaped itself around pre-existing political structures, inserting itself among them, forcing upon them whenever it could, its authority, its currency, taxation, justice, and language of command. To understand the state one must reckon with its theory of government, and the matrix of ideologies that define historically the nature of social collectivity and political rule. According to Cerny (2000:119-120) the emergence, consolidation and rise to structural pre-eminence of the nation-state itself is increasingly understood as having been a quasi-accident reflecting the global situation of the late feudal period. The conceptions of common interest and community which have legitimated the institutional authority of the nation-state over the past several centuries have given the politics of the state as essential quasi-moral character well beyond pragmatism and ‘interest’. They involve attributing to the state a holistic character, a sense of organic solidarity which is more than and simple social contract.

International and transnational constraints limit the things that even the best-run government can do. This is leading to a potential crisis of liberal democracy as we know it (Cerny 2000: 122). Neither governance systems nor economic models are fixed. They mutually influence each other, and are in a state of flux. With the gradual change in these systems, society in all its dimensions is affected and has to make adaptive changes. One of the main consequences of globalization is the transformation of the national industrial and welfare state into a competition state. In order to understand the impact of these changes we need to understand how this came about.

6. The word ‘state’ is derived from the Latin word status signifying a condition or mode of existence.
Globalization brings about a new understanding of space and territorium as procured space. The post-feudal and absolute state settled its territorial boundaries through dynasties and war. The nation-state of the nineteenth century settled their territorium on the principle of ‘national self-determination’ and present-day ‘competition’ states determines expands the idea of territorium to include ‘economic and market space’ (see Palan 2000:141).

The nation state

The concept of the nation state evolved in the early nineteenth century. It emphasised the relationship between political authority and territoriality. Previously ‘spontaneous’ communities which were self-enclosed gradually developed into homogenised groups. The breakdown of spontaneous communities, combined with the rise of the bourgeoisie, or Post-Renaissance concept of the ‘individual’ produced, according to Palan (2000:153) a new perception of social space as consisting of an aggregation of individuals. The isolation of man as part of a group gave the state a privileged position as organiser of the ‘people’. The nation, however, is not simply an aggregation of people which happen to reside within territorial confines, rather it is a ‘spiritual unity’ (common history; inherited culture of forebears, shared destiny, mutual responsibility), linking each individual’s inner selves in pre-political ways. The nation is conceptually differentiated from the state and is based, not on domination and hierarchy, but on feelings of love and a deep sense of history (Palan 2000:154). National self-determination, however, proved non-operational until it was reinterpreted in the early twentieth century away from the ethnic principle to the idea that self-determination is the democratic wish of persons inhabiting a certain territory. From the 1920’s onwards, the principle of ‘national self-determination’ came to stand for the delineation of the political process within territorial boundaries. The state progressively shed the metaphysical values associated with its territorial boundaries and became institutionally a ‘political process’ defining the boundaries of the mechanisms of representation. The thesis of the demise of the state narrates not the end of the state, but the demise of these sets of connections between the concepts of politics, the nation and society which are central to the nation-state (Palan 2000:156-157). Governance became linked to competitive advantage and the link to nationalism and the ‘spiritual unity’ of the nation became severed.

The competitive state

The significance of globalization lies in how it undermines the nation-state theory of government and replaces it with a new concept of governance. International competitiveness has become the guide to policy.

Competitive advantage must be distinguished from comparative advantage. Comparative advantage suggests that states are endowed with certain resources and characteristics and that international trade is advantageous because it links countries which possess different endowments. Comparative advantage assumes diversity. Competitive advantage implies the notion of sameness. All states and territories are therefore considered to be in principle the same. Once this principle is accepted, then nationalist theories of government cannot be grounded on the notion of a spiritual unity of the people. In ‘competitive’ advantage talk, all countries are accepted to be in principle the same.

It is not only territorial space that is affected by globalisation Sum (2000:231-235) mentions the importance of ‘electronic space’ (information superhighway) in influencing contemporary global, regional, national, through to local networks of industrial, financial, commercial and cultural interconnections.
Geographical location is thus immaterial and the global is seen as a common, undifferentiated and shared space, artificially divided into national spaces. Since all countries are the same, individuals and companies simply choose their territorium of residence and business. Conversely, states search aggressively for those corporate personalities of advantage to them. States compete with each other for corporate citizens by offering better packages of legislation. The state is no longer seen as the political voice of the people but as provider of means of accumulation (Palan 2000:158). The entire social realm is mobilised as a competitive unit. Competitive goals define the division of labour. The division between private and public becomes blurred in the new territorial space where principles of the internal market become decisive. Regionalism (large political formations), as a preferred defensive competitive strategy, is the outcome of this new phase of territorial rationalisation (Palan 2000:158-159). Examples of these regional giants are Nafta (North American Free Trade Agreement), Apec (Asia Pacific Economic Community), the EU (European Union), Caricom (the Caribbean Common Market), and Mercosur (the Mercado Commun del Sur). It is a question whether India, China and Africa will succeed in future to form similar alliances.

Liberal democracies in high industrial countries are experiencing a transformation. A rather undemocratic role for the state is emerging as the enforcer of decisions and outcomes which emerge from world markets. The industrial welfare state is experiencing a crisis as they have a decreased capacity to insulate national economies from global economy. The shift away from the general maximisation of welfare within a nation (employment, social service provision) to the promotion of enterprise, innovation and profitability in private and public sectors, can have devastating effects in poorer countries. The nation-state is not yet dead, but its role has changed. Citizens will have to live more without the kind of public services and redistributive arrangements typical of the industrial welfare state. Privatisation and commodification of public services is part of the end of welfare as we know it (see Cerny 2000:122-123, 133). Cerny (2000:123-125) considers the industrial welfare state as a paradox in so far as it tried to regulate market forces through legislation, especially when it undermined market discipline. In this regard the state is seen at best as a necessary evil, at worst parasitic on wealth created through the market. Nevertheless, liberalisation, deregulation and privatisation have not reduced the overall role the state intervention; rather they have simply shifted the means of bureaucracies to marketising ones.

Although the above concerns primarily the rich industrialised countries, similar patterns will develop in poorer countries, enforced by market powers.

4.2 The market

It is difficult to define the market because of its constantly changing characteristics. Markets must be viewed in terms of their dynamic adjustment to continually changing conditions. A global market emerges when there is sufficient convergence in demand conditions across countries that firms can sell essentially identical products in different national markets. Global markets emerge when national markets can be replicated on an international scale. Markets are organised and institutionalised exchange. Market institutions help to regulate and establish a consensus over prices, communicate information regarding products, prices, quantities, potential buyers and potential sellers (Perraton 2000:176-177).

The rapid internationalisation of the world's financial systems over the last two decades has globalized the market. The liberalisation of the financial systems and services of a
number of major industrial countries permitted and encouraged the opening up and general internationalisation of the world’s major stock exchanges, banking systems and insurance service, thereby supplementing and reinforcing the long-term role of international currency markets (Barry Jones 2000:253).

The market is no longer an appendage of society, but society has become an appendage of the market (Duchrow 1994:27). In the past decade there has been a worldwide move towards market economies. There has simultaneously been a transition to democracy and the market. But the two do not serve the same master. Democracy represents the interests of the majority, while the market serves its own interests (Centeno 1993:307). The end of the Cold War appears to have momentarily assured an almost global consensus on the virtues of the market (Centeno 1993:327). Belief in the superiority and inevitability of the market economy has been strengthened by the end of communism (Blackwell & Seabrook 1993:2). There is a move away from state involvement in the economy and a shift towards market economics.

The market can, to some extent, be typified as a fictional reality because it can be disconnected from real productive activity. Overnight the manipulation of prices may increase wealth for some and make others poor. An important aspect of the fictional nature of the market is its dependence on time, fashion, and the sudden transformation of human needs. Human needs are socially created. The state enacts laws, produces regulations and encourages conformist behaviour which defines citizenship and therefore defines the needs of people in their capacity as citizens. At all levels of human association there are powerful forces seeking to influence the specification of what it means to be a member of society and observe social customs and advantages. It is mostly the rich who are the favoured recipients of the allocative mechanism of society. The powerful and rich are well-informed on the economic model and market principles that would benefit a country most. Incidentally it is also the model from which they benefit most (Townsend 1993:105-106, 121). The market is powerful but at the same time very vulnerable to sentiment which is determined by factors like politics, war, agriculture and differing perceptions. The market operates with drives such as need, greed and the hope of success and power. This is supported by the recent accounting scandals of corporations like Enron and Worldcom. The market is very vulnerable to the possibility of its 'fall', as well as factors like inflation, politics and national and international catastrophes, which include civil disobedience and actions from the unions.

The strategy of the holders of economic power is to persuade those necessary for their power and riches that they benefit from this game and only this one. They are persuaded to support the structures of their very own oppression. The market place seems to be neutral, but this is not the case. There is an inbuilt discrimination in which the market favours some and impedes others.

4.3 Trans-national corporations
Transnational corporations have become a major force on the world scene. Driving globalism are, among others, the top 200 multinationals which have total annual sales greater than the annual output of the United States economy. Of the 100 largest economies in the world, 51 are corporations, only 49 are countries. Mitsubishi is larger than Indonesia. Toyota is bigger than Norway. In reality a third of all trade is taking place between different subsidiaries or divisions of transnational companies and not among nations. Trade unions have limited power over these companies because of their diversified and maneuverable character.
5. The South African context

South Africa can be typified as a First and Third world country. Post-Apartheid South Africa is in the process of reentering the world economy after a period of economic isolation during the years of Apartheid. Although economic globalization seemingly advantage a few, it is difficult to see how the poor majority may benefit from it. The ANC government has adopted active policies to promote employment, human resource development and basic needs provision for the poor. This is in line with the traditional nation-state policies, discussed above. The government is simultaneously adopting policies to make the country attractive to the global market.

South Africa, which produces less than half percent of the world's GDP (Gross Domestic Product), depends on its relationship with the world economy for about 50% of its GDP. The country can, therefore, only hope to be effective in international forums if it acts together, in partnership, with others. According to Mr Tito Mboweni (2000), president of the South African Reserve Bank, the re-entry of South Africa into the globalized financial markets and the opening up to international competition led to a sharp increase in the participation by non-residents in the domestic financial markets. Non-residents are now responsible for about one-third of the turnover on the JSE Securities Exchange SA and approximately one-eighth of the volumes on the South African Bond Exchange. This has caused share and bond prices, as well as the exchange rate of the rand to be increasingly influenced by developments in the rest of the world. Turnover on the South African Bond Exchange, for example, increased from R2,0 trillion in 1995 to R12,4 trillion in 2001, while the total value of shares traded on the stock exchange rose from R63 billion to R606 billion over the same period. In the foreign exchange market volumes increased from a net average daily turnover of US$2,7 billion in 1995 to US$9,6 billion in 2001.

Substantial increase in portfolio investments and trade finance by non-residents contributed to a large inflow of capital but also resulted in greater volatility in the capital movements between South Africa and the rest of the world. A nearly consistent net outflow of capital of R48.3 billion in the period from 1984 to the middle of 1994 was turned around to a net inflow of capital of R61,3 billion from 1995 to 2000.

Growth in the financial and business services sector was driven by the intermediation of large capital inflows, a substantial investment in the local market by foreign financial institutions and an increased cross-border provision of financial services. The large inflow of funds over the past few years has enabled the Reserve Bank to increase the official reserves of the country from the equivalent of 6 weeks' worth of imports of goods and services in 1994 to 20 weeks' worth at the end of September 2001. The increase in the country's official reserves in recent years also made it possible to substantially relax exchange controls.

Although the objective of monetary policy has been better focused within the context of globalization, the integrated world economy has resulted in a more complex mechanism for transmitting monetary policy. The relationship between changes in interest rates, money supply and inflation has become less clear under these new conditions, compared with the period when South Africa was more isolated from external influences. As a result of large international capital flows, the effects of policy changes are being transmitted to a greater extent through critical indicators such as bond yields and exchange rates.

These changes in the transmission mechanism of monetary policy have reduced the credibility of the money supply as an intermediate guideline for policy. The integration of financial markets and financial innovations made the demand-for-money function less
stable. This was clearly reflected in a consistent decline in the income velocity of circulation of M3 of about 13 per cent from 1994 to 2000. The income velocity of circulation of M3 continued to decline strongly in the first three quarters of 2001. The money supply accordingly became a less reliable anchor for monetary policy.

Volatile capital movements further complicate the transmission mechanism under floating exchange rates, because of the impact that exchange rate changes have on the foreign transactions of a country. In a closed economy, the transmission mechanism runs from increases in the repo rate and other short-term interest rates through to longer-term interest rates and asset prices and then to aggregate demand and prices. The open economy version of the transmission mechanism under floating exchange rates runs from interest rates, to nominal exchange rates, to the absolute and relative prices of tradable goods and eventually to the prices of non-tradable goods.

In view of this more complicated transmission mechanism in a reintegrated global economy, the Reserve Bank has had to reconsider the framework that it applied in pursuing price stability. Informal inflation targeting using intermediate money supply guidelines was obviously no longer suitable in the changed international environment. In February 2000 the authorities therefore decided to adopt inflation targeting as the formal monetary policy framework of the South African Reserve Bank. In addition, considerable effort was made to increase the transparency of monetary policy (Mboweni 2002).

Trade reforms and the restructuring of some domestic assets increased domestic competition. However, the higher growth in domestic production was achieved with only a moderate increase in total employment, while employment in the formal non-agricultural sectors continued to decline. This accords with globalization critics who stressed that increased international market activity does not notably change the plight of the poor and unemployed.

From the above discussion it is apparent that although the reintegration of South Africa in the world economy has brought many advantages to South Africa, it has also forced more discipline on the management of the economy and on business enterprises. In an international economy any doubts about the appropriateness of economic policy, quickly become apparent in international investors’ decisions. Ill-judged economic policy measures can lead to painful adjustments forced on economies through the actions of participants in the markets. Mr Mboweni (2000), reflecting government sentiments, remains optimistic about the benefits South Africa will derive from engaging in the globalization process and the constructive role that monetary policy will play in this process by ensuring financial stability.

6. Nepad (New Partnerships in African Development)
South Africa can only be effective in international forums if it acts together, in partnership, with others. Nepad offers such an opportunity. Nepad can be considered to be the African effort to become a significant partner in the economic globalization process.

The colonial pattern of trade, in which colonies exported raw materials and colonial countries produce industrial products, is still a present-day reality. African countries export primary commodities (raw material) to the North and import industrial products. The world trading system is favouring exporters of manufactured goods (Khor: 2001:27-29). The sharp increase in the price of oil came about as a result of better coordination among oil-producing countries. If Africa could reach similar trade agreements as a region, it may very well change the past legacy.
The New Partnership for Africa's Development centres around African ownership and management. The newly established African Union (AU) forms part of this initiative and promises to be the first effective Pan-African initiative to deal with African affairs. Through this programme, African leaders are setting an agenda for the renewal of the continent.

Nepad’s stance on the global revolution can be captured in the following (with applicable articles in brackets):

- While globalization has increased the cost of Africa's ability to compete, we hold that the advantages of an effectively managed integration present the best prospects for future economic prosperity and poverty reduction (28).
- The locomotive for these major advances is the highly industrialised nations. Outside this domain, only a few countries in the developing world play a substantial role in the global economy. Many developing countries, especially in Africa, contribute passively, and mainly on the basis of their environmental and resource endowments (31).
- In part, Africa's inability to harness the process of globalisation is a result of structural impediments to growth and development in the form of resource outflows and unfavourable terms of trade. At the same time, we recognise that failures of political and economic leadership in many African countries impede the effective mobilisation and utilisation of scarce resources into productive areas of activity in order to attract and facilitate domestic and foreign investment (34).

In order to attain these ideals Nepad places a high priority on true democracy (79), and the development of capacity-building initiatives (83), and the improvement of public financial management (91).

The Nepad document is abreast with problems relating to globalisation. The agenda is based on national and regional priorities and development plans that must be prepared through participatory processes involving the people (47). One can only hope that Africa may on a regional basis have more negotiation power to ensure the access of African countries' products to international markets.

There are number of points that need to be renegotiated to change the negative impact of globalization on poor countries. The elimination of agricultural subsidies in the West, for example, would boost farm incomes and agricultural profits in poor countries. Another example is TRIPS (Trade-Related Aspects of Intellectual Property Rights). The TRIPS-agreement will severely hinder or prevent local firms from absorbing some modern technologies over which foreign corporations have intellectual property rights. This would curb the adoption of modern technology by domestic firms in developing countries. This will lead, for example, to a soaring of the prices of medicines. Paradoxically, countries in the North are increasingly using biological materials and resources from the South to patent biological materials ('biopiracy') (Khor 2001:43,47). Particular attention must be given to Africa’s debt problem. An international mechanism for the fair sharing of burden between creditor countries and debtor countries, and between international private creditors and domestic private debtors must be established. Khor (2001:63) suggests that credit-giving financial institutions should share in the loss should borrowing companies get into difficulties. The volatility of changes in exchange rates which contribute towards overall financial instability, constitutes one of the major problems that must be dealt with. The shifting of speculative capital around the world financial markets exploit currency, interest rate, bond rate and stock market changes.
The South African government's key priorities focus on the investment in people through better schooling, skills development, extending municipal infrastructure, targeting support for industrial clusters, small business development, strategic trade linkages, extending electrification and telecommunication networks. This lays the foundation for South Africa to contribute to the Nepad vision. External aid is, however, indispensable to make Nepad work.

It cannot be denied that the world economy is taking on totalitarian dimensions. From an ethical point of view, the creation of a social-ecological economic democracy seems to be a good alternative to pursue (Duchrow 1995). The ideal to create a life sustaining economy must be pursued vigorously. Paradoxes in the evolution of global economy, may have originated without intent, but need to be dealt with. Perhaps these paradoxes relate to the paradoxical nature of humans (including their needs and greed) – which does not mean that the status quo is simply to be accepted. Needs (and greed) are the most stubbornly unknown of all the unknowns with which economic science deals (Baudrillard 1995:69). Globalization cannot be understood without tenaciously questioning human motives and driving forces.

Globalization is an existing reality and a developing force. The magnitude and all-encompassing nature of it makes it difficult to single out obstacle or identify cures. It is human history in the making on a scale never equalled before. We are determined by globalization and are free to make new choices. Although South Africans produces only a half percent of the world's GDP, their contribution to African and global issues exceeds their economic output by far.

The determination of the human spirit, the influence of human values and the role that religion and ethics can play in shaping our world will co-determine the future of globalization. This, of course also entails a paradox. The very same human spirit, values, ethics and religion which can foster self-limitation, caring for and sharing with the other (environment, the poor) could be subservient to the very negative consequences of globalization, discussed in this contribution. Even an event like September 11 can drive humans both ways. This challenges us to vigorously promote the universal values related to the integrity of the planet and the well-being of fellow humans. The opening up of global space, and the transcendence of the confines associated with nationalism and the nation-state, leaves ample opportunities for us to play creatively our economic, political, intellectual, and ‘war’ games. These games, however, put all at risk, and any pre-determined outcome of the game, in favour of a few, must be prevented by rules that suit all players.


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