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Globalization, Enterprise, and Governance

What does a changing world mean for Canada?

Globalization is about borderless nations, stateless firms, infirm states, and a new frontier - without frontiers. That's the Reader's Digest version, popular with cocktail party cognoscenti and among those who imagine themselves, someday, attending the World Economic Forum in Davos, Switzerland. Globalization is emerging as the defining historical phenomenon of our times, transforming structures and conditioning outcomes across an expansive range of endeavour. It is a work in progress, a new order under construction, an expression of power relationships. Given the relentless diffusion of the mass media and entertainment industries and rising levels of trade and international investment, travel and immigration, education and communications, it seems likely that more of the same is in train. Loved or loathed, globalization can be resisted, but it can't be ignored.

Simply put, globalization is working at the supranational level to create a single world society. This is possible because fundamental change - greater interdependence and technological capacity; increased mobility of most factors of production; higher levels of market integration and liberalization; and deregulation, privatization, and a reduced role for government - has reshaped the world economy.

Globalization is an active and comprehensive process in which a critical range of activities - economic, social, and cultural - are transferred to the global scale. Because they contribute to

insecurity and threaten democratization, the political implications of globalization, too often overlooked, are profound. Perhaps more than anything else, the striking speed of globalization has generated attention. To date, and quite understandably, the negative aspects of globalization have dominated the debate. But because the process is dialectic in nature, it also provides opportunities for creative response. This aspect of globalization has been lost in much of the contemporary commentary. Those with a limited tolerance for ambiguity or uncertainty, be forewarned. It is extremely difficult to assign precise cause and effect to the various impacts of globalization. In some cases it accelerates or exacerbates change already under way, and in others the causal relationship is ambivalent or unclear.

The big picture, transformed

As the industrial age is supplanted by the information age, many economic constructions, political relationships, and diplomatic conventions established in the wake of the Second World War are being overtaken by events. Among a variety of colossal shifts, the end of the cold war and the dissolution of the Soviet empire, accelerated modernization and urbanization, and the dynamic emergence of the Asia-Pacific region figure prominently. Simultaneously, the triumph of transnational structures and forces has shifted much of the action beyond the purview of governments. In both theoretical and practical terms, many traditional assumptions which have informed our perceptions and underpinned the legitimacy of institutions and activities have become obsolete.

The exchange of goods among countries is being dwarfed by trade in services and the exchange of both goods and services within and between corporations: one third of world trade now occurs among units of the same firm. The lines between national and international, domestic and foreign are no longer clear, if they exist at all. The rules, players, and games are changing. Among and inside regions and countries, provinces and people, gaps are widening. This metamorphosis of the global political economy will affect the lives of individuals, the balance sheets of corporations, and the survival prospects of governments. Few will emerge unaffected.

The animus of globalization is corporate, its mantra is the marketplace, and its creed, adjustment. Globalization, the highest cosmopolitan expression of capital, is the apotheosis of the neoliberal imagination and its most advanced manifestation. It has been expedited in recent decades by revolutionary technological change, first in transportation and communications, then in electronics, computerization, semiconductors, and software. Advances in information technology have reduced costs dramatically, and extensive databases, fibre-optic transmission, and interconnections between networks have compressed time and space.

Multinational corporations are the primary agents of globalization. They control information, markets, investment, financial flows, and employment practices. Their weight and presence are huge: 51 of the 100 largest economies in the world are corporations; Mitsubishi generates more annual economic activity than Indonesia; sales by the 200 largest firms exceed the combined economies of 182 countries. Although globalization is a product of the activities of the multinationals, it relies as well on a complex of political institutions and conditions such as

regional integration, international trade negotiations, and the continuing conviviality of multilateral organizations. United Nations Security Council muscle will still be required, on occasion, to compel the unco-operative or to quell interstate or intrastate conflict, but the real action will increasingly be in the World Trade Organization (WTO) rather than the General Assembly.

In the era of globalization, the international community will stumble around crises like Rwanda or the former Yugoslavia, but when core interests are not at stake, peace-building performance is unlikely to improve. On the other hand, a Desert Storm II, or its equivalent, would be a near certainty if strategic energy or mineral supplies are jeopardized.

To what end?

The bid to secure profitable parts of the world for business brings with it a whole new dispensation in which world wars are out and world markets, sourcing, and product mandates are in. Geopolitics has given way to geoeconomics. Indeed, globalization is girded by, and dependent upon, an interrelated constellation of macroeconomic policies. These include, inter alia, free trade, structural adjustment, market liberalization, and drastic public spending and programme reductions, combined, in the underdeveloped world, with the imposition of policy conditionality and deep cuts in development assistance. Globalization's intimate association with this framework suggests that it is not neutral. It leaves in its wake winners and losers.

By integrating markets and extending networks, globalization expands the scope for democratization, even as it cheapens the content and corrodes the broad cultural base upon which democracy depends. By disseminating vast quantities of information, it undermines monopolies previously enjoyed by some governments and corporations, even while it concentrates and reinforces the power of a smaller number of key players. By subverting repressive, authoritarian structures, it contributes to liberating political change, even as its tendency to sharpen economic inequalities undermines the delicate social contract upon which all representative institutions ultimately depend. Globalization creates efficiencies but breeds insecurity.

The end of the cold war removed the last, slender constraints on globalization. Decreasing aid flows and reductions in other forms of support have contributed to the over-use or degradation of dwindling resources across broad tracts of Africa, in sizable areas of south and central Asia, and in parts of Latin America. Under the banner of economic liberalization and reform, a new international division of labour is transforming the global village into a patchwork of gated communities amidst a vast hinterland of shantytowns.

Whatever qualities one might wish to associate with the powerful efficiency of the global economy, the distribution of wealth is increasingly skewed. Unfettered markets and corporations accountable only to investors may have their virtues, but equity is not among them. For this, and other reasons, there will be no peace dividend. Peace, such as it is, is heavily armed and punctuated by low intensity conflict and the occasional enforcement action. With gaping

inequalities emerging as the essential element of the 'new world disorder,' human security can hardly be expected to flourish.

Inclusion for consumers

At the international level, and notwithstanding the occasional recourse to coercive force, guns will remain a last resort. Globalization's most obvious, and possibly most powerful, milieu is cultural, manifest through technology, popular entertainment, and the media. The Internet is at the leading edge of the current wave, but with the satellite-enhanced penetration of television and the spread of VCRs and video rentals, an international community united by similar tastes and appetites has been in formation for some time. At the most fundamental level what is most remarkable about all of these media is that they share a look, a feel, and an ambiance which derive from common production values.

In the early 1980s, filmmaker David Cronenberg probed the assertion that 'video is the retina of the mind's eye.' His vision was disturbing, and since then the scale and intensity of electronic homogenization has grown. We should ask: what kind of culture is being created, what kind of norms are being imparted as a result of constant saturation by the latest in broadcast and information technology? To a large extent the values transmitted are those associated with the uninhibited pursuit of self-interest. What are the implications for democracy when in the United States 43 million more people watched the superbowl than voted in the last presidential election?

This is especially worrisome because what happens in the United States usually happens elsewhere - in cultural terms, globalization and Americanization are largely indistinguishable.

Television has long been recognized as a potent medium of cultural influence, part fifth column, part narcotic. Now, with more people spending more time tapping on keyboards and gazing into monitors, we are being collectively drawn ever deeper into cyberspace and further away from the reflective habits of the Gutenberg galaxy. And the web sites, like the billboards, the music, the television, the films, look much alike. From Tokyo to Toronto, Santiago to the Seychelles, Halifax to Harare, places and people are losing their distinguishing characteristics. Aspirants to the emerging world class drink Coke, drive Toyotas, shop in malls, and fancy themselves in the united colours of Benetton.

Among the newly affluent and the legions of wannabes, personal consumption and lifestyle are the most desirable ends. An interest in public affairs, community service, or political engagement just doesn't fit. The disadvantaged, and all those ill-equipped to protect, defend, or even effectively express their interests, are given barely a thought. Concern about the welfare of the underclass, wherever they live, is not part of globalization's calculus.

On the margins, both inside developed countries and on the periphery of the North America-Europe-east Asia axis, billions have never surfed the Internet and can't afford Nikes - or, for that matter, Nike knock-offs. Others opt deliberately for locally produced sandals. For some, non-governmental organizations (NGOs) provide a locus of resistance by organizing at the grassroots

level around labour, environmental, human rights, and democratic development issues. NGOs, however, can often be accommodated, or, with the help of governments and foundations, co-opted.

A growing number of those stuck permanently on the outside looking in have turned to the identity politics of ethnic nationalism or found voice in fundamentalist religious movements. These mass-based political and cultural alternatives tend to run more directly counter to the mainstream and are significant, even if they are less immediately visible.

Events in the margins will never receive protracted prime-time attention or centre-stage billing. If vital interests are not at risk, coverage will be limited to disasters or conflicts, treated as unfortunate sideshows, instantly terrifying and just as soon forgotten, commanding about as much serious or sustained international attention as the civil wars in Sri Lanka, Sudan, Liberia, and Afghanistan.

Nevertheless, though the signal may be faint, stay tuned. From liberation theology to appropriate technology, the margins are a primary source of alternative approaches and creative responses. Moreover, as the absence of news on events unfolding in Zaire or Albania or inside the former Soviet Union during the lead-up to its disintegration illustrated with some force, the judgment of the international media is fallible. Across a vast expanse of peripheral humanity, alienation appears to be growing. In more than a few former neighbourhoods, ethnic, religious, and political resistance has been articulated through violence.

What about growth ... and development?

Development is a precondition to human security and democratization, and development prospects are conditioned by history and geography, demography and ecology, technology and resources. Globalization, however, worships at the altar of growth, which is now almost undisputed as the primary indicator of national achievement, good governance, and business acuity.

Donor countries and agencies, the World Bank/International Monetary Fund (IMF), and the regional development banks play a central role in the globalization process through their enthusiastic promotion of growth-centred national strategies, based on expanded trade and investment, worldwide. The strict policy conditions attached to aid and loans are a powerful instrument for advancing international economic integration, but the price is significant. Equipped with heavy machinery and maps derived from infrared satellite imagery, deregulated and unimpeded by the burden of government controls, from the rain forests to the tundra Adam Smith's acolytes are exacting a heavy toll.

Belief in the immutable and indivisible harmony between man and nature lies near the centre of many of the world's great religions. In a growing number of countries, however, this conviction is becoming impossible to sustain. No matter how vivid the dream, how convincing the advertising copy, the ethics of environmental stewardship and sustainable development seem irreconcilable

with the central elements of globalization. When measured by growth alone there are success stories, especially in parts of Asia and Latin America. But even these are beginning to bump up hard against the outer environmental limits to growth. Ten years of unconstrained double digit growth in much of east and Southeast Asia has given rise to environmental pressures which are approaching or exceeding tolerable limits. Street children with symptoms of lead poisoning; steeply deteriorating soil, air, and water resources; pollution and congestion reaching unparalleled intensities are increasingly the rule rather than the exception.

The gritty truth is that life in many celebrated economic success stories does not jive with the naive boosterism of neophytes which still suffuses much of the reporting on the wonders of growth. One visit to a coastal city in southern China or the capital of any Southeast Asian economic miracle should be enough to raise major questions regarding the ecological costs associated with the present course. The earth's ecosystem cannot tolerate a doubling - let alone a quadrupling - of the number of people living at anything close to first-world levels of consumption. In any scenario, constraints must come; perhaps that is the more profound message embedded in the recent Asian currency crisis and stock market meltdown.

... and financial flows?

The multinational operations of the huge corporations and banks which drive globalization generate substantial amounts of hot money; technology and the integration of world financial markets allow them to move it about internationally with great ease and speed. This raises critical

issues about speculative flows of short-term investment and flight capital and calls into question the continuing effectiveness of the Bretton Woods financial institutions. At the same time, record bank profits have added to the growing body of empirical evidence which demonstrates that the financial sector has benefited most from the liberalization of financial markets. Tax and revenue authorities can't keep up: whose interests are being served by deregulation?

Arbitrage and the global trade in cash have become major features of the world economy. About US\$1.3 trillion in foreign exchange is traded daily. In search of speculative opportunities, or spooked by rumours of instability, international capital - hot money - moves among and between national economies with striking speed, often in pursuit of the slightest margins. Such movements can be tremendously destabilizing. Countries such as Mexico in 1994 are seen as attractive investment destinations one day and face a run on their currency and an interest rate spike the next. Korea and a raft of Southeast Asian countries were widely praised as success stories, yet now must swallow the IMF's bitter prescriptive pill. Over the medium term, such corrections may have a tonic effect, but the dislocations and social costs attributable to the cure are perilous. What kind of system turns yesterday's prodigy into today's basket-case?

In the absence of effective regulation, global financial markets will remain volatile and potentially hazardous. Ad hoc responses, and a measure of good luck, have sufficed to date, but the next failure could be much larger than the collapse of Barings Bank or the Orange County bankruptcy or even the Mexican peso crisis. The repercussions of a major bankruptcy could be catastrophic. How many national bail-outs can be financed, and who benefits from the terms of the rescue

packages? Put another way, what is the message when money becomes the most traded commodity in the world? And how can weakened states cope with the power of markets when they turn predatory and destructive, depreciating the value of human capital and disassembling the social infrastructure?

Globalization, national affiliation, and sovereignty

Corporations are growing increasingly cosmopolitan and sophisticated, able to respond to challenges and exercise influence with subtlety and nuance. Circumstances may still dictate the occasional hiring of mercenaries or subverting of governments, but most days corporate power is more effectively wielded through local consultants or sympathetic national or international organizations.

The received wisdom is that corporations have become stateless, and in general the location of a company's head office is increasingly incidental to corporate priorities and objectives. The internationalization of production, in combination with the lure of tax avoidance, has largely brought an end to corporate affiliation with countries of origin - except, perhaps, when foreign assets are threatened or when it suits marketing objectives. United States flag patches, for example, have again become a popular ornament on denim apparel - much of it made in Indonesia or China or Bangladesh.

For the most part, major corporations raise capital in international financial centres, do their design work in nodes of creative expertise, assemble where labour market conditions suit, pollute where regulations or enforcement are weak, market where demand is strong, and so forth. With the exception of demands related to trade policy negotiations and the control and policing of intellectual property rights, it is in the interest of multinational corporate managers to retain at most an arm's-length association with host governments. No sinister plots here, just rational responses to objective conditions.

The global negotiating agenda over recent years has been good for business. Dreams of the North-South dialogue and a new international economic order have receded into distant memory and in their place stand the WTO, Asia-Pacific Economic Co-operation (APEC), and a host of regional trade liberalization agreements. Successive rounds of trade talks have brought widening agreement on basic principles intended to facilitate competition, while protectionism has acquired a bad name.

In such areas as terms of entry, access to technology and intermediate goods, and the treatment of investment capital and remittances, most barriers are down. The Multilateral Agreement on Investment (MAI) promises to level the international economic playing field yet further - for certain types of players. When differences do arise, reference can usually be made to one or another of the dispute settlement mechanisms that are standard features in most trade agreements. But these tribunals tend to meet behind closed doors, and neither their responsiveness to the public interest nor their accountability is well established.

Defenders of freer trade and unfettered investment argue that the transition to a rules-based system has brought a form of discipline to a world which would otherwise be governed by the law of the jungle. The existence of agreed rules is seen to enhance accountability, improve performance, and curb the worst unilateral impulses of the strongest players. Be that as it may, compliance with the provisions of international agreements has for many states translated into significant intrusions into the business of government, with broad implications for domestic management and national identity. Maximum efficiency in a global economy requires an unprecedented degree of policy uniformity, which in turn involves a substantial surrender of national decision-making control. In Canada, about which more later, one need look no further than the explosive growth in private health care and education facilities as the public system runs down. For some, these changes are the result of systems friction; for others they are a new imperialism. Whatever your preference, the impact of globalization on sovereignty, popular and national, is enormous.

Of public service

The policy harmonization required by globalization often translates, for practical purposes, into agreement on the lowest common denominator. This erodes human security in advanced industrial countries and elsewhere. No one should defend duplication or waste, but responsible social spending, for example on education and health care, is an investment in human capital and an essential component in any sophisticated development strategy. Quality of life, which is a

much more useful indicator than qualitative measurements alone, is becoming a critical comparative advantage, particularly in attracting high value-added enterprises. Nonetheless, the apostles of the marketplace have triumphed, even in public policy circles. With few exceptions, no matter how progressive the programme or how effective the administration, the siege and pillaging of the public sector will continue.

So, markets rule. Markets can perform many useful functions, especially when it comes to the rapid allocation and deployment of resources. But they also have inherent weaknesses, notably they are driven, ultimately, by greed and fear and respond to opportunity rather than need. If they behaved rationally, markets would be predictable, and everyone would be rich. Instead, a cautionary word from the chair of the Federal Reserve Bank in the United States can result in chaos. Oscar Wilde was right: the problem with relying on markets is that while they can put a price on anything, they put a value on nothing.

Accordingly, the ethic of universal and equitable access to services is giving way to contracting out, cost recovery, and user payment. That this has occurred at the same time as service reductions, regulatory rollbacks, and a transfer of the burden of taxation from companies to wage earners has led some analysts to conclude that globalization is tantamount to the imposition of some kind of corporate agenda, the accumulation of corporate power under the guise of an attack on government.

Study after study has shown that most government programmes benefit middle and upper income groups, that tax expenditures benefit wealthy corporations and individuals, and, in the absence of progressive mechanisms to redistribute it, that wealth tends to accumulate upwards. Even so, with little debate and less defence, government has been saddled with the responsibility for all of the economy's ills and has been evicted from large areas of its former territory in transportation, communications, environmental protection, resource management, and health care. Except for foreign affairs, defence, and finance, and a few other core policy areas, the apparatus of the state has been stripped, public services have been repackaged as business opportunities and corporatized, privatized, or simply vacated, and large swathes of regulatory, administrative, and programme delivery capacity has been dismantled or sold off.

This withering of the legitimacy and domain of state activity has produced both policy paralysis and a recalibration of the popular vision of government. Within élites, the benign image of the state as the embodiment of shared convictions, arbiter of competing demands, and agent of distributive justice has been eclipsed by pro-business, anti-government values. The welfare vocation - predicated always on a degree of national protection and the isolation of certain services from market forces - has given way to the new imperative of competitiveness. The scramble is on to deregulate.

Despite lip service to the contrary, governments have largely given up on distributive justice as they struggle less to provide for the disadvantaged and more to attract investment and create

suitable 'enabling' environments - through tax holidays, zoning exemptions, loan guarantees - for business. These priorities are not propitious for democratic development or human security.

Private interests

For most nations, previously autonomous actions such as the establishment of interest and exchange rate levels have become, in large part, a function of international capital markets. Indeed, in an integrating world economy, national financial well-being is increasingly conditioned, if not determined, by the sorts of international monetary and investment flows discussed earlier and by the perceptions of those who control them. Could the fate of a nation be decided by a 28 year old MBA in red suspenders whose responsibilities include the assessment of sovereign creditworthiness for a major Wall Street bond rating agency? It is not inconceivable.

Nor is it hard to understand why there is a growing sense of powerlessness and anxiety. Capital and technology are highly mobile. Labour, however, is much less so, and governments - repeated attempts by the United States notwithstanding - cannot legislate beyond their political territory. Neither parliaments nor trade unions have much leverage when faced with a run on their currency or the threat of corporate relocation to an export zone sweatshop somewhere in the economic South. And as the number of homeless and reliance on food banks grows, globalization is bringing more and more aspects of underdevelopment - economic, social, political and cultural - home to roost in the industrialized world. Most member states of the Organisation for Economic Co-operation and Development (OECD) face continuing high unemployment and underemployment,

which exerts downward pressure on wages and incomes and is helpful to the employer in collective bargaining.

Meanwhile, professionals, senior managers, entrepreneurs, and knowledge workers keep the myth of opportunity alive, prospering beyond the dreams of those stuck in McJobs. Or, stuck without them. In the era of the jobless recovery, many young people and a growing corps of the downwardly mobile who have fallen out of the middle class face a difficult and uncertain future.

... and the residual state

Democracy and human security are relative concepts, but at a some basic level they turn on economic well-being, social justice, and the absence of conflict. Along with the articulation of national values, policies, and interests, and their pursuit and projection abroad, these responsibilities have for centuries been a central part of what states do. But in the political culture of the millennial dawn, expect more enterprise, less governance. In OECD member states and in less developed countries, the severe shocks, backlashes, and social divisions that are the side-effects of globalization have impaired the durable construction and effective functioning of representative institutions. And when the role and wherewithal of government are in jeopardy, democracy and security will remain elusive.

While globalization will one way or another affect virtually everyone and everything, it heralds particularly tough times for states. In capitals around the world governments seem too big to do

the small things and too small to do the big things. Power is flowing upward to multilateral bodies, outward to corporations and NGOs, and downward to other levels of provincial and municipal government. Hollowed out by ethnic, religious, and regional uprisings from within, washed over by waves of supranational force, and undercut by subnational currents, governing has perhaps never been more difficult.

Is the end of the state near? Not quite. Certain roles will remain, and some, of necessity, may well be enlarged. Trade liberalization, macroeconomic policy reform, and structural adjustment tend to concentrate wealth. Neither the gains nor the losses from globalization are evenly distributed. As polarization leaves increasing numbers economically distressed and politically disenfranchised, government priorities may have to shift away from incentives to business and towards a more fundamental requirement: keeping the lid on.

As for domestic priorities, look not for national daycare but for the continued expansion of the criminal justice system, proliferating correctional facilities, and more heavily equipped security forces. What some have called the residual state may be closer to a police state, or, à la Singapore, a *virtual* police state - no social problems or violence, enforced limits on freedom of association and expression. A 21st century version of the national security state does not auger well for democratization anywhere.

Civil society at risk

How, then, has globalization forced authoritarian governments - in Latin America, Southeast Asia, Taiwan, South Korea - to become more democratic? Again, we are left peeling back the layers. Gwynne Dyer, Francis Fukuyama, and others are convinced that the triumph of democracy over dictatorship looms as one of the major historical themes of the late 20th century. A more searching assessment might conclude that globalization has narrowed political options in countries with long-standing democratic traditions and complicated the transition to democracy most everywhere else.

Indeed, the greatest impact of globalization may be the extent to which it has engendered a palpable dissonance within and between existing forms of economic and political organization. On the one hand, multinationals have leap-frogged ahead of any countervailing form of authority and are accountable only to their shareholders, many of whom are other firms or large investment funds with little or no interest in corporate responsibility. National leaders, on the other hand, remain accountable to electorates, but their ability to control or even to shape outcomes is diminishing rapidly. When power without accountability meets accountability without power it seems a safe bet that the sharp distinction between commercial and political choice will translate into volatility.

The industrial revolution provided the tools and resources to transform countries into nation-states and then welfare states. To a greater or lesser extent, these modern political constructs permitted the accommodation of heterogeneity by imparting a sense of common civic culture based on shared values and interests rather than ethnic, linguistic, or religious particularity. In

developed countries, the historic compromise between capital and labour, expressed as social democracy and seen by some as one of the greatest achievements of this century, is unravelling under the pressure of global competition and shifting factors of production which favour employers, investors, and others who control capital. This winnowing of the middle ground is especially profound in the United States and Britain but is increasingly seen in Canada, the countries of the European Union, and Japan.

To be sure, democracy is spreading, but representative structures and institutions everywhere seem frail and dysfunctional. In many countries elections are treated as little more than quaint rituals or light entertainment. This is disheartening in itself but also because it is just one more symptom of the insidious erosion of choice chronicled by Noam Chomsky. The media, especially the free press, is to the democratic process what wind is to sails. Yet one of the effects of convergence is a shrinking number of independent media voices; one need look no further than Canada for a convincing case in point.

The result is another paradox. Broad coverage of emancipating political change can bolster resistance to arbitrary authority and kindle the spark of rebellion, even as the concentration of media ownership and control limit the diversity of opinion and stifle dissent elsewhere. Shrinking horizons, stock perspectives, and the sonorous tones of the like-minded are not conducive to the sort of diverse and pluralistic debate in which open and democratic societies flourish.

In both public and private sectors, globalization has brought massive job cuts. In the name of restructuring, which does not necessarily maximize efficiency or increase productivity, OECD countries have experienced a staggering loss of salaried positions - and decent benefits packages - to relocation, outsourcing, and contract labour. Whose interests are served by such measures? Even George Soros has come to recognize that the rush to competitiveness, which has rehabilitated social Darwinism and made it respectable, exacts painful social costs. Its latest incarnation - the struggle of each against all - extols the survival of the fittest in a laissez-faire environment marked by a chilling absence of commitment to the common good. This is a substantial retreat from a set of more co-operative principles accepted, until recently, as the hallmarks of contemporary civilization and advanced human development. Social justice requires deliberate moral and political action; globalization is conducive to neither.

As the consensus breaks down and economic disparities grow, social peace will surely be tested. Remarkably, in most places the various stresses and strains have not yet been translated into fundamental political options. Indeed, the result has been quite the opposite. Political parties throughout the Western world have lost most of their distinctive ideological identity to free enterprise cheerleading. In the political mainstream in most countries, there is no longer a discernible distinction between right and left, except, on occasion, in rhetoric.

Beyond spin control and sloganeering, politics has been reduced to an empty shell. That this probably has more to do with the changing needs of élites than with any general shift in the

disposition of the polity is an interesting observation, but the point is that the very nature of the political process has changed. Who benefits?

Globalization has generated enormous challenges throughout the industrialized world. At the same time, the ability of underdeveloped countries to deal with the consequences of neoliberal reforms - welfare reductions, programme cuts, privatization, marketization - has become more constrained. The imposition of 'reforms' in the context of structural adjustment, aid conditionality, and the like has contributed to the desperate circumstances which, in combination with population pressure and resource scarcity, give rise to feelings of intense insecurity among those most affected. As we have seen in ex-Yugoslavia, around the edges of the Russian Federation, in Algeria, and Egypt, and elsewhere, those on the losing end of the global competition seek shelter or succor or meaning in political extremism, religious fundamentalism, and virulent forms of narrow, exclusionary ethno-nationalism.

The alienated and marginalized are likely to try to construct a new identity founded on a compelling vision of a brilliant and often utterly unattainable future or on shared, and often dreadfully distorted, memories of an idyllic past. Intolerance and demagoguery thrive in a climate of exclusion. It chokes popular sovereignty and precludes the development of an open and inclusive political culture. In their absence, insecurity is inevitable, and democracy cannot take root or grow.

Despair is the mother of fanaticism, and hopelessness often gives way to violence. In an era of failed states the international community - often by default - is left to deal with both the causes and the consequences through conflict resolution, peacekeeping ventures, or, with increasing frequency, reliance upon heavy-handed security measures to protect potential targets at home. Herein lies another irony: by embracing globalization as the only world order model, the international community contributes to the very problems which it must then address.

Oh, Canada ...

All of these observations resonate deeply in Canada, which trade, travel, and immigration figures suggest is one of the most globalized countries. To the extent that statistics tell the tale, Canada's trading performance and general economic prospects have never looked better. With the notable exception of employment, most macroeconomic indicators are pointing up. Immigration has provided a diverse array of talent and skill which has contributed enormously to Canada's comparative advantage and to a real competitive edge. That puts Canadians in an excellent position to do business anywhere and to offer other countries less experienced with globalization the benefit of lessons learned here.

But there is more. With rapid technological change, privatization, deregulation, and policy reform in full swing, Canada is itself undergoing a form of structural adjustment. These changes, as elsewhere, are accompanied by a predictable litany: the condition of public finances remains

parlous, greater discipline is required to reduce debt, services must be further rationalized, taxes must be cut. Get government off our backs ... Sound familiar?

National policies, expressed through approaches to medicare, social programming, pensions, and income support, are facing relentless cost pressure and, in some cases, sustained attack from those favouring harmonization - usually a code for further reductions. Globalization has placed the discussion of comparative levels of social service front and centre in the domestic debate and made the lowest common denominator relevant. This in turn has raised questions about security in all areas of national policy specifically exempt under existing trade agreements. The present crisis over universality and access in health care, the outcome of which seems anything but a foregone conclusion, looks very much like a harbinger of things to come.

According to the United Nations, Canadians enjoy the highest quality of life in the world. A relatively small population, a rich resource base, and the historical inertia provided by relatively high levels of public service and effective planning and regulatory mechanisms all contribute. But broken windows and peeling paint in public schools, line-ups in hospital emergency wards, and a thousand programme cuts suggest that Canada's position is far from secure. Even in once favoured places - Argentina , Burma, Sri Lanka, and elsewhere - where things have gone terribly wrong. Evidence of Third World lifestyles in the streets and shelters and over warm air gratings in all of Canada's major cities suggest that we, too, are losing something worthwhile.

In Canada the dream of a politically distinct, economically coherent entity organized from east to west has largely given way to what some see as the most potent iteration of the globalization process - the relentless southerly pull of continentalism which continuing decentralization has exacerbated. A weaker centre is less able to establish the sorts of conditions which give rise to sustained prosperity. Governments are responsible for creating and maintaining the policy, institutional, and infrastructural framework necessary for continuing economic development. The question remains: to what extent is globalization an obstacle to obtaining for Canada a secure place in the upper reaches of the new international division of labour? What are the prospects for maintaining Canada's enviable quality of life, which has, among other things, attracted capital intense foreign investment?

It has been suggested that globalization could lead to an interpretation of Canadian social programmes as investment subsidies, as some kind of offence against a level economic playing field. Is this sort of issue suitable for reference to one or another dispute settlement mechanism? As suggested earlier, reversion to trade tribunals necessarily shifts the locus of decision-making away from parliamentarians and representative institutions. But are these technical bodies a likely source of enlightened public policy? Is transparency at risk? Globalization raises a host of fundamental public policy issues, too few of which are being publicly debated.

Finally, globalization will continue to figure centrally in the spectre of separation which continues to haunt Canada. To address this most hardy perennial issue, the federal government may have to go well beyond Plan A or Plan B to articulate a compelling vision of Canada as

something greater than the sum of its provincial parts. Any province electing to depart would lose something more than its share of the whole, and all of us would emerge diminished.

Globalization is relevant to the unity file because it weakens states and is prejudicial towards precisely the types of programmes and commitments required to give form and substance to the *idea* of Canada. The rigours imposed by fidelity to fiscal responsibility and balanced budgets have hobbled the capacity of the central government to act in the national interest and to elaborate an appealing vision of the whole.

Resisting the force of globalization is difficult enough, even for the strongest. Could an independent Quebec defend and protect its interests any better than has been possible within the larger framework of a united Canada committed to bilingualism and multiculturalism? In the absence of the bulwark provided by the rest of Canada, it is almost certain that Quebec would face a cascade of new difficulties in areas with which it has had little direct experience - foreign and trade policy and defence. Meanwhile, bereft of a francophone component, the remaining Canadian provinces could be hard pressed to find binding commonalities amongst themselves and could well be individually attracted to some form of affiliation with the United States.

In short, Canada as presently constructed is - at minimum - better able to absorb losses and defend its core interests. Larger units can muster greater resources and avail themselves of certain political economies of scale. Canada is already an extremely devolved federation; there is no reason that Quebec's cultural and social aspirations cannot be fulfilled within a wider synthesis which complements the determination of the rest of the country to remain united. Fragmented, all

bets are off, and the divisive debate over territorial integrity and partition are just the thin edge of the wedge.

There is another, more controversial dimension to the efforts of the government of Quebec to achieve sovereign control over the province's political affairs, geographic territory, and destiny. This quest has been animated in large part by some members of the majority of old stock Québécois who trace their roots back hundreds of years. Probably too much was made of the commentary directed at newer arrivals by some representatives of the Parti Québécois leadership around the time of the last referendum. Yet many observers, including many Québécois, have expressed concern over the appearance near the very centre of the sovereigntist cause of a seemingly ethnocentric, exclusionary quality.

In these and other respects the separatist project looks very much like a desperate rearguard action intended somehow to save Quebec from the effects of globalization which has transformed Montreal just as it has the country's other metropolitan areas. Is such a defence possible? Is it desirable? These are tough questions. Like most other dimensions of this complex process, globalization in the Canadian context cuts all ways.

Gloom, perhaps ... but not unremitting

Scrolling through these images of a globalized cultural landscape, the picture seems rather desolate but there is a glimmering of light at the end of the tunnel, and it may be something other than an

oncoming train. At the end of the day globalization is driven less by political conspiracy than by market consensus. Motor vehicles, walkmans, fast food, slick films, glitzy retail - multinationals do what they can to manipulate markets and shape demand, but in large part they give people what they want - or think they want.

I suggested at the outset that we may be caught in some kind of temporary lag which presages passage towards a more balanced future. Indeed, there may already be some early signs of institutional catch-up. Serious consideration has been given to a proposal by James Tobin, a Yale University economist, to tax international financial transactions, with a higher rate for short-term speculative flows. While this is an idea whose time has not yet come, implementation could produce revenues in the range of \$100 billion a year which could be applied towards ... capacity building and debt reduction for the poorest? Hope springs eternal.

There have, in any case, been more concrete developments. Labour and environmental sub-agreements, however imperfect, were retrofitted into the North American Free Trade Agreement, are front and centre in discussions within the WTO, and, along with human rights, are finding their way into the APEC and MAI processes. Trade unions, aboriginal confederations, human rights organizations, and ecological advocacy groups are all working to internationalize their operations, and in so doing provide some counterweight to the status quo. It's a start.

At the most elemental level, if globalization is the contemporary expression of a more familiar form of economic and political organization - empire - then it may, in the classic pattern, be

sowing the seeds of its own undoing and laying the groundwork for the next phase of world history. Reference has been made, for example, to the crucial role information technology plays in the globalization process. Falling prices, growing market penetration, and the impossibility of external controls have combined to expand greatly all manner of national and international communications. Anyone with access to a computer and modem can communicate over the Internet with anyone with similar facilities, anywhere. Electronic publishing is the equivalent of a vast intellectual ventilator, and the fan speed is being cranked-up daily.

Although access remains extremely uneven, the computer revolution is profoundly subversive of hierarchy and control, supportive of the ethic of democracy, and conducive to the exchange of ideas. In the classic pattern of the dialectic, similar countervailing parallels might well be adduced for some of globalization's other disturbing dimensions.

Is globalization cause for celebration or lament? At the end of the day the answer will be based mainly on personal values. For some, increasing poverty and inequality and the other sorts of changes sweeping Canada and elsewhere are unacceptable. For others, the private accumulation of capital is the greatest good. Globalization does create wealth, but not for everyone. It fosters dynamic efficiencies, but not everywhere. It forces new economies of production, but generates downward pressure on wages and working conditions. It makes national economies - or, at least, what is left of them - more internationally competitive, but it renders currencies and financial markets chronically unstable. And its price tag carries significant implications for good governance, democratization, development, civil society, and human security.

Globalization is an enormously complex and often vexing process which is working in ways both subtle and obvious to change almost everything. Difficult questions remain unanswered and important issues unresolved. For many Canadians faced with rising social costs, widening income inequalities, and accelerating environmental degradation, the evidence is on balance rather discouraging. But in this brave new McWorld, these are early days yet.

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