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The Future of Globalization
and its
Humanitarian Impacts

Shanza Khan, Adil Najam
Frederick S. Pardee Center for the Study of the Longer-Range Future
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PREFACE: SETTING THE STAGE

Globalization is not a new phenomenon. Nor is it likely to be a passing fad. Our modern usage of the term merely connotes the most recent manifestations of increasing global connectedness in what has been – and will remain – a dynamic and evolving set of global processes. Although the popular imagination tends to think of globalization as a primarily economic phenomenon, it is clearly more than that. And while globalization partisans tend to portray it either as something that is fundamentally 'good' or essentially 'evil,' it can, in fact, have either or both of those effects depending on what, where and how it is being studied.

The knowledge of the finiteness of the global perimeter and the technological ability to navigate this finiteness not only made the impacts of human activity more global, it also gave us the ability to think globally and therefore, the desire to 'manage' globally. Arguably, the modern humanitarian agenda is itself a result of this evolution. To empathize with the suffering of others is human, but the availability of information about the suffering of others many oceans away and the ability to do something about it required the type of processes that we today call globalization. Ironically, the same processes of globalization have sometimes contributed to an increase in, or new forms of human suffering.

Simplistic notions of wanting to focus only on certain (often, economic) manifestations of globalization or the desire to dub it either as predominantly good or predominantly bad are not only flawed but also dangerous. Dangerous because they lead to mis-diagnosing the problem, and therefore, mis-prescribing policy solutions. Globalization can only be understood as a multi-faceted and dynamic phenomenon. This paper seeks to do exactly that. The complexity of globalization comes not only from the realization that it involves many 'things' or that different people hold very different (and very strong) opinions about what it is and whether it is a good or bad thing. It also comes, importantly, from the recognition that globalization processes are dynamic and changing. The issue, therefore, is not just about how the future will be impacted by globalization today, but what the possible futures of globalization might be like.

Beginning from this premise, this paper cannot simply 'project' a future for globalization and then discuss what the likely impacts of that future might be on humanitarian action. Instead, we seek to ask and respond to a series of questions related to the past, current and future links between globalization and humanitarian action.

We begin in Chapter 1, by asking the 'What' question: *What is globalization?* There is a huge, contentious and largely unresolved literature on this question. We do not seek to either summarize or resolve this literature. Instead, this chapter focuses on identifying the key convergences within this literature that do relate to humanitarian relief and, in

particular, on identifying the key drivers of globalization and their most salient impacts. In particular, the chapter identifies the following areas as being of special relevance: (i) exclusion and inequality, (ii) human insecurity, (iii) health, (iv) cultural and social forces, (v) environment, and (vi) institutions and governance.

Chapter 2 then builds on this understanding of globalization as a process and elaborates on the 'How' question: *How do the key drivers of globalization impact the issues that are relevant to humanitarian action?* This chapter is necessarily descriptive and the focus is on identifying the way different globalization drivers impact key areas. The focus here is not on humanitarian relief itself, but on the issues that are relevant to it. The chapter is organized around the key drivers of globalization identified in the earlier chapter: (i) information, communication and technology, (ii) markets, (iii) mobility, and (iv) policy orientation.

Chapter 3 moves the discussion to the 'Where' question and asks: *Where is globalization heading?* Since projecting from current trends alone is insufficient, we outline three different scenarios of where global processes could unfold: (i) a Global Marketplace, (ii) a Managed Planet, and (iii) a Fortress World. We use a notional timeframe of 2050 for developing the scenarios and argue that thinking about them now is useful because even though none of the 'pure' scenarios might transpire exactly, a combination of factors from within these three dominant trajectories is likely to unfold.

Finally, Chapter 4 asks the most important question of all: 'So What': What are the practical lessons humanitarian relief organizations can derive from a better understanding of the futures of globalization? The focus of this chapter is practical and geared to highlighting ideas that can best lead to the creation of a better world at large. To keep the chapter focused, we have organized it around a set of policy-relevant questions: (i) What can be said with confidence about the future of globalization? (ii) Which of our future scenarios is the most desirable? (iii) Which of the drivers of globalization do we have the most ability to respond to and influence? and (iv) Which important impacts of globalization should we already be preparing for? This final chapter seeks to respond to these four questions as directly as possible.

CHAPTER 1: UNDERSTANDING GLOBALIZATION

The term 'globalization' has become a cliché to connote a variety of ways in which the world is interconnected, and becoming increasingly so. The expression is used in diverse contexts and encompasses a host of meanings and explanations.[1] Definitions range from "colonization"[2] to "the inexorable integration of markets, nation-states, and technologies ….in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before."[3] The normative notions of globalization remain highly contested, and the literature on its potentials and pitfalls is similarly divisive.

The literature on the subject of globalization is vast, meandering, inconclusive and contentious. This introductory chapter does not seek to summarize this literature, but rather to highlight from within it those strands that are most helpful in thinking about how globalization does and will impact humanitarian relief, and to identify the key drivers and impacts of globalization that humanitarian professionals should consider as they plan for the future.

This chapter begins with a brief discussion on how globalization is conceived by various scholars and the areas of convergence within these discussions. This is followed by an identification of the most important drivers and the key impacts of globalization that emerge from our review of the literature on the subject. These drivers (and through them the impacts) will be discussed in much greater detail in Chapter 2.

KEY CHARACTERISTICS OF GLOBALIZATION

Broadly, the concept of globalization has been approached through two linked but distinct lenses. By far the most prominent are conceptions emanating strictly out of the realm of economics. Of the hundred definitions reviewed, more than two-thirds refer to the economic roots of market expansion and the flow of goods, information, and technology. Proponents of this view see the drive towards globalization as being led by increased trade and capital flows. While they do not deny other accompanying changes, these are seen as products of the integration in the economic sphere. Jones (1998: 127) argues, "in essence, globalization is seen as economic integration, achieved in particular through the establishment of a global marketplace marked by free trade and a minimum of regulation." Such a viewpoint presupposes the growth of private, transnational entities to take over some of the traditional regulatory tasks undertaken by governments. As Soros (2002: 13) states, globalization then becomes "…development of global financial markets, growth of transnational corporations and their growing dominance over national economies." World systems theorist, Immanuel Wallerstein had presented a similar take on the process as early as 1974: "globalization represents the triumph of a capitalist world economy tied together by a global division of labor."

The second strand of definitions is broader and includes socio-cultural, regional, and political changes associated with globalization. For the most part, economic liberalization is not ignored in such conceptions but it simply becomes a sub-set of the overall process. Waters (1995: 3) argues: "Globalization is a social process in which the constraints of geography on social and cultural arrangements recede and in which people are increasingly aware that they are receding." According to Featherstone (1995: 6), "The process of globalization suggests two simultaneous images of culture. The first image entails the extension outwards of a particular culture to its limit, the globe. Heterogeneous cultures become incorporated and integrated into a dominant culture

which eventually covers the whole world. The second image points to the compression of cultures. Things formerly held apart are now brought into contact and juxtaposition." Held et al. (1999: 16) emphasizes both strands and maintains that, "In its simplest sense globalization refers to the widening, deepening and speeding up of global interconnectedness. Globalization can be thought of as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions - assessed in terms of their extensity, intensity, velocity and impact - generating transcontinental or interregional flows, and networks of activity, interaction, and the exercise of power."

Despite the lack of consensus around a precise definition, a number of underlying conditions are common to most interpretations of globalization, which could serve as useful starting points in converging on a universal understanding of the term. One of the most widely agreed upon conditions associated with globalization is interconnectedness and compression of global affairs. Almost all assertions acknowledge that events in any part of the world become much more relevant and have a much broader impact under a globalized scenario. Giddens (1990: 64) essentially sees globalization as intensified and compressed social relations: "...defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." An important driving force behind this integration is the advancement of communication and information technology. Reyes (2001) views globalization "as a set of theoretical claims, underlines especially two main increasing trends: (a) worldwide active communication systems; and (b) fluent economic conditions, especially high mobility of financial resources and trade." In the same vein, a recent Levin Institute report (2009) puts it aptly: "Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology."

Another recurring theme in the globalization literature is the dilution of state control over global processes, particularly over the management of trade and capital flows. The concept of territoriality becomes much less important in international transactions and human interaction as the process of globalization matures. A review by Scholte (2004) classifies the definitions into five broad sets: internationalization, liberalization, universalization, westernization/modernization, and deterritorialization.[4] Each of the first four possible meanings is declared 'redundant' as the basis of an adequate definition, with only the last offering the possibility of a clear and specific definition. Globalization thus means the process of "reconfiguration of geography, so that social space is no longer wholly mapped in terms of territorial places, territorial distances and territorial borders."[5] The same sentiment is expressed by Thomas (1997: 6): "…the process whereby power is located in global social formations and expressed through global networks rather than through territorially-based states." Deterritorialization then gives rise to alternative structures of governance that compete with the traditional nation state for division of responsibilities: "The main engines of globalization are the transnational corporations, transnational media organizations, intergovernmental organizations, nongovernmental organizations, and alternative government organizations".[6] Beck (2000: 86) expresses his view more bluntly: "Globalization - however the word is understood - implies the weakening of state sovereignty and state structures."

It is thus not remarkable that the implications of globalization are highly contested with globalization projected as the "panacea for all ills of the world or as their primary cause."[7] Proponents of globalization observe it as a convergence in global economic policies that leads to the creation of new resources and increased global wealth. Viewed

thus, the concept adheres to international capital theorists who argue that economic integration would dilute state control over policies to the point of total policy convergence across the globe. Moreover, in terms of the spread of commercialization and private sector activity driven by technological advancement, it is similar to the modernization paradigm, which envisages a linear, identical pattern of development for all states, albeit at different times.

Conversely, critics dismiss the very concept of globalization as an extension of western domination. The emotionally charged nature of much of the condemnation against globalization highlights the intensity of the disillusionment among opponents who view the phenomenon as an undesired end. According to Hirst and Thompson (1996: 6), "'Globalization' is a myth suitable for a world without illusions, but it is also one that robs us of hope. Global markets are dominant, and they face no threat from any viable contrary political project, for it is held that Western social democracy and socialism of the Soviet bloc are both finished." Neeraj (2001: 6-7) unabashedly maintains, "…it is nothing but 'decolonization' in a new garb."

The less charged variants of such accusations tend to focus more on the actual negative externalities resulting from the increased interconnectedness. Such critique is pointed more towards the failure of economic policies to alleviate concerns of the developing world, which are then causally linked to the onslaught of globalization. Opponents specifically argue that the current manifestation of globalization works to misuse resources and to reinforce poverty and inequality. Harris (1995: 279-80) argues that "Globalization refers in general to the worldwide integration of humanity and the compression of both the temporal and spatial dimensions of planet-wide human interaction." It "has aggravated many of the region's most chronic problems--such as the pronounced degree of economic exploitation and social inequality that have characterized Latin America since it came under European colonial domination in the sixteenth century."

The central challenge in defining globalization is to strike a balance between inclusive pronouncements and presenting a generic, overarching formulation. While a holistic approach would combine all the significant spheres including economic, political and cultural, Fiss and Hirsh (2005) caution against making it a grand contest of social constructions and an "umbrella concept". However, the more nuanced views also recognize that observing globalization as any one to the exclusion of others is simplistic. Ideally, globalization ought to be viewed as a process, a particular state, as well as a destination – both desired and undesired.

For the purposes of this paper, we adopt Al-Rodhan and Stoudmann's (2006) definition of globalization, which has the elements of integration and deterritorialization at its core:

> Globalization is a process that encompasses the causes, course, and consequences of transnational and transcultural integration of human and non-human activities.

A number of attempts have been made to evaluate globalization on regional and national levels, and to quantify in a comparative way the extent of the process. To this end, comprehensive databases provide useful indices for assessing the degree of engagement and integration of countries in the world economy as well as the political and social spheres. However, one must read them with great care because all are

prisoners to their own definitions of globalization. See Annex 1 for a complete discussion of these indices and their uses.

DRIVERS OF GLOBALIZATION

Globalization is not a new phenomenon. Discussions of such processes in terms similar to the ones used today can be traced back to at least the 1870-1914 period. Protectionist policies in subsequent years reversed many of the gains produced during this era. The second wave lasted from 1945 to 1980 while the origins of the third and present wave are identified around 1980. For many countries, trade and capital market flows relative to GDP were close to or higher in the first two waves. In the long run, globalization is likely to be an unrelenting force. However, as history points out, its momentum can be hampered by several factors including political will and availability of infrastructure. As recently as September 11, 2001, we have been reminded that the global flow of goods, services, capital, and people can be impeded by a single catastrophic event. Since 9/11, an array of travel restrictions continues to hamper human movement. Financial closure on international flows of capital has also been put under more stringent security protocols. In essence, the knowledge economy and the cost of doing business, among other sectors have been hurt badly. We project the key future drivers of globalization to be:

(i) information, communication and technology (ICT);

(ii) markets;

(iii) mobility; and

(iv) policy orientation.

While this list is by no means exhaustive, we believe that these drivers will constitute the fundamental elements of change in the future. At the same time, it is important to realize that future gains from globalization will be contingent on the extent to which countries are willing to embrace them together rather than in a staggered manner.[8]

INFORMATION, COMMUNICATION & TECHNOLOGY

Arguably, the most significant future driver of globalization would be the continued remarkable developments in ICT. The spread of technology and information is one driver that is widely tipped to continue its impressive achievements in the coming decades. Even if the pace of future progress is a fraction of the past three decades, technology will be able to compress the world further. As Kobrin (2001b: 34) claims: "the dramatic increases in the scale of technology, the internationalization and integration of production, especially the digital revolution, and the emergence of an electronically networked world economy will be impossible to reverse."

Technical progress in information technology and international communication, reflected particularly in the links of computerization, is the most critical distinction between the first and third waves of globalization. The significant increase in the processing power of digital technologies has propelled the information technology revolution, with positive spin-offs for relief technology systems, communication, and knowledge sharing. The acquisition of information and technology has facilitated trade in goods, services and capital. Given that the production and consumption of information is no longer contingent on time and place and that an increasing number of people have rapid access to it, global convergence in the construct of economic organization is

certain to accelerate. This has the potential of drawing developing countries into the frame more extensively in the future.

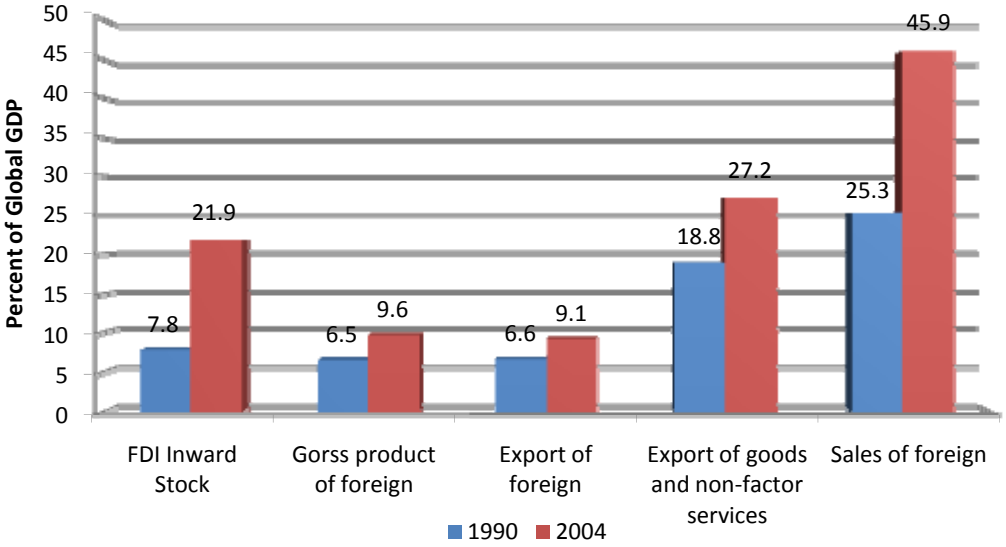
Technological advancement has not only made actions and transactions that were unattainable prior to the third wave of globalization possible, it has done so at a much reduced cost. Transportation and communications costs have been declining steadily over the past decade. To cite an example, cost reductions in telecommunications, processing, storing, and transmitting information make it easier to avail business opportunities around the world, and to trade online services that previously were not internationally tradable. Their utility and affordability is reflected by the fact that the per capita time spent on cross-border telephone calls has seen a four-fold increase between 1991 and 2006. The trend towards lower costs coupled with easy accessibility also had another critical positive externality; the use of technology and information channels is no longer the exclusive domain of large-scale business and trade entities. Instead, local and small enterprises across sectors are benefiting from their presence. From the global economy perspective, this situation is creating a new environment for carrying out economic transactions, utilizing productive resources, equipment, and trading products, and taking advantage of virtual monetary mechanisms.

Finally, the information technology revolution has spurred cultural communication,[9] with the media acting as the single most important transmission channel. The global media system, which commenced in earnest in the late 1980s, is now a significant part of the overall expansion and spread of an increasingly integrated global corporate system. Media has the power to promote and legitimize specific kinds of ideologies, ideas and practices in society.[10] For instance, contemporary globalization has been associated with the expansion of a new form of global consumer culture, which is a distinctly US culture, permeating other regions of the world through mass communicated images.[11] Whether the media's role as a global spokesman allows for greater ideological and cultural convergence or whether it spurs a backlash among societies receiving the message continues to be a live debate. Regardless, what is clear is that the media retains the ability to influence outlooks and decisions across the world and shall thus remain a key force in determining the future shape of a globalized polity. ICT has therefore been a crucial driver of globalization as it reduces temporal, spatial, and cost constraints, and allows for cultural communication on a mass level.

MARKETS

As mentioned, integration of world economies remains the predominant focus of much of globalization theorists. The fortunes of a liberalized economy then are an obvious driver of the future interconnectedness of the world. Current economic globalization is driven by capital market integration and Foreign Direct and Portfolio Investment as much as by the opening of markets to trade in goods and services (See Figure 1).[12] These two aspects, growth in cross-border trade (and fragmentation of the production process) and capital markets will remain an integral future driver of globalization.

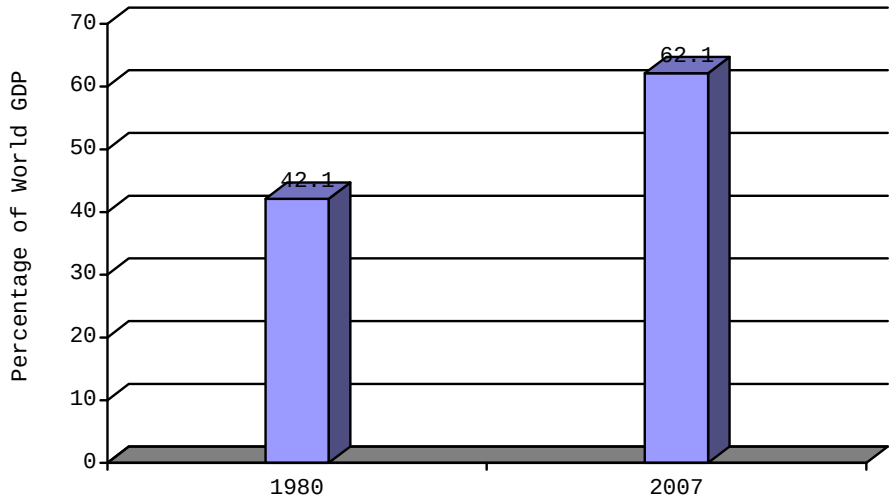
Figure 1: Rise of Global Economic Integration



Source: UNCTAD.

Thus far, the correlation between increased economic flows and the third wave of globalization is reasonably easy to decipher. The value of goods and services as a percentage of world GDP has increased significantly over time (See Figure 2). The data for FDI between 1985 and 2002 depict that the current world level of FDI inflows has increased by more than 10 times, increasing from US$ 58 billion to US$ 633 billion.[13] Remittances increasingly serve as valuable foreign exchange for many developing countries.

Figure 2: Trend in Value of Goods & Services



Source: World Development Indicators, 2007.

While an overwhelming majority of the literature argues that global economic flows are likely to continue rising, a number of stumbling blocks can impede progress along the way. The present global financial crisis underscores that backlash to markets can result in swift return to various methods associated with protectionism, as is being witnessed in much of the developed world. Similarly, the global North versus South is far from united on the manner and extent of economic liberalization that is optimal for the world. The WTO negotiations for instance, are holding a delicate balance at best. That said, even if the future pace of market liberalization is not as swift and smooth as proponents hope, market behavior is sure to be a pivotal factor in the future of globalization.

MOBILITY

Human mobility should be expected to go up tremendously to cater to the demands of globalization and in turn serve as a driver of the globalization process. Mobility, both short-term increased air-travel and long-term migratory flows, has increased significantly. Indeed, empirical evidence suggests that the number of foreign workers has increased from 78 million people (2.4 percent of the world population) in 1965 to 191 million people (3 percent of the world population) in 2005.[14]

Yet, surprisingly, the third wave of globalization has been accompanied by far less international migration than during the previous two phases. The aggregate number of people migrating account for only three percent of the world's population. A knee-jerk reaction may point out that the relationship between information flows and physical mobility is paradoxical: the ability to access information without physical relocation reduces the demand for mobility. While that may explain part of the puzzle, it is also a fact that as economies grow, greater manpower remains the engine that sustains the expansion. Moreover, reduced transportation costs and the ease of travel should also incentivize mobility. Why then, has international migration decreased in the current era of globalization?

The answer to this mystery lies largely in the artificial barriers erected by industrialized countries through stringent immigration laws, which make the current globalization process less friendly to international migration, especially of unskilled labor, than were previous waves of globalization. [15] Their reluctance to liberalize the immigration regime is partly a consequence of security concerns, also of a cultural backlash to globalization and concern over increased cultural heterogeneity due to excessive influence from immigrants. The stringent cross-border regulations on free movement across the world also implies that people caught in humanitarian disasters or those affected by civil wars or environmental degradation are unable to relocate at will from one country to another.

A dark side of the affordability of mobility is the astronomical increase in illegal human trafficking. The International Labour Organization (ILO) estimates 2.45 million trafficking victims are living in exploitive conditions and another 1.2 million are trafficked across and within borders. [16] The origins of the increased presence and efficiency of transnational crime and terrorist operations also lie in part in the affordability of mobility and ease of information transfers.

POLICY ORIENTATION

It is crucial to realize that the waves of globalization have been spurred by conscious policy decisions before managing to take on a life of their own. Policies have played an integral role in consciously opening up economies domestically and internationally.

Since World War II, many governments have adopted free-market economic systems, negotiated substantial reductions in barriers to commerce, and established international agreements to promote trade in goods, services and investment. Increased homogenization of policies and institutions around the world, such as trade and capital market liberalization, dismantling of the welfare state, and international agreements on intellectual property rights, have promoted globalization.[17] However, which policies and international agreements are selected (such as the adoption of international core labor standards) can influence can the social impact of globalization.

International organizations such as the World Bank, World Trade Organization (WTO) and International Monetary Fund (IMF) have played a significant role in deregulation between countries and regions. The effects of deregulation can be observed in several spheres. For instance, contemporary global financial markets are a product of the deregulation which started in the late 1950s, as the established structure of world banking disintegrated and an international money and capital market was (re)created.[18] Deregulation as witnessed in the staggered dismantling of barriers between various markets and institutions has since become the key driver in the construction of a new, market-driven global order.[19]

It is equally true that most of the details regarding the size, implementation and financing of national and international processes of globalization remain controversial. The International Financial Institutions (IFIs) have transformed their own views of economic management over time. Even now, a constant debate continues as they move away from the Washington Consensus to a Greater Washington Consensus promoting strong social protection measures within the free-market ambit. They are also standing by and watching governments nationalize major businesses and banks and induce protectionist policies to deal with the financial crisis. While it is easy to get caught up in the moment, more relevant to the future of globalization is the overall mindset that governments and IFIs develop over the extent of liberalization.

Likewise, immigration policies have a direct bearing on mobility. The same is the case for bureaucratic requirements that states choose to apply towards financial transactions and capital flows. If global security deteriorates and the developed world feels even more threatened, these policies may be tightened further and may thus hold back the pace of future interconnectedness. In an extreme scenario, military hostilities may further disrupt the quest for a single integrated market. Despite the 'de-territorialization' effects of globalization, the influence of sovereign governments should not be underestimated. States still have the power to erect significant obstacles to globalization, ranging from tariffs to immigration restrictions to perpetrating military hostilities.

KEY AREAS OF IMPACT

As mentioned above, a considerable part of the literature analyzing the impact of globalization is highly controversial. For some, globalization has been an instrument of progress while for others it has created poverty and marginalization. That said, there are certain areas in which a broad consensus exists, in as much as globalization is seen to have a definite impact. The potential impacts in these areas are discussed briefly below.

EXCLUSION & INEQUALITY

While the issue of whether globalization has alleviated or aggravated poverty remains contested, the literature on exclusion and inequality is less controversial. Inequalities, particularly income inequality, has increased both within as well as between countries, and been exacerbated due to divergent experiences at the individual level. In recent decades, the distribution of per capita income has widened. In 1960, the average per-capita GDP in the richest 20 countries in the world was 15 times that of the poorest 20.[20] Since rich countries have observed more rapid growth on average than poorer ones, this gap has widened to 30 times today. In fact, the poorest 20 countries have witnessed stagnant per capita incomes since 1960, while in some per capita income has actually declined. [21] Along with increased income inequality, the poorest countries have experienced declining shares in world trade, and the population in developing countries has been increasingly marginalized by the global economy. Pressures on land resources have particularly given rise to new forms of exclusion and disentitlements. A case in point is the Corporate Agriculture Farming (CAF) Ordinance, introduced in Pakistan with the purpose of attracting foreign investment, and improving the productivity and quality of export oriented agriculture products.[1] However, it had the effect of both eliminating the hope of the landless to obtain land from state owned property and placing small-scale farmers at a disadvantage.[22]

According to the World Bank, the poorest least-developed countries are in danger of being excluded from the process of globalization altogether. Between 1980 and 1997, the miniscule share of these countries in world trade had declined by half to 0.4 percent.[23] During the 1990s, their growth rates were negative on average, and access to foreign private investment negligible. Additional indicators corroborate this claim. While high-income countries' share in world portfolio investment remains at around 90 percent, the share of the low-income countries (excluding India) has decreased from around 0.04 to

1 Key features of the CAF include: (i) CAF is taken as an industry; (ii) agriculture companies will face no land ceiling; (iii) corporate agriculture labor will face no labor laws; (iv) CAF related imported machineries will have zero tariff; (v) land can be bought or leased for an initial 50 years and extended for another 49 years; and (vi) special financial support schemes through national banks and financial institutions.

under 0.01 percent.[24] The declining terms of trade present an alarming challenge for low-income countries.

Currently, 30 percent of the world's population resides in developing countries that have been marginalized by the global economy and are experiencing declining employment and labor standards.[25] While these economies are shielded to an extent from the instability coupled with volatile short term capital flows, they are also barred from availing the resources, energy and ideas inherent in globalization. Economies excluded from the globalization process are especially at a crossroads with regard to their own energy use and access.[2] It is estimated that in developing countries four out of five people reside without electricity in rural regions and have traditionally been reliant on locally collected biomass fuels. Due to the negative health impacts caused by these fuels and the exorbitant cost of importing fossil fuels, it is imperative that the opportunities offered by globalization to access newer and more efficient technologies, including renewable energies, should be availed. Concerns have also been raised that as the world economy becomes increasingly knowledge-driven a greater number of people will be marginalized, particularly if the digital divide cannot be considerably reduced.[26]

HUMAN INSECURITY

There is also an emerging consensus that globalization has increased economic and political insecurity, whether defined as job insecurity, lack of social protection, food insecurity or fear of terrorism, even for those who have benefited from globalization. The poor and the vulnerable appear to suffer disproportionately, particularly due to market failures that prevent them from adequately balancing income and consumption[27]. With the more industrialized countries, the increased flow of trade and capital has fueled the perception of vulnerability for some groups. Blue and white collar workers for instance, are apprehensive of being supplanted by cheaper workers in developing countries. The degree and unpredictability of capital flows has also raised the hazards of banking and currency crises as well as their costs. [28]

Trade proponents downplay the unemployment and 'adjustment costs' created by the movement of labor and capital from import-competing industries to expanding, newly competitive export industries by highlighting its transient nature. Though these costs are usually relatively minor, they pose a formidable challenge in many countries as they are typically concentrated in a geographical area or a few industries. Policy levelers possess a significant role as the potential ramifications of trade liberalization are dependent on the overall context in which is undertaken. High macroeconomic instability for instance can exacerbate the unemployment costs of trade opening by fostering uncertainty, which can prevent firms from investing in the export sectors that are supposed to create new jobs.

Although liberalization policies are being diffused globally, the effects produced are dissimilar depending on the cultural and socio-economic context.[29] The South has not observed a commensurate increase in social protection measures to offset the reduced participation of government in citizen's welfare. Conteh-Morgan maintains that the rise in intergroup tensions along enthnolinguistic, ethnoreligious, ethnoregional or class lines is because of a revival of primordial reactions due to the ideological vacuum cultivated by an authoritarian void.[30]

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2 The issue of energy is dealt with in depth in the climate change report – one of the four papers commissioned as part of the Humanitarian Horizons Project.

HEALTH IMPACT

Globalization presents a double-edged sword for the well being of humans. Specifically with regard to health, globalization provides both greater opportunities to tackle diseases while also increasing the likelihood of their spread within and between populations. On the negative side, growth of international commerce and movement of people increases opportunities for the spread of communicable diseases around the world. At the same time, epidemics of malaria, dengue fever, and yellow fever have followed flooding and coastal storms in a number of tropical developing cities in the past and are likely to represent an increased public health threat as three trends coincide: increased climate instability, decreased municipal financing for public health outreach, and growing numbers of rural poor. Under these conditions cholera is also a constant threat as is the spread of new viruses such as Severe Acute Respiratory Syndrome (SARS) or various influenzas.

Next, globalization of food supplies raises questions about safety standards for food production and processing. Many countries do not possess adequate health and sanitary safeguards, thus raising the potential for transmission of goods infected with pathogenic micro-organisms. The outbreak of Bovine Spongiform Encephalopathy (BSE) or mad cow disease in several European countries illustrates how trade can promote the spread of dangerous diseases. Notwithstanding, there is even disagreement on how stringent global trade-related health standards ought to be. The Southern block is increasingly complaining that the developed world is using WTO standards as a protectionist measure. It is far from clear if the world would be able to apply these standards uniformly in practice.

On the positive side, globalization can help develop synergies in medicinal breakthroughs; it can also improve access to medicines, medical information, and training that is necessary to treat or cure diseases. Efforts to contain outbreaks of dangerous infectious diseases require the rapid collection and transmission of detailed patient data to medical labs and public health centers. New technologies have assisted in this regard; health agencies have used satellite based global positioning systems to monitor the spread of viruses in different parts of the world. There is also a much enhanced ability to use new technologies to study the impact of heath interventions and target disease prevention programs.

CULTURAL & SOCIAL IMPACT

Perhaps the most obvious contribution of globalization is that it increases exposure of people to foreign cultures and societies, be it through items finding their way into countries through trade or through physical migration. The process inevitably begins to impact host cultures, values, and traditions. Globalization also impacts culture through processes such as the development of new cultures of globally connected professionals and business elites, as well as through diffusion of beliefs and values about broader issues such as human rights and social mores.

The dynamic on the cultural front is interesting in that concerns are raised both in terms of loss of cultural heterogeneity as well as a potentially explosive digital divide as the already poor and marginalized are isolated from the benefits of the cultural revolution. It is noteworthy that about half of the world's population has never utilized a phone and that Africa has only 2 percent of the world's telephone mainlines.[31] From a cultural perspective, new communication products are unifying patterns of communications around the world. There are those who fear that an excessive focus on material progress threatens the sustainability of development and the cultural

underpinnings of society.[32] Cultural capital is being lost as a result of the forced homogenization of tastes, beliefs and cultural markets. In countries such as France, fear is growing that its culture and heritage are being worn away by a universal culture "that looks strangely American" and reflects "the success of its melting pot, which in an age of globalization is exported world wide."[33]

There is evidence of cultural backlash from a number of societies.[34] Even here, however, there is a sense that globalization dilutes the influence and control people have in their interaction with the onslaught of foreign cultures. There is heightened concern that global trends and forces are affecting people and societies without the existence of channels through which people can participate in influencing them.[35] The cultural backlash has also given rise to an extreme sense of cultural and religious identity in some cases. Both nationalistic and religious extremism have been on the increase. According to the United Nations, Afghanistan, Bangladesh, Indonesia, Niger and Pakistan have especially witnessed the persistence of various types and degrees of religious extremism.[36] Inter-ethnic, inter-cultural and inter-religious conflicts and affirmation of cultural and social identities may well be a reaction to the fear of loss of cultural capital. The homogenization invoked by globalization is "superficial and limited to the material level of consumer goods used by people and a certain consumer culture that is artificially promoted by the media."[37] Religion, language and ethnicity constitute the primary means by which people reassert their cultural identities. As has been observed, some of these movements have mutated into fundamentalism and violence, especially in the face of suppression. Thus, the cultural and social impacts of globalization are such that the emergence of a global culture and the homogenization of variant cultures around the world are accompanied by a loss of cultural capital and an increase in conflicts associated with this perceived loss.

ENVIRONMENTAL IMPACT

Arguably, the most acute pessimism with regard to globalization's impact is in the environmental realm. With concerns such as climate change having cemented themselves in global policy discourse, the growth in unsustainable economic activity around the world is casting globalization in a negative light. Analysts are convinced that the environmental costs of globalization are extremely high. Termed as a "race to the bottom" in environmental standards as countries fight to attract more foreign capital and keep domestic investment at home, the global trading regime is criticized for transferring unsustainable practices between countries rather than eliminating them. Many advanced nations are able to circumvent environmental laws in their countries by setting up production facilities in countries that do not have such stringent rules.

The market driven economy also implies that survival of a number of agricultural economies depends on cost competitive high yields. It is therefore reasonable to assume a link between globalization and degradation of agricultural land, as most experts do. Modern ploughing, overgrazing, and fertilizer and pesticide use result in depletion of worldwide topsoils. An estimated 25 billion tons of topsoil are lost to erosion each year.[38] The UN estimates that erosion has seriously degraded 40 percent of the world's agricultural land. The skepticism is such that even revolutionary technological advances such as genetically modified crops, whose spread is associated with the global influence of TNCs, are viewed with suspicion. While advances in genetic and transgenetic technology that make it possible to engineer crops for a wide range of environments and stressors do provide some remedy, their wide-scale positive impact is yet to be experienced and absorbed into the mainstream globalization discourse.

Moreover, the trend towards privatization of utilities is denying the poor and marginalized in the ever-growing slum populations of the developing world's access to safe water. The health and poverty related spin-offs are an additional burden on household incomes and national economies. Even in rural areas, unsustainable use of water for agriculture is also leaving inadequate water for individual consumption. Increased urbanization is accompanied by the growth of smaller and medium-sized urban places, refugee settlements, and slums, resulting in greater vulnerability and exposure to hazards.

Recent literature also highlights the linkage between environmental change and humanitarian action. Broadly speaking, there are four major linkages as articulated in a Feinstein International Famine Center report.[39] First, altered environmental conditions can be a driver of episodic crises with major humanitarian consequences. Second, environmental degradation can create chronic conditions that require attention. Third, humanitarian responses to major crises can produce environmental degradation. Finally, the transition from humanitarian action to sustainable development is critical for preventing the need for humanitarian action in the future.

INSTITUTIONS & GOVERNANCE

Globalization has been accompanied by a rise in dominant belief systems. The weakening of the Warsaw Pact and the eventual demise of the Soviet Union brought about the fourth wave of democracy in the world. De-communization was seen as a victory for the Western model based on democracy and capitalism. The euphoria that followed from the end of the Cold War made the likes of Fukuyama believe that we had reached the 'end of history'; the world had found the ideal model in the liberal capitalist democracies.[40] This is also the time when the 'democratic peace theory' began to be taken seriously. There was increasing literature arguing that democracies did not go to war with each other due to the salience of public opinion in these polities.

Empirical evidence over the past two decades has dampened some of the optimism associated with the fourth democratic surge. Although the democratic peace theory has not been discredited, new democracies have not performed as well in their liberal attributes as was expected. Further, a number of developing countries seem to be stuck in autocratic systems which have inculcated democratic institutions despite the visible hegemony of democratic norms. The conceptual debate has increasingly been focused on the type of democracy. There is a now a growing consensus that procedural democracy – the holding of regular elections – is not enough. Rather, liberal values are necessary to make democratic countries the sort of entities proponents of the system envision for the world. However, as Fareed Zakaria argues, while liberalism may lead to democracy, the reverse does not always hold.[41] Illiberal democracies often entail "winner take all" systems where the tyranny of the majority is visible; democratically elected governments can act in dictatorial manners by suppressing basic freedoms and constitutional guarantees. In essence, constitutionalism, the importance of rule of law, and basic freedoms associated with liberal values are no longer taken for granted even if procedural democracy exists.

The future will continue to see the excessive influence of democracy in global politics. The champions of democracy will reward countries which manifest a minimal level of procedural democracy. Yet, strategic implications shall retain their salience and trump the goal of universal democratization; authoritarian regimes that suit the global power hubs will likely be supported irrespective of the obvious hypocrisy in adopting such a policy. Some states will continue to remain undemocratic; the possibility of

regressive transitions in conflict prone regions and in states with societies bearing deep internal cleavages cannot be ruled out either. For the countries that are democratic though, the debate about finding an adequate balance in the importance accorded to procedural versus substantive democracy will continue, but the discourse will increasingly favor the latter. Whether this actually translates into the incidence of more substantive democracies is an open question.

Lambach and Debiel (2007) have identified four ways in which state fragility has been exacerbated as a result of the globalization process. First, while states both used to guarantee their members' security as well as pose the primary threat to the security of other states, globalization has rendered the internal weakening of states as the main threat to another. Second, with a plethora of issues such as global warming and human cloning across boundaries now beyond the control of governments, politics is being displaced. Third, states now have to contend with a greater number of active and influential non-state actors and must consciously choose between openness to the international states system and neoliberal globalization or closing off debates on 'sensitive' issues. Lastly, states now have to operate in an environment where international norms constrain the benefits they once enjoyed.

In the same work, there is discussion of the contagion effect of state instability and fragility à la globalization. Daniel Lambach in his piece argues that "the decline and dissolution of the formal state leads to a decentralization and a transnationalization of order at the local level." He identifies several types of mechanisms, namely social, military and economic, and traces the paths through which these factors cause state fragility to spread into neighboring regions. Military and social factors have mobility, cultural and technological causes behind them which are exacerbated by globalization, but the economic factor is a clear byproduct of globalization. He notes several very important economic implications of state fragility on neighboring nations: countries neighboring fragile states, especially ones experiencing internal conflict, raise their military expenditures, thereby taking resources away from other productive investments such as social and developmental spending; external investors, especially in currency, are turned away from the region; transactions costs could increase if infrastructure is damaged due to conflict; the economy might be deprived of an export market, especially if the neighboring state is a primary goods exporter; and tourists might be discouraged from visiting the region. The emergence of shadow economies is also a byproduct of globalization, where conflict in a fragile state encourages war entrepreneurs within and without to export arms, technology, or finances to neighboring nations, using avenues created for global finance and trade. This shadow economy leads to further regional destabilization.

Arguably, many different drivers have propelled globalization in the past and the direction the process will take in the future depends on which forces will be dominant going forward. Below, we examine the four key drivers that have played a critical role in shaping the third wave of globalization and will continue playing a significant role in materializing a particular future by 2050.

The discussion of the type of impacts that these drivers have on the humanitarian landscape is woven into the narrative. The narrative is organized by drivers, and within that by key areas in which the impacts of the drivers are most evident. One should highlight, however, that just as impacts do not derive from single drivers, drivers themselves do not act singly. They can often reinforce, or countervene, each other's impacts.

INFORMATION, COMMUNICATION & TECHNOLOGY AS A DRIVER OF GLOBALIZATION[3]

INFORMATION & KNOWLEDGE

Information and knowledge has emerged as the fundamental driver behind contemporary globalization. Even the former Federal Reserve Chairman, Alan Greenspan, commented on the emergence of the "weightless economy," where knowledge is more prized than physical factors of production.[42] Therefore, due to the changing and perishable nature of knowledge, societies lacking the infrastructure to educate the public and to re-educate them when new information emerges are threatened with exclusion from the globalization process. Information and knowledge drives globalization as different types of knowledge economies are emerging, more knowledge is being produced and disseminated, and information systems are being used to achieve developmental goals.

Increased dependence on information and knowledge also has adverse implications with information security becoming as critical as physical security. Gradations of knowledge economies are emerging. Karagiannis (2008) shows that even within the EU there are two qualitatively different groups of knowledge-based economies: high and low knowledge performing economies. The former category includes members who achieve growth through human resources, FDI and R&D. The latter group benefits positively from IT investments, innovative patents, and venture capital funding. A key feature of these knowledge economies is the primacy of research networks in disseminating knowledge and information. Cassi et al. (2008) find that "research networks complement diffusion networks by increasing the number of links and organizations involved in exchanging knowledge." Thus, one significant aspect of contemporary globalization is the variation in knowledge-based economies.

The current wave of globalization is also characterized by the increased production and spread of knowledge. Mehta (2006) points out that more new information has been generated in the last 30 years than in the preceding 5,000 years. Most of the knowledge production activities still take place in the developed world, although other regions are

3 In this section information is defined as knowledge obtained from investigation, study, or instruction; by communication we mean the tools (such as the internet and phone) by which information is exchanged between individuals; and by technology we refer to the practical application of knowledge in a particular area, which often allows individuals/groups to leapfrog certain processes.

increasingly gaining access to extant knowledge networks. Information, communication and technology (ICTs), facilitated by a marked reduction in the marginal cost of organizing and disseminating information, primarily due to immense improvements in technology, have been instrumental in these efforts. Warschauer (2003) highlights the three main avenues where ICT companies in the industrialized world have an increased presence in developing countries: (i) skill and expertise being outsourced; (ii) the provision of healthcare and other services; and (iii) assistance with managing natural resources. Therefore, the development and propagation of knowledge and information is a key driver of globalization.

New information and data organizing systems such as Geographic Information Systems (GIS) also provide many benefits, especially for developmental goals. Rob (2003) explores how GIS can be used to target socio-economic factors affecting health, and specifically examines asthma hospitalization data among African Americans in the U.S. Puri and Sahay (2003) demonstrate how preventing land degradation among Indian farmers can be achieved by integrating knowledge based systems around GIS applications. Vreede et al. (2003) show how Group Support Systems (GSS) can be useful in promoting development by enabling various sectors of society to build participative development strategies around a communication technology. By combining science and indigenous knowledge, the development of a community early warning system in Southeastern Indonesia to prevent food shortages depicts how information and knowledge can also be effectively used to promote development and make disaster-risk communities more resilient. Thus, information and knowledge can be productively used and shared for development purposes.

It is important to note that any single driver or component of a driver is not necessarily 'good' or 'bad' in terms of the impact it has. Table 1 outlines exemplars of both positive and negative impacts the four drivers have had in the ongoing wave of globalization.

Table 1: Exemplars of Positive & Negative Impacts

Driver	***Positive Impact***	***Negative Impact***
ICT	Reduced cost and formation of new technology	Increased digital divide
Markets	Decreased poverty	Increased inequality
Mobility	Greater accessibility and efficiency	Increased forced migration and trafficking
Policy	Emergence of non-state actors as policy entrepreneurs	Pressure to conform to dominant belief systems by IFIs

COMMUNICATIONS

Advances in the field of communications have ushered in a highly adaptable cross-national production system. The division of labor between firms and nations has greatly enabled this advent. While communication technologies such as the internet have driven global economic, political, and social integration, the disparities in access to communications still concerns globalization experts.

The Internet is playing a critical role in engendering changes that may dampen fluctuations and allow swift adjustments of economies to external shocks. The Internet rapidly and cheaply transmits greater quantities of information, by eliminating previous temporal and spatial constraints in buying and selling, lowers transaction costs by

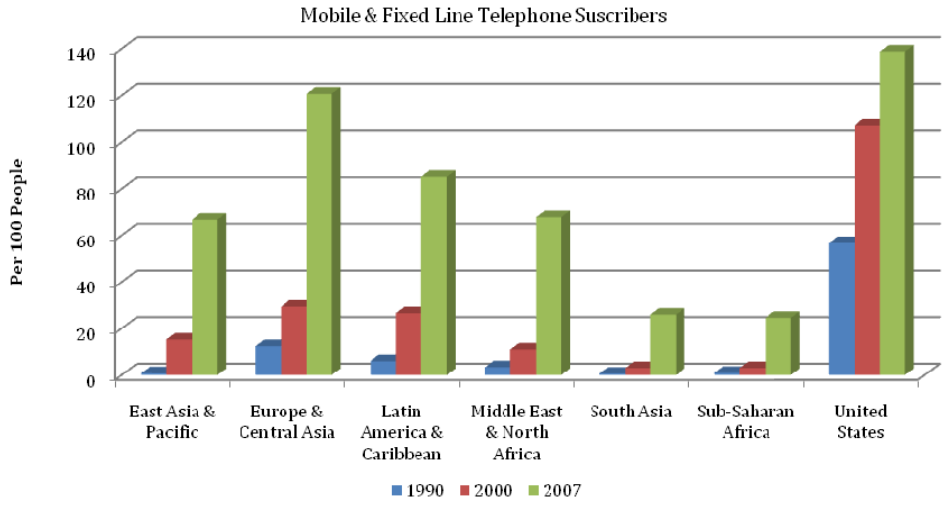
connecting firms directly to customers, and facilitates comparison pricing and capital flows. As a result, the Internet reduces barriers to entry and generates more competitive markets.

Communication technologies and electronic networks do possess the potential to lessen the digital divide and development disparities. Strong (1985) argues that current wealth disparities between the North and the South could be greatly mitigated by developing electronic network infrastructures. Woods (1993) suggests that improvements and access to electronic communications networks could help areas such as sub-Saharan Africa gain information, skill, and expertise. Warschauer (2003) gives examples of how communication technologies could help in agricultural production and resource utilization. Communication has therefore been identified as a critical ingredient in spurring development efforts.

Current literature also suggests that there are some key political benefits to be reaped by improving telecommunications access within a country. Baliamoune-Lutz (2003) finds strong correlations between Internet use and civil liberties and political rights, and between financial liberalization and the use of mobile phones and personal computers. Therefore, communication can also drive political globalization.

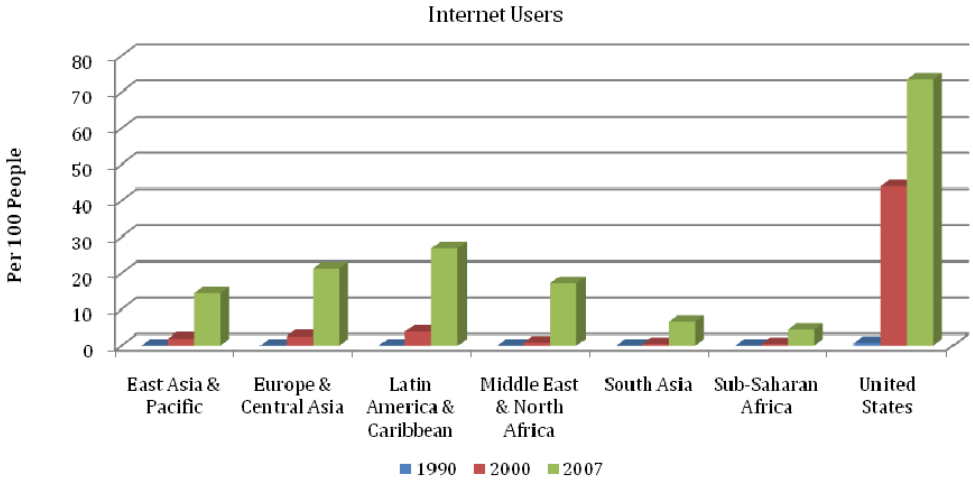
Nevertheless, while the adage that the world has grown smaller is no longer rhetorical with communication playing a significant role in compressing space, it is still prohibitively costly to be online. Rice (2001) notes that owning a personal computer and having access to the Internet is highly correlated with family income, and that better educated workers benefit more from these technologies than less educated workers. The digital divide between the North and South is also stark, as depicted in the figure below. In Africa, the penetration rate of telecommunications is much smaller than in the rest of the world, although has steadily increased in recent years. The gap in Internet access between developed and developing countries is even greater. OECD countries accounted for 95.6 percent of Internet hosts in 2000, while non-OECD countries had 4.4 percent. Regionally, North America and Europe accounted for 89 percent of all Internet hosts, while Central and South America and Africa had very low percentages. Africa has only 0.25 percent Internet hosts, and its share has been steadily decreasing. Within the African continent, South Africa possesses the overwhelming majority of Internet hosts.

Figure 3: Mobile & Fixed Line Telephone Subscribers



Source: World Development Indicators, 2007.

Figure 4: Internet Users



Source: World Development Indicators, 2007.

TECHNOLOGIES

Globalization and technological innovation have gone hand in hand. The increasingly pervasive and penetrating nature of global markets has been accompanied by technological breakthroughs such as the internet and other telecommunications technologies. To fuel technological research, complex innovation networks and alliances have sprung up, there is faster computing, and new areas of technology are rapidly developing, reducing the gap between developed and developing nations.

Many of the new technological breakthroughs have resulted from cooperative attempts such as joint ventures and strategic alliances with many international participants. According to the Economist, 32,000 new business alliances were formed in the three years prior to April 1998.[43] Other sources identify over 10,000 technological partnerships between 1980 and 1994, with about 10-15 percent of these partnerships being in R&D.[44] Since the beginning of the last decade, international partnerships have been ubiquitous, with about two international partnerships for every domestic one. These complicated networks feature relationships between firms, universities, government agencies, other organizations, and even individuals. The collaborations generate and disseminate technical knowledge and produce a climate ripe for technological innovation. As areas of science become more specialized and technical, such collaborations become the norm.

Many analysts predict that some of the key technological changes in the next 20 to 30 years will be due to advances in computing. Based on phenomenal increases in the rate of processing power, especially in still untapped areas such as quantum computing, faster computers will eventually be available. Technological innovations in molecular computing could also result in several new generations of computers and other computing instruments with tremendous speed, processing power, and versatility. As these breakthroughs initially saturate the market, the prices of these instruments will decrease while the prices of instruments using obsolete technologies will be extremely low. Thus, the latter technologies will be more affordable to those who did not have access to them before.

Other areas of technology that are poised to make great strides are nanotechnology, biotechnology, and genomics. Nanotechnology, which is now used in fields such as medicine, military applications, and electronics and energy production, is expected to be one of the key areas of technological innovation. As more of the technology is harnessed, nano-products will be lighter and stronger. As Peterson (2004) argues, "current applications of micro-electro-mechanical machines are already extensive, ranging from controlling operations in cars to use in a variety of medical procedures." Nanotechnology is predicted to move to the molecular and atomic levels, which will further revolutionize many branches of knowledge and create far-reaching technological applications. Biotechnology will see great advances, especially in areas such as proteomics and agricultural production. According to some analysts, genomics will experience its first wave of advances in the next two decades, as genetics plays an increasingly fundamental role in diagnostics, in gene therapy, and in germ-line therapy.[45]

Technological innovation has tremendously impacted societies and economies. Products that were previously deemed as low-technology goods (some consumer goods for example) now contain a high proportion of design in their value. As the knowledge economy steadily replaces the manufacturing economy traditional, labor-intensive sectors would become obsolete, bringing with it new social challenges.

As with information and knowledge, and communication, the overwhelming trend in today's technological world is that advantages from technology are still concentrated in relatively few hands. The advantages of technology tend to accrue to firms and countries in which the new technology originates. The expertise is seldom transferred or imitated successfully due to high costs and their embodiment in particular organizational and institutional structures. Moreover, the peculiar nature of knowledge itself (especially tacit knowledge) makes geographical proximity, direct and repeated contact, very important for its transmission. Technological change brings about a shortening of

agents' horizon and this is bound to make consumption and investment more subject to confidence crises.

Economists and development experts have viewed technology as the solution to bridging the "North-South Divide." A key area where developmental goals were facilitated by technology is healthcare.[46] Technology facilitates widespread access to medical information and diagnosis, and cooperative research activities in medicine. For instance, in Gambia, nurses in remote villages download and send images of symptoms with digital cameras to doctors in towns for diagnoses. Also, data for clinical trials on malaria are submitted via a network of satellites and ground stations from West Africa to tropical disease research facilities in London and Geneva. Through technological advancements, healthcare professionals in urban settings and even internationally can now consult remotely with rural communities. The importance of technology in opening up space and allowing better communications amongst organizations, within organizations and with beneficiaries cannot be underscored.

However, many analysts point out that to benefit more effectively from ICTs, developing nations need to attract these technologies and their providers. Rice (2003) points out that the market structures within developing nations must move from their traditional monopoly or oligopoly settings to market competition. Thus, deregulation is a key ingredient. Competitive subsidies, the free movement and adaptation of technologies, and better institutions are needed to reduce the access gap and increase the use of ICTs in the provision of public goods. Furthermore, nations need to adopt policies that emphasize knowledge growth and human resource training.

MARKETS AS A DRIVER OF GLOBALIZATION

The economic dimensions of globalization are some of its most visible and influential aspects. The components of trade, finance, and the production processes are all integral drivers of this phenomenon.

TRADE

Trade has been a defining driver of all three waves of globalization. However, the distinguishing features in this current manifestation include both a change in composition and greater significance of services.[47] A century ago, primary commodities constituted around two-thirds of international merchandise trade, and the remaining were manufacturing goods. By the new millennia, these proportions had been inverted. Transformations in individual tastes and preferences, which have generally sought greater alternatives and variety in the scale and origin of goods and services, have influenced the degree and pace of economic interconnectedness.[48] Now, global trade has expanded, and emerging market economies are growing even faster than already industrialized nations.

Trade has expanded continuously in the majority of countries.[49] Between 1980 and 2005, the ratio of world exports to world GDP has more than doubled. In fact, after experiencing a slight contraction in 2001, growth in world trade has on average been twice the rate of world output.[50] During the corresponding period, both world trade as a percentage of GDP and trade in services increased, albeit with the former doing so to a much greater extent.[51] Moreover, since 1980, industrialized countries have observed a fivefold increase in the sum of stocks of foreign assets and liabilities over GDP.[52] The period between 1995 and 2005 witnessed the share of assets and liabilities in GDP rising by more than 130 percentage points.

To a large extent, the growth in trade is attributed to developments in emerging economies.[53] Globalization is accelerating the process of creative destruction.[54] Greater liberalization in international trade has permitted emerging economies to advance beyond the first stage of economic development, based on raw materials and low labor costs, and to be involved as competitors in the production of all stages of goods and services. As a group, the emerging economies are growing three times faster than developed economies, and consequently present themselves as large destination markets. Measured by purchasing-power exchange rates, these countries produce half of the world's output, contribute greater than 40 percent of world exports, and possess 70 percent of the world's foreign exchange reserves.[55] These measures of growth have been determined primarily by those countries that have globalized the most. Developed countries' trade is growing twice as fast as with one another.

Deregulated and privatized markets have also observed a corresponding rise in trade of illegal goods, whether narcotics, arms, intellectual property or diamonds – a phenomenon humanitarian agencies should follow closely, especially due to its implications for conflict. Globalization has resulted in the opening of new traffic routes and production zones as well as means of infiltration into the 'legal' components of economies. Trade in illegal goods is no longer restricted by frontiers, with stateless and resourceful networks empowered by globalization now leading booming illegal industries. The international drug trade alone is estimated at an annual $400 billion.[56] Approximately 20 percent of the small arms trade is accounted by illicit trade with more than $1 billion generated per year.[57] The implications of these numbers are staggering – small arms alone aided in fueling 46 of the 49 largest conflicts of the last decade. In 2001, it is estimated that small arms were responsible for 1,000 deaths a day of which 80 percent of victims were women and children.[58] Technology has played an integral role in increasing both the demand and supply of illegal products. In 2002, it is estimated that approximately 900 million music files could be downloaded for free on the internet. File-sharing services such as Kazaa and Morpheus saw some 500,000 film files being traded daily.

FINANCE

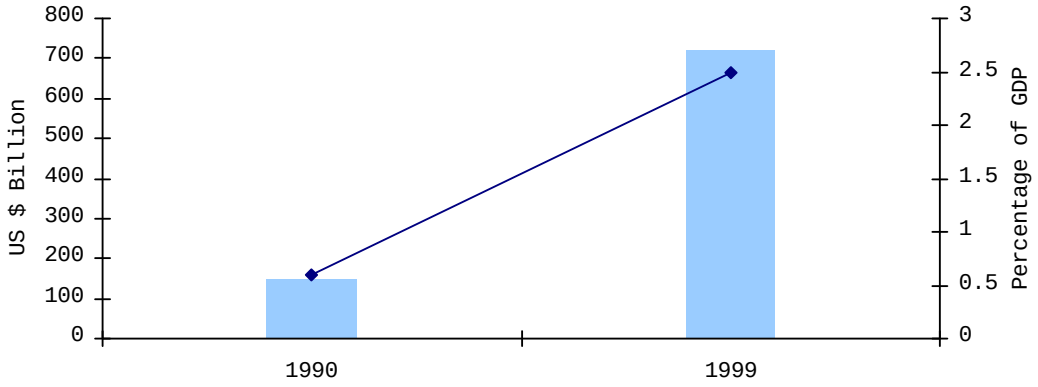
The globalization of finance differs from the globalization of trade due to its: (i) exceptional fluidity and velocity; (ii) potential to be destabilizing in the short-term, undermining established political patterns and interests; and (iii) likelihood of having a "contagion effect" in other countries.[59] Integration has reinforced the trade and financial realms in various ways. For instance, greater trade flows have increased the demand for financial instruments such as risk hedging. New financial instruments have mushroomed. Investment in hedge funds amounted to US$ 2 billion thirty years ago but has escalated to US$ 200-300 billion.[60] The paper value of underlying financial products to create privately traded derivatives has risen substantially from US$ 865 billion in 1987 to $37 trillion. Moreover, the characteristics of finance have undergone change, and capital, cross-border asset trade, and remittances have all increased in recent globalization.

The defining aspects of finance as a driver have been transformed over time.[61] Prior to the First World War, portfolio investment constituted the bulk of foreign investment and a large proportion of capital flowed to resource rich but labor scarce countries. Capital flows are now characterized largely by FDI and movement towards relatively poor and labor abundant countries. In addition, a novel development has been the end of the distinction between short-term and long-term capital. While economic theory propagates the free movement of long-term capital, including FDI, it cautions the same for short-term capital due to increased likelihood of financial instability.[62] The current

form of globalization has observed the principle of liberalization being employed equally in both cases. The late 1990s saw financial flows being liberalized excessively or rapidly in several countries, especially Asia and Latin America.

Enterprise privatization, development of global production networks, and the ready availability of finance for mergers and acquisitions have pushed the increased volume of two-way capital flows, especially that of FDI.[63] Between 1990 and 1999, the value of cross-border mergers and acquisitions had increased from US$ 150 billion (0.6 percent of world GDP) to US$ 720 billion (2.5 percent of world GDP) (See Figure 5). Both developed countries and emerging economies have witnessed an increasing percentage of portfolios committed to foreign financial assets. In addition, the size of current account balances has increased on average and their spread across countries has extended.

Figure 5: Trend in the value of cross-border mergers and acquisitions



Source: Eichengreen, 2008.

In contrast to trade trends, the advanced economies' share of cross-border financial holdings has increased since the mid-1990s and is most pronounced in cross-border non-reserve debt assets and debt liabilities. [64] Financial innovation, sectoral trends such as securitization, rise of hedge funds, widespread use of offshore special purpose vehicles, and the creation of the Euro have all contributed to the extensive cross-border asset trade. In reversal of historical patterns, advanced countries are now, on average, net issuers of liabilities to the developing world.

Emerging market economies are generally characterized by their strongly improved net external position. "Every single dollar of private capital received in the last 5 years, on net, from the rest of the world has been put into international reserves." [65] Traditionally, one negative effect of capital inflows has been a substantial expenditure binge increase by governments, which has driven up real exchange rates, undermined export competitiveness, and diminished national creditworthiness. The flow of remittances has also increased substantially over time. Historically, these flows had been "hidden in plain view."[66] Today, they constitute a significant proportion of GDP of many receiving countries. In 2008, total remittances amounted to $375 billion, of which $283 flowed to developing countries.[67] The 150 million migrants worldwide form the driving force behind this movement.

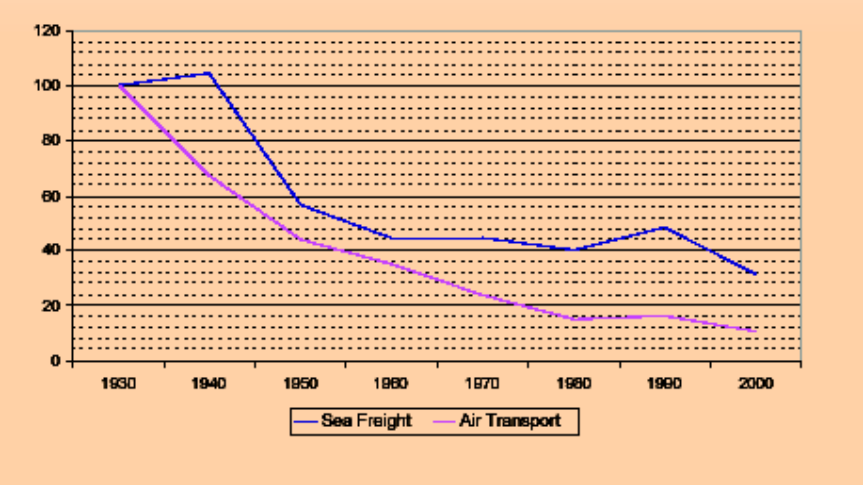
The magnitude, direction, and effects of capital flows need to be understood in reference to the broader international system in which they occur.[68] Advances in information and communication technologies result in greater challenges in operating capital controls designed to seal off economies from international financial markets. Given that capital flows are subject to "panics, manias and crashes", even proponents of free trade caution against free capital mobility.[69] Evidence indicates that the probability of financial crises in developing countries rises in direct relation to increases in unregulated short-term capital flows.[70]

PRODUCTION PROCESS

The production process is the third fundamental driver of globalization and is in turn affected by it as well. At the end of the 1960s, nearly 7,000 transnational companies were operating out of 15 developing countries. The number is now estimated to have jumped to nearly 49,000.[71] The total number of transnational companies operating worldwide is reported to be over 63,000, and they have nearly 690,000 affiliates operating in countries other than their own.[72] Production is increasingly fragmented into components, pertaining to both the manufacturing and the service sectors, that are dispersed via international outsourcing and off-shoring.[73] The latter influences both the amount and structure of trade and investments.

Outsourcing has been primarily driven by cost savings.[74] For instance, the hourly labor cost in software IT production exceeds US$ 81.3 in Europe and US$ 73.2 in USA, but is only US$ 12.2 in India and the Czech Republic.[4] Current ocean shipping costs are only half of what they were in 1930, while current air-freight costs are one-sixth, and telecommunication costs are about 1 percent. (See Figures 6 and 7). Expanding markets have allowed firms to exploit scale economies in production, and the object of delocalization has moved from firms to individual jobs.[75] It is estimated that around 20 percent of jobs in the western economies are delocalized. By 2015, 3.3 million US service industry jobs will have gone overseas.[76]

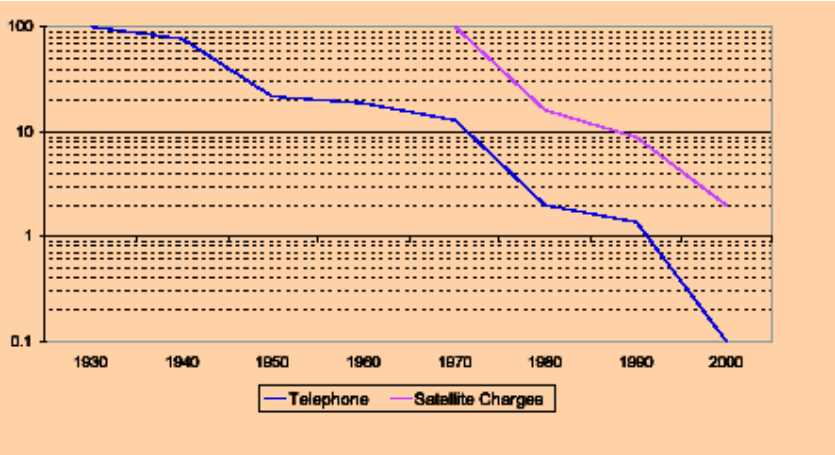
Figure 6: Trends in Transportation Costs



Source: IMF

4 Figures originally reported in Pounds but converted into US$ using a conversion rate of 1UK Pound = US$ 1.6258 as reported on September 18, 2009.

Figure 7: Trends in Communication Costs



Source: IMF

The increasing interdependence of national economies has added scale, flexibility and productivity to the global economy. Specialization has become increasingly sophisticated and is reflected in the complexity and efficiency of contemporary supply chains. The increasing cross-border division of labor, which has been penetrating down to the level of production chains within enterprises of different countries, has also impacted the production process.

By some measures, such investment (companies dispersing operations, which encourages economies of scale and local adaptation) is more important than trade. For instance, local sales of overseas affiliates of US based firms exceed US exports. Intra-firm trade – trade between different units of a single firm or members of a strategic alliance of firms – constitutes an increasing share of world trade. According to Paul Krugman "the value of trade involved in the global production of a final good may easily be several times the value added in all stages of production."[77]

A sound investment climate, reflected in short customs clearance times, reliable infrastructure and good financial services, has played a significant role in the dispersion of the production process and attracting FDI.[78] Foreign firms generally introduce superior technology and management, and hence raise the average productivity of a randomly chosen sample of firms. The same factors make it more likely that domestic firms will export, enabling the more productive among them to expand their scale and scope.

MOBILITY AS A DRIVER OF GLOBALIZATION

In contrast to the expansion of trade and high capital flows, migratory currents have declined significantly from the "era of mass migration" observed during the first phase of globalization. The ease of global travel and reduced costs has resulted in mobility, rather than migration per se, being a key driver of the globalization process. In the current wave of globalization, mobility's "unruly" nature is witnessed in its informal modes alongside formal ones, and the employment of illegally practiced entry strategies side by side those which are sanctioned.[79] Similarly, while its benefits are heralded in the form of greater interconnectedness, concerns are increasingly being voiced on its regulatory, border security, and human rights aspects.

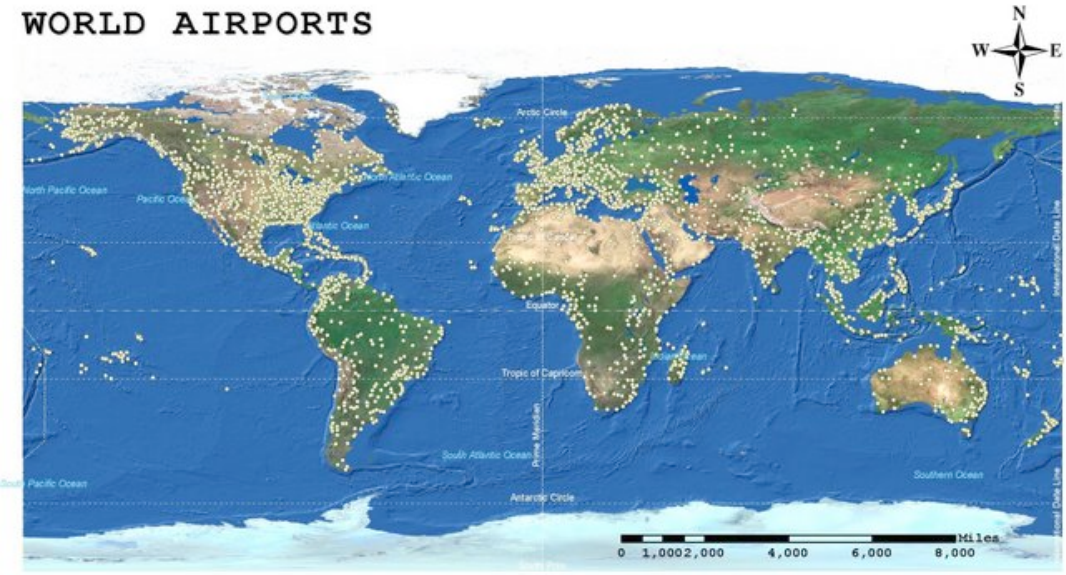
INCREASED MOBILITY

The sheer volume of people traveling has increased exponentially in the form of circular migration leading to multiple citizenships and the morphing of health and education services. In the current decade alone, total worldwide passengers traveling by air have increased from 3.6 billion in 2000 to 4.8 billion in 2007. This increased mobility has resulted in the phenomenon of international circulation, whereby one or more repetitive moves across borders are undertaken, becoming common. Transnational migrants usually maintain two homes, interacting within multi-local transnational fields with members sharing resources across boundaries. As the South and Central Asian and African linkages with North America and Europe consolidate, the practice is likely to expand to other regions. The traditional lines between permanent and temporary migration are thus being replaced by circular migration. It is no longer adequate to simply distinguish countries as sources or recipients since geographical positions are transforming a greater number of them into areas of transit towards a final destination. Profitable short-term returns are particularly resulting in self-generated flows of skilled transients.[80] Shorter-term temporary international movement is likely to increase in significance as people in search of work avoid longer duration emigration. The rise of dual nationalities and growth in transnationalism have also called into question the fundamental difference between a citizen and a 'foreigner'.[81]

Increased mobility is transforming the global education and health service systems as well. An embedded and growing feature of education systems is the increasing number of foreign students and exchange visitors. In 2001 alone, the United States, United Kingdom, Germany, Australia, and France hosted 1.3 million foreign students. By 2005, just the United States had more than 752 thousand foreign students and exchange visitors registered.[82] In healthcare, a global market is emerging, with South Africa, Thailand, Malaysia, India, Cuba, and Costa Rica spearheading the drive to promote medical health care for overseas patients.[83] To cite just one example, the Bumrungrad Hospital in Thailand is a key destination of medical tourism in the world. The hospital, a private company listed on the Thai stock market, treats 850,000 patients annually, 300,000 of whom are categorized as 'international' hailing from 154 countries. Thus, increased mobility has offered many new opportunities for individuals and public services.

Material structures of transportation and communication enable mobility and global interchange. Canzler, Kaufmann and Kesselring (2008: 181) put it aptly: "Without infrastructure, without roads, intercontinental shipping, transeuropean networks, without airports and airlines, a global positioning system and so on there is no globalization and no cosmopolitanization in particular." The map of world airports (Figure 8) corroborates the A.T. Kearney and KOF indices (see Annex 1) in that the most globalized nations and cities contain a high concentration of international airport hubs. While these structures and systems have resulted in greater social fluidity, significant scholarship highlights the widening gap between the small number of hypermobile "cosmocrats," and the overwhelmingly large and immobile proportion of the world population.[84] Moreover, since 9/11, transportation infrastructure, especially the airport, has become an equivocating symbol of modernity, as surveillance and control take precedence over the freedom of the global traveler.[85] So while travel hubs have resulted in greater economic, social and political integration, they have also become sites of greater restrictions and potential obstacles to the progress of globalization.

Figure 8: World Airports



Source: Cx-Nets. 2007. "World Airports." http://cxnets.googlepages.com/research222222. Locations of Commercial airports as listed by the International Air Transport Association. Retrieved June 12, 2009.

VOLUNTARY MIGRATION

In the nineteenth century, migration largely occurred in a legal vacuum. It gained new momentum in the last quarter of the twentieth century, although the magnitude was less than prior waves of globalization. Voluntary migration can be regular and across or within borders, irregular, or virtual, and has cultural, political, and economic effects.

Voluntary international migrants have increased from about 75 million in 1960 to about 191 million in 2005.[86] In 2009, the world stock of migrants is estimated at 200 million, accounting for approximately 3 percent of the world population.[87] By 2050, the figure is expected to reach 230 million. In 2000, more than three quarters of global migrants resided in just 28 states.[88] Recipient countries such as the United States, Germany, Japan, and Canada observed the process reaching a peak in the early 1990s, while others such as the United Kingdom and Australia had reached it some years earlier. The global stock of migrants is concentrated in a fairly small number of destination countries.

Despite the significant flow of people crossing borders, the majority of movement is within internal state boundaries. Movement from rural to urban regions is facilitated by social networks that provide important information about job availability at the place of destination.[89] Apart from regulatory restrictions, greater cross-border migration is hampered by high initial costs such as travel expenses, commissions to brokers, and costs associated with obtaining job information.[90] It is estimated that even a modest increase in migrant flows could increase global output by US$ 150 billion per annum – surpassing the benefits from full liberalization of trade in goods and services by one and a half times.

Nevertheless, the current age of globalization has observed nation states growing more opposed to bestowing citizenship upon foreigners who lack an association with the

nation's cultural identity. Legislation has become more restrictive than in the past and is aimed at improving control of 'irregular' immigration. Migratory flows have as a result declined significantly. Economic migrants who possess desirable socioeconomic characteristics are sought, often for specified labor purposes within a regulated framework. As put by Sato and Murayama (2008), "migrants are thus placed in the marginal position of contesting the dynamics of inclusion and exclusion."[91] The free movement of persons is confined to certain areas within the OECD countries and to most highly skilled workers.

In contrast to past trends, migration today is not related to the occupation of unpopulated areas. Highly structured societies face the obstacle of incorporating the immigrants moving from South to North. In 2000, about 7.5 percent of the total population in the OECD was foreign-born.[92] The ability of immigrants to assimilate into recipient societies, and to define their rights and demands for citizenship has become a major political issue. Institutional responses have been diverse, often encompassing both humanitarian and restrictive attitudes.

Voluntary global migration is primarily driven by economic conditions. Lack of employment opportunities and low income generation constitute key push factors. With regard to professionals, the disparity between the absorptive capacity of the local economy and the dissemination of modern education and related economic ambition among youth is the primary reason for contemporary economic migrants. Conversely, the demographic divide between the North and South and the promise of remittance transfers constitute primary pull factors. Migration also brings the promise of diaspora investment, which can be a catalyst for change in countries of origin, with diasporas supporting significant movement. Relatively low-skilled workers are those most likely to emigrate. Remittances and the potential for change and innovation in countries of origin make links with emigrants particularly important. Yet, lack of legal protection for migrant workers often result in them being forced to work in situations where decent work conditions are not enforced.[93] Professional workers have greater opportunities to migrate permanently. Table 2 depicts the major channels of modern international migration.

Table 2: Major Channels of Modern International Migration

Migrant Category	**Source Countries (%)**	**Receipient Countries (%)**	**Skill Level**	**Duration of Stay**	**Annual Flow (millions)**
Permanent Settlers	Mexico (17)	US (36)	Medium	Permanent	1.5
	Turkey (9)	Canada (14)			
	China (7)	Germany (12)			
	Vietnam (6)	France (10)			
	India (5)	Australia (5)			
High Skill Expatriates	India (26)	US (34)	High	Temporary	0.6
	US (9)	UK (14)			
	China (4)	Canda (14)			
	Philippines (4)	Australia (7)			

	UK (3)	Japan (4)			
Low Skill Expatriates	Philippines (25)	Saudi Arabia (43)	Low	Temporary	
	India (17)	UAE (11)			
	Poland (9)	Kuwait (10)			
	Indonesia (9)	Germany (9)			
	Bangladesh (9)	Malaysia (7)			
Asylum Seekers	Iraq (6)	UK (15)	Medium	Permanent	0.9
	Serbia (5)	US (14)			
	China (5)	Germany (10)			
	Congo. D.R. (4)	France (9)			
	Turkey (4)	South Africa (6)			
Refugees	Afghanistan (45)	Pakistan (45)	Low	Temporary	1.4
	Liberia (9)	Tanzania (7)			
	Gaza Strip (6)	Egypt, Arab Rep. of (5)			
	Congo. D.R. (4)	US (4)			
	Burundi (4)	Sierra Leane (4)			
Undocumented Migrants	Mexico (25)	US (30)	Medium	Semi-Permanent	1.2
	Morocco (6)	Italy (8)			
	Albanis (6)	UK (8)			
	Turkey (4)	Germany (8)			
	Romania (3)	France (8)			
Visa Free Migrants	Italy (15)	Germany (37)	Medium	Semi-Permanent	0.4
	France (11)	UK (17)			
	Germany (10)	Spain (9)			
	UK (10)	Belgium (8)			
	Ireland (9)	Netherlands (6)			
Students	China (8)	US (29)	High	Temporary	1.6

	Korea, Rep. of (4)	UK (14)			
	India (4)	Germany (12)			
	Japan (3)	France (9)			
	Greece (3)	Australia (7)			

Total	Phillippines (9)	US (17)			11.1
	India (8)	Saudi Arabia (14)			
	Mexico (5)	Germany (8)			
	China (5)	UK (6)			
	Afghanistan (5)	Pakistan (5)			

The majority of migrants are women in some regional immigration flows and some migrant stocks such as the United States and Europe. Increased education and income have resulted in women becoming principal applicants for work permits and visas on their own accord rather than migrating as 'tied-movers' or 'reunifying spouses'.[94]

A major feature of migration systems in North America, Europe, South Asia, Southwest Asia, Asia-Pacific, and Oceania is the rise of 'irregular migration'. While estimated flows differ substantially in terms of volume and geographical spread, irregular migration is a "growing global search for gainful work" and not just a South to North cross-border movement. In 1994, irregular migration was estimated to be around 30 million. The United States has the largest number of irregular immigrants with the numbers increasing from 4 million in the early 1990s to 10.3 million in 2004. For the EU-25 group, irregular migration flows amounted to 800,000 in 2001. It is estimated that half of all irregular migrants to Europe utilize smuggling organizations with long distance smuggling from Iraq, Afghanistan, and China costing US$ 4,414-58,859[5]; medium distance smuggling from Turkey, Ukraine, Georgia US$ 2,207-8,829 and short distance smuggling US$ 32-735.[95] Irregular migrants are driven to work in conditions described as "dirty, dangerous and difficult" due to "desperation, destruction and dislocation". The passage from China to the US is the highest in the world, costing $50,000 on average in 2000. The smuggling of migrants and asylum seekers constitutes a separate phenomenon from trafficking. Although some of the same criminal networks may be involved, smuggling focuses on facilitating individuals to elude controls at borders. While smugglers extend a covert service sometimes used by both forced and voluntary migrants, smuggling is not a form of forced migration per se. So, the relationship between the inclination to migrate and restrictions on the free movement of labor has resulted in the substantial increase in irregular migration.

Another move towards 'greater migration' is the appearance of virtual migration. This form has four distinct features including: (i) limited direct physical face to face contact with corporations; (ii) not being transnational in character as it takes place within national boundaries and sometimes in response to immigration restrictions; (iii) may or may not be governed by local practices; and (iv) crosses national boundaries and occupies employment space similar to traditional immigrant workers.[96] Virtual migration of software labor has two additional aspects: 1) spatial integration, which decouples work

5 Figures reported in Euros in the original source but have been converted into US$ using a conversion rate of 1 Euro = US$ 1.47147 as reported on September 18, 2009.

performance and the work site, and 2) temporal integration, a real time unification of different time zones.

FORCED MIGRATION

Forced migration implies movement in which an aspect of compulsion is present, including threats to lives and livelihoods from biophysical or social/anthropogenic crises. Some of the main groups forced to migrate include refugees, asylum seekers, Internally Displaced People (IDP), and development induced, environmental and disaster displacees.[97] Forced migration patterns do not mirror those of voluntary migration. In 1992, the number of world refugees was 18 million but declined to 9 million in 2004. However, IDPs increased from 18 million in 1992 to over 22 million by 2000.[98]

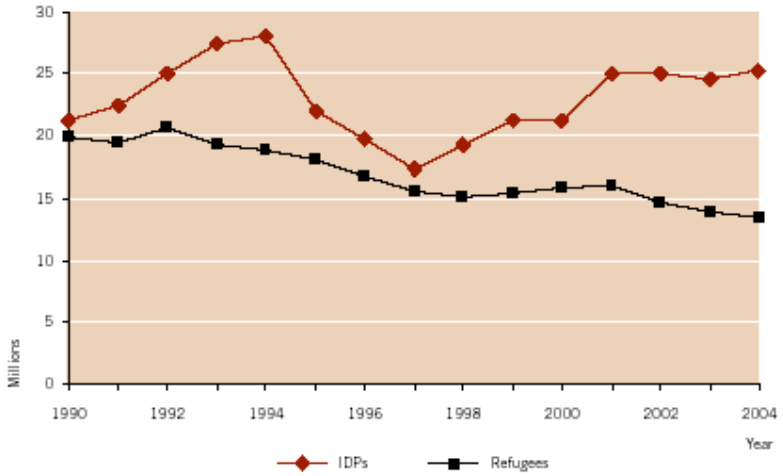
With politicians in recipient countries viewing refugees and asylum seekers in negative terms – from a threat to social cohesion and employment, to posing risks of insurgency and terrorism – the institution of asylum is under threat.[99] Visa regulations, carrier sanctions, transferring the liability of reviewing and processing claims to adjoining territories, physical closure of borders, detention, and withdrawal of welfare support have all been increasingly employed to exclude people from asylum. Even the number of asylum applications in rich industrialized countries has declined considerably.[100] International legal instruments and institutions originally established to assist refugees are increasingly being used to stem unwanted migration. Many countries have broadened the grounds for detention and emphasize detecting potential security risks when reviewing asylum claims. The post-9/11 context has been used to extend the scope of exclusionary provisions of the Convention allowing for refugees to be denied access to status determination procedures.[101] Detention and exclusion are on the rise, with due process not being observed as a result of overly restrictive application of the UN Convention relating to the Status of Refugees and its 1967 Protocol. In addition, alternative protection mechanisms have proliferated which guarantee fewer rights than those outlined in the Convention. In short, there is an increasing movement away from a rights-based approach to a more discretionary form of refugee protection.

Refugees typically cross borders in large groups in contrast with asylum seekers who usually travel as individuals or small groups. Currently, Asia hosts the most refugees followed by Africa and Europe. The majority of refugee host countries are relatively more stable neighbors of states experiencing conflict. Most refugees reside in long-term exile with no prospect of a durable solution. The long-term presence of refugee populations is argued to cause instability in neighboring countries and triggers intervention and insurgency.

Although the humanitarian concerns of IDPs are similar to those of refugees and asylum-seekers, they are usually much worse off, as the state government is typically a perpetrator or aider of dislocation or at the very least is incapable of preventing it. At present, there are more than 13 million IDPs in Africa, 5-6 million in Asia, 3 million in Europe and 3-4 million in the Americas. In 2004, between 20 and 25 million people became IDPs due to conflict and persecution[102] (See Figure 9). In addition, natural disaster-led displacement is on the rise. The total number of people affected by natural disasters has tripled over the past decade to 2 billion. Development-induced displacement, on average, affects another 10 million people per year. Based on past trends, the world can be expected to face a 'major' emergency involving human displacement every 16 months and a 'massive' one every two years. Since 1994, at least seven catastrophic emergency situations across the world have led to the displacement of

more than 1.5 million people. Perhaps most striking is the fact that no international agency has a formal, dedicated mandate to aid IDPs.

Figure 9: Trends in the Number of IDPs and Refugees



Source: UNHCR: UNRWA: US Committee for Refugees (1990-2000); The Global IDP Project/Norwegian Refugee Council (2001-2007).

IDPs frequently suffer the highest mortality rates. In Uganda the HIV/AIDS rate among the internally displaced is six times higher than in the general population. Moreover, displaced women and children are particularly vulnerable to sexual and gender-based violence and the probability of improving their situation is limited as constrained access to livelihoods precludes them from self-sufficiency.

Finally, human trafficking has reached alarming proportions. Globally, 50 organized crime groups are estimated to exist which engage in human trafficking and aid irregular migration. Such substantial profits from migration have resulted in new forms of slavery. Women and children are being sold into prostitution and the sex trade, sweat shop labor, and other similarly illicit, dehumanizing work. According to the ILO, around 2.5 million women and children have been forced into labor as a result of cross border trafficking, with half that number forced into the sex trade. There are an estimated 800,000 to 900,000 victims of human trafficking each year. Global profits from trafficking amount to $13,000 per trafficked worker while profits from forced commercial sexual exploitation reach $23,000 per worker.[103]

POLICY AS A DRIVER OF GLOBALIZATION

GROWTH OF INTERNATIONAL ORGANIZATIONS

The substantial growth in the mere bodies of international organizations has both been a cause and consequence of the globalization process. The proliferation of international organizations, treaties, conventions as well as national organizations over time has been astounding. According to the Union of International Associations Yearbook, in 2004 alone, the number of international organizations amounted to 58,859, the vast majority of which were non-governmental. They include conventional bodies (96.7 percent), other international bodies (88.8 percent), or special types (85 percent). Across all types, non-governmental organizations accounted for 87.5 percent of all

international organizations while intergovernmental organizations only accounted for 12.5 percent. Koremenos et al. (2001) examine why international institutions vary in terms of scope, membership, centralization, control, and flexibility. They argue that differences in institutional scope, membership, centralization, control and flexibility of international institutions can be best explained by four variables that capture different cooperation problems, including distribution, number of actors, enforcement, and uncertainty.

The concept of globalization diminishing state sovereignty remains a matter of debate. According to Krasner (1999), international legal and Westphalian conceptions of sovereignty, which undergird current statehood, are challenged by globalization since a logic of consequences can and does prevail over a logic of appropriateness. A pertinent example is international financial institutions such as the World Trade Organization (WTO), World Bank, and International Monetary Fund (IMF) imposing financial and other economic restrictions as terms for membership and benefits. These global financial institutions supersede Westphalian and domestic sovereignty by insisting on these policies as terms for engaging in international commerce. Krasner also notes that national leaders engage in calculations based on national and ideational interests, and as such sometimes willingly sacrifice state sovereignty for material and other benefits. They are willing to sacrifice authority for control. Hence, many elites in the less developed world grant these international financial institutions considerable access in return for financial and other gains.

The erosion of state sovereignty due to strict economic globalization is also highlighted. Proponents argue that in markets such as finance, investment, and labor, which were spheres once predominantly controlled or guided by the state, this influence has waned.[104] Non-state actors such as transnational and multinational corporations now either share influence with or have surpassed the state. Furthermore, national security, once the raison d'être of the state, has come to include areas and issues such as the environment in addition to the economy. These new dimensions further diminish the role of the state since non-state actors, both domestic and foreign, guide state activities.

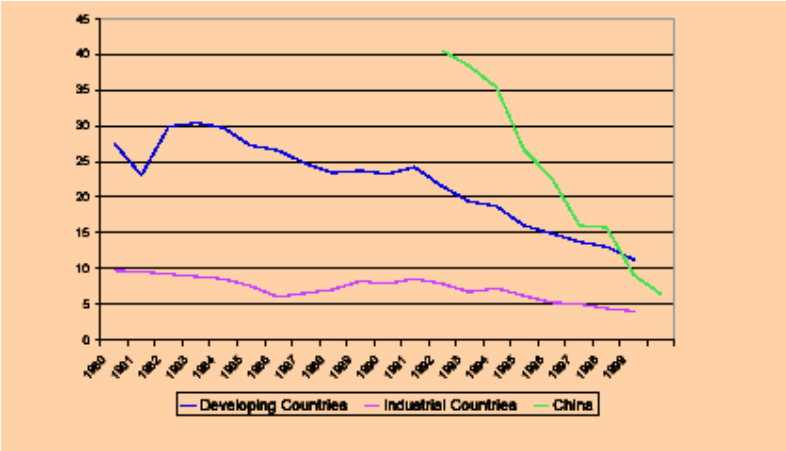
Opponents of the notion that the reign of the state is over as false highlight two primary reasons: private power is effective only marginally while state power still predominates, and secondly, non-state actors gaining power does not necessarily translate into the state losing power; it is not a zero-sum game. In spite of financial globalization in developed democracies, domestic political pressures and institutions are found to play a significant role in state policy formation. Although states do concede to international financial pressure in certain areas, they retain autonomy in many others. Others stress that globalization does not greatly influence state actions vis-à-vis economic and regulatory actions.[105]

Despite the discord, the ability of global pressure to compromise state economic apparatus is indisputable. Pressures of global economic integration greatly determine domestic economic policy.[106] For instance, economies that are closed to free trade face mounting pressure from abroad to liberalize due to untapped market gains. As trade and economic liberalization continue, the policy preferences of domestic actors will change vis-à-vis economic liberalization. Similarly access to trade and other carrots can be restricted contingent on subscribing to international conventions, whether they be of labor, environment, or human rights.

DOMINANT BELIEF SYSTEMS

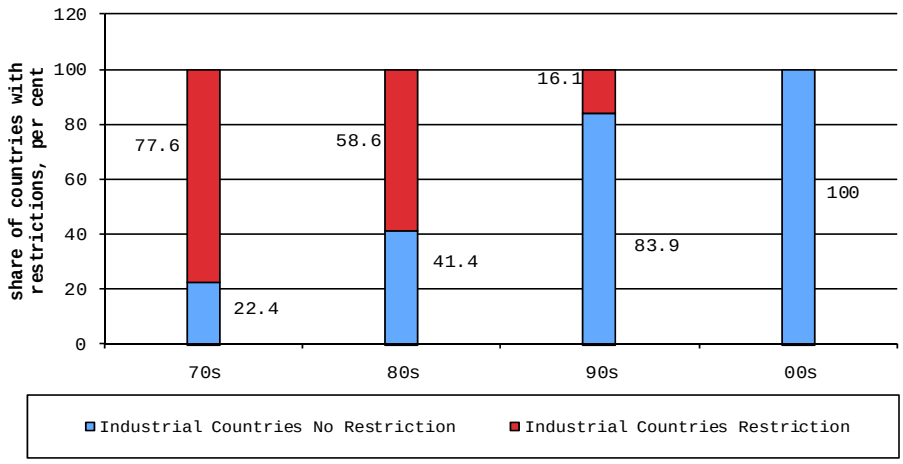
Globalization has been accompanied by a rise in dominant belief systems, often cultivated and implemented by influential international organizations. The 1970s witnessed the termination of the post-Second World War Bretton Woods system of closed capital accounts, fixed exchange rates and the cautious approach of the General Agreement on Tariffs and Trade to trade liberalization. (See Figures 10 and 11). The following decade heralded a global liberalization revolution. It culminated with the fall of the Soviet empire between 1989 and 1991 and the subsequent reunification of Europe. Despite financial crises, terrorism, and war there has been no reversal of this trend.

Figure 10: Trends in Average Tariff Rates (Percent unweighted – weighted for China)



Source: Wolf 2005.

Figure 11: The Decline of Exchange Controls



Source: Wolf 2005

State-led Keynesian orthodoxy was replaced by the neoliberal vision. This began systematically with the Western governments, was subsequently espoused by the international financial organizations, and later adopted into the policy processes of developing countries.[107] The neoliberal paradigm states that increased economic globalization brings with it peace and prosperity. This chief economic ideology of free market capitalism oriented towards wealth creation gained rapid ascendance in the 1990s. As Kitthananan (2008) mentions "the basic policy package through which the neoliberal project has been implemented often known as the Washington Consensus has been characterized as the following: trade liberalization, financial market liberalization, foreign capital liberalization, privatization of production, deregulation of the legal framework, secure property rights, unified and competitive exchange rates, diminished public spending, tax reform, a social safety net, and flexible labor markets."[108] The Consensus was translated into structural adjustment lending packages, which the international financial institutions encouraged developing countries to adopt as a means of accessing policy oriented loans. The boundaries between the public and private spheres have become increasingly blurred and transformed.[109]

Due to the primacy of the neoliberal paradigm, many have argued that there should be convergence in economic policies geographically and temporally. Simmons and Elkins (2004) conclude that, "across all policy areas, policy liberalization is highly correlated with the orientation of other government that compete for the same slice of global capital." There is strong evidence that capital competition accounts for policy diffusion. Results "…show that governments tend to liberalize and to restrict the capital account, current account, and the exchange rate regime along the lines of countries with which they share a religious identity, when we control for a wide range of other factors." Hence, there seems to be evidence that in the face of international economic influences, states choose convergent economic policies, albeit based on social factors in this case.

According to the neoliberal paradigm, globalization should also bring peace. There are two distinct strains of thought in this tradition: one maintains that economic globalization is sufficient to bring about peace, and another that argues that the spread of democracy leads to peace. However, the rise of the popularity of democratic governance is also due to globalization. The view that democracy within states leads to peace internationally is the crux of the democratic peace theory: democracies do not fight each other, although they are just as likely to fight non-democracies as much as non-democracies fight each other. Later, there emerged a monadic form of democratic peace that argued that democracies are less likely to fight with other states, regardless of whether they were democracies or not. The dyadic democratic peace theory, derived from observed fact, was later justified by several theoretical underpinnings and has now emerged as a global dominant belief. Other beliefs which have gained prominence over the last decade include universal human rights, rights of women and children, and concern about the environment. These agendas have been primarily taken forth by non-state actors and have resulted in various conventions and protocols.

NON STATE ACTORS AS POLICY ENTREPRENEURS

Civil society actors, NGOs, and international social movements have become increasingly prominent on the global stage in tandem with reduced involvement in traditional nationally based channels of participation such as membership in trade unions or political parties. During the 1990s, concern regarding the social and environmental impacts of globalization, corporate 'irresponsibility,' and unsustainable growth gained momentum. Of the 37,000 NGOs present in 2000, almost one-fifth had been formed in the 1990s.[110] With the presence of 20,000 transnational NGO networks and international

NGOs contributing more than $7 billion in assistance to developing countries, these non-state actors are now a significant voice in influencing policy. The lack of transparency in major international organizations, and the perceived negative impact of the policies advocated by them in developing countries continues to be a major rallying point for these players.

The rhetoric of decentralization, local participation, self-help, and partnership has contributed to the rise of new collaborative forms of government. International organizations such as the World Bank have now initiated programs like the Comprehensive Development Framework, which promotes economic growth via free markets holistically rather than the blanket insistence on liberalization that was initially espoused. These new efforts engage civil society and give them a larger stake in the policy arena. The literature on Transnational Civil Society (TCS) very forcefully demonstrates the role of non-state actors in creating and sustaining transnational policies.[111] This civil society is by nature non-violent. Groups that are part of the TCS coalesce especially around issues of economic liberalization as is evidenced by anti-globalization rallies and protests, political lobbying to lessen the adverse political impact of international economics, and to maintain government structures of democracy. As Price (2003) states, the main goals of TCS actors are as follows: "to get an issue on the international agenda, to get international actors to change their discursive positions and institutional procedures and to influence policy change and actor behavior."

Foreign economic pressures also lead to the formation of economic and social coalitions. Hiscox (2001) offers an explanation of the variation of domestic trade coalition formation in the face of mobility of trade factors in six western economies. He finds that class coalitions (class-based parties and peak associations, which are more unified on trade) are stronger when levels of factor mobility are higher, and industry coalitions (lobby groups) are stronger when levels of factor mobility are lower. One of the chief implications of his study is that "when the trade issue becomes a more internally divisive force in major parties and peak associations, party leaders will have an incentive to gravitate toward incoherent positions aimed at balancing competing demands from the strongest groups on either side of the debate." He cites the endorsement of non-tariff instruments to hamper multilateral liberalization by political leaders, especially in the US, without actually opposing trade liberalization as an example of this.

Globalization threatens economic, social, political, and security interests of groups within a country who in turn band together to form coalitions with grand strategies. As Solingen (2001) explains "political entrepreneurs aggregate policy preferences of coalitional partners into "grand political-economic strategies" revealing a coalition's position regarding the global political economy and institutions, the domestic extraction and allocation of resources, and the regional strategic contexts." These domestic developments are mirrored abroad as neighboring states also undergo coalition formation and, in turn, influence each other to form regional orders. Thus, not only is there vigorous political activity by non-state domestic groups who in turn galvanize the state, there is also policy convergence among regional orders in response to foreign economic internationalization.

The state is thus increasingly checked from below although some claim that participatory processes seem to have remained relatively weak. Clark et al for instance conclude that a sheer increase in the numbers of non-state actors does not have a simple association with greater systematic participation within international government

organizations, or even mean that states and international institutions will consistently respond to NGO concerns.

The literature on projecting futures falls into one of two categories: those that predict using statistical and mathematical techniques (predictive modeling) and those that use knowledge of current conditions and historical progression to outline possible pathways for the future (scenario analysis). The former is illuminating when the system under investigation, be it social, natural or otherwise, has variables that are established, less complex and generally well understood, and when the time frame under consideration is fairly small. [112] Systems, especially complex ones, behave very unexpectedly when time horizons become large. Therefore, this method is unsatisfactory for understanding long range global futures.

Our project engages in scenario analysis. According to Raskin, et al (2008), it is the best available method to make informed projections about global futures in a complex and indeterminate system such as that of our planetary system. Indeterminacy arises due to three reasons: ignorance, surprise and volition. They elaborate that since we have incomplete information about the present state of our complex planetary system and the forces that govern its dynamics, we can only think about future states in a statistical sense. Complex systems, even those whose behaviors might be well known, do display surprisingly turbulent behavior. Therefore predictions are nearly impossible to do with a good degree of accuracy. The final reason is that unlike mechanical systems our planetary and social systems are subject to human will, which is by nature unpredictable.

Scenario analysis explores possible long-range alternative futures by taking into account what we already know and can infer about our planetary and social system and weaving these facts into narratives: a tale of what could be. These tales draw on the social and natural sciences and their primary purpose is to provide invaluable insight into what is possible. Scenarios bring out links between issues using both quantitative and qualitative tools and are thus broader and richer in scope than predictive modeling: "where modeling offers structure, discipline and rigor, narrative offers texture, richness and insight. The art is in the balance."[113]

In this project we use the framework laid out in Raskin, et al. and present prospects for global futures using three scenarios. It should be underscored that we do not claim or even expect any one of these three scenarios to play out exactly the way they are laid out. Indeed, numerous likely scenarios can be sketched out for the future. Rather, it is deemed highly likely that some version of one of these worlds are probable and the implications of these worlds would be significant to those of the humanitarian world. The three worlds include the Global Marketplace, the Managed Planet and the Fortress World. These worlds are borrowed from Raskin, et al. (2002) and the scenarios themselves with their underlying characteristics are extensions of three of their sub-worldviews. For each of these three worlds we present their distinguishing characteristics and explain how the four drivers (ICT, Markets, Mobility and Policy Orientation) influence them. The drivers become both catalysts and agents of change, depending on the World in question. The Worlds that are ushered in have ramifications for our six key areas of impact: exclusion and inequality, human insecurity, health, cultural and social, environment, and institutions and governance. We also explicate the interrelationships between drivers and impacts as well.

THE GLOBAL MARKETPLACE DEFINED

The Global Marketplace represents a future scenario which is a continuity of the free market ideology that has come to dominate current political economic thinking. All social institutions are gradually transformed to serve the market, and values evolve to justify and work with the capitalist forces in motion. Development is dictated by competitive, free and integrated global markets. The ideological basis for such a World comes from the classical economists, most notably Adam Smith, and from extant neo-classical economists. The market is viewed not with the healthy skepticism of David Ricardo but with optimism characteristic of Smith. The well functioning market, self-correcting without major state intervention, creates values and social institutions that propagate its ideals while existing values and institutions are transformed to be subservient to the needs of the market. In essence, it is a World which personifies the Washington Consensus.

The market driver is key to the advent of the Global Marketplace. The integration of the world economy has come to fruition, driven by capital markets, FDI and portfolio investment, world trade, and even a tremendous reduction if not elimination of barriers to mobility of all factors of production. FDI accounts for a majority of the world GDP, a trend continued from current times. Capital market integration has reached its apex as well. Global financial crises continue to recur, but with protectionism belonging to a bygone era and capital markets being fully integrated, the crises are swift, broadly felt, and long-lived as the markets gradually adjust without concerted policy efforts. The WTO has risen to ascendency and yet the governing body is flawed in that not all members are treated equally. The most powerful nations follow protectionist policies in certain industries while the less powerful ones are forced into opening their markets to foreign competition. India and China have now joined the list of industrialized countries, which includes the Asian Tigers – Hong Kong, Singapore, South Korea, and Taiwan – as well. The bulk of the global trade, at least in value added trade, is between these industrialized nations. Production processes are completely fragmented with international outsourcing and off shoring taking place in every sector, especially the service sector, as capitalists look for ways to reduce costs and increase profits. All of the production processes and the final products themselves, however, are owned by ubiquitous transnational companies in the developed world. The developing world has opened up its markets and created a climate which is completely favorable to FDI flows and the attraction of production processes.

The Global Marketplace would not have resulted and the international system not integrated if not for revolutions in ICT. ICTs enable capital market integration but they also increase risk of market panics since these same technologies are used by investors seeking short term gain. Outsourcing is a direct result of ICT advances, and now due to further developments in telecommunications and information technologies, production processes can be monitored and commanded, and advice dispensed in real time for negligible marginal cost. Firms in the developed world have introduced technologies to the developing world that have increased labor productivity enormously.

Mobility is another important driver that is instrumental in creating the Global Marketplace. Labor mobility will greatly increase as national barriers erode to accompany rising global market demands. Labor will flow freely, especially among the developed world. Brain drain will continue to impact the developing world, more acutely in the Global Marketplace than before. International remittances will constitute a large fraction of the GDPs of the developing world. Air travel will also bring much needed revenue to the developing world as tourists seek vacations in cheaper, exotic destinations.

Immigration laws in the developed world will greatly limit the number of migrants from the developing world. Illegal human trafficking will also rise, partly fueled by the rise in demand and supply and also because in the Global Marketplace policy will be oriented towards serving the market and values associated with it and not necessarily norms based on other foundations. International crime will also rise but will be combated effectively by the developed world. The developing world will not be so lucky.

The policy driver will be instrumental in bringing about the Global Marketplace but only insofar as it supports the continuation of the free market and invisible hand. Policy other than economic policy will be of secondary importance in the Global Marketplace. Economic policy with its emphasis on deregulation and privatization will trump other policy goals, and it is this salience that will usher in the primacy of the market. There will be a reduction in the number of non-economic international organizations as the Global Marketplace pays a premium on commercial and private interests. Labor unions, both domestic and international, will be discouraged from forming and coalescing. The belief that the market is self-correcting and results in optimal welfare for all is at the heart of economic policy. Therefore, policies aimed at ameliorating the negative effects of the market will be de-emphasized. Global and regional cooperation will be highlighted in the economic sphere and will also be of interest pertaining to their influence on market functioning.

IMPACTS IN THE GLOBAL MARKETPLACE

Exclusion & Inequality: In the Global Marketplace, the advanced countries are mostly knowledge economies while the rest of the developing world is still dominated by manufacture driven economies. Knowledge sharing has been facilitated by breakthroughs in technology and networking but still the vast majority of such networks exist in the developed world. There is gradation even among the advanced knowledge economies. The rest of the world is left behind as it becomes increasingly difficult to invest in high cost technologies and infrastructure building. This is the case even within developed countries, since access to technologies greatly depends on whether you live in an urban versus a rural area. Urban residents have both the poor and rich among them and the benefits from the Global Marketplace go disproportionately to the latter group. The disparity between rural and urban dwellers in developing countries is much larger than in developed countries.

Now that developing markets have been more fully integrated, there are significant FDI flows to these nations from richer countries. Yet, the vast majority of FDI flows remain between the industrialized countries, so that the developing countries lag behind in terms of overall development. The most powerful nations follow protectionist policies in certain industries while the less powerful ones are forced into opening their markets to foreign competition. The rest of the developing world is in complete debt to these industrialized nations through IMF loans and World Bank assistance programs. Many countries have now been included in the globalization process but this is by default and not because the Global Marketplace set out to do so. In the Global Marketplace, the bottom billion is condemned to reside in the deep bottom.

Human Insecurity: There is a higher level of global economic insecurity in the Global Marketplace with recurring financial crises. Developing nations especially are powerless to safeguard their economies from investors seeking short-term gain. The pervasive presence of securities, hedge funds and other financial instruments also increase the chance of arbitrage and financial crises. Savings and investments will be in perilous positions and the less well-off will face greater uncertainty than the wealthy. The

extant European model with comprehensive labor market protections and safeguards has given way to the American model of economic institutions in the Global Marketplace. Labor market demands will dictate labor laws and wage pricing. Minimum living wages will be abandoned. Jobs themselves will be insecure since the market will determine which jobs exist and thrive and which are superseded.

Political and social insecurities have also increased, although in the Global Marketplace the economic realm trumps others. Generous social safety nets, which were once available in many developed countries will be replaced by the American model of individual private plans which are not available for those who cannot afford to pay. Even within families we should see a larger shift away from extended families to nuclear families mainly due to financial constraints imposed by the market system. Households where both parents work will be the norm even in developing nations. Leisure will be a luxury many will not be able to afford. Social relationships will be strained as well since the market demands increased labor productivity and longer hours from workers. Workers need to hold onto competitive employment opportunities and will thus accept these tradeoffs. In the Global Marketplace the economic sphere will impose on political liberties as well. Nationhood itself will be threatened as the global integrated market erodes state borders and imposes on national sovereignty. Citizens will be less politically motivated and more economically motivated, with adverse effects on governance.

Health: The Global Marketplace has provided mixed results in this respect. Access to medicines and healthcare facilities are readily available to those who can afford it. Treatment is emphasized over prevention, much like in present day United States. The market dictates where big drug companies, based solely in the developed world, spend their R&D. We will see many drugs and cures for diseases that affect citizens of the developed world like cancer, and drugs for lifestyle and aesthetic appeals rather than for communicable diseases. There will be investment in finding cures for communicable diseases as well since world travel makes it impossible to contain pandemics and diseases, but they will be only on a needs basis. WTO-related intellectual property rights agreements will bar the generic manufacture of drugs to combat diseases such as AIDS, making it even more difficult for poorer countries to acquire the necessary drugs.

Technology has greatly improved medical resources and information available to both rich and poor nations, and we should see an appreciable reduction in global mortality. Genetically modified (GM) foods have become not only fashionable in the developed world but have replaced organic food supplies in the developing world. These synthetic foods are created by biotechnology companies in the developed world who, in turn, now control the global food supply. Food aid, which first started the trend of distributing GM foods, will continue to do so, creating further dependence on manufactured food owned by companies in the developed world. Diversity in food items will diminish, and through proprietary ownership of gene sequences, companies in the developed world will own food items themselves. In sum, the developing world will have to depend on the developed world for its sustenance.

Cultural & Social: A global business culture will emerge as the dominant culture. This culture will stress the virtue of commerce and thrift over other mores. Human rights and other liberties will be of secondary importance to economic freedoms and norms. Cultural heterogeneity will diminish as this dominant global culture with its corresponding ethos permeates to all areas of the globe. Many will be excluded as this culture will be driven by and is, in turn, based on technology, industry and knowledge. The channels through which the corporate culture is disseminated are themselves

dictated by companies within the developed world and as such will change according to the demands of the market.

Many of the current social mores will fade away. There will be emphasis on individuality over collectivity, personal responsibility over social obligation, cold and calculated reasoning over moral sentiment, and private interest over the public good. A survival of the fittest mentality will arise as a result. There will be a backlash against this by religious groups, nationalist groups and others interested in preserving their way of life and values, but to no avail. Society will itself transform as a result. There will be conflict, both interstate and intra-state, over commercial interests.

Environment: Solutions to global environmental problems will be sought within the market framework in the Global Marketplace. As such, these solutions will take time to work. Climate conditions will likely worsen as market based solutions are based on voluntary actions in response to market pressures and not due to exigencies. Any solution to climate change will arise from energy constraints rather than a direct concern about the environment. The developing world will pillage the environment in addition to lowering environmental standards in their efforts to catch up to the developed nations. Poorer nations would prove to be the dumping grounds for hazardous waste generated in the developed world, another result of the supply and demand logic of the market. Environmental resources themselves will be mostly owned by companies in the developed world, much like food supply. Water, the resource most likely to be scarce in the future, will be controlled and distributed for the most part by large corporations.

Urbanization will have negative consequences in these poor countries as well. There will be slum growth, outbreaks of water and airborne diseases and air pollution to name a few complications for the developing world. Conflict in the developing world will increase due to resource scarcity and there will be a tremendous increase in internally displaced people and refugees. Humanitarian action will be hampered especially if it imposes on market functioning. As such the market will directly or indirectly govern where humanitarian action is targeted and to what degree.

Institutions & Governance: In the Global Marketplace, there are more authoritarian states, which follow the model of nations like China and Singapore, emphasizing economic development while abandoning democratic institutions. Since the market does not attach a premium to political freedoms insofar as they do not infringe upon economic freedoms, these authoritarian regimes are left unchecked. Citizens of these nations have adapted accordingly while dissidents pay a heavy price for demanding political rights. Democracy has not diminished in countries that had strong established democratic institutions, but democratizing states that had vulnerable political institutions will be seized by totalitarian regimes. Social and political institutions will be built around principles of economic incentives. As such, the economic rationale for democracy will be challenged thus further reinforcing non-democratic types of governance. Globally, there will be institutions that stress economic cooperation but organizations like the UN will be severely hampered in their efforts to forge cooperation in non-economic spheres. Those who have been socially, economically and politically marginalized vent their frustrations at institutions of the Global Marketplace, and radical terrorism will see an increase, both nationally as well as globally.

THE MANAGED PLANET DEFINED

The Managed Planet is the future scenario in which policy institutions and values reign supreme and where the reformist tendencies of current economic, political and

social discourse have firmly taken hold. These reforms would be undertaken gradually and incrementally. The belief is that such incremental reform is best suited to address problems as they arise. As the name implies, policies, which are cooperatively agreed upon, will be enacted to assure mutually beneficial objectives. There will be an International Governmental Organization (IGO) much like the UN (referred to from now on as the world body) where every state is a member, but with an expanded mandate which places its dictates on par with state laws and practices to deliberate and implement policies with the blessings of member states. This world body has the power to discipline any state that violates its dictates. This is the closest the world has ever been to world government but without the elimination of the state system. This world body serves as an umbrella for many other IGOs involved in policy making in political, economic and social realms. There are other IGOs such as IMF, regional IGOs, and the World Bank that are not directly part of this organization but which have lesser mandates than this global body. Thus, there is a hierarchy among IGOs. They all work synergistically as much as possible but this world is also marked by the inefficiencies which accompany a bureaucratically driven one. Policies will be promoted by states as well as non-state actors and global as well as regional organizations. Other NGOs and transnational actors also influence policy, and can even make their own policies, although they do not have the power or the authority to transcend the state system or the global body.

This is the world partly envisioned by John Maynard Keynes, among others. The ideological bases are found in modern and neo-liberalism, which stress the importance of market capitalism, democratic governance, personal liberties, and the public good. The free market needs to be maintained but with suitable adjustments to account for the generating of negative externalities, potential initiating of conflicts, public good provisioning and glaring inequalities in opportunities and wealth. Democratic governance is extolled in the Managed Planet and states are encouraged and pushed into changing their institutions to accommodate this ideal through policy changes by the world body of which they are all part. Personal liberties are very important but unlike in the Global Marketplace these liberties are just as important as economic ones. The market will not be entrusted to provide public goods and instead concerted policies will be implemented to ensure these objectives are met directly.

The policy driver will be the instrumental driver in the advent of the Managed Planet. Free market policies such as economic liberalization, privatization, deregulation, ensuring the rule of law, and promoting regimes that respect property rights will be high on the agenda of states and the world body in this World. These policies will also be pushed by important international bodies such as the WTO, IMF and World Bank. States will have to strike a balance between implementing their own policies and following dictates of the world body, but in the Managed Planet there will be little divergence between the two. The main difference between the Managed Planet and the Global Marketplace is that in the latter the invisible hand of the market is given free reign and expected to promote general well-being without significant public intervention, while in the former there is a more realistic view of the market that tries to correct for market imperfections and its undesirable outcomes. The world will be integrated economically and the factors of production will be mobile as in the Global Marketplace, but to a lesser level. Economic policies to address negative effects of the market are put in place domestically by state governments and internationally through the global body. Labor unions will play key roles here along with transnational corporations in providing inputs for policy makers.

Social and political policies will be critical in this World as well. The world body, states, non-state actors and transnational organizations will all play vital roles. States will be able to institute policies related to governance and global organizations, led by the world body, will promote democratic institutions and values and monitor state compliance. In addition to democracy nationally, the Managed Planet will emphasize cooperation and peace among and within nations. Unlike in the Global Marketplace, in the Managed Planet peace is a direct objective and not an expected outcome of market integration. Policies will be enacted to safeguard human rights, rights of women and children, environmental concerns, civil liberties, and social safety nets by the world body and its member states. The proliferation of international organizations will reach its apex in the Managed Planet, with non-governmental organizations outnumbering IGOs. There will be some tension due to this fact since there will be some NGOs that have mandates in direct opposition to those of IGOs. But these tensions are expected to be minor in contrast to the situation in the Global Marketplace.

The market driver will also play an important, albeit secondary role, in the advent of the Managed Planet. As mentioned above, economic integration will become a reality globally with increased mobility of the factors of production. Integration will be closely monitored by international organizations, especially the world body, and states. Therefore, the breadth and depth of integration will be less and the pace will be the more gradual. Global financial crises will occur but international financial and economic organizations will work together to lessen the impact and duration of these crises. This is in sharp contrast to the Global Marketplace where there will be no intervention to correct financial crises. The world body and other IGOs will work in conjunction with states to decrease protectionist policies and increase global trade. Policies will be undertaken to ensure more equitable terms of trade among states. Many actors will have a role in formulating market policies and lessening the negative impacts of production processes.

The ICT revolution will be invaluable as a driver as well. Just as in the Global Marketplace, ICT advances integrate global capital markets, as well as provide information and knowledge vital for market functions. Policy makers will be able to discuss problems and arrive at global and national policy solutions more quickly and effectively due to advances in digital, telecommunication and information technologies. A more networked global society creates the possibility of gathering information pertaining to policies of interest from a plethora of actors and sources scattered around the world. Policy decisions can be effectively disseminated using knowledge sharing networks. The media will play a vital role in this regard as well and improvements in telecommunications technology will mean that more people can get involved in policy formulation, deliberation and implementation. The costs associated with increased participation in the policymaking arena will be immensely reduced due to technological breakthroughs. The shortcomings presented by advances in ICT, such as increased risk of market panics, will be lessened in the Managed Planet due to the world body and other international organizations who would monitor investment activities along with state regulators. Increased labor productivity due to technological advances will be tempered by labor policies that ensure the well being of workers everywhere.

Mobility is the final driver of interest in the Managed Planet. There will be greater labor mobility across national borders, but the rate of flow and the types of labor crossing borders will be controlled by states and the world body, unlike in the Global Marketplace where such regulation will not be present. Potentially harmful consequences of increased mobility such as brain drain could be lessened as a result. Migration and air travel will increase as well and these will also be monitored and regulated by national and

international organizations and actors. Since social policies directly emphasize human and animal rights there will be concerted efforts to curb and eliminate illegal human and animal trafficking. Policy makers will enact policies that tackle international and domestic crime. Norms and values that extol global cooperation and human wellbeing will emerge in the Managed Planet.

IMPACTS IN THE MANAGED PLANET

Exclusion & Inequality: More concerted efforts will be made to involve people who would have been marginalized in the Global Marketplace. As the advanced economies are knowledge driven in the Managed Planet, the world body and other IGOs will work to help developing states make successful transitions from manufacturing and primary commodity production driven economies to knowledge economies. Policies will be implemented to facilitate knowledge-building networks that involve developing nations. Policies will also transfer technologies to states that cannot afford them at market prices and invest money in building infrastructure in developing states. International organizations will help individual countries bridge differences among rich, poor, urban and rural citizens and thus ensure that development will be broad and deep. Policy efforts to share the benefits of development will be deliberate unlike in the Global Marketplace where the market will be expected to do this if and when it deems necessary. All states and the world body in this World understand that policies which underscore inclusion of all people will not only be preferable but also imperative if growth and development is to continue without backlash and resentment by the masses that are left behind in the process.

In the Managed Planet, IGOs will also work to promote significant FDI flows to developing nations. This would be part of an integral plan geared towards inclusion. There will be global efforts to reduce protectionist policies by both developing and developed states so that all states can equally reap the benefits of free trade and economic integration. To further assist developing states to catch up with the developed world, international financial and technical aid agencies, such as IMF and the World Bank, will extend assistance. Their assistance will take into account social and political milieus in addition to economic realities since policies are geared towards comprehensive solutions to development questions unlike in the Global Marketplace. All of these efforts will be closely monitored by the world body, which would remain the primary policy formulating entity.

Human Insecurity: As outlined previously, there will be a greater level of human insecurity arising from economic insecurity, but remedial policies will be undertaken in the Managed Planet to soften these negative effects through cooperative attempts by policy makers. For example, there will be safeguards to ensure that developing nations are not exploited by investors seeking short term gains, and risky financial instruments will be regulated tightly by international and national regulatory agencies. Generous labor market protections, with fair wages and labor laws, will be provided by policies aimed at ensuring that the vagaries of the market do not disproportionately hurt the most vulnerable in society. These safeguards will not be present in the Global Marketplace.

Political and social insecurity will also be lessened greatly in comparison to the Global Marketplace due to deliberate policy interventions. Since these forms of human insecurity are just as important as economic ones, concrete measures will be undertaken to mitigate their ill effects. Comprehensive social safety nets will be available to all by policy design. A great deal of attention will be paid to the overall health and well being of workers and citizens in the Managed Planet. IGOs will work with other key actors in

making sure that national sovereignty will not be imposed upon unduly in these efforts. It is here that the world body will play a vital role. The world body will make sure that the political and social liberties of individuals are not infringed upon by its member states. Since the world body promotes democratic governance among its member states, citizens of these states will be more politically active and informed. This is again in contrast to the Global Marketplace where citizens will be increasingly politically apathetic while simultaneously being economically motivated.

Health: The impacts in this area are in general more positive than in the Global Marketplace. Poverty reduction policies by the world body, other IGOs and states also target lack of access to basic needs, among which access to healthcare is paramount. Global and national policies will ensure that medicines and healthcare facilities are available to all, regardless of their ability to pay. There will be an emphasis on preventive medicine, since this is more cost-effective than merely focusing on treatment by itself. The world body in collaboration with other important actors will launch educational campaigns to promote health awareness and provide populations with health-related information. These bodies will also play an important role in directing R&D efforts of pharmaceutical companies towards diseases that are widespread and dire as opposed to purely market demand driven ailments. Communicable diseases will be tackled in global efforts aimed at eradicating them. Policies will also be formulated to give generic drug manufacturers the ability to manufacture life saving drugs for a fraction of the cost so as to enable everyone to gain access to these drugs. Global policies aimed at reducing mortality rates will be initiated with the world body taking a leadership role.

Cultural & Social: The global culture will be dominated by values that stress respect for law and order, peaceful coexistence, global and regional cooperation, primacy of human rights and civil liberties, and economic liberties etc. These values perpetuate social systems that believe in peaceful cooperative approaches to solving problems. Unlike in the Global Marketplace, there will be a premium on preserving cultural heterogeneity. Cultural inclusiveness will be the order of the day, and technology will be used in these endeavors. The channels through which these values are disseminated are collectively owned for the most part. Public good is emphasized through these policy initiatives. In effect, there will be a transformation not only of individual consciousness through these measures but also of state and global priorities and values.

Environment: These transformations bode very well for the environment, unlike in the Global Marketplace. The world body in conjunction with other IGOs, NGOs and individual states will implement policies that proactively seek to safeguard the environment. The market will not be relied upon exclusively to provide solutions to environmental concerns. Solutions will sometimes be inefficient, unlike in the Global Marketplace. Policies will value the environment for intrinsic reasons in addition to instrumental reasons. The developed world will lead by example and the developing world will follow in preserving environmental resources. Global policy will emphasize equitable resource ownership, cleaner environments, and environmental stewardship. The world body will work with other actors to solve problems arising from urbanization and pollution. Since conflicts will lessen their environmental impacts will also appreciably decrease. Issues of resource scarcity will be thought of more globally instead of nationally or regionally. Humanitarian policy will take precedence in situations that call for such policies, in sharp contrast with the Global Marketplace.

Institutions & Governance: In the Managed Planet, there will be more democratic states by design since the world body and other actors are driven by this policy bias. Institutions that foster economic development will be fundamental but they would not

be used in lieu of institutions that promote democratic governance and values. Political freedoms are valued just as much as economic freedoms. There will be concerted efforts by the world body and other IGOs to discourage states from adopting authoritarian governance structures and practices. Opposition to policies will be encouraged since this will lead to policy reform. As mentioned before, global institutions will encourage cooperation over conflict in every sphere of human activity, and these changes will be reflected in state institutional structures as well. Marginalization in the Managed Planet will be much less than in the Global Marketplace since policies will encourage inclusion over exclusion and cooperation over contention. As a result, terrorism and extremism should not be salient phenomena in this world.

THE FORTRESS WORLD DEFINED

The Fortress World is the final future scenario that we explore in this paper. The first two Worlds result from extant trends in market and policy emphasis respectively. As such, they represent continuations and extensions of modern institutions and values with suitable adjustments. The Fortress World is the end result of a sharp break in these institutions and values, a future realization that comes about when extant trends lead to rising discontent. Ever rising global populations who are disproportionately located in the developing world face dwindling resources, depleting environments, and increasing poverty. In effect, it is a present day incarnation of the dismal worldview first depicted by Thomas Malthus. To compound matters, dramatic economic growth overwhelmingly favors the already rich and prosperous, so that the impoverished masses are further marginalized and alienated. Conflict will be inevitable and this overwhelming disgruntlement will lead to the collapse and overturn of present institutions. The state structure itself is overhauled in favor of a radically different global system, one in which states that possess the means of surviving and fending for themselves resort to authoritarian rule so as to expedite governmental decision making, while states that are less well off break down and descend into anarchy, which has at this point engulfed the global world system.

Structurally, a survival of the fittest environment will prevail. States respond accordingly by appointing authoritarian rulers, abandoning democratic institutions and values and relegating broader personal, political and social liberties to secondary status to be replaced by security concerns, much like Thomas Hobbes predicted. These powerful states will also be preoccupied with implementing protectionist policies, engaging in interstate conflict to ensure survival, and banding together with those in similar economic, social, and political positions against those that are not. Self-sufficient islands of prosperity will reign supreme while the majority of global populations will be forced to fend for themselves. For example, the United States will be a fortress state and the EU will be a fortress state/region. Developing states will exist around these fortress states but their existence will be tenuous at best, depending on how authoritatively they are governed. Present day IGOs will only remain if they represent groupings of similar states, and even then these bonds are tenuous at best. NGOs will mostly wither away as global preoccupations revolve around maintaining securing wealth and power. There will be a very restricted comprehension of the public good. The fortress states will not attempt to dominate the hapless masses unless it is in their best interest to do so. Hence, powerful armed forces of these fortress states will impose their will globally to ensure environmental safeguards are in place, regionally to ensure other developed states that are in cooperative pacts with them are safe and secure, and nationally to preserve law and order and maintain social hierarchy and control.

The Fortress World will not have arisen if not for major shortcomings in policy formulation and implementation. Global, regional and national policies that fail to adequately anticipate and counter population growth, especially since this growth is overwhelmingly in the developing world, is a main reason why this bleak World will emerge. These growth trends are quite discernible and yet policies would underestimate their effects on resource and other constraints and the immediacy of the threats that they pose, or be preoccupied with solutions and alternatives that are ineffectual and potentially more harmful. IGOs like the UN or the World Bank will let individual states deal with population growth until it is too late for international involvement to sufficiently curb these increases. There will not be enough policy emphasis on resource management and division and environmental preservation, further exacerbating the global demographic crisis. International organizations will also let states determine their own governance structures without too much policy advice, which could lead to more conflict and less law and order. Global policies will be instituted in social and political realms but they will not be as broad and sweeping as required to meet challenges facing world populations. Although policies concerning human rights, the environment, civil liberties, social safety nets and rights of women and children, among many others, will be formulated and implemented, they will not be as expansive as required to meet global challenges.

Economic policy will focus on wealth creation and preservation but less on distribution. Due to this policy oversight trends in unequal ownership of wealth, income, and opportunities will continue and in fact worsen as more of the global population will be left behind. These disparities will be replicated nationally as well, leading to more marginalization of citizens. Free market policies like liberalization, deregulation and privatization will be implemented without paying proper attention to winners and losers. Hence, the gap between rich and poor will increase further, both nationally and globally. IGOs like the World Bank and IMF will offer economic policy recommendations to states without paying too much attention to other policy areas, which could intensify wealth and income related disparities worldwide. Economic liberties will be emphasized over other civil liberties. These myopic policies will, together with others listed above, invariably lead the world down the path to the Fortress World.

The market driver will work synergistically with the economic policy driver to also bring forth the Fortress World. Financial crises will increase in number, depth and scope as the world integrates financially if the IGOs monitoring and regulating the market are not vigilant. These crises are so profound that they will cause incalculable hardships, especially on those who are least able to absorb them. Factors of production will be mobile but if associated complications such as brain drain and capital flight are not addressed there will be greater uncertainty and despair among the majority of the world. This will be the case especially if states and other actors insist on letting the free market determine outcomes without significant intervention. Seemingly exploitative production processes will further erode perceptions of the benefits of capitalism among losers in the global market system. If global trade flows are uneven and overwhelmingly benefit already developed states, as they do now, the gap between rich and poor states will widen and with it increase resentment among the masses. All of these negative developments will increase the probability that the disenfranchised, both within and between states, will appropriate capital, means of production and wealth from owners. The rich, being cognizant of these tendencies, will seek to maintain and secure their assets and holdings. This clash will result in the Fortress World.

The ICT driver will have mixed effects in bringing about the Fortress World. The ICT revolution will integrate capital markets, create knowledge networks, and provide

information at increasingly rapid speeds and almost negligible marginal costs. These have the potential to benefit developing states and greatly aid them in their quest to catch up to the developed world and guarantee a better quality of life for their citizens. Yet, the benefits of ICT will also go disproportionately to countries and actors who are better situated to take advantage of opportunities presented as a result. For example, countries that have better technically trained citizens, knowledge networks and technology infrastructures will be able to reap the benefits of ICT advances. These also happen to be found in already developed countries. As such, countries that cannot afford these amenities will be left behind, especially since technology and information is rapidly changing. To compound matters, firms within developed countries own or possess monopolies over these advances and technologies, further restricting access to those who need them the most. Market panics will be greatly aided by advances in ICT as mentioned earlier, which would again disproportionately hurt the most vulnerable globally. The media and communications technologies are also mostly owned and controlled by wealthy individuals and firms situated in developed countries. As ICT progress reinforces the negative consequences of unequal ownership and access to resources, wealth, knowledge and technology, there will be a backlash against the socioeconomic order that perpetuates these inequities.

The mobility driver can have mixed results as well. On the one hand, as labor flows more freely between nations and within nations we should expect skills, expertise, knowledge and technologies to spill over to states that lag behind thus aiding them in developing further. As labor mobility increases, international remittances will continue to grow as a fraction of gross products in these developing nations. Travel and tourism will also bring in much needed foreign revenue. Although people who are left behind by the sheer pace of industrial and technological advancement will greatly benefit from these progressive developments, they will not be enough to counter the inequities created and perpetuated by the existing global system. Most of labor mobility will continue to take place between developed states. Brain drain will still disproportionately hurt the poorer countries. As the volume of workers from the developing states increases, authorities in the developed world will seek new ways to restrict immigration. Illegal human trafficking and other negative consequences of human mobility will continue to affect the vulnerable in societies. As crime increases, developed nations will close their borders in efforts to control crime, maintain law and order, and preserve their way of life. This will lead poorer states to fend for themselves. The globe will thus be divided into fortress states and those that are outside, precipitating the rise of the Fortress World.

IMPACTS IN THE FORTRESS WORLD

Exclusion & Inequality: The Fortress World is one of exclusion by definition. The fortress states/regions will build walls and erect borders that are heavily guarded to keep the sea of masses out. The fortress states hosted the majority of knowledge networks and were home to most of the technology and expertise that was available prior to global breakdown. Now the rest of the world will see stagnation or minor increases in economic growth and prosperity. These fortress states will grow economically and will by necessity become self sufficient so as to limit interaction with the outside world. These privileged states will enviously guard their wealth and resources and follow extreme protectionism when it comes to trade, investment and exchange. As a result of these exclusionary policies and in conjunction with the fact that prior to the advent of the Fortress World resources and wealth were concentrated in the hands of a few, global inequality in terms of holdings and opportunities will reach levels unprecedented in human history. The rest of the global populace will struggle to divide the meager amount of assets and resources unclaimed by fortress states and their citizens.

Human Insecurity: As is to be expected, human insecurity will increase significantly in this Fortress World. Economic insecurity will plague the vast majority of citizens around the globe. In lieu of globally integrated economic systems and labor markets the masses will have to find alternate ways to generate and invest wealth. Since these alternate pathways are uncertain and untested the majority of humanity will be relegated to a much lower quality of life than before. Global resources will be available in much lower amounts to these masses, further exacerbating their plight. Within the fortress states, a market-based system will exist but this system will be managed by the authoritarian regimes governing them so as to ensure that required goods and services are provided to citizens.

Political and social insecurity will also be predictably greater in the Fortress World. The possible collapse of lesser developed states would make life very precarious for a majority of global citizens. The developing states that do manage to keep their territories and sovereignty intact will resort to authoritarian rule in order to do so. In both the fortress states and other less developed states, political liberties will be of secondary importance to security concerns. Social safety nets will only be available, if at all, to citizens of fortress states that are rich enough to afford them. It is quite possible that even these fortress states will reduce social benefits to the least well off in their countries in order to free up resources to be dedicated to securing their borders and maintaining law and order. Social relationships will be negatively affected to a great degree in both the fortress states and those not so fortunate, although the ill effects would be amplified in the poorer states. The quality of life will greatly diminish for citizens outside of fortress states. Even within these rich states there should be an appreciable drop in the average quality of life of their citizens.

Health: The fortress states will manage to provide their citizens with access to healthcare services and medicines but it is doubtful that they will be able to do so for all of their citizens equally. Their state resources will be predominantly spent on ensuring security and maintaining order. Hence, over time we could expect a health services system to develop within these fortress states where you get services above a basic minimum only if you are able to pay for it. Pharmaceutical companies will be based in fortress states and their drugs and vaccines will be available almost exclusively to citizens residing within them. Since biotechnology companies are solely based in fortress states they will be able to create genetically modified food to solve scarcity issues in food provisioning. The situation will obviously be worse in the developing states since they will have to decide how to spend increasingly scarce resources among their citizens. These less well off states also face potential threats from others that are similarly resource constrained and hence need to divert energies and assets towards security and stability. These outside states will also have to face problems related to food shortages and they will not have technology to fall back on. IGOS and NGOs that provided invaluable healthcare related services will not be present in the Fortress World. As preventive care is increasingly abandoned in favor of treatment based care, especially in the developing world, we would expect mortality rates to increase. Deaths will be commonplace from previously curable diseases and ailments due to lack of proper health resources.

Cultural & Social: Current social values such as respect for human and animal rights, personal liberties, human dignity and cultural heterogeneity will be replaced by values of cultural and social exclusivity and individuality. There will be no mention of equitable resource distribution and ownership. Since survival is the preoccupation among residents in both the fortress states and those outside of them, the culture will emphasize security and stability above all else. Post-modern values will disappear to be replaced by

primal needs and fears. The rich within these societies will control resources, govern, and determine policies. They will have the police and military at their disposal to control their citizens, institute law and order and to protect them from the outside world. The less developed states will also have identical societal structures since they too will be concerned with similar problems. Norms of cooperation and peaceful coexistence among states will be abandoned in favor of norms that emphasize conflict, resource possession, and exploitation. Survival of the fittest mentality will dominate globally. The public good is of second order importance to security and stability. Religious and nationalist groups will create complications especially for the less developed states. They are bound to create some problems for richer states as well. The fortress states will be secular and hence will not be confronted by similar problems internally.

Environment: Unlike in the other two worlds, in the Fortress World global environmental problems will prove to be difficult to tackle due to the non-cooperative and divisive nature of the global system. There will not be any IGOs to conduct and implement policy globally. This will be very problematic for crises such as global warming. The fortress states will try to overcome these global environmental problems by themselves or with minimal cooperation among themselves as much as possible. Since conflict will be more common in the Fortress World environmental degradation will also be much higher. Within fortress states there will be more concern for the environment, although these concerns will once again be judged against other security concerns. The fortress states will also try to obtain and control environmental resources that are even outside of their walls since this will be a matter of national security. The fortress states will likely dump their waste on the states outside, further increasing environmental degradation. Among the developing states there will be less emphasis on environmental preservation due to resource scarcity and conflict. Resources like water will undoubtedly create conflict amongst both fortress and non-fortress states. Urbanization will be very common in developing states, further exacerbating environmental damage. There will be no concept of environmental stewardship.

Institutions & Governance: As mentioned above, in this world democratic governance structures have been abandoned in both fortress states and non-fortress states. The fortunate few who own the vast majority of assets even within the confines of fortress states will use dictatorial regimes to ensure that their wealth and power remain intact. As such, the fortress states will be very hierarchical and authoritarian. These structures will also be prevalent in the developing states since they face the same problems and constraints. Political freedoms will have no value in these societies. There will be conflict, among fortress and non-fortress states and between non-fortress states as they try to improve their respective security situations and appropriate scarce resources. IGOs will not be present to ensure global cooperation. Citizens across the globe will pay a heavy price for demanding political rights and representative governance structures. All states will focus on maintaining law and order domestically and security transnationally, and institutions that do not directly or indirectly promote these policy goals will be superseded by those that do. In effect, institutional structures among and between states in this Fortress World will further aggravate and reinforce the bleak prognoses that we have outlined.

CHAPTER 4: PREPARING FOR THE FUTURE

We sit at a moment of change with the world plagued by financial crises, political upheavals and security challenges. This momentous time brings with it significant uncertainty and opportunity. It is a time when we need to examine where we are heading and whether we need to change course. As such, this report has been an exercise in futures scenario building. The objective was not to predict or project current trends in globalization. Rather, we are interested in the possible futures of globalization, drivers that could bring about those futures, and the consequences of realizing those futures for the planet in general and human society in particular. We present three different worlds, which may possibly materialize depending on which drivers dominate and guide our future. Our premise has been that globalization is in a constant state of flux and thus the world which will emerge in fifty years will most likely contain elements of all three worlds rather than assume the shape of just a single one.

Although some policy levers are beyond the control of individual global and regional relief agencies, these entities are not relegated to being bystanders as the future unfolds. There are pragmatic steps relief organizations can take to guide the world towards a future that they deem desirable, one in which they work to ensure that life is valued intrinsically and that the planet and its inhabitants are taken care of. These efforts could come in the shape of working with IGOs such as the UN to enhance social safety nets around the world. What is important is that relief agencies push global actors and harness drivers to achieve the best-case future scenario while simultaneously planning for the least attractive one. Strategic choices by relief agencies today shall impact the outcomes we arrive at in the future.

Q1. WHAT CAN BE SAID WITH CONFIDENCE ABOUT THE FUTURE OF GLOBALIZATION?

Globalization as a concept is wrought with definitional, interpretational, procedural and contextual difficulties. The concept is complex, unclear, multifaceted and changing, which accounts for the lack of consensus on what the concept means. Our report does not predict any one future or provide probabilistic accounts of the multiple futures that are possible. We have identified four key drivers of globalization, engaged in scenario analysis to outline three possible futures that can result from globalization, highlighted how these alternate futures may be ushered in by these four drivers, and what these future scenarios, namely the Global Marketplace, the Managed Planet, and the Fortress World, may mean for the six impact areas that we focused on. As in any scenario exercise, possible trajectories for the future are charted and potential drivers and their impacts identified.

We should emphasize that the future of globalization will bring in a mixture of these three worlds. The composition of that mixture will depend on many factors, including the relative importance of the actors involved in shaping globalization and the four drivers that we looked at. More importantly, the composition of the future brought forth by globalization will have tremendous ramifications for the areas of exclusion and inequality, human insecurity, health, culture and society, environment, and institutions and governance. International humanitarian organizations need to be aware of the potential effects on these impact areas as the ultimate future is realized. They also have a hand in realizing that future. That is the underlying message of this proposal: relief agencies have a stake in determining what future globalization as a process conjures up. Although a lot is beyond their control, relief agencies can and do have the power to

influence the future of globalization. Humanitarian organizations should seek the answers to specific queries such as how they can harness technology to increase the reach and security of humanitarian operations, how potential role change may lead to greater facilitation and community empowerment and less logistics and distribution, and in which areas traditional boundaries can be leapfrogged by new technologies.

Q2. WHICH FUTURE SCENARIO IS THE MOST DESIRABLE?

The desirability of the eventual future depends on which characteristics of the three explored scenarios dominate. As we show below, all three Worlds have plenty of shortcomings, with the Fortress World being the least appealing. The best case scenario will be a mix of the other two – one that combines the prosperity of the Global Marketplace with the compassion of the Managed Planet.

The Global Marketplace and the Managed Planet have undesirable elements within them that may negatively impact the six impact areas under consideration. For instance, in the Global Marketplace developing countries will be left behind economically while the developed countries, which are knowledge economies, grow and prosper. There will be greater disparities in wealth, income and resource holdings and access to opportunities in both the developing and developed states. Human security will be highly compromised, especially due to the unflinching belief in the supremacy of the unregulated free market. Social and cultural attitudes and institutions will change and values that extol the marketplace and promote competition will reign over those that promote cooperation, democratic governance, dignity and respect for life, and environmental stewardship. The Managed Planet should also see disparities in income and wealth globally due to neoliberal economic policy dominance but to a lesser extent than in the Global Marketplace. The recurrent economic crises inherent in the free market would create human insecurity in this world as well. Other undesirable elements, although present, will be greatly mitigated compared to the former World since there will be a great deal of emphasis on creating and implementing policies to overcome the social, economic, political and cultural problems of everyone. However, this emphasis on inclusion comes at the price of significant inefficiency and a world slowed down by bureaucratic red-tape.

Clearly, the Fortress World is the least desirable. As outlined in our discussion, fortress states and communities within the World are both hierarchical and authoritative. The citizens within them will have few political freedoms and will willingly submit their civil liberties for the sake of security and safety. The citizens in the non-fortress states will also face a similar fate, albeit for less security. The most vulnerable in either society will suffer due to the survival of the fittest mentality that pervades in the World. Global wealth and resources will be exclusively concentrated in the hands of a very few in both types of states. Preservation of cultural diversity, emphasis on socio-cultural relationships and respect for human rights will diminish as global values. This is a future built on exclusion and inequality. Equally troubling will be the lack of public goods provisioning and environmental protection that will result from this dystrophic future. There will be no effective way to combat global virus and disease outbreaks since IGOs and NGOs will be non-existent and cooperation among states will be negligible. The wealthy and resource rich fortress states will by default have to develop measures to combat environmental crises such as global warming while having to contend with resource depletion and environmental pollution that threaten all inhabitants of this globe.

A healthy mixture of the Global Marketplace and Managed Planet scenarios will be most desirable, with certain characteristics and components of the latter dominating the

mix. The unfettered free market will be regulated somewhat to ensure that gross disparities in outcomes do not result, market externalities are dealt with and public goods are effectively provided. The political and cultural spheres of human activity will be treated on par with the economic, and hence rights and liberties of citizens everywhere in all of these spheres will be safeguarded. Human insecurities will be dealt with through deliberation and implementation of cooperative global policies. Access to healthcare and the creation of social safety nets will be primary considerations of such a hybrid World. Through IGOs, NGOs and other relevant actors social policies will be enacted to ensure that cultural heterogeneity, peaceful coexistence and global cooperation is maintained and fostered. Environmental stewardship will be of highest importance along with addressing humanitarian crises and concerns the world over. Democratic governance will be encouraged as the most attractive form of governance since political freedoms are valued just as much as economic ones. Hence, there will be a premium on political participation.

Q3. WHICH DRIVERS CAN WE BEST RESPOND TO OR INFLUENCE?

International relief agencies need to first identify which drivers can be influenced or harnessed to suit their needs and then recognize the most effective methods of using these drivers to realize their ideal World. Some drivers are beyond the control of relief agencies specifically, while all of them are beyond the complete control of any one organization and are shaped by a multitude of forces and actors in general. Therefore, relief agencies can have only limited influence and as such these agencies need to be strategic in what drivers they target and how. The policy driver is the principal means of influence. Humanitarian organizations have significant ability to influence this driver through the following channels:

Creating Dominant Belief Systems: Global dominant values need to be changed. They should supersede individualistic, competition driven values with values that stress cooperation, compassion for global suffering, dignity and respect for life and importance of human liberties. They should stress the interconnectedness and interdependence of all inhabitants with their shared future. Human suffering and insecurities anywhere in the globe have direct and indirect effects on citizens everywhere due to the integrated global system. War and conflict affects us all on many levels, and relief agencies should help create belief systems that emphasize peaceful coexistence, cooperation, non-violence and respect for life. The purpose of giving should be transformed from the idea of hand-outs and charity to giving because the future of all are linked. Emphasizing environmental stewardship once again reminds people of the shared future that we all are responsible for. It is a future that we create together and that affects us all through space and time. Therefore, global cooperation and compassion are vital now more than ever.

Becoming Policy Actors and Entrepreneurs: Humanitarian organizations need to become policy players. They need to be prominent actors by assisting to reform and influence existing development policies implemented by IGOs such as the World Bank. While their emphasis in the past has been on relief policy, humanitarian organizations increasingly need to be involved in the early phases of development and preparedness. Relief agencies need to stress policies that deal with disaster and suffering both before and after such crises erupt. Crisis preparedness and prevention needs to be focused on as much as or more than dealing with their aftermath. This provides a significant avenue that they can become policy entrepreneurs by selling preventative policies to policy makers and other actors. By accessing local and other sources of fundraising humanitarian organizations can raise funds to aid them in these campaigns. Markets and finance can be influenced by creating awareness among consumers and producers of

good business practices, the economic and social hardship and insecurities caused by certain business milieus, and the need for protecting the environment and valuing life in the pursuit of profit. Relief agencies can campaign for compassionate and mutually beneficial WTO trade policies that take environmental sustainability into account. Humanitarian organizations can also be very influential on issues of human mobility, such as those involving labor movements, human migration and refugee and IDP flows. These agencies should involve other NGOs and non-state actors at the grassroots level while working with IGOs and states. Long-term sustainable policy development should be the main objective of all humanitarian agencies.

Relief organizations need to be positioned to take advantage of ICT advances and even influence the creation of certain ICT improvements. They can engage this driver in the two following channels:

Utilizing ICT Advances: Humanitarian organizations need to be aware of the latest and most efficient relief technologies and how to use them to their benefit. Relief agencies can use the latest information and communication technologies to interface faster and more efficiently with policymakers, their own workers, and other relief agencies and actors, use the most efficient technologies in distributing aid and deploying workers to crisis zones, and use developments in areas of study such as network and systems theory to refine their organizational and operational structures. They must also increase awareness among their workers of the benefits of using technologies. For example, Twitter and Facebook can and are being used by disaster victims and workers to disseminate information, aid in relief efforts and formulate and implement policy. Significantly, they need to keep pace with target populations who are up to speed on these technologies. ICT advances also create synergies that are helpful for relief missions. In addition to the above illustration one can point to utilizing knowledge networks to inform the general public of possible future crises as another example. Improved integration is required at both the vertical and horizontal levels and technology should be harnessed in creative ways with new networks to better link local, national and international change. At the same time, humanitarian agencies should be aware that this same technology, which allows greater information flows, subjects the organizations themselves to greater scrutiny and accountability. Relief agencies must therefore be prepared to be completely scrupulous in their missions, program design and implementation, and must be prepared with communication campaigns to convey information sought by the public.

Influencing Advances in ICT Development: Relief agencies should strive to use existing knowledge networks in other areas but also create new ones to fit their needs. These new knowledge networks should revolve around disseminating values that are important to relief agencies and should promote spillover effects to other networks. Relief agencies can work with certain industry R&D teams to create tools and technologies to help them in their relief efforts. The market value of such collaborations would be quite high especially if these technologies can be used in the case of recurring environmental crises such as floods, earthquakes, droughts, tornadoes and tsunamis. Certain advances in network and systems theory for instance were influenced by issues like disaster control, and relief agencies should encourage academics and scientists to research similar questions. More generally, humanitarian organizations should use their policy leverage to influence states and business actors of the value of helping them in their efforts and thus encouraging them to spend more money, research and time on developing better tools for relief missions. Given that knowledge leads to innovation and efficient and effective programs, and considering the greater economic agility required in the future, humanitarian agencies will continuously have to explore various

means to develop and maintain the essential knowledge base to operate in an informed and effective manner.

The mobility driver, which has tremendous implications for humanitarian organizations, is the final driver to which they can effectively respond to and influence. In fact relief agencies are uniquely positioned to harness this driver in comparison with other actors due to the nature and purview of their work. Some of the synergistic ways that issues of mobility can be dealt with using policy and ICT drivers were outlined above. In addition to these, increased mobility has profound implications for relief agencies both inter and intra organizationally. This movement of labor can be used to their advantage by creating spillover effects and expanding information and knowledge within and between agencies and other actors. Target populations increasingly move geographically at greater rates thereby creating both opportunity and complexity for relief missions. The moves made by target populations are also more permanent than before and this trend will likely continue as climate change contributes to islands going under due to increased global warming and permanent environmental degradation. Relief agencies can also use travel and tourism as means of promoting awareness of crises and disseminating information pertaining to their efforts.

Q4. WHICH IMPACTS MUST WE ALREADY BE PREPARING FOR?

The impacts of globalization are usually observed in a negative light. By stressing globalization as a state, process, and destination in this report, we hope to highlight that the phenomenon typically has both positive and negative ramifications in all the six key areas of impact that have been identified including exclusion and inequality, human insecurity, environment, health, social and cultural, and institutions and governance. For instance, in the domain of health, globalization has certainly aided the process by which ailments such as the H1N1 Virus and SARS are spread. However, it is the very same process that has allowed rapid access to medical information and diagnosis leading to possible treatments. Similarly, globalization may well have accelerated the process of environmental degradation and stressed the presence of finite natural resources. However, it is the same phenomenon that has led to the emergence of the first zero carbon city in the world in Abu Dhabi.

As stressed earlier, humanitarian organizations must equip themselves to deal with the worse case scenario. Thus, this report accentuates the negative impacts of globalization. Of the three scenarios outlined in this report, the Fortress World is the hardest hit in all six areas of impact as outlined in the table below:

Table 3: Summary of Impacts in the Three Worlds

Impacts	Global Marketplace	Managed Planet	Fortress World
Exclusion and Inequality	Increases both within and between countries. Countries included in the globalization process are done so by default.	Concerted effort to include the marginalized by overarching world body. Broad and deep development with deliberate effort to share benefits of development.	Unprecedented levels of inequality and exclusion. Majority of world sees stagnation or minor increases in prosperity. Privileged states follow extreme protectionism.
Human	Greater economic,	Remedial policies to	Greater economic,

Insecurity	political and social insecurity. Move from extant European model with comprehensive social protection systems to the American model of pulling oneself up by bootstraps.	soften negative effects of market forces. Generous labor market protection and social safety net safeguards. Citizens more politically active and informed.	political and social insecurity. Lower quality of life. Less access to global resources. Safety nets available to privileged few. Social relationships negatively impacted.
Health	Mixed results. Treatment emphasized over prevention. Drugs and cures cater to the developed world and lifestyle and aesthetic appeals. Appreciable reduction in global mortality. Developing world reliant on the developed world for sustenance.	Policies ensure access to healthcare for all. Emphasis on preventive medicine. Educational campaigns to promote health awareness. Communicable diseases tackled in global efforts. Generic drug manufacturers proliferate.	Services in Fortress states available above bare minimum only when one can pay for them. Developing world plagued by food shortages. Treatment-based care the norm. Mortality rates increase as deaths common from previously curable diseases.
Cultural and Social	Global business culture dominant. Cultural heterogeneity will diminish. Survival of the fittest mentality. Conflict, both interstate & intrastate over commercial interests.	Global culture that emphasizes peaceful cooperation approaches to solving problems. Cultural heterogeneity preserved. Public good promoted.	Values of cultural and social exclusivity prevail. Emphasis on security & stability. Primal needs and fears dominate. Survival of the fittest mentality will dominate globally.
Environment	Solutions to global environmental problems sought within the market framework. Developing world will pillage the environment. Environmental resources mostly owned by large corporations. Increased slum	Policies implemented that proactively seek to safeguard the environment. Emphasis on equitable resource ownership, cleaner environments, and environmental stewardship. Issues of resource scarcity dealt with globally.	Global environmental problems difficult to tackle due to non-cooperation. High environmental degradation. Control of environmental resources mostly by fortress states. Conflict created by lack of resources.

	growth and diseases as well as IDPs and refugees.		
Institutions and Governance	More authoritarian states emphasizing economic development while abandoning democratic institutions. Social and political institutions built around principles of economic cooperation. Radical terrorism will observe an increase.	More democratic states by design. Political freedom on par with economic freedoms. Cooperation over conflict encouraged. Terrorism and extremism not salient phenomena.	Democratic governance structures abandoned. States hierarchical and authoritarian. Political freedoms have no value. Conflict escalates both within and between states.

Of all the six key areas, relief organizations need to be particularly alerted to the impact on exclusion and inequality as it constitutes a defining feature of globalization. While globalization may lead to negative impacts in many areas, its impact on exclusion and inequality leads to particularly divisive and rippling effects. It is for this reason that despite the inefficiencies which characterize the Managed Planet, we advocate for measures that would move us in a direction of such a world.

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ANNEX 1: THE USES AND LIMITS OF GLOBALIZATION INDICES

A number of comprehensive databases provide useful indices for assessing the degree of engagement and integration of countries in the world economy as well as the political and social spheres. However, one must read them with great care because all of them are prisoners to their own definitions of globalization. For example, the A.T. Kearney Globalization Index and the KOF Index of Globalization are two such measures. Kearney tracks 72 countries from major world regions that together account for 88 percent of the world's population, and 97 percent of the world's Gross Development Product (GDP). Kearney evaluates the extent to which countries embrace globalization. First, economic integration tracks trade and Foreign Direct Investment (FDI) flows. Second, personal contact measures telephone traffic, tourism and international travel, and personal transfers of income. Third, technological connectivity combines data on internet usage, internet hosts, and secure servers. Finally, political globalization includes each country's membership in international organizations, ratification of multilateral treaties, and participation in U.N. security missions. Similarly, the KOF Index provides information on 158 countries in economic, social and political integration. KOF includes a few more variables than Kearney such as hidden import barriers; tariff rates; taxes on international trade; trade in books; the number of McDonald's Restaurants and Ikeas; and the number of overseas embassies. The most recent country globalization rankings are listed in Table 4. These indices show which countries are becoming more globally integrated or isolated, and the different areas in which countries are opening up.

Table 4: Comparison of the KOF and A. T. Kearney 2007 Globalization Indices: Paths Followed to Globalization

RANK	ECONOMIC GLOBALIZATION		SOCIAL GLOBALIZATION			POLITICAL GLOBALIZATION	
	KOF	Kearney	KOF	Kearney		KOF	Kearney
				Personal Contact	Technological Connectivity		
1	Luxembourg	Hong Kong	Austria	Hong Kong	United States	France	Jordan
2	Singapore	Singapore	Singapore	Switzerland	Canada	United States	Ghana
3	Ireland	Estonia	Belgium	Singapore	Australia	Russian Federation	France
4	Belgium	Netherlands	Netherlands	Ireland	New Zealand	United Kingdom	Austria
5	Estonia	Denmark	Denmark	Jordan	Denmark	Canada	Ireland
6	Netherlands	Ireland	Sweden	Czech Republic	Netherlands	Germany	Britain
7	Austria	Belgium	Switzerland	Belgium	Switzerland	Sweden	Denmark
8	Sweden	Panama	United Kingdom	Austria	Sweden	Italy	Netherlands
9	Portugal	Malaysia	United Arab Emirates	Croatia	Britain	Austria	Portugal
10	United Kingdom	Jordan	Canada	Estonia	Finland	Belgium	Sweden

Source: Foreign Policy 2007 and KOF 2007.

Apart from slight jostling in rank number and the occasional rise or fall of single nations, the ten most and least globalized countries have remained fairly consistent over time (See Table 5). According to Kearney, 2007 marked the fourth time in seven years that Singapore ranked as the most globalized country in the world. Similarly, Iran remained at the lowest end of the scale for five continuous years. In addition, both KOF and Kearney show the forces pushing certain forms of globalization in individual nations. For example, in 2007, France scored highly in political integration in both indices, but lagged behind in economic globalization due to agricultural subsidies and high tariffs. Likewise, the United States doubled its contributions to U.N. peacekeeping missions in 2007, and continued to be a leader in Information, Communization and Technology (ICT), but lost points on support for free trade and ratified treaties. Moreover, the 2004 American Jobs Creation Act has been cited as the main cause of an over 60 percent reduction in foreign investments. On the flip side, Pakistan and Bangladesh in the ten least globalized countries have significantly high connections to the world through remittances. Changes in FDI outflows through major company mergers also accounts for movement in the rankings. The Netherlands advanced to the top three due the merger of Royal Dutch Petroleum Company and Britain's Shell Transport and Trading Company. While the ranking of nations remains relatively stable over time, these indices reveal that the drivers of globalization push and pull countries in different directions.

Table 5: A. T. Kearney Globalization Index 2007

2007 GI Ranking	Countries	Economic		Personal Contact			ICT	Policy				2006 GI Ranking	2005 GI Ranking	2005 GI Ranking	2003 GI Ranking
		Trade	FDI	Telephone	Travel	Remittances	Internet Users	International Organizations	U.N. Peacekeeping	Treaties	Government Transfers				
1	Singapore	1	5	2	6	60	25	42	14	40	56	1	1	2	4
2	Hong Kong	2	1	1	2	43	16	71	71	71	57	N/A	N/A	N/A	N/A
3	Netherlands	16	2	9	13	34	2	5	19	14	10	7	5	4	5
4	Switzerland	22	8	4	7	5	15	42	11	40	18	2	3	3	2
5	Ireland	8	6	3	5	11	27	13	2	14	32	4	2	1	1
6	Denmark	26	4	10	16	24	13	5	13	14	19	5	7	10	6
7	United States	71	69	13	40	65	8	1	26	68	46	3	4	7	11
8	Canada	42	25	5	24	67	6	2	18	14	36	6	6	6	7
9	Jordan	9	10	29	32	1	47	56	1	1	3	N/A	N/A	N/A	N/A
10	Estonia	5	3	31	3	22	14	13	44	14	6	N/A	N/A	N/A	N/A
63	Pakistan	63	57	62	72	8	57	66	31	61	42	56	50	46	50
64	Bangladesh	66	64	68	70	9	72	66	34	40	63	58	58	56	54
65	Turkey	48	47	55	39	72	43	29	57	55	52	N/A	N/A	N/A	N/A
66	China	44	35	64	59	55	55	42	41	61	66	51	54	57	51
67	Brazil	70	58	61	62	68	40	13	47	14	66	52	57	53	57
68	Venezuela	50	45	48	57	70	48	29	63	55	58	59	55	58	60
69	Indonesia	46	49	67	65	58	56	29	67	55	67	60	60	59	58
70	Algeria	72	65	58	55	50	61	13	66	40	72	N/A	N/A	N/A	N/A
71	India	62	67	70	72	32	63	66	60	61	60	61	61	61	56
72	Iran	55	72	66	56	71	52	66	65	68	70	62	62	62	62

N/A = Data from previous year missing as these countries that were only added to the 2007 ranking. A.T. Kearney/Foreign Policy, 2007, "The Globalization Index," Foreign Policy 163: 68-76. Retrieved May 17, 2009 from ABI/Inform

Such indices can be faulted for taking an approach of considering globalization to be economic modernization and integration alone. Moreover, many of the measures are of how integrated economies are to the global economies and not as much to the impact of global interconnectedness on local realities. For example, one might argue that although Bangladesh itself is not highly 'globalized' as per these indices, the impacts of globalization on Bangladesh – for example through livelihoods impacts due to manufacturing shifts – can and are still profound. That is, a 'low' level of globalization does not mean that globalization is not affecting a place or community; after all, impact – especially negative impact – can come even more from exclusion than from inclusion.

That said, there are important lessons to be derived from such efforts at quantifying globalization indices. For example, they demonstrate that cities are the major "hubs of global integration," setting international agendas, forging international linkages, hosting capital markets, and housing the most educated and diverse populations. According to Kearney's 2008 Global Cities Index, New York, London, and Paris were the three most globalized cities based on quality and quantity of business activity, human capital,

information exchange, cultural experience, and political engagement. As with the Globalization Index for countries, no one city dominates all four areas, as different cities pursue different dimensions of globalization. Policy hubs such as Washington, D.C. (#11), and Brussels (#13) contain a concentration of think tanks, international organizations, and political institutions that steer international policy. Conversely, lifestyle centers like Los Angeles (#6) and Toronto (#10) offer many cultural experiences. The index also revealed changes in the direction of globalization in the developing world due to the recent surges in urban transformation in Chongqing, Dhaka, and Lagos. Though national governments shape the outlines of globalization, cities are the primary sites driving global agendas.

Table 6: 2008 Global Cities Index

Ranking	City	Dimension				
		Business Activity	Human Capital	Information Exchange	Cultural Experience	Political Engagement
1	New York	1	1	4	3	2
2	London	4	2	3	1	5
3	Paris	3	11	1	2	4
4	Tokyo	2	6	7	7	6
5	Hong Kong	5	5	6	26	40
6	Los Angeles	15	4	11	5	17
7	Singapore	6	7	15	37	16
8	Chicago	12	3	24	20	20
9	Seoul	7	35	5	10	19
10	Toronto	26	10	18	4	24

A.T. Kearney. 2008. "The 2008 Global Cities Index."
Foreign Policy 169: 68-76.

Nevertheless, the increasing urbanization in cities, and by extension countries, is accompanied by negative environmental consequences. Findings show that the highly globalized countries generally emit more carbon dioxide per capita than less globalized nations. In 2006, the United States, Australia, Canada, and Singapore scored highly on the Globalization Index, but are also among the world's biggest polluters. The only environmentally friendly, highly globalized countries were Sweden and Switzerland. Conversely, Kenya, India, and Pakistan, the least globally integrated, expelled fewer emissions. Likewise, the 2008 Global Cities Index show that developing cities such as Lagos, Ho Chi Minh City, and Bangalore, due to bigger populations and scarcer resources, are facing acute sanitary problems and contributing a significant amount of pollution to the environment. Thus, the cities and nations driving globalization are also the places that contribute most to global pollution.

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5 Ibid.
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