The globalization project is about market integration, legitimacy management, and resistance. At the turn of the twenty-first century, the United Nations reported that the richest 20 percent of the world’s population enjoyed 30 times the income of the poorest 20 percent in 1960, but by 1997 the difference was of the order of 74. The exacerbation of global inequality via market integration made legitimacy management a priority for the development establishment in order to justify staying the course with liberalization and the corporate agenda. Food riots, poverty stabilization schemes, and a dramatic uprising in the Chiapas province of southern Mexico underscored the 1994 statement by the Inter-American Development Bank on the eve of the World Trade Organization (WTO)’s formation: “The resumption of economic growth has been bought at a very high social price, which includes poverty, increased unemployment, and income inequality, and this is leading to social problems.” Five years later, the WTO Seattle Ministerial (1999) registered a threshold in global “anti-globalization” protest, as a variety of justice movements from across the world blocked the proceedings, giving voice to a widespread discontent with the neo-liberal model of global development. The following year, the United Nations offered the world “globalization with a human face” in the Millennium Development Goals, dedicated to addressing the key challenges of the new century: extreme poverty, pandemic disease, environmental damage, gender inequality, and Southern debt.
And all this occurred during an explosion of the “fast world,” driven by the internet boom, corporate mergers, and healthy looking national accounts, as rates of foreign investment and trade ballooned.

The globalization project has two faces: the face of unprecedented prosperity for a minority of the world’s investors and consumers; and the face of poverty, displacement, job and food insecurity, health crises (AIDS), and a widening band of informal activity (over 1 billion slum-dwellers) as people make do in lieu of stable jobs, government supports, and sustainable habitats. This will be the subject matter of this chapter.

Here, we consider some of the characteristic practices of globalization as a project. These are: outsourcing; displacement; informalization; and recolonization. They provide the stimulus to the global justice movements examined in Chapter 8.

Outsourcing

Outsourcing involves the relocation of goods and services production as a cost-reduction strategy and a means to increase operational flexibility of an organization. It is symptomatic of two related processes: “deregulation” and the hypermobility of capital, and the transformation of employment—often in the form of casualization. The latter includes accessing “informal” labor, discussed in a separate section. Under neoliberalism, in addition to corporate outsourcing, governments outsource service contracts to reduce public expenditure and/or privilege the private sector. GATS and IFIs promote this kind of outsourcing, often with the effect of transferring monopoly power over the management of utilities to corporations, and outsourcing “governance” functions to NGOs.

Thus a 1998 World Bank loan to the Dominican Republic, requiring privatization of its power sector, passed the generation and distribution of electricity to Enron, among other companies. Following rate increases between 51 and 100 percent, citizens refused to pay, and the state stepped in to subsidize the price increases, at additional cost to taxpayers of $5 million a month. With payments in arrears, Enron’s subsidiary induced blackouts (including schools and hospitals), leading to deepening protests, eight deaths, and a massive sell off by the Dominican government of its remaining power assets at almost a $1 billion discount. Similarly, when the South African government outsourced Telkom, the state telephone company, in 2003, it completed the privatization of this essential service, which already had increased tariffs for poor households while slashing rates for rich families and firms, and cut 80 percent of new land lines because of the inability of poor subscribers to pay.
And in 2001, Philippines President Arroyo broke up and outsourced the state-owned National Power Corporation, following threats from the IMF and the Asian Development Bank to withhold credits worth nearly $1 billion. Here, “legislation, which privatizes the state distribution system, does not privatize the associated debt. Filipino taxpayers will continue to shoulder the burden.”

Meanwhile, in health care, the World Bank has maintained a policy that public sector inefficiencies hinder service delivery, and made loans to outsource public health to private managed care initiatives. In Latin America, TNCs such as Aetna, CIGNA, the American International Group (AIG), and Prudential have invested heavily in Argentina, Chile, Brazil, and now Ecuador. There are three characteristic effects of neoliberal policy:

- Access to health care for the poor shrinks while investments grow—“between 1996 and 1999, revenues of multinational health care corporations grew much faster in Latin America than in the United States.”
- Outsourcing and cutbacks in public sector budgets reduce preventative programs, allowing banished diseases such as cholera, dengue fever, and typhus to reemerge as epidemics.
- As has happened in a dozen states in the United States, after profiting through the privatization of public health care systems, managed care organizations and health insurance companies move on when profit margins fall.

**CASE STUDY**

**Embedded Outsourcing—“Strategic Localization” in the Philippines**

Challenging the homogenizing imagery of globalization, Steven McKay shows how corporate outsourcing of high-tech electronics production is not only about accessing cheap labor. It is also about local labor relations shaping global industry. In this case, the Philippine state combines with firms (such as Intel, Texas Instruments, Philips, Toshiba, and Hitachi) to access locally specific and flexible labor forces necessary to the distinctive demands of technology-intensive assembly and test manufacturing of semiconductors and computer hard disk drives. As McKay observes, the state has “transformed its export processing zone program from an emphasis on deregulated public zones to attract simply manufacturing assemblers in the 1970s to a model of reregulated, privatized, high-tech enclaves that appeal to the multinational manufacturers of the twenty-first century.” Much like Aihwa Ong’s observations on how the Malaysian and Indonesian states create “graduated sovereignty” via new, ethnoracialized technology enclaves privileging
transnational corporate citizenship, McKay notes how such enclaves enable firms to develop particular work regimes that depend on manipulating local labor markets in gendered recruitment practices, union avoidance policies, and dispersal of worker housing, to manufacture loyalty and work incentives. Just as Carla Freeman notes (below) that workers in informatics compare their new job identities favorably with alternatives in agriculture, the informal sector, service, or garment industries, so one of McKay’s interviewees observed, “If I weren’t working now, I’d still be in school or staying home, selling fish balls. Or doing laundry or selling barbequed bananas.” Another noted, “Compared with [a nearby food processing plant] its nicer [here] because they’re all contractuals there. There are more benefits [here] too . . . the pay is a lot if there’s OT.” Still another said, “I’m not satisfied with the wages. Still, I prefer to stay because it’s really difficult to look for a job now, especially because I’m not a college graduate. If I didn’t have this job, I’d be in the hills, farming.” Regularizing, rather than casualizing, high-tech jobs, McKay notes that firms “invest in particular places and strategically localize elements of their work regimes in order to lower production costs, and/or better secure labor control and worker commitment.”

From a wider lens, “strategic localization” fits within a regional division of labor, where design and manufacturing technologies concentrate in Japan, South Korea, and Taiwan, followed by intermediate production in Singapore, Malaysia, and Thailand, and the labor-abundant sites in China, India, Indonesia, and Vietnam. While the Philippines straddles the latter two categories, China is simultaneously moving aggressively into design and engineering. From this angle, outsourcing patterns are as much regionally subdivided (with labor forces progressively “defeminized” up the hierarchy), as they are embedded socially and politically in local production relations.

When states privatize, they outsource public services. How does this differ from host states privatizing their sovereignty by providing TNCs with access to potential gender and ethno-racial divisions among their citizen-subjects as embedded forms of global outsourcing?  


Corporate outsourcing has become virtually synonymous with globalization. We have seen how the “world factory” emerged on a foundation of the NIDL, as a forerunner of the era of global integration. This pattern, amplified by TRIMs, is now consolidated as the “global division of labor,” extending to high and low paid services and perishable agricultural commodities. Diane Perrons
states that the global division of labor “leads to factories, call centers, and packing plants being created in poorer countries and regions, but further links consisting of people moving in search of work and a better life have emerged on an unprecedented scale.” We address the latter part of this dynamic under “Displacement” below. But outsourcing of production has depended on the deepening of information and communication technologies (ICTs), especially microprocessing power, and developments in fiber optics—for example, “e-mailing a 40 page document from Chile to Kenya costs less than 10 cents, faxing it about $10 and sending it by courier $50.” In 2001, “more information was sent over a single cable in a second than over the entire Internet in a month in 1997.” This compression of space by time enhances the ability of firms to manage far-flung and fragmented outsourcing operations—coordinating movement of components through the supply chain, and of foods shipped across seasonal and time zones.

On top of a steady movement offshore of manufacturing jobs from the 1970s, service jobs began migrating from North to South in the 1990s. For instance, between 1996 and 2000, U.S. corporate outsourcing grew from $100 billion to $345 billion, concentrating in call centers, graphic design, computer programming, and accountancy. Many new jobs in the Caribbean, for example, are data processing positions that large U.S. insurance, health industry, magazine subscription renewal, consumer credit, and retailing firms have shifted offshore at a lower cost. Swissair, British Airways, and Lufthansa relocated much of their reservations operation to Indian subcontractors in Bangalore, where “the staff are well educated at English-speaking universities yet cost only a fraction of what their counterparts are paid in the North.” Swissair claims, “We can hire three Indians for the price of one Swiss.” The relocation of revenue accounts preparation saved 8 million francs and 120 jobs in Zurich. Eastern Europe has become an increasingly competitive site for labor-intensive computer programming, as well as “virtual sweatshops” where Romanians provide computer gaming services for wealthy Western players. The Delhi telecomputing firm Selectronic receives doctors’ dictation from a U.S. toll-free number, transcribing and transmitting transcriptions as texts to an American HMO, while America Online employs 600 Filipinos to answer over 10,000 technical and billing inquiries per day, mainly from the United States (80 percent of AOL’s customer e-mail)—paying its customer-service representatives a daily rate equivalent to an hour’s pay for an unskilled American worker. With outsourcing upgrades in India into product R&D, financial analysis and handling insurance claims and payrolls, call center employee wages have increased by 50 percent, providing an opportunity for the Philippines, where call center jobs rose 100 percent over five years to 200,000 in late 2006. IT services (now at 8 percent of GDP) have been expanding in India at a rate of
between 30 and 60 percent every year, with new frontiers of “virtual services” beyond customer-service centers beckoning to TNCs—“health care, where a scan may be carried out in one country, processed in another, and sent to a third for another opinion before being sent back home again, is one example.” The economics profession may be another mobile “virtual service.” Thomas Friedman refers to this as the “democratization of technology,” a conceptual forerunner of his “flat world,” implying that technological capability enables the South to participate on a leveled global playing field.

CASE STUDY

High Heels and High Tech in Global Barbados

In an innovative study of “pink-collar” work and identities in the Caribbean, Carla Freeman explores how an Afro-Caribbean workforce has embraced the global division of labor in the informatics industry. Disadvantaged by Mexico’s stranglehold on trade preferences with North America, the export-oriented countries of Barbados, Jamaica, and Trinidad offer their English-speaking tradition to the outsourcers.

Barbados, with a literacy rate of 98 percent and a reputation for order and polite service, turned itself into a haven for offshore information-based data-processing work, globally sourced by subsidiaries of British and U.S. telecommunication corporations:

On a typical shift . . . between about fifty and one hundred Barbadian women sit in partitioned computer cubicles of a given production floor from 7:30 in the morning until 3:30 in the afternoon, taking a half-hour break for lunch and sometimes a fifteen-minute stretch in between. Their keystrokes per hour are monitored electronically as they enter data from airline ticket stubs, consumer warranty cards, or the text of a potboiler novel for top U.S. airlines, appliance houses, and publishers. In each case, the surveillance of the computer, the watchful eye of supervisors, and the implementation of double-keying techniques are all aspects of the production process integral to the companies’ guarantee of 99 percent accuracy rates.

While such work is deskillled and clearly gendered, Freeman found that, despite better pay in the canefields, these women find these “pink-collar” jobs attractive because of the identification with office work and informatics technology, because the Barbados Development Plan—development via information-based exports—includes guarantees of basic employment benefits, such as maternity and sick leave and three weeks of paid vacation, and
because differentiation from field and factory work through dress codes and associated consumption styles enables them to “experience class as gendered Afro-Caribbean subjects within a distinctly feminized arena.”

How should we understand the distinction between the discourse of global capitalism as an objective “economic” order with income hierarchies, and its actual realization through cultural filters, where the development subject—such as these Barbadian women, for instance—includes a complex local combination of global class and gender relations?


India, in particular, is blessed with an English-speaking tradition and, like parts of the Caribbean, South Africa, Pakistan, and the Philippines, language has become a comparative advantage for this kind of service outsourcing. At the Delhi call center Spectramind, in addition to a two-hour seminar on the royal family, one set of “recruits receive a 20-hour crash course in British culture. They watch videos of British soap operas to accustom them to regional accents. They learn about Yorkshire pudding. And they are taught about Britain’s unfailingly miserable climate.” Another set of recruits, exposed to American TV shows and sporting slang, are “trained in the nuances of baseball, and Blue ‘Tennessee Titans’ pennants fly above their desks.”

Following liberalization in 1991, foreign corporations established Indian subsidiaries to outsource jobs in IT, financial services, business processes, pharmaceuticals, and automotive components, generating thousands of new jobs, and annual rates of growth twice those in the North. The ruling right-wing Bharatiya Janata Party (BJP), noting (inflated) numbers of 100 million rescued from poverty, a tripling of cell phones in the early years of the twenty-first century, and a message that India was “moving slowly but steadily towards becoming a global power,” proclaimed a “Shining India” campaign, as Bangalore, Hyderabad, Delhi, and Mumbai displayed their new-found wealth as emerging “global cities.”

While one-third of Bangalore’s population are slumdwellers, half “lack piped water, much less cappuccino, and there are more ragpickers and street children (90,000) than software geeks (about 60,000).” The bubble was burst in the 2004 elections, when “unshining India” voted the BJP out of office. Not only are two-thirds of the populace (230 million) still residing in publicly neglected and deteriorating rural habitats, but the IT sector generates less than 2 percent of national income, employs 1 million in an economy where 8 million join the labor force annually, and, as Praful Bidwai noted at the Mumbai World Social Forum, “There are other distressing figures
that tell Indian reality better: appalling stagnation in health, nutrition, and education indicators.”17 In other words, outsourcing generates clusters of prosperity networked more often across national borders than within them. The 2004 election confirmed a deep contradiction between the global seduction of technology and export parks, and addressing national inequalities.

In addition to ICTs and TRIMs, debt is also a driver of outsourcing opportunities. Access to cheaper land and labor in the South is often created through coercion—whether displacement of farmers by artificially cheapened imports of food, or government “eminent domain” claims. India is building on experiments already underway in Andhra Pradesh state, such as Vision 2020, to consolidate agro-industrial estates—“farmed on a contract basis for corporations using genetically-modified seeds to produce agro-exports of vegetables and flowers, and requiring the displacement of upwards of 20 million small farmers.”18 In 2006, the Indian government planned a Special Economic Zone on the site of 45 villages, one-third of the size of nearby metropolitan Mumbai for export production: “forcibly acquiring land at a pittance and handing it over to [Reliance Industries] to sell to businesses in the SEZ. It will be a satellite city in a prime location—close to the major highways, ports, and the site for the new international airport.”19

Rural land appropriation for outsourcing industries is routine in China where, in Dongguan City (Reebok and Nike shoes), local farmers now live off factory rents, while tens of thousands of migrants from the hinterland swell the workforce, with Korean or Taiwanese managers.20 Datang, a rice farming village in the late 1970s, with a cottage industry in socks, now produces nine billion socks annually: “Signs of Datang’s rise as a socks capital are everywhere. The center of town is filled with a huge government-financed marketplace for socks. The rice paddies have given ways to rows of paved streets lined with cookie-cutter factories. Banners promoting socks are draped across buildings.”21 Renamed “Socks City,” Datang is one of many new coastal cities: southeast is Shenzhou, the world’s necktie capital; west is Sweater City and Kids’ Clothing City; and to the south, in the low-rent district, is Underwear City.22 In one of these cities, China Blue (2006) was filmed in a blue jeans factory—portraying reliance on labor of teenage girls fresh from the rural hinterland. With an ethnographic approach, the film documents how pressures to cut costs are passed down from the English buyer, through the factory owner, to his vulnerable workforce, who are also forced to work shifts lasting sometimes more than 40 hours to meet “just in time” orders. Buyers, under pressure to ensure ethical brands, send inspectors who focus on product quality and turn a blind eye to the duplicate time cards and employee coaching organized by factory owners. Global assembly work typically intensifies gender and ethnic inequalities, often generating
powerlessness among adolescents, and intergenerational tensions as young people are at once seduced by, and excluded from, symbols of modernity associated with off-farm work. The “ecology” of outsourcing includes social stratification. For example, the global supermarket revolution centralizes food processing and retailing via continuing pressure on small or independent producers. Thus, in the Amazon, meat purchasing from small ranchers by local slaughterhouses has been replaced by large commercial ranchers producing directly for supermarkets that service the Brazilian and global market. European supermarkets dominate the beef export market with extensive cattle ranching, and Europe and the Middle East account for 75 percent of Brazil’s beef exports. Transnational firms such as Ahold, Carrefour, and Wal-Mart comprise 70–80 percent of the top five supermarket chains in Latin America, centralizing procurement from farmers across the region (and their own processing plants) and, together with Nestlé and Quaker, supplying regional consumer markets throughout the Mercosur trading bloc. In Guatemala, where supermarkets control 35 percent of food retailing, “their sudden appearance has brought unanticipated and daunting challenges to millions of struggling, small farmers,” lacking binding contractual agreements, rewarded only if they consistently meet new quality standards, and facing declining prices as they constitute a virtually unlimited source for retailers.

“Standards” are critical to the outsourcing revolution. WTO regulation of trade relations is complemented by extensive private regulation of production standards, regarding quality, safety, packaging, and convenience. The new “audit culture” generates certification schemes such as EurepGAP, an association of European supermarket chains concerned with regulating quality, safety, environment, and labor standards surpassing publicly required standards. But certification often follows health crises—thus, in May 2007, hundreds of deaths were reported in the United States, Panama, and Australia from a “toxic pipeline” whereby diethylene glycol, an industrial solvent substituted as a counterfeit syrup in various medicines (cough syrup, fever medication, injectable drugs, toothpaste), was found to originate in “chemical country” near the Yangtze Delta—“showing how China’s safety regulations have lagged behind its growing role as low-cost supplier to the world.” Risk management encourages production consolidation—UK supermarkets are doing this to reduce their exposure to risk by expanding control over production and distribution. In Kenya, where about 90 percent of horticulture is destined for Europe (especially the United Kingdom), the shift from smallholder-contract production to centralized employment on farms and in packhouses in the mid-1990s has in turn transformed farming women into a migrant labor force, as a household survival strategy. Likewise, in Brazil’s
Sao Francisco Valley, “new agricultural districts” exporting mangoes, grapes, tomatoes, and acerola must meet specific quality controls and design, as well as setting parameters for labor and environmental conditions. A successful producer comments that

the market had changed and was demanding quality. We had to change too; more qualified people, new technologies at harvest and after harvest; packing houses, cooling chambers, packaging and wrapping papers. . . . We had to travel, to hire external experts, and to develop new systems of cutting and irrigation. There were changes in labor control and in the ways fertilization, pulverization and timing were done; the introduction of computer programming was also new.

Displacement

In the shadow of globalization lurks a rising dilemma: the casualization of labor and the redundancy of people. Despite, and perhaps because of, an expanding global economy, numbers of unemployed (including hard-to-count long-term unemployed) in the global North have risen from 10 to almost 50 million between 1973 and the early twenty-first century. This is the dilemma of structural unemployment, where automation and/or outsourcing of work sheds stable jobs and where redundant workers cease rotating into new jobs. It is matched across the world by other forms of displacement, including SAP-mandated dismantling of ISI sectors, forced resettlement by infrastructural projects (e.g., 1.9 million peasants will be resettled in China’s Three Gorges Dam project), civil wars, and the destabilization of rural communities by market forces (dumping of cheap food, corporatization of agriculture, and decline of farm subsidies). From 1996 to 2001, 40 percent of state-owned industrial enterprises disappeared, displacing 36 million workers—mainly female. At the turn of the twenty-first century, one billion workers (one-third of the world’s labor force, mainly Southern) were either unemployed or underemployed.

Displacement begins with depeasantization, a process synonymous with modernity. Ruling and trading classes have always viewed the peasantry as expendable, and the development narrative sustains the unsustainable assumption that peasants are redundant in the modern world. It is uncontestable that agriculture is the main source of food and income for the majority of the world’s poor. While about 3.8 billion people directly depend on the agricultural sector, more than half of the south’s population is agrarian, rising to 85 percent in some of the poorest countries. The FAO notes,
“Agriculture is also of great social, cultural, and environmental significance for rural communities. It tends to be particularly important for women, who have the main responsibilities for feeding their families and are estimated to produce 60–80% of food grown in most developing countries.”34 In particular, agro-ecological farming, sustained by seed-swap networks, maintains a deeper array of biodiversity than chemical-dependent monocultures, with more trees, crop diversity, and natural predators to control pests and disease. Long-term food security depends on diversity of crop species, in contrast to industrial agriculture’s dependence on 15 crop species for 90 percent of its food calories. Researchers find that, contrary to conventional assumptions, adoption of organic and agro-ecological approaches produces higher yields, in part because the goal is optimizing sustainable yields, rather than maximizing output via soil exhaustion.35 Despite compelling evidence that smallholder agriculture can anchor agro-ecological methods and be the most effective form of rural poverty alleviation, the subordination of agriculture everywhere to corporate farming and retailing is steadily driving peasants into an exploding global slum.

As we saw in Chapter 6, neoliberal food security means privileging food importing over local farming for many southern states. Grain trader Cargill’s chairman observed, “There is a mistaken belief that the greatest agricultural need in the developing world is to develop the capacity to grow food for local consumption. This is misguided. Countries should produce what they produce best—and trade.”36 But as the transnational peasant coalition Via Campesina notes, “the massive movement of food around the world is forcing the increased movement of people.”37 In Mexico, not only have almost 2 million campesinos lost their farms under the NAFTA corn import regime, but tortilla prices have risen 380 percent. The government recently reported that over 1 million children (one in eight) are chronically malnourished. IRC Americas program director Laura Carlsen asks, “Did economic integration in agriculture enable the nation to import cheap food and solve hunger?”38 Under the WTO’s Agreement on Agriculture, decoupling of (Northern) subsidies from prices removes the price floor, establishing a low “world price” for agricultural commodities, and favoring traders and processors in the global food industry at the expense of farmers everywhere. At the 1999 WTO Ministerial in Seattle, a Honduran farmer observed, “Today, we cannot sell our own farm products on the markets because of . . . imports . . . of cheap food produce from Europe, Canada, and the U.S. . . . Free trade is for multinationals; it is not for the small peasant farmers.”39

Liberalization policies are rooted in IMF-World Bank structural adjustment measures, which have routinely required “free markets” in grain—for example,
in formerly self-sufficient countries like Malawi, Zimbabwe, Kenya, Rwanda, and Somalia. Somalia’s pastoral economy was decimated by a structural adjustment program of duty-free imports of subsidized beef and dairy products from the European Union. In India, following a decade of neoliberalism, the Ministry of Agriculture stated in 2000, “The growth in agriculture has slackened during the 1990s. Agriculture has become a relatively unrewarding profession due to an unfavorable price regime and low value addition, causing abandoning of farming and migration from rural areas.” Corporate seed prices have inflated tenfold, and cheap food imports have undercut local farmers and processors. Meanwhile, agro-exports of affluent commodities such as farmed shrimp, flowers, and meat, in the name of food security, increase human insecurities. In sub-Saharan Africa, the official “famine” threshold has been crossed for 15 million people. SAPs contribute to this by promoting export agriculture and replacing state marketing boards with private buyers. The attraction of foreign exchange and profit discriminate against small producers. In Zambia, those living below the poverty line rose from 69 to 86 percent between 1996 and 2001. Across Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe, 51 percent of the population live below national poverty lines. The neoliberal paradox is that “free” markets exclude and/or starve populations dispossessed by their implementation.

CASE STUDY

Corporate Philanthropy and the Return of the Green Revolution

A recent joint venture between the Rockefeller and Gates Foundations, the Alliance for a Green Revolution in Africa (AGRA)—pitched, in participatory terms, as an improvement on the top-down methods of the original Green Revolution—has been met by considerable skepticism. The issue is relatively simple: while GR technology improves yields, poor villagers do not have the cash to buy the food. Sophia Murphy, of the U.S. Institute for Agriculture and Trade Policy, noted that the GR, “ignored the issue of market power: the companies who sell the inputs, and buy, process, distribute, and retail the food produced were vastly more powerful than the farmers and in turn, extracted much of the economic benefit.” Further, as reported by the NGO Food First, “In both Mexico and India, studies revealed that the Green Revolution’s expensive seed, fertilizer, pesticide, and irrigation programs favor a minority of well-to-do farmers. The Green Revolution ends up
indebting the smallholder majority, many of whom are pushed into landlessness and poverty. According to the Indian government, between 1993 and 2003, over 100,000 bankrupt Indian farmers committed suicide.” Other effects of GR technology are degradation of tropical agro-ecosystems, loss of agro-biodiversity on which smallholder livelihoods depend, expansion of the “chemical treadmill,” and the marginalization of successful agro-ecological and non-corporate approaches to agricultural development. Arguably, land reform and stable markets are more sustainable than technologies of displacement, especially in an era of rising oil and fertilizer prices.

If small farmers are a key source of food for the world’s working poor, why displace them with policies that convert food into a commodity to be purchased by the global minority with purchasing power, given the “planet of slums” problem?

Sources: Davis (2006); Food First (2006:1–2); Murphy (2006); Patel (2007).

Global economic integration intensifies displacement as the global economy stratifies populations across, rather than simply within, national borders. With provocative imagery, Jacques Attali, former president of the European Bank for Reconstruction and Development, distinguishes rich nomads (“consumer-citizens of the privileged regions”) from poor nomads (“boat people on a planetary scale”):

In restless despair, the hopeless masses of the periphery will witness the spectacle of another hemisphere’s growth. Particularly in those regions of the South that are geographically contiguous and culturally linked to the North—places such as Mexico, Central America, or North Africa—millions of people will be tempted and enraged by the constant stimulation of wants that can’t be satisfied. . . . With no future of their own in an age of air travel and telecommunications, the terminally impoverished will look for one in the North. . . . The movement of peoples has already begun; only the scale will grow: Turks in Berlin, Moroccans in Madrid, Indians in London, Mexicans in Los Angeles, Puerto Ricans and Haitians in New York, Vietnamese in Hong Kong.43

Such fears, founded in latent stereotypes, underlie the concern of the global managers and many Northern consumer-citizens to stem the tide of global labor migration, and fears of associations with terrorism. Consequences range from the spread of “gated communities” and the Hummer to a rollback of civil rights in the global North.
A cursory glance at the newspapers in the global North confirms a broad anxiety about the ethnic composition of the underground global labor force, often manifested in outbreaks of racist violence toward “guest workers.” This attitude has spread in Europe, where as many as 3 million “illegal” migrants (from Eastern Europe, Turkey, Central Asia, China, and Francophone West Africa) work in restaurants, construction, and farming—they “enjoy none of the workers’ rights and protections or social benefits of the state . . . are paid less than the legal wage, and are often paid late, with no legal recourse.” Advocates argue that legalizing the status of the “sans papiers” would reduce xenophobia.44 The guest worker phenomenon is not unique to the twenty-first century, and the cycles of attraction and expulsion mirror economic cycles in host countries. For example, in 2002, facing an economic downturn, the Malaysian government expelled 400,000 Indonesian workers, who returned home to join the 40 million unemployed.45

In the global North, continuing immigration is in the interests of firms needing cheap labor and of privileged people needing servants. The displacement of love via the feminization and export of care workers from the South to care for children of working women in the North has been termed the “global heart transplant,” and linked to the “care drain” from the South via “chains of love,” whereby migrant women work as “global nannies” at considerable emotional cost to their own children, who in turn are cared for by relatives or teenage girls at home.46

Migrant Labor in the Global Economy: Economic and Environmental Refugees

In the early twenty-first century, as many as 175 million people were estimated to be living as expatriate laborers around the world. Asian women are the fastest growing group of foreign workers, increasing by about 1 million each year. Environmental migration is increasingly significant, with reports that 1 billion people could be displaced by climate change by 2050. Current sources include:

- 135 million people whose land is being desertified;
- 900 million of the world’s poorest, existing on less than a dollar a day and living in areas vulnerable to soil erosion, droughts, desertification, and floods;
- 200 million people facing rising sea levels due to climate change;
- 50 million people in famine-vulnerable areas subject to climate change; and
- 550 million people already suffering from chronic water shortage.

**Labor: The New Export**

The mobility rights for capital guaranteed by neoliberalism do not extend to labor. Nevertheless, labor increasingly circulates, seeking employment opportunities—whether “legal,” “illegal,” or slave/bonded labor. Migration is not new to this century. The separation of people from the land is etched into the making of the modern world. Colonialism propelled migrations of free and unfree people. Between 1810 and 1921, 34 million people, mainly Europeans, emigrated to the United States alone. The difference today, perhaps, is in the feminization of global migration: 75 percent of refugees and displaced persons are women and children.47

During the 1980s, spurred by debt regime restructurings, there was an internal migration in the former Third World of between 300 and 400 million people.48 This pool of labor has contributed to global migration from overburdened cities to Northern regions as migrants seek to earn money for families back home. Roughly 100 million kinfolk depend on remittances of the global labor force. In the 1990s, for example, two-thirds of Turkey’s trade deficit was financed by remittances from Turks working abroad. In 2001, Bangladeshi workers in Southeast Asia or the Middle East sent home $2 billion, the second largest source of foreign exchange after garment exports. Mexico, a nation of 100 million, earns more than $9 billion a year in remittances—almost as much as India, which has a population of 1 billion. And Latin America and the Caribbean received $25 billion in 2002 from remittances which, along with foreign direct investment, now represent a more important source of finance than private lending there.49

The influx of foreign exchange not only supplies much-needed hard currency but, in an era of structural adjustment and privatization, remittance money supplements or subsidizes public ventures. Thus, in Indonesian villages, remittances finance schools, roads, and housing in lieu of public funding. Migrants recently invested $6 million in new roads, schools, churches, water systems, and parks in Zacatecas, Mexico and President Fox commented, “The families that receive the money use it to buy shoes or beans, clothes, or books for their children. Now we want to channel part of that money for production for projects that generate jobs,” matching, peso for peso, money remitted by migrant workers for public works projects in their home communities.50

Spurred by debt, labor export has become a significant foreign currency earner: Filipino overseas earnings are estimated to amount to $5.7 billion, for example. About 6 million Filipinos—increasingly from rural areas—work overseas in 130 countries as contract workers (seamen, carpenters, masons, mechanics, or maids).51 The government of the Philippines includes labor in its
export-led development strategy. In addition to products, labor is exported—mainly to the oil-rich Middle East, where contractors organize the ebb and flow of foreign labor. One contractor, Northwest Placement, a privately run recruiting agency, receives 5,000 pesos ($181)—the maximum allowed by the Labor Department—from Filipino applicants on assurance of a job; this covers the costs of a medical check, visas, and government clearance fees. Not surprisingly, there are also plenty of unlicensed agencies operating.

![Figure 7.1: Top 12 Developing Country Receivers of Remittances, 1999](image)

**Figure 7.1** Top 12 Developing Country Receivers of Remittances, 1999

*Sources: International Monetary Fund (2001); World Bank (2000a).*

CASE STUDY

**Trafficking in Women—The Global Sex Trade Versus Human Rights**

Human trafficking is the fastest growing form of bonded labor in today’s global market, and the leading human rights violation. It is estimated that between 700,000 and 2 million women and children are trafficked annually, and that there are about 10 million trafficked people working at risk. After
Drug smuggling and gun running, human trafficking is the third largest illegal trade (with an annual profit of about $6 billion). Child trafficking dwarfs the trans-Atlantic slave trade at its peak, by a magnitude of 10. Some destinations are farming, restaurant labor, domestic servitude, fishing, mail-order brides, market stall labor, shop work, and the sex trade.

Human rights exploitation of trafficked people, who lack legal status and language skills, is easy and widespread. Since 1990, about 30 million women and children have been trafficked for prostitution and sweatshop labor. The rise in trafficking is directly related to the feminization of global poverty and the use of the internet as a sex forum.

In Thailand, female emigration took off in the 1980s, as the East Asian boom disrupted cultural traditions and family livelihoods. Young women flooded into Bangkok from the Thai countryside, looking for income to remit to their villages, many ending up in Europe, the United States, Japan, South-East Asia, Australia, South Africa, or the Arabian Gulf in the burgeoning sex industry by deceit or by choice (being a relatively high-income trade open to uneducated women). Thai sex tourism contributed to the demand for Thai women overseas. Research in northern Thailand has shown that about 28 percent of household income was remitted by absent daughters. A common motive is relieving poverty and debt, and often parents sell their daughters for a cash advance to be paid off by work in the global sex industry. Alternatively, individual women pay an agent’s fee of around $500. From then on, women are devoid of rights: working as bonded labor; subject to arrest for illicit work and illegal residence; lacking rights to medical or social services overseas; forced to sell sex; at high risk of contracting HIV; and targets of racial discrimination and public humiliation if arrested.

Action against trafficking is hampered by collusion between source families and agents; by the lifestyle of the women, trapped by underground employers; and by governments interested in suppressing information to avoid adverse publicity.

How can global human rights agencies address the trafficking tragedy when governments are reluctant to intervene for fear of loss of foreign exchange or tourist dollars?


International labor circulation combines formal policies with decidedly informal working conditions. Migrant workers routinely lack human rights. Workers in the Gulf states, for example, are indentured, with no civic rights,
no choice of alternative jobs, and no recourse against poor employment conditions and low wages—which are determined by the income levels of the country of origin. Migrant workers must surrender their passports on arrival; they reportedly work 12 to 16 hours a day, seven days a week. Governments in the migrant workers’ home countries in Asia, dependent on foreign currency earnings, are reportedly resigned to the exploitation of their nationals. International labor union organizations have been ineffectual, especially as Middle Eastern states have united to suppress discussion in international forums of working conditions inside their countries.54

Figure 7.2. The Foreign-Born Population in the United States, 2003


Labor comes from all over the world into the United States, as shown in Figure 7.2. The scale is such that immigrants retain their cultural and linguistic traditions rather than assimilate: “the old American ‘melting pot’ is now cooking a variegated stew, each of whose ingredients maintains a singular taste.”55 Increasingly, minority cultures form identifiable “transnational communities” in their new work sites, sustaining regular contact with sending countries and other migrant communities through electronic communication and remitting income to families left behind. The juxtaposition
of distinct cultures in countries to which labor migrates creates a *multicultural* effect—not necessarily benign, as a New York City Labor Department Official noted: “In the underground economies of the ethnic enclaves of Vietnamese, Cuban, Dominican, Central American, and Chinese, it is a case of immigrants exploiting immigrants.” Neoliberal restructuring has amplified “ethnicism,” including “nativism,” in a backlash against immigration related to rising economic uncertainties. Ironically, NAFTA promised that rising levels of Mexican employment and wages would reduce “illegal” immigration into the United States. While factory jobs expanded by 1 million in the 1990s, by 2007 they had shrunk to roughly the same level at the inception of NAFTA in 1994, and Mexican wages were down 14 percent. Meanwhile 500 of Mexico’s 3,700 *maquilas* have shut, with a loss of 300,000 jobs mostly in textiles and electronics, and mostly to China; and millions of *campesinos* have been displaced by corn imports and withdrawal of rural credit. American debates about “illegals” routinely ignore this context, blaming individuals, not structured policies.

**CASE STUDY**

**Multiculturalism and Its Contradictions**

In France, the question of multiculturalism has been tested recently with the growing presence of the more than 3.5 million Muslims living in that country. Muslims comprise a quarter of the total immigrant population (mostly from European countries). Their presence stems from a French policy to import large numbers of North African men for factory and construction work from the 1960s through 1974, after which families were allowed to join the men. Arab and African immigrants and their French-born children form an increasingly distinct suburban underclass in French society. A principal of a Parisian school with a large immigrant population remarked, “In the 1970s and 1980s, we promoted multiculturalism. We had a day of couscous, a day of paella, it was *vive la difference* much of the time. Now the pendulum is going the other way.”

France has more than 1,000 *banlieues sensibles* (“sink estates”) in which immigrants from a variety of cultures are crowded into high-rise, rundown ghettos—built originally in the 1960s and 1970s to house immigrant workers. Unemployment among 20- to 29-year-olds of North African origin runs at about 40 percent, compared with 10 percent for youths of French origin. Street crime and social protest fan French fears, contributing to the 2007 election of French President Sarkozy, who called protesting immigrant youth
“scum.” Yasser Amri, a successful graduate of one of the largest council estates, claimed, “It’s the end of the republican ideal. The French republic deals with citizens, not individuals. But here, people aren’t citizens. They don’t know what they are. Not Algerian, or Moroccan or West African, but not French citizens either. They’re unrecognized, unremembered, and unrepresented. No wonder they rebel.”

Why is it that representations of globalization use images of a homogeneous global market culture, rather than revealing the cultural tensions arising from the inequalities through which the project of globalization is realized? 

Sources: Henley (2003:3); Henley and Vasagar (2003:3); Riding (1993).

The conditions in which labor circulation has intensified have made multiculturalism a fragile ideal. Labor export arrangements deny rights and representation to migrant workforces, and deteriorating economies and communities in global-economic centers spark exclusionist politics that scapegoat cultural minorities. Development project ideals informed a politics of inclusion, rooted in broad-based class movements and political coalitions more committed to assimilation and the redistribution of resources. Under neoliberalism, inclusion is threatened by separatist politics. The “race to the bottom” is not just about wage erosion, it is also about tensions around difference.

Informalization

The globalization project is Janus-faced. It exaggerates the market culture at the same time as it intensifies its opposite—a growing culture of informal, or marginal, activity. This culture involves people working on the fringes of the market, performing casual and unregulated (often outsourced) labor, working in cooperative arrangements, street vending, or pursuing what are deemed illegal economic activities. Those who are bypassed or marginalized by development often form a culture parallel to the market culture. The question of whether informal culture is a real alternative or simply an unrecognized or impoverished margin of the formal culture depends on the context. For example, revival of subsistence farming may improve living standards over working as a rural laborer or existing on the urban fringe, as long as land is available. Marginalization is closely associated with forms of displacement—for example, cycles of expansion and contraction of formal economic activity, or the concentration of resources in fewer corporate hands, generates informalization.
Informalization is a politico-cultural process. With the rise of market societies, the boundaries of the formal economy were identified and regulated by the state for tax purposes, but they have always been incomplete and fluid, often by design and certainly by custom. An army of servants and housecleaners, for example, routinely works “off the books.” Casual labor has always accompanied small-scale enterprise and even large-scale harvesting operations where labor use is cyclical. Also, a substantial portion of labor performed across the world every day is unpaid labor—such as housework and family farm labor.

Distinguishing between a formal economy with its legal/moral connotations, and an informal sector with its illegal or immoral connotations, is either artificial or political. We make the distinction here as it reveals the limits of official, formal development strategy, and identifies alternative, informal livelihood strategies—often intimately connected and mutually conditioning. Economists and governments make the distinction because national accounting measures legal cash transactions. By ignoring informal activity, development policy discounts and marginalizes substantial mechanisms of social reproduction, on which the formal “productive economy” depends. The consequences of this artificial distinction illuminate the crisis of structural adjustment, spotlighting the gendered foundations of material life. To illustrate, Bharati Sadasivam notes that the language of SAPs focuses overwhelmingly on the “productive economy,” on making profits and covering costs. In the process, it takes for granted the “reproductive economy,” which meets needs and sustains human beings. Macro models of mainstream economics assume that the process of reproduction and the maintenance of human resources will continue regardless of the way resources are reallocated. These models conceal the large contribution to the economy provided by the production and maintenance of the labor supply through childbirth and childcare, shopping, cooking, and housework. Economic reforms such as structural adjustment policies that call for cutbacks in state services and the free play of market forces fail to consider how such changes affect the relation between the “productive economy” and the “reproductive economy.” Because the latter is sustained by unpaid nonmarket work mostly undertaken by women, macro-economics also assumes an unlimited supply of female labor. It expects this labor to adjust to and compensate for any changes in the “reproductive economy” brought about by macroeconomic policy measures such as withdrawals in state subsidies and services as well as rises in prices and taxes.58

The “informal economy” comprises two related domains: forms of social reproduction complementing production (as above); and informal “productive”
activity off the books. For example, one of the world’s largest slums, Dharavi, has an “informal” output of $1.25 billion a year, largely from the work of 250,000 people recycling the discarded waste of Mumbai’s 16 million citizens. Before celebrating such ingenious microentrepreneurship among Dharavi’s 1 million slum dwellers, note that most “workshops are constructed illegally on government land, power is routinely stolen and commercial licenses are rarely sought. There is just one lavatory for every 1,500 residents, not a single public hospital, and only a dozen municipal schools. Throughout the slum chicken and mutton stalls dump viscera into open drains thick with human and industrial waste; cholera, typhoid, and malaria are common. Taps run dry most of the time.”

Slum dwellers now comprise a third of the global urban population, and almost 50 percent of the population of the global South. UN-HABITAT estimates that the world’s highest percentages of slum dwellers are in Ethiopia (99.4 percent of the urban population), Chad (99.4 percent), Afghanistan (98.5 percent), and Nepal (92 percent). Mumbai is the global slum dweller capital, with 10–12 million, Mexico City and Dhaka (9–10 million each), and then Lagos, Cairo, Karachi, Kinshasa-Brazzaville, São Paulo, Shanghai, and Delhi (6–8 million each).

In effect, neoliberal development and the generation of a “planet of slums” go together. Of course, these peri-urban communities, as they are known, have been expanding throughout the twentieth century, as the world’s urban population surpassed that of the countryside in 2006.

Cities have absorbed nearly two-thirds of the global population explosion since 1950, and are currently growing by a million babies and migrants each week. . . . The global countryside, meanwhile has reached its maximum population and will begin to shrink after 2020. As a result, cities will account for virtually all future world population growth, which is expected to peak at about 10 billion in 2050. Ninety-five percent of this final buildout of humanity will occur in the urban areas of developing countries. . . . Indeed, the combined urban population of China, India, and Brazil already roughly equals that of Europe and North America.

With global integration, the lines are drawn even more clearly, on a larger scale, and possibly more rapidly. There are professional and managerial classes—the Fast World elite—who participate in global circuits (involved with products, money, electronic communications, high-speed transport) linking enclaves of producers/consumers across state borders. Many of these people increasingly live and work within corporate domains, linked to the commercial and recreational centers, in turn delinked from national domains. And there are those whom these circuits bypass or indeed displace.
These are the redundant labor forces, the structurally unemployed, the marginals, who live in shantytowns and urban ghettos or circulate the world.

Informalization involves two related processes: the casualization of labor via corporate restructuring and the development of new forms of individual and collective livelihood strategies. The distinctive feature of corporate globalization is the active informalization of labor cascading across the world, as it is flexible, cheap, and depresses wages everywhere. Beginning with EPZs, labor has been progressively disorganized via weakening and dismantling of labor regulations, in cycles of competition including first-generation labor forces as depeasantization has proceeded. ILO estimates (2002) show some variation in the percentage of informalization of non-agricultural employment: 48 percent in North Africa, 51 in Latin America, 65 in Asia, and 72 in sub-Saharan Africa. Following the 1997 Asian financial crisis, South Korea’s informal labor force of almost 7 million exceeded its 6.15 million full-time workers, and South Africa’s informal labor sector reached 1.8 million by 2001, one-third of the workforce.63

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**Figure 7.3** Income of the Poorest 20 Percent of Populations of Selected Countries, 1994–1999

Central to this global process has been the informalization of Chinese labor, with the state lifting its ban on rural migration, and also disbanding state-owned enterprises. Given the draconian agricultural tax system in China, and an urban/rural differential greater than anywhere else, between 1996 and 2000 over 176 million peasants migrated to cities, despite lacking the social benefits extended to urban residents, finding work mainly in newly zoned export factories and costing foreign corporations one-third the wage of city-born workers, itself a fraction of Northern wage costs. During this migration, the female percentage of informal workers rose from 45 to over 65 percent. This feminized informal labor force (as in *China Blue*) is highly exploitable. Sociologist Li Quiang’s study of Beijing migrants (2002) revealed that one quarter were unpaid, almost two-thirds worked over ten hours a day, with a sizeable percentage working over 16 hours a day (over and above rush order episodes), and health care was non-existent.

Meanwhile, in export agriculture from the global South, millions of women, comprising between 50 and 90 percent of workers employed in producing, processing, and retailing high-value horticultural crops (roses, apples, snowpeas, green beans, and avocados) experience “informalization.” TNCs organize these global supply chains, using their market power to pass business costs and risk on to suppliers, who in turn displace these on to their workforce. The ILO reports that rights violations of agricultural workers are “legion,” and that women suffer weak labor rights, casualization, low wages, long hours, lax health and safety practices, gender stereotyping, and sexual harassment. Human rights violations of informal agricultural labor extend to child labor—for example, in 2003–04, almost 83,000 children worked on cotton seed farms in India’s Andhra Pradesh state, some supplying subsidiaries of TNCs such as Advanta, Bayer, Monsanto, Syngenta, and Unilever. NGOs report that many are under 10 years old, 85 percent are girls, and many are migrants from low castes, sold into debt bondage to pay off family loans: the “children’s job is usually to cross-pollinate cotton flowers by hand for up to 13 hours a day; in the process they are exposed to toxic pesticides . . . and complain of headaches, nausea, and convulsions.”

The other face of informalization is the expanding range of activities of production and social reproduction occurring in the “shadow economy,” comprising over 50 percent of the population of the global South. Commercial agriculture and habitat degradation routinely expel peasants and laborers from rural livelihoods; they migrate to urban centers where, as they hear on the radio and through migrant networks, jobs and amenities are available. Thus, as Hernando de Soto, a libertarian critic of development and urban bias, observes,
Quite simply, Peru’s legal institutions had been developed over the years to meet the needs and bolster the privileges of certain dominant groups in the cities and to isolate the peasants geographically in rural areas. As long as this system worked, the implicit legal discrimination was not apparent. Once the peasants settled in the cities, however, the law began to lose social relevance. The migrants discovered that their numbers were considerable . . . that they were excluded from the facilities and benefits offered by the law . . . that they must compete not only against people but also against the system. Thus it was, that in order to survive, the migrants became informals.67

This representation of “informalization” dovetails with official, neoliberal narratives framing “social exclusion” in supply-side terms—namely, that the informal is the “anti-economy,” marginality is a personal deficit, and the solution is through individual responsibility. Constructed in this way, marginality is not considered the responsibility of either the state or the economy, and “the route through which ‘the excluded’ are to better themselves is increasingly confined to local and community-based projects organized outside of and instead of state-funded and supported welfare systems.”68 While such spatial and normative distinction serves to isolate responsibility, it obscures the dynamic culture of the rapidly proliferating informal sector.

However, Kalpana Sharma’s Rediscovering Dharavi (the Mumbai slum) observes,

- It is a story of ingenuity and enterprise; it is a story of survival without subsidies or welfare; it is a story that illustrates how limited is the term “slum” to describe a place that produces everything from suitcases to leather goods, Indian sweets, papads, and gold jewelry.
- Every square inch of Dharavi is being used for some productive activity. This is “enterprise” personified, an island of free enterprise not assisted or restricted by the state, or any law. It brandishes its illegality. Child labor, hazardous industries, adulteration, recycling, popular products from cold drinks to toothpaste produced in Dharavi—it is all there for anyone to see. . . .
- The atmosphere in Dharavi, even on a holiday, is like being on a treadmill. Everyone is busy, doing something. . . .
- If you want to eat the best gulab jamuns in town, buy the best chiki, acquire an export quality leather handbag, order World Health Organization (WHO) certified sutures for surgery, see the latest design in ready-made garments being manufactured for export, get a new suitcase or an old one repaired, taste food from the north and the south, see traditional south Indian gold jewelry—there are few better places in all of Mumbai than Dharavi.69

While such positive accounts restore perspective on life in “informal” areas, slumdwellers face recurring violence through demolition of their
shacks. Gayatri Menon’s research on Dharavi notes: “Crafting a home on a public thoroughfare is an exceptionally precarious and creative production that involves a desperate attempt to obtain invisibility while always being on display. For pavement dwellers, evidence of their presence in public spaces, and the absence of a private space to which they may retreat, is their vulnerability.” Reframing the notion of “invisibility,” Fantu Cheru represents the active withdrawal of African peasants from a failing formal economy, including paying taxes, as a “silent revolution”: “the resuscitation of rural co-operatives, traditional caravan trade across borders, catering services and other activities that had once fallen into disuse, depriving the state of the revenue that traditionally financed its anti-people and anti-peasant development policies.” Here, exit is a strategic solution for producers and workers consistently bypassed by state policies. Serge LaTouche views the informal as

comprehensive strategies of response to the challenges that life poses for displaced and uprooted populations in peri-urban areas. These are people torn between lost tradition and impossible modernity. The sphere of the informal has, incontestably, a major economic significance. It is characterized by a neo-artisanal activity that generates a lot of employment and produces incomes comparable to those of the modern sector.”

CASE STUDY

Informalization Versus the African State—The Other Side of “Globalization”

Aili Mari Tripp views the burgeoning informal sector across Africa as a form of resistance. Viewing informalization as more than a passive outcome of state or corporate restructuring, she focuses on the creative ways in which Africans have responded to the failure of development states, exacerbated by more than a decade of structural adjustment. Urban farming has proliferated in the absence of food subsidies, such that 68 percent of families in Dar es Salaam, Tanzania grow their own vegetables and raise livestock. Noncompliance with the state has generated new institutional resources in Tanzania:

Hometown development associations became visible in the late 1980s as urban dwellers sought to provide assistance to the rural towns from which they originated. They used these associations to build schools, orphanages, libraries, roads, and clinics; to establish projects to conserve the environment; to provide solar electricity and water; to disburse soft loans to women’s groups engaged in business; and to raise funds for flood relief and other such causes. These new
associations resemble the early, ethnically based welfare and burial societies that formed in Dar es Salaam in the early 1900s to help new migrants adjust to city life, except that their focus today is to assist people in their rural towns and villages.

In addition to these new resources, traditional resources such as midwifery and craftwork are revived, often undertaken by women. And new activities—from street vending, pastry selling, and hairbraiding to exporting seaweed—have sprung up. In some cases, informal businesses have become so successful in monetary terms that they have moved into the formal sector (e.g., in flour milling, dry cleaning, and prawn farming). The phenomenon of informalization combines individual enterprise as well as “moral economy,” where community interests, rather than markets, define the values shaping economic activity. In Tanzania, the significance of informalization led to the 1991 Zanzibar Declaration, which acknowledged the legitimacy and social necessity of informal activities, outside of official corruption.

Is it possible to view informalization as one of today’s problems to which there is no modern solution?

Sources: O’Meara (1999:34); Santos (2002); Tripp (1997:13, 127, 188).

The “lost decade” intensified pressures to consolidate new livelihood strategies in already overburdened cities. Among Mexico’s urban poor, collective pooling of resources to acquire land, shelter, and basic public services (water, electricity) was one widespread strategy for establishing networks among friends and neighbors to build their own cheap housing.73 In 1992, Mexican intellectual Gustavo Esteva observed of the culture of the “new commons:”

Peasants and grassroots groups in the cities are now sharing with people forced to leave the economic center the ten thousand tricks they have learned to limit the economy, to mock the economic creed, or to refunctionalize and reformulate modern technology. The “crisis” of the 1980s removed from the payroll people already educated in dependency on incomes and the market people lacking the social setting enabling them to survive by themselves. Now the margins are coping with the difficult task of relocating these people. The process poses great challenges and tensions for everyone, but it also offers a creative opportunity for regeneration.74

This culture, embedded in dense social networks among informals, has emerged as a new “safety valve” for the development establishment. An expanding sector of socially excluded people became embarrassing to the
agents of structural adjustment, since traditional/collective forms of mutual aid and livelihood strategies among informals were considered modern anachronisms, destined to disappear with development. To address this legitimacy crisis, and stabilize the poor (through the market, beyond the state), the culture of informality, serving as a survival mechanism for the poor, was redefined by the World Bank as an economic resource, referred to as social capital, to be targeted by microlending. While microcredit has had some success in supporting low-income women, research in Nepal shows that it can also reinforce gender hierarchies, where women’s work burden intensifies and husbands gain control of their business income—which means individual empowerment needs to be complemented with transformations in gender relations.75

Illustrating how informality is spatially segregated under neoliberalism, Julia Elyachar’s Markets of Dispossession details how the Bank proceeded to channel grant funds through Cairo banks, converted to interest-bearing microloans to be disbursed by enterprising NGOs to the poor. With dubious success, this new form of “empowerment debt” seeks to stimulate microenterprise via adoption of an individualist neoliberal subjectivity by the poor as they gain access to credit as a “human right” (the language of the Grameen Bank). For Elyachar, the social/relational value of the culture of informality is converted/reduced to economic value, with disciplinary consequences:

With community networks conceptualized as social capital, NGOs became a vantage point from which outsiders could gain access to the value that those social networks produce. NGOs could potentially tap the vaunted trust and mutual respect of social networks for capitalist firms. This potential was most nicely illustrated when the Grameen Bank of Bangladesh, the grandfather of the microlending phenomenon, signed a contract with the multinational agricultural firm Monsanto (which has been at the center of debates about genetically engineered foods). Monsanto wanted to use the microloan credit networks of Grameen Bank to distribute its seeds, collect payments, and discipline those peasants who tried to store their seeds for reproduction rather than buying Monsanto’s genetically engineered, self-destructing variety. As this incident made clear, NGOs and their microlending networks based on “community trust” can become “low-cost Pinkertons” enforcing financial discipline, just as much as SAPs have enforced discipline on a macro scale.76

On top of the privations of structural adjustment, microcredit schemes also deplete mutual aid networks essential to survival of the poorest: women and children. Mercedes de la Rocha warns that, in Mexico, “persistent poverty over two decades has effectively brought the poor to their knees,” and an NGO worker in Haiti claims the “tradition of mutual giving that
allowed us to help each other and survive—this is all being lost.” Under these conditions, regions of informality become anomic, deepening human exploitation such as child prostitution and organ selling, Chennai (India) having become world renowned for its “kidney farms.”

According to UN-HABITAT, slum populations now expand annually by 25 million. Consequently, countries like India are developing secondary cities to absorb informals—as India’s chief economic planner, Montek Singh Ahluwalia, observes: “One hundred million people are moving to cities in the next 10 years, and it’s important that these 100 million are absorbed into second-tier cities instead of showing up in Delhi or Mumbai.”

Planet of Slums author Mike Davis notes that, with “high-tech border enforcement blocking large-scale migration to the rich countries, only the slum remains as a fully franchised solution to the problem of warehousing this century’s surplus humanity.”

**Global Recolonization**

The globalization project is realized through quite selective mechanisms of accumulation, dispossession, and neglect. Neglect includes the incapacity of debt-stressed governments to support communities that do not contribute to accumulation. Poorer states, with borrowed funds earmarked to promote exports to service debt, are unable to subsidize sectors and communities on the margins. In sub-Saharan Africa, total debt servicing amounts to four times the amount spent on health and education. A Commission for Africa report, in 2005, noted that “African universities were in a ‘state of crisis’ and were failing to produce the professionals desperately needed to develop the poorest continent.” Vulnerable regions have no real channels of representation, especially in Africa, where the nation-state has always been an arbitrary and “uncomfortable fit.” There, postcolonial states, overly centralized and militarized, have generally served as instruments of wealth extraction—a condition exacerbated by neoliberal policies weakening civic institutions. The latter are replaced by unrepresentative networks of NGOs (the new “civil society”), managing the outsourcing of “governance” (and seasoned civil servants) with privately funded projects, leaving behind low-paid government workers, “with the inevitable consequences of corruption and an explosion of parallel businesses.” In turn, the formal democratization of African states, coinciding with severe SAPs, has shifted responsibility on to electorates themselves for state failures associated with policies imposed by unelected international financiers. James Ferguson observes that African global marginalization stems from the condition where “capital ‘hops’ over ‘unusable Africa.’
alighting in mineral-rich enclaves that are starkly disconnected from their national societies.” Ferguson continues, “it is worth asking whether Africa’s combination of privately secured mineral-extraction enclaves and weakly governed humanitarian hinterlands might constitute not a lamentably immature form of globalization, but a quite ‘advanced’ and sophisticated mutation of it.” The model, restoring a colonial division of labor at the expense of coherent national institutions and societies, represents a form of recolonization. The contrast between Zambia’s formerly paternalistic copper mining industry—with extensive social investment in housing, schools, hospitals, social workers, and sports clubs, and contemporary oil mining in Angola—is instructive. Whereas the former industry shed its social amenities under the glare of neoliberal reforms, the Angolan oil industry was private from the start, where “nearly all of the production occurs offshore . . . and very little of the oil wealth even enters the wider society. In spite of some 25 years of booming oil production, Angolans today are among the most desperately poor people on the planet.” The dominant model emerging across the African oil states, similar to that of Angola, is characterized by “enclaved mineral-rich patches efficiently exploited by flexible private firms, with security provided on an ‘as needed’ basis by specialized corporations while the elite cliques who are nominal holders of sovereignty certify the industry’s legality and international legitimacy in exchange for a piece of the action.” John LeCarre’s 2006 novel *The Mission Song* fictionalizes this pattern.

Whether we view the African condition as a “scar on the conscience of the world” (ex-UK Prime Minister Tony Blair), or as “the African tragedy,” its deepening world-economic marginalization expresses the selectivity of neoliberal development. “Marginalization” is an ambiguous term: given that sub-Saharan Africa’s foreign trade accounted for 52.7 percent of GDP in 2003, compared with a global average of 41.5 percent, one might argue that Southern countries’ “wealth is inversely proportional to their integration.” The 20 lowest-ranked countries in a UNDP (2004) ranking of “human poverty” (economic and wellbeing measures) are in Africa, which accounts for 39 of the 50 lowest-ranked countries. Between 1975 and 1999, regional per capita GNP of sub-Saharan Africa fell from 17.6 to 10.5 percent of the world average, and health, mortality, and adult-literacy levels declined at comparable rates. Africa has been described as a “lost continent,” where the daily caloric intake is below that of Mexico or China by a third or more, and “340 million people, or half the population, live on less than US$1 per day. . . . Only 58 percent of the population have access to safe water.” The FAO reports that one in three people in sub-Saharan Africa are hungry. Child mortality below age five is 174 in 1,000, compared with a world average of 89 in 1,000, and the survivors confront pneumonia, tuberculosis, malaria, and an
exploding AIDS epidemic that is devastating lives and the continent’s financial resources. Worldwide, 36 million people are infected with HIV, 70 percent of them in sub-Saharan Africa (as shown in Figure 7.4). In South Africa, 20 percent of adults are infected, and in 2003 there were approximately 15 million orphans. Africa has lost 12 million people to AIDS, and is home to more than 60 percent of all people living with HIV. African countries have submitted to structural adjustment programs over the past two decades, with comparatively little financial aid. The Heavily Indebted Poor Countries (HIPC) debt relief package, instituted by the IMF and the World Bank in 1996, targeted 40-odd countries, 32 of which are African. Conditionality included demonstrating six years of prudent fiscal management. At the turn of the twenty-first century, the failure of this initiative to spur growth or relieve poverty led to the Bank admitting failure in making Africa’s foreign debt “sustainable” to the G-8 countries, shortening the six-year demonstration, requiring that aid be spent on education and health (although without the ability to ensure compliance).

Even so, Africa’s repayments now exceed its receipts. The augmentation of the HIPC initiative in 2005 reinforced its neoliberal conditionalties of

![Figure 7.4 Number of People With HIV/AIDS, 1990–2002](Sources: www.avrt.org; www.unicef.org/sowc02/g32.htm (2002).)
macroeconomic austerity and privatization of services, despite acknowledgment by the Bank that the objectives of financial liberalization were not met, as billions of dollars a year flow offshore into private accounts. Recall that almost 50 sub-Saharan African states are represented by two directors at the Bretton Woods institutions, while eight northern states enjoy a director each, and the United States, with more than 15 percent of the votes, retains veto power.94

Meanwhile, in response to complaints by African politicians that large multilateral aid flowed quickly into Asia following the 1997 financial crisis, the IMF and World Bank admitted that their assistance to Asia reflected that region’s greater significance to the global financial system.95 The World Bank’s 1997 Development Report, *The State in a Changing World*, spotlighted the decay of the African state, despite IFI contribution to this outcome through “bad state/good market” policies leading to neglect of education, erosion of infrastructure and institutional capacity, and rising unemployment.

The New Partnership for African Development (NEPAD), an African initiative agreed to by the G-8 (although without the follow-up of promised aid), continues this policy, urging African leaders to promote “democracy and human rights in their respective countries . . . [while simultaneously] instituting transparent legal and regulatory frameworks for financial markets.”96 Capital flight from every African country to open up its financial markets is endemic. “Africa’s continued poverty (‘marginalization’) is a direct outcome of excess globalization, not of insufficient globalization, because of the drain from ever declining prices of raw materials (Africa’s main exports), crippling debt repayments and profit repatriation to transnational corporations.”97 Nevertheless, foreshadowing the formation of the African Union in 2002, chaired by South African President Thabo Mbeki, NEPAD continues to promote neoliberal economic policies, offering Africa to the corporate global elite in a poverty alleviation strategy:

The continued marginalization of Africa from the globalization process and the social exclusion of the vast majority of its peoples constitute a serious threat to global stability. . . . We readily admit that globalization is a product of scientific and technological advances, many of which have been market-driven. . . . The locomotive for these major advances is the highly industrialized nations.98

NEPAD commits African states to “good governance,” from liberalization to peer review of human rights abuses and corruption, as a condition for Northern financial support. Citing the failure of African states to condemn the excesses of the Mugabe government of Zimbabwe, Muna Ndulo argues that, since Africa will be not able to deliver on the governance or peer review issues, “Western countries have a perfect excuse now for not delivering on NEPAD.”99
Arguably, under the neoliberal mantle, Africa is designated as an “extractive resource,” via an agenda of recolonization. This function is embodied in three sets of forces: the historic structuring of the postcolonial African state; the restructuring of African states via “global governance”; and the resource grab as the energy crisis dovetails with China’s rising demand for world resources to sustain its explosive growth.

While urban bias was common across the Third World, it was amplified in Africa by state patronage systems constructed during colonialism on the basis of artificial tribal hierarchies. The African one-party state arose out of the difficulties in securing power in and administering nation-states with artificial political boundaries. Such bifurcated power, between the centralized modern state and a “tribal authority which dispensed customary law to those living within the territory of the tribe,” conditioned the current failure of African states, where neoliberalism overlays and enlarges often despotic (and ethnically based) regimes. This structure of power has facilitated the exploitation of rural areas by urban elites, enriched by foreign investment in resource extraction. For example, Kinshasa, the capital of Zaire (the Congo), a “giant spider at the hub of a subcontinental web, acted as an ‘overwhelming suction pump’ absorbing all attainable rural resources as well as whatever might be milked from foreign donors and investors.”

Governance reform framed the World Bank’s influential 1989 report, Sub-Saharan Africa: From Crisis to Sustainable Growth: “Africa needs not just less government but better government—government that concentrates its efforts less on direct [economic] interventions and more on enabling others to be productive.” Liberalization targeted the one-party state, demanding democratization of African states, with the goal of releasing entrepreneurial forces in states and societies, and opening up to foreign investment and trade.

CASE STUDY

Ethnic Politics, Resources, and the Recolonization of Nigeria

Nigeria, with more than 250 ethnic groups, has three dominant groups: the Hausa-Fulani, the Yoruba, and the Ibo, with quite distinct political practices. The Hausa-Fulani in the north have roots in autocratic, bureaucratic, and hierarchical precolonial states; the Yoruba in the west have a tradition of loose confederation among centralized kingdoms where monarchs were elected by, and shared power with, a council of chiefs; and the Ibo in the south practiced decentralized and egalitarian forms of social organization.
National unity is routinely compromised by ethnically driven politics, with interethnic competition heightened by resource scarcities.

Related to these fracture lines is an elemental division of Nigeria into a Muslim north and a Christian south, exacerbated by the exploitation of the south’s oil resources by the north, where oil rents have financed a string of corrupt generals since Nigeria’s independence in 1960. Per capita income is now one-quarter of what it was in the 1980s. The generals have not reinvested profits in the Niger Delta (population of 7 million) to pre-empt secession of the south, like the Biafran secession in 1967. In an internationally condemned incident in 1995, Nigerian writer Ken Saro-Wiwa was executed by the regime when he protested southern underdevelopment, linking it to exploitation by the northern-dominated government and foreign oil interests, and demanding compensation for the region and his Ogoni people.

Mobil, Shell, Texaco, Chevron, and other Western oil companies extract oil from the Delta—for example, Chevron’s worldwide revenues of $30.6 billion in 1998 matched Nigeria’s GNP of $30.7 billion in 1997 (one of Africa’s biggest). Meanwhile, between 1970 and 2000, extreme poverty among Nigerians grew from 19 million (36 percent) to 90 million (70 percent). Mobil, Shell, and Chevron now play a de facto government role in the absence of state investment. Local movements demanding compensation have managed to involve these firms in financing basic community development needs such as running water, electricity, hospitals, and roads. But the oil companies’ social “license to operate” enables an industry to extract profits from price rises justified by political instability, and the representation of Africa as the new frontier of terrorism.

All modern states embody historic tensions between formal secularism and historical layering of race and ethnic political relations, which are exacerbated by the impact of globalization. Why should African states be any different?


Governance reforms enable the “resource grab” in Africa, where natural resource exports accounted for almost 80 percent of exports in 2000, compared with 31 percent for the global South and 16 percent for the North. UNCTAD noted in 2003 that 12 African countries depended on a single export commodity: crude petroleum (Angola 92 percent, Congo 57, Gabon 70, Nigeria 96, and Equatorial Guinea 91), copper (Zambia 52 percent), diamonds (Botswana 91 percent), coffee (Burundi 76 percent, Ethiopia 62, Uganda 83), tobacco (Malawi 59 percent), and uranium (Niger 59 percent).
The following year, UNCTAD recorded foreign direct investment in Africa at $15 billion ($2 billion in 1986), noting that most new investment is in mineral extraction, especially in Angola, Equatorial Guinea, Nigeria, and Sudan, and in deepwater oilfields off the West African coast—from which 25 percent of North American oil imports will come by 2015. In an era of Chinese ascendancy, the resource grab intensifies. Once self-sufficient in oil (1990), China was the second largest importer of oil after the United States by 2003, accounting for 40 percent of rising demand for oil in 2001–05. One-third of its oil is African. The Chinese National Petroleum Corporation (which overtook Shell in 2006 as the world’s sixth largest oil company) and two other large Chinese oil firms operate in 17 African countries, including Sudan (Darfur notwithstanding), where a Chinese state-owned company owns 40 percent of the oil concession in the south (with 4,000 Chinese troops protecting Beijing’s oil interests). In 2006, China made a $1.4 billion deal to develop new oilfields in Angola, which became the largest supplier to China, ahead of Saudi Arabia. The deal includes China rebuilding Angola’s railway and bridges, similar to oil contracts linked to rebuilding railways in Nigeria and Algeria.

China’s relation to Africa resembles colonization, but with a twenty-first century twist. Between 2001 and 2006, China’s trade with Africa rose fivefold, to $50 billion, exceeding its trade with the EU, and positioning it as Africa’s third largest trading partner. It has almost 700 state companies with investments in 800 joint projects in Africa. The Council on Foreign Relations reported in 2006, “China is acquiring control of natural resource assets, outbidding Western contractors on major infrastructural projects and providing soft loans and other incentives to bolster its competitive advantage.” That same year, exploiting a “South–South” rhetoric, China claimed its growing interests as a “strategic partnership with Africa, featuring political equality and mutual trust, economic win–win cooperation”—implying that China does not require governance reforms and anti-corruption initiatives as a condition for aid and trade, as do the IFIs, “which some see as a way to justify links with abusive regimes such as those in Zimbabwe and Sudan.” Meanwhile, China is educating thousands of African university students, and dispatching hundreds of advisers and doctors to Africa. At the second Syno-African Conference in 2003, China cancelled $10 billion of African debt, providing debt relief to 31 countries.

In the wake of debilitating neoliberal reforms and endless debt servicing, and NEPAD, African countries now have access to a super-wealthy state not from the global North, and lacking its colonial baggage. Yet neocolonial relations obtain. South Africa, where 86 percent of clothing imports are Chinese, has lost 300,000 textile jobs since 2002. Since 2000, Nigeria lost 350,000 jobs directly and 1.5 million indirectly due to Chinese competition.
imports of Chinese manufactured goods are matched by Chinese investment in the sectors such as commercial aviation, agricultural machinery, urban transportation, and telecommunications.\textsuperscript{114} Human Rights Watch claims Chinese policies in Africa (following the historic lead of the West) have “propped up some of the continent’s worst human-rights abusers.”\textsuperscript{115} Exploitation of natural resources reproduces the pattern of “export of sustainability” begun under colonialism. China is known to import illegally cut timber from forests in Cameroon, the Congo, and Equatorial Guinea. Forest clearing increases vulnerability to erosion, river silting, flooding, landslides, and habitat loss. Gas flaring in oil regions adds to carbon emissions (Niger delta emissions match the annual emissions of Sweden). And concerns have been raised over “the environmental impact of various Chinese-run mining operations in Africa, including copper mines in Zambia and Congo, and titanium sands projects in ecologically sensitive parts of Mozambique, Kenya, Tanzania, and Madagascar.”\textsuperscript{116}

As the twenty-first century approached, sub-Saharan African states experienced destabilizing forces from within and without. From within, as economic conditions deteriorated with little relief from structural adjustment, democratizing trends spread, drawing inspiration from the collapse of the Eastern European one-party states and responding to governance pressures from the global managers. But in the context of declining economic opportunity, democratizing trends are complicated by internal conflict along protective ethnic lines. These lines often become the pretext for and the vehicle of civil wars and ethnicized struggles for control over national resources—as evidenced in the implosion of Rwanda and Somalia and the breakup of Ethiopia in the mid-1990s. With climate change exacerbating drought conditions, and scarcity of basic resources (as in the current Sudanese conflict, where the Arab-allied government conducts a genocidal policy against African farmers in Darfur, at a cost of 200,000 deaths and 2.5 million displaced), such struggles are likely to intensify, fueled by the arms merchants, and the exploitation of proxy groups by foreign interests with their eye on resources. The Chinese government rejects claims made by human rights activists that financial engagement with the Sudanese government prolongs the humanitarian crisis.\textsuperscript{117} Michael Renner comments on the syndrome of the vicious cycle in the Sudan that,

Oil exports have permitted the central government to carry on with the war against southern rebels. To keep paying for the war, the government must expand oil production, but this requires exploiting oil deposits deeper and deeper in rebel-held territory. To control oil-rich areas in southern Sudan, government forces are conducting a scorched earth campaign at terrible human cost. Oil finances the war; the war provides access to oil.\textsuperscript{118}
From *without*, African states broke with their initial (Organization for African Unity) noninterference agreement, and a series of interventions has ensued, beginning with Uganda’s involvement in the Rwandan conflict in 1994. Congo was the site of intervention from six neighboring states at the turn of the century, with President Kabila allied with Zimbabwe, Angola, Namibia, and Chad against eastern rebels supported by Uganda and Rwanda. African boundaries have become more problematic as state sovereignty has dwindled: across the global South, “particularly in sub-Saharan Africa, government forces are in decay and private security organizations are on the rise, including forces loyal to regional warlords, citizens’ self-defense groups, corporate-sponsored forces, foreign mercenaries, and criminal gangs. In fact, it is becoming more difficult to make clear-cut distinctions between legitimate and illegitimate, and between public and private, security forces.” One dramatic manifestation of the loss of political cohesion of some African states is an exploding refugee population, consisting of “international refugees” and “internally displaced persons,” underlining civilian casualty in the militarization of the continent, which has deep roots linking the colonial era to an era of recolonization. The nineteenth century scramble for Africa, symbolized by the Berlin Conference of 1884, best known for violations of its agreements for an orderly division, is on again—with the United States expecting to obtain 25 percent of its oil imports from Africa as an alternative to the Persian Gulf, and France, Britain, India, and China competing for oil, gas, timber, bauxite, copper, diamonds, gold, and coltan.

**Summary**

The globalization project has many social and political consequences and implications for the future of the world. We have examined just four phenomena: outsourcing, displacement, informalization, and recolonization. None of these is unique to the global project. They have all appeared in previous eras but not on the scale found today. They are linked—indeed, they are mutually conditioning processes, being four dimensions of a single process of global restructuring affecting all countries, although with local variation.

The technological shedding of labor and the downsizing and stagnation produced by structural adjustment programs expands the informal sector. Indeed, the institution of wage labor is undergoing substantial change across the world. Not only is wage employment contracting, but wage labor is also displaying a *casualizing* trend, where jobs become part-time and impermanent. The strategies of flexibility embraced by firms contribute to this informalization as much as the growing surplus of populations displaced from
their land and livelihood. Some observers see informalization as a countermovement to the official economy and to state regulation—asserting a culture of the “new commons.” Informalization of both stripes, withdrawal from corrupt, ineffectual, and/or predatory states, and marginalization by selective corporate “cherry-picking” of local resources, is endemic in Africa today, which perhaps illustrates that colonization is a permanent feature of a world system premised on accumulation. Our task is to specify how that works, and to understand that development evolves through different forms and relationships of inequality.

Further Reading


Select Websites

China Labor Watch: www.chinalaborwatch.org
FoodFirst Information and Action Network: www.fian.org
Grameen Bank: www.grameen-info.org
International Labor Rights Forum: www.laborrights.org
International Labour Organization (ILO): www.ilo.org
Maquila Solidarity Network (Canada): www.maquilasolidarity.org
The Meatrix: www.themeatrix.com
Migrant Rights International (Switzerland): www.migrantwatch.org
TransAfrica Forum (USA): www.transafricaforum.org
Transparency International: www.transparency.org
Union Network International: www.union-network.org
United Nations High Commissioner for Refugees (UNHCR): www.unhcr.ch
PART IV

Rethinking Development