

# The bright and the dark side of globalization

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## THE GOOD NEWS AND THE BAD NEWS

When asked what is new in the recent globalization movement of the world economy, we have this answer. In addition to the trans nationalisation of investment and enterprises and the corresponding emergence of the so-called "mega economy"; in addition to the «oneness» of an increasingly interdependent planetary economy, resulting from the collapse or disappearance of the so-called second and third "worlds"; in addition to the manifold and surprising developments in Science and Technology, in particular in the field of Information and Communication Technology (ICT), at least two main phenomena should be stressed: the emerging knowledge economy and financial globalization.

The other important piece of "news", although it is a result of the above, concerns the nature of human labour, or alternatively, the relationship between man and work.

This relationship has become more *flexible*, in remuneration and working conditions and more *unequal* in the opportunities given to the worker for personal fulfilment (that is: new opportunities for greater personal fulfilment but at the same time new opportunities for marginalisation or exclusion; or, to use the gambling term, the stakes have been raised here too); it is also more *precarious* in that there are fewer guarantees of stable employment.

Therefore, the fundamental question of the worker's condition should also be included in this analysis of the global market. We recall that the change in the pattern of economic growth from industrialisation - based to one based on "knowledge intensive" services, led to profound changes in the structure of the working popula-

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tion. Industrial workers gave up their strategic position in the national employment structure to "knowledge workers"; Drucker stated that strictly speaking these are not "dependent workers", but they are linked to the enterprise or organisation (cf. The essential Drucker, 2001). Drucker was a pioneer in the analysis of this process; like few others, he unveiled futures that would come to be and which were foreseen by no-one or almost no-one else.

But the evolution in this aspect of the labour market in the USA, which indicates the way that other economies also follow or will follow, does not cover all situations of more or less skilled labour, although now it has negative implications: here also the trend to de-regularise the market, by the authoritative force of "structural competitiveness" and the corresponding precarious job situation; marginalisation or exclusion of unskilled workers or those whose skills have become obsolete; the decline of trade union power and of the Welfare State (cf., on this subject, Dani Rodrik, 1996); the threat of a serious unemployment crisis in labour intensive sectors due to the growing competitiveness of the "newly industrialized countries", particularly Asian countries - a threat which has now increased with China's recent entry in the WTO in a climate of growing liberalisation of international trade.

This all leads to change the "new labour economy", that is, even in the central countries of the global market the economic question of dependent workers has changed dramatically in relation to the situation which prevailed in the 1950s or 1960s. With regard to this and other matters, globalization brought more opportunities to some while taking them away from others, thus broadening the gap between the (relatively few) who succeeded and the many who were unsuccessful.

In a suggestive metaphor, Charles Handy (in *Harvard Business Review*, January, 2001), when referring to current American capitalism, speaks of an economy of "fleas" and "elephants", the former symbolising the knowledge workers, the latter the great TNC. Handy states that the latter need the former more than vice versa, because the "fleas" can develop themselves as independent workers, or combine and alternate situations of independence and dependence with an organisation. The appearance of new kinds of entrepreneurship is also noted, which are supported in the new technologies and as a result create new jobs which compensate the decline of traditional jobs. It is in this flexibility of the labour market that one of the USA's advantages is found in relation to Europe (see, for example, Thurow, 1992).

But this analysis should also make reference to so-called corporate governance, including the role of the owners of capital in the management of the organisation. Because, in fact, not only has the condition of the salaried worker changed in this

"new" labour economy, but also the role of the actors from the sphere of capital. With regard to this last perspective, the following great current trends should be referred.

Firstly, the free circulation of capital on a world scale makes most national economies vulnerable to the speculative movement of capital - on a greater or lesser scale according to the level of development and size, but *no* world economy today, not even the dominant poles, is invulnerable to the purposes of finance capital in the global market (see Salomon, 1999; Stiglitz, 2002; and also Martin and Schumann, 1997).

Secondly, the growing trans nationalisation of the national economies - an aspect which is distinct from the above point because it is translated in the TNC's power to detain and manage productive capacities in different countries - adds another dimension of vulnerability to the employment level: TNC can create jobs and just as easily eliminate them from a given national economy and only decides to "enter" or "not leave" in accordance with the expected relative advantages in comparison with alternative and practicable locations. The more important these enterprises are in terms of jobs, foreign trade, the greater their contractual power with the national governments. Even in good faith, immune from corruption, a government responsible to its electorate can therefore face terrible dilemmas when negotiating with powerful TNC.

Thirdly, the very nature of the large enterprise or economic group, at the level of organisation, management and governance has been profoundly modified.

In fact, we are speaking not only of actors who are powerful, but ones with different faces or masks which are changeable and hard to identify.

Just some brief notes on this last point. Two clear trends can be found in terms of the organisational model: so-called outsourcing, where the enterprise buys services of various kinds from outside - from information services to personnel management; networking, that is, the generalisation of strategies which involve partnerships with other organisations, trying to maximise the advantage of the specific skills of each one; as Drucker also prophesies (2001) that **some point in the future**, only the top management will define the organisation's identity, everything else can be obtained from outside the enterprise.

In the financial sphere, pension funds are particularly important as investing entities, in part because these funds are acquiring an increasing role in the area of the population's social security which at the same time tends to raise incomes and life

expectancy. The behaviour of these powerful managers of private savings can therefore prove to be decisive in the capital market.

On the other hand, remembering the possible divorce between the interests of managers and shareholders, at least in terms of the time scope, the managers have seen their access to the enterprise's capital eased in order to reduce the possible divergence of interests.

In a last analysis, one can ask what is, in fact, the "interest" that drives the typical large organisation of modern global capitalism: not forgetting the basic distinction between stockholders (owners of the capital, that is shareholders) and stakeholders, that is, various kinds of entity which in one way or another also have "interests" in the organisation (local interests, environmental interests, the interests of clients, of workers,...). Ideally, this "interest" should correspond to some concept of business citizenship, a kind of fair common denominator of the legitimate interests of all parties involved in the business activity.

In all this, it is the CEO (Chief Executive Officer) who appears to be most powerful, and yet also the most fragile - at least in the mid term; just like the coach of a football team, he can easily be the example of success or the example of failure all of which would suggest that in-depth changes need to be made to the description of this function. This led Drucker recently to state categorically that in fact nobody today knows exactly what the role of the top management is or should be (2001).

In short, it seems that the "elephants", which Handy speaks about, need to redefine their identity as they do not know exactly what kind of animals they are or what the result of the current metamorphosis will be... Furthermore, all these developments mean that there is no longer a sharp distinction between employees and owners of capital and, if we look beyond the wild contrasts in levels of income and wealth, the ever-existing relationship between the social classes - that is the relationship between the dominators and the dominated, between the owners and the excluded, between actors and stage hands - is becoming more complex and, ultimately, opaque.

## KNOWLEDGE, CAPITAL AND LABOUR IN THE GLOBAL MARKET

### - *The «sunny side» of globalization*

At first sight, the transformation processes which are taking place in the world market described above, when taken as a whole, are more positive than negative and ultimately could even have a harmonious outcome if the necessary measures are

adopted to correct the negative effects. If the workers who tend to increase in absolute and relative numbers in the structure of the active population are "knowledge" workers and if, perhaps not at present but at least in a not very distant future, knowledge is the only capital and the only source of wealth in the trajectory of the global market's capitalism, then it seems that the key point will be generalising and speeding up access to knowledge in the four corners of the globe.

In short, an added boost is being given to a process which has been on-going and which has permitted three simple, essential and tangible things to the large majority of the world population (with the exception, principally of Black Africa and certain areas of Asia, that is the ultra marginal group of the Least Developed Countries, according to the UN classification): *increased life expectancy, increased income level, increased education level.*

Expressing all this in a single indicator, we are referring to a spectacular increase in the human development index (HDI) for the large majority of mankind. It should not be forgotten that the UN has been calculating this indicator, based on these three values, since 1990, at a world level and also published a growing number of specific country reports.

It can also be argued in a simple and convincing manner that although inequality has increased, there has undoubtedly been an absolute improvement for the general run of mankind, at least since the second half of the last century, according to reliable estimates and statistical data and not just those from UN organisms.

Finally, it can be said that globalization - above all, in this aspect, concerning the spread of ICT across the planet - is ultimately a very broad and highly promising means of access to knowledge which is open to all of the world population.

Hence, we have essentially the following interpretation of globalization:

*The generalisation of the market economy at the same time as the unceasing development of Science and Technology, on a route of economic democratisation heading towards equalising opportunities at world level, in conjunction also with political democracy.*

All this suggests a happy "end to the story" in the sense that Fukuyama gave to this expression.

However, there are also clear and convincing arguments to support the contrary to this optimistic picture.

### - «The dark side» of globalization

Firstly, it is appropriate to recall a distinction made by François Perroux, between aspiration levels and expectation levels. The former refers to personal projects of human development in which the intended levels of satisfaction tend to go up with time as living conditions generally improve, due to the "progress" made by humanity in its various dimensions and in the very belief in the idea of Progress, that have appeared with western modernity. From this perspective, "globalization", particularly with regard to ICT, stimulates and broadens the aspirations of the human beings from Black Africa to Latin America, often taking the real or imaginary model of the "American Dream" as the reference. On the other hand, the levels of "expectation" refer to what a person really expects from the future and which is considered, in probable terms, within reach due to the objective conditions of the society in which we live.

If the distance between the two levels is increased, that is, if the expected realities are delayed more and more in relation to the aspirations, the result is increasing frustration; this is even greater when someone faces growing inequalities in the context of a society of which he is both part and yet excluded from. In short, rationally the human being may become both *less poor and at the same time more, or much more, dissatisfied.*

Secondly, the objective situations of human poverty and misery are - or should be - increasingly intolerable for humanity's conscience, the greater the means available to overcome the situations and the more unequal the practicable application of these means becomes. It is the contrast, going back to Samuelson's image, between the material needs felt by the child of a poor man and the luxury in which a rich man's dog lives. Lande notes that the richest man in the world, Rockefeller, died in the first half of the 19<sup>th</sup> Century of an infectious disease which (today) a common antibiotic could have easily cured, had it existed (Landes, 2002). But it would certainly have been even more regrettable if he had died of that disease when the respective treatment were common place. Yet this is exactly what is happening today to millions of people all over the world and we could say that they would certainly be more fortunate if they were a "rich man's dog" in the upper echelons of the "developed" world! And to a certain extent, this is precisely what happens to large migrations, often illegal, coming from poor areas of the world who are willing to accept salaries and working conditions in the rich zones that the local people no longer accept.

Thirdly, the inequalities in the *advantage taken* of the opportunities cannot be confused with the actual inequalities in the *supply* of opportunities. To put it simply: this

is not so much about compensating for the inequalities at the "finishing line" but more a question of the inequalities at the "outset". And if we say that access to knowledge is the key point and if this is constantly developing and accumulating, then the most serious inequality of all "at the outset" is the conditions of access to knowledge - right through active life. This is not as straightforward as it seems: for it is the "quality" (and not just the "quantity") of the learning process which is in question. It is hard to see how "globalization" alone can ensure a desirable equalisation of opportunities in the access to knowledge even in the long term. Because this is also accumulative, with increasing returns as the economists say. In short, the more you know, the greater the ability to learn.

But this is not all: raising the level of a population's schooling without simultaneously creating the jobs which correspond to a more highly skilled workforce means falling into the above mentioned trap - the provision of increased schooling is accompanied by greater frustration. The black engineer who drives a taxi that is not his own in the streets of Alibjan, capital of the Ivory Coast, subjecting himself to rigorous working conditions rather than being unemployed or the Philippine who graduates in Management from a Manila school but who earns more as a porter in Macao than working in a bank in the Philippines, or even the learned black American writer who drives a white man's taxi on the dangerous New York streets so as to make ends meet - these are just some real examples of people with whom the author has been able to exchange some ideas on a matter they are familiar with - they do not reject the training which they received but at the same time they do not hide their opposition to the current order which left them halfway along the road to fulfilling their legitimate aspirations.

Fourthly, the global market is also the stage to numerous illegal and immoral transactions, for example in drugs, arms trafficking, prostitution, etc., while difficult to calculate, these are activities of considerable - and growing - proportions. Besides these somewhat extreme cases of criminal activities in the heart of an obscure global market but influential in the legal market, the recent scandals linked to large groups, such as Enron and Worldcom, have shaken the credibility of the "market economy", at least in the USA, and have justified the appeals for new rules and new guarantees of compliance, namely with auditing and accounting norms. The globalising process does not dispense with an explicit code of ethics; quite the contrary, it demands the corresponding normative system and the creation of an appropriate institutional framework for its supervision. Would it be utopia to make such demands? The answer could be: it is the actual survival of the system which demands such a consideration.

Fifthly, the social movements which protest against the globalization process in various ways and with various motivations should not be confused with the terrorist

groups which have extensive means at their disposal, as was seen with the events of 9/11. Nevertheless, it is not unwise to consider that the increased inequalities in the world system favour the emergence of violent protest against the existing status quo. This is true at the level of the system as a whole but also at the multiple levels of its sub-systems, such as the large urban metropolises with profoundly contrasting living conditions.

Lastly, we refer to the generalised dissatisfaction with the present system (or its embryo) for regulating the world economy, based on institutions which date back about half a century, such as the World Bank or the International Monetary Fund, and, given the dissatisfaction or disbelief, the range of solutions proclaimed for its reform. This question requires a closer look. The Economics manuals teach that currency has some main functions: **accounting unit, value reserve and deferred payment standard**. Ultimately, so-called monetary stability, which has been a predominant objective of national economic policies in recent decades, aims to create the necessary conditions for the currency to be able to totally fulfil these functions. This is also the condition of "structural competitiveness", which so greatly conditions the position of the nations in the global market as Michael Porter, among others, stresses.

In practice, the national currency often fails to have the necessary attributes to totally fulfil these functions, for example, in a strongly inflationist conjuncture, caused perhaps by the external devaluation of the currency as a result of structural imbalance of the external balance of trade. It is not easy to define the correct, just and practicable rules that enable the existence of currencies which satisfy such requisites at the level of international payments. Among other things, a system must be established which permits relatively stable exchange relationships to be created between national currencies (exchange rates), identifying means of payment which may form credible monetary reserves of the Central Banks and guaranteeing the foreign solvency of each country, fixing tolerable limits of the deficits of the national balance of payments and defining the most appropriate instruments for its financing, etc. Clearly in the field of international economic relations each country benefits from having a convertible currency with a stable value in relation to that of other currencies, that is, having a currency with an internationally credible value.

In fact, the rules fixed in Bretton Woods were gradually outdated by the changing fortunes of the post war world economy and were finally abandoned at the start of the 1970s when at the initiative of the U.S. government the dollar could no longer be converted to gold, which meant the end of the so-called gold exchange standard (Salomon, 1999). It cannot be said that there has been a coherent international monetary "system" since that time, but rather a fragmented set of institutions and

procedures which, depending on the events and economic conjunctures, has been better or worse, "adequate" for the demands of the running of the world economy, or perhaps it would be better to say, to the convenience of the dominant interests in this economy, above all of the three main poles, USA, Japan and the European Union.

Nevertheless, two institutions created in the Bretton Woods Agreements, the International Monetary Fund (IMF) and the World Bank (WB) have survived to this day; however, the understanding of their functions has modified to some extent; and in addition there has been growing controversy about the functions which they should play in the context of the present global market, bearing in mind the negative effects resulting from the globalization process.

In theory, the mission of the IMF is essentially to provide support for countries which have difficulties with international payments through the direct concession of short term credit or acting as guarantor to ensure financing from other sources also as a means of rescuing countries in difficulties. Generally, the IMF acts within a constrained framework of aid, that is, the country will only benefit from aid if they make the commitment to introduce a stabilising programme in economic policy or even "structural adjustment" recommended by the missions of the institution itself.

Portugal, for example, has been in this critical situation twice with a serious imbalance in the external balance of payments at the end of the 70s after the turmoil of the "revolutionary" years and in the mid 80s (before the full accession to European integration in 1986). In both cases, the Portuguese government signed a "letter of intention", committing themselves to implementing the economic policy measures recommended by the IMF as a condition for aid with our balance of payments.

The IMF has played a particularly critical role in the case of the so-called "developing" countries or even the "least developed" countries in official UN terminology. In fact, in these cases, the usual framework of macroeconomic policies of "austerity" or spending constraints which are usually recommended for the "developing" countries, is inappropriate. The IMF was accused among other things of being "a doctor with just one remedy", of not being answerable to any supervisory entity (while the national governments have to confront popular discontent for the "austerity" measures applied to populations who are already forced to extreme austerity because they are poor or very poor) and of listening only to the interests of the creditors and not of the populations of the countries in debt, etc. (cf., in particular, the criticisms of Paul Stiglitz, Nobel Prize for Economics, *op. cit.*).

On the other hand, the vocation of the World Bank was long term financing of investment projects in infrastructures (although it was possible to cover not only infrastructures like roads and bridges, but also those concerning health and education systems). In the case of the developing countries, for example in Africa, it played an important role alongside the various institutions of the United Nations system - in the provision of the so-called "technical assistance" to the public administration of these countries. Today, this assistance has neither the same importance nor the same credibility as in the 60s and 70s. In general, it is found that the results were far below expectations as a result of various weaknesses and incapacities, both by those who provided and those who received the technical assistance.

Nevertheless, the Bank has been subjected to less criticism than the IMF, except within the ambit of the more general criticism of the existing system of the regulation of the world economy, **though in its early stages**. Both the institutions have also been criticised about the complicated situations of ex-socialist economies in transition to the market economy (particularly in the case of the ex-Soviet Union, where the transition was excessively turbulent and costly in both social and pure human terms) and also in the case of the recent Asian crisis, where the IMF was similarly accused of incompetence.

Stiglitz was very sharp in his criticism of these institutions, particularly of their advisory role to countries in transition, stating:

*The contrast between Russia's transition, as engineered by the international economic institutions, and that of China, designed by itself, could not be greater. While in 1990 China gross domestic product (GDP) was 60 percent that of Russia, by the end of the decade the numbers had been reversed. While Russia saw an unprecedented increase in poverty, China saw an unprecedented decrease (op. cit., p. 6).*

However, in addition to these specific and "regional" situations, we want to raise the fundamental question of the possible objectives and instruments of a coherent regulation system of the world economy.

Ideally, the world economy requires a regulating system which simultaneously ensures and contributes to some straightforward and broad objectives such as: international monetary stability, expansion of international trade of goods and services; the fixing and control of fair rules **on property rights**; liberalisation of the movement of capital while ensuring that speculative movements can be controlled; incentives for the orientation of R&D so as to resolve the most relevant problems in terms

of human development, for example with regard health and environmental protection; the transfer of resources from the most to the least developed countries so that in a not too distant time frame there may be a significant reduction in the current gap in the standards of living at world level, etc.

But none of this is easy to apply and the great conflicts of interest involved do not simplify solutions in a global economy, where the sphere of what we call the megaeconomy predominates and the hegemonic relationship of the USA with the rest of the world is highlighted.

Ultimately, even this brief presentation of these themes suggests that what is involved is finding some democratic and efficient form of world government. Clearly, we are far from reaching such a point, although the delegation of this function of governance is admittedly a desirable hypothesis to the powerful American nation.

On the other hand, there is an uncertain destiny for the *recent history* - say of the last fifty years - of experiences of the actual system of the UN or, at European level, the EU, or even the experience of GATT, finally opening the way of the WTO; these show just how slow international processes are in settling interests and constructing new institutional frameworks at world level or even at the scale of significant subsets of the world system.

## MAKE YOUR BETS CONTRASTING SCENARIOS

To develop the ideas set out above, let us try to "read the present" by imagining three contrasting scenarios of the future, each pointing to a specific model of globalization, which is more or less desirable and achieved, and which we consider to be emerging scenarios in the current conjuncture.

Two of the scenarios (A and B) are possible or probable; scenario C is utopian.

Contrary to what "realists" suppose, utopia is effective and has an influence on the course of events - be it good or bad -; it is just never completely fulfilled, the distortion being *by definition*, as the mathematicians say. The problem lies in constructing the "good utopia" so as to be sure of going in the right direction - perhaps always running away from the stick and trying to catch the utopian carrot - and not be cheated on the way.

In practice, the future is being constructed in the present and we believe that a combination of ideologies, strategies, forces and actors lies behind the three scenarios.

We will therefore outline and compare three scenarios which we call *Alfavela* (Scenario A), 1984 (Scenario B), and *Globutopia* (Scenario C).

The first name was suggested by a condominium called "Alfavila" in the city of São Paulo, where very rich Brazilians live; the very poor Brazilians live in the neighbouring slum, which ironically is called "Alfavela". The name therefore symbolises the extreme inequalities in an urban society which is simultaneously "advanced" and "underdeveloped" in this scenario of globalization.

The second name comes from the title of the well known novel by George Orwell, an anti-utopia inspired by the European dictatorships which led to the Second World War, where the author imagines a sombre and totalitarian divide between the three great "macroregional" poles - as we call it - which have ambiguous and opportunistic alliances or conflicts between them in a permanent atmosphere of vigilance and mutual mistrust; each citizen is deprived of privacy and is relentlessly watched and controlled by the probing eye of Big Brother.

This scenario is neither better nor worse than the first; both are possible and yet both are unacceptable within a normative perspective.

The third name goes to a completely utopian scenario which could also be called "Brave New World", but in the sense of "the best of possible worlds" and not in Huxley's bitter and ironic perception in his well known and prophetic anti-utopia; this novel was written in 1931 but is still often quoted today.

We intend to outline, albeit very roughly, a desirable model of the global economy. In line with values which should not be considered either western or oriental, or attributable to any specific culture or civilisation - simply universal values which ultimately are fitting to the human condition at this phase of its evolution.

In truth, our interpretation aims at reducing the fundamental dynamics of a world in transition by confronting these three hypotheses which, while they are undoubtedly simplistic and even caricatures, perhaps serve to show up the greatest conflicts or contradictions which are linked to the globalization process.

Essentially, our approach is straightforward: today we are walking along **the flow** of history at the start of the 21<sup>st</sup> Century, swinging between two alternative sce-

narios - one is a merchant globalization led, almost without competition, by the USA; another has inter-pole alliances and conflicts between "regional economic strongholds", in a system newly separated into distinct "worlds", just like in the four decades or so from 1945, with less defined leadership and greater systemic instability. In short, swinging between a benevolent, but relentless, *pax americana* and a hopeless conflict between three "worlds", separated not just by economy and politics, but also by the diversity of civilisational cultures and roots.

In all, the "good scenario" consists of taking full advantage of the good that may exist in the current trends of the world system and the simultaneous taming of the negative aspects.

Let us take a closer look at these hypotheses.

### SCENARIO A «ALFAVELA»

In this scenario, at the ideological level, there are two dominant positions, which are not necessarily explicit in all their dimensions and consequences: the supremacy of the individual over society; the primacy of strictly mercenary economics over the other dimensions of the whole society. Apparently, the scenario can also correspond to the idea of the Progress of western modernity, and what François Perroux elegantly sums up in the formula «economy without scarcity, society without coercion» (Perroux, 1960). There is certainly a double personality, an essential ambiguity in this meaning of «Progress». As Huxley would recognise in his essay «Return to the Brave New World», and in particular in the chapter entitled «The art of sellings». Where he speaks of Mr. Hyde and Mr. Jekyll in American society.

This strictly commercial dimension of North American society about half a century after Huxley wrote this text was reinforced and we shall not insist on the ambiguity of financial globalization and the globalization of knowledge living side by side.

The scenario therefore corresponds to a global system dominated by financial, speculative and commercial factors in the economic sphere, to the enhancing of inequalities even at the intra-national level and - just as in the mega metropolis of São Paulo - to the generalisation of social tension in which the so-called "public order" can only be maintained with stringent measures of constraint.

This scenario also has many and confusing "local" conflicts on the periphery of the system; their motivations and immediate and long term human costs are little under-

stood and there is no intervention by the hegemonic power unless their strategic interests are directly involved.

In the already quoted text by Handy (2002) on the «meaning of American prosperity», the author states that the correction of social inequalities in the USA is made to a large extent by foundations whose financing depends on the generosity of the rich... or as a result, lets say, of their instinct of preservation as a social class. In our scenario, we do not exclude the possibility of there being some form of «charity», assumed by lay groups or religious groups, but without having a considerable influence on the correction of inequalities generated by the global market. But they do indeed have influence at the ideological level which justifies the system. This scenario, observed from another angle, is compatible with the tendency towards the marginalisation of Europe and the consolidation of a US/Asian Pacific line cooperation, with China being able to gradually occupy a more relevant position in the world economy following the relative decline of Japan.

## SCENARIO B 1984

The main difference between this scenario and the previous one lies in the division of the world market into three regions, relatively closed within themselves, without stable hegemony in any of them and maintaining a mixed relationship of conflict and co-operation; one or other of the regions predominates depending on the strategies adopted by each of the three «Worlds» in its positioning at world level. Nevertheless, the underlying economic system is essentially the same: it is capitalism and with a market economy. However, while Scenario A represents a form of globalization which is achieved, Scenario B is, if you like, half way along that path. The fact is interpreted simultaneously as a cause and a consequence of the non-existence of an undoubted hegemony, like in the previous case.

As a cause: as there is no winner in the competition between the three «worlds», it is impossible to impose a common and truly global logic on the world system.

As a consequence: each macro-region defines strategic positioning in relation to the other competitors with a view to occupying the hegemonic position within a longer or shorter period of time.

At the ideological level, the discourse is similar to the previous scenario in economic matters, but more «fundamentalist» and differentiated at the cultural level,

with each region trying to demonstrate the superiority of their model of society and their value system.

It is understood that this scenario has some similarities with the situation of the world system until the collapse of the Second World and the vanishing of the Third. However, there is one great difference: the fact that at that time, there were two different - even antagonistic systems - both ideologically and in terms of the respective practices and they lived in a mixture of «cold war», often very close to being a «hot war» and «pacific co-existence» which did not however prevent a harsh ideological, social and political conflict.

Our scenario is, however, compatible with different ideological discourses on the «market economy» (more or less liberal or social) and even different political and economic practices, perhaps founded on explicit options with *extra-economic* origins, with cultural and civilisational implications. It is known that the market has co-existed with political dictatorships of various kinds and that large private economic groups supported Hitler and Mussolini, for example.

Schumpeter also spoke of the «cultural indetermination» of socialism (Schumpeter, 1942), giving this term more political content and less ideological content than was usual at the time. But we can also use the expression, perhaps more correctly, for capitalism itself. It is enough to think of the capitalisms which «really exist» today in the USA, Japan or Germany and of the analyses Lester Thurow made of them about ten years ago in a book, written in a world context with some similarities with our scenario, with the suggestive title: *Head to Head: on the coming economic war between Japan, Europe and USA* (Thurow, 1992).

What can we propose of a more concrete nature about these three worlds in Scenario B which are at the same time distinct and yet close, antagonistic and yet cooperative?

Starting from the, to some extent, three polar system which we have today, it is possible to imagine an American First World - including Latin America -, a European Second World, including Russia and much of Africa and an Asiatic Third World - with a difficult sine-Japanese coexistence, but with unstable borders and still unstable alliances between them. Russia could swing between partnerships with one of the three «worlds» mentioned, and China could swing between the First and the Third. Ultimately, a systemic instability, with temporary alliances which makes it possible to go from a tri-polar to a bi-polar system, or alternatively, to go towards greater fragmentation. But, in such a scenario,



could we also talk of the "global market" or should we at least consider it as its failure?

In truth, we consider Scenario A inseparable from Scenario B in the following sense: "globalization", in this perspective is understood as a necessary reflex of hegemony; if this is precarious or non-existent, the same can be said of the "global" dimension of the system.

Or putting it in yet another way, we are admitting that the logic of the capitalism of the global market is moving towards an increasing concentration of power, that is, in search of and creating conditions for a single hegemonic system of power on a world scale. We could go from Scenario B to Scenario A, or vice-versa, within this understanding.

### **SCENARIO C GLOBUTOPIA: GLOBALISING KNOWLEDGE, SUPPORTING SOLIDARITY**

As we have said above, this scenario has a very different foundation to A or B: this is not about describing something (positively or negatively valued) which is thought to "really exist" or "could possibly exist in the future" but rather, irrespective of its viability, it is something normative and desirable. The discussion of the move from desirable and possible to real, depends on a reading of the relevant actors, of their positioning, means and strategy, and an analysis of this nature will be made in the final section of this essay.

*We believe that the most positive aspect opened up by globalization to human development lies in the potentially generalised access to knowledge and this promises, among other things, great perspectives in the actual production and management of this knowledge.*

However, yet again, the question arises: what "knowledge" are we talking about here?

Returning again to Huxley, is it the knowledge that the true and democratically sensitive Dr. Jeckyll was seeking or, on the other hand, Mr. Hyde's, who simply wanted to be a good salesman of the product his boss had given him to promote? This question leads us to asking what is the real nature of the knowledge based economy, as we find it today? From the perspective of this scenario, admittedly utopian, it only makes sense to admit that the economy "is based on knowledge" if, in turn, this knowledge is not exclusively "based on the economy", or to be more precise on the mercenary economy.

Essentially there are two broad motivations for the knowledge we are seeking: man's pure and simple "curiosity" about Nature (including, of course, about the very nature of man); the sustainable demands of human development from the ecological viewpoint and in addition – and we insist of the importance of this last point – with *solidarity*. This term, as everyone knows, contrasts with the concept of *solitariness*, the individual is not alone, he is part of a community, where he has both rights and duties. What economic system would permit such a "knowledge economy" and such a knowledge?

Without doubt, a system containing – but not *contained by* – a market economy in which the search for profit could be the predominant driving force of business activity. We are in search of a utopia, it is true; but not a fairy tale to read at bedtime.

The often quoted passage by Smith on the goodness of the "invisible hand" is of the free market of supply and demand which enables the grocer and the baker – who are ever aware of their personal interest – to satisfy the collective interest (even if this is not their concern); such a "hand", as it is not divine, should to a certain extent guide the economy, even in the domain of the utopia where we have fleetingly placed ourselves.

But it is important to build up other actors, with other motivations, including a reformed and regenerated state. And also a large array of non-profit organisations, such as schools, hospitals, sports clubs, foundations and even churches, as Peter Drucker has suggested and insisted on; besides anything else, these certainly need honest managers who are good at their job and with Dr. Jeckyll's motivations, not Mr. Hyde's.

None of these attributes are simple or easy to obtain in this day and age, above all the first.

We cannot avoid the basic question: even our modest utopia, understood more as a map to guide us rather than the final destination, with no promise of a bright tomorrow, requires a new kind of citizen, and also permits a much more qualified civil society.

This citizen is necessary even in countries which appear today in the statistics with the highest indicators of human development, almost the maximum statistically possible, (which, in turn, depends not only but also on the generalised access to knowledge which we have spoken about).

But our Gloubtopia is also defined by a certain shape, harmonising and organising a specific number of relational "spaces", between the mega and micro, or "local" level. These obey the following principles:

#### **Transparency**

This implies the existence of a perfect information system about the flows of various kinds, or of various circulatory systems, which express that system's vitality. It is not about feeding the curiosity of some all powerful Big Brother; quite the contrary, it is about guaranteeing the system's democratic nature by the objective and opportune information provided to all citizens.

This point is fundamental today in any enlightened proposal for social reform even if it is not enlightened about the future awaiting us, at least it is enlightened about the present which we wish to improve.

The abundance of information may be effectively very misleading. How often we feel the need, in spite of this abundance, "to see with our own eyes", or to reconstruct the empirical base available, because we are deceived by many and various Hydes, who are in fact becoming increasingly skilled in their art. Nevertheless, the infinite possibilities of the new communication and information technologies, if correctly used, also have great potential in the democratisation of societies, even those with a relatively low level of economic development.

#### **Solidarity**

Perfect information may allow, among other things, a system of the transfer of resources between different geographical areas and social groups so that the "poor man's child" always prevails over the "rich man's dog" until a minimum satisfactory level of well-being is within the reach of all; from that minimum to an income ceiling compatible with a certain concept of "human development", the income is distributed in line with indicators of individual and collective performance, calculated at various levels of the social organization. We are therefore talking about ensuring that everyone has a certain level of "having"; on one hand, this corresponds to a specific phase of world economic development which is compatible with the preservation of the environment; on the other hand, it allows legitimate personal development projects to be fulfilled, in short, of the "being" which each individual aims to construct.

#### **Subsidiarity**

Only what cannot be decided advantageously at a lower level, is to be decided at a higher level of the social structure. Just as the EU currently defends, at least in the realm of the stated principles, this means ensuring as far as possible that the

power of decision making is maintained close to those directly interested in the decision.

The global space would therefore be organised in macro regions with historic, geographic, and cultural affinities, each having the freedom to choose its own internal organisational model as long as it satisfies the fundamental principles of the Constitution of Gloubtopia, like those referred here.

Ultimately, we are talking about recreating the UN system, embracing regional systems, but without the actual strength of the hegemonic power or powers making it inoperative or secondary.

#### • **Full human development**

Putting the host of implications of this actually very old idea into a few words, true human development is intended to be guaranteed, that is, it is based on being more and not simply, or principally, on *having more*.

The greatest difficulty in a proposal of this kind clearly lies in the method and not in the aim itself. Because, as we well know, there were times when many people shared a "fundamental common belief" in the Beyond, which resulted from the supreme authority of a religious or secular entity, or of both, possibly conjugated in the same person. Furthermore, many were afraid of Hell and were worried about "saving their soul" because of this. But these methods are of no use to us; our utopia does not renounce the supreme value of individual freedom and therefore unless we believe in the original goodness and purity of man - which is not our case - we must also recognise that many unhesitatingly prefer "having more" and do not even understand the possible "being more".

Whatever it may be, Gloubtopia offers the "environmental" conditions, in the sense of the individual's societal surroundings, which are favourable to a kind of development which is determined less by having and is attracted more by being. Among other things, this means facing up to the individual and collective learning process in new ways.

This leads us to the last and fundamental principle.

#### • **The right to knowledge**

Even in a society as imperfect as our own, it is scandalous to think that if our kind died from hunger or a banal disease this could be met with general indifference. However, this is not the case when we look at the immense inequalities in the

knowledge found among people, social groups, countries from different parts of the globe.

The ignorant person, by definition, does not know what he is ignorant of and this could make him happy. But in the world in which we live, with the extensive means of the mass media spread across the whole globe, it is impossible to be unaware of one's own ignorance and this would suggest that there is a growing, profound and generalised hunger for knowledge all over the world.

Given the speed with which so-called codified knowledge has progressed - within the lifetime of a 60 year old person today, science will have accumulated more knowledge than everything that was known up until his birth; as a result, there is now an unfathomable difference between the vision of the world of the one who "knows" and the one who does not "know". In terms of knowledge, it is as if we were living side by side with live human fossils which had survived thanks to mainly tacit knowledge accumulated in distant experiments centuries or thousands of years ago. Like species of extinct plants or animals, still subsisting in remote islands of the Pacific. Or like the believers of a dissident religious sect of Catholicism, the «rebeldes» of the island of Santiago in Cape Verde, who do not attend school, live in small communities, and are isolated from the rest of the population and spiritually fed on a very specific reading of the Gospel. We can speak to them and even build up a strong and close relationship based on human warmth, but we do not feel we belong to the same universe...

### **JUST LIKE THE DESTINATION, IT IS IN MAKING THE PATH, THAT THE PATH IS MADE**

The three "scenarios" which we have described contain elements of reality with which we are familiar and which have been in complex relationships in the stream of history. Ultimately, each actor, be he individual or collective, has already put his bet on a certain scenario with greater or lesser conviction or consciousness, and no-one wants to lose it one way or another.

François Perroux was also interested in the idea of Progress about 40 years ago in the middle of the "pacific co-existence" era (about which in fact he wrote an important work). He wrote on this matter about the "optimal", "terminal" and "limit" societies (Perroux, 1960), which we define below as faithfully as possible to the spirit of the author's words:

- The first, the undated optimum society, a - historic, totally utopian reference;
- The second, the terminal society reached in a certain time of History, like communist ideology;
- The third, the limit society never completely reached, but one which there is a ten-

gency to approach in the long term. In this case, as in the idea of the "Third Infinite", the infinite of complexity, that is - according to the palaeontologist and Jesuit priest, Teilhard de Chardin - man fulfilling himself in History when he meets God.

But, we believe that Perroux understood that the three concepts were possible to define ex-ante, before they were reached, whatever their meaning. We believe that today, it only makes sense to think of utopia as a combination of one or more of these three attributes - optimum, terminal or limit - together with a fourth - unpredictability.

But what sense would it make to accept something, at the same time indefinite and unpredictable as a project, as guidelines and also as the key to understanding reality?

The answer lies in accepting utopia not as the journey's final destination but just the journey itself, or, in other words, utopia would lie in the social practice which contains enough levels of freedom for experimentation, learning and self-correction, whilst always obeying a certain system of values.

Ultimately, this quite simply means rethinking and improving the concept of democracy in times of globalization of knowledge.

A huge but necessary task and also a never ending one.

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