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by Murray Weidenbaum

The global economy is under assault by a strange alliance of radical groups and several mainstream environmental organizations. The outfits from the far left, such as the Institute for Policy Studies, are long-term opponents of the capitalist system, at home and abroad, so their opposition to trade between nations is neither new nor newsworthy.

It is surprising, however, that the Sierra Club and the Friends of the Earth have let their names be associated with this effort to oppose the modern economy. Therefore, those views need a response, especially since they are being circulated via expensive full-page advertisements in major national media on the topic of "Economic Globalization."

Here are the major arguments and my personal responses:

1. *"The goal of the global economy is that all countries should be homogenized."* One of the ads states that "a few decades ago, it was still possible to leave home and go somewhere else: the landscape was different, the language, lifestyle, dress, and values were different."

First of all, there is no truth to the charge that homogenization is the goal of any specific company or industry or business association involved in the global marketplace. Nor does it make any sense for such a goal to be adopted. It runs counter to the division of labor that is at the heart of the global economy. It does not make any economic sense for each country to become a carbon copy of every other country. By the way, it is commonplace for managers in the international economy to urge their employees to "Think global, but act local."

Yes, it makes good sense for people—be they business and government decision-makers or individual investors and consumers—to take account of the important trends occurring outside of their community or nation. But every business that has operated successfully in more than one country has learned, often the hard way, that people's tastes are hardly uniform. Despite the rise of the European Union, the French are not stampeding for German wines and the British are still

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driving on the wrong side of the road.

Consider these pairs of countries: France and China, Poland and New Zealand, or Denmark and Thailand. Anyone who has visited them knows that they are so different in landscape, language, lifestyle, dress, and—especially—values. The kindest response is that the organizations that have lent their names to these wild statements either did not read the ads or they did not spend any length of time in those countries. Indeed, there is little evidence from the world around us to support the contention that "Every place is becoming every place else."

2. *"Diversity is an enemy because it requires differentiated sales appeal."* A statement like that betrays ignorance of the actual operation of the private enterprise system. In recent years, diversity in all its dimensions has become a watchword in the modern corporation. Moreover, it is on those differences that provide "niches" that individual corporations love to focus in their constant efforts to achieve product differentiation and greater competitiveness.

3. *"...the ultra-secretive World Trade Organization (WTO)...now rivals the International Monetary Fund (IMF) as the most powerful, yet undemocratic body in the world."* Such blatant falsehoods feed on the public's lack of awareness of how these organizations operate. The nations that join the WTO and the IMF have full voting rights. Moreover, their decisions are fully reported to the public.

4. *"Every country loses while global corporations win."* On the contrary, the business enterprises that operate in the international economy typically are the most effective source of economic development in the poorer nations in which they invest and provide new technology. These enterprises also are among the most productive companies at home and typically pay well above average wages and benefits.

5. *"Millions...have protested against the invasion and promotion of genetically engineered foods which are destroying local livelihoods and threatening public health."* It is true that millions of people have been scared—needlessly—by the sponsors of the assault on the global economy. However, there is no evidence of any public health threat from genetically engineered foods. Moreover, such applications of advanced technology to agriculture are the most effective way of increasing the world's food supply and simultaneously reducing the use of pesticides and insecticides.

Calling genetically modified foods "frankenfoods," as the ad does, is the modern equivalent of the discredited superstitions of the Dark Ages.

6. "*...the European Union (EU) was told [by the WTO] it could not forbid imports of beef from animals fed potentially carcinogenic hormones.*" The WTO never made such a ruling, as there is no credible evidence of potential carcinogenicity of those products. By the way, that is U.S.-produced beef they are referring to.

7. "*Under globalized free trade, countries as diverse as Sweden and India, Canada and Thailand, Bolivia and Russia are meant to merge their economies....*" It is hard to believe that the organizations sponsoring these ads really think that there is any effort, underway or even contemplated, to merge such diverse and independent nations as Sweden and India. Perhaps the sponsors of the ads merely mean to refer to the increased opportunities that free trade provides citizens of one country to interact with another. Of course, when you put it that way, the global marketplace does not sound so sinister.

8. "*...we are on the brink of a global environmental collapse.*" Oops. The truth is that the U.S. Environmental Protection Agency regularly reports on the substantial improvements that have been achieved in the quality of the air we breathe and the water we drink.

9. "*Any nation's people are most secure when they can produce their own food...*" The security of a society is strongly influenced by a variety of factors, ranging from the strength of its armed forces to the support of its people. History surely does not demonstrate that a country is secure, much less "most secure," when it has attained agricultural autarchy (totally eliminating dependence on imports). Rather, the success of its economy—which would be denigrated by an attempt to produce all of its own food—is a far more positive determinant of a country's independence.

10. "*Anyway, industrial food is less healthy; heavy with chemicals that pollute soil and water and cause public health problems.*" Along with "frankenfoods," apparently we now also have "industrial foods." It seems that there is no limit to the lengths that the foes of globalization will go to to scare people. We can only guess what "industrial foods" are—if not food grown in factories, perhaps it is food sold by large enterprises. Of course, the chemicals are still in use, whatever the size of the producer, because of the widespread opposition of the same groups to the more benign

substitution of genetic modification.

In the preceding material, the reader has been given a small, but representative, sample of the wild charges carelessly tossed out by the opponents of "economic globalization." If the full policy agenda of the anti-global activists were adopted, the immediate effect would be for the United States and other industrialized nations to become isolationist in their policies. In the longer run, each nation would lose the benefits of the specialization of labor and suffer severe declines in standards of living.

Ironically, the economic costs would soon be translated into environmental costs. This unexpected negative result would be caused by the strong connection between economic growth and environmental improvement. Wealthier countries can afford to devote more resources to achieving a cleaner and healthier environment, and history shows that they do so. Thus, it is wrong to justify reversing economic progress because of environmental considerations. Poorer countries can and do far less to clean up the environment. Sadly, the opponents of free trade and economic growth have ignored that unpleasant fact.

Concluding Thoughts

It is useful to remind ourselves that the often-maligned multinational corporation has been in the vanguard in terms of delivering rising living standards and improved working conditions at home and abroad. American companies operating overseas have so frequently been the leaders in offering higher wages and setting more enlightened business standards.

There is no need to guess what impact the new isolationist pressures could generate if they succeed. China provides a cogent example. In the middle of the current millennium (in the 1500s), China was by far the most economically progressive and culturally advanced nation on the face of the globe. It was the Chinese who were the first to invent clocks, the magnetic compass, paper, the wheelbarrow, movable type, the rear rudder, and cast iron.

That happy condition abruptly ended when one Chinese emperor decided to cut off international trade with foreigners. He literally pulled up the drawbridge and stopped the flow of people, goods, and ideas between China and the rest of the world. That nation quickly shifted from being a

world leader to being a poor backwater among the nations. To this day, China has not recovered from the misguided isolationist policies of that sixteenth-century emperor.

Today, it is more than futile to adopt the isolationist position, "Stop the world, I want to get off." It would be one of the most dangerous things that America could do.

Note: The quotations in this report are taken from three full-page advertisements in the *New York Times* sponsored by the Turning Point Project of Washington, DC. The organizations listed in the ads include Friends of the Earth, Public Citizen, Sierra Club, Greenpeace U.S., 50 Years is Enough: U.S. Network for Global Economic Justice, Institute for Policy Studies, and Project Underground.

The three advertisements are as follows: "Global Monoculture," *The New York Times*. November 15, 1999, pp. A6 and A7; "Globalization vs. Nature," *The New York Times*, November 22, 1999, p. A15; and "Invisible Government," *The New York Times*, November 29, 1999, p. A15.