

## CHAPTER 1

# The Impact of Global Economic, Political, and Social Transformations on the Lives of Children

### *A Framework for Analysis*

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## INTRODUCTION

Massive social, economic, and cultural changes, whenever they occur, are bound to affect the lives of children. Those changes might well affect children directly as in the case of war, migration, or rapid urbanization, or indirectly as their parents cope with new economic realities.

Although globalization today seems quantitatively different in scope from changing relationships between communities and countries in the past, the phenomenon of waves of settlement, conquest, or trade opening up a culture to other cultures is as old as the history of human settlements.<sup>1</sup> The contemporary patterns of interaction between countries are called globalization, partly because some phenomena affect so many countries and partly as a convenient short hand. There are many definitions of globalization because of the huge variety of types of contacts between societies.

The root “*global*” suggests change promoted by forces outside a particular society. For some observers, the growing influence of outside forces is the key

<sup>1</sup> Massively changing relationships between societies in the past were probably experienced as being as dramatic for the participants as any changes occurring today. Conquest, being sold into slavery, or emigrating to a new continent, affected the individuals involved as much as contemporary changes.

to the phenomenon. National governments and non-governmental local elites have less power or ability to exercise control over a full range of activities within nation states—economic activity, the flow of information, group formation and action, values transmission, and even the use of force. Rosenau (1997) has proposed that globalization includes “any development that facilitates the expansion of authority, policies and interests beyond existing socially constructed territorial boundaries” (pp. 360–361).

The effects of globalization can, of course, be as varied as are its constituent characteristics. Rapid industrialization may steadily increase living standards for many or few. In some countries rising gross domestic product (GDP) has brought better health care and education for children. Mortality rates have increased in some countries. New demands for increased job skills have made it harder for youth to connect to job markets (Sen, 1999). Speedy international communications via the Internet have mushroomed and can expose children with access to a computer literally to the world. This exposure brings new information and opportunities. At the same time these new influences might well undermine traditional values and ways of life. The transparency of a world covered by CNN can spotlight harms inflicted locally on children that might earlier have escaped attention. It can change the course of major events for good or ill.

Despite many legitimately different definitions of globalization we can construct a working definition that allows us to focus on some major impacts of global change on children. Globalization is a process that opens nation states to many influences that originate beyond their borders. These changes are likely to decrease the primacy of national economic, political, and social institutions, thereby affecting the everyday context in which children grow up and interact with the rest of society. Some of the impacts of globalization on children are therefore normative. Efforts to assess the effects on groups of children must be culturally sensitive. Research about the effects on children (and children’s active and passive responses) is urgently needed if policies and programs that respond to children’s needs locally, nationally, and internationally, are to be designed and implemented in a manner most likely to foster children’s well being. Such policies are likely to be more effective if children participate in the debate about the nature of the challenges and opportunities facing them.

It should be apparent from the preceding paragraphs that global change can have positive or negative effects on children. But there is a concern that globalization has created significant inequalities. While the expansion of world trade has raised GDP in many countries and the absolute number of children living below the poverty line may have decreased, there is growing income inequality both within many countries and between northern and southern tier countries. The price of entry into some internationally competitive industries is beyond many countries. When young people are not able to enter competitive industries, there are enormous consequences for the work and wage opportunities. The development of global communications gives a competitive cultural

advantage to those few countries with highly developed communications industries and hence heavily affects the influences to which children will be exposed. At its most stark, this phenomenon has been described as giving permanent competitive advantage to a few wealthy countries (Amir, 2000).

We have chosen to discuss global transformations along three dimensions: economic, political, and social. We are well aware that the processes of change and transformation are interactive so that some striking events may have local as well as international roots. In selecting some examples of change among a large number of trends, we focused on those that are likely to have a significant impact on the everyday lives of children.

## ECONOMIC AND FINANCIAL TRANSFORMATION

### The Major Forces of Transformation

Changes in national and international economies can be summarized in a variety of ways reflecting very different schools of thought. A progressive critique of the key changes sees the key overall change as a shift from the value of collective well-being and achievement to the value of individual opportunity (Teune, 1998). The major elements of this shift are: (a) liberating free enterprise or private enterprise from government regulation; (b) promoting international trade and investment; (c) reducing wages by de-unionizing workers and eliminating or reducing workers' rights; (d) eliminating price controls; (e) allowing the free movement of capital, goods and services; (f) reducing public expenditures on social and other public services by "privatization"; and (g) selling state-owned enterprises and goods and services to private investors.

Neo-liberals are likely to reply that the main purpose of these changes is to increase trade and production and that those increases will eventually redound to everyone's advantage—that a rising tide will lift all boats.

What is certain is that the scale of global trade and financial activity is immense. Foreign exchange trading exceeds a trillion dollars a day, though much of that total is speculative trading (Held, 1997). Multinational corporations (MNCs) are growing in size and influence. "MNCs account for a quarter to a third of world output, 70% of world trade, and 80% of direct international investment" (Held, 1997, p. 256). In 1990 there were over 35,000 multinational corporations with 150,000 foreign subsidiaries (Scholte, 1993).

The impacts of these changes are hotly debated. Some analyses suggest that average workers in the U.S. have lost out as a direct result of trade treaties. The North American Free Trade Agreement (NAFTA), for example, between the United States, Mexico, and Canada has been said to largely fail working families in each of the three countries. One analysis suggests that NAFTA has destroyed 800,000 actual and potential factory jobs in the United States, putting downward pressure on wages as workers move into the lower-paying service sector (Scott, 2001). This analyst continues, "Mexico has fared even

worse. Imports have continued to outpace exports, leading to a global trade deficit in Mexico. The effect on workers has been stark—skyrocketing poverty, sinking real wages, fewer salaried jobs, and as in Canada, growing income inequality” (p. 1).

While many mainstream economists might reply that long-term, increased trade will produce higher living standards for everyone, that is little comfort to families facing massive short-term declines in living standards. Furthermore, some mainstream economists are pointing to disturbing short-term effects of a standard tool of development in southern tier countries. Some analyses suggest that the policy of the IMF (backed by the U.S. Treasury Department) of encouraging developing economies to open their capital markets to free flows of short-term foreign investments in the early 1990s led to the currency crises that dominated the rest of the decade (Blecher, 1999). The opening up of formerly closed economies led to massive private investment in export industries accompanied by freer trade and fewer restrictions on capital flows. Because these investments are built on foreign debt, the projects are very susceptible to currency crises. If a country is forced to devalue its currency, the foreign debt of the domestic firms will increase, and as more firms get into trouble, capital will flow from the country increasing both private and public sector crises. Such crises hit Thailand, South Korea, Malaysia, and Indonesia in 1997, and while South Korea and Malaysia recovered rapidly, the recovery in Thailand was slower, and Indonesia is still feeling massive political, economic, and social repercussions (Krugman, 2000).

Another vehicle for opening up the economies of southern countries has been loans from international agencies. New democracies that borrow from the International Monetary Fund or the World Bank can lose significant power over their national budgets. Sometimes conditions attached to loans have a direct impact on children. Loans from the IMF have sometimes led to cutbacks in health and education programs as countries struggle to meet debt repayment schedules. Debt repayment can account for a large share of domestic spending. For example, in Nigeria, where life expectancy is only 47 years, the government spent more on debt payment than on health and education combined in 1997. Under heavy pressure from non-profits and religious groups in 1999 the G7 group of countries dramatically expanded the Heavily Indebted Poor Countries (HIPC) initiative, and at the end of his term in office, U.S. President Bill Clinton signed legislation that provided \$453 million in debt relief. While Oxfam, among other groups, argues that the HIPC countries will receive much less relief than the headlines suggest, the relief represents real progress. But some measure of debt relief is merely the first step in helping poorer countries (“Can Debt,” 2000).

The complexities of current economic trends can be seen in the debate about child labor. By the standards of North America and Europe, child labor in some southern-tier countries is a massive problem. (It should be noted that there is evidence that child labor has been steadily declining for about a century, though it is rising in some countries.) According to the International Labor Organization (ILO), there are 250 million child laborers in the world,

30 million of whom live in Latin America and the Caribbean. Some research shows that labor has a negative effect on children's development as a whole. In Guatemala, for example, approximately one fourth of the children who belong to the economically active population do not attend school, and work is their main reason for dropping out of school when they reach the sixth grade. In some countries child labor takes extremely destructive forms. For example, again in Latin America, there is trafficking in children, which takes such forms as illegal adoptions, abduction of babies, forcing children and adolescents into prostitution networks, and trafficking of children by the military (Rizzini, Rizzini, & Borges, 1998). In its last meeting, the Working Group on Contemporary Forms of Slavery recommended urging states to strengthen the monitoring, prosecution, and punishment of police and government officials who are responsible for complicity in trafficking and prostitution.

In the case of child labor, the complexities of cause and effect come under two headings. The first is whether, in the light of the general decline of child labor, globalization has encouraged it in some countries; and the second is whether the response of the global community has done more harm than good. In this introductory chapter we will sketch out some of the arguments about the second question.

Just as the growth of international trade and international corporations create new global connections, so too does the growth of public and non-profit international organizations. We take up this subject in more detail in the section on political transformations. The topic of child labor has long been a focus of the ILO.

Some analyses of the impact of ILO Recommendations and other international standards about child labor argue that initially international standards did more harm than good because they did not recognize important cultural and economic differences among countries (Myers, 2001; Boyden & Myers, 1995). These analyses argue that Northern views of child labor, arising in part from nineteenth century British legislation, sought to ban child labor completely for children under a certain age. In Southern countries child labor can be seen as an important part of children's learning and development particularly when it is valued as such by parents and the community. However, because Northern views of children and work dominated international debate, international standards tended to reflect Northern views. Moreover, the implementation of inflexible standards could actually harm children. Boyden (1997) cites a well documented case in which thousands of children working in a Bangladesh garment factory were summarily dismissed from those jobs when the U.S. Congress considered legislation prohibiting the importation of products made with the involvement of workers under 15. The fired child workers ended up not going back to school but to more dangerous jobs.

More recent international discussions have recognized these issues and have tended to lay down principles rather than precise standards. The UN Convention on the Rights of Children (1989) gets around the problems caused by specific age limits with more general statements of objectives and principles. The newer standards are, however, sometimes specific about the worst

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