

Social Issues & Rural Information Interest Group

Impact of Globalization on

Rural Communities:

Social & Economic Impacts

Margaret Merrill

mmerrill@vt.edu

Globalization

CAVEATS:

- This is an absolutely huge topic...
- We can only introduce you to the range of impacts globalization generally has on rural communities and rural peoples
- We will present issues in starker contrast than is sometimes the case...
- We cannot cover alternatives & other points of view in this presentation
- Nor can we present the depth and details we would like to.....

Globalization

Has been defined as:

“a world system in which powerful, interconnected, stateless corporations nullify national boundaries and incorporate whole societies as cost-effective sites of production”

Ratner 1997, p.271

Globalization is the incessant search by corporations for ever lower-cost production sites and ever higher value market sites

Globalization is the increasing externalization of the costs of production, in other words, they push the costs of preventing environmental damage, fair wages, worker health care, pensions, etc. onto the workers or society as a whole.

Globalization

- Term was first used in 1959 in the *Economist*
- A better term is “corporate globalization” because this phenomenon is the increasing dominance of every facet of life by the transnational corporations.
- Currently ca 300 corporations represent $\frac{1}{4}$ of the world’s total productive assets

Globalization

Key Elements:

- Emphasis on consumption – if you can't consume you have no place in the economy
- Money first, last, and only determinant of value – money system of values vs life or human values
- Costs of production must be externalized to the greatest degree possible
- Ever larger markets – global rather than national
- Capital mobility – trade emphasis is on capital not commodities
- Ever greater specialization

Globalization

Key elements:

- Corporate quarterly report is sacrosanct
- Economic survival of the fittest: If a community or a people can't adapt and become a corporate profit center, they are not "fit" to survive
- National and local governments exist to provide policies that favor corporate profits, such as low corporate taxes, reducing public expenditures, privatizing public services, deregulating business, securing monopoly private property rights under law – i.e. government must guarantee that corporate rights supersede individual rights

Globalization

Key elements:

- “comparative advantage” among nations is being replaced by “absolute advantage” – a situation where global capitalists, not nations, compete with each other on a world basis for laborers, natural resources, markets, etc.

Why be concerned about rural communities?

Corporate Globalization, itself, does not make any particular distinction between urban and rural areas, however the impact of their activities on rural areas is often much greater because rural areas:

- are sparsely populated
- are spatially isolated
- lack the range and depth of social and financial resources available to urban areas to deal with problems
- often on the short end of government allocations for social services
- are seen as an exploitable resource by transnational corporations

Economic Impacts

- Corporate market growth takes precedence over everything else
- Government exists only to support the corporate bottom line
- Provision of local services, facilities, and benefits are abandoned by national governments or dumped on poorly funded local governments

- Industrialization of agriculture (corporate agriculture) is supplanting family farming, even when family farms “incorporate” and “get bigger” in an attempt to survive.
- Remaining “family farmers” are barely making a living and heavily in debt
- Rural community businesses no longer have a support base (family farms) so they go out of business which contributes to the demise of rural communities

- Farm production is for export rather than local consumption—with prices set by global rather than local markets
- Debt creation – farmers are price takers with prices set by global corporations

- Rural poverty becomes endemic
poverty being defined by Townsend as the lack of the resources necessary to permit participation in the activities, customs, and diets commonly approved by society

- Restructuring

changes in the structure of the local economy (such as decrease in wages, decrease in full-time work, increase in part-time work, decrease in local tax base) that lead to impoverishing small ranchers & farmers, farm sales, depopulation of rural areas.

- **Deregulation**

removal or reduction of constraints upon “business” practices. Results in re-regulation based on rules set by and favoring transnational corporations, e.g. NAFTA. Results in dramatically reduced rural incomes & rising debt levels, out-migration, acceleration of the centralization of social services in larger population centers which makes them less available to rural residents.

- Privatization

public welfare activities become the property of the private sector, such as public transportation, health care, social services, education. Supplies of water, gas, and electricity have already been privatized in some areas. National minimum wage rates are replaced by locally bargained (and lower) wage rates.

- Employment & unemployment patterns
employment patterns change from full-employment at a living wage toward indentured, child, and slave labor, “flexible” employment, part-time jobs, & increased unemployment

- Commodification & consumption

if it can be commodified & sold it will be. This includes “ideals” as well as tangible products, such as the consumption of the “rural ideal” via tourism. The only justification for human life is to consume the products of the global economy. Nothing has value outside of its consumption value.

Political Impacts

- Nation states exist to protect the property & profits of the corporations, not the health & rights of individuals. In the U.S. corporate rights prevail over individual rights.
- Elimination or severe curtailment of government sponsored programs, such as extension, that promote the well-being of all citizens.

Social Impacts

Rural communities are experiencing:

- Decreased access to quality education
- Decreased access to quality health care
- Stagnant or moribund social institutions—churches, clubs, social centers..
- Destabilizing forms of in & out migration

Environmental Impacts

“Our forests are overlogged, our agricultural lands overcropped, our grasslands overgrazed, our wetlands overdrained, our groundwaters overtapped, our seas overfished, and just about the whole terrestrial and marine environment overpolluted with chemical and radioactive poisons.”

Goldsmith. 1997. Ecologist 27(6):242

Gendered impacts

- Feminization of poverty as women's work is disvalued and rendered invisible
- Increase in women performing low-wage or non-wage work
- Increase in the numbers of women in “sweatshop” work
- Resources and knowledge for food and survival that have traditionally been under women's control or local community control move to the control of corporations

Cultural Impacts

- Local, diverse cultures are replaced by mass culture
- Individual's only acceptable role is that of consumer
- A “way of life” which is a deeply ingrained pattern of living where individuals fulfill multiple diverse roles has been replaced by “lifestyles” that are purchased and easily discarded as each “lifestyle” fad is marketed to docile consumers

Final Thoughts

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay:
Princes and lords may flourish, or may fade—
A breath can make them, as a breath has
made:

But a bold peasantry, their country's pride,
When once destroy'd, can never be supplied.

Oliver Goldsmith
The Deserted Village
ca 1770

Selected References

Sumner, Jennifer. Sustainability and the civil commons : rural communities in the age of globalization / Jennifer Sumner. Toronto, University of Toronto Press, 2005

The essential agrarian reader : the future of culture, community, and the land, edited by Norman Wirzba. Lexington, University Press of Kentucky, 2003.

Sumner, Jennifer. Challenges to sustainability: the impacts of corporate globalization on rural communities. Canadian Society of Extension. Issues in Rural Extension Conference. July 9-11, 2001. http://www.extension.usask.ca/cse/2001_conference.htm. Re-accessed December 4, 2006.

Selected References

Andrews, Brother David. Globalization, rural life and the WTO: what is happening globally and how this impacts rural settings. National Catholic Rural Life Conference. Reports and Presentations: Theological Education in Rural Ministries, St. Louis, MO, December 11, 1999. http://www.ncrlc.com/blruli_wto.html. Re-accessed December 4, 2006.

Shiva, Vandana. Poverty and globalization. BBC 2000 Reith lectures no. 5.
http://news.bbc.co.uk/1/hi/english/static/events/reith_2000/lecture5.stm. Re-accessed December 4, 2006.

Wadley, R.L., O. Mertz, A.E. Christensen. Local land use strategies in a globalizing world—managing social and environmental dynamics. Land Degradation and Development, 17:117-121, 2006.