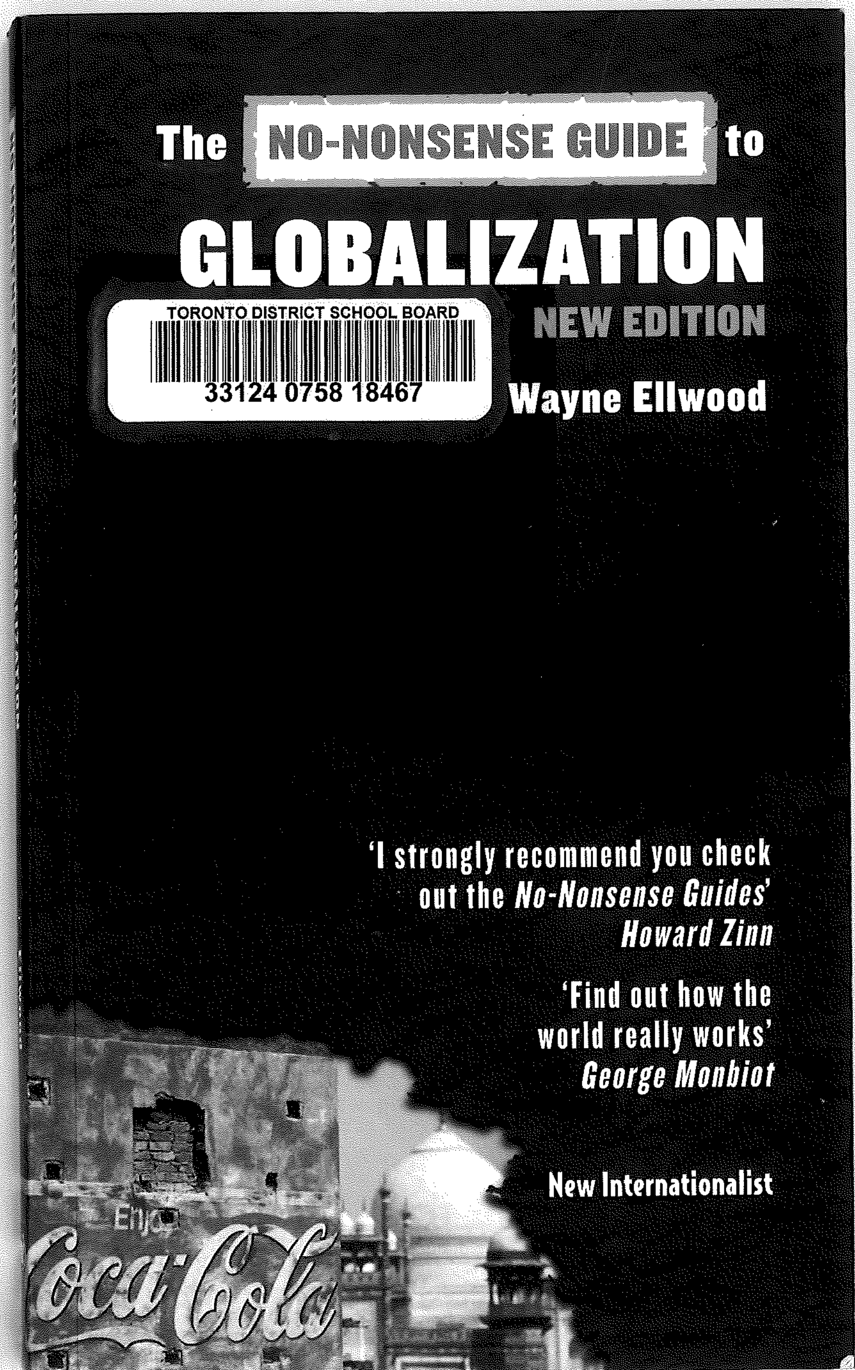

When people talk about globalization today, they're still talking mostly about economics, about an expanding international trade in goods and services based on the concept of 'comparative advantage'. This theory was first developed in 1817 by the British economist David Ricardo in his *Principles of Political Economy and Taxation*. Ricardo wrote that nations should specialize in producing goods in which they have a natural advantage and thereby find their market niche. He believed this would benefit both buyer and seller but only if certain conditions were maintained, namely that:

1) Trade between partners must be balanced so that one country doesn't become indebted and dependent on another.
2) Investment capital must be anchored locally and not allowed to flow from a high-wage country to a low-wage country.

Unfortunately, in today's high-tech world of instant communications, neither of these key conditions exists. The result: Ricardo's vision of local self-reliance mixed with balanced exports and imports is nowhere to be seen. Instead, export-led trade dominates the global economic agenda. Increasingly, the only route to greater prosperity is based on expanding exports to the rest of the world.

The rationale is that all countries and all peoples eventually benefit from the results of increased trade. In the teeth of the 2008-2009 economic crisis, world trade slumped for the first time in living memory. According to the World Trade Organization, trade levels in Europe fell by nearly 16 per cent in the fourth quarter of 2008 while global trade fell by more than 30 per cent in the first quarter of 2009. But world trade had zoomed ahead in the previous decade. It grew at an average 6.6 per cent during the 1990s and at more than 6 per cent a year in the post-millennium period. Global trade was actually growing faster than total world output. This expansion increased global income by more than $500 billion. Unfortunately, most of this wealth ended up in the hands of the industrialized nations. They account for the lion's share of world trade and they mostly trade with each other. Indeed, the rich world accounts for almost two-thirds of global merchandise exports, a figure which has remained more or less steady since 1960. The share of Latin America, Central/Eastern Europe and Africa in total world exports was lower in 2002 than in 1960.[3]

Nonetheless, the world has changed in the last century in ways that have completely altered the character of the global economy and its impact on people and the natural world. Today's globalization is vastly different from both the colonial era and the immediate post-World War Two period. Even arch-capitalists like currency speculator George Soros have voiced doubts about the negative values that underlie the direction of the modern global economy.

'Insofar as there is a dominant belief in our society today,' he writes, 'it is a belief in the magic of the marketplace. The doctrine of laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest... Unsure of what they stand for, people increasingly rely on money as the criterion of value... The cult of success has replaced a belief in principles. Society has lost its anchor.'