Is Globalisation having a negative impact on sustainable use and community based natural resource management (CBNRM), and will it advance the sustainability agenda?

By Saliem Fakir, October 2001

Part of a series of contributions to debating issues for the World Summit on Sustainable Development.

Reflections on this question emerges from the concerns on the sustainable use of bush meat, as was recently expressed by the ecological community and the IUCN's Species Survival Commission (SSC); and whether globalisation is contributing to an increase in poverty. These reflections are also sparked by the fact that often these debates are so localised and narrowly focused on the specific issue at hand that impacts observed on the ground often indicate either a tendency of laying blame to the wrong causes or the frustration is directed at the wrong audience. Perhaps many of the trends we are beginning to observe and that which have been noted in the past, may be due to the inability of many developing countries to pursue macro-economic policies that favour their own development agendas.

Localised debates on Community Based Natural Resource Management (CBNRM) often reflect that people unfairly and unduly castigate their own national policies and governments. While many of the criticisms are valid, it often also trivialises the tensions that national governments have to confront. These tensions arise from the extent to which national governments are able to pursue effective economic strategies in an environment wherein many of the macro-economic decisions are increasingly not merely only located within sovereign political units. On the contrary, these decisions have to take into account the general context of the flow of international capital; fluctuations and speculations on domestic currencies; trade agreements; debt; and aid. It is my view that this perspective is lacking, and should be introduced to shed light and insight into local level practices and trends.

This has implications for sustainable use and CBNRM strategies. This discourse needs to be held at the local and international level, if it is to succeed in making sense of the rapid changes foisted upon everybody by globalisation.

More than 70% of the world's poorest of the poor (those who live on less than $1 per day) live in rural areas. More interestingly, the poorest of the poor live in areas that contain the world's richest biodiversity, such as the tropics and temperate grasslands. Therefore as population numbers increase over the next 25 years or so, so too will the dependency in developing countries for agriculture, wild resource harvesting and biodiversity, as a support base and safety net. In these areas are also located some of the major biodiversity hotspots.

This issue will attempt to explore some of the challenges that globalisation poses to many developing countries. Globalisation is usefully defined by the Rockefeller Foundation as "the rapid and massive movement of capital, goods, people, ideas, institutions and images across the globe". I will apply my focus primarily to the movement of capital and goods.

Many may assert that there is nothing new about globalisation. This is true to some extent, but the pace at which it integrates resourced economies and excludes poorer economies and citizens is far more rapid and of greater significance than it was previously. Part of this is related to what many argue is a loss of national control over macro policy decisions; national assets; and the ability to ensure that the citizens of these countries are not overtly vulnerable to risk due to rapid change. The current era of globalisation is having far-reaching consequences. Given the singular ideology of liberal markets that has emerged in the post-Cold war era it has also enabled a few firms and individuals to amass wealth and power that is often greater than the sum of the Gross Domestic Product(GDP) or the wealth of that of a collective, of poor countries.

The views expressed here are not that of the IUCN, but the opinion of the author(s)

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Political weight was lent to the principles and ideology, of free market and liberalization by Reagan and Thatcher in the period of their reign. Thomas Friedmand in his "Lexus and the Olive Tree" describes this as the era of the 'Golden Straightjacket". He writes: "When your country recognizes this fact, when it recognizes the rules of the free market in today's global economy, and decides to abide by them, it puts on what I call the Golden Straightjacket. The Golden Straightjacket is the defining political-economic garment of this globalization era" (Friedman, 2000). Many argue that the policies of deregulation, privatization, and the liberalisation of trade through the removal of tariff and other barriers, has seen a growing trend in the decline of public control over public goods in much of the developed world, and that this is rapidly becoming the trend in developing countries. With more countries coming under the fold of the World Trade Organization(WTO), they are also under pressure to set conditions that are favourable for attracting foreign direct investment (FDI) and international loan capital, which entails that major State assets such as water, energy, telecommunications and transport should be open to part or full ownership by foreign investors. If the new round of trade talks in Doha do take off, one is likely to see more segments of public services opening up to foreign competition through the implementation of the General Agreement on Trade in Services (GATS), including the education, tourism sectors etc. As trade agreements are the pre-eminent tool for shaping the global governance system it is seriously placing in question old notions of national sovereignty and the ability of nations to act in their own best interest.

The establishment of the current system of trade; the increasing vulnerability of countries to foreign exchange speculations (over which they have little control if their currencies are free floating); denomination of debt payments in a foreign currency rather than in domestic currencies; lack of domestic saving; and dependencies on foreign capital investments mean that despite the establishment of strong domestic systems of governance, these factors alone can place weak economies at the mercy of international foreign policy and investment whims. The more so as world economies become integrated – as is the case - the more likely it is that national systems of governance may become ineffectual for countries that are less dominant, economically and politically. In effect, they are merely 'villages' providing enclosures for the world's surplus population of the poor and destitute.

The dependency on foreign capital by poorer nations also means that there is very little room for these countries to direct the nature of these investments. Corporations or foreign investment agencies are selective, have a short-term horizon, and are likely to influence national regulatory systems as regards the investment and return from their capital in their favour. As such, they will seek tax, labour and other concessions. They would also want to look at easy flow of capital with minimal capital controls as is possible. More intriguing is how

private entities that have no political accountability, such as Moody's Investor Services and Standard and Poor Investor rating services, have the power to determine which countries are creditworthy or not. Their ratings – due to the authority they muster in the private sector - can determine the flow of capital. Credit rating agencies like these place tremendous pressures on national policy makers, in terms of the macro-economic choices they may pursue and how they respond to the interest of private capital.

The free floating nature of international capital means that developing countries that want to attract foreign capital vie to outdo each other in offering favourable concessions. The consequence of which is the lowering of labour, environmental and other standards. Proponents for the unhinged flow of international capital attempted two years ago to push through the deal on Multi-lateral Agreement on Investments (MAI), which would have gone even further in liberalising capital markets. However this was abandoned due to pressure from the NGOs and other civil society organizations. The MAI was designed to give foreign investors (which are really private corporations) the power to sue governments if domestic regulations on issues such as health, environment or labour were deemed to affect their bottom line. This however has not prevented the growth in bilateral investment treaties, which emulate in one way or the other the intent of the MAI. There is something like 2000 of these investor treaties in the world today. They are essentially a protection against expropriation and hence limit the influence of national States over what foreign entities can or cannot do. Specialists in investor-State litigations argue that States would rather change their policy than pay the bill when faced with a lawsuit from powerful corporations (Luc Eric Peterson, New Statesmen, 2001).

What does this all have to do with CBNRM or the sustainable utilization of resources? Firstly, we must recognise that many developing countries live in a dynamic economy that is both cash and none-cash based, and where there is also an interdependency of relations between urban and rural networks. (And as unbelievable as this might sound it is a fact that much of the Russian economy is still based on barter and it is estimated that this system accounts for about 50% of the economy). In Africa, the State's lack of ability to provide an adequate social safety net has meant that the reliance on social capital and minimal resource conflicts are crucial in averting household risk and vulnerability. Where there is no real tax base, services cannot be provided and as such people have to make do without State support. A robust tax base can only be established in a cash economy, where there is sustainable economic growth, reasonable formal economic participation and high levels of employment so that people are able to earn an income that is taxable. In addition, good tax collection is dependent on an effective tax administration system that is free of corruption.

In most poor countries savings are low (within the formal economy). The less the State is the protector of social goods and the cushion against risk, communities which lack capital, investments, and political and economic networks in the formal economies, are more vulnerable with a need to be more self-reliant. There is therefore more pressure on these communities to absorb risk. Without the ability to create a reasonable social safety net, such societies will be more turbulent. This is simply because there is a competition for resources, leading to very little social consensus and increased rent seeking, whereby individuals and communities seek to outdo one other in obtaining access and control over a resource, as opposed to cooperating on how to manage it more constructively and equitably.

The only safety net the State seems to be able to provide against the vagaries of the global economy is some form of stable cash based jobs through the formal economy. When the formal economy sheds jobs people are forced to revert to their old social networks and relations for support. In more developed economies like Sweden or Denmark, the unemployed would go on the dole and the State would make provision for their needs. The State becomes the safety net. For poor people in developing countries it is family, friends, or simply their survival instinct that becomes the bedrock of security. As we will note, and as has been the case in South Africa the less skilled you are the more likely you are to be retrenched. In a more knowledge-based economy there is a premium price on knowledge workers, which is also quite a competitive sector. Globally however, the notion of permanent job security is an old concept. The trend is towards the increased casualisation of labour, and people may be found to have held at least 4-5 jobs in their entire career especially in the knowledge based industries. As capital markets are freer there is a lot more pressure on the cost of labour, and therefore labour in developing countries is subject to more international competition, especially unskilled and semi-skilled labour. International competition is a major driver of lower cost labour for skilled and unskilled workers, while increasing the premium being paid for more skilled work.

Agriculture in most developed countries is consolidated in the hands of a few, and only provides formal jobs to about 5% of the population. However, agricultural production while subsidized is also more integrated into other service sectors such as manufacturing, packaging, etc, and therefore the multiplier effect, in terms of spin-offs and job creation, is larger. In Africa agriculture is largely subsistent, and essentially land-based resources are critical for not only food generation but also the provision of other resources. There are composite values that are derived from holding or having access to land, which can provide a great deal of durability and resilience if this access is properly granted and legitimated.

Formal agriculture in Africa has the following key features that expose its limitations. They are: (1) It is cash crop based and has origins in the colonial legacy, and therefore its export orientation is linked to preferential trade agreements to economies of the former colonial governments. It is highly dependent on its export success on these preferential agreements to gain access for its goods in these markets; (2) agricultural economies that are cash crop based are not too well integrated and diversified enough to generate the requisite multiplier effects; value adding is in fact concentrated in the developed economies which import the crops; (3) and modernisation of agriculture in Africa is still dependent on foreign technology transfer, capital and other resources in order to generate agricultural products that meet the specifications and standards of these markets. Its skilled human resources capacity is limited to truly transform its own agricultural sectors, where there are both forward and backward linkages in the economy. At present the agricultural trade system does not favour the development of formal agriculture in Africa. As we do know, agriculture is still a very important base for many Africans, although urbanization is increasing, I would argue that the dependency on subsistence agriculture is also a result of the fact that agricultural resources embody composite values that hold significance in resource poor communities.

Resource sustainability is under greater threat if social capital and diversification of the social safety net is not improved (through the simultaneous pursuit of diversification strategies in the non-cash and cash based economies). Social safety nets, unlike developed economies where it is managed by the State, are in our situation dependent on social consensus, access to resources and creation of jobs in the formal economy. In South Africa the situation is slightly better than in other countries in the Southern African region, in that we still maintain a semblance of a social welfare system that is managed by the State, through pension grants and other social grants. In addition, funds to the poor are channeled via public works programmes and poverty alleviation funds, which provide direct cash to poor households. There is also currently talk of a basic income grant to the unemployed. Part of the reason why Structural Adjustment Programmes of the IMF and World Bank have not worked is because the unexpected outcome of job reductions in the civil service and private sector has led to the ‘culling’ of jobs in the informal sector. Thus affecting a range of cash dependent activities such as the informal employment created in the hawking sector. In most developing countries with high unemployment the informal sector has enabled the economy of these countries to absorb some of the surplus unemployed. Income from the informal economy helps to support four to five other members in a household. Many of these cash receipts also find their way into the rural sector. As a result stimulating forms of entrepreneurial investment in the rural economy thus creating further jobs.

Indeed if that is not all we need be concerned with, challenges are now emerging from international lobby groups seeking to shift national policy positions on how natural resources should be used. A recent paper by Peter Rogers of Bates College, USA, highlights the importance of international lobbies like the animal rights movement, in shaping conservation and natural resource policies in Africa (Bates, 2001). He describes it as an attempt to ‘tame conservation’. In other words, to bring the practices in conservation into conformity with the ethical views and ideology of the animals rights movement. This has implications for what national government policies should be, regarding the utilisation of wildlife. It is for this reason that certain uncompromising positions of the animal right’s movement can weigh heavily on the poor and can be tantamount to culpable homicide. This is especially so if they have to bear the ‘double burden’ of global economic pressure, and the ideological ranting of activists who wish to export their values and impose them on the poor without the consideration of cost. These policies have implications for diversification strategies that need to be pursued out of necessity in the wildlife and natural resources sector as opposed to the doctrines of people less dependent directly on these resources.

Some concluding remarks:

As cash economies become increasingly tightly squeezed under globalisation and if sufficient growth and diversification of this economy does not take place, the element of the social safety net will collapse i.e., job security in the formal economy. There will be increased reliance on traditional safety nets, that are non-cash based and natural resource dependent.

Effective CBNRM is a useful system of governance for managing resources, but its effectiveness is dependent on the system of tenure; and even more importantly social consensus and institutional capacity; and the ability to diversify livelihoods in order to make the social safety net more robust against change. This would include injection of new cash based activities such as eco-tourism, hunting, etc. However, this requires new skills, new networks and knowledge that will create the enabling environment to ensure its success. Private sector involvement is still limited and its involvement is governed by the degree of risk and transaction cost and other guarantees provided. Adding more cash based value is always dependent on sources of capital. In economies that have low savings, very little local based venture capital is available. This increases the reliance on the injection of foreign direct investment (FDI) and hence conditions get imposed rather than meet the economic development objectives of poor countries. However, the scale and scope of FDI injections remain limited, especially if the venture in question is small and has a long turnaround period. Donors can play a role in creating incentives for private capital to engage in equity schemes that link large venture investments with SMMEs. These can create some opportunity, but still does not detract from the fact that if nothing significant happens in the larger economy, pretty much will not happen at the local level.

As the elite become more desperate to participate in the global economy, the less likely they are to be strategic and accommodating to the interests of the poor. In effect, the selling off of many State assets is an indication of this desperation. Those who have power will compete for control and access to national resources because of the different ways in which values can be extracted, due to pressures borne in a more liberalised global economy and free floating capital which is the major driver of markets. The poor seek to increase the resilience of their social safety nets through diversification of local livelihoods, while the rich and the elite seek not be excluded from the lucrative global capital markets. Ultimately, we are witness to the dwindling role of the State in managing the risk and vulnerability that its citizen's face, as it loses the capacity to manage and control its own assets. Sustainable use and CBNRM must be seen in the context of a world where the creation of social safety nets are left to communities and individuals who have to defend themselves against risk and vulnerability arising from globalisation, and the State retaining limited power over the destiny of its own country.

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