C1 – The Power of Many

SubA – Power to the People

Catharin Dalpino of the Brookings Institution finds

In regions lacking a widespread and overt commitment to democracy, Western policymakers and nongovernmental groups trying to promote greater political liberalization have placed their faith in the indirect effects of globalization. In this view, **globalization offers a bait and switch. An authoritarian government agrees to a global regime to gain benefits** of one sort (usually economic) **but is forced to accept the political consequences[,]** (**[such as] greater popular pressure for democracy[,]**) **that follow.** Policies crafted in accord with this theory focus on two aspects of globalization?international trade liberalization and telecommunications. Not surprisingly, the theory also supports two cherished American beliefs: that open markets and democracy are the inspiration and consequence of one another and that the march of technology cannot be stopped.

Daron Acemoglu and James Robinson in the book *Why Nations Fail* explicate

The low education level of poor countries is caused by economic institutions that fail to create incentives for parents to educate their children and by political institutions that fail to induce the government to build, finance, and support schools and the wishes of parents and children. The price these nations pay for low education of their population and lack of inclusive markets is high. They fail to mobilize their nascent talent. They have many potential Bill Gateses and perhaps one or two Albert Einsteins who are now working as poor, uneducated farmers, being coerced to do what they don't want to do or being drafted into the army, because they never had the opportunity to realize their vocation in life.

Robert Guest in his book *Borderless Economics* corroborates

One of the most surprising findings in modern economics is that the **brain drain reduces global poverty. On balance, the outflow of talent from poor countries to rich ones is actually good for poor countries – and even more so for poor *people***, an important distinction to which I shall return shortly. Granted, the circumstances that cause talented people to flee are often vile. They flee from wars. They flee from miserable wages, intermittently paid. They flee from corrupt political systems that fail to recognize skill and hard work. These are all terrible problems, but migration seldom aggravates them. On the contrary, it makes poor countries better off in several ways: **First, the prospect of earning big bucks working abroad spurs more people to acquire marketable skills.** Having trained as nurses or accountants, **many then decide not to emigrate after all.** Several studies have found that **an increase in skill emigration tends to lead to a net *increase* in the number of skilled workers who remain behind. Second, migrants from poor countries who work in rich ones often send money home. Such remittances are a huge boon to many poor economies. Unlike foreign aid, the money nearly always reaches its intended recipients.** It feeds the elderly, pays school fees and launches small businesses. **Third, poor countries have the most to gain from intimate ties with the rich world. As migrants shuttle back and forth, they open and widen channels for trade. They also bring home a firsthand understanding of how rich countries work: knowledge that can be adapted and applied at home. Finally, and most importantly, migration is good for migrants. If they did not think so, they would not move.** The benefits to those who move are colossal and underreported. By far the most effective way for rich countries to help the poor would be to let more of them in.

Daniel Griswold from the Cato Institute highlights

By raising the general standard of living, **free trade helps people achieve higher levels of education and to gain access to alternative sources of information. It helps to create a larger and more independently minded middle class that can form the backbone of more representative forms of government. The wealth created from expanded trade can help to nurture and sustain civil institutions that can offer ideas and influence outside government.** Engagement in the global economy exposes citizens to new ideas and new social and business arrangements. In his book Business as a Calling, Michael Novak explains the linkage with what he calls "the wedge theory": Capitalist practices, runs the theory, bring contact with the ideas and practices of the free societies, generate the economic growth that gives political confidence to a rising middle class, and raise up successful business leaders who come to represent a political alternative to military or party leaders. In short, capitalist firms wedge a democratic camel's nose under the authoritarian tent.16

Nyamosor Tuya of the Brookings Institution details

The lesson to be drawn from this experience is that, **early on in the transition process, new democracies should put economic liberty and transparency on a par with other democratic values** such as regular elections, rule of law, human rights, freedom of association and freedom of speech. **Otherwise, a callous and corrupt government**, sometimes voted in through dubiously "free and fair" elections, **can use the trappings and rhetoric of democracy as a façade while behind the scenes they engage in rent-seeking practices** that can lead to a systemic entrenchment of corruption. In such a system political power is used for economic gain and economic gain is used for buying political influence. Few or no dividends go to the general populace. This **[which would] result**s **in persistent poverty among a large percentage of the population** coupled with poor social services. **Public enthusiasm or support for democracy [would] wane**s, democracy is eroded, therefore human rights are violated, **and eventually democracy breaks down.** Such scenarios are an early and real threat to democracy because the impoverished populace does not have the necessary tools—such as education or access to information—to fight back and, in most cases, is simply unfamiliar with the concept of demanding government accountability and responsiveness.

The UN Research Institute for Social Development impacts

Reducing poverty requires an expansion of the bargaining power of the poor and those who represent them. This **[which] entails** action on several fronts: rejecting technocratic styles of decision making, which limit the involvement of citizens and their representatives in policy-making processes; **widening the participation of civil society in the policy process; institutionalizing civil and political rights to encourage broader participation in policy making; and supporting organizations that seek to protect the rights of both formal and informal workers.**

SubB – Joined at the Hip

The Human Security Report verifies

An increase in economic interdependence. **Greater global economic interdependence has increased the costs of cross-border aggression while significantly reducing its benefits.**13 ° A decline in the economic utility of war. **The most effective path to prosperity in modern economies is through increasing productivity and international trade, not through seizing land and raw materials. In addition, the existence of an open global trading regime means it is nearly always cheaper to buy resources from overseas than to use force to acquire them.**

Katherine Barbieri of the University of South Carolina underscores

The finding that globalization reduces the risk of civil war presence but does not affect the likelihood of civil war onset is intuitively appealing. The outbreak of civil war often reflects an intense state of emotions, anger, and a deep conviction that goals can only be achieved through force. The opposing side is equally resolved to respond in kind. In this atmosphere, actors may fail to allocate sufficient weight to the consequence of war, including economic losses. **As the war continues, however, business will be disrupted, foreign investors will flee, and trade will decline. Losses will mount on both sides. As Oneal and Russett (2003) remind us recently, most theories of war assume that actors are rational. This means that actors continue to evaluate their decisions to wage war as new information becomes available. Our results are consistent with the notion that people will find civil war less desirable when faced with mounting losses due to the adverse effects of civil war on a country's ties to the world economy. How large is the effect of globalization in reducing the risk of civil war presence?** To answer this question, we estimate how much the probability that a state will experience civil war would change if it moved from the average level of some attribute of globalization to one standard deviation above average, holding all other variables at their mean values. **We find that states with high Trade are about 28% less likely to experience War than those with average Trade; LDCs with high Trade are 29% less likely. States with high FDI are 14% less likely to experience War than those with average FDI (17% for LDC). High FPI reduces the likelihood of War by 29% (27% for LDCs) compared to the average level of FPI. For LDCs with high Internet, the likelihood of War is 52% less than with average Internet. 2**

Jeffrey Sachs in his book *Common Wealth* outlines

Yet now the recognition that we share responsibilities and fates across the social divide will need to be extended internationally so that the world as a whole takes care to ensure sustainable development in all regions of the world. **No part of the world can be abandoned to extreme poverty, or used as a dumping ground for the toxic, without jeopardizing and diminishing all the rest.** It might seem that such global cooperation will prove to be utopian. The prevailing unilateralism of the United States will seem for many people to be an inevitable feature of world politics in which politicians are voted in or out of office by their own populations rather than by a global electorate. A major theme of this book, however, is that **global cooperation in many fields has been enormously successful in the past**, in large part because well-informed national electorates support global cooperation when they understand that it is in their own enlightened self-interest and vital for the well-being of their children and children's children. Our challenge is not so much to invent global cooperation as it is to rejuvenate, modernize, and extend it.

Taken together, the Rio treaties, the Plan of Action on Population and Development, and the Millennium Development Goals can be called our Millennium Promises for sustainable development. They are the promises that our generation made to itself and to future generations at the start of the new millennium. **As a group, these treaties and commitments are broad reaching, inclusive, and inspiring. The scaffolding is impressive.** If successfully implemented, the agreements will put the world on a trajectory of sustainable development. Yet these Millennium Promises might also do little more than join history's cruel dustbin of failed aspirations. Turning large goals into real results on the ground is always challenging. So too is the cooperation needed to achieve them, but never more so than when the goals are global.

From time to time since World War II the world has cooperated on the central challenges of living together on this small planet. The American neoconservatives who have fantasized about U.S. unilateral dominance have ridiculed those who believe in global cooperation, but the truth is that when global cooperation has been tried, it has paid off brilliantly. **Foreign aid has contributed to the economic development of Asia and Latin America through the Green Revolution of increased agricultural productivity; the control of infectious diseases, such as smallpox; the vast rise of literacy and school attendance; and much more. Foreign aid and global agreements have facilitated the dramatic, indeed revolutionary, dissemination of modern methods of contraception and family planning, leading to a crucial voluntary drop of fertility rates in most of the world. Global cooperation has produced major advances in global environmental control, most successfully in heading off the destruction of the layer of stratospheric ozone, and has established frameworks for dealing with climate change, biodiversity, and desertification.** Global cooperation has dramatically slowed the proliferation of nuclear weapons and encouraged several dozen countries to abandon their quest for such weapons.

C2 – Getting Smart

SubA – Smart Phones

Bill Gates via the Gates Foundation implicates

The reason **poor people** face these agonizing choices is not just that they don't have enough assets. They also **don't have access to a bank to help them use their assets effectively.** If their savings are in the form of jewelry or livestock, for example, they can't very well chip off tiny pieces to cover routine daily expenses. **Instead, the poor use financial services that are extremely inefficient. They save by hiding cash around the house or buying commodities that lose value over time.** When they send money to friends and relatives to help them through tough times, they either take a day off and deliver the cash themselves or trust someone else to do it for them. **If they need to borrow money for an emergency, they have to pay usurious interest rates to a moneylender. Not having access to a range of cheap and easy financial services makes it much more difficult to be poor.**

Gates adds

But **in the next 15 years, digital banking will give the poor more control over their assets and help them transform their lives.** The key to this will be mobile phones. Already, in the developing countries with the right regulatory framework, people are storing money digitally on their phones and using their phones to make purchases, as if they were debit cards. **By 2030, 2 billion people who don't have a bank account today will be storing money and making payment with their phones. And by then, mobile money providers will be offering the full range of financial services**, from interest-bearing savings accounts to credit to insurance.

Saifedean Ammous of Columbia University explains

Bitcoin offers the most promise and potential to the billions of people who to this day remain unbanked and unable to access financial services. **The high cost of financial intermediation makes the world's poor unattractive to financial institutions; the small market value of transactions means that the small fees charged on them cannot cover the costs of intermediation. Further, in developing countries where political instability is higher, financial institutions face difficulties in operating that reduce their services and reach.** The developing world is well behind the developed world in terms of financial development, and would require extensive investment in infrastructure, education, training and capital accumulation to be able to catch up. But **bitcoin offers the intriguing possibility that developing countries could sidestep the development of a traditional financial system and move to mass adoption of international online digital currency.** Many developing countries also have underdeveloped telecommunication networks and very little telephone 13 penetration, but the invention of the mobile phone has allowed for the spread of telecommunication without the need for large infrastructure spending.

Ammous argues

With bitcoin, **individuals in rich countries can make small transfers to individuals in poor countries and receive quick repayment.** A quantity of money that would be trivial for an individual in a rich country could be lifealtering to an individual in a developing country. **This transfer today would not be a possibility since making the loan and each repayment would involve a large transaction fee**, on the same order of scale as the payment itself. It is not feasible for an individual in a rich country to make a direct loan of $100 and get repayment in 12 installments if each of these 13 transactions would cost $20-40, as they do today. **But if the transaction cost is eliminated, such loans become a distinct possibility, and a new world of international peer-to-peer microfinance could emerge.**

Nathaniel Goldberg from the Grameen Foundation quantifies

With the benefit of more data, Khandker was able to improve their model, published in a 2005 update to the study, "Micro-finance and Poverty: Evidence Using Panel Data from Bangladesh." The updated findings showed that each additional 100 taka of credit to women increased total annual household expenditures by more than 20 taka. There were no returns to male borrowing at all. Khandker found that between 1991/92 and 1998/99 moderate poverty in all villages declined by 17 percentage points: 18 points in program areas and 13 percentage points in non-program areas. Among program participants who had been members since 1991/92 **poverty rates [in Bangladesh] declined by more than 20 percentage points—about 3 percentage**

points per year. Khandker estimated that **more than half of this reduction is directly attributable to microfinance**, and found the impact to be greater for extreme poverty than moderate poverty, which microfinance was found to reduce by 2.2 percentage points per year and 1.6 percentage points per year, respectively. Khandker further calculated **that microfinance accounted for 40 percent of the entire reduction of moderate poverty** in rural Bangladesh.

Ammous again iterates

The market most ripe for disruption by digital currency is that of international remittances. The World Bank estimates global remittances **[which,]in the year 2013[, are estimated to be]** at **$400b.** At the end of 2013, the average cost of remittances is 8.58% of the amount of money transferred, with bank transfers costing an average of 12.33%, money transfer operators 7.01%, and post office transfers costing 4.12%.

Richard Adams of the World Bank writes

International migration is one of the most important factors affecting economic relations between developed and developing countries in the 21st century. At the start of the century, it was estimated that about 175 million people—roughly 3% of the world population— lived and worked outside the country of their birth (United Nations, 2002). The **international remittances sent back home by these migrant workers have a profound impact on** the **developing countries** of Asia, Africa, Latin America, and the Middle East. According to Global Development Finance (World Bank, 2004), official international **remittances** sent home by migrant workers **represent the second most important source of external funding in developing countries.** 1 Official international remittances now total $93 billion per year (Ratha, 2004) and are about twice as large as the level of official aid-related inflows to developing countries. 2

First, both international migration and remittances have a strong, statistically significant impact on reducing poverty in the developing world. After instrumenting for the possible endogeneity of international migration, and controlling for level of income, income inequality and geographic region, results for the poverty headcount measure suggest that, on average, a 10% increase in the share of international migrants in a country's population will lead to a 2.1% decline in the share of people living on less than $1.00 per person per day. After instrumenting for the possible endogeneity of international remittances, **a** similar **10% increase in per capita official international remittances will lead, on average, to a 3.5% decline in the share of people living in poverty.** The fact that both international migration and international remittances reduce poverty in the developing world is important because data on each of these variables are incomplete and subject to underreporting in many developing countries. By analyzing samples which include information on each of these variables, we have been able to test the migration–remittances–poverty relationship for the largest number of labor-exporting countries possible. The results provide strong, robust evidence of the poverty-reducing impact of both international migration and remittances in the developing world.

SubB – Smart Grids

Dieter Ammer in the book *Globalization 2.0* outlines

It is my belief that decarbonization of the global economy is not only possible, but will occur, simply because it is desirable for the vast majority of the citizens of the world. The global economy will swallow the five to six percent of annual global capital expenditure estimated by McKinsey (McKinsey 2008) to maintain global warming at two degrees – money that would likely otherwise be spent on renovating our existing energy infrastructure. Just as emerging markets are building the coal-fired power stations that fuelled industrialization in the west a hundred years ago, over the coming years, the developed economies will design the wind turbines, the solar cells and concentrated solar power plants, the CHP units and electric cars, to power responsible consumption in the century to come. As Sheikh Yamani once said, the Stone Age did not end because of a lack of stones, nor the Bronze Age because of a lack of bronze. So too, **the hydrocarbon economy will not end because of a lack of fossil fuels, but because of the gradual globalization of superior, alternative technologies. This century, Globalization will ensure new technologies and new brands are attractive the world over, and transfer to the world's emerging markets.** Lower emissions and climate change abatement will thus be secured not only through the will of decision makers at Copenhagen this winter, but as an unintended benefit of twenty-first century consumption.

Angel Gurria, Secretary-General of the OECD, remarked

Globalisation has also raised the importance of international development co-operation and created a growing global awareness, that has spawned projects like the Millennium Development Goals or the One Laptop per Child. **Globalisation has also increased awareness of international global threats like climate change** and neglected infectious diseases.

Jeremy Rifkin in his book *The Third Industrial Revolution* details

Today, we are on the cusp of another convergence of communication technology and energy regimes. The conjoining of Internet communication technology and renewable energies is giving rise to a Third Industrial Revolution (TIR). In the twenty-first century, hundreds of millions of human beings will be generating their own green energy in their homes, offices, and factories **and sharing it with one another across intelligent distributed electricity networks—an intergrid—just like people now create their own information and share it on the Internet.**

Joshua Busby from the University of Texas at Austin impacts

According to these many initiatives, poor countries and poor communities, particularly in Africa and Asia, face some of the gravest security risks. Poor countries lack the capacity to respond to severe flooding, droughts, storms, extreme heat waves, water scarcity, and other subsequent direct or indirect consequences of climate change, like refugee flows and crop failure. Their vulnerability is partly an accident of geography; sites near the equator, the poles, along coasts, and those reliant on glacier melt for water are likely to experience more weather volatility and the worst effects of climate change. In most of these cases, vulnerability is made worse by poverty, bad governance, and past conflict in societies already riven by sectarian strife.15 And for low-lying island nations, climate change poses an existential risk that may make those countries uninhabitable, requiring eventual resettlement of their populations.16