The Principles of Capitalism and Their Effects in the World

May 2011 by William Saint

"Globalization has delivered a lot… but it also has a dark side: a large and growing chasm between the rich and the poor. Clearly we need a new form of globalization."[1]
—Dominique Strauss-Kahn, Managing Director, International Monetary Fund

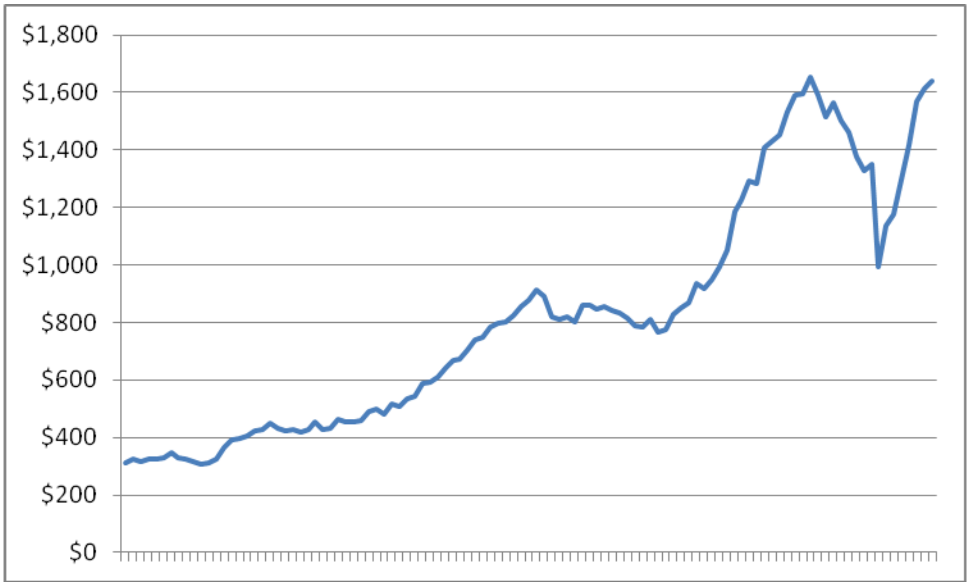
In its Accra Confession of 2004, the World Alliance of Reformed Churches identified the following ten principles to be associated with capitalism as it is presently practiced in the world:

1. The economy's purpose is to generate profit
2. Unrestrained competition
3. Unlimited economic growth and accumulation of wealth
4. Consumption must be encouraged
5. Deregulation of markets
6. Unrestricted capital movements
7. Taxes are a constraint on growth
8. Ownership of private property has no social obligation
9. Privatization of utilities and natural resources
10. Nature is a commodity to be marketed and consumed

With the fall of the Berlin Wall in 1989, the "cold war" between the practitioners of socialism and capitalism was effectively won by the latter. In the minds of many around the world, this confirmed the "rightness" of the capitalism model and its underlying principles. Over the past two decades, these principles have created the phenomenon called economic globalization. What have been the consequences?[2]

1. Profit as economy's purpose: The common good is not a consideration

Corporate profits have trended steadily upward since the collapse of the Berlin Wall kicked off a sustained period of global capitalist expansion (see chart below). In 2009, the Fortune 500 companies more than tripled their earnings to $391 billion.[3] Although admittedly departing from a depressed level of profits during the Great Recession of 2008, this jump was the second largest in the 56 year history of corporate profit monitoring and occurred while much of the world was—and still is—struggling against economic adversity.



U.S. Bureau of Economic Analysis, Corporate Profits from 1984 to 2010 (in $ billions)

2. Unrestrained competition: Countries are not the beneficiaries
In the 1980s free market economics (variously called market fundamentalism, neoliberalism, or the Washington Consensus) was in ascendency, combining "excessive optimism about what markets could achieve on their own with a very bleak view of the capacity of governments to act in socially desirable ways. Government stood in the way of markets instead of being indispensable to their functioning, and accordingly had to be cut down to size."[4] Consequently, the role of government in regulating markets was put under siege and forced to retreat in a number of areas, including social protection, consumer protection, and environmental protection.

Free trade agreements proliferated, eliminating protectionist barriers that interfered with a competitive market and progressively integrating national economies into a globalized free market economy. Although corporations, particularly the strongest ones, benefitted from this new environment, countries did not. For example, Harvard economist Dani Rodrik notes, "Most recent estimates put the overall gains to the United States from a global move to free trade in tenths of 1 percent of U.S. gross domestic product."[5]

3. No limits to growth and wealth accumulation: The rich get richer
At the start of the age of neoliberalism in 1980, the world contained just 12 billionaires. By 1990 the number had climbed to 99, and by 2000 it was 322. Today the number of billionaires is 1,011.[6] This exponential increase is indicative of income inequality trends in the world. World Bank data show that inequality has been increasing worldwide. In 2005, the richest 10 percent in the world received 55 percent of the world's income. In contrast, the poorest 50 percent got only 6.6 percent.[7] Thus, there is no global catch-up for poor countries, and no global equality of opportunity. Poor countries will likely remain poor and rich countries will continue to be rich, with wealth concentration growing faster than poverty reduction.[8]

4. Encouragement of consumption: Advertising is the means
In a capitalist economy, consumption fuels growth. Increased consumption generates higher rates of growth. Advertising is the main instrument employed to stimulate and steer consumption

around the world. Consumerism, after all, has to be taught to people who have not yet developed the habit. Advertising was thus a $450 billion industry in 2009. On a per capita basis, this is $65 for every person on the planet. According to estimates by MagnaGlobal, worldwide advertising spending will rise by 6.9 percent next year. Through 2016, MagnaGlobal expects average annual growth in worldwide advertising expenditures to be 6.3 percent. However, that growth will not be even. Projections show that advertising growth in developing markets will be nearly double the pace in developed markets.[9] For example, between 2007 and 2008 advertising expenditure increased 17 percent in China. The internet is proving to be a fertile ground for the promotion of consumerism. Digital advertising is set to surge nearly 50 percent annually. The research firm IDC expects rapid growth in online advertising spending, projecting that the global market will reach $106.6 billion by 2011.

5. Market deregulation: Free trade agreements are the mechanism

A free trade agreement is intended to eliminate constraints to market competition. It creates a type of trade bloc, a designated group of countries that have agreed to eliminate tariffs, quotas and preferences on most (if not all) goods and services traded between them. It can be considered the second stage of economic integration. Countries tend to choose this approach to economic integration if their economic structures are viewed as complementary.

The United States is partner signatory to three regional free trade agreements. They are: the North American Regional Free Trade Agreement, 1994; the U.S.–Southern African Customs Union Regional Free Trade Agreement, 1999; and the Central America Regional Free Trade Agreement, 2005. It has also concluded 17 bilateral Free Trade Agreements with countries such as: Jordan, 2000; Chile, 2004; Colombia, 2004; Singapore, 2004; Australia, 2006; Malaysia, 2006; Morocco, 2006; Panama, 2006; and Peru, 2006. Notably, most of these were signed during the presidency of George W. Bush and involve countries that either lack or fail to enforce workers' rights laws. Indeed, labor unions are viewed by neoliberalism as a significant constraint on competition (and profits).

In addition, the United States has signed free trade agreements with South Korea and Panama, but Congress must enact legislation to approve each individual agreement in order for them to go into effect. The United States is also negotiating for a regional, Asia-Pacific trade agreement, known as the Trans-Pacific Partnership Agreement. In short, the free-trade movement continues to gather momentum, despite its questionable benefits.

The advantages of free trade agreements have been hotly debated over the past decade. Proponents cite its stimulus to growth, promotion of efficiency, reduction of poverty, cultural enrichment and the possibility—through greater integration and interdependency—of decreasing the chances of war. Critics point to negative effects in the United States and abroad on local development, job loss through outsourcing, the instability associated with mobile capital, environmental degradation, cultural homogenization, the increased risk of economic "bubbles," and evidence that the benefits of economic globalization accrue primarily to developed countries, multinational corporations, and the wealthy.

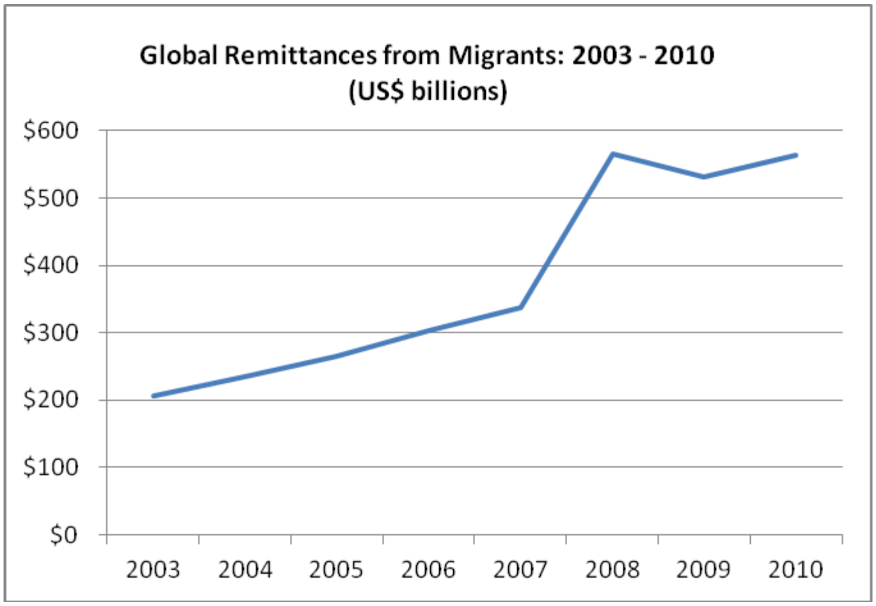
6. Unrestricted capital movements: Financial instability and worker migrations

With the integration of international capital markets, global flows of foreign direct investment (FDI) grew strongly in the 1990s at rates well above those of world economic growth and trade, averaging 13 percent a year during 1990–97. This brought annual FDI totals up from an average $198 billion in 1990-94 to $1.5 trillion in 2000.[10] For low-income countries, net FDI inflows have more than quadrupled since 2000, growing at an average annual rate of 20 percent during 2000–2008.[11]

Global flows of foreign direct investment peaked at $2.1 trillion in 2007 before the Great Recession. In 2011, FDI is expected to continue its recovery and grow towards $1.6–2 trillion in 2012. This recovery is projected to be stronger in developing countries than in developed ones. This shift in foreign investment towards developing and transition economies is expected to accelerate in the years ahead. As a result, developing and transition economies now account for nearly half of global inflows of foreign direct investment.

As noted in *Just Globalization*, unrestricted capital flows can introduce great volatility into the capital markets of individual countries. When capital flows out, attracted by a better opportunity elsewhere, the financial and human cost to a country can be huge, as the Asian Tigers discovered in the late 1990s and Argentina did in 1999.[12]

As capital has become more mobile in the quest for favorable profit-making conditions, employment opportunities appear and disappear with increasing frequency. Consequently, workers have often been forced to follow capital in search of jobs. For example, as NAFTA has decimated Mexican agriculture by enabling cheap food imports, unemployed farmers have increasingly sought to enter the United States in the quest for work. Likewise, as many as 500,000 Chinese have immigrated to Africa, lured by jobs in its oil, copper, uranium, wood, and other natural resource industries.[13] The International Organization for Migration estimates total international migration has risen from 154 million in 1990 to 214 million in 2010.[14] As a result, international remittances from such workers were expected to surpass $550 billion last year (see chart below). Interestingly, although substantial efforts have been made to reduce barriers to the free flow of investment capital, no such similar attempt has been made to eliminate constraints on the free flow of labor – although labor and capital are the two main factors of production.



Source: Remittances data, Development Prospects Group, World Bank, 2010

The downward pressure on wages worldwide also creates a global market for forced labor. The U.S. Department of State estimates that roughly 800,000 people are trafficked across borders each year.[15] If trafficking within countries is included in the total world figures, official U.S. estimates indicate that some 2 to 4 million people are trafficked annually. According to International Labor Organization (ILO), in 2005 as many as 12.3 million adults and children around the world may currently be victims of forced labor, bonded labor, and coerced prostitution (i.e., slavery). This constitutes an international business that generates an estimated $32 billion annually.[16]

7. Taxes constrain growth: Attracting investment at the cost of public services

The removal of national controls on the mobility of capital appears to be the main factor driving the reduction in corporate tax rates since the 1980s.[17] Global tax "reform" over the past three decades has emphasized decreasing corporate taxes, arguing that they are a constraint on the international capital investment market. According to a World Bank report, **more economies reformed their tax regimes in 2009** than in any previous year. The report recorded 171 reforms affecting taxes in 104 economies around the world. Some 45 countries reduced the tax burden on businesses, or made it easier to pay taxes. This number is 25 percent more than in the previous year. The most popular reform was to reduce profit tax rates, which occurred in 20 countries.[18] For these countries, the average reduction was 6.1 percent.

The trend of tax-cutting reforms by governments has been underway for some time. Harvard economist Rodrik observes, "There has been a remarkable reduction in corporate taxes around the world since the early 1980s. The average for the member countries of the OECD, excluding the United States, has fallen from around 50 percent in 1981 to 30 percent in 2009."[19] Worldwide, between 2004 and 2009, high-income countries decreased their taxes by an average of 10.3%; upper middle income countries cut back by an average of 17.8%; lower middle income by 12.8%. Only low income countries did not lower their taxes.[20]

In a revealing conclusion to their recent study of corporate tax trends worldwide, the international accounting firm Ernst and Young reported, “Driving down tax costs and realizing tax savings is now a core element of transaction planning. Tax is no longer something which is considered as an enhancement after the decision to do the deal has already been taken—increasingly it is the difference between success and failure.”[21] The message to developing countries from the international corporate community is clear: if you want our investment, you better reduce our taxes.

But such tax reform does not come without costs to the societies involved, for “the international mobility of firms and capital also restricts a nation’s ability to choose the tax structure that best reflects its needs and preferences. In particular, this mobility puts downward pressure on corporate tax rates and shifts the tax burden from capital, which is internationally mobile, to labor, which is much less so.”[22] In other words, tax-cutting negotiations increase corporate profits at the cost of lower wages and unemployment. This is as true in the United States as it is abroad.

8. Private property without social obligation: Workers and society are the losers

Here the argument is that the sole purpose of business is the pursuit of profit and that this excludes any form of social responsibility to its workers, its community or its nation, as this would entail costs that would reduce profits. History is replete with examples of such single-mindedness: land grabs in the Amazon, worker intimidation and exploitation by United Fruit in Central America, and forced labor by thousands of Asian workers on major construction projects in the United Arab Emirates.[23] In the April 2010 U.S. coal mine disaster in West Virginia, which killed 29 miners, it is clear that the company ignored safety regulations designed to protect its workers in an effort to minimize costs and raise profits.

Today, agricultural land grabs appear to be accelerating as large corporations buy or lease huge tracts of land in poorer countries for agricultural production and export. For example, China has purchased 2.8 million acres in the Democratic Republic of Congo, and India has invested $4 billion in Ethiopian agricultural land. At the same time, financial institutions and agribusinesses are chasing land as an investment in the expanding biofuels market, driving up food prices in the process. Poor governments are often too eager to comply, offering up what they deem "idle" or "unused" land, but which is frequently inhabited and farmed by indigenous populations. Hundreds of these controversial deals have been reported in the media. The International Food Policy Research Institute estimates that 49 million acres of farmland were the subject of purchase negotiations between 2006 and 2009. Land rights advocates, farmers' and peasants' groups, and nongovernmental organizations argue that these land deals spur an assortment of negative consequences, including ecosystem destruction, worker exploitation, loss of livelihoods, food insecurity, and market distortion toward agribusiness and global trade.[24]

Arguments in favor of increased social obligation by business include a favorable public image, better community relations, compliance with prevailing social norms, a deterrent to government regulation, the application of presumed private sector innovativeness to social problems, and a belief that business should return some of its profits to the community. These considerations have undergirded the movement towards greater corporate social responsibility that emerged at the end of the 20th century.[25]

Arguments against the assumption of social responsibility by business are that it interferes with profit maximization, is not cost-efficient, requires social skills that the private sector has not developed, undermines business objectives, lacks appropriate social accountability mechanisms, puts its public image at risk with the possibility of failure, and circumscribes competitiveness. In addition, opposition is often fueled simply by greed.

At this point, the question of corporate social responsibility seems to be gaining ground in the United States and most other developed countries, where many corporations have assumed a certain minimum role of social responsibility and seem likely to expand it. Developing countries may gradually fall in line as the result of social pressures, globalized business practices and human rights or environmental protection activism. Whether motivated by selflessness or self-interest, some degree of social responsibility seems to be increasingly necessary for life in an interdependent world.

9. Privatization of natural resources: Countries are not the beneficiaries

Industrial use of water increases with country income, going from 10 percent for low- and middle- income countries to 59 percent for high-income countries. Globally, roughly 15-35 percent of current water use for irrigation is estimated to be unsustainable.

Increases in water use have resulted in high environmental costs. This includes loss of biodiversity as well the deterioration of natural water systems such as rivers and aquifers. Half of the world's wetlands have disappeared over the last century, with some rivers now no longer reaching the sea. Over 20 percent of the estimated 10,000 freshwater fish species are now endangered or extinct. In 60 percent of European cities with more than 100,000 people, groundwater is being used at a faster rate than it can be replenished.

The U.S. National Intelligence Council predicts that by the year 2025, 600 million people across 21 countries will experience cropland or freshwater scarcity.[26] In addition to the currently projected shortages of freshwater and cropland, the U.K. Treasury-commissioned Stern Report estimates that by the middle of the century 200 million people may be permanently displaced "climate migrants"—representing a ten-fold increase over today's entire documented refugee and internally displaced populations. The social tensions and conflict generated by large-scale migration is going to get worse.

Nowhere is the competition to exploit the natural resources of independent states more acute than in Sub-Saharan Africa. With oil, gas, timber, diamonds, gold, coltan and bauxite, Africa is home to some of the largest deposits of natural resources in the world. Revenues from their extraction should provide funds for badly needed development, but instead have fuelled state corruption, environmental degradation, poverty and violence. Rather than being a blessing, Africa's natural resources have largely been a curse. Salil Tripathi, senior policy adviser at NGO *International Alert*, says: "Unless properly managed, the windfall gains from resource extraction cause more problems. It reduces a state's incentive to impose a free and just taxation system, and encourages corruption and acquisition of weaponry."[27]

According to the UN World Investment Report, inflows of foreign direct investment were concentrated in a few extractive industries (mainly oil, gas and mining). Notably, nearly half of the continent’s investment inflows targeted six oil-producing countries: Algeria, Chad, Egypt, Equatorial Guinea, Nigeria and Sudan.[28] Such an onslaught of funding fuels corruption, as these six countries were all ranked in the bottom half of Transparency Internationals Corruption Perceptions Index for 2010 – and three of them were classified in the bottom 10 percent.[29]

The new entrant to the scramble is industrializing China. Despite its large land area, China is a resource-poor country and Africa offers the natural resources vital to fuel its rapidly growing economy. China looks to the Democratic Republic of Congo (DRC) and Zambia for copper and cobalt, to South Africa for iron ore and platinum, and to Gabon, Cameroon and the Republic of the Congo (Congo-Brazzaville) for timber. For oil, it has been wooing Nigeria, Angola, Sudan and Equatorial Guinea. China is now the second largest consumer of crude oil after the US, and was responsible for 40 percent of the global increase in demand between 2001 and 2005.

Where capacities for national protective enforcement are weak or non-existent, asset-stripping can be widespread. For example, the American Forest and Paper Association estimates that in Cameroon, Equatorial Guinea, Gabon, Ghana and Liberia, 30 percent of timber export is of "suspicious" origin.[30] The World Bank estimates that governments worldwide may lose $5 billion in revenues annually to illegal timbering.[31]

10. Nature is a commodity: Marketing God’s creation

The rapid expansion of the worldwide market for bottled water is a good example of how a nature’s bounty has been appropriated for private profit. By 2004, global consumption of bottled water was growing faster than 10 percent a year, with substantial increases in sales volume on every continent. The highest rates were occurring in Asia and South America, with annual sales increases of 15 percent or more.[32] In 2010, the market is forecast to be US $75 billion, an increase of 30 percent over 2005. This translates into a consumption estimate of 159.2 billion liters, an increase of 32 percent since 2005.[33] Water, which once was free or nearly so, has now become a big business.

The (often illegal) decimation of forest resources is another example of how quick profits can be turned on God’s creation. Deforestation, mainly conversion of forests to agricultural land, continues at an alarmingly high rate—about 13 million hectares per year are being lost. Notably, deforestation in the tropics is responsible for fully 15 percent of global warming pollution. In places such as Brazil, Indonesia and Malaysia, tropical deforestation is “enterprise-driven”—carried out by businesses seeking to put land into commercial production for urban and export markets. The firms involved in clearing tropical forests are not attracted by the available timber (which they often burn or leave to rot, producing carbon emissions) but by the low cost of land that deforestation makes available. These economic enterprises include large cattle ranches, commercial soybean production, and oil palm plantations for processed foods and bio-diesel.[34]

The good news is that forest re-planting, landscape restoration and natural expansion of forests have significantly reduced the overall loss of forest area. The net change in forest area in the period 2000–2005 is estimated at 7.3 million hectares per year (an area about the size of Sierra Leone or Panama), which is significantly less than the 8.9 million hectares per year in the period 1990–2000.

This positive development is largely due to a set of innovative policies proposed by Costa Rica and Papua New Guinea at the international climate negotiations in 2005. Called REDD (Reducing Emissions from Deforestation and Forest Degradation), it established an international fund that compensates developing countries if they reduce their carbon emissions from forest clearing. This is an affordable solution for reducing global warming pollution because the costs of such compensation are considerably lower than the current costs of reducing carbon emissions from industries, vehicles and power plants.[35] The positive impact of the REDD approach can be seen in Brazil, which had promised to cut its rate of deforestation by 80 percent by 2020 but in fact had already achieved a 67 percent reduction by 2010. Strikingly, this reduction in global warming pollution is comparable to the reductions that both the United States and the European Union have only pledged to achieve by 2020.[36]

The fish that the Lord placed in the world's oceans have not escaped appropriation by commercial interests. The numbers of large ocean fish (salmon, tuna, etc.) have declined by 54 percent in the past 40 years due to the intense competition of commercial fishing.[37]

The latest scramble for nature's resources is shaping up in the Arctic. As global warming melts the polar icecap and opens shipping lanes, corporations hungrily eye vast petroleum and mineral deposits located below the ice. According to the United States Energy Information Administration, that currently frozen area could hold 22 percent of the world's undiscovered conventional oil and natural gas resources.[38] As countries and corporations begin to jockey for position, the rights of native Alaskans could be ignored. "This is our land," states a liaison with the Alaska Inter-Tribal Council, an advocacy group representing the region's indigenous peoples. "We aren't happy with everyone trying to claim it."

Conclusion: Government can make a difference

Larry Summers, former director of President Obama's National Economic Council, has expressed his concern that globalization is no longer a good deal for working people. Greater global integration, he says, places more competitive pressures on an individual economy and its workers are likely to bear disproportionately the brunt of this pressure.[39]

In the developed world, markets function efficiently because they are aided by "a large cast of supporting institutions: property rules to establish ownership, courts to enforce contracts, trading regulations to protect buyers and sellers, a police force to punish cheaters, macro-policy frameworks to manage and smooth the business cycle, prudential standards and supervision to maintain financial stability, a lender of last resort to prevent financial panics, health, safety and environmental standards to ensure compliance with public norms, compensation schemes to placate the losers (when markets leave some in the cold, as they often do), social insurance to provide some insulation against market risks, and taxes to finance all these functions."[40] These are the functions of government.

At the global level, no similar governance system yet exists. Consequently, there is a real risk that the social costs of trade (e.g., poverty, income inequality, lower wages, and environmental damage) will outweigh the narrow economic gains and spark an even worse backlash against globalization than has occurred to date. Until such mechanisms are put in place, the potential of globalization cannot be harnessed for the common good.[41] "The inevitable conclusion," writes

Rodrik, “is that financial globalization has failed us. Countries that have opened themselves up to international capital markets have faced greater risks, without compensating benefits in the form of higher economic growth.”[42]

At home in the United States, capitalism is working well but its benefits are being reaped largely by highly skilled employees of businesses well integrated into the global economy such as finance and banking. Profits have soared, but wages and job opportunities have stagnated. Summarizing two recent studies by economists Michael Spence (Council on Foreign Relations) and David Autor (MIT), journalist Chrystia Freeland concludes, “Globalization and the technology revolution are increasing productivity and prosperity. But those rewards are unevenly shared—they are going to the people at the top in the United States and enriching emerging economies overall. But the American middle class is losing out.”[43]

Alternative View: John D. Mueller, “Dollars and Sense: Proven Principles of Economic and Fiscal Sanity,” *Ethics and Public Policy Center* (June 24, 2011), http://www.eppc.org/publications/pubid.4500/pub_detail.asp.

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Notes

[1] Speech at George Washington University, April 6, 2011.

[2] Economic globalization is the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Although the focus of this discussion is on its negative aspects, globalization has also brought benefits such as increased range of choice, improved quality, lower costs and better services.

[3] Sean Tully, “Fortune 500: Profits Bounce Back,” *Fortune* Magazine (April 15, 2010).

[4] Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy* (New York: W.W.Norton & Company, 2011), 77.

[5] Ibid, 60.

[6] *Fortune* magazine’s annual listing of the richest people in the world.

[7] World Bank, 2008, Development Indicators.

[8] Since the economic recovery started in the United States, its benefits have gone almost entirely to the owners of capital rather than to workers. Following the Great Recession of 2008, profits have risen four times as much as worker wages—the first time in 50 years that profits have out-performed wages. *The Economist* (March 26, 2001), 75.

[9] MagnaGlobal, *Advertising Forecast* (2011): http://www.magnaglobal.com/wp-content/uploads/downloads/2010/12/2011-MAGNAGLOBAL-Advertising-Forecast-Abbreviated.pdf.

[10] International Monetary Fund, *Foreign Direct Investment: Trends, Data Availability, Concepts, and Recording Practices* (Washington, D.C., 2004).

[11] Era Dabla-Norris, Jiro Honda, Amina Lahreche, and Geneviève Verdier, "FDI Flows to Low-Income Countries: Global Drivers and Growth Implications," IMF Discussion Paper 10/132 (International Monetary Fund: Washington, D.C., 2010).

[12] Presbyterian Church (USA), *Just Globalization: Justice, Ownership and Accountability* (Louisville, KY: PCUSA Office of the General Assembly, 2006), 23.

[13] "Asian Crossroads in Africa," *New York Times* (December 11, 2009).

[14] International Organization for Migration, *World Migration Report 2010* (Geneva, Switzerland: 2010).

[15] U.S. Department of State, *Trafficking in Persons Report: 2007* (Washington, D.C.).

[16] International Labor Organization, *A Global Alliance Against Forced Labor* (Geneva, Switzerland: 2005).

[17] Rodrik, *The Globalization Paradox*, 194.

[18] World Bank, *Paying Taxes 2010: The Global Picture* (Washington, D.C.: World Bank, 2010).

[19] Rodrik, *The Globalization Paradox*, 193.

[20] World Bank, *Doing Business Index* (World Bank: Washington, D.C., 2010).

[21] Ernst and Young, *Global Tax Trends: Raising and Investing Capital* (2010).

[22] Rodrik, *The Globalization Paradox*, 193.

[23] Human Rights Watch (May 19, 2009).

[24] Danielle Nierenberg and Ronit Ridberg, "Corporate Land Grabs Threaten Food Security," *Christian Science Monitor* (September 14, 2010).

[25] Through its "Mission Responsibility Through Investment (MRTI) committee," the PCUSA has helped to shape this movement.

[26] National Intelligence Council, *Global Trends 2025* (Washington, D.C.: U.S. Department of State, 2010).

[27] Mandy Turner, "Scramble for Africa," *The Guardian* (May 2, 2007).

[28] United Nations Conference on Trade and Development (UNCTAD), *UN World Investment Report* (Geneva: UNCTAD, 2010).

[29] Transparency International, *Corruption Perceptions Index* (2010).

[30] American Forest and Paper Association, *Illegal logging and global wood markets: The competitive impacts on the U.S. wood products industry* (Washington, D.C.: 2004).

[31] World Bank, "Combating Illegal Logging and Corruption in the Forestry Sector," *Environment Matters* (Washington, D.C.: World Bank, 2006).

[32] Peter Glick (ed.), *The World's Water 2004/2005: A Biennial Report on Freshwater Resources*, Center for Resource Economics (Washington, D.C.: Island Press., 2004).

[33] www.researchwikis.com.

[34] Union of Concerned Scientists, "Deforestation Today: It's Just Business," Briefing Note no. 7 (Washington, D.C.: 2010).

[35] Union of Concerned Scientists, "Tropical Deforestation and Global Warming: A Solution," (Washington, D.C.: 2011). See www.ucsusa.org/REDD.

[36] Union of Concerned Scientists, "Brazil's Success in Reducing Deforestation," Briefing Note No. 8. (Washington, D.C.: 2011).

[37] "2050: Will there be fish in the ocean?" American Association for the Advancement of Science Annual Meeting (2011).

[38] http://www.eia.doe.gov/oiaf/analysispaper/arctic/index.html#intro.

[39] Lawrence Summers, "America Needs to Make a New Case for Trade," *Financial Times* (April 27, 2008).

[40] Rodrik, *The Globalization Paradox*, 22.

[41] “Our institutions of global governance were not designed to manage a closely integrated and rapidly expanding global economic system. We have global markets but we lack global institutions to govern those markets. The institutions that exist are unrepresentative, many people do not have a full voice in them, and they fail to conform to democratic ideals. Moreover, the structure of global governance is full of holes. There is woefully inadequate provision for supplying global public goods and there is no provision for financing them in a regular way.” Keith Griffin, “Economic Globalization and Institutions of Global Governance,” *Development and Change* 34(5) (2003), 805.

[42] Rodrik, *The Globalization Paradox*, 111.

[43] Chrystia Freeland, “A Failure of Global Capitalism”, *International Herald Tribune* (April 15, 2011).