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Is Globalisation Good for Us?[*]
Introducing the Concept of Vulnerability

Peadar Kirby[**]

> *While vulnerability, uncertainty and insecurity in the life of people are not new, what is new is that their causes and manifestations have multiplied and changed profoundly over the last decade. Examples include civil strife and the proliferation of conflicts, growing inequalities within and among countries further accentuated by globalization, mixed outcomes of poverty reduction efforts, increased mobility of populations and changes in family structures.*
>
> - UN, *Report on the World Social Situation 2003*: 2.

> *Some of the changes in the [US] economy that inflated the bubble also made the economy more vulnerable: when the bubble burst, they would make the downturn all the greater. We not only exposed the economy to more risk, we also undermined our ability to manage that risk. Changes in pension systems and employment policies meant that individuals were more exposed to the vicissitudes of the market: as the stock market went down, they saw their future pensions decrease; as the economy slowed, they saw a greater likelihood of being fired. At the same time, government policies too changed: unemployment insurance did not keep pace with the changes in the economy, and welfare was cut back.*
>
> - Joseph Stiglitz, in *The Roaring Nineties*, 2003: 180-81.

The emergence of globalisation as a field of public battle has served to expose to an increasingly interested and concerned public what Held and McGrew have called 'some of the most fundamental issues of our time', relating to 'the organization of human affairs and the trajectory of global social change' (Held and McGrew, 2002: 118). Among these, perhaps the most fundamental issue of all concerns the impact of globalisation on our individual and social well-being. Is globalisation really making us all better off or are some reaping most of the benefits while most of us are worse off, either absolutely or relatively? Put simply, is globalisation increasing poverty and inequality or is it reducing them? These are the sorts of concerns that enrage enough people to fuel a wave of global activism that has surprised politicians and commentators alike. Finding answers to these questions would therefore be very important, either confirming the argument of pro-globalisers that

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what we need to help eliminate poverty is a deepening of globalisation, or lending support to the demands by 'anti-globalisers' for more public regulation of global markets to help ensure most of the world's people reap more of the benefits. Yet, surprisingly, answers are not easily come by; fierce debates rage among academics about how globalisation is impacting on the poor with diametrically different conclusions being reached. World Bank researcher Martin Ravallion reports surveys that conclude poverty fell sharply in the 1990s, that it fell modestly, or that it rose, and ones that find inequality has risen while others find it has fallen. As he puts it: 'Both sides in the debate have sought support from "hard" data on what is happening to poverty and inequality in the world. A "numbers debate" has developed, underlying the more high-profile protests and debates on globalization' (Ravallion, 2003: 739). What we have are two opposing camps talking past one another, due often to differences in how key concepts are defined or in methods of data collection and analysis, with no resolution or consensus in sight.

The purpose of this paper is to help break this logjam. Its writing is motivated by the conviction that both sides of the argument are, to some extent, correct in the claims they are making about globalisation, yet that they are failing to identify the central distinctive feature that characterises the impact of globalisation on our lives and our societies. It could be said that they are locked into a conceptual vocabulary that obscures rather than elucidates the core issues at stake. As expressed in the opening quotes, the term 'vulnerability' may be a much more appropriate category to capture the distinctive ways in which the economic, social, political, cultural and environmental changes associated with the term 'globalisation' are impacting on all of us, especially the poor. As the UN Department of Economic and Social Affairs recognises in its *Report on the World Social Situation* in 2003, since the mid 1990s reference has increasingly been made to the notion of vulnerability in the context of social policy. However, it adds that 'use of the words "vulnerability "and "vulnerable" has been quite loose in policy contexts and has entailed neither the theoretical rigour nor the degree of elaboration that one finds in analytical works' (UN, 2003: 14). Through interrogating the meaning of the concept and illustrating how it describes the impact of globalisation, this paper hopes to offer such theoretical rigour and to illustrate its practical usefulness.

The paper is divided into five parts. The first illustrates how the term vulnerability is being increasing employed by intergovernmental organisations in their analyses of aspects of today's world order and defines what the term means. The second section distinguishes vulnerability from other approaches towards analysing the social impact of globalisation, namely poverty/inequality, insecurity, and risk. The third section addresses the contribution that the concept of vulnerability could make

to the existing toolkit of international political economy (IPE). These sections establish that the concept vulnerability has two essential dimensions. The first relates to the increased riskiness of life in today's world while the second derives from the erosion of coping mechanisms to survive and recover from such risks. Each of these dimensions forms the subject matter of the following two sections, the first of which examines the nature of risk in today's world while the second examines how coping mechanisms are faring. The final section draws conclusions.

Vulnerability: Meanings and uses

Since the early 1990s, the concept vulnerability has come to be widely used by some leading intergovernmental organisations to characterise, define and measure aspects of globalisation's impact on a range of areas relating to the well-being of society. These include economic vulnerability, social vulnerability, financial vulnerability, and environmental vulnerability. The United Nations Department of Economic and Social Affairs offers the following definition: 'In essence, vulnerability can be seen as a state of high exposure to certain risks and uncertainties, in combination with a reduced ability to protect or defend oneself against those risks and uncertainties and cope with their negative consequences. It exists at all levels and dimensions of society and forms an integral part of the human condition, affecting both individuals and society as a whole' (UN, 2003: 14). It goes on in its 2003 report to identify groups who are especially vulnerable such as the young, the elderly, people with disabilities, migrants and indigenous peoples, and specifies that vulnerability is not limited to the poor but can affect any group in society as 'all groups face vulnerabilities that are largely the outcome of economic, social and cultural barriers that restrict opportunities for, and impede the social integration/participation of the groups' (ibid.: 15). Furthermore the UN Department of Economic and Social Affairs echoes the views of the UN Development Programme (UNDP) in identifying globalisation as an important source of growing vulnerability. In its 1999 *Human Development Report* on the subject of globalisation, the UNDP states that 'people everywhere are more vulnerable': 'Changing labour markets are making people insecure in their jobs and livelihoods. The erosion of the welfare state removes safety nets. And the financial crisis is now a social crisis. All this is happening as globalization erodes the fiscal base of countries, particularly developing countries, shrinking the public resources and institutions to protect people' (UNDP, 1999: 90).

The World Bank, on the other hand, discusses vulnerability in relation to the poor only. In its keynote study of poverty, the 2000-01 *World Development Report* entitled 'Attacking Poverty', the World Bank sees vulnerability as a dimension of

poverty, alongside other dimensions such as income poverty, health and education, voicelessness and powerlessness. 'In the dimensions of income and health, vulnerability is the risk that a household or individual will experience an episode of income or health poverty over time. But vulnerability also means the probability of being exposed to a number of other risks (violence, crime, natural disasters, being pulled out of school)' (World Bank, 2000: 19). It sees it as a dynamic concept, capturing the ways in which people move into and out of poverty over time, though it acknowledges that measuring it is especially difficult as it would require a continuous monitoring of the same households over a period, necessitating a range of data not currently available through the household surveys of income or expenditure that provide the basis for measuring poverty today. However, the Bank has included a table entitled 'Assessing vulnerability' in its annual *World Development Indicators* publication. This is made up of four indicators: the first is the percentage of urban employment that is in the informal sector; the second is the percentage of children aged 10-14 in the labour force; the third is a figure for pension contributors both as a percentage of the labour force and as a percentage of the population; the final one is the percentage of national health expenditure devoted to local primary health care. The first three indicators measure risks faced by households of falling into poverty while the last one measures the extent to which publicly funded services may be capable of mitigating some of these risks (Table 2.9, *World Development Indicators*, 2001). This illustrates, therefore, that vulnerability is primarily seen by the World Bank as the risk some sectors of the population face of falling into income poverty.

Economic vulnerability has been developed as a concept to help identify those states most vulnerable in a globalised economy. The idea of measuring the extent and dimensions of economic vulnerability first arose in the early 1990s when UNCTAD carried out a study on the feasibility of constructing an index of vulnerability. The idea was afterwards taken up by the UN Economic and Social Council and in 2000 the first Economic Vulnerability Index (EVI) was drawn up with a composite indicator based on five components, reflecting three dimensions of countries' economic vulnerability: firstly, the magnitude of external shocks beyond domestic control measured through indicators of the instability of agricultural production and the instability of exports of goods and services; secondly, the exposure of the economy to these shocks measured through the share of manufacturing and modern services in GDP, and merchandise export concentration; and finally, the structural handicaps explaining the country's high exposure measured through population size. Tuvalu was top of the 2003 EVI followed by Kiribati, Brunei Darussalam, Afghanistan, Mongolia and Cambodia (ESCAP, 2003). A similar index is the Commonwealth Vulnerability Index which

uses a sample of 111 developing countries to measure two aspects of vulnerability: firstly, the impact of external shocks over which the country affected has little or no control and, secondly, the resilience of a country to withstand and recover from such shocks. The index is compiled from the three most significant indicators of countries' income volatility which are lack of economic diversification, export dependence and the impact of natural disasters. Of the 28 most vulnerable countries on this index, 26 are small states (population under 1.3 million in 1999), 18 of them islands. Lesotho and Mauritania are the only exceptions (Commonwealth Secretariat/World Bank Joint Task Force on Small States, 2000).

The currency crises in Mexico, East Asia, Russia and Brazil in the 1990s led the International Monetary Fund (IMF) to develop vulnerability indicators of what countries are vulnerable to such financial crises and to what extent. The Fund states that 'timely and detailed data on international reserves, external debt, and capital flows strengthen the ability to detect vulnerabilities, giving policy makers enough time to put remedial measures in place' (IMF, 2003). Four groups of indicators are monitored by the IMF to identify vulnerability. First are indicators of external and domestic debt, with special attention to countries' ability to pay back their debts, such as the ratios of external debt to exports and to GDP and, where public sector borrowing is significant, the ratio of tax revenues to debt. The second set of indicators relates to reserves and is particularly important for those countries with significant but uncertain access to capital markets. Thirdly, come what the IMF calls 'financial soundness indicators' to assess the strengths and weaknesses of countries' financial sectors, including financial institutions' profitability and liquidity and the pace and quality of credit growth. These are used to assess sensitivity to market risk such as changes in interest and exchange rates. Finally, the Fund has a set of corporate sector indicators that trace the exposure of companies to foreign exchange and interest rate exposure. These vulnerability assessments are now incorporated into the IMF's consultations with its member countries and, based on these data, the IMF produces Early Warning System (EWS) models to estimate the likelihood of currency crises (IMF: 2003).

The UN Environmental Programme (UNEP) sees environmental vulnerability as an essential element of human vulnerability. 'Since everyone is vulnerable to environmental threats, in some way, the issue cuts across rich and poor, urban and rural, North and South, and may undermine the entire sustainable development process in developing countries,' writes the UNEP. It adds that 'coping capacity that was adequate in the past has not kept pace with environmental change' and urges two types of policy response: firstly, to reduce the threat through prevention and preparedness initiatives, and secondly, to improve the coping capacity of

vulnerable groups (UNEP, 2003: 302-03). The UN Development Programme (UNDP) recognises that over the past 40 years there has been a significant increase in natural disasters and in the losses they cause to society: 'Vulnerability of populations and ecosystems has increased, often as a result of inadequate development practices, leading to environmental degradation and human poverty' (UNDP, 2003b). While many regions of the world are at risk from exceptional natural events (earthquakes, volcanoes, hurricanes) and from freak weather patterns caused by the impact of human activity on the environment (drought, torrential rainfall, flooding), the concept of vulnerability relates not to these risks but to the underlying exposure of human communities to them. To identify this exposure and to seek to avoid the worst impact of these events, specialists draw up vulnerability assessment maps of vulnerable regions based on such indicators as environmental factors (forests, rivers, slopes, soil permeability and vegetation), population, social factors (levels of poverty) and infrastructure (its condition and exposure). An example of the results of such vulnerability assessments is that, in the region of Central America, Honduras has been identified as a high risk country and detailed maps have been able to identify the top 60 high risk municipalities in that country, listing them in three groups beginning with the ten most at risk.

The UN Economic Commission for Latin America and the Caribbean (ECLAC) writes that, 'the opening up of markets and the downgrading of the state's role in the economy and society have exacerbated the insecurity and defencelessness affecting large groups of individuals and families, who are now exposed to increased risk'. It argues that this problem affects not only the poor but far wider sections of the population 'to such an extent that vulnerability may be regarded as a distinctive feature of the social situation in the 1990s' (ECLAC, 2000: 52). In developing a concept of social vulnerability to capture the distinctive nature of this new situation, it focuses upon both the 'perception of risk, insecurity and defencelessness' and also 'the quantity and quality of the resources or assets controlled by individuals and families' and the opportunities they have to use them in the new economic, social, political and cultural circumstances. These resources and assets include work, human capital, productive resources, social relationships and family relationships. For much of the population, these assets and resources are under pressure and are being eroded by the conditions of the liberalised economy, argues ECLAC. In the Caribbean region, ECLAC is helping develop a Social Vulnerability Index (SVI) compiled from the following components: poverty, crime, natural disasters, migration, health status and social marginalisation (ECLAC, 2003).

Apart from these general uses, the concept of vulnerability has also been used to analyse the situation of specific population groups. Identifying the ever-increasing threat of HIV/AIDS to the population of Southeast Asia, the Asian Development Bank (ADB) argues that 'increasing linkages within and between countries further hasten the epidemics, as more and more people move and interact' (ADB, 2003: 7). While mobility does not in itself place people at risk of HIV infection, the Bank argues that such mobility may increase people's vulnerability to the disease in a number of ways: migrants may be marginalised, subject to discrimination and have little social or legal protection in their host community; they may be forced to trade unprotected sex for goods, services or cash in order to survive; they may have little access to health services or means of HIV prevention; finally, separation from regular partners may encourage them to take risks that make them vulnerable to infection. Another application of the concept is the Aging Vulnerability Index, sponsored by the European Union (EU). This assesses the capacity of 12 developed countries to meet the challenge of a fast aging population. It is developed from four indicators: the public spending burden; room for fiscal growth; dependence of the elderly on public benefits; and the relative affluence of the old versus the young (Jackson and Howe, 2003). France, Italy and Spain were found to have the highest vulnerability in the 2003 index.

A number of conclusions are warranted from this survey. Firstly, it demonstrates how, over the course of the 1990s, the concept of vulnerability has come to occupy a central place in the attempts of some leading intergovernmental organisations (IGOs) to analyse the impacts on social groups of changes associated with globalisation. Secondly, the concept has been applied at different levels, from the nation state to local livelihoods. Thirdly, it has been found useful in a range of areas, including poverty alleviation, financial monitoring, environmental analyses, and economic and social risk assessment. It can be concluded that, while there is disagreement on the range of groups suffering vulnerability and on its sources, there is a general agreement that vulnerability is an important concept capturing the dynamic way that people's well-being in today's world is affected by wider changes in the economic, financial, social, institutional, cultural and environmental spheres. Furthermore, a common meaning can be identified in the many uses of the term. This is a combination of two factors: firstly, the frequency and nature of risks that impact on people's lives and, secondly, the ability of people to cope with these risks.

Why vulnerability?

Establishing that vulnerability is being employed as a concept to analyse the impacts of globalisation is not, of course, on its own a sufficient reason to use it. It could be argued that resorting to yet another concept will only confuse the task of reaching a deeper understanding of the nature and causes of such impacts and thereby may even impede a wider consensus on how to address them. In other words, we have to ask why vulnerability is a useful concept in undertaking this task. This section offers an answer by clarifying the differences between vulnerability and three other sets of concepts that have been more widely used in discussing globalisation's impacts – poverty/inequality, risk and insecurity. It will be argued that the concept of vulnerability goes further than any of them in being able to capture more fully what is distinctive about the way globalisation is impacting on society. The argument here is that vulnerability is a more adequate concept as it focuses attention in an analytically precise way on the complex and multifaceted social changes being wrought by globalisation, their dynamics and their interconnections.

i) Poverty/Inequality:

By far the most common way of trying to assess the impact of globalisation on society is through examining data on trends in poverty and inequality. Though poverty and inequality are distinct concepts, they are treated together here since both relate to distibutional issues and since, as stated earlier in this chapter, they are intimately related in debates on globalisation. The pro-globalisation view can be summed up in the words of a major World Bank report on globalisation and poverty: '[S]ince 1980 the overall number of poor people has at last stopped increasing, and has indeed fallen by an estimated 200 million. It is falling rapidly in the new globalizers and rising in the rest of the developing world. … This third wave of globalization [since 1980] may mark the turning point at which participation has widened sufficiently for it to reduce both poverty and inequality' (World Bank, 2002: 7). Central to this argument is the claim that countries which have strongly increased their participation in global flows of trade and investment (two important indicators of how globalised they are) have seen their per capita incomes increase and poverty fall to the point where they are beginning to catch up with the world's richer countries (examples are China, India, Brazil, Hungary and Mexico) whereas the two billion people in countries that are not participating strongly in such global flows (such as those in Africa and those of the former Soviet Union) are growing poorer and are falling further behind. However, there are three main difficulties with the argument which help identify the limitations of

over-reliance on poverty and inequality as a way of assessing the impact of globalisation on livelihoods and well-being.

The first relates to measurement. In his analysis of World Bank data (and he emphasises that the Bank 'is effectively the sole producer of the world poverty headcount'), Wade casts serious doubt on the accuracy of world poverty measures (Wade, 2003a: 19). He writes that counting the number of people in extreme poverty inevitably involves 'a large margin of error' but 'we can be reasonably confident that it is higher than the World Bank says' for a number of methodological reasons related to how the Bank measures poverty[1]. On inequality, he writes that there is even less agreement on how to measure it so that estimates depend greatly on what one chooses to measure (for example, inequality within countries or between countries) (see Wade, 2003a: 23-30). On the World Bank's claim that the globalising countries are reducing poverty and inequality while the so-called 'less globalised' are not, Wade points out that the Bank's category of 'pro-globalisers' is based on those whose ratio of trade to GDP increased most between 1977 and 1997. Prominent among these are China, India, Bangladesh and Brazil. This is therefore a category of countries that are liberalising fastest; it does not mean that they are the most globalised as many poor countries which have been exporters of primary raw materials for over a century have had a high ratio of trade to GDP for a far longer period and therefore don't make in into the World Bank's list. However, they are in many cases far more globalised than are the so-called pro-globalisers (that is, they have higher ratios of trade to GDP than have the fast liberalising countries), yet they are not performing spectacularly nor are they reducing poverty and inequality. Indeed, *Foreign Policy*'s 2004 globalisation index lists China, India, Bangladesh and Brazil as among 'the world's bottom ten' on the index (A.T Kearney/*Foreign Policy*, 2004: 67). Furthermore, Wade makes the case that China and India began to perform well *before* they began to liberalise their trade and still remain highly protected economies. He therefore concludes: 'The Bank's argument about the benign effects of globalization on growth, poverty and income distribution does not survive scrutiny' (Wade, 2003: 32).

Even if we were to reach the point where we had reliable measures of poverty and inequality over a long enough time period to allow credible trends be discerned, other more substantive difficulties remain. The second main difficulty with relying on poverty/inequality data is that it is far from clear what they tell us about people's lives. Though widely accepted as measures of poverty, the World Bank's poverty line of $1 a day (now updated to $1.08 a day) adjusted to take account of its purchasing power parity or PPP (making the value of what this can purchase comparable across countries) bears no relationship to whether this amount of

income or expenditure might meet basic needs or not. The third main difficulty follows from this since over recent decades the definition of poverty has moved further and further from one based on income poverty alone to a much more multifaceted understanding of what constitutes it. Early definitions of poverty, going back to the 19th century, concentrated on levels of income sufficient for survival. Over time, this focus was complemented by attention to social indicators such as life expectancy, school enrolment and infant mortality, also seen as indicators of alleviating poverty. More recently, in the Voices of the Poor survey of 60,000 poor people in 60 countries carried out for the World Bank's 2000-01 World Development Report the focus shifted to vulnerability and powerlessness. So important were these for the poor, that at times they took precedence over increases in income. As Kanbur and Squire put it: 'Frequently the idea of a secure livelihood is perceived as more important than maximizing income, and thus the local understandings of people about their livelihoods have more to do with vulnerability than poverty' (1999: 21). This echoes concerns that have been raised elsewhere about the inability of poverty data to capture the threat to livelihoods that results from high levels of vulnerability. For example, Briguglio has highlighted the fact that small island states like Singapore, Cyprus and Malta have managed to generate high income per capita but 'are very economically vulnerable' due to their high level of dependence on trade and on inward investment, as well as their vulnerability to environmental disasters (Briguglio, 2003: 42). Focusing on poverty and inequality, therefore, raises complex problems of definition and measurement; even if there were consensus on these (which there is not), it is clear that these concepts fail to capture in a comprehensive way threats to livelihoods and well-being. This highlights the limitations of using measures of poverty and/or inequality as a way of examining the impact globalisation is having on the well-being of people and societies.

ii) Risk:

The concept of the 'risk' was applied to society by the German sociologist, Ulrick Beck, who developed the notion of the 'risk society' (Beck, 1992). It has been used to understand the distinctive impact of globalisation on people's lives. Giddens argues that 'this apparently simple notion unlocks some of the most basic characteristics of the world in which we now live' (Giddens, 1999: 21). He points out that the notion of risk was unknown in the Middle Ages and is associated with modernity since it refers, not just to hazards or dangers, but to hazards that are assessed in relation to future possibilities. It is, in other words, a concept related to an uncertain future: this future-orientation gives it a positive connotation. What changes with globalisation, however, is that 'there is a new riskiness to risk'

(Giddens, 1999: 28) which arises for two main reasons. In the past risks were more predictable but we now face incalculable risks associated with climate change, changes in the food we eat (remember the BSE scare), new diseases such as HIV/AIDS, and the volatility of economic activity. The second change is that we had developed means of protecting ourselves against risks, through insurance policies or the welfare state. Faced with unpredictable risk, however, these are breaking down as they are proving unsustainable. Giddens concludes:

> Our age is not more dangerous – not more risky – than those of earlier generations, but the balance of risks and dangers has shifted. We live in a world where hazards created by ourselves are as, or more, threatening than those that come from the outside. Some of these are genuinely catastrophic, such as global ecological risk, nuclear proliferation or the meltdown of the world economy. Others affect us as individuals much more directly, for instance those involved in diet, medicine or even marriage.
>
> - Giddens, 1999: 34.

While this discussion usefully clarifies the changing nature of risk in our globalised world, it is not as broad a concept as vulnerability as it focuses most attention on the nature of the threats we face. Vulnerability, on the other hand, also focuses attention on our ability to cope with these threats. Indeed, Beck seems to value the concept of risk since it functions as 'a magic political wand through which a smugly settled society learns to fear itself and, against its will, is compelled to become politically active in its core areas' (Beck, 2000a: 100). In responding to risk, Beck sees the contours of an 'utopian ecological democracy' beginning to emerge, which would for him be 'the essence of a responsible modernity' (Beck, 2000a: 99). Yet, this is to create a notion of a future society out of very partial and fragmentary evidence. Employing instead the concept of vulnerability allows a treatment both of the changing nature of risk but also of the changing capability to cope with it. Whether this leads to a new utopian democracy and a new version of modernity, or whether it leads to growing social fragmentation and breakdown accompanied by the erosion of democracy, it is far too early to say.

iii) Insecurity:

The concept of insecurity takes the focus off the nature of the risks we face and puts it back on their impacts; it is used by some analysts (Harriss-White, 2002; Scholte, 2000) to undertake 'a normative evaluation of globalization' (Scholte, 2000: 207). The focus on security in relation to well-being derives from the emergence of the concept of 'human security' following the end of the Cold War.

The UNDP Human Development Report 1994 was an early attempt to define this new security agenda. Its two-part definition bears some similarities to the definition of vulnerability offered in the previous section: 'It means, first, safety from such chronic threats as hunger, disease and repression. And second, it means protection from sudden and hurtful disruptions in the patterns of daily life – whether in homes, in jobs or in communities. Such threats can exist at all levels of national income and development' (UNDP, 1994: 23). The UNDP considers human security as being principally constituted by the following forms of security: economic, food, health, environmental, personal, community and political; the main threats to it come from unchecked population growth, disparities in economic opportunities, excessive international migration, environmental degradation, drug production and trafficking, and international terrorism (for a discussion, see UNDP, 1994: 24-37). Since then, the concept of human security has come into widespread use and in 2004 the first Human Security Report with its Human Security Index was published to complement the UNDP's Human Development Index.

Clearly, human security is a valuable concept that draws attention to ways in which human well-being is being undermined in today's world. However, uses of it illustrate its conceptual imprecision. In seeking to assess globalisation's impact on society, Scholte undertakes a broad assessment of the state of human well-being under a range of headings: peace, ecological integrity, subsistence, financial stability, employment, working conditions, identity and knowledge (Scholte, 2000: 208-31). While this describes and assesses its subjects well, it offers little precision in identifying what exactly about globalisation is undermining human well-being. As he himself acknowledges: 'The significance of globalization for human security must of course not be overplayed. Other social forces have also contributed' (ibid.: 231). The treatment of insecurity in Harriss-White's edited volume describes aspects of insecurity generated by processes associated with globalisation but leaves the concept itself loose and undeveloped. In her introductory chapter, she identifies four dimensions of it: physical insecurity, threats to state autonomy, instability, and vulnerability which is described as 'a susceptibility to damage' (Harriss-White, 2002: 3). This is no more than a useful list of threats and lacks the focus on people's and collectivities' coping capacities contained in the definition of vulnerability given in the previous section. It is important therefore that a concept be employed that offers the potential for greater precision: the concept of vulnerability has this potential as is shown by its use across a range of fields by various intergovernmental organisations. Furthermore, since it derives from a broadening of the concept of state security, human security may run the risk of focusing too much analytical attention on the unit (whether that of the nation state as in concepts of state security, or on the individual in achieving human security).

This can be described as a danger of methodological individualism. An example is the way in which individuals and communities seek security through trying to put up secure barriers against the world around them (such as 'gated communities', security guards). Vulnerability, on the other hand, gives analytical attention to the erosion of bonds of secure belonging; prescriptions deriving from the concept will need to address this challenge which may not always be the case when using the concept of security. For these reasons, the concept of vulnerability seems a better one to use, though it can draw usefully on analyses of human security.

This section has traced the uses of various terms to analyse the impact of globalisation on society, highlighting the limitations of each. In the light of this discussion, it can be concluded that the concept of vulnerability is more adequate for four principal reasons:

1) it has the advantage of analytical precision;
2) it is concerned not just with damage that is already done to people's and communities' well-being (as are the concepts of poverty and inequality) but also with the risks of such damage being done;
3) it focuses on mechanisms and capabilities for coping with risks, thereby giving analytical attention to issues of power at different levels (the individual, the local, the national);
4) it is based on an understanding of well-being that is not limited to the material and therefore reflects more fully the concerns of the poor themselves with vulnerability and powerlessness.

Having defined what vulnerability means and argued that it offers a more precise and robust way of capturing the distinctive nature of the impact globalisation is having on society, the paper now discusses what contribution the concept could make to the conceptual toolkit of international political economy (IPE).

Adding vulnerability to IPE's conceptual toolkit

The swift emergence of globalisation as a core interpretative category throughout the social sciences challenges not just our understanding of the world but also the tools we use to develop that understanding. Though the challenge is being felt in all the disciplinary areas into which the social sciences have progressively fragmented over the past century, perhaps its greatest impact has been felt in the field of International Relations (IR). Dominated by a focus on inter-state relations, particularly in the diplomatic and military spheres, the tools offered by IR proved blunt instruments to make subtle sense of a world in which power had gravitated from the political to the economic, and from the level of the state to multiple levels

such as multinational corporations, intergovernmental organisations, non-governmental organisations and social movements. With its ability to focus on economic power, on historical change, and on power above and beyond the boundaries of the state, International Political Economy (IPE) quickly moved from being a sub-discipline of IR to becoming, in Philip Cerny's words, 'not merely a minor academic specialisation, a niche subdiscipline, but the expanding core of a new paradigmatic understanding of the world' (Cerny, 1999: 153).

For Robert W. Cox, the 'real achievement of IPE was not to bring in economics, but to open up a critical investigation into change in historical structures' (Cox, 2002: 79). His own significant contribution to the field has been described as being the raising of critical questions about the system of international order and contemplating 'how one might get to a more egalitarian and sustainable system' (O'Brien and Williams, 2004: 32). Cox has made a number of important contributions to IPE's conceptual toolkit, providing it with categories to analyse more fully the nature of power in the emerging world order and the impacts of that power on society; among these is his focus on the role of social forces, on how men and women are differentially incorporated into the global economy, and on people's relationship to the environment. Furthermore, his description of the 'covert world' and its relationship to the overt world of 'visible, legitimately recognized activities and institutions' focuses attention in a new and qualitative way on the structured worlds of inclusion and exclusion emerging under the impact of globalisation (Cox, 2002: 118). Cox's normative concerns and his imaginative expansion of the conceptual boundaries of IPE challenge scholars to move beyond what, up to now, has been a major weakness, namely theorising the links between the global and the local. While recognised as a key issue within IPE research, this is usually conceptualised in terms derived from sociology, such as inequality and marginalisation (see, for example, O'Brien and Williams's description of 'the problem of national and global inequality' as one of the four major themes of contemporary IPE research (2004: 32-35)).

Yet, while such research within all the main theoretical approaches of IPE (economic nationalism, liberal internationalism and critical theory) helps reveal dynamics of inclusion and exclusion, it largely fails to elucidate the principal theoretical question as to whether these dynamics result from too much or too little globalisation. It therefore fails largely to offer any original contribution to match that offered by IPE in theorising the nature of power in the world system, the reconstitution of the state or the ambiguities of regionalism. This is despite the fact that regular reference to the work of Karl Polanyi, especially among critical theorists, offers the potential to theorise in a far fuller, more robust and original

way, the impact of market forces on society. Among the fruitful lines of enquiry offered by his work is his view of poverty as 'primarily a cultural not an economic phenomenon that can be measured by income figures or population statistics' (Polanyi, 1957: 157), his identification of 'the lethal injury to the institutions in which [a person's] social existence is embodied' as the essence of this 'social calamity' (ibid.), caused by 'the running of society as an adjunct to the market' (ibid.: 57), and that 'the essence of purely economic progress … is to achieve improvement at the price of social dislocation' (ibid.: 34).

In adding vulnerability to the conceptual toolkit of IPE, therefore, this paper provides a new tool that has the potential to analyse in a way far more faithful to the insights of Polanyi the dislocating and marginalising impacts of global market forces on society. It helps broaden the focus on poverty and inequality to one that looks at risks and vulnerabilities to them; it conceptualises these impacts not just as economic but also as cultural; and it shows how these insights apply not just to issues of poverty within nation states but to vulnerability at different levels, including the vulnerability of states themselves, and to different spheres such as the environment, politics, finance, the economy, as well as the social and the cultural. By showing its potential in these ways, vulnerability is offered as a tool to contribute rich and robust insights to the battles on globalisation's impact.

The next two sections describe the two faces of vulnerability – an increase in risk on the one hand and the erosion of mechanisms to cope with those risks on the other. This begins by examining the types of risks that characterise our world, looking in turn at political, economic, social, environmental and personal risks.

Risk's new riskiness

Surveying the use of the concept of risk, Tulloch finds that 'over the last decade, risk discourse has become an increasingly salient issue in social scientific research' with an increasing flow of books on the topic from a variety of disciplines (Tulloch, 2004: 452). Indeed, he observes that the concept of risk has become the defining mark of late or post-modernity. This focuses on the new forms of risk associated with the 'techno-hazards' such as chemical pollution, atomic radiation and genetically modified organisms that are such a defining feature of today's world (Adam and van Loon, 2000: 1-3). But, as Beck puts it, the pervasive nature of such risks has also 'set off a dynamic of cultural and political change that undermines state bureaucracies, challenges the dominance of science and redraws the boundaries and battle lines of contemporary politics' (Beck, 2000b: 225). These form the subject matter of debates on the 'risk society', focussing on the nature of

such risks, their construction (particularly by media discourse), and their challenges to dominant epistemologies in the social sciences.

The focus of this paper is less exclusively on the 'risk society' but on well-being, both individual and social, and on how fundamental changes associated with globalisation are resulting in increased vulnerability. It situates itself in the disciplinary field of international political economy since this concerns itself with shifts in the relationships of state, market and society. The focus of this paper, however, is more on the *consequences* of these shifts for individual and social well-being; describing these consequences and their impact is the function of this section and the following one. This section describes the increased risks to which people are subjected and their impacts at various levels of society, from the nation state to the most intimate spheres of interpersonal relationships.

i) Financial

The financial system 'has shown some of the most far-reaching globalization in recent history' as 24-hour financial markets around the globe trade an ever burgeoning array of financial products whose value has soared over recent decades (Scholte, 2002b: 15-17). It was estimated that the average volume of foreign exchange transactions by the dawn of the new millennium had reached $2,000 billion *every day* (Ferguson, 2001: 281). What concerns us here is the fact that the system 'has become increasingly volatile and unpredictable, with shocks originating in one part of the world spreading to other parts of the world at exceptional speed through the processes of "financial contagion"' (Dicken, 2003: 469).

Five main sources of risk can be identified in today's international financial system giving rise to its volatility and unpredictability. The first arises from the interconnected nature of the system as crises in one part reverberate almost instantaneously throughout the global system. As Held et al. write: 'In a "wired world" high levels of enmeshment between national markets mean that disturbances in one very rapidly spill over into others. Since the bulk of international financial transactions are carried out among a small number of banks, financial difficulties facing one or more have consequences for the rest' (Held, et al., 1999: 233). The second source of risk lies in the new financial instruments such as derivatives that have been developed to anticipate and seek to profit from price movements in currencies, commodities and equities; the most common types are futures, swaps and options. The third form of risk results from the lack of regulation of international financial flows. As FitzGerald puts it: 'At the

international level, it is precisely at the interstices between regulatory authorities that the largest short-term profits are to be made and the greatest risks of systematic collapse are to be found' (FitzGerald, 2002: 153). A fourth aspect of the new riskiness is that, as Castells reminds us, its impact is by no means limited to those who consciously gamble on it. For, whether we like it or not, most of us are now players in this new 'casino capitalism' as institutional investors invest our savings through pension funds and mutual funds; between 1980 and 1995 such investments increased ten-fold in the United States, reaching $20bn. In 1997, for the first time, a higher proportion of US household assets were in securities than in property (Castells, 2001: 54). In this way, the risk is generalised throughout society. Finally, the system as a whole is driven by a complex mixture of rational calculation and irrational activity that heightens its unpredictability. Castells describes it as follows: 'Movements in financial markets are induced by a mixture of market rules, business and political strategies, crowd psychology, rational expectations, irrational behaviour, speculative manoeuvres and information turbulences of all sorts. All these elements are recombined in increasingly unpredictable patterns' (ibid.: 56-7).

ii) Economic

While much attention is today devoted to the emergence of a 'knowledge economy' and an 'information society', the characteristic feature of this new economy that concerns us here is its intensified competitiveness. The central role of competitiveness in economic success worldwide is illustrated by the annual publication of a Global Competitiveness Report by the World Economic Forum which in the 2003/04 report ranked according to their economic competitiveness 102 of the world's countries representing 98.7 per cent of global GDP. What this does not tell us, however, are the growing risks associated with these intensified competitive pressures. This is examined here through looking at the consequences for firms, for countries and for labour, and the emergence of a global criminal economy.

Under the pressure of intensified competitiveness, firms survive by growing bigger. This has resulted in the concentration of ownership and control in fewer and fewer hands. From 1990-97 the annual number of mergers and acquisitions more than doubled, from 11,300 to 24,600. This is creating global corporations with sales totalling more than the GDP of many countries and dominating key sectors of the world's economy. Illustrating how economic power has become consolidated among a few key players, the UNDP estimated the percentage of the global market controlled by the top ten corporations in a number of key industries in 1998:

- In commercial seeds, 32 per cent of a $23 billion industry;

- In pharmaceuticals, 35 per cent of a $297 billion industry;
- In veterinary medicine, 60 per cent of a $17 billion industry;
- In computers, almost 70 per cent of a $334 billion industry;
- In pesticides, 85 per cent of a $31 billion industry;
- In telecommunications, more than 86 per cent of a $262 billion industry (UNDP, 1999: 67).

Increasingly this growing concentration of ownership is driving the growth of transnational production chains, as companies from developed countries buy out those in developing countries. Yet, most of this activity is concentrated in a small number of countries: 70 per cent of all foreign direct investment (FDI) to developing countries went to only ten countries in 2000, with 40 per cent going to China alone (including Hong Kong) (Dicken, 2003: 61). These recipients of FDI have become Newly Industrialising Countries or NICs, the most successful being the East Asian Tigers of South Korea, Taiwan and Singapore, and Latin American countries like Brazil, Mexico and Chile. Yet, as Hillebrand put it, the development of a unified system of world trade is 'leading to intensified competition between countries of the South' with Asian countries, led by China, capturing larger shares of export markets while Latin American countries have 'been increasingly faced with a situation marked by a diminishing presence in the world market and losses of shares of their own domestic markets' (2003: 1). Meanwhile, the 60 or so low-income countries, many in Sub-Saharan Africa, face even greater challenges as their continuing dependence on primary commodities means they fall further and further behind, receiving virtually no foreign investment outside these sectors. These inequalities in the productive structure of the world's economy are illustrated by the fact that the top fifth of the world's people in the richest countries enjoy 82 per cent of the world's expanding trade in exports and 68 per cent of foreign direct investment whereas the bottom fifth of the population gain barely more than one per cent of these (UNDP, 1999: 31).

Turning to the nature of employment, the International Labour Office reports that there were 160 million unemployed people at the beginning of the 21st century, of which 53 million are in Europe and North America. The late 1990s saw a considerable improvement in the employment situation in most developed countries; however, Dicken highlights the volatility of employment trends in these countries compared to earlier periods and the growing inequality in wages (what is called wage dispersion) as the wages of high-income groups increase far faster than those on low incomes (this has been most marked in Britain and the United States) (Dicken, 2003: 528-531). Measuring the evolution of wage inequality in the global economy, Galbraith, Jiaqing and Darity also found that 'the predominant trend in

inequality worldwide has been decisively upwards' in both developed and developing regions (1999: 8). Furthermore, the security that used to be associated with work in the formal sector has been severely undermined. As George and Wilding put it: 'The pattern is widespread – deregulation of labour markets, more use of temporary, short-term contracts, more use of part-time and shift work, the proliferation of low paid jobs, the tightening of conditions for receipt of social benefits and reductions in their real value' (2002: 50).

Outside the developed world, the ILO points out that in most countries people cannot survive without employment of some kind since unemployment benefits are not provided; it therefore highlights the fact that 530 million are classified as the 'working poor' because they are engaged in low-pay and low-productivity work. A further 330 million are underemployed, not having enough work. It concludes: 'Taken together, either because they are unemployed, underemployed, or with incomes inadequate to support their families despite their work, a full third of the world's labour force of 3 billion people cannot obtain the material rewards from work which they need and to which they aspire' (ILO, 2002: 2). Most new jobs created are in the small enterprise sectors, reports the ILO, and many of these in the developing world are in the informal economy. Despite the focus on modern industrial and service activities in much analysis of employment trends, it must not be forgotten that nearly 50 per cent of the world's labour force still works in agriculture, mostly in precarious subsistence agriculture throughout the developing world. Finally, the ILO predicts that some 500 million more people will be added to the world's labour force over the coming decade, many of them with better education than their parents' generation. Nearly all of this increase will take place in the developing world, with 65 per cent of it occurring in Asia.

In this situation, it is not surprising that transnational organised crime flourishes. The UNDP argues that crime syndicates have been quick to exploit the new opportunities opened by globalisation, such as money laundering through eastern European banks following financial liberalisation there, Chinese triads moving into the restaurant trade in London, the Sicilian Mafia selling heroin in New York and the Japanese Yakuza financing pornography in the Netherlands (UNDP, 1999: 43). Globalisation is creating a burgeoning underclass on the margins of the legal economy ripe for exploitation by criminal gangs, such as the trafficking of women and girls to western Europe for sexual purposes or the illegal trade in diamonds from African countries. In the mid 1990s, the illegal trade in drugs was estimated to be worth $400 billion, about 8 per cent of world trade and more than trade in iron and steel or in motor vehicles. Illegal migrant trafficking was estimated to move 4 million people a year – 500,000 into the sex industry in western Europe alone – and

was worth $9.5 billion a year (George and Wilding, 2002: 55). Overall, organised crime was estimated to be worth $1.5 trillion a year, 'a major economic power rivalling multinational corporations' (UNDP, 1999: 42). Increasing competitiveness and the pressures for survival it engenders, are placing added strains on the world's economic system, on countries, on firms and most particularly on labour.

iii) Social

Economic risks reinforce various forms of social risks evident in today's world. A central precondition for these is population growth. While the world's total fertility rate dropped from 4.5 children per woman in 1970-75 to 2.7 in 2000-05, it still remains very high in the world's least developed regions. In Sub-Saharan Africa, it has only declined from 6.8 to 5.4 over this 30-year period so that the population of this region, which has increased from 305 million in 1975 to 626 million in 2001, is expected to increase to 843 million by 2015. Though the fertility rate in Arab states has declined from 6.7 to 3.8 over this period, the population has increased from 143 million in 1975 to 290 million in 2001, and is expected to be almost 400 million by 2015. Overall, the fertility rate in least developed countries has only declined from 6.1 to 5.5 in 30 years while their population has almost doubled from 353 million to 684 million over this period, and is expected to be approaching 950 million by 2015. These demographic trends have two very different results, both of them associated with growing vulnerability for those involved. In those countries with the fastest population growth, the percentage of the population aged under 15 remains very high. In the least developed countries, as well as in Sub-Saharan Africa, over 40 per cent of the population will be under 15 years of age by the year 2015 while in Arab states 33 per cent will be. This places added social and economic pressures on those countries that are least able to bear them. Countries with low levels of population growth, however, will see a big growth in the percentage of those aged 65 and over; in the high-income OECD countries, this is expected to grow from 14.6 per cent to 18 per cent of the population between 2001 and 2015 while in the OECD as a whole it will grow from 13 to 16 per cent (UNDP, 2003a: Table 5, p 253). This will put increased pressure on pension systems and on the economically active population.

The human development measure offers a way of identifying trends in well-being around the world. Surveying how far countries have got to meeting the 2015 Millennium Development Goals (MDGs), the UNDP concluded that 'stark differences are emerging between regions, with some pulling ahead and reaching new levels of development – while others are left behind' (UNDP, 2003a: 34). Significant progress was made in South Asia in the 1990s, though it remains one of

the world's poorest regions, while East Asia and the Pacific performed well, with some exceptions. However, Latin America and the Caribbean showed stalled progress and the Arab states made some progress but gaps persisted between levels of income and levels of human development. In two regions, the situation of poverty worsened – Sub-Saharan Africa which is 'is being left behind' and eastern Europe and countries of the former Soviet Union which ended the 1990s less healthy and with poverty more than tripling to 100 million or 25 per cent of the population (UNDP, 2003a: 37). Overall, the UNDP concludes: 'What is most striking is the extent of the stagnation and reversals – not seen in previous decades', particularly in the latter two regions (ibid.: 40).

This points to a situation of growing inequality around the world. The level of income inequality in the world today is, as the UNDP puts it, 'grotesque' with the richest 5 per cent of the world's people receiving 114 times the income of the poorest 5 per cent while the richest 1 per cent receive as much as the poorest 57 per cent. The 25 richest Americans have as much income as almost 2 billion of the world's poorest people. The UNDP says that inequality in child mortality has got unambiguously worse. In the early 1990s children under five were 19 times more likely to die in Sub-Saharan African than in rich countries whereas by 2003 they were 26 times more likely. It concludes: 'If sharp increases in inequality persist, they may have dire effects on human development and social stability (including violence and crime rates)' (UNDP, 2003a: 39).

The impact of inequality on society can be identified by examining trends in migration and in urbanisation. Many factors have been responsible for the large increase in migratory flows throughout the 20th century, some of them associated with war and civil conflict driving people from their homes, but others associated with the growing disparities in opportunities available to people in their home countries as against those available in the countries to which they migrate. This latter cause is illustrated by the growing number of Mexican migrating, legally and illegally, to the United States. About 640,000 Mexicans migrated legally in the 1970s, 1.65 million in the 1980s and 2.25 million in the 1990s. A further 350,000 were estimated to have entered illegally each year during the 1990s. By 2000, 7.84 million Mexican-born people were living in the US, far higher than the 1.39 million Chinese-born and 1.22 million Filipino-born, the next two largest immigrant groups (Huntington, 2004: 33). Referring to refugee flows, the United Nations High Commissioner for Refugees (UNHCR) was providing assistance to over 20 million people in 2003, of whom half were refugees and a quarter internally displaced people (IDPs). However, the UNHCR quotes a UN estimate of between 20 and 25 million IDPs in that year. Most of the 10.4 million refugees were fleeing civil

unrest in countries like Afghanistan, Burundi, Sudan, Angola, Somalia, the Democratic Republic of the Congo, Liberia, Cote d'Ivoire, Iraq and Bosnia; most of them ended up in neighbouring countries. These dwarfed the numbers claiming asylum in industrialised countries in 2002, of which the largest were 110,700 in Britain, 81,100 in the US, 71,100 in Germany and 50,800 in France (UNHCR, 2003).

Population movement results in growing urbanisation. In the second half of the 20th century, the percentage of the world's population living in cities increased from 29 per cent to 47 per cent, or 2.8 billion people. Most of this growth has taken place in the developing world where the number of urban residents has increased from 17 per cent in 1950 to 40 per cent or 1.9 billion people in 2000, and is expected to double in the next three decades. Particularly noteworthy is the swift growth of megacities throughout the developing world such as Bangkok, Bombay, Cairo, Djakarta, Lagos, Manila, Mexico City, Nairobi and Sao Paulo. According to Kim and Gottdiener, this scale of urbanisation is unprecedented in human history and 'implies an immense social crisis for the developing countries' (2004: 175). It brings with it many pressing social problems with which developing country governments are poorly equipped to cope, such as poverty, underemployment, ghettoisation, poor housing conditions, homelessness and crime. These are 'alarming and increasingly serious in recent years' (ibid.: 177).

iv) Political

Economic and social risks result in a new riskiness in political life which has become evident over the 1990s. This derives from two major shifts in the nature of organised political systems: on the one hand there is a growing disenchantment with the consensus-oriented moderate centre ground of established democratic systems while, on the other, support is shifting to more extremist parties within these systems or is ebbing away from such systems altogether. Most disturbingly, we are witnessing the emergence of a new and ruthless form of violent power politics that shows no interest in institutionalised systems. Through attacks such as those in New York and Washington DC on September 11th, 2001 or in Madrid on March 11th, 2004, this form of power struggle has greatly increased the sense of risk felt by citizens in large cities throughout the world. Each of these forms of political riskiness is briefly described in turn.

It is paradoxical, at a time when democratic political systems are being established in more countries than ever before, that 'people around the world seem to have lost confidence in the effectiveness of their governments – and often seem to be losing

faith in democracy' (UNDP, 2002: 63). This is most clearly evident in the decline in electoral participation. Surveying elections around the world, the International Institute for Democracy and Electoral Assistance (IDEA) found a steady rise in the percentage of the electorate who turned out to vote between 1950 and 1990; however, over the 1990s there has been a steady decline both in the participation rate of all eligible voters and even more so in the participation rate of those actually registered to vote (IDEA, 2004). Even in countries which have recently reinstituted a competitive democratic system, abstention is growing. In the 1990 Czech election, 93 per cent of the electorate voted but this had fallen to 77 per cent by 1998; in Hungary, turnout fell from a high of 76 per cent in 1990 to 60 per cent in 1998 (Hertz, 2001: 107). In Latin America, a 2001 poll showed that only 48 per cent of the population supported democracy while only 25 per cent were satisfied with it (Kirby, 2003: 145). 'People are growing more distant from political parties, and more critical of political institutions,' writes Hertz. 'Never since the development of the mass franchise has there been such disengagement from politics' (Hertz, 2001: 105).

Hertz also finds 'a striking correlation between economic status and voter turnout. The poor have disproportionately not been voting' (Hertz, 2003: 15). As support for established parties ebbs among those being marginalised by the socio-economic system, new extreme right-wing parties are emerging targeting such sectors of the population. Indeed, Ignazi finds that 'the massive presence of working-class people in the extreme right electorate' is one of the distinguishing features of its emergence in the 1990s (2003: 155), offering them an extreme anti-systemic discourse emphasising anti-liberalism, anti-pluralism, anti-egalitarianism and hostility to immigrants. These are now established features of the political systems of most western-European countries, including Austria, Belgium, Denmark, France, Germany, the Netherlands, Norway, Switzerland and Italy, While quite distinct to earlier fascist parties, these new parties are no longer simply registering a protest against the dominant system but 'represent a specific constituency mobilized by feelings of alienation towards the political system and dissatisfaction towards the socioeconomic dynamics of postmodernization and globalization, which they do not control and feel excluded from' (Ignazi, 2003: 155). Their presence brings a destabilising risk to the political systems and social cohesion of some of the world's most prosperous societies.

But in the early years of the new century, a new political risk became dramatically apparent, eclipsing the risk from the extreme right. This has come to be referred to as the 'new terrorism', and is linked by experts to the new environment for terrorist activities that has emerged with the end of the Cold War. As Martin writes: 'Unlike

the previous decades, the 1990s were distinguished by new and innovatively configured terrorist networks that were responsible for significant international incidents. These networks and incidents were different from those of previous years and were harbingers of a new era of terrorism' that drew dramatic attention to itself with the attacks on New York and Washington on September 11th, 2001 (Martin, 2004: 357). Three features distinguish the 'new terrorism' of the globalised world: its organisation, its mode of operation, and its motivation.

- Organisation: Groups are organised in networks; in the case of al-Qaeda these networks are fluid and increasingly global, being scattered in Europe, Africa, the Gulf and parts of Asia. For this reason, al-Qaeda is often referred to as a 'bank' or a 'franchise' as it offers funding or networking to groups that have emerged out of local grievances.
- Mode of operation: Groups are highly adaptable and flexible, showing meticulous planning and efficiency in the execution of operations. Their use of civilian planes as weapons to attack the World Trade Centre and the Pentagon, of mobile phones to trigger bombs on crowded trains in Madrid or of anti-aircraft missiles against an Israeli civilian airliner in Kenya in late 2002, show them to be unpredictable and calculating. Muslim groups have been linked by police in France and Britain to attempts to manufacture the deadly poison ricin while al-Qaeda operatives are said to be attempting to acquire biological, chemical and radiological agents.
- Motivation: The worldview of these new terrorists is religious, and they interpret their struggle as one between good and evil. Seeing themselves as the righteous ones and their enemies as the infidel, they are primarily concerned to inflict significant casualties and to terrorise or disrupt whole societies, rather than to overthrow governments or change their policies.

While most attention is now devoted to terrorist groups of Islamic inspiration, it must be remembered that there have been other examples of this new terrorism, such as the Aum Shinrikyo cult that gassed the Tokyo underground in 1995 with the nerve gas sarin, or the Michigan Militia, linked to fundamentalist Christian sects, which planted a bomb in an Oklahoma federal building in 1995, killing 168 people. This new terrorism represents 'an extraordinary challenge for governments and societies during the 21st century' (Martin, 2004: 357) as these terrorists aim to kill large numbers of civilians and their adaptable and mobile activities are proving very difficult for governments to monitor.

v) Environmental

After having been neglected for decades, risks resulting from environmental change emerged as a major cause of concern in the 1990s. Figures compiled by the

insurance industry show a steady increase in the number of what it calls ‘great natural catastrophes’ over the decades since the 1950s, such as tornadoes and severe storms, earthquakes, heat waves, droughts and floods. These are classified as great ‘if the ability of the region to help itself is distinctly overtaxed, making interregional or international assistance necessary’ and it usually involves thousands of people being killed, hundreds of thousands being made homeless or substantial economic losses to the country or countries involved. The number of such catastrophes increased from 20 in the 1950s to 91 in the 1990s while the economic losses they inflicted increased from US$42.7bn in the 1950s to $670.4bn in the 1990s (calculated in 2003 values) (Munich Re Group, 2004). The UN Environmental Programme found that the number of geophysical disasters remained fairly steady but the number of hydrometeorological disasters, caused by weather and water, increased; in the 1990s more than 90 per cent of those killed by natural catastrophes died in events such as droughts, windstorms and floods. Furthermore, 90 per cent of such disasters occur in developing countries and 95 per cent of deaths caused by disasters occur in these countries. Overall, the UN Office for the Coordination of Humanitarian Affairs (OCHA) estimates that over 3 million people have lost their lives in natural disasters over the past 20 years, that 1 billion others have suffered injury, homelessness, or disease as a result of such disasters, and that such disasters cost an average of $440bn a year. For example, the economic costs of the European heatwave in the summer of 2003, an event statistically calculated to occur less than once every 450 years, was estimated at $13bn. In its survey for the insurance industry, the Munich Re Group writes: ‘It is to be feared that extreme events which can be traced to climate change will have increasingly grave consequences in the future. This means that we must reckon with new types of weather risks and greater loss potentials’ (Munich Re Group, 2004: 3).

Evidence has grown that ‘most of the global warming observed over the last 50 years is attributable to human activities’ (UNEP, 2002: 3). The years 1998, 2002 and 2003 have been probably the warmest summers since records began. These climate changes are associated with greenhouse gases such as carbon dioxide emitted mostly by industrialised countries through fuel consumption, gas flaring and cement production. Their effects, however, spread throughout the world affecting water and food security in Africa due to the impact of floods, drought and desertification; threatening the future of island states in the Caribbean and the Pacific by rising sea levels; decreasing crop yields and spreading diseases in Latin America; reducing food production in west Asia; and leading to an increased risk of tropical cyclones in many countries of arid, tropical and temperate Asia. In Europe, decreased agricultural productivity is expected in southern and eastern regions but

positive effects are predicted for agriculture in northern regions. Throughout the world, climate change is exacerbating threats to biodiversity, with some scientists claiming 'the world is approaching its sixth major extinction event'. The previous five such events were triggered by cosmic causes, such as the extinction of the dinosaurs and the loss of up to 70 per cent of all species in the last such event 65 million years ago, whereas this one is triggered by the pressure of one form of life on others (Radford, 2004). Furthermore, due to ozone-depleting substances (ODS), particularly chlorofluorocarbons (CFCs), ozone layer depletion has reached record levels, especially over the Antarctic and the Artic though the thickness of the ozone layer over parts of northern Europe also declined by 50 per cent in winter and spring. This threatens human health through diseases such as skin cancer, eye cataracts and immune deficiency, it affects flora and fauna, and it also affects the climate.

vi) Personal

No account of the riskiness of life in today's world would be complete without adverting to the impact of this on individuals themselves. Scholte mentions that, alongside the word 'globalisation', the word 'stress' has spread to countless languages (Scholte, 2000: 197). Beck describes why this is so:

> [T]he ubiquitous rule is that, in order to survive the rat-race, one has to become active, inventive and resourceful, to develop ideas of one's own, to be faster, nimbler and more creative – not just on one occasion, but constantly, day after day. Individuals become actors, builders, jugglers, stage-managers of their own biographies and identities, but also of their social links and networks.
>
> - Beck, 2001: 166.

Less bound by traditional ways of doing things, or by submitting to orders given by authorities, individuals have been thrown much more on their own resources. In this situation, life is experienced as a daily struggle constantly accompanied by the awareness that, no matter how much is achieved, one's life is also under threat. 'Even behind the facades of security and prosperity,' writes Beck, 'the possibilities of biographical slippage and collapse are ever present. Hence the clinging and the fear, even in the externally wealthy middle layers of society' (ibid.: 167).

A central feature of this individual riskiness is that people are no longer integrated into society as whole people. Touraine sees this taking place in the education of the young as they 'live several different temporalities – that of school, that of their peer groups and that of sexuality – and they usually do so without any principle that

allows them to integrate their various experiences.' He adds that 'the idea of gradual submission to the norms of social life, or those of the world of work and the family, is fading' (Touraine, 2000: 53). For Sennett, the lack of integration derives from the fact that jobs are replacing careers since most young people graduating from university in the United States or Britain can now expect to work for at least twelve employers over the course of their working life. He asks: 'How can one expect to create a sense of personal continuity in a labour market in which work-histories are erratic and discontinuous rather than routine and determinate?' (Sennett, 2001: 183). All of this places additional pressures on the individual – not knowing how long one's job will last, fostering conformity and eroding loyalty, making long-term financial commitment risky. As well as taking personal responsibility for shaping one's life, and the heightened risks that go with it, this increased individualisation also absolves institutions from responsibility for failures. As Beck puts it, social crises such as poverty and unemployment 'can be directly turned into psychological dispositions: into guilt feelings, anxieties, conflicts and neuroses' leading people to turn against one another in violence rather than collectively mobilising to change society (Beck, 2001: 167). In this situation, social life is no longer experienced as a realm of solidarity and collective decisions but as one of conflictual coexistence.

Touraine therefore writes of 'the breakup of both society and the personality': 'What we initially perceived as a crisis in the family or our schools, and therefore in education and socialization, is also a crisis in the shaping of individual personalities. Social norms and individual or collective identities used to complement one another, but this is no longer the case' (2000: 53). He adds that 'this experience of being personally torn apart … is not a pathological condition seen only in extreme cases; it affects us all' (ibid.: 55). In these ways, therefore, the very living of life itself has become more risky. Beck writes: 'Not only genetically modified food but also love and marriage, including the traditional housewife marriage, become a risk' (Beck, 2001: 170).

Conclusion

Life in today's world is therefore full of risks. While much commentary on globalisation, and on the liberalisation of markets that is driving it, emphasises the increased opportunities this opens up – for countries, for firms, for individuals – the survey in this section shows how such opportunities are accompanied by an increasing riskiness. Even for those who benefit in this situation, these benefits themselves are never secure and are always at risk. Meanwhile, the many who lose out then face increasing pressures for survival. Yet the increase in risk does not in

itself make us more vulnerable – vulnerability results when the coping mechanisms we have to face and survive such risks are weakened. This is the subject of the next section.

Coping with risk

Increased risks do not in themselves result in damage to individual or social well-being, though they certainly threaten such damage. To assess whether damage is likely to occur, we need to examine how well prepared people are to manage and survive the threats posed by increased risks. Though this applies to risks of all kinds – financial, economic, social, political, cultural, environmental, personal – it is in relation to environmental hazards that the understanding of the relationship between risk and people's coping mechanisms has been most developed. As Blaikie et al. write: 'In evaluating disaster risk, the social production of vulnerability needs to be considered with at least the same degree of importance that is devoted to understanding and addressing natural hazards' (Blaikie et al., 1994: 21). What is true for environmental hazards is also true for the many risks described in the previous section. In its discussion of vulnerability, the Caribbean office of the UN Economic Commission for Latin America and the Caribbean (ECLAC) introduces the concept of resilience which it sees as 'a critical factor in enabling units such as individuals, households, communities and nations to withstand internal and external shocks'. According to ECLAC, social vulnerability is 'the net effect of the competition between social risks and social resilience' where it views resilience as 'tantamount to an ability that is based on entitlement, enfranchisement, empowerment and capabilities' (ECLAC, 2003: 25). Use of the term 'capabilities' echoes Amartya Sen's concerns about how people translate goods or resources into well-being, drawing attention to the need to attend not just to people's levels of income but also to 'social arrangements and community relations such as medical coverage, public health care, school education, law and order, prevalence of violence and so on' (Sen, 1999: 22-23), all of which affect people's 'capability to lead the kind of lives we have reason to value' (ibid.: 285).

Conceptualising vulnerability, therefore, requires establishing robust categories that capture as far as possible the different dimensions of resilience. In this regard, the four categories suggested by ECLAC – entitlement, enfranchisement, empowerment and capabilities – are more indicative dimensions of resilience rather than being constitutive elements of it. This is because they lack precision and are not clearly distinct one from another. For these reasons, the approach of the World Bank is followed here. In discussing the elements needed to measure households' exposure to vulnerability, the Bank introduces the term 'assets', identifying

physical assets such as income, human assets such as education, and social assets such as 'family-based networks, occupation-based groups of mutual help, rotating savings and credit groups, and other groups or associations to which a household belongs' (World Bank, 2001: 20). To these can be added a fourth form of assets, mentioned by the poor themselves in the Voices of the Poor survey. These are environmental assets such as soil, trees and water which offer resources that help people cope with life's risks.[2] Conceptualising the social production of resilience in terms of assets offers robust categories, distinct from one another yet mutually reinforcing, which together can be seen to constitute resilience. If employed as broad *social* categories (as distinct from categories referring to *individual* ownership or abilities as the World Bank tends to use them), they can also include the categories of entitlement, enfranchisement, empowerment and capabilities. This is the approach followed here.

i) Physical assets

The word 'assets' is originally a legal term referring, as the Oxford Dictionary puts it, to 'sufficient estate or effects for an executor to discharge a testator's debts and legacies'. Its core meaning, therefore, relates to the ownership of physical assets such as savings or property. However, as the World Bank makes clear 'what matters is not just the total value of the assets, but also their liquidity' namely the ability to realise them in money terms (World Bank, 2001: 20). Therefore, in examining the role of assets in providing security against risks, we need to examine not just the amount of assets owned but how the value of those assets is determined. Since most people hold assets in the forms of savings and property, trends in the markets for each of these assets are considered.

A period of economic boom, such as happened in the United States and a small number of other countries (such as China, Ireland, Chile, Singapore and Mozambique) during the 1990s, provides real increases in incomes for many people. However, this does not necessarily mean that such people have more liquid assets available to them as a protection against risk. The availability of such assets will depend on how much of people's increased incomes is saved, and on whether the means people use to save (investments in stocks, buying property) see such savings appreciating in value or not. Whether people save their increased incomes will depend on their levels of consumption, including the amount they have to pay for such major expenditures as owning or renting accommodation. If people choose to spend income on more extravagant consumption or if housing prices increase at a rate faster than incomes increase, people may end up with increased debts despite

the fact that their incomes have increased. This would indicate a weakening in their ability to withstand risk, in other words an increase in their vulnerability.

Examining trends in the United States over the 1990s helps identify characteristics of asset ownership under the conditions created by globalisation. One of the characteristics of the US boom was low interest rates resulting from low inflation. This had two important consequences. Firstly, instead of keeping their savings in bank accounts, more and more Americans invested in the stock market. In 1990, stock funds attracted 29 per cent of the new money retail investors were putting into their mutual funds; by 2000, they were absorbing almost 80 per cent. As a result, stocks accounted for 60 per cent of the total mutual fund holdings of Americans in 2000, an increase from 23 per cent a decade earlier (Rapley, 2004: 155). As the stock market boomed, so did the value of these savings increase, stimulating a consumer boom. However, and this is the second consequence of low interest rates, what fuelled this boom was not increased incomes but credit, with the result that 'the savings rate dropped below zero by the end of the decade and debt levels reached record heights' (ibid.). In early 2000, the stock market crashed, but instead of reducing consumption, Americans responded to the lowering of interest rates and to the tax cuts introduced by President Bush by continuing spending, piling up more debt in doing so. In 2003, total US household debt increased by more than $900 billion, almost twice as much as in 1999 and total debt (public and private) increased by $6.5 trillion since 2000. Yet, while this is happening, wages and salaries stagnate: while wage income rose by barely 1 per cent in real terms in 2003, consumer spending reached an annual rate of 4.7 per cent at the end of that year (*The Economist*, February 28, 2004). As a result, even at a time of historically low interest rates, US households' debt-service payments as a percentage of their income are higher than at their previous peak in the 1980s. Neither is this problem unique to the US: in Australia, credit card debt was at an all-time high in 2003, averaging nearly 2,500 Australian dollars per account, an increase of 71 per cent since 1999 (*The Economist*, April 6, 2004). In Britain, credit card debt has trebled since the mid 1990s and the national savings rate has fallen by half since 1993. As Hamilton writes: 'Young people (who spend almost half of their income on luxuries, including going out and recreational drugs) accept that they will remain in debt for most of their lives' (Hamilton, 2003: 5). In Ireland, which experienced a major economic boom in the late 1990s, the growth of personal debt has far outstripped the growth in average incomes with the result that debt-servicing costs as a percentage of after-tax income have risen from 18.2 per cent in 1998 to an estimated 29.3 per cent in 2004 (*The Irish Times*, April 16, 2004). In this situation, the potential of assets to act as a protection against such risks as unemployment or serious health problems, is greatly reduced.

An important asset of many households that acted as a major protection against risks in old age was a defined-benefit pension, usually based on a worker's income and length of service. However, over the course of the 1990s many firms began to move to a defined-contribution pension, fixing the contribution employees made to the scheme but making the size of their final pension dependent on stock market performance. This was partly a response to a booming stock market but it also reflected a growing crisis affecting many large firms in both the US and Europe which faced mounting liabilities in their pension funds. For example, the British Telecom pension scheme, one of Europe's largest corporate funds, had a deficit of at least £1.4 billion in early 2004 while other exposed companies included Rolls Royce, Sainsbury, Cable &Wireless, Whitbread, Lufthansa, and Michelin (*The Financial Times*, March 29, 2004). Whatever the causes, however, the result has been to force 'workers to bear more risk, not just on the job but in retirement' (Stiglitz, 2003: 185).

Despite the attention given to the stock market, property is by far the world's biggest single asset class with a lot more people owning houses than shares. In most of Europe and Australia, housing accounts for 40 to 60 per cent of total household wealth and in the United States, it accounts for about 30 per cent. In the US, the typical household on an average income holds six times as much wealth in residential property than it does in shares. Furthermore, house prices have been booming in many countries, rising by more than 50 per cent in real terms since the mid 1990s in Australia, Britain, Ireland, the Netherlands, Spain and Sweden and by 30 per cent in the United States. In this situation, returns on property have been higher than have returns on equities so that rising property prices have helped to maintain consumer spending. Owning property, therefore, gives people security against which they borrow. As a result, not only do they take out large mortgages but existing owners increase their mortgages to make capital gains. In the US, Britain and Australia, mortgage-equity withdrawal is running at record levels of 5 to 7 per cent of personal disposable income. *The Economist* points out that the consequences of a fall in house prices would be more severe than the stock market crash as more households own property and 'because home-owners are up to their necks in debt' (May 31, 2003). Yet, the magazine is predicting a fall of at least 20 per cent in house prices in most of the countries which have seen booms in such prices. This it bases on the ratio of house prices to rents and to incomes, both of which have risen to dangerous heights, according to the magazine. As returns to investors decline and as first-time buyers find it impossible to get on the bottom rung of the property ladder, *The Economist* predicts a change in sentiment, pushing prices lower. Similarly, the International Monetary Fund (IMF), referring to house

prices in the same group of countries, warns of 'the likelihood of a sharp price correction' (IMF, 2004: 18). What concerns us here is not so much the accuracy of this prediction as the vulnerability built in even to the holding of what has traditionally been seen as a solid and secure asset. The threat of a collapse in housing prices in a situation of high levels of indebtedness signals that assets which previously hedged people against risk have now become sources of risk.

ii) Human assets

If physical assets refer to possessions, human assets refer to something far closer to Sen's concept of capabilities, namely people's innate or developed abilities to make the most of a given situation. Chief among such human assets are health and education. The situation of health in today's world presents a very mixed picture. On the one hand, most developed countries have reduced to negligible levels such threats as malnutrition, infant mortality and infectious diseases like TB; on the other hand, heart disease, smoking and cancer are major causes of death in these countries. Furthermore, affluence is giving rise to new threats to health such as obesity and allergies. In the US, between 1976 and 2000 the percentage of those who are overweight grew from 46 to 64.5 per cent of the population and of the obese from 14.4 to 30.5 per cent (Ritzer, 2004: 7). Scientists are predicting that by the year 2015 half of all Europeans may be suffering from some sort of allergy if present trends continue (Boseley, 2004). On the other hand, 18 per cent of the world's population, or 800 million people, went hungry at the beginning of the 21st century; over the course of the 1990s the numbers of hungry people had increased in 25 countries. Out of every 1,000 live births in the least developed countries, 100 infants died, while TB kills two million adults and malaria one million every year around the world. Furthermore, new sources of risk to health are emerging with globalisation, such as HIV/AIDS and SARS.

The sources of these problems are the lack of healthy living conditions and of adequate health care. In 2000, at least 1.1 billion people, or 20 per cent of the world's population, lacked access to safe water and over 2 billion access to improved sanitation. The 1990s saw some improvement in that situation though, due to rapid population growth, the number of urban dwellers lacking access to safe water increased by nearly 62 million (UNDP, 2003a: 85-110). Yet, for most people, health care systems exacerbate rather then resolve these problems. This is because 'the elite control of medical care in the developing world also creates problems of relevance, as the system is designed to meet the needs of a very small socio-political cadre rather than the general population' (Twaddle, 2004: 312). Spending on health remains low in many developing countries, with better-off urban dwellers

benefiting most from it. Furthermore, the growing privatisation of health services under pressure from the IMF and the World Bank is resulting in a two-tier system, further disadvantaging the poor. Referring to the impact of these reforms in India, Twaddle predicts: 'It seems likely, but not proven, that infant and maternal mortality will increase and disability will become more prevalent' (ibid.: 310). Similar trends can be observed in developed countries. As Cockerham reports: 'Whereas communicable diseases killed off the poor in much greater numbers than the affluent in past historical periods, chronic diseases like heart disease and cancer now continue the same pattern. In fact, mortality from both acute and chronic diseases is now greater among the poor than the non-poor' (Cockerham, 2004: 284-85). While more unhealthy lifestyles are one cause, problems of access, high costs and the lack of availability of high-quality health care is also a cause. In surveying health-care reforms in 20 countries, Twaddle found a universal move towards a more market-led system since the 1980s and concluded: 'There is a growing consensus among health care researchers that market reforms have no documented benefits to patients and much is placed at risk. … Indeed, market reforms are primarily a mechanism for corporate interests to extract profits from the medical care system' (Twaddle, 2004: 311). One example of what is placed at risk in a more market-dependent health care system comes from the United States where 1.5 million people a year since 1993 have lost health insurance as they have moved out of full-time employment (ibid.: 307).

Education presents a similar picture. While the literacy rate among adults and youth in the developed world is touching 100 per cent, in the developing world the respective rates are 74.5 per cent and 84.8 per cent whereas in the least developed countries they are only 53.3 per cent and 66.3 per cent. Of the 680 million children of primary school age in developing countries, 115 million do not attend school, of whom three-fifths are girls. Furthermore, just half of those who do begin school finish it, a figure which rises to one in three in Sub-Saharan Africa. As a result, there are 879 million illiterate adults in the world, two-thirds of them women (UNDP, 2003a: 92-3). Apart from Latin America and the Caribbean, no region of the developing world was in 2000 on target to achieve the goal of universal primary education by 2015, one of the principal goals of the Millennium Development Goals (MDGs). Countries display different trends in spending on education: those in South Asia, West Asia and Sub-Saharan Africa doubled enrolment between 1975 and 1997 with only a modest increase in spending while those in East Asia and Latin America increased spending sharply without a major increase in intake. This illustrates the dilemmas facing countries with very limited resources seeking to address educational deficiencies: the first group of countries concentrated on quantity whereas the second invested in improving quality. Yet ECLAC found a

high level of under-utilisation of the human resources of those members of the workforce in Latin America with third-level professional or technical qualifications, estimating that a little over 4.5 million of the 19 million possessing such qualifications are either underemployed or unemployed (ECLAC, 2002: 87). The move from elitist education to mass education in developed countries reflects similar tensions as data show high levels of functional illiteracy among the adult population: this reaches 48 per cent in Portugal, over 20 per cent in Ireland, Britain and the United States, and just under 20 per cent in Belgium and New Zealand (UNDP, 2003a: 248). These outcomes raise doubts about the degree to which increased educational provision is contributing to social mobility, fuelling fears that with the increased emphasis on economic competitiveness as a criterion for educational worth, equity may be becoming a residual issue (George and Wilding, 2002: 67).

In assessing human assets, therefore, attention needs to be focused not only on levels of achievement in health and education, especially in the developed world, but also on trends in the provision of these services. This highlights not only the shocking inequalities in the distribution of such assets but also the likelihood that such inequalities are deepening, in both the developed and the developing world.

iii) Social assets

In describing social assets such as 'family-based networks, occupation-based groups of mutual help, rotating savings and credit groups, and other groups or associations to which a household belongs', the World Bank adopts far too narrow a focus (World Bank, 2003: 20). It is too narrow because it presupposes the existence and strength of the support networks it mentions, especially the family which for most people in the world is still their most fundamental social asset. Secondly, and perhaps conveniently for the World Bank, it avoids any attention being given to the political dimension of social assets, namely the ways in which through joining collectively people contest the power of the market thereby protecting themselves from risks. For much of the 20th century, trade unions (both urban and rural) and political parties were the main means through this was done though social movements were emerging at the beginning of the 21st century as being perhaps more important collective actors. Finally, social assets also refer to means through which the state or the market offer forms of social protection against risks; the emergence of the welfare state was undoubtedly the most important of these in the 20th century but forms of insurance such as health or accident insurance offered by the market also became a widespread way through which people protected themselves against risk. It is therefore through social assets that people's

entitlement, enfranchisement and empowerment is primarily achieved. Here trends in social assets in today's more globalised world are examined, beginning with the family, then forms of collective power, and finally social protection.

For Manuel Castells, globalisation marks 'the end of the family as we have known it until now', though he emphasises that what is happening 'is not the disappearance of the family but its profound diversification' (Castells, 1997: 139; 222). A number of worldwide trends point in this direction. Foremost among these is 'a pervasive rise in divorce rates' around the world with a growing proportion of divorces involving couples with young children, therefore increasingly the likelihood that marital dissolution will lead to single parenthood (Berardo and Shehan, 2004: 252). Castells finds that the proportion of single-parent households with dependent children (usually headed by a woman) increased between the early 1970s and the mid 1980s in developed countries and the upward trend continued in the US in the 1990s. He detected a similar trend in developing countries: over 20 per cent of households in Brazil were in this category in 1989, an increase from 14 per cent in 1980 (see Castells, 1997: 147-52). Furthermore, female-headed households are recognised as being at greater risk of falling into poverty. In this situation, the family is being eroded as a place of caring. As the percentage of women in the labour force increases, this puts pressure on caring roles within the family traditionally provided by women. This affects not only children but also the growing numbers of elderly people in many societies. Significantly, the proportion of elderly people residing with their adult children has declined significantly not only in North America and Europe but also in Japan, South Korea and Taiwan. While experts debate whether the family as an institution is in decline or merely adapting, clear trends worldwide point to the fact that, as the UNDP puts it, 'needs once provided almost exclusively by unpaid family labour are now being purchased from the market or provided by the state' (UNDP, 1999: 79). Far from being able to protect vulnerable people against risk, families themselves are 'experiencing considerable stress' and require assistance in dealing with this (Berardo and Shehan, 2004: 258).

Social capital constitutes a second form of social asset. Putnam, who popularised the term, writes that 'the weight of the available evidence confirms that Americans today are significantly less engaged with their communities than was true a generation ago' and finds that, beginning in the 1960s and accelerating in the 1970s and 1980s, the fabric of American life began to fray (Putnam, 1995: 666). While his work is primarily on the United States, Putnam says such trends are not unique to that country and he observes them happening also in both Europe and Australia. Though he distinguishes social capital from political participation, he

acknowledges their close relationship. For him, the former refers to our relations with one another while the latter refers to our relations with political institutions (ibid.: 665). This distinction, however, underestimates the important political role played by social capital in that, through closer relations with one another, social capital constitutes a counterweight to other forms of power, especially the power of the state and of the market. Indeed, in including membership of trade unions and of political parties among those groups he surveys, he implicitly acknowledges this political dimension. These forms of collective power, constituted through the self-organisation of members of society, played a decisive role over the 20th century in bringing about a compact between state and market for the sake of the welfare of society. However, mirroring the wider decline in social capital, both are withering under the conditions of globalisation. Reporting trends in the membership of political parties in 19 European countries and the United States over the 1980s and 1990s, the UNDP found a decline of between 22 and 65 per cent in 13 cases while the only countries which had seen an increase were ones with dictatorial or communist governments in the recent past (Hungary, Slovakia, Portugal, Greece and Spain). In France, Italy, Norway and the US, membership of political parties is half or less of what it was 20 years ago, reports the UNDP (2002: 69). Furthermore, it reports opinion surveys from Latin America and Central and Eastern Europe which show political parties enjoy the lowest level of confidence among the population on a list of eight public institutions (including the Church, television, the armed forces and the police).

Trade unions also have seen a decline in membership. As the International Labour Organisation's World Employment Report 1996-97 found, the proportion of union members in the labour force declined, sometimes sharply, almost everywhere over the previous decade. It reported: 'Out of a sample of 92 countries for which figures on union membership were available (calculated on the basis of the non-agricultural workforce), only 14 had a rate of more than 50 per cent in 1995; in 48 countries, more than half the sample, the rate was less than 20 per cent' (ILO, 1997: 3). It is not surprising therefore that analysts point to a significant weakening in the collective bargaining power of labour in all industrial countries (George and Wilding, 2002: 48-49). In this situation, social movements are emerging as a means of representing the voice of civil society, managing to capture the attention of the public through 'anti-globalisation' protests or the high-profile activities of Greenpeace. Though social movements have awakened immense hopes for some that they can deepen democracy, foster equality and mobilise the discontented against the abuses of both the market and the state, Radcliffe writes that 'the transformatory potential of social movements was often celebrated too soon' (Radcliffe, 1999: 214). This is because they have not the same institutionalised

presence in political systems as have trade unions and political parties: while they can mobilise huge numbers around a particular cause (for example, the war on Iraq in 2003), their political influence is easily undermined by co-option and fragmentation. As Scholte puts it in summarising the impact of civil society organisations on attempts to democratise global governance, 'the manifestations and modalities … are so diverse as to inhibit precise pronouncements on – let alone predictions about – impacts and legitimacy' (Scholte, 2002a: 164).

Finally, social assets are also provided by the state and the market through various mechanisms of social protection. Undoubtedly, the welfare states of western Europe have been the most developed forms of social protection provided to vulnerable populations, though various states in other parts of the world have also provided rudimentary welfare benefits, usually for workers in the formal sector and funded through social insurance. While there is no consensus among social policy analysts about the extent to which globalisation is eroding the welfare state, there is a recognition of the more hostile environment in which it now operates. As Scharpf puts it, 'the terms of trade between capital, labour and the state have shifted in favour of capital interests, national powers to tax and regulate have become constrained, and governments and unions wishing to maintain employment in the exposed sectors of the economy must seek ways to increase productivity rather than redistribution' which was a central feature of the most developed welfare states. 'At the same time,' he continues, 'welfare state revenue is constrained by international tax competition, by the need to reduce non-wage labour costs, and by the need to avoid public sector deficits' (Scharpf, 2000: 224). Misha concludes that, under these pressures, the welfare state is at best a holding operation: 'True, many European nationals have inherited a large welfare state from the golden age and, for the moment, seem to be able to hold on to them. But can they hold out against global pressures?' (Misha, 1999: 70).

If this is true of some of the most developed states in the world, it is even more true of states throughout the developing world where 'the state is being subtly deformed as an instrument of human well-being by the dynamics of globalisation, which are pushing the state by degrees and to varying extents into a subordinate relationship with global market forces' (Falk, 1996: 14). As states prioritise global competitiveness over the welfare of their own citizens, people are forced to rely on the market for protection against risks. However, as Stiglitz points out (see quote at beginning of this paper), this makes their well-being more dependent on the vagaries of the marketplace. Even the provision of insurance is being withdrawn where the risk is considered too great. Already it is a routine practice of many insurance companies to refuse cover to those who are HIV positive. As

environmental hazards grow, the insurance industry is now stating that it may have 'to withdraw from individual regions and zones that are regularly and almost predictably affected by weather-related natural catastrophes' (Munich Re Group, 2004: 17-18). In all of these ways therefore – family networks, social capital and mechanisms of social protection – the social assets available to people to reinforce social resilience in the face of increased risks are being eroded.

iv) Environmental assets

Environmental assets often receive less attention than do physical, human and social assets, possibly due to the approach of neo-classical economics which gives priority to monetary value and which, by and large, treats environmental assets as 'externalities' in its theorising. However, the swift pollution and depletion of environmental assets such as soil, water, air and species, on which human life depends and which humankind has tended to take for granted, has focused attention not just on the threat to them but also on how the environment provides us with resources essential for survival.

While the number of people with access to clean water increased from 4.1 billion in 1990 to 4.9 billion in 2000, 1.1 billion still lack such access and 2.4 billion lack access to improved sanitation, most of them in Africa and Asia. As McDonagh writes, 'it is clear to any researcher that the human community is facing a global water crisis' (McDonagh, 2003: 14). Lack of access to clean water results in hundreds of millions of cases of water-related diseases and an estimated 5 million deaths a year. The introduction of what the UNEP calls 'invasive species' is responsible for deteriorating water quality, the extinction of local species and the disruption of ecosystems in many lakes and rivers. The number of such aquatic introductions rose rapidly during the second half of the 20th century. For example, nutrient pollution in the Danube and the Black Sea has had damaging effects on wildlife, human and animal health, ecosystems, biodiversity, economic activities and natural resources, affecting the 17 countries served by these waters. Human activities have also resulted over the course of the 20th century in the loss of about 50 per cent of the world's wetlands, an important freshwater ecosystem influencing species distribution and biodiversity as well as human settlements and activities. About 60 per cent of the world's largest 227 rivers have been strongly or moderately fragmented by dams. The resulting damage to ecosystems reduces water quantity and quality, leading to a reduction in the effective availability of water for human use (UNEP, 2002: 7-10).

Land degradation had by the mid 1990s affected nearly 2,000 million hectares or some 15 per cent of the world's land area and was estimated to be worsening at a rate of 5 to 6 million hectares a year. Its main cause is deforestation as vast reserves of forests are cleared for farm and urban use or degraded by logging. Some 94 million hectares were estimated to have been lost each year over the 1990s. Overgrazing, fuelwood consumption, agricultural mismanagement, and industry and urbanisation are also among the causes. Soil degradation involves water and wind erosion, chemical degradation and physical degradation and can considerably lower the productive capacity of land. They also reduce the soil's ability to filter out pollutants and to act as a buffer for soil acidity or alkalinity as well as to maintain natural habitats and biodiversity. In the worst cases it leads to desertification which is an ever-present risk in almost 50 per cent of Africa's drylands, affects over 104 million hectares in Asia and the Pacific, is a pressing problem across Iraq, Jordan, Syria and the whole Arabian peninsula, and in Latin America is affecting Argentina, Brazil, Chile, Mexico and Peru. The UNEP concludes: 'Despite improvements in soil conservation techniques and general recognition of the urgent need to slow the rate of land degradation, there are no clear signs of progress' (UNEP, 2002: 16).

The conversion of land to cropland, cutting down forests and pressure on ecosystems such as coral reefs cause the extinction of species and the loss of biodiversity. These in turn erode human well-being. Plants and animals provide the raw materials for medicines and over 75 per cent of the world's people rely on traditional medicines extracted directly from nature. Furthermore, since resources such as energy, water and nutrients are retained in greater amounts by more diverse ecosystems, the loss of biodiversity is eroding such resources. Species diversity also acts as a coping mechanism for natural ecosystems against damaging impacts from human activity. The erosion of biodiversity coupled with climate change is therefore estimated to threaten food security. The Intergovernmental Panel on Climate Change reported the findings of studies that 'climate change would lower incomes of the vulnerable populations and increase the absolute number of people at risk of hunger' adding, though, that this requires further research. It is more firmly established, however, that it will worsen food security in Africa (IPCC, 2001: 11). Finally, despite having been banned in many countries, toxic chemicals accumulate over many years in the environment, affecting human and animal health. The UNEP reports that persistent toxic substances are transported by air masses becoming long-distance contaminants. Reaching cooler regions they condense in snow flakes or on particles and so the Arctic is creating a sink for these substances. The health risks they pose include glandular and hormone imbalances,

immune system breakdowns, birth abnormalities, developmental defects and neurological disorders (UNEP, 2002: 14).

Increased environmental risks therefore themselves erode coping mechanisms, exacerbating the quality and supply of water, reducing food security, and causing risks to health. Age-long constituents of human and community resilience are not only being eroded but in some cases are becoming threats to well-being.

Conclusions:

Of the impact of globalisation on society over the 1990s, Joseph Stiglitz writes: 'Even many of those who are better off feel more vulnerable' (2003: 20). This refers not only to the increased risks they have faced but also to the erosion of people's ability to manage those risks. This section has outlined some of the principal ways in which people's coping mechanisms have been eroded, reducing their social resilience to risks. Stiglitz's comment highlights the fact that increased incomes is by no means sufficient to safeguard people against vulnerability, and may indeed go hand in hand with increases in vulnerability. The survey in this section also draws attention to the fact that people's resilience is affected in different ways – depending on their physical assets (ownership of assets and levels of indebtedness), their human assets (education and health), their social assets (belonging to supportive networks) and their environmental assets (the quality and resilience of the ecosystems they inhabit). It is no part of the argument here to claim that everyone's vulnerability is increased to the same extent nor, in fact, necessarily increased at all. Rather it is to identify the elements that might allow an assessment of how people's vulnerability is being affected by social changes associated with globalisation.

Conclusions

This paper began by highlighting the main issue about globalisation that is being actively disputed (including on the streets) – is it really making us all better off or are its benefits limited to certain sectors of the human race? It was argued that the difficulties of reaching an answer to this important question that might gain widespread acceptance are compounded by the concepts being used to analyse the issues involved. The result is that contradictory claims are being made as if they are incontestable facts. The paper introduced the concept of vulnerability and argued that it has the potential to analyse in a fuller and more adequate way the distinctive impacts globalisation is having on our individual and social lives. It has offered a definition of vulnerability and illustrated its widespread use since the early 1990s

by intergovernmental organisations. It has distinguished it from such concepts as poverty/inequality, risk and insecurity, arguing that vulnerability is a more precise term, capturing dimensions of well-being that matter to the poor themselves, such as their risk of falling into poverty and their powerlessness. The paper then situated the concept of vulnerability in the theoretical field of international political economy and outlined the potential it holds to contribute to IPE's conceptual toolkit. The previous two sections illustrated the application of the term to the conditions of today's more globalised world, examining in turn the increased riskiness of that world and the ways in which people's assets to cope with risk are being eroded.

In these ways, therefore, the concept of vulnerability has been introduced to discussion of the social impact of globalisation. Focusing on the concept of vulnerability, the paper has not attempted to substantiate the link between it and globalisation; it has, rather, asserted such a link, describing elements of today's world order that are attributed by many analysts to globalisation (see, for example, Scholte, 2000; Hutton and Giddens, 2001; George and Wilding, 2002; Schaeffer, 2003). Neither has the scope of this paper allowed application of the concept of vulnerability to assessments of whether globalisation is improving or disimproving well-being. However, it offers a basis for such assessment, including for elaborating indicators through which vulnerability could be measured (as the World Bank has done in its table 'Assessing vulnerability' in the *World Development Indicators*). This paper has shown the potential to break the logjam that characterises present debates on the social impact of globalisation through employing the concept of vulnerability to assess this impact. If both the pro-globalisers and the so-called anti-globalisers focused their attention on the extent to which vulnerability is increasing or decreasing in today's world, we might hope to understand better the nature of our more globalised world and reach agreement on how to strengthen its contribution to well-being, especially of the poorest and most marginalised.

Notes

[1] Wade mentions four reasons for this conclusion: firstly, in the late 1990s the World Bank changed its method of estimated poverty, making comparisons between levels of poverty in 1980 and 1998 unreliable; secondly, changing the poverty line from $1 a day to $1.08 a day has the effect of lowering the poverty line in most countries thereby automatically reducing the numbers in poverty; thirdly, the household surveys on which national estimates of poverty are based can result in large margins of error; and fourthly, Wade draws attention to an inconsistency in the World Bank's estimates of poverty in different Bank publications, speculating that 'the data and the choice of methodologies may change with the people and the organization's tactical objectives' (Wade, 2003b: 141).

[2] The term 'capital' is also widely used to refer to what here are denoted as 'assets'. Strictly speaking, either term refers only to possessions such as wealth and property so that their use to refer to human, social or environmental phenomena, as happens in this chapter, is a metaphorical usage. The term 'assets' is preferred to the term 'capital' in this chapter since the latter is derived from the world of business where it refers to activities related to profit-making, whereas assets is a legal term relating to protection against debts (and thereby risks). For this reason, assets seem more appropriate a term to use in a discussion of protecting against risks.

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