



Our globalized world is *Unsustainable*:

A study of today's globalization and the victims we can support through an impactful marketplace

May 2022

Sara P. Schoenfeld,* Executive Director, The Trade Impact Foundation

I. Our Evolving World: What Does Globalization Look Like Today?

The twentieth century saw the unfolding of a new global order. High levels of **human innovation** and **technological progress**¹ catapulted the world into an era of complex systems, processes, and relationships. While globalization can often refer to a broader set of dimensions, on an economic level the term generally refers to increased efficiency in international trade and financial transactions.

Our globalized world can largely be attributed to a shift in both trade and financial liberalization during the second half of the twentieth century.² This shift has been intensified by electronic communication that makes technology, information, and ideas readily accessible. Moreover, the expansion in market access, and thus increased availability of cheap labor and raw materials, has made way for an unprecedented amount of movement across borders. Our complex supply chain

* Thank you to all those who contributed to various research ultimately culminating in this paper, including: Kaili Emery, Gabriella Jacobs, Harold Scheeran, Abigail Sintim, and Victoria Zhou.

¹ International Monetary Fund (IMF), Issues Brief 02/08, *Globalization: A Brief Overview* (May 2008), <https://www.imf.org/external/np/exr/ib/2008/pdf/053008.pdf>. The International Monetary Fund (IMF) defines economic “globalization” as a “historical process, the result of human innovation and technological progress.” See also IMF, IMF Staff, *Globalization: Threat or Opportunity?*, (Apr. 12, 2000) (Corrected Jan. 2002), available at <https://www.imf.org/external/np/exr/ib/2000/041200to.htm#1> (last visited May 11, 2022).

² See World Economic Forum, *A Brief History of Globalization*, (Jan. 17, 2019), <https://www.weforum.org/agenda/2019/01/how-globalization-4-0-fits-into-the-history-of-globalization/>.

structures contribute to continuous, two-way flows of people, things, training, investment, and information that used to take place within factories and offices in one country.³

In addition, international organizations created in the aftermath of World War II (WWII) facilitated increased multilateralism during the latter half of the 20th Century. The work done by these organizations heavily influenced the interconnected world of today. Such organizations include the United Nations (UN), the General Agreement on Tariffs and Trade (GATT) (today known as the World Trade Organization),⁴ as well as other international organizations such as the Organisation for Economic Co-operation and Development (OECD).⁵ At their core, these organizations sought similar aims of peaceful dispute resolution and security among borders. Shared aims of peace and security enabled much of the economic progress and international cooperation we have experienced in recent decades.

All these developments during the second half of the 20th century have led us to a point of integration that has complicated our global supply chains and business operations, and impacted our economic, political, and social ties. Now we each participate in the single global marketplace. We participate when we purchase products or otherwise support companies. Even where there is an illusion of “local” or “regional” production or operations, a closer look will typically reveal, lower down in the supply chain, a variety of global sources for raw materials or intermediate materials used in producing a single product. In fact, the increasingly complex and interdependent state of global supply chains and business operations has led many to use the term “Made in the World” when referring to the country of origin of a particular product.⁶

II. Benefits of today’s globalization

Globalization has brought significant positive change. For example, we have seen incredible economic development since the second half of the twentieth century. From 1950 to 1998, the global GDP increased sixfold, with an average growth rate of 3.9 percent each year.⁷ This included a rise in global trade, foreign investment, and international migration - all characteristics of the process of globalization.

³ *Id.*

⁴ The WTO, now with approximately 164 member countries, provides a set of operating rules for international commerce and a forum for governments to negotiate trade agreements and settle trade disputes. Two other notable international organizations created post-WWII were the International Monetary Fund and the International Bank for Reconstruction, later renamed the World Bank.

⁵ Originally created as the Organisation for European Economic Co-operation (OEEC), in 1948, the OECD today is “committed to the preservation of individual liberty, the values of democracy, the rule of law and the defence of human rights.” OECD 60th Anniversary, available at <https://www.oecd.org/60-years/> (last visited May 31, 2022).

⁶ World Trade Organization, et al., *Global Value Chain Development Report 2019*, https://www.wto.org/english/res_e/booksp_e/gvc_dev_report_2019_e.pdf.

⁷ OECD, *The World Economy in the Second Half of the Twentieth Century*, Ch. 3, (2006) available at https://read.oecd-ilibrary.org/development/the-world-economy/the-world-economy-in-the-second-half-of-the-twentieth-century_9789264022621-5-en#page1 (last visited May 31, 2022).

The UN has recognized the increase in global trade as an engine for inclusive economic growth and poverty reduction.⁸ In fact, by 2018, global extreme poverty had dropped to below 10 percent, the lowest level ever recorded.⁹

This correlation between growth in international trade and increased standard of living has been significant in certain areas of the world. Two particularly stark examples of this global trend are evident in China and India. Since joining the WTO in 1994 China's exports have grown by 870%, and over 400 million Chinese citizens have concurrently escaped extreme poverty.¹⁰ Similarly, the past three decades in India have seen exponential economic growth. India's GDP increased from 288 billion dollars in 1992 to 2.9 trillion in 2019, and between 2011 and 2015 alone 90 million Indian citizens rose out of extreme poverty.¹¹

In addition to economic growth, we have also seen globalization benefit non-economic areas such as improved gender rights and increased attention to labor standards. Over time, such growth has led to an even broader shift in ideals whereby global actors collectively acknowledge the need for wide-scale economic, social, and environmental progress around the world.

III. The Failings of Today's Globalization

3 February 2022

"We are far from where we should be – and the pandemic has pushed us even further off course," said Deputy Secretary-General Amina Mohammed, noting that "indicators on poverty, hunger, education and jobs are all moving in the wrong direction." - UN News¹²

Despite the increased connectedness of our world, global powers are continually at odds, developing countries continue to voice discontent with the current world order, and human rights progress is well behind targets set by the UN.

The most recent assessment of the UN Sustainable Development Goals (SDGs) reveals that the vast majority of these goals are falling short of their targets, especially in the areas of hunger, inequality and carbon emissions.¹³ According to the 2021 UN SDG Progress Chart,¹⁴ the majority

⁸ This connection is emphasized in the 2018 joint publication of The World Bank Group and the WTO, *Trade and Poverty Reduction: New Evidence of Impacts in Developing Countries*, which states, in part, "Trade has been recognized as an engine for inclusive economic growth and poverty reduction in the 2030 Agenda for Sustainable Development." The publication is available at <https://documents1.worldbank.org/curated/en/968461544478747599/pdf/132833-REVISED-TradePovertyWBWTONew.pdf>.

⁹ The World Bank, *Decline of Global Poverty Continues but has Slowed*, (Sept. 19, 2018), <https://www.worldbank.org/en/news/press-release/2018/09/19/decline-of-global-extreme-poverty-continues-but-has-slowed-world-bank>.

¹⁰ Council on Foreign Relations, World101, *What Happened when China joined the WTO?* <https://world101.cfr.org/global-era-issues/trade/what-happened-when-china-joined-wto> (last visited May 31, 2022).

¹¹ The World Bank, *At a Glance: India, 2021*, available at <https://www.worldbank.org/en/country/india/overview#1> (last visited May 30, 2022); The World Bank, *GDP Growth (Annual %) - India*, available at <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN> (last visited May 30, 2022).

¹² UN News, *COVID's pushed us 'further off course' from Global Goals: Mohammed*, (Feb. 2022) available at <https://news.un.org/en/story/2022/02/1111252> (last visited May 11, 2022).

¹³ UN, *The Sustainable Development Goals Report 2021*, at 2, <https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf>.

¹⁴ UN, *Sustainable Development Goals Progress Chart, 2021* <https://unstats.un.org/sdgs/report/2021/progress-chart-2021.pdf>.

of the 17 goals are, at best, a “moderate distance” to reaching their targets. In addition, of 35 SDG indicators, only five are making “substantial progress” and/or are considered on track towards the target.¹⁵ While the progress we have made should not be minimized, and is direct evidence that we are capable of making strides in all 17 SDG categories, we are not currently progressing at the necessary rate. Furthermore, much of the progress we have seen in recent years has been largely reversed due to the pandemic. Many already vulnerable communities and fragile areas of progress have been deeply impacted by the consequences of COVID-19. Today’s globalization simply does not work for everyone.

Below we highlight some of the victims of today’s globalization: Victims of Conflict, Victims of Forced Labor or Child Labor, Victims of Environmental Issues and Victims Lacking Access to Essential Goods and Services.

Below are a select few examples illustrating certain failings of today’s globalization.

1. Today’s globalization is not working for victims of CONFLICT

Promoting international peace has been a key goal of the UN since its creation in 1945. In fact, the UN Charter lists Peace & Security as one of its founding motivations. **Without peace, there is little to celebrate about international development and increasingly globalized trade relations.**

The globalization of international trade has a close relationship with peace and security. And yet, while the world operates under today’s globalized environment, the most basic right to peace and security is tragically missing from a large part of our world population. In 2021, violent conflict persists worldwide — **throughout the last fifteen (15) years, more than half the world’s population lived in direct or close proximity to armed violence.**¹⁶

Understanding the basis for these conflicts is not simple. For example, the US-based Council on Foreign Relations (“CFR”) attempts to categorize conflicts based on certain major reasons behind each conflict, such as territorial dispute, civil war, and political instability.¹⁷ While it is helpful to categorize conflicts based on an analysis of mega-trends, it is also imprecise. It is difficult to trace one single driver behind any conflict.

A deeper dive into this discussion is merited. But for now, we can acknowledge that conflicts around the world are driven by a myriad of factors. These include (but are not limited to): (1) **Money and/or Power** (e.g., conflicts over drugs or access to minerals/natural resources); (2) **Intolerance** (i.e., intolerance for others’ differences, including but not limited to intolerance based on religion, race, culture, historical differences, or ethnicity); (3) **National Security Interests** (e.g., protecting political institutions, fostering economic health, supporting international order)

¹⁵ *Id.*

¹⁶UN, *A New Era of Conflict and Violence*, <https://www.un.org/en/un75/new-era-conflict-and-violence> (last visited May 31, 2022).

¹⁷Council of Foreign Relations, *Global Conflict Tracker*, <https://www.cfr.org/global-conflict-tracker> (last visited May 31, 2022).

and (4) **Nationalism** (nationalism taken to such lengths that it takes precedence over other nations' sovereignty or over citizens' basic rights, without justification of national security interests).

These factors can be found behind today's global conflicts and are not sufficiently addressed by today's globalization.

2. Today's globalization is not working for victims of FORCED LABOR and CHILD LABOR

"No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms."

- UN Universal Declaration of Human Rights, Article 4

We have long been working to abolish slavery from our marketplace. International efforts to eliminate forced labor in its modern conception began in the early 20th century via the International Labour Organization, first under the auspices of the League of Nations, and subsequently with vigor following WWII under the newly formed UN.¹⁸ Turning to the private sector, we have similarly seen efforts to eradicate all forms of forced labor, child labor and labor practices lacking basic dignities and fairness. Much of this is codified by the International Labour Organization (ILO) in its four fundamental international labor principles.¹⁹

The principles are:

- (1) Freedom of association and the effective recognition of the right to collective bargaining
- (2) The elimination of all forms of forced or compulsory labor
- (3) The effective abolition of child labor
- (4) The elimination of discrimination in respect of employment and occupation

The concept of slavery has changed as modern slavery can take a wider variety of forms than seen historically. The ILO Indicators of Forced Labor now consist of: Abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime.²⁰ Such actions by employers can under a modern definition be considered slavery.

Despite our increased connectedness and widespread use of technology, we have not yet been able to eradicate forced labor from our globalized world. According to the 2017 *ILO Global Estimates*

¹⁸ The International Labour Organization (ILO) in 1930 convened to ratify a provision "to suppress the use of forced or compulsory labor in all its forms within the shortest possible period." It defined forced labor as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily." Forced Labour Convention, 1930 (No. 29) available at <https://www.ohchr.org/en/instruments-mechanisms/instruments/forced-labour-convention-1930-no-29>, last visited May 31, 2022.

¹⁹ ILO, *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up*, (June 18, 1998) available at <https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm> (last visited May 30, 2022).

²⁰ ILO, *ILO Indicators of Forced Labor*, (2012) available at https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_203832.pdf.

of Modern Slavery: Forced Labour and Forced Marriage, there are currently approximately 25 million estimated victims of forced labor worldwide, forced to work “under threat or coercion as domestic workers, on construction sites, in clandestine factories, on farms and fishing boats.”²¹ Forced labor is currently most prevalent in Asia (4 per 1000) and Africa (2.8 per 1000). For example, an estimated 1/5th of the world’s cotton supply is sourced from the Xinjiang Uyghur Autonomous Region in China, an area tainted by credible reports of human rights abuse against Uyghurs, including forced labor and re-education camps.²²

In addition to forced labor of adults, child labor is yet another deep-rooted issue in supply chains. We have not yet been able to eradicate the practice of children working under hazardous and/or laborious conditions when they should be in school. Shockingly, according to UN International Children's Emergency Fund (UNICEF), “In the world’s poorest countries, slightly more than 1 in 5 children are engaged in child labour.”²³

Today’s globalization does not adequately care for victims of forced labor or child labor.

3. Today’s globalization is not working for today and tomorrow’s victims of air, land, and water pollution.

*“A safe, clean, healthy and sustainable environment is the foundation of human life.” -UN High Commissioner for Human Rights (Sept. 13, 2021).*²⁴

Environmental issues related to greenhouse gas emissions, biodiversity loss and pollution continue to worsen, despite our increased collective focus on environmental impact.²⁵ In September 2021, the UN Human Rights Council determined that environmental rights are human rights, referring to “the triple planetary crises — **climate change, pollution, and loss of biodiversity.**”²⁶

In many ways, globalization may positively impact the environment through the proliferation of environmentally conscious regulation and practices. However, increased cross-border trade has also contributed to numerous environmental issues, and the complex nature of today’s supply chains inhibits our ability to fully capture and recognize our negative environmental impact.

²¹ ILO, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*, (2022) https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575479.pdf.

²² John Sudworth, *China’s ‘tainted’ cotton*, available at <https://www.bbc.co.uk/news/extra/nz0g306v8c/china-tainted-cotton>, last visited May 2021; see also, European Parliament Resolution, *Forced labour and the situation of the Uyghurs in the Xinjiang Uyghur Autonomous Region*, (17 Dec. 2020) https://www.europarl.europa.eu/doceo/document/TA-9-2020-12-17_EN.html#sdocta16.

²³ UNICEF, *Child labour* (May 2022) available at <https://data.unicef.org/topic/child-protection/child-labour/> last visited May 31, 2022.

²⁴ Office of the High Commissioner for Human Rights, *Keynote address by United Nations High Commissioner for Human Rights*, Michelle Bachelet (Oct. 2, 2021).

²⁵ Deputy UN chief statement at meeting of the Economic and Social Council (ECOSOC) (Feb. 2022), available at https://news.un.org/en/story/2022/02/1111252?utm_source=UN+News+-+Newsletter&utm_campaign=6f78733075-EMAIL_CAMPAIGN_2022_02_03_10_00&utm_medium=email&utm_term=0_fdbf1af606-6f78733075-107883769 last visited May 31, 2022.

²⁶ *48th Session of the Human Rights Council: Global Update by the High Commissioner Statement by Michelle Bachelet* (13 Sept. 2021); Office of the High Commissioner for Human Rights, Press Release, *Bachelet hails landmark recognition that having a healthy environment is a human right* (Oct. 8, 2021) <https://www.ohchr.org/en/2021/10/bachelet-hails-landmark-recognition-having-healthy-environment-human-right?LangID=E&NewsID=27635>.

For example, globalization has contributed to the following issues:

- A. **Deforestation:** Worldwide deforestation is one area linked to the rise of globalization. A result of both natural circumstances and human activity, it is defined as the cutting down of trees in a large area, or the destruction of forests by people.²⁷ As the global market for wood has grown, so too has the negative consequences of deforestation, most notably seen through the effects of climate change.²⁸ Forests absorb much of the Earth's carbon dioxide each year, and are considered one of our best solutions to fighting climate change.
- B. **Use of natural resources, and water scarcity:** Since the rise of globalization, the demand for natural resources has led to increased water scarcity in many regions around the world. Natural resources such as water, minerals, and plants are used as raw materials in the production of goods globally. In the last century, water use has grown more than twice the rate of population increase.²⁹ With the majority of the global population now living in urban areas, increased competition and decreased access has put even more pressure on our water sources.³⁰
- C. **Increased toxicity and unhealthy land, air, and water pollution:** The increased economic growth we have seen due to globalization has also produced large amounts of land, air, and water pollution. Pollution can be described as the introduction of contaminants into the environment that cause harm or discomfort to humans or other living organisms. If left unaddressed, pollution will continue to have a negative impact on both human health and ecological systems, posing a threat to the future of our environment.³¹
- D. **Greenhouse gas emissions:** Another environmental consequence of globalization is the Earth's warming trend that experts attribute to increased concentration of greenhouse gasses in our atmosphere resulting from human activities like manufacturing, transportation, agriculture, and energy consumption - all a product of the globalized society.³² Experts argue an increase in global trade activity has exacerbated carbon dioxide emissions, showing a positive correlation between GDP and emissions.³³

Despite increased domestic regulation and international efforts in this area, we have not yet successfully mitigated the effects of globalization on the environment.

²⁷ Cambridge Dictionary, *Deforestation*, available at <https://dictionary.cambridge.org/us/dictionary/english/deforestation>.

²⁸ Forest Service, *How Is Globalization Affecting America's Forests - And What Can We Do?*, (Oct. 24, 2007) <https://www.fs.usda.gov/speeches/how-globalization-affecting-americas-forests%E2%80%9494and-what-can-we-do>.

²⁹ UN Water, *Water Scarcity*, available at <https://www.unwater.org/water-facts/scarcity/#:~:text=Water%20scarcity%20already%20affects%20every,delivered%2C%20especially%20in%20arid%20regions>, last visited May 31, 2022.

³⁰ *Id.*

³¹ UN Environment Assembly, *Towards a Pollution-Free Planet*, 2017 available at https://wedocs.unep.org/bitstream/handle/20.500.11822/21800/UNEA_towardspollution_long%20version_Web.pdf?sequence=1&isAllowed=y, last visited May 31, 2022.

³² Environmental Protection Agency, *Global Greenhouse Gas Emissions Data*, available at <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>, last visited May 31, 2022.

³³ Jeffrey Frankel, Expert Report No. 31 to the Sweden Globalisation Council, *Environmental Effects of International Trade*, (2009) <https://www.government.se/49b731/contentassets/006470cc2f544bd793924f11cad8f068/environmental-effects-of-international-trade>.

4. Today's globalization does not work for humans without access to essentials such as quality WATER, FOOD, and HEALTHCARE.

All people inherently possess certain rights to a reasonable standard of living and access to basic necessities. As outlined in the UN Declaration of Human Rights, these inherent rights are wide-ranging, but include for example: Food, clothing, housing and medical care and necessary social services.³⁴

While participation in the global marketplace has contributed to economic growth and increased standard of living in many under-developed countries, global inequality in access and quality of essential goods and services is stark and persistent.

Despite some advancement outlined in the earlier section, insufficient progress has been made in facilitating access to essential goods and services, at a quality we strive for, around the world. For example, at the end of 2021 it was estimated that 2.37 billion people were without access to a balanced diet.³⁵ In addition, over 700 million people currently live without access to electricity, three quarters of which reside in Sub-Saharan Africa.³⁶

In the wake of the COVID-19 pandemic, progress has stalled even further, and in some areas there has been significant backsliding. Over 100 million children have fallen below the minimum reading proficiency level since the beginning of the COVID-19 pandemic, and many schools are lacking basic infrastructure to support learning.³⁷

Worldwide, healthcare is severely lacking in certain regions as well. Currently, only one third to one half of the world has access to affordable healthcare services,³⁸ and more than one third of women in sub-Saharan Africa, Western Asia, and Northern Africa do not have access to modern contraceptive technology.³⁹ Finally, **by the end of 2021, in Sub-Saharan Africa only approximately two out of 100 people have received a COVID-19 vaccine**, whereas in Europe and North America approximately 68 out of 100 people have been vaccinated.⁴⁰

Today's globalization has not sufficiently addressed inequality throughout the world, nor has it yet resulted in widespread access to basic necessities in the quality and scale we expect in today's connected world.

³⁴ UN, *Universal Declaration of Human Rights*, (Art. 25) <https://www.un.org/en/about-us/universal-declaration-of-human-rights> ("Right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.")

³⁵ UN, *The Sustainable Development Goals Report 2021*, <https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf> at 9. Recent supply chain disruptions driven by the effects of the COVID pandemic and global conflict (e.g., Russia/Ukraine, Afghanistan, parts of Africa) have likely only added to food shortages and ongoing inequality.

³⁶ UN *Sustainable Development Goals Report 2021* at 14.

³⁷ *Id.* at 34.

³⁸ UN, *The Sustainable Development Goals Report 2021*, Extended Report, at 20, [https://unstats.un.org/sdgs/report/2021/extended-report/Goal%20\(3\)_final.pdf](https://unstats.un.org/sdgs/report/2021/extended-report/Goal%20(3)_final.pdf).

³⁹ *Id.* at 17.

⁴⁰ UN, *The Sustainable Development Goals Report 2021*, at 32.

IV. Building an Impactful Marketplace

“For the world is in a bad state, but everything will become still worse unless each of us does his best.” - Viktor Frankl

The collective “we” should not be content with our participation in a global marketplace that ignores the rights of victims of conflict, forced labor and child labor, environmental issues, and inequality in access to essentials such as quality water, food and healthcare. While our globalized world has had much positive impact, we have for far too long ignored so many victims worldwide which we can support through a more impactful marketplace.

Historically, much of the trading system was driven by maximizing value – in terms of economic value and profits. However, we have seen a recent shift to recognize the need for non-economic development and the balancing of non-economic value within corporate goals. This shift is indicative of the potential for a better future. With a new generation coming into spending power, impassioned to create a sustainable world, the pressure on public and private leaders will only continue to grow.

The globalized world we see today is continuously evolving. Because of this fluidity, we can create a more sustainable marketplace which addresses the human rights impact of our globalized world. After all, the complex and tangled web we see today is really quite immature. Of course, since the Silk Road (139 BCE)⁴¹ there have been international trading routes and a growing global marketplace. However, **the technological progress and human innovation unleashed during the 20th Century has propelled us forward to a much more interconnected and capable moment.**

Given this heightened capability, and in light of our raised expectations for ourselves and for the global community, we can mold our globalized world into a far more impactful marketplace. A marketplace that recognizes today’s victims and facilitates widespread progress towards a more sustainable globalization for tomorrow.

⁴¹ UNESCO, *About the Silk Roads*, <https://en.unesco.org/silkroad/about-silk-roads> last visited May 31, 2022.